MEDIUM-TERM COAL MARKET REPORT 2015 FACTSHEET

- **In 2014, global coal consumption stopped growing for the first time since the 1990s.** The slight decrease (-0.9% or -71 Mt) contrasts sharply with the 4.2% average annual growth of the last decade. However, the result should be viewed cautiously, as the main driver was a decline in Chinese demand that is based on preliminary data.
- **Coal demand in China fell for the first time this century.** The main driver for the decline was rebalancing in the Chinese economy together with ongoing diversification policy supported by an exceptionally high hydro year. Nevertheless, China remained by far the world's largest coal consumer, producer and importer, accounting for 50% of global consumption in 2014.
- **India increased coal demand significantly.** India overtook the United States as the second-largest coal consumer in 2014 in terms of physical tonnes. Aggregated coal demand declined in OECD member countries as well as in OECD non-member economies.
- **Thermal and met coal prices continued to fall in 2015.** The sustained downward pressure on prices resulted from declining global coal demand and continuing oversupply. Import prices for thermal coal in Europe and Asia dropped below USD 60/tonne, while prices for Australian met coal went below USD 100/tonne. In this low-price environment, many producers are operating at a loss. However, currency depreciation in exporting countries, low oil prices and efficiency gains help producers to reduce supply costs and limit losses.
- **Global coal demand is forecast to grow over the outlook period.** Worldwide coal consumption is projected to increase by 0.8% per year until 2020 (+275 Mtce). Coal demand in China levels off in the medium term even with moderate rebalancing of the economy. Strongest growth rates over the outlook period are forecast for the ASEAN country group (+7.8% per year) and India (+4.1% per year).
- **Coal consumption in the United States and Europe will decline over the outlook period.** US coal demand is forecast to decline by 2.1% per year as low gas prices and the regulatory environment continue to put pressure on coal-fired power generation. In the European Union coal consumption is expected to decrease by 1.5% per year because of moderate economic growth, higher renewable generation and efficiency gains as well as climate policy.
- **Assuming a stronger rebalancing of Chinese economy, coal demand in China entered a structural decline in 2013.** The China Peak Case Scenario (CPCS) posits a stronger rebalancing as well as a substantial slowdown in the infrastructure sector than in the main forecast. As a result, in the CPCS Chinese coal demand falls by 1.2% per year (-203 Mtce).
- **The shift in international seaborne coal trade to the Pacific Basin will continue.** Indian coal imports are forecast to grow by 6.2% per year. As Chinese imports decline, India surpasses China as the world's largest coal importer. Net exports from ASEAN countries will decline as domestic coal demand rises and Indonesian exporters face increasing difficulties. Australia becomes the largest coal exporter in the world after some years in which Indonesia was.
- **Despite low coal prices, significant export capacity additions are in the pipeline.** "Probable" new export mining capacities amount to approximately 95 million tonnes per annum. But the current market environment strongly discourages investments as a substantial rebound of coal prices before 2020 is unlikely. Consequently, further postponements or cancellations of projects are expected.