

Outlook of Global Coal Markets

Paris, 20 September 2016

Coal in today's energy system

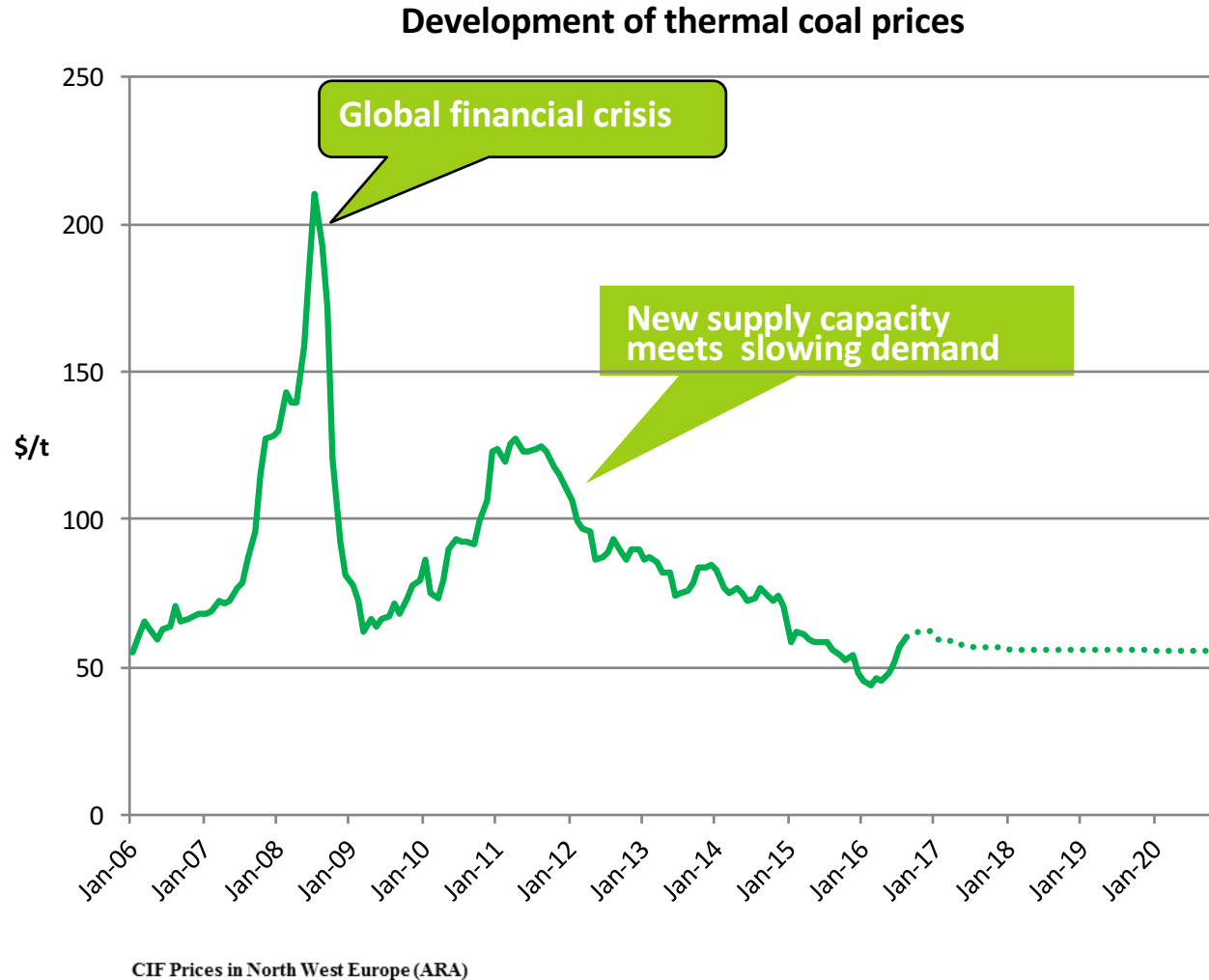
- **The importance and implication of coal today**
 - *Main energy source for electricity, steel and cement production*
 - *Important for economic & social development & energy security*
 - *Produces almost 50% of CO₂ emissions & is a key source of air pollution*

- **China is at the center of the coal world**
 - *Responsible for 80% of rise in coal use since 2000 & now half global use*
 - *Is world's top coal producer and – until recently – largest importer*

- **After a decade of 4% growth, global coal use halted in 2014, declined in 2015 and will probably do in 2016**
 - *After being at decade lows on a glut of supply & tepid demand*

