

China's move to introduce a hike is intended to curb pollution and high-energy consumption resources

By LEE CHERNG WEE

CHINA'S export tariff hike on minerals starting Aug 20 will not directly impact Sino Hua-An International Bhd as all its metallurgical coke is sold in China's domestic market, the company said in a statement yesterday.

Sino Hua-An's production plant in Shandong, China is currently running at a capacity of 1.6 million tonnes of metallurgical coke, a critical raw material used as energy source for the manu-

Sino Hua-An not affected by China export tariff hike

facturing of steel.

Metallurgical coke contributes 79% to its revenue while by-products such as coal gas, tar, ammonia sulfate, crude benzene, coal slime and middlings, contribute 21% to total revenue.

On Aug 15, China's State Council Tariff Commission announced that with effect from Aug 20, export tariff rates for metallurgical coke will be increased from 25% to 40%, aluminium to 15%, coking coal from 5% to 10% and other bituminous coal

to 10% respectively.

"The government's move to introduce such a hike in the export tariff was intended to curb high level of pollution, high-energy consumption resources and to ease the tight domestic supply of metallurgical coke," said Sino Hua-An.

The company added that the hike is expected to have a minimal impact on China as the country is expected to export 40 million tonnes of coal in 2008 and as of July 30, 28 million tonnes of coal has

been exported.

"Assuming the balance of 10 million tonnes of coal are not exported and remain in the Chinese domestic market, the 10 million tonnes of coal account for only 0.4% of China's annual coal production in 2008," said Sino Hua-An.

Similarly, Sino Hua-An sees no significant impact on China's metallurgical coke industry.

China's Ministry of Commerce has permitted the quota for total metallurgical coke export in 2008 of 12.01 million

tonnes (first batch of 9.62 million tonnes and second batch of 2.39 million tonnes).

As at July 2008, 8.27 million tonnes of metallurgical coke has been exported, Sino Hua-An said.

"Assuming the balance of four million tonnes of metallurgical coke is not exported and retained in the Chinese domestic market, the four million tonnes would be equivalent only 1.1% of the annual domestic metallurgical coke output in China," the company said.