Coal demand knows only one direction: up
BAU: China leading the (coal) world

COAL DEMAND IN CHINA AND IN THE REST OF THE WORLD
What happened in China in 2012?

COAL DEMAND GROWTH IN CHINA (y-o-y)

Historical trend vs. 2012
OECD countries are not reducing coal use

COAL DEMAND PROJECTIONS

Mtce

United States  OECD Europe  OECD Asia Oceania
Growth led by Asia

COAL DEMAND TRENDS AND PROJECTIONS

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But who is more coal-dependent?

COAL USE IN POWER GENERATION

Note: 2011 Data

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Displacing coal in Asia will not be that easy

COAL AND GAS PRICES. IMPLIED CO2 PRICE TO TRIGGER FUEL SWITCHING

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Coal trade: growing faster, moving East

Global thermal seaborne trade
1131 Mt (2018)
(+244 Mt 2012-18)
Prices going down

SPOT PRICE OF THERMAL, COKING AND PCI COAL (AUSTRALIA-FOB)

USD/t

Evolution of fossil fuel prices
Debunking myths: US shale gas and coal price

Incremental thermal coal exports 2012 vs. 2011

- Indonesia
- Australia
- United States
- Russian Federation
- South Africa
- Colombia
- Others

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Economics of coal gasification do make sense

AN ESTIMATE OF COAL-BASED SNG

$/MBtu

Capex  Opex  Minemouth coal  Traded coal  LNG

Range
Wrapping up

- Coal demand will grow at average 2.3% per year to reach almost 9 billion tonnes in 2018
- Despite some policy changes, China will lead the way, absorbing roughly 60% of that growth
- OECD consumption remains flat
- Indonesia and Australia will lead export growth
- Coal conversion in China emerges as a driver of demand growth
Thank you

ieapressoffice@iea.org

www.iea.org

Comments to the report are welcome and should be addressed to:

Carlos.Fernandez@iea.org