- **The COP-21 Paris Agreement raises important questions for coal**

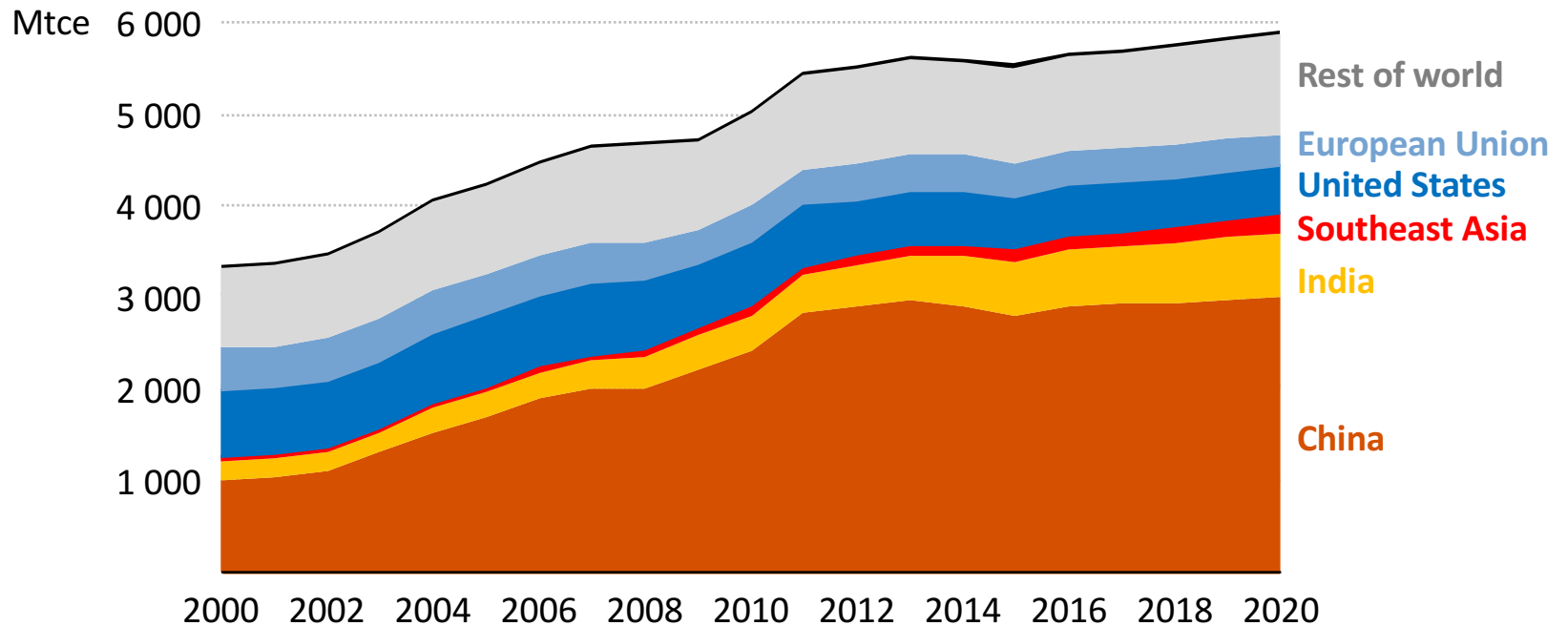
Coal price spike. Will it last?



After being at decade lows pushed down by oversupply and weak demand, Chinese policy changes has driven prices up recently

