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China December coal output rises about 2 percent to highest in over three years

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Cranes unload coal from a cargo ship at a port in Lianyungang, Jiangsu province, China December 8, 2018. Picture taken December 8, 2018. REUTERS/Stringer

BEIJING (Reuters) - China's December coal output climbed 2.1 percent from the year before, government data showed, hitting the highest level in at least three years as major producers ramped up production amid robust winter demand and after the country started up new mines.

Miners produced 320.38 million tonnes of coal in December, according to data released

on Monday by the National Bureau of Statistics. That is the highest level on records going back to March, 2016.

China approved more than 45 billion yuan's (\$6.64 billion) worth of new coal mining projects last year, much more than 2017, official documents show.

The new projects contributed to bigger output last year, with annual production in 2018 rising 5.2 percent to 3.55 billion tonnes, the highest since 2015.

However, miners and traders expect supplies to fall sharply in January following a crackdown on coal mines following a major accident on Jan. 13 in the northwestern province of Shaanxi.

“It is now possible that Shaanxi will implement the strictest-ever regulations on illegal production, which would significantly reduce output in the province for the year,” Zhai Yu, senior consultant at analysts Wood Mackenzie said in a note published last week.

“If stricter checks are extended to other provinces, domestic supply could tighten from its currently relaxed situation, helping coal imports as a result,” Zhai wrote.

Shaanxi accounts for about 20 percent of China's annual coal production.

Reporting by Meng Meng and Dominique Patton; Editing by Joseph Radford

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