Coal Industry Law of the PRC

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Contents

Table of Contents 1

Chapter I — General Provisions 2

Chapter II — Planning and Layout of Coal Production 2

Chapter III — Coal Production and Mine Safety 3

Chapter IV — Coal Trading 4

Chapter V — Protection of Coal Mining Areas 5

Chapter VI — Supervision and Inspection 5

Chapter VII — Legal Liability 6

Chapter VIII — Supplementary Provisions 7

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Table of Contents

- Chapter I — General Provisions
- Chapter II — Planning and Layout of Coal Production
- Chapter III — Coal Production and Mine Safety
- Chapter IV — Coal Trading
- Chapter V — Protection of Coal Mining Areas
- Chapter VI — Supervision and Inspection
- Chapter VII — Legal Liability
- Chapter VIII — Supplementary Provisions

Chapter I — General Provisions

Article 1 — This Law is enacted for the purposes of rationally developing, utilizing and protecting coal resources, regulating coal production and trading activities, and promoting and ensuring the development of the coal industry.

Article 2 — This Law shall apply to coal production and trading activities within the territory of the People's Republic of China and within other sea areas under the jurisdiction of the People's Republic of China.

Article 3 — Coal resources are owned by the State. The State safeguards the lawful rights and interests of all types of coal mining enterprises within the framework of the law and protects the lawful exploitation of coal resources in accordance with the law.

Article 4 — The State shall implement the principle of combining development with protection in respect of coal resources. The development of coal resources shall conform to the overall plan for mineral resources and to national industrial policies, and shall observe the principles of unified planning, rational distribution and comprehensive utilization.

Article 5 — The State shall protect coal resources in accordance with the law and prohibit indiscriminate mining or any mining that damages coal resources.

Article 6 — The State shall protect the lawful rights and interests of investors who invest in the exploitation of coal resources in accordance with the law. The State shall protect the lawful rights and interests of coal mining enterprises established in accordance with the law.

Article 7 — Coal mining enterprises must adhere to the principle of safety first and prevention first in production and shall establish and improve safety production responsibility systems and safety management systems at all levels.

Article 8 — The people's governments at all levels and their relevant departments, as well as coal mining enterprises, must adopt measures to strengthen labor protection and ensure the safety and health of coal mine workers. The State shall implement special labor protection for underground workers in coal mines.

Article 9 — The State shall encourage and support the use of advanced science and technology and management methods in coal resource development, coal production, and coal trading activities.

Article 10 — The department in charge of the coal industry under the State Council shall be responsible for the supervision and administration of the nationwide coal industry in accordance with the law. The relevant departments under the State Council shall, within their respective functions and duties, be responsible for the relevant supervision and administration of the coal industry. The departments in charge of the coal industry under the local people's governments at or above the county level and other relevant departments shall, within their respective functions and duties, be responsible for the supervision and administration of the coal industry within their respective administrative areas.

Article 11 — The State shall maintain order in the production and trading of coal and shall prohibit illegal or improper activities in the production and trading of coal.

Chapter II — Planning and Layout of Coal Production

Article 12 — The department in charge of the coal industry under the State Council shall, in accordance with the overall plan for mineral resources, formulate nationwide coal resource development plans and coal production and development plans, which shall be implemented after approval by the State Council.

Article 13 — The development of coal resources shall be subject to unified planning and rational layout. Coal mining shall conform to the coal production and development plan and to national industrial policies.

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Article 14 — For the establishment of a coal mining enterprise, the following conditions shall be met: (1) having an approved coal mining area and a mining plan that conforms to the coal production and development plan; (2) having coal reserves suitable for the scale of mining; (3) having funds, equipment and technology commensurate with the scale of mining; (4) meeting the requirements of safety production conditions prescribed by the State; and (5) other conditions prescribed by laws and administrative regulations.

Article 15 — The establishment of a coal mining enterprise shall be subject to the application for, and approval of, an overall mining plan in accordance with the relevant provisions of the State, and the mining right shall be obtained by means of a concession as prescribed by laws and administrative regulations.

Article 16 — The establishment of a coal trading enterprise shall meet the following conditions: (1) having registered capital suitable for the scale of trading; (2) having fixed trading premises; (3) having facilities, equipment and measuring instruments commensurate with the scale of trading; (4) meeting the requirements of the State for environmental protection; and (5) other conditions prescribed by laws and administrative regulations.

