International Coal Markets

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26th November 2008

International Coal Markets

- World supply and demand
- Seaborne trade
- Reserves and resources
- International prices
- World Energy Outlook
- UK coal supplies
Coal – the world’s fastest growing fuel

Source: BP Statistical Review 2008
China already dominates world demand...

...and most of the world’s coal is produced ‘at home’
China also drives hard coal production growth...

Source: IEA Coal Information 2008

...but second tier producers also show interesting trends

Source: IEA Coal Information 2008
World seaborne hard coal trade continues to grow

Source: IEA Coal Information 2008
Hard coal trade patterns (IEA 2005) (million tonnes)

Major coal importers in 2007
– top 5 account for 50%

Source: IEA Coal Information 2008
Major coal exporters in 2007

- top 2 account for almost 50%

Source: IEA Coal Information 2008
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Reserves and Resources

www.coalimp.org.uk
Reserves of coal are evenly distributed around the globe.

Global Energy Reserves 2007

The top five countries have 80% of proven reserves...

Source: BGR - Bundesanstalt für Geowissenschaften und Rohstoffe
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...whereas China and Russia have almost 80% of resources...
Steam coal prices delivered to North-West Europe – where next?

Coal prices are still high by historic standards...

Source - MCIS
Minerals Engineering Society
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...and remain well above
cash costs of production

Freight from Richards Bay to Rotterdam has crashed
IEA projects world coal demand increasing by 61% to 2030 (in reference scenario)

Source: IEA World Energy Outlook 2008
Coal Trade in Reference Scenario 2030
(million tonnes)

Source: IEA
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UK Coal Supplies

www.coalimp.org.uk

World Energy Outlook 2006, IEA
Notes: ‘e’ after tonnage means an estimated split between Atlantic and Pacific markets.
Coal provided 36% of UK power in 2007...

- Coal: 36%
- Gas: 41%
- Nuclear: 16%
- Oil: 1%
- Others: 6%

Source - BERR
Minerals Engineering Society
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...with imports providing almost three quarters of total supply

- Russia: 20.3
- USA: 2.5
- Colombia: 3.9
- Australia: 4.7
- South Africa: 7.7
- Canada: 1.7
- Indonesia: 1.5
- UK: 17.0
- Others: 0.7

Source - BERR/HMRC
Minerals Engineering Society
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How we got here – UK steam coal supply and demand

Contrasting supplies in 2007 for steam coal and coking markets

Source - BERR
Minerals Engineering Society
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Source - HMRC
Minerals Engineering Society
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The mix of UK steam coal imports has changed dramatically

Steam coal imports in 2007 used a wide range of ports
Summary

- Coal is the world's fastest growing fuel
  - China is the major driver
- Seaborne trade is largely dependent on second tier producers and consumers
- Coal reserves are abundant and distributed around the globe
  - But USA, China and Russia have the 'lion's share'
- Coal prices have shown massive volatility in 2008
  - But are still high by historic standards
- UK is a minor player on the world coal stage
  - But remains the world's fifth largest importer