

HD **China coal** stocks higher as government imposes tariffs

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(MENAFN - AFP) **Chinese coal** miners' shares gained Friday after the government announced it will re-impose import tariffs on the fuel, a move Australian producers condemned as a "poor" decision.

China is by far the world's biggest **coal** importer and consumer, accounting for around half of global demand -- and a key cause of pollution in the country -- but the domestic sector is struggling in the face of overcapacity.

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The finance ministry said in a statement it was putting taxes of three to six percent on some **coal** imports from next Wednesday.

Coal mining shares welcomed the news, extending gains in morning trade, despite losses in the overall Shanghai market.

Datong **Coal** Industry gained 3.47 percent to 7.76 yuan by the midday break, while Yanzhou **Coal Mining** rose 0.79 percent to 8.95 yuan.

But in Australia, a major supplier that exports 49 **million** tonnes of thermal **coal** to **China** annually, the Minerals Council said the decision would hurt ongoing free-trade talks.

"The decision is a poor one, and the MCA urges the Australian government to initiate urgent discussions with **Chinese** counterparts to seek the reversal of the decision," chief executive Brendan Pearson said in a statement.

"This decision raises the stakes on the outcome of talks on a free-trade agreement with **China** due to conclude next month."

Australia hopes to complete the elusive trade deal with its largest trading partner when President Xi Jinping visits in November for the G20 leaders' meeting. Negotiations began in 2005.

China suspended **coal** tariffs in 2007 to encourage imports to boost its then fast-expanding economy, according to state media.

But with the domestic sector stagnating the country's top economic planner in July ordered it to cut production by 10 percent in the second half of the year, state media reported.

The tax resumption is expected to increase the cost of imported **coal** by 20 yuan (\$3.25) per tonne, narrowing the price gap with domestic products, according to state media.

Beijing also plans to ban the **sale** and import of "dirty" **coal** from January 1 in an anti-pollution move.

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