

Summary

Trends of Exports and Imports of Coal by China and Its Influence on Asian Markets

**Atsuo Sagawa, Senior Analyst,
Coal Research Group, Strategy and Industry Research Unit**

**Koichi Koizumi, Senior Engineer,
Coal Research Group, Strategy and Industry Research Unit**

China exported over 90 million tons of coal in 2001 to play an important role as a supplier of coal to the Asian coal markets, especially the East Asian regions. However, China's coal exports decreased every year after 2004, while its imports increased, reflecting a tightening of its domestic supply and demand due to a sharp increase in domestic consumption. This fluctuation in Chinese exports and imports has had a dramatic impact on the supply and demand of coal in the Asian coal markets and become one of the factors behind the price rise in the latter.

Although trends toward decreasing exports and increasing imports, which had continued until last year, are being curbed in 2008, a strong increase in domestic consumption still continues, with China's coal consumption set to increase in 2008 and beyond. With this in mind, coal exports will decrease or level off and imports are fundamentally expected to increase, which, in turn, is expected to become a factor pushing up coal prices in Asian markets. However, the establishment of a production system by the Chinese Government is currently progressing smoothly and once stable supply commensurate with demand is secured, the volume of coal exports is expected to increase in line with increased imports in southeast coastal areas of China (domestic demand met by imported coal and the surplus directed for export).

Conversely, coal exports and imports fluctuate in accordance with change in Chinese domestic prices and Asian markets prices. Namely, when prices in Asian markets exceed those in the Chinese domestic market, there is a more marked inclination toward increased exports and decreased imports, while in the reverse case, decreased exports and increased imports are accelerated. This trend is expected to persist and fluctuations in the volume of exports and imports dependant on price changes will continue to influence Asian markets.

In this report, we have traced the conditions of coal exports and imports by China up until 2007 and the influence of China on Asian markets as well as examining future coal exports and imports by China and the influence it will have on Asian markets.

The Trend of Coal Exports and Imports by China and Its Influence on Asian Coal Markets[◆]

Atsuo Sagawa*, Koichi Koizumi**

The Institute of Energy Economics, Japan

Introduction

China exported over 90 million tons of coal in 2001 to play an important role as a supplier of coal to Asian coal markets, especially the East Asian regions. However, China's coal exports have decreased every year since 2004, whereas its imports have risen, reflecting a tightening of its domestic supply and demand due to a sharp increase in domestic consumption since 2003. This decrease in export and increase in import remarkably influenced the supply and demand of coal in Asian coal markets and became one of the factors for the price rise in 2007 and after.

This report traces China's exports and imports of coal and the influence it has exerted on Asian coal markets and forecasts future trends in China's exports and imports in order to assess the resulting impact on Asian markets.

1. Fluctuations of Coal Exports and Imports and its Main Factors

1-1 Transit of the Export and Import of Coal

China's exports and imports of coal have fluctuated substantially in the years 2000s. The volume of coal exports, which had shown a positive trend since the late 1980s, rocketed in the late 1990s when favorable measures were taken to boost coal exports; reaching an annual scale exceeding 90 million tons in 2001 to leave China ranked the second largest global coal exporter after Australia. However, the export volume declined sharply after 2004, given tight supply and demand following the rapid increase in the domestic demand for coal. On the other hand, imports of coal, which previously remained static at the level of several million tons until 2001, increased sharply afterwards (Figure 1-1).

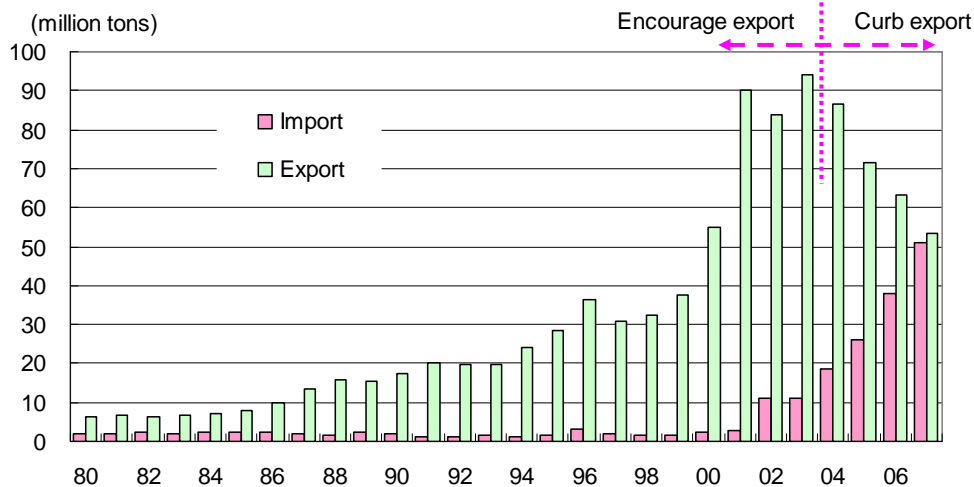
Focusing on the net export volume, by deducting imports from exports, this figure declined rapidly for coal in 2004 and after. In 2005 and after, every year saw a decrease of more than 20 million tons and the net export volume fell to 2.16 million tons in 2007. As viewed by the type of coal, while the country became a net importer of anthracite coal and coking coal in 2004, as for steaming coal, it retained its position as a net exporter, despite the fact the net export volume declined to less than half of that in the peak year. In 2007, net imports of anthracite coal were recorded at 23.16 million tons while the figure for coking coal was 3.68 million tons, while steaming coal showed a net export of 31.99 million tons (Table 1-1, Figure 1-2).

◆ This report was recompiled from part of the report "A Study on Advancement of Overseas Coal Development for the Fiscal 2007 (The Trend of Coal Exports and Imports by China and Its Influence on Asian Coal Markets)" prepared by the Institute of Energy Economics, Japan (IEEJ); commissioned by the New Energy and Industrial Technology Development Organization. We deeply appreciate and are thankful for the understanding and cooperation of the New Energy and Industrial Technology Development Organization for the permission given to us to publicize it.

* Senior Analyst, Coal Research Group, Strategy and Industry Research Unit

** Senior Engineer, Coal Research Group, Strategy and Industry Research Unit

Figure 1-1: Trend of Coal Exports and Imports



Source: Prepared from yearly publications of “China Statistical Yearbook”, “China Energy Statistical Yearbook” published by the China Statistics Press.

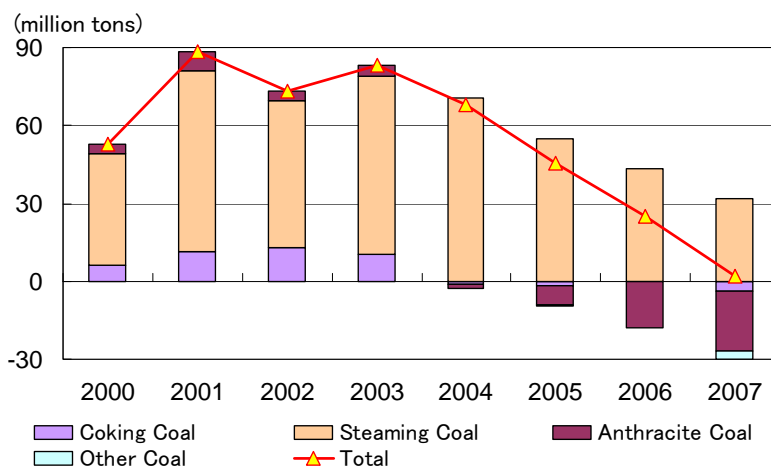
Table 1-1: Trend of Net Coal Exports

(10000 tons)

	Net Export Volume (Exports minus Imports)					Increase or decrease				
	Coking Coal	Steaming Coal	Anthracite Coal	Other Coal	Total	Coking Coal	Steaming Coal	Anthracite Coal	Other Coal	Total
2000	613	4,307	367	5	5,293	—	—	—	—	—
2001	1,122	6,983	721	19	8,845	509	2,675	353	14	3,552
2002	1,304	5,631	384	-11	7,307	182	-1,352	-337	-31	-1,538
2003	1,053	6,872	398	-7	8,317	-251	1,241	15	4	1,009
2004	-107	7,070	-144	-18	6,801	-1,160	198	-542	-11	-1,515
2005	-193	5,513	-714	-46	4,560	-86	-1,557	-571	-28	-2,242
2006	-29	4,317	-1,745	-37	2,505	164	-1,196	-1,031	8	-2,054
2007	-368	3,199	-2,316	-299	216	-338	-1,118	-571	-262	-2,289

Source: Prepared from the TEX Report etc. based on China’s Customs Statistics.