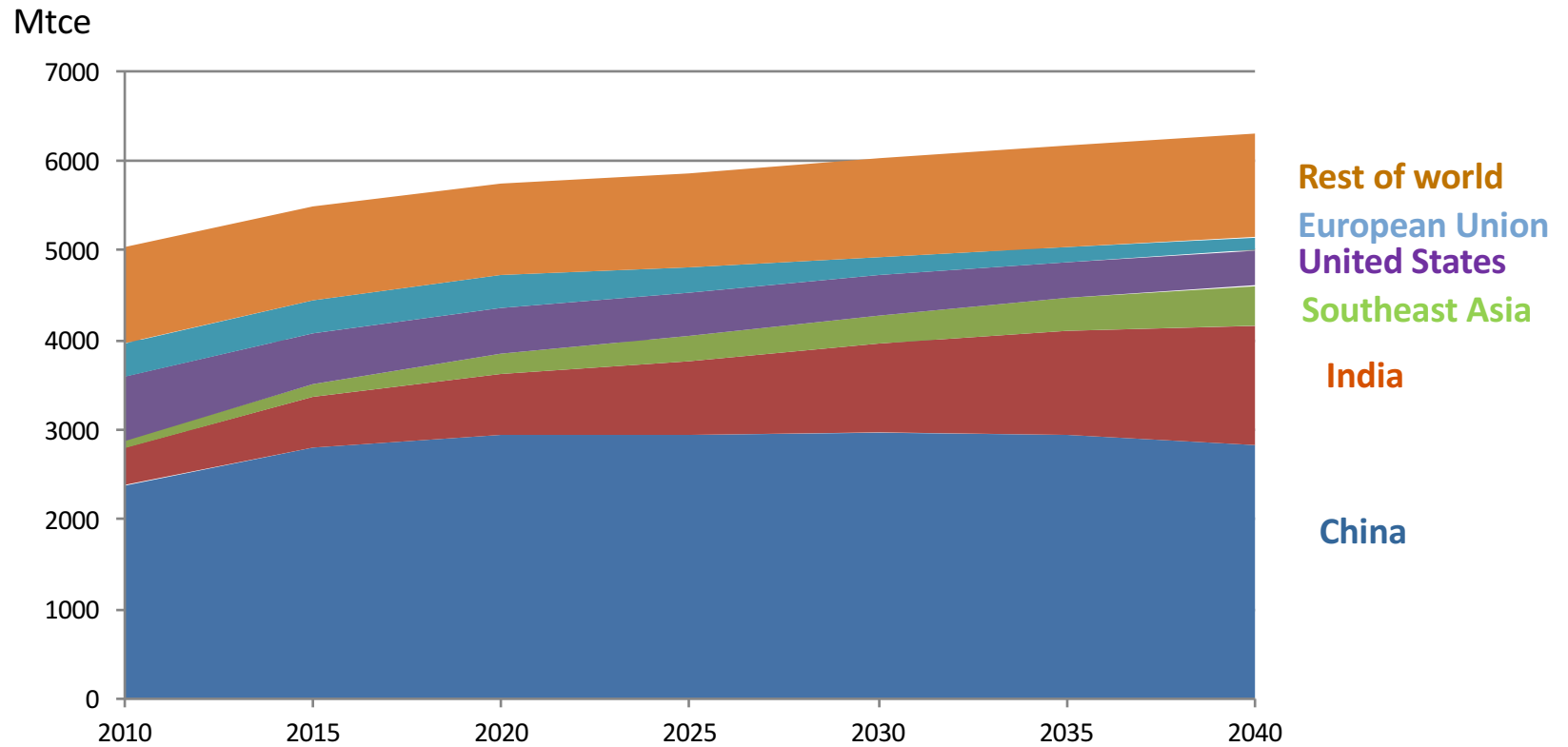
There is no “second” China waiting to drive global coal use

Global coal demand by region (historical and forecast)



Strong growth in coal use in India & Southeast Asia offset declines in the EU & the US, but does not match the rise seen over last decade in China

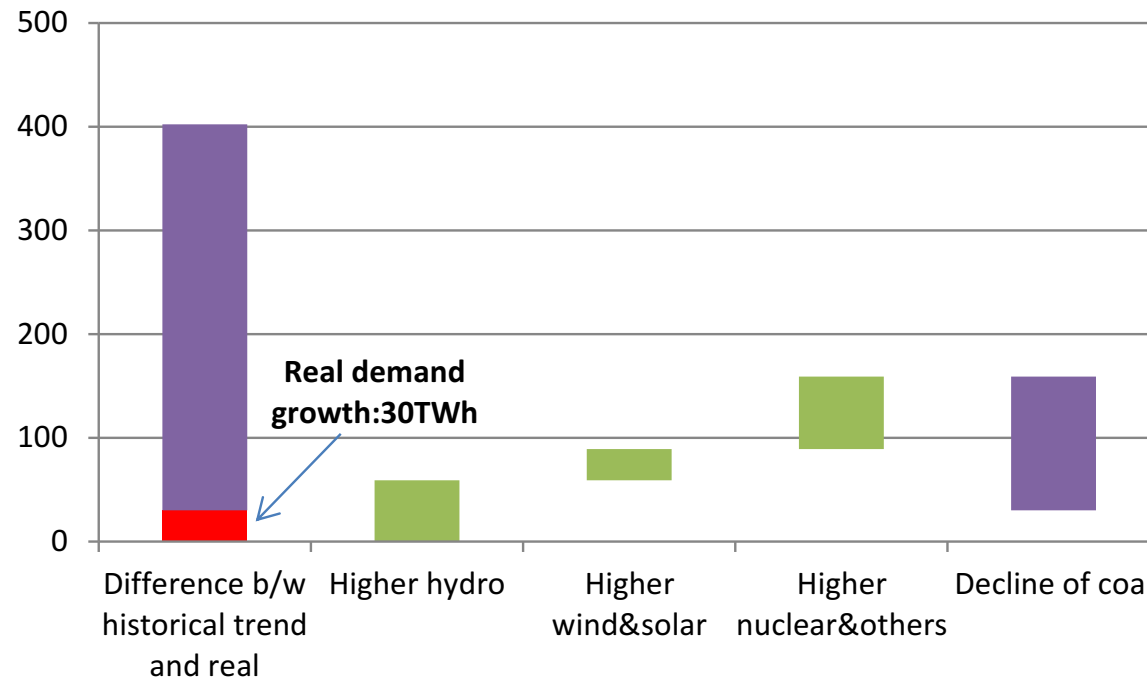
Coal, an Asian affair?



