

## CHINA SET TO BECOME LARGEST IMPORTER OF THERMAL COAL

China is set to overtake Japan as the world's largest importer of thermal coal as soon as this year, only three years after China became a net importer of the mineral used to fire power stations, according to an emerging industry consensus. The speed at which Chinese coal imports are growing is surprising mining companies, traders and policymakers, who had previously not expected China to overtake Japan before 2015. China was a net exporter of coal until 2007.

Beijing's appetite for imported thermal coal bodes well for mining companies but policymakers are concerned about the impact of rising buying on global energy prices and carbon emissions. The increase in coal prices will increase electricity prices and increase the cost of manufacturing. China is already the world's largest coal producer but domestic supplies can't meet the growing demand.

The surge in coal imports comes on the back of rising power demand. China relies on coal to produce 80 per cent of its electricity, double the world's average. China would add 500 gigawatts of new coal-fired electricity generation capacity between now and 2020, almost double Japan's current total power generation capacity.