Figure 1-2: Trend of Net Coal Exports



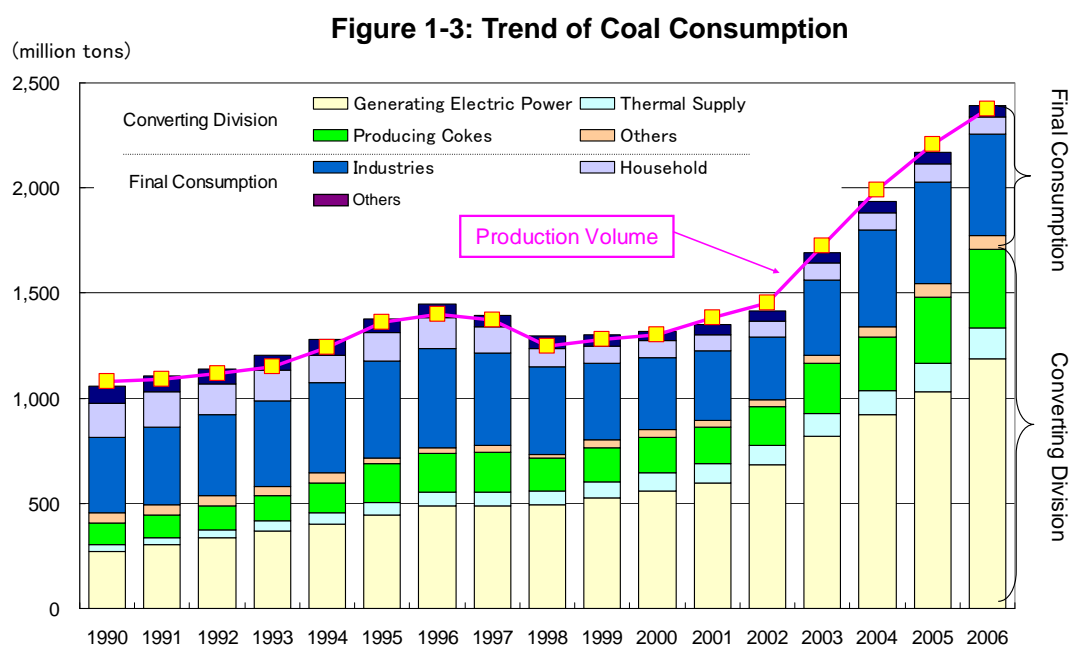
Source: Prepared from Table 1-1.

1-2 Factors of Fluctuations of the Export and Import Volumes of Coal

The factors behind the decrease in exports and increased imports of coal by China during the period 2004 onward include: (i) Obviously, tight supply and demand due to sharp increase in domestic coal consumption caused by the rapid growth of the Chinese economy, (ii) Government policy changes in coal export and import due to the tight supply and demand, (iii) A difference in domestic and overseas prices (disparity between coal prices in domestic and international markets), and (iv) Also related to imports, the location of areas of demand and transportation problems as well.

(1) Strong coal demand

In 2003 and after, in line with the rapid development of the Chinese economy, consumption of coal in coal much consuming industries rocketed; centering on coal for electricity generation (Figure 1-3). The rapid increase of consumption meant the supply of coal could not keep pace, hence the tightening of domestic supply and demand. In the latter half of 2005 onward, tightness of supply and demand was gradually relieved and Chinese coal markets were said to have stabilized nationwide, although some tightness remained depending on the areas and seasons. However, there was no surplus in supply to meet the increase in demand and in 2007 increasing tightness is being felt again. There are firms such as the Yanzhou Group that experience declining room for exports due to the abundance of domestic orders.



Source: Prepared from the yearly publications of the “China Statistical Yearbook” and “China Energy Statistical Yearbook”, published by the China Statistics Press.

(2) Policy Changes in Coal Export and Import

The domestic supply and demand of coal tightened due to the impact of repeated serious accidents in coal mines in Shanxi Province etc., as well as the rapid increase in demand from coal consuming industries, such as electric power and steel industries in 2003 and after. Faced with such tight supply and demand conditions, the Chinese Government changed the export promotional policy it had adopted since 1998 into one encouraging a curb on exports in favor of satisfying domestic demand.

The Chinese Government announced that the volume of export license would be 80 million tons for 2004 in December 2003 and implemented the “Coal Export Allotment Control Law” in July 2004 in order to adjust (restrict) the export volume depending on domestic supply and demand conditions.

The annual volume of coal export license has been noticed every year since 2004 based upon this law (Table 1-2).

Table 1-2: Volume of Export License and Result of Export

(10000 tons)

	Volume of Export Permit			Result			Difference		
	Steaming Coal	Coking Coal	Total	Steaming Coal	Coking Coal	Total	Steaming Coal	Coking Coal	Total
2004	7,430	570	8,000	8,092	569	8,661	-662	1	-661
2005	7,397	603	8,000	6,646	526	7,172	751	77	828
2006	n.a.	n.a.	8,000	5,893	437	6,330	n.a.	n.a.	1,670
2007	6,400	600	7,000	5,063	254	5,317	1,337	346	1,683
2008	4,840	460	5,300	-	-	-	-	-	-

Note: The initial issue was 31.80 million tons and second issue is being waiting.

Source: Prepared from various materials.

As for the abolition of preferential treatment, “Exemption of Railway Construction Fund” and “Part Exemption of Harbor Construction Costs” were abolished on May 1, 2004 and a gradual abolishment of the value added tax refund for exported coal was implemented in 2004 onward (Table 1-3). Further, the Government levied an export tax of 5% on the coking coal to which they assigned the label “rare resource” from November 1, 2006. The abolition of these preferential measures impacted the margin of coal companies and discouraged their drive for export.

Table 1-3: Transit of Abolishment of Refund for Value Added Tax for Exported Coal

Date of Enforcement	Refund for Value Added Tax	
	Coal for Cokes (Coking Coal)	Other Coal (Steaming Coal, Anthracite Coal)
Jan. 1, 2004	13% ⇒ 5%	13% ⇒ 11%
May 24, 2004	5% ⇒ 0%	—
May 1, 2005	—	11% ⇒ 8%
Sept. 15, 2006	—	8% ⇒ 0%

Source: Prepared by IEEJ from various sources.

On the other hand, the simplification of import permit processes and a gradual reduction in import taxes were implemented after joining the WTO on December 11, 2001, while the import tax on coking coal was abolished on January 1, 2005; some three years after joining the WTO and import taxes on both steaming and anthracite coal were subsequently reduced, as shown in Table 1-4, before being abolished completely on June 1, 2007.

(3) Price Difference between Domestic and Foreign Markets

A comparison of the price in the Chinese domestic market (Datong coal FOB price in Qinhuangdao) and that of the international market (spot price of Australian steaming coal) showed a situation whereby the price in the international market continued to be lower than the Chinese domestic price in 2005 and after, due to slack supply and demand in the international market. This meant Chinese exports of steaming coal decreased, given the hampered drive of Chinese coal companies, and the fact that overseas users stayed away due to the high FOB prices of Chinese coal. However, Chinese exports increased after international prices soared in the latter half of 2007. Thus, the Chinese export volume of steaming coal fluctuates corresponding to the movement of domestic and international prices of coal (Figure 1-4).

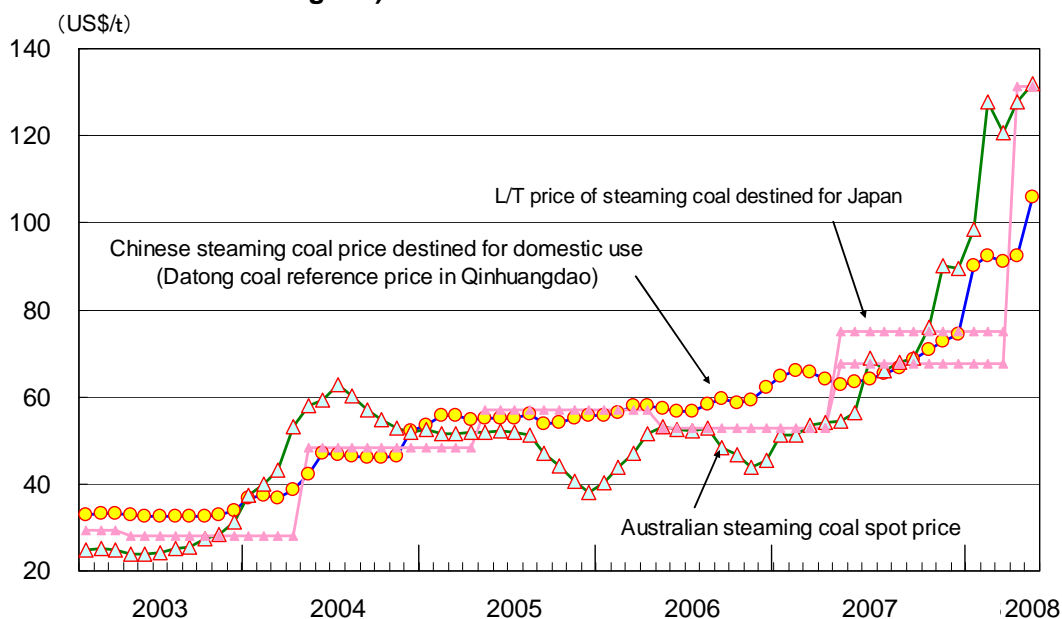
Table 1-4: Transit of Reduction of Import Tax on Coal (after the accession to the WTO)

Date of Enforcement	Steaming Coal	Coking Coal	Anthracite Coal
Jan. 1, 2005	—	3% ⇒ 0%	—
Apr. 1, 2005	6% ⇒ 3%	—	—
Nov. 1, 2006	3% ⇒ 1%	—	3% ⇒ 1%
June 1, 2007	1% ⇒ 0%	—	1% ⇒ 0%

Note: The import tax on other coal was reduced from 5% to 1% on Nov. 1, 2006 and abolished on June 1, 2007.
 Source: Prepared by IEEJ from various sources.

