Ladies and gentlemen, it is a pleasure for me to present the IEA’s Medium-Term Coal Market Report 2012.

Before turning over the podium to Keisuke Sadamori – whose team produced this report – let me just underscore three of the main points this analysis reveals.

In 2011 the long march of coal continued, with global coal use increasing by 4.3% and supplying around half of the global primary energy demand increase. Despite the focus on climate policy and sustainability, global annualized coal use will continue to increase by more than 500,000 tonnes per annum every day for the next five years. As a result, the share of coal continues to increase in the global primary energy mix, although it does not catch up with oil in the medium term. China and India represent around 100% of the global increase in coal, as the large decline in the United States largely compensates growth in the rest of the world. In Europe, a combination of expensive gas and low carbon prices lead to a temporary resurgence. Yet, in 2017 coal burn in the power sector is only 4% higher than it was in 2011. So coal continues to rise globally, but that rise is concentrated.

The second point is that neither climate policy nor a macroeconomic slowdown stops the relentless increase of coal – but cheap natural gas can. We saw that, after the financial crisis and subsequent recession, coal demand never stopped growing. And coal is still growing despite aggressive climate policies in many places. We also have run a sensitivity case in this report, in which we consider Chinese growth halving over the outlook period. And coal demand still goes up. The only significant decline in coal consumption globally occurred in United States. The reason is cheap gas, thanks to the unconventional revolution there. The impact of the coal to gas switch in North America is so significant that, for the first time since China’s rise, the medium-term growth rate of global coal consumption will fall below the growth rate of gas.

A more efficient gas market, marked by flexible pricing and fueled by indigenous unconventional resources, can reduce coal use, CO2 emissions, and consumers’ electricity bills. So that’s my second point.

It is natural that electricity prices are of such concern to so many countries – particularly during a period of economic difficulty. But those prices, and the fuel markets behind them, will depend increasingly on Chinese and Indian policy and investment decisions. And that’s my third point.

In this report, our Base Case Scenario shows that China absorbs more than half of global demand by 2017. At the same time, India’s coal demand growth accelerates, pushing up imports. Consequently, India becomes the second-largest coal consumer and the largest seaborne importer in the world. By 2017, China and India together represent more than one-third of global coal imports and almost two-thirds of global coal demand. With coal counting for more than 40% of electricity generation globally, and more than 30% in OECD countries, it is clear that Chinese and Indian coal market decisions – both political and commercial – will have an impact on our electricity bills.

Those are the three elements we need to look out for in the coal market over the medium term – a consistent but concentrated global demand rise; an intensive interplay between gas markets and coal demand; and the disproportionate impact of a few decisions taken in China and India on global coal markets and therefore global electricity prices.

So with that, let me now turn to Keisuke, the IEA Director for Energy Markets and Security, who will elaborate further on the report.