Coal growth slows at less than 0.5% per year on average: China, Europe and US will see a decline in coal demand in the long-term

Has coal use in China already peaked?

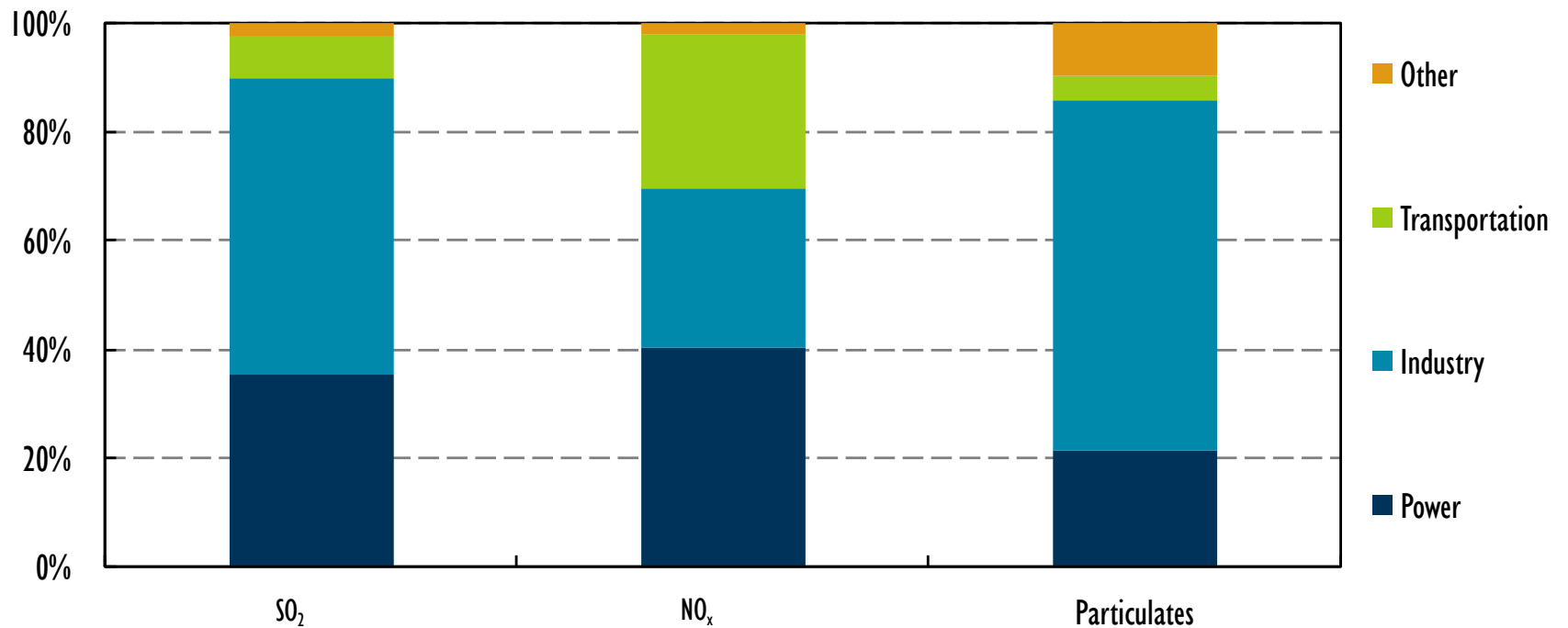
Coal-based power generation declined in 2014-15



