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HEADLINE: China's coal shortage to ease this year on macro-economic controls

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China's coal shortage is expected to ease this year due to increased production and lower industrial demand thanks to the government's macro-economic control policies, state media said Monday.

Supply will meet demand in general this year, officials at a conference of the China Coal Industry Association were quoted as saying by Xinhua news agency.

China's mines produced 1.96 billion tons of coal last year but it was not enough to meet the demands of an economy that expanded 9.5 percent.

As a result, blackouts were widespread in many parts of the country with output unable to keep up with demand for power generation, which accounted for half of the nation's total coal production.

"As the macro-control policy is taking effect, the growth of the power, steel and construction material industries is being reined in," Xinhua said.

"The demand for coal in the steel industry is dropping."

Even so, the supply of high-quality coal would remain tight, it said without elaborating.

The report said demand for fossil fuels this year would be lower than last year as heavy rainfalls in southern China would help increase hydroelectric power production.

Transport bottlenecks have also been alleviated with improvements to the country's rail networks, meaning more coal can reach the market in a timely manner.

Earlier state media reports quoted the association as saying that coal consumption was expected to increase 6.0 percent, or 120 million tons, to around 2.1 billion tons this year.

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