As for imports, on the other hand, the condition whereby prices in the international markets are lower than the level in the domestic market influences the increase in imports. In particular, imports in southern coastal areas in China, which are near Indonesia and Vietnam, have increased since the price for coal imported from those regions is less expensive than the domestic equivalent. However, the import volume has declined as CIF prices increase, due to the prices in international markets also soaring from the latter half of 2007 onwards. Thus, the import volume also fluctuates corresponding to the movement of the domestic and international prices of coal.

Figure 1-4: Change of Chinese Domestic Prices (Datong coal FOB price in Qinhuangdao) and Prices in the International Markets



Note: the L/T price of steaming coal destined for Japan is the price of Datong coal until fiscal 2006, the prices of Datong coal (whichever lower) and coal produced in Shandong Province (higher) in fiscal 2007 and the prices of Datong coal in fiscal 2008.

Source: Prepared from Barlow Jonker, “Coal fax”, “China Coal Report” etc.

(4) Geographical Location of the Demand Area (Factors for Import Increase)

While major production areas and consuming areas are located far away in China, transportation capacity of coal between these areas is limited and transportation cost tends to be higher on account of long-distance transportation. Especially, in the southern coastal areas such as Guangdong Province and Guangxi Province where coal is transported from northern shipping ports, import from near-by overseas sources such as Vietnam and Indonesia has advantage reflecting the rising transportation cost of coastal vessels.

2. Overview on Trend of Export and Import of Coal

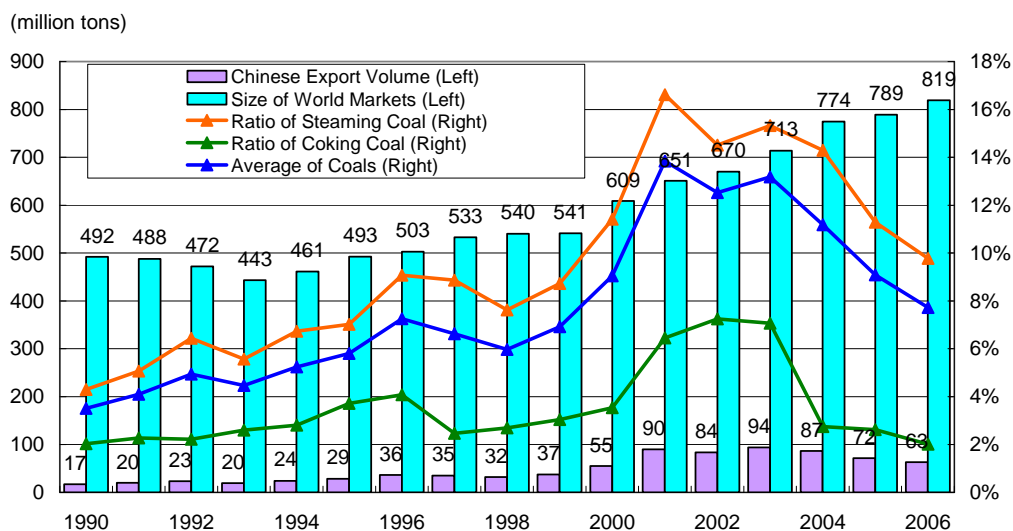
2-1 Status Quo of the Chinese Trade of Coal

(1) Coal exports

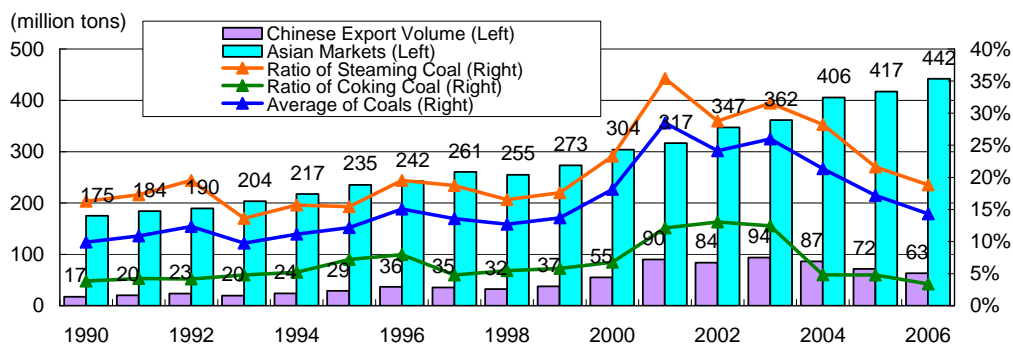
Chinese exports of coal have declined after peaking in 2003. As shown in Figure 2-1, the market share for Chinese coal, as viewed from IEA data, declined from 13.2% (15.3% for steaming coal and 7.1% for coking coal) in 2003 to 7.7% (9.8% for steaming coal and 2.0% for coking coal) in 2006 in both the global and Asian markets, declining from 26.0% (31.6% for steaming coal and 12.4% for coking coal) in 2003 down to 14.3% (18.8% for steaming coal and 3.4% for coking coal) in 2006. As the volume of Chinese coal exports decreased by about 10 million tons in 2007 compared with 2006, the share of Chinese coal in the Asian market should have declined further.

Figure 2-1: Size of World and Asian Markets and Volume of Chinese Export

Chinese Export of Volume Coal in World Markets



Chinese Export Volume of Coal in Asian Markets



Note: Estimate for 2006. The size of the World markets is assumed to be the total import volume for various countries (or areas) of the world. The size of Asian markets is assumed to be the total import volume for various Asian countries (or areas). Anthracite coal is included steaming coal.

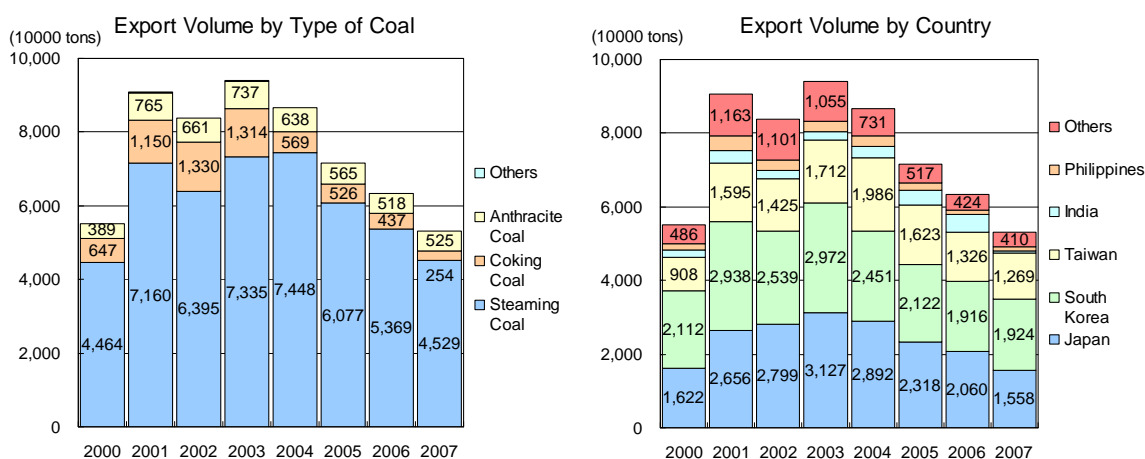
Source: Prepared from IEA, "Coal Information 2007".

The volume of Chinese coal exports has decreased every year since 2004 after peaking at 93.93 million tons in 2003 and registered 53.17 million tons in 2007. As viewed by the type of coal, the volume of coking coal exported decreased to 5.69 million tons in 2004 (to less than half) from 13.14 million tons in 2003; reflecting the supply shortage in the domestic market that emerged in 2003,

while the volume of anthracite coal exported also decreased by one million tons over the year from 7.37 million tons in 2003. The volume of steaming coal exported increased by 1.13 million tons in 2004, but declined in and after 2005 when the spot price of Australian steaming coal fell below the domestic price of Chinese steaming coal (Figure 2-2, and Attached Table 1 at the end).

As viewed in terms of export destinations, the main importers of Chinese coal are neighboring Japan, South Korea and Taiwan, while the volume of exports to those East Asian countries (or areas) accounted for about 85% (90% in 2007) of total coal exports. The overall export volume to those countries (or areas) decreased in line with the 2004 decrease in exports and after. Comparing the 2007 export volume with that of 2003, in contrast to the volume of exports to Japan which almost halved, the decrease in figures for South Korea and Taiwan remained at 35% and 26%, respectively (Figure 2-2, and Attached Table 2 at the end).

