



# NEWS ALERT

## China Slow Down – February 6, 2008

With the advent of China's most important holiday, the Spring Festival, which for China is a combination of everyone's birthday, Christmas with the family, and New Years Eve celebrations. It is a time in which everyone returns to their familial homes, and enjoys a week or two off work. It is also a time which puts China's vast transportation to the test. Despite being the lunar calendar's first day of Spring it is hardly a time in which the snow melts and the trees begin to bloom, rather it is still for most of the country far below zero, and with rail network clogging up with passenger trains, goods trains transportation slows, and when as this year, blizzards coincide with this period, production can slow, or even grind to a halt.

As shipments of key goods such as coal and foodstuffs become isolated and locked down, things in China start to heat up as power plants begin producing black and brown outs as coal supplies begin to wane, and food prices begin to rise. At present 17 provinces (or roughly half of China) has had its coal shipments significantly ruptured. With the closing of many coal mines for this period, the problem will most likely be further exacerbated over the next few weeks. China's government has expressed concern at this development of events, and has taken steps to assure the public that the state is working around the clock to resolve these problems, with Premier Wen Jiabao himself (China's equivalent of a Prime Minister) taking the step of personally addressing a crowd of several thousand locked down in one of China's many train stations.

The government has imposed a two week moratorium on the export of coal for the next two months, to try and conserve the coal which is currently available. For at least the next ten days of China's holiday period, it is unlikely things will improve much; as to how this will impact on production after the break, watch this space.

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