MEDIUM-TERM COAL MARKET REPORT 2014 FACTSHEET

- **In 2013, coal demand continued to grow and was once again the fastest-growing fossil fuel.** But though demand growth in 2013 (+2.4% or +188 Mt) was slightly higher than in 2012, it was still substantially lower than the average over the last ten years (+4.6%).
- **China remains the centre of the coal world.** In energy units, China consumed more than 50% of global coal demand in 2013. Moreover, China is by far the largest producer and importer of coal. China imported 341 Mt of coal in 2013, the largest amount of coal ever imported in a single year.
- **Asian countries, in particular China, remain the driving force of coal demand growth.** Incremental demand in China (+196 Mt) alone exceeded all global growth in 2013. That is because coal demand in non-Asian countries decreased, though developments varied significantly from country to country. Higher natural gas prices in the US, for instance, helped coal demand recover part of its 2012 decrease.
- **Thermal and met coal prices continued to decline in 2014.** International coal prices have been under pressure from oversupply as well as price cuts by Chinese domestic producers who were seeking to secure market share. Imported European steam coal prices went down to USD 70-80/tonne in 2014 and Australian met coal has been between USD 112/tonne and USD 116/tonne since April. In this low price market environment, coal producers continued their efforts to reduce supply costs; however, many are still operating at a loss.
- **Global coal demand is forecast to grow over the outlook period.** Coal consumption worldwide is forecast to increase by 2.1% per year until 2019 (+772 Mtce). Most of the incremental growth comes from China (+471 Mtce) even though the country is expected to take strong action to diversify primary energy sources and increase energy efficiency. India (+177 Mtce) and ASEAN countries (+79 Mtce) also play important roles in strengthening Asia's status as the coal continent.
- **US coal demand is forecast to decrease.** Coal demand in the US decreases over the outlook period by 1.7% per year, reaching 561 Mtce in 2019, its lowest level since 1983. Increasing shale gas production, climate plans as well as environmental regulation on emissions will give rise to the closure of coal capacity. However, there is still much low-cost coal in the US, and more than 250 GW of coal capacity will remain at the end of the outlook period.
- **European coal consumption also will decline over the outlook period.** Increasing renewable generation and energy efficiency as well as only moderate economic growth projections will lead to a decrease in European thermal coal and lignite demand (-16 Mtce), totalling 314 Mtce in 2019.
- **The shift in international seaborne coal trade to the Pacific Basin will continue.** India is the growth engine, with coal imports projected to grow by 9.7% per year – equivalent to a total increase of 103 Mtce. India thereby accounts for almost half of the growth in international seaborne trade. Chinese imports are projected to peak in 2017. Incremental seaborne exports predominantly come from Australia (+76 Mtce) and Indonesia (+42 Mtce).
- **Significant export capacity additions are in the pipeline.** Between roughly 100 Mtpa (probable) and 400 Mtpa (potential) of export mine expansion capacity will serve growing coal demand. Nonetheless, low coal prices and the current perception of an oversupplied market make investors more cautious than in the past, with projects worldwide being delayed, postponed or cancelled.

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