Figure 2-2: Chinese Export Volume of Coal by Type of Coal and by Export Destination



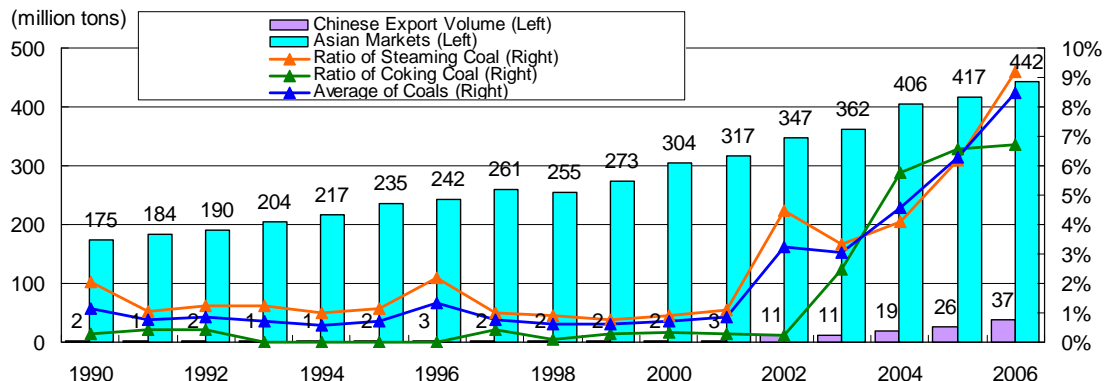
Source: Prepared from the TEX Report etc. based on China's Customs Statistics.

(2) Coal imports

Chinese imports of coal increased in 2002 and after. According to IEA data, as shown in Figure 2-3, import demand in Asian markets increased every year except in 1998 and expanded from 175 million tons in 1990 to 304 million tons in 2000 and 442 million tons in 2006 respectively. The Chinese import volume also increased rapidly and was registered at 37.5 million tons, accounting for 8.5% (9.2% for steaming coal and 6.7% for coking coal) of the import demand in Asian markets in 2006. Imports in 2007 increased to 51 million tons and China's import share in Asian markets rose. Whereas the import demand in Asian markets increased by 125.2 million tons over the five years from 2001 to 2006, the import volume of China increased by 34.8 million tons, accounting for about 30% of the increase in the whole Asian markets.

The Chinese coal import volume increased every year in 2004 and after and rose to 51 million tons in 2007 from 10.76 million tons in 2003. As viewed in terms of the type of coal, the import volume of anthracite coal increased rapidly in 2004 and after; reaching 28.41 million tons in 2007, while a growth trend was also apparent for steaming coal since 2005, for which a figure of 13.30 million tons was registered in 2007. The coking coal import volume was 6.2 million tons in 2007 without any remarkable increase emerging, after expanding 2.6 times from 2.60 million tons in 2003 to 6.76 million tons in 2004, reflecting the short supply in the domestic market that emerged in 2003 (Figure 2-4 and Attached Table 3 at the end).

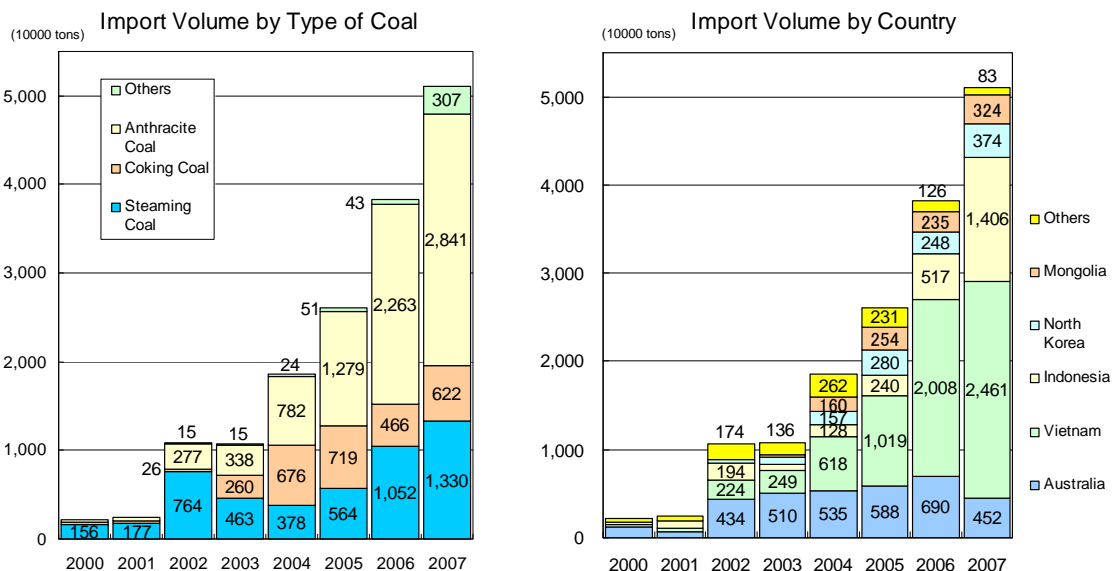
Figure 2-3: Size of Asian Markets and Chinese Import Volume



Note: Estimate for 2006. The size of Asian markets is assumed to be the total of the import volume of various Asian countries (or areas). Anthracite coal is included steaming coal.
 Source: Prepared from IEA, "Coal Information 2007".

Coal exporters to China include Australia, Vietnam, Indonesia, Mongolia, North Korea, Russia and Canada, although imports from Vietnam and Indonesia, which are near the southern coastal areas of China, are rocketing. As viewed by type of coal, anthracite coal imports from both Vietnam and North Korea increased, of which the increase of Vietnam stands out. Steaming coal is mainly imported from Australia and Indonesia and imports from the latter are increasing rapidly. Coking coal is mainly imported from Australia, Canada and Mongolia. Imports from Canada was hardly done after it were imported in 2004 and 2005, while imports from Mongolia started from 2003 and are on the increase (Figure 2-5 and Attached Tables 4, 5 and 6 at the end).

Figure 2-4: Chinese Import Volume by Type of Coal and by Exporting Country

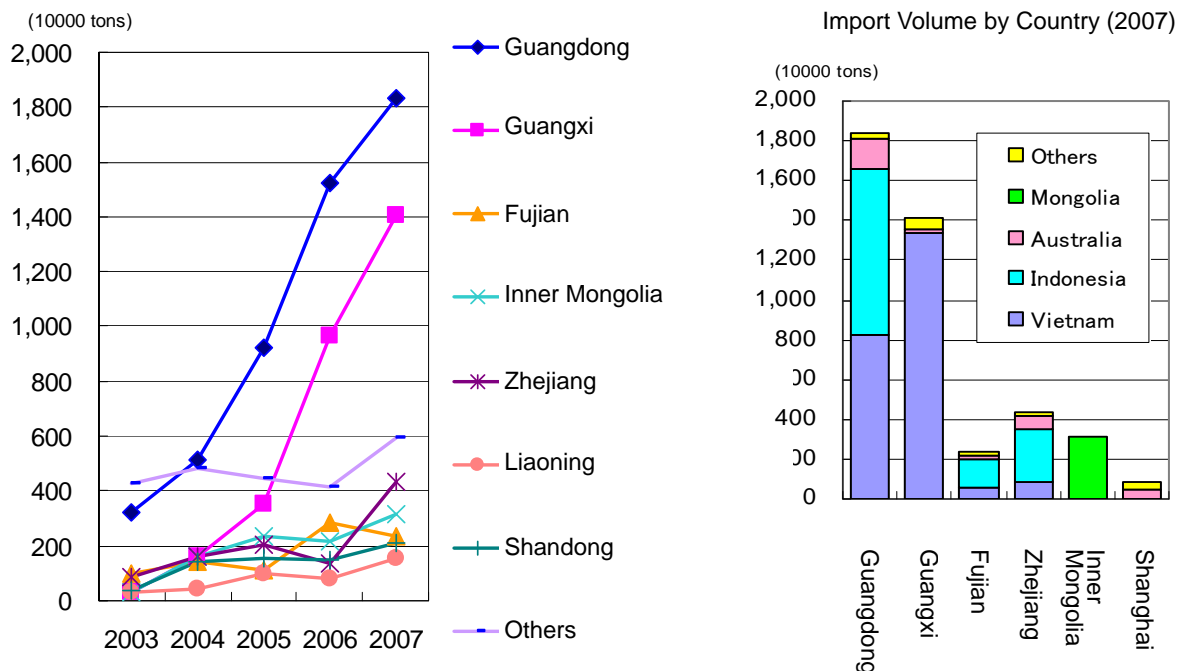


Source: Prepared from the TEX Report etc. based on China's Customs Statistics.

All the provinces in coastal areas are importing coal, but the imports in south eastern coastal areas located in the south of Zhejiang Province are mainly increasing, especially imports by Guangxi Province and Guangdong Provinces are increasing rapidly. In the inland areas, imports of Inner

Mongolia Autonomous Region are expanding (Figure 2-5).

Figure 2-5: Chinese Import Volume by Province and by Exporting Country



Source: Prepared from survey materials by Beijing Xinhua InfoLink Development Co., Ltd.