China's coal use may have already peaked, reflecting the gradual economic rebalancing & further growth in low-carbon sources of power

Responses to air pollution will shape coal's future

Breakdown of local air pollutants in China

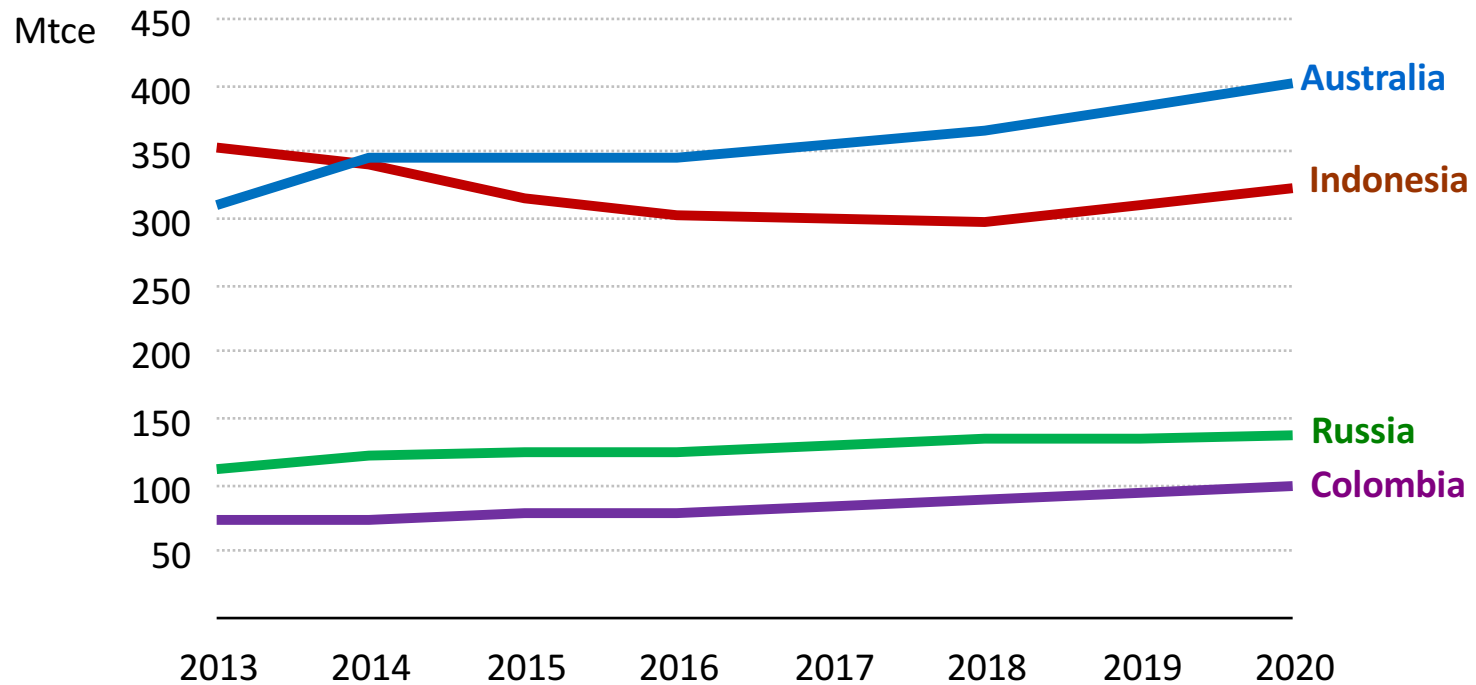


Data from 2013

While China is taking commendable steps to tackle the problem, burning coal remains the major source of local air pollution in the country

Australia pushes ahead as the world's largest exporter

Coal exports from key countries



The four largest exporters represent more than 80% of seaborne coal trade; India overtakes China to become the world's largest importer

Conclusions

- **Coal will remain an important part of the global energy mix through 2020, but faces big challenges:**
 - *Shifts in the policy landscape post COP-21*
 - *Rising concerns over pollution*
- **Coal demand in China might have already peaked, with major implications for global energy & climate trends**
- **India & Southeast Asia are the new drivers of global coal demand, as the fuel plays a role in their economic & social development**
- **The long-term viability of the coal industry hinges on the widespread uptake of clean technologies:**
 - *Urgent need to phase-out inefficient subcritical coal plants*
 - *Carbon capture & storage is a vital asset protection strategy*

Thanks for your attention

Comments and questions are welcome to:

Carlos.Fernandez@iea.org