Article 17 — The State shall, in accordance with the law, regulate the order of coal mining and prohibit disorderly mining. The administrative departments for land and resources under the State Council and under the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government shall, in conjunction with the relevant departments, be responsible for delimiting areas where coal mining is prohibited and areas where coal mining is restricted, and shall submit proposals for approval to the State Council or to the local people's governments at the corresponding level.

Article 18 — Coal mining is prohibited within the following areas: (1) harbors, airports, and areas for key national defense projects within the delineated safety zones; (2) important industrial areas, large-scale water conservancy engineering facilities, and urban municipal engineering facilities within the delineated safety zones; (3) areas along railways, important highways, and important rivers and lakes within the delineated safety zones; (4) areas delimited as nature reserves, scenic spots, historic and cultural sites under key protection, and places of historical interest that may not be disturbed; and (5) other areas where mining is prohibited by laws and administrative regulations.

Article 19 — Coal mining areas shall be protected in accordance with the law. Without the approval of the department in charge of the coal industry under the State Council, no unit or individual may carry out construction, quarrying, or other activities within a coal mining area that may affect coal production.

Chapter III — Coal Production and Mine Safety

Article 20 — Coal mining enterprises shall implement planned mining and rational mining in accordance with the mining plan. Coal mining enterprises shall not mine beyond the approved mining area boundaries.

Article 21 — In coal mining, the mining sequence and method shall be followed, and the recovery rate shall meet the requirements prescribed by the State. It is prohibited to mine by abandoning coal resources during the mining process and causing damage to resources.

Article 22 — Coal mining enterprises shall not engage in predatory mining that damages or wastes coal resources. Coal mining enterprises shall adopt reasonable mining methods and techniques to increase the recovery rate.

Article 23 — A coal mining enterprise must obtain a safety production license in accordance with the law before engaging in coal production. No coal mining enterprise may engage in coal production without obtaining a safety production license.

Article 24 — A coal mine construction project shall have its safety facilities designed, constructed, and put into use simultaneously with the principal part of the project. The design of safety facilities shall meet the

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national standards and industry standards for coal mine safety regulations and technical specifications.

Article 25 — The design of safety facilities for a coal mine construction project shall be subject to examination and approval by the department responsible for the supervision and administration of coal mine safety. Before a coal mine construction project is completed and put into production or use, the safety facilities shall be subject to acceptance inspection; those that fail to pass the acceptance inspection shall not be put into production or use.

Article 26 — Coal mining enterprises shall establish and improve the responsibility system for safety production by the principal responsible person and the safety management institutions. The principal responsible person of a coal mining enterprise shall be fully responsible for the safety production work of the enterprise.

Article 27 — Coal mining enterprises shall educate and train employees on safety production; those who have not received education and training on safety production shall not work at their posts. Special operation personnel of coal mining enterprises must receive special training in accordance with the relevant provisions of the State and obtain the qualification certificate for special operations before they may work at their posts.

Article 28 — Coal mining enterprises must provide their employees with labor protection articles that meet national standards or industry standards, and shall supervise and educate employees to wear and use them in accordance with the rules of use.

Article 29 — Coal mining enterprises must prepare emergency rescue plans for mine accidents, establish emergency rescue organizations or designate emergency rescue personnel, and equip themselves with necessary emergency rescue equipment and devices.

Article 30 — The use of equipment, apparatus, protective gear, and safety testing instruments that endanger production safety in coal mines is prohibited. Coal mining enterprises shall, in accordance with the relevant provisions of the State, eliminate outdated equipment and techniques that endanger safety.

Article 31 — Coal mining enterprises shall regularly inspect safety production conditions and promptly address any safety problems discovered. Coal mining enterprises shall report any serious safety problems discovered to the local people's government and relevant departments in a timely manner.

Article 32 — In the event of a coal mine accident, the coal mining enterprise shall immediately organize rescue operations, report the accident to the local people's government and relevant departments in a timely manner, and shall not delay reporting, make false reports, or conceal the accident.

Chapter IV — Coal Trading

Article 33 — The State shall establish a coal trading system that is commensurate with the socialist market economy. Coal trading enterprises shall operate independently in accordance with the law, be responsible for their own profits and losses, and shall comply with laws and administrative regulations.