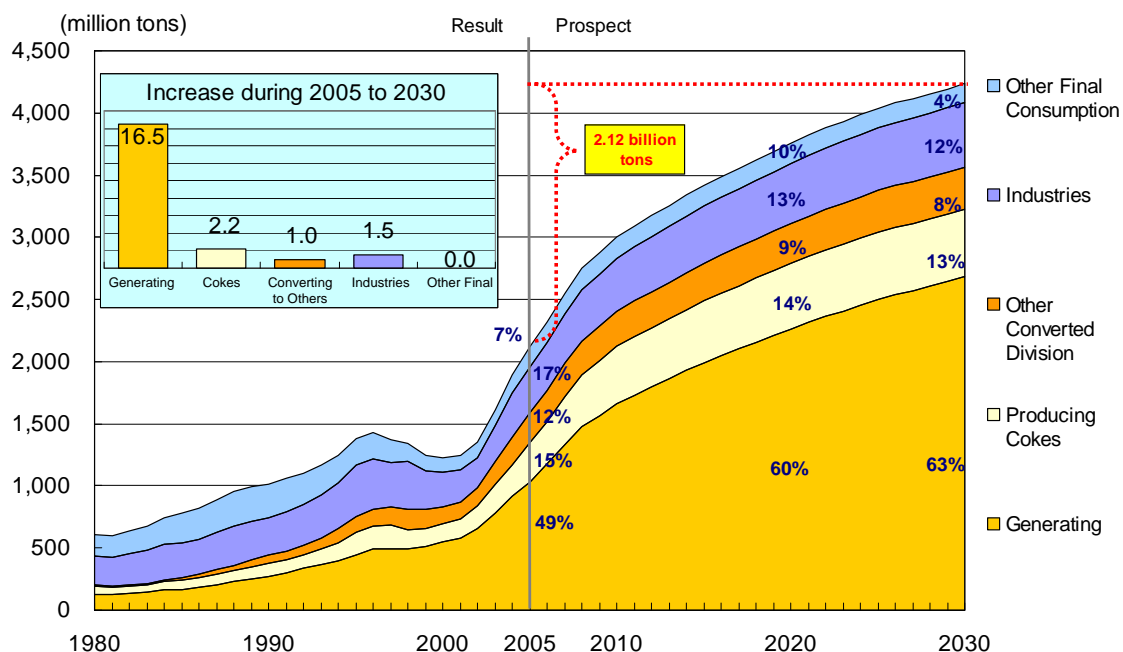
2-2 Prospects for Coal Exports and Imports

(1) Supply and demand of coal

Coal consumption in China will increase; centering on the demand for electricity generation. There has been no slowdown in the expanded consumption of coal and supply and demand remains tight, even in 2008, with local shortages of coal occurring. However, it is expected that the rapid increase in coal consumption, which has continued from 2003, will gradually slowdown and coal consumption of China is forecast to rise from 2.1 billion tons in 2005 to 3.0 billion tons in 2010, 3.7 billion tons in 2020 and 4.2 billion tons in 2030 (Figure 2-6).

On the supply side, on the other hand, China adopts a policy of basically meeting domestic demand with the domestic production of coal, effectively utilizing the existing abundant coal resources in the country. In doing so, China aims to establish a coal industry with sufficient capacity for stable supply and competitiveness and is promoting the reorganization of the coal industry (establishment of a supply system based on thirteen production bases) in the 11th five year plan. The pace of increase of coal consumption is expected to become moderate, while through the development of the reorganization of the coal industry, a supply system commensurate with domestic demand is established and the balance of supply and demand of coal will be stabilized.

Figure 2-6: Prospect of Coal Demand in China



Source: IEEJ, Coal Group.

(2) Export of Coal

Although China’s coal exports are expected to continue henceforth, the volume of exports will vary in accordance with the actual conditions of supply and demand and the difference between domestic and foreign prices, with a ceiling applicable to the export license volume notified following scrutiny of the domestic supply and demand of coal. Judging from the present supply and demand of coal in China, the export volume seems to decline or level off for several years to come. However, once the reorganization of the coal industry is completed, and a supply system commensurate with supply and demand becomes stable, it is expected that the Chinese Government will increase the volume of the export license, which was reduced from 2007 and the export volume of coal by China will increase again.

As for steaming coal, assuming the continuation of exports from northern areas blessed with coal producing sites and equipped with infrastructure such as ports and railways, and the stabilization of domestic supply and demand, exports are expected to expand in line with increased imports in south eastern coastal areas. Whether or not exports will reach the ceiling of the export license volume depends on trends in international and domestic prices, but in the event that international prices exceed domestic prices, the coal industry is expected to increase the production of coal for export.

As for coking coal, it is possible that coking coal of Chinese origin will cater to exports as a domino effect of increased imports from Mongolia, and expanded exports of anthracite is seemingly unlikely, given the fact that imports from Vietnam will decrease.

As mentioned above, coal exports will be continued, based on the condition that a stable domestic coal supply system be established, whereas they also have the potential for growth again in future. However, in China, where huge volumes of coal are consumed, the domestic supply and demand for steaming coal may be temporarily tightened due to the vary of demand by seasonal factors. Exports of coal are made, in principle, after satisfying its own domestic demand, hence it must be anticipated that the volume of coal exports may be hampered temporarily and the situation of coal supply and demand including exports must be watched attentively hereafter.

(3) Coal Imports

Imports of coal are expected to expand in coastal areas, centering on those in the south east and to the south of Zhejiang Province. They are also expected to increase in the northern areas neighboring Mongolia, alongside an expansion of the supply capacity of Mongolia, where the development of coal mining would be promoted.

In south eastern coastal areas, private and public berths are being constructed in order to facilitate the receiving of domestic coal transported from shipping ports in northern areas, which is related to efforts to streamline the receiving system of imported coal. As for electric power, the usage of imported coal is promoted at power stations located in coastal areas with the economy and stable supply in mind. Under these circumstances, import of steaming coal is expected to increase fundamentally. Further, volume of import is expected to change by the comparison of domestic prices with those of international ones as economy is emphasized for using coal.

Demand for coking coal is expected to stabilize, and be catered to by domestic coal, as the production of steel gradually moderates and energy saving gains momentum. Therefore, imports of coking coal from Australia are anticipated to level off or slightly increase. However, imports of coking coal from Mongolia are expected to increase in the northern areas of China in line with the expanded production of coking coal in Mongolia. In particular, imports of coking coal are expected to increase sharply, when the large-scale project involving the development of coal mines in the Mongolian South Gobi area gets underway.

Imports of anthracite coal are expected to decrease, with a corresponding decrease in exports from Vietnam, due to the expansion of domestic demand in Vietnam.

As mentioned above, imports of coal of China are expected to increase fundamentally, and the volume will change depending on the conditions of domestic supply and demand, and the difference of domestic and international prices, as well as degree of coal development in Mongolia.

3. The Trend of Coal Exports and Imports by China and Its Influence on Asia Markets

3-1 Influence of Coal Exports and Imports by China

In the Asian markets after the 1990s, the demand for coal expanded, particularly for steaming coal used to generate electricity and coal was mainly supplied by Indonesia, China, Russia and Canada, with Australia also playing a major role. The volume of Chinese coal exports rocketed from 2000 onward, reaching 90.9 million tons in 2001 and making China the second exporter after Australia. The totals were 83.9 million tons in 2002 and 93.9 million tons in 2003, but it declined to 53.2 million tons in 2007 following a reduction of 7 to 15 million tons every year since 2004.

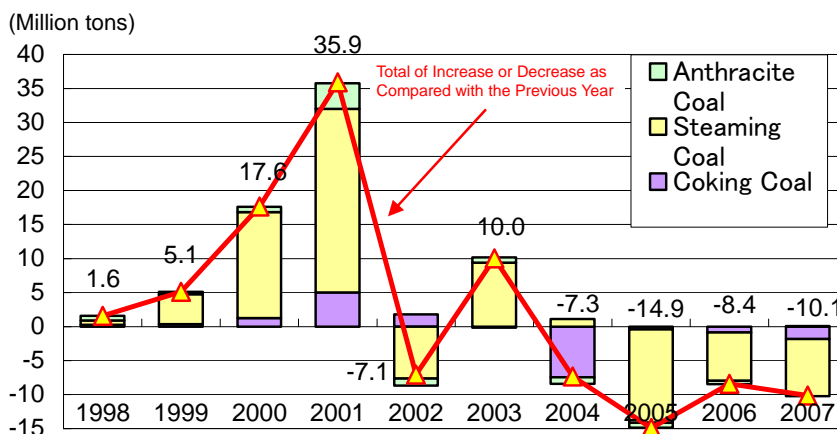
The sharp increase in Chinese coal exports in 2000 and 2001 led to an oversupply of Asian coal markets as Australia's stable supply continued and Indonesia steadily increased its own supply; becoming one of the major factors for the slump in prices from 2002 to the first half of 2003. On the other hand, the decrease in exports from China, along with the increase in imports into the same market became one of the factors for the tight supply and demand of Asian markets, the accompanying price rise in 2004 and soaring prices in 2007.

As viewed in terms of type of coal in 2004 onward, the export volume fared as shown below (Figure 3-1).

Although exports of steaming coal did not decrease volume-wise in 2004, while tight conditions for steaming coal existed in Asian markets, timely shipments were hampered due to the strain of the

Chinese domestic balance of supply and demand since autumn 2003. As well as these conditions, the change in coal export policy (from encouraging to curbing) caused concern about the decrease in exports of Chinese steaming coal in 2004 onward, which led to a rise in the spot prices of steaming coal. There was a remarkable decrease in exports from 2005 onward, e.g. 13.7 million tons in 2005 (as compared with the preceding year), 7.1 million tons in 2006 (same) and 8.4 million tons in 2007 (same), which became one of the factors for the continued high price as well as the price upsurge in Asian markets from 2007 onward.

Figure 3-1: Increase in Volume of Exports as Compared with the Previous Year by Type of Coal



Source: Prepared from the TEX Report etc. based on China’s Customs Statistics.

