

# International Coal Markets

**CoalImp**  
Association of  
UK Coal Importers

[www.coalimp.org.uk](http://www.coalimp.org.uk)

Nigel Yaxley  
Managing Director, CoalImp  
26<sup>th</sup> November 2008

## International Coal Markets

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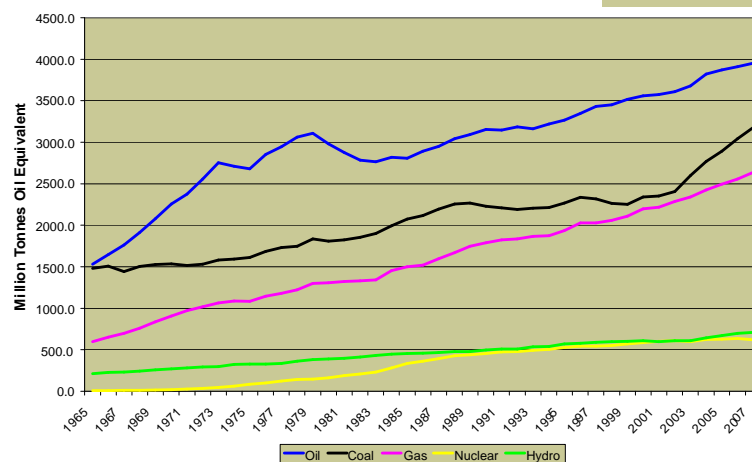
- World supply and demand
- Seaborne trade
- Reserves and resources
- International prices
- World Energy Outlook
- UK coal supplies

Minerals Engineering Society  
Nottingham 26<sup>th</sup> November 2008

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## World Supply and Demand

### Coal – the world's fastest growing fuel