Article 34 — Coal trading enterprises shall engage in trading activities within the approved scope of business and shall not operate beyond the approved scope of business.

Article 35 — Coal trading enterprises shall not engage in the following activities: (1) selling coal that does not meet quality standards; (2) adulterating coal or passing off inferior coal as superior coal; (3) selling coal without a coal production license or a coal trading license; and (4) other activities prohibited by laws and administrative regulations.

Article 36 — Coal and coal product trading shall be conducted at coal trading markets established in accordance with the law. Coal trading enterprises may also conduct direct sales or engage in trading through e-commerce platforms in accordance with the law.

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Article 37 — The prices of coal shall be determined by the market, subject to State macro-control. The State may implement guidance prices or government-fixed prices for certain types of coal when necessary.

Article 38 — Coal trading enterprises shall establish and improve coal quality management systems. Coal sold shall meet the quality standards prescribed by the State or stipulated in the trading contract.

Article 39 — Coal trading enterprises must not adulterate coal, pass off inferior coal as superior coal, or sell coal that does not meet quality standards or that has not been subject to quality inspection.

Article 40 — The transportation of coal shall comply with the relevant provisions of the State. Railway, highway, waterway, and other transportation enterprises shall give full play to their transportation capacity and do a good job in the transportation of coal.

Article 41 — Coal exported from the territory of the People's Republic of China shall meet the quality requirements of the importing country or region. The State shall implement an export license administration system for coal in accordance with the law.

Article 42 — Coal trading enterprises shall fulfill their obligations to pay taxes in accordance with the law and shall not evade or refuse to pay taxes.

Chapter V — Protection of Coal Mining Areas

Article 43 — The State shall protect coal mining areas and the production and living facilities of coal mines in accordance with the law. No unit or individual may damage the production and living facilities of coal mining areas or coal mines.

Article 44 — Without the consent of the coal mining enterprise, no unit or individual may occupy, damage, or dismantle roads, railways, special communication lines, power supply lines, water supply pipelines, and other production and living facilities belonging to the coal mine.

Article 45 — Without the consent of the coal mining enterprise, no unit or individual may conduct operations such as farming, construction, quarrying, or earth excavation on land lawfully used by the coal mining enterprise or during the lawful use period of the land.

Article 46 — Where it is necessary to occupy or compress a coal mining area, the unit undertaking the construction shall negotiate with the coal mining enterprise and provide compensation in accordance with the law; if the occupation or compression results in a reduction of recoverable reserves of the coal mine, the unit undertaking the construction shall compensate for the losses in accordance with the law.

Article 47 — Coal mining enterprises shall, in accordance with the relevant provisions of the State and the actual situation, properly resettle residents who need to be relocated from mining areas and shall provide compensation in accordance with the law.

Article 48 — Coal mining enterprises shall restore land that has been subsided or damaged due to mining operations; if it is not possible to restore the land, compensation shall be provided in accordance with the law. Coal mining enterprises shall properly handle the relationship between mining and farming and shall not damage farmland, water conservancy facilities, or transportation facilities in the course of mining.

Article 49 — Where coal mining causes damage to other property, the coal mining enterprise shall compensate for the losses in accordance with the law.

Chapter VI — Supervision and Inspection

Article 50 — The department in charge of the coal industry under the State Council and the relevant departments under the State Council shall, in accordance with their respective functions and duties, supervise and inspect coal production and trading activities.

Article 51 — The department in charge of the coal industry under the local people's government at or above the county level and other relevant departments shall, within their respective functions and duties, supervise and inspect coal production and trading activities within their respective administrative areas.

Article 52 — When performing their duties of supervision and inspection, the departments responsible for the supervision and administration of the coal industry may take the following measures: (1) entering coal mining enterprises and coal trading enterprises for on-site inspection; (2) accessing and copying relevant documents and materials; (3) questioning the relevant personnel to obtain relevant information and evidence; and (4) sealing up or seizing coal that has been illegally mined or traded, as well as equipment, facilities, instruments, and devices used for illegal activities.

Article 53 — Personnel performing supervision and inspection duties shall produce their law enforcement credentials when performing their duties. Coal mining enterprises and coal trading enterprises shall cooperate with the supervision and inspection and shall not refuse or obstruct the inspection.