As for coking coal, the export volume in 2004 showed a remarkable decrease of 7.5 million tons as compared with the preceding year due to tight domestic supply and demand, and the export price for Chinese coking coal jumped to nearly 100 dollars/ton (twice the 2003 price). This dwindling export volume became one of the factors causing a tightening of the coking coal markets and the 2004 price rise led to a hike in the international price of coking coal in 2005. Subsequently, there was a minor decrease in export volume and the influence on the markets is regarded as small.

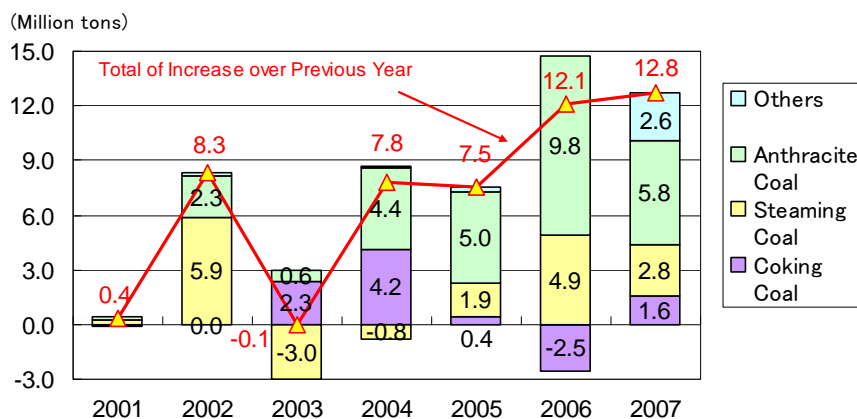
The export volume of anthracite coal decreased by 2.2 million tons over the three year period 2003 to 2006 and leveled off in 2007. Although the decrease was modest, it became a certain factor causing a supply shortage of anthracite coal, given the limited number of major suppliers to Asian markets.

The remarkable change in Chinese coal exports from 2000 onward made an impact the coal procurement in coal importing countries. In particular, three countries (or regions), responsible for the majority of coal imports into Asian markets, such as Japan, South Korea and Taiwan, were conspicuously influenced by the trend of exports of coal by China, which is one of the nearest sources. These three countries (or regions) increased their imports of Chinese coal in tandem with the Chinese expansion of exports, while the volumes of Chinese coal imported reached 18.4 % for Japan, 40.2 % for South Korea and 47.7 % for Taiwan in 2003 respectively, the year before the volume of Chinese coal exports declined. Subsequently, however, the rate of imports of Chinese coal from three countries (or regions) decreased to 8.1 % for Japan, 22.6 % for South Korea and 19.9 % for Taiwan in 2007 due to the decrease in Chinese exports (Attached Table 7 at the end). These three countries (or regions) responded to the drop in imports of Chinese coal by shifting to imports from other exporting countries (Russia, Canada, Vietnam, the U.S., South Africa, etc.), with Australian and Indonesian coal comprising the majority.

3-2 Influence of Increased Imports of Coal by China

China became one of a significant coal importer in the Asian market. The increase of coal imports by China (the increase in coking coal imports since 2003, the increase in anthracite coal imports since 2004 and the increase in steaming coal since 2005) is one of the bigger factors behind the tight supply and demand in the Asian coal market, coupled with a decrease in Chinese coal exports. A breakdown by the coal type is shown below (Figure 3-2).

Figure 3-2: Increase over Previous Year of Coal Imports by Type of Coal



Source: Prepared from the TEX Report etc. based on China's Customs Statistics.

The increase in imports of steaming coal in 2002 was caused by the increasing imports of steaming coal due to the demand for cheap coal amid stagnating prices in the international market. This was a period of excess supply in the Asian markets due to the sharp increase in coal exports from China in 2000 and 2001. Moreover, this had no impact on China's increased imports, rather, the latter factor may be deemed to have stopped the decline in the price of steaming coal. From 2005 onward, imports increased, centering on power stations in coastal areas (mainly south of Zhejiang Province, especially Guangdong Province and Guangxi Province), which, combined with the decrease in exports, became one of the factors of the tight supply and demand of steaming coal in Asian markets. In particular, steaming coal imported by China from Indonesia in 2007 jumped by 6 million tons as compared with the preceding year (Attached Table 5 at the end). While Australia could not export normally due to the ship congestion and infrastructure limitations, Asian users of steaming coal rushed to procure Indonesian coal, while China also increased its imports of Indonesian coal, which helped tighten the supply of the latter.

As for coking coal, a shortage of supply in China emerged since the summer of 2003, prompting China to curb its coal exports, whereupon imports of Australian coal have increased since 2003 and those of Canadian and Mongolian coal since 2004 (Table 3-1).

China's imports of coking coal, excluding those from Mongolia¹, increased in 2003 and 2004, almost leveled off in 2005 and decreased in 2006. The increase in imports in 2003 and 2004 (2.1 million tons and 2.9 million tons, respectively as compared with the previous years) became one of the factors behind the price hike of coking coal in global markets, coupled with a decrease in exports in 2004 (7.5 million tons decrease from the previous year), causing tight conditions therein. As the domestic supply was catching up with demand, imports of coking coal decreased and this fall became one of the factors easing the coking coal market.

¹ At this point in time, Mongolia is not a supplier to Asian markets and only China imports Mongolian coking coal. Therefore, it is to be treated separately from Asian markets.

Table 3-1: Imports of Coking Coal by China

	2001	2002	2003	2004	2005	2006	2007
Total	27.7	25.6	260.4	675.8	719.4	466.2	622.0
Mongolia			26.3	153.9	230.1	215.4	311.9
Excluding Mongolia	27.7	25.6	234.1	521.9	489.4	250.8	310.1
Including Australia	4.3	8.5	169.3	324.8	343.6	196.0	228.5
Canada		0.0	38.5	181.5	122.9	14.6	22.3
Others	23.3	17.1	26.4	15.6	22.9	40.2	59.3

Source: Prepared from the TEX Report etc. based on China's Customs Statistics.

Imports of coking coal from Mongolia exceeded 3 million tons in 2007 to reach a level similar to that of Asian markets. Mongolian coal is consumed in the northern areas such as the Inner Mongolia Autonomous Region, Gansu Province, etc. and can be said to lack any direct influence on Asian markets.

As for anthracite coal, imports from Vietnam increased sharply Guangxi Province and Guangdong Province. While China imported low-priced and low-quality anthracite, Vietnam increased its production to meet the export demand to China, and the influence on the high-quality anthracite coal market, which Japan, South Korea, etc. import from Vietnam, appears to have been modest.

3-3 Influence on Asian Markets in Future

Future Coal markets in Asia are expected to expand rapidly as imports by countries such as South Korea and Taiwan (existing major importing countries (or regions)), and India, China and south eastern areas as well will increase, along with an expansion of demand for coal used to generate electric power. For this expansion of Asian markets, coal will be supplied from the nations of the Pan Pacific Rim Region, such as Russia, Canada, China, New Zealand and Vietnam, etc. centering on Australia and Indonesia as well as South Africa. In these Asian markets, China will be involved as a player on both the supply and demand sides.

As mentioned above, future imports of coal in China are expected to increase, mainly in coastal areas, centering on the south eastern coastal areas located to the south of Zhejiang Province, while an increase is expected in the northern areas bordering Mongolia, such as the Inner Mongolia Autonomous Region and Gansu Province, etc. On the other hand, exports will decrease or level off for several years to come. After that, the increase of exports is expected alongside growth in imports, when a supply system will be established through reorganization of the coal industry and supply and demand will be stabilized (i.e. imported coal satisfies domestic demand and the surplus will be directed to exports).

However, the volume of exports and imports depends on trends of supply and demand and fluctuates based on variation in domestic and international prices. In China, which consumes huge volumes of coal as a fuel for generating electric power, there is the potential to trigger temporarily tight supply and circumstances due to seasonal fluctuations, hence exports may temporarily be halted or sharply reduced, as was experienced in early 2008, when the domestic supply is prioritized according to the degree of tightness. Further, in cases where the international price exceeds the domestic price, the export volume increases and the import volume decreases, and in cases where the domestic price exceeds the international price, the export volume decreases and the import volume increases. If there is a substantial fluctuation of the volume of exports and imports, this will have a significant influence on the supply and demand for coal in Asian markets. Here, we will analyze future relations of exports and imports and Asian markets based on the type of coal:

“Steaming Coal”

Strong demand for steaming coal in China will fundamentally be covered by domestic production. However, with coal burning power stations in coastal areas being blessed with favorable surroundings for importing, imports of steaming coal in China are fundamentally expected to increase, centering on these areas, and Chinese coastal areas will play an important role in Asian markets. However, such import volume is expected to fluctuate depending on international and domestic prices, which will thus influence the supply and demand of steaming coal in Asian markets as well as affecting other importing countries procuring the same product.

Coal exports in China will be continued via shipping ports in northern areas connected to China's major production bases. While coal imports increase, centering on southeastern coastal areas, if supply and demand stabilize and a comfortable coal supply system is established, a portion of the coal to be transported to the southern areas will be redirected for export and exports are thus expected to increase. However, the potential for a fall in exports still remains given seasonal fluctuations and experience shows that coal exports from China depend on FOB prices. Supposing that the supply of Chinese coal increases in the Asian markets, which are currently tight, this may help stabilize coal prices. Nevertheless, this volume of exports by China is considered to fluctuate depending on the domestic conditions of supply and demand and FOB prices, which will influence the Asian markets for steaming coal.

