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China Increasing Reliance on Russian Coal

By The Moscow Times

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China will increase annual coal imports from Russia, its fifth-biggest overseas supplier, by almost 30 percent in the next five years as energy cooperation between the countries grows, the Chinese foreign ministry said.

Russia will boost deliveries to 15 million metric tons annually in the next five years and may increase shipments to 20 million tons, the ministry said in a statement on its web site Thursday, commenting on ongoing energy talks in Moscow. The countries are also discussing a 30-year natural gas supply contract that Russia aims to sign on June 10 during a planned visit by Chinese President Hu Jintao, RIA-Novosti said May 31.

China became a net importer of coal for the first time in 2009 as a plan to consolidate mines shut thousands of unsafe pits and cut production. Coal shipments from Russia to China reached 11.6 million tons last year, costing on average $130 a ton, according to Bloomberg calculations based on customs data that didn't separate figures for power station and coking

coal.

Shenhua Group, China's largest coal producer, and Russian companies have "made progress" on ventures to develop coal fields and a coal-liquefaction project, the foreign ministry said, without elaborating.

China imported a total of 165 million tons of coal last year to make steel and to burn as fuel at about 70 percent of its power plants. The world's biggest energy-consuming nation is also seeking to boost consumption of cleaner-burning gas to reduce carbon emissions.

The two countries will finalize the sale and purchase terms for a contract to supply gas to China and be ready to sign an agreement by June 10, according to the foreign ministry.

Russia and China have advanced on the gas supply talks, with "one little step" remaining on pricing, Liu Tienan, head of the Asian country's National Energy Administration, said in Moscow on May 31.

Under a worst-case scenario, Gazprom expects to sign a contract with China by the end of the year, deputy chief executive Alexander Medvedev said May 19.

China will continue to push for nuclear power cooperation with Russia, according to the foreign ministry.

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