Article 54 — Where any illegal act in coal production or trading is discovered during supervision and inspection, the supervising department shall order rectification or impose penalties in accordance with the law; if the act constitutes a crime, the case shall be transferred to a judicial authority for investigation of criminal liability in accordance with the law.

Chapter VII — Legal Liability

Article 55 — Anyone who, in violation of the provisions of this Law, mines coal without obtaining a mining permit, a coal production license, or a safety production license, shall be ordered to cease mining, the coal illegally mined and the illegal proceeds shall be confiscated, and a fine shall be imposed; if the act constitutes a crime, criminal liability shall be pursued in accordance with the law.

Article 56 — Anyone who, in violation of the provisions of this Law, mines coal without authorization in an area where coal mining is prohibited shall be ordered to cease mining, the coal illegally mined and the illegal proceeds shall be confiscated, and a fine shall be imposed.

Article 57 — Anyone who, in violation of the provisions of this Law, engages in coal trading without obtaining a coal trading license or beyond the approved scope of business shall be ordered to cease trading, the illegal proceeds shall be confiscated, and a fine shall be imposed.

Article 58 — Where a coal mining enterprise fails to meet the requirements for safe production conditions and still engages in production, the enterprise shall be ordered to suspend production for rectification, and a fine shall be imposed; if the circumstances are serious, the relevant authorities shall revoke the coal production license and the safety production license in accordance with the law.

Article 59 — Where a coal mining enterprise commits any of the following acts, it shall be ordered to make rectification and may also be fined; if the circumstances are serious, the relevant authorities shall order it to suspend production for rectification or revoke the coal production license in accordance with the law: (1) failing to mine in accordance with the prescribed mining sequence and method, thereby causing damage to coal resources; (2) adopting predatory mining methods that damage or waste coal resources; (3) operating without the principal responsible person of the enterprise performing the duties of safety production management in accordance with the law; (4) failing to educate and train employees on safety production as required; (5) failing to provide employees with labor protection articles that meet national or industry standards; or (6) using equipment, apparatus, protective gear, or safety testing instruments that are explicitly eliminated by the State and that endanger safe production.

Article 60 — Where a coal trading enterprise adulterates coal or passes off inferior coal as superior coal, it shall be ordered to cease the illegal activity, the adulterated coal and the illegal proceeds shall be confiscated, and a fine of not less than the value of the illegal proceeds but not more than five times the

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value of the illegal proceeds shall be imposed.

Article 61 — Where a coal trading enterprise sells coal that does not meet quality standards, it shall be ordered to cease the sale, the coal that does not meet the quality standards and the illegal proceeds shall be confiscated, and a fine shall be imposed; if the circumstances are serious, the relevant authorities shall revoke the coal trading license in accordance with the law.

Article 62 — Anyone who, in violation of the provisions of this Law, occupies, damages, or dismantles the production and living facilities of a coal mine shall be ordered to cease the illegal act, restore the original condition, compensate for the losses, and may also be fined.

Article 63 — Anyone who refuses or obstructs the supervision and inspection conducted by the department in charge of the coal industry or other relevant departments in accordance with the law shall be given a warning and may also be fined; if the act constitutes a violation of public security administration, a public security administration penalty shall be imposed in accordance with the law; if the act constitutes a crime, criminal liability shall be pursued in accordance with the law.

Article 64 — Where a functionary of a department in charge of the coal industry or of any other relevant department commits any of the following acts, the functionary shall be given an administrative sanction in accordance with the law; if the act constitutes a crime, criminal liability shall be pursued in accordance with the law: (1) approving the establishment of a coal mining enterprise or the issuance of a coal production license or a coal trading license where the prescribed conditions are not met; (2) failing to promptly investigate and deal with illegal acts discovered or reported; (3) failing to perform safety production supervision duties in accordance with the law, thereby causing a major safety accident; or (4) other acts of abuse of power, dereliction of duty, or malpractice for personal gain.

Article 65 — Where an administrative penalty decision is not complied with within the time limit, the authority that made the administrative penalty decision may apply to a people's court for compulsory enforcement or enforce the penalty in accordance with the law.

Chapter VIII — Supplementary Provisions

Article 66 — The State Council shall formulate implementing rules in accordance with this Law.

Article 67 — This Law shall come into effect as of December 1, 1996.

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