“Coking Coal”

By limiting steel production and any increase in productivity (energy conservation), the increased demand for coking coal will also be modest, hence the presumption that the majority of the coking coal supply will be covered by domestic sources, and that imports of coking coal in coastal areas from Asian markets, centering on Australia, are expected to remain at the present level or increase slightly, which would have only limited influence on Asian coking coal markets.

On the other hand, imports of coking coal from Mongolia are expected to increase in line with its progress in the development of coal mines in Mongolia. In particular, the import of coking coal by China from Mongolia is anticipated to increase sharply, depending on the progress of big projects represented by the Tavan tolgoi Project. Although the present export volume of coking coal has dwindled to just several million tons, there is a possibility that a surplus of coking coal of Chinese origin, which is caused by an expansion of imports from Mongolia, may be exported to Asian markets, which might lead to an easing of the Asian coking coal markets.

“Anthracite Coal”

Although China imported more than 20 million tons of anthracite coal from Vietnam coal in 2007, the figure is anticipated to decrease every year as Vietnamese exports of coal are anticipated to decrease in the years to come. China may seek to procure a replacement in international markets centering on domestic coal. Consequently, exports of anthracite coal from China may decrease, leading to tight conditions in Asian anthracite coal markets.

Conclusion

During the first half of 2008, the volume exported by China was 25.5 million tons (a 10% increase as compared with the same period of the preceding year), while the import volume was 21.6 million tons (a 20% decrease as compared with the same period the previous year) and the trend of decreased exports and increased imports, which had continued until last year, came to an end. The main reason is supposed to be soaring international prices. However, on the other hand, increasing domestic consumption remains strong, with no change in the tight conditions regarding the supply and demand of coal, while domestic coal prices still rise and coal is in short supply depending on the area. Under these circumstances, the Chinese Government raised the export tax rate on coking coal from 5% to 10 % and levied an export tax of 10 % on steaming coal and anthracite coal, which had not previously been levied, with effect from August 20, 2008. As a result, there is the potential for

the volume of coal exports to fall below the previous year.

China's coal consumption will increase in 2008 onward and until the coal supply system now being implemented progresses smoothly and stable supply commensurate with demand is secured, supply and demand of coal in China are expected to remain tight. Therefore, at least until this situation is alleviated, China's policy of curbing coal exports will continue, while the volume of exports is expected to fall or level off, as opposed to the volume of imports, for which a fundamental increase is expected. It is difficult to forecast the extent to which these situations will influence Asian markets, but as the volume of exports and imports by China since the early 2000s has had a considerable impact on coal prices in Asian coal markets, it will certainly continue to influence Asian coal markets, meaning we must monitor domestic supply and demand and the trend of exports and imports by China.

Attached Table 1: Trend of Coal Export Volume by Type of Coal

	1999		2000		2001		2002		2003		2004		2005		2006		2007	
	Export Volume	Share	Export Volume	Share	Export Volume	Share	Export Volume	Share	Export Volume	Share	Export Volume	Share	Export Volume	Share	Export Volume	Share	Export Volume	Share
Steaming Coal	2,904	77.6%	4,464	81.1%	7,160	78.7%	6,395	76.2%	7,335	78.1%	7,448	86.0%	6,077	84.7%	5,369	84.8%	4,529	85.2%
	17.8%		53.7%		60.4%		-10.7%		14.7%		1.5%		-18.4%		-11.6%		-15.6%	
Coking Coal	522	13.9%	647	11.8%	1,150	12.6%	1,330	15.9%	1,314	14.0%	569	6.6%	526	7.3%	437	6.9%	254	4.8%
	7.4%		24.0%		77.8%		15.6%		-1.2%		-56.7%		-7.5%		-17.0%		-41.8%	
Anthracite Coal	315	8.4%	389	7.1%	765	8.4%	661	7.9%	737	7.8%	638	7.4%	565	7.9%	518	8.2%	525	9.9%
	12.9%		23.6%		96.8%		-13.7%		11.5%		-13.4%		-11.6%		-8.3%		1.5%	
Others	0	0.0%	5	0.1%	19	0.2%	3	0.0%	8	0.1%	6	0.1%	5	0.1%	6	0.1%	7	0.1%
			2060%		260%		-85.8%		175%		-27.1%		-10.9%		26.9%		18.8%	
Total	3,741	100%	5,505	100%	9,094	100%	8,388	100%	9,393	100%	8,661	100%	7,172	100%	6,330	100%	5,317	100%
	15.8%		47.2%		65.2%		-7.8%		12.0%		-7.8%		-17.2%		-11.7%		-16.0%	

Note: The % entered below the export volume of each type of export volume represents the rate of increase over the preceding year for each year.

Source: Prepared from the TEX Report etc. based on China's Customs Statistics.

Attached Table 2: Trend of Coal Export Volume by Country

	Japan	South Korea	Taiwan	Hong Kong	the Philippines	India	Others	Total
2003	3,127	2,972	1,712	212	291	235	843	9,393
	33.3%	31.6%	18.2%	2.3%	3.1%	2.5%	9.0%	100.0%
2004	2,892	2,451	1,986	125	293	308	605	8,661
	33.4%	28.3%	22.9%	1.4%	3.4%	3.6%	7.0%	100.0%
Increase or Decrease (2004-2003)	-235	-521	274	-86	2	73	-238	-732
Increase rate over the preceding year	-8%	-17.5%	16%	-41%	1%	31.1%	-28.2%	-7.8%
2005	2,318	2,122	1,623	95	203	389	423	7,172
	32.3%	29.6%	22.6%	1.3%	2.8%	5.4%	5.9%	100.0%
Increase or Decrease (2005-2004)	-574	-329	-363	-31	-90	81	-183	-1,489
Increase rate over the preceding year	-20%	-13%	-18%	-24%	-31%	26%	-30%	-17%
2006	2,060	1,916	1,326	86	104	500	339	6,330
	32.6%	30.3%	20.9%	1.4%	1.6%	7.9%	5.3%	100.0%
Increase or Decrease (2006-2005)	-257	-206	-297	-9	-99	111	-84	-843
Increase rate over the preceding year	-11%	-10%	-18%	-10%	-49%	28%	-20%	-12%
2007	1,558	1,924	1,269	67	103	54	342	5,317
	29.3%	36.2%	23.9%	1.3%	1.9%	1.0%	6.4%	100.0%
Increase or Decrease (2007-2006)	-503	8	-57	-18	-1	-446	4	-1,013
Increase rate over the preceding year	-24%	0%	-4%	-21%	-1%	-89%	1%	-16%

Note: % entered below the export volume represents the share in terms of net imports.

Source: Prepared from the TEX Report etc. based on China's Customs Statistics.

Attached Table 3: Trend of coal Import Volume by Type of Coal

	1999		2000		2001		2002		2003		2004		2005		2006		2007	
	Export Volume	Share	Export Volume	Share	Export Volume	Share	Export Volume	Share	Export Volume	Share	Export Volume	Share	Export Volume	Share	Export Volume	Share	Export Volume	Share
Steaming Coal	127	75.7%	156	73.9%	177	71.1%	764	70.7%	463	43.0%	378	20.3%	564	21.6%	1,052	27.5%	1,330	34.8%
	-12.1%		23.6%		13.4%		331%		-39.4%		-18.2%		49.0%		86.6%		26.4%	
Coking Coal	26	15.7%	34	16.0%	28	11.1%	26	2.4%	260	24.2%	676	36.3%	719	27.5%	466	12.2%	622	12.2%
	155.0%		29.2%		-18.5%		-7.6%		918%		159.5%		6.5%		-35.2%		33.4%	
Anthracite Coal	14	8.6%	21	10.1%	44	17.8%	277	25.6%	338	31.4%	782	42.0%	1,279	48.9%	2,263	59.2%	2,841	55.7%
	225%		49.0%		108%		524%		22.2%		131.1%		63.6%		76.9%		25.6%	
Others	-		0	0.0%	0	0.0%	15	1.4%	15		24	1.3%	51	1.9%	43	1.1%	307	6.0%
	-		-		-		-		0%		60.0%		114.2%		-14.1%		606.5%	
Total	167	100%	212	100%	249	100%	1,081	100%	1,076	100%	1,860	100%	2,613	100%	3,824	100.0%	5,100	100.0%
	5.4%		26.7%		17.8%		334%		-0.5%		72.8%		40.5%		46.4%		33.4%	

Note: The % below the export volume of type of export volume represents the increase rate over the previous year for each year.

Source: Prepared from the TEX Report etc. based on China's Customs Statistics.

Attached Table 4: Trend of Coal Import Volume by exporting Country

(10000 tons)

	Vietnam	Australia	Canada	Mongolia	North Korea	Indonesia	Russia	Others	Total
2003	249 23.2%	510 47.4%	38 3.6%	28 2.6%	75 6.9%	78 7.2%	72 6.7%	25 2.3%	1,076 100.0%
2004	618 33.2%	535 28.8%	182 9.8%	160 8.6%	157 8.4%	128 6.9%	64 3.5%	16 0.8%	1,860 100.0%
Increase or Decrease (2004-2003) Increase rate over the preceding year	369 148%	25 4.9%	143 372%	132 464%	83 111%	50 64.3%	-8 -11.0%	-9 -37.3%	784 72.8%
2005	1,019 39.0%	588 22.5%	123 4.7%	254 9.7%	280 10.7%	240 9.2%	90 3.4%	18 0.7%	2,613 100.0%
Increase or Decrease (2005-2004) Increase rate over the preceding year	402 65%	53 10%	-59 -32%	94 59%	123 78%	112 88%	25 39%	2 15%	753 40%
2006	2,008 52.5%	690 18.0%	15 0.4%	235 6.2%	248 6.5%	517 13.5%	99 2.6%	13 0.3%	3,824 100.0%
Increase or Decrease (2006-2005) Increase rate over the preceding year	989 97.0%	101 17.2%	-108 -88.1%	-19 -7.3%	-32 -11.4%	277 115.3%	9 10.5%	-5 -29.9%	1,212 46.4%
2007	2,461 48.3%	452 8.9%	22 0.4%	324 6.4%	374 7.3%	1,406 27.6%	27 0.5%	34 0.7%	5,100 100.0%
Increase or Decrease (2007-2006) Increase rate over the preceding year	453 22.6%	-238 -34.5%	8 52.3%	89 37.8%	126 50.6%	889 172.1%	-72 -72.8%	21 168.7%	1,276 33.4%

Note: The % entered below the export volume represents the share in the net imports.

Source: Prepared from the TEX Report etc. based on China's Customs Statistics.

Attached Table 5: Volume of Imports of Steaming Coal by Exporting Country

(10000 tons)

	2000	2001	2002	2003	2004	2005	2006	2007
Australia	117.4	62.7	425.7	326.6	203.2	244.9	493.7	217.4
Indonesia	21.3	84.3	193.8	77.8	123.8	235.0	468.7	1,076.3
Russia	0.0	17.9	103.4	55.0	50.2	83.9	89.7	20.8
Others	17.7	12.4	41.0	3.2	1.1	0.0	0.1	15.7
Total	156.4	177.3	763.9	462.6	378.3	563.8	1,052.2	1,330.2

Source: Prepared from the TEX Report etc. based on China's Customs Statistics.

Attached Table 6: Volume of Imports of Coking Coal by Exporting Country

(10000 tons)

	2000	2001	2002	2003	2004	2005	2006	2007
Australia	11.6	4.3	8.5	169.3	324.8	343.6	196.0	228.5
Canada	0.0	0.0	0.0	38.5	181.5	122.9	14.6	22.3
Mongolia	0.0	0.0	0.0	26.3	153.9	230.1	215.4	311.9
New Zealand	22.3	23.3	16.4	20.5	11.9	17.1	11.3	6.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	24.9	42.0
Russia	0.0	0.0	0.0	5.9	3.7	5.8	3.3	6.0
Others	0.0	0.0	0.7	0.0	0.0	0.0	0.7	5.3
Total	33.9	27.7	25.6	260.4	675.8	719.4	466.2	622.0

Source: Prepared from the TEX Report etc. based on China's Customs Statistics.

Attached Table 7: Total Volume of Imports by Japan, South Korea, Taiwan and Their Imports of Chinese Coal

		2000	2001	2002	2003	2004	2005	2006	2007	
Japan	Steaming Coal	Total Volume of Imports (10000 tons)	6,529	7,155	7,283	7,960	9,152	9,098	8,667	9,517
		from China (10000 tons)	1,109	1,507	1,568	1,657	1,765	1,632	1,365	1,100
		(%)	(17.0)	(21.1)	(21.5)	(20.8)	(19.3)	(17.9)	(15.7)	(11.6)
	Coking Coal	Total Volume of Imports (10000 tons)	7,630	7,956	8,081	8,243	8,262	8,394	8,458	8,579
		from China (10000 tons)	424	738	1,029	1,149	874	568	492	210
		(%)	(5.6)	(9.3)	(12.7)	(13.9)	(10.6)	(6.8)	(5.8)	(2.5)
	Anthracite Coal	Total Volume of Imports (10000 tons)	368	467	489	499	585	589	596	553
		from China (10000 tons)	171	271	280	266	257	197	210	207
		(%)	(46.4)	(57.9)	(57.2)	(53.3)	(43.9)	(33.4)	(35.2)	(37.4)
	Total	Total Volume of Imports (10000 tons)	14,528	15,578	15,853	16,702	17,998	18,081	17,721	18,649
from China (10000 tons)		1,704	2,515	2,877	3,072	2,896	2,397	2,067	1,517	
(%)		(11.7)	(16.1)	(18.1)	(18.4)	(16.1)	(13.3)	(11.7)	(8.1)	
South Korea	Steaming Coal	Total Volume of Imports (10000 tons)	4,224	4,595	4,864	4,991	5,620	5,609	5,900	6,557
		from China (10000 tons)	1,866	2,243	2,308	2,470	1,907	1,629	1,441	1,588
		(%)	(44.2)	(48.8)	(47.5)	(49.5)	(33.9)	(29.0)	(24.4)	(24.2)
	Coking Coal	Total Volume of Imports (10000 tons)	1,957	1,768	1,760	1,715	1,851	1,610	1,559	1,727
		from China (10000 tons)	273	234	233	183	223	183	180	130
		(%)	(13.9)	(13.2)	(13.2)	(10.7)	(12.1)	(11.3)	(11.5)	(7.5)
	Anthracite Coal	Total Volume of Imports (10000 tons)	204	311	388	464	425	457	511	544
		from China (10000 tons)	126	240	281	326	269	273	253	274
		(%)	(61.8)	(77.1)	(72.4)	(70.2)	(63.3)	(59.7)	(49.5)	(50.4)
	Total	Total Volume of Imports (10000 tons)	6,385	6,674	7,011	7,170	7,897	7,676	7,971	8,828
from China (10000 tons)		2,264	2,716	2,822	2,979	2,399	2,084	1,874	1,992	
(%)		(35.5)	(40.7)	(40.2)	(41.5)	(30.4)	(27.1)	(23.5)	(22.6)	
Taiwan	Steaming Coal	Total Volume of Imports (10000 tons)	3,930	4,192	4,395	4,640	5,209	5,511	5,726	6,030
		from China (10000 tons)	826	1,693	1,598	2,213	2,470	2,346	1,303	1,295
		(%)	(21.0)	(40.4)	(36.3)	(47.7)	(47.4)	(42.6)	(22.8)	(21.5)
	Coking Coal	Total Volume of Imports (10000 tons)	609	717	789	826	839	516	505	489
		from China (10000 tons)	0	13	0	14	0	0	0	1
		(%)	(0.0)	(1.9)	(0.0)	(1.7)	(0.0)	(0.0)	(0.1)	(0.1)
	Anthracite Coal	Total Volume of Imports (10000 tons)	-	-	-	-	-	-	-	-
		from China (10000 tons)	-	-	-	-	-	-	-	-
		(%)	-	-	-	-	-	-	-	-
	Total	Total Volume of Imports (10000 tons)	4,539	4,909	5,184	5,467	6,048	6,028	6,231	6,519
from China (10000 tons)		826	1,706	1,598	2,227	2,471	2,346	1,304	1,295	
(%)		(18.2)	(34.8)	(30.8)	(40.7)	(40.8)	(38.9)	(20.9)	(19.9)	

Note: Anthracite coal of Taiwan is included in the category of steaming coal.

As South Korea's import volume of Chinese anthracite coal (for 2000 and 2001) was not available, China's export volume to South Korea was entered.

Source: For South Korea: prepared from South Korea Customs Statistics (materials provided by KEEI and the TEX Report)

For Taiwan: Prepared from the Home Page of the Energy Bureau, and the "Statistics and Monthly Report of Statistics of Energy Bureau"

For Japan: prepared from MOF's "Trade Statistics"

- ◆ Japan's steaming coal imports from China decreased by 6.65 million tons from 2004 to 2007 and covered the decrease by Australian and Indonesian coal as well as increased imports from Russia and Canada. In 2007, it imported from South Africa. Imports of coking coal from China decreased by 9.4 million tons from 2003 to 2007 amid increased imports from Australia and Canada as well as recovering imports from the U.S. in 2004 and 2005 (from the latter half of 2007, the shortage of coking coal became conspicuous and U.S. coal was procured).
- ◆ South Korea's steaming coal imports from China decreased by 15.7 million tons and this decrease was covered by a sharp increase in the supply of Indonesian coal, while supplementary imports from Russia and Australia were expanded. Imports of both coking and anthracite coals from China both remained down around 0.5 million tons, apparently causing no major problems in terms of volume, but the demand for coking coal was covered by Australian and Canadian coal and that for anthracite coal by Vietnam and Australian coal respectively.
- ◆ Taiwan's imports from China are limited to steaming coal and the import volume decreased remarkably from 24.7 million tons in 2004 to 11.8 million tons in 2007. This decrease was covered by Indonesian and Australian coal, which leads us to conclude that the import volume from Australia corresponds to the fluctuation of imports of Chinese coal (a decrease in Australian coal prompting an increase in Chinese coal and vice versa).

Contact: report@tky.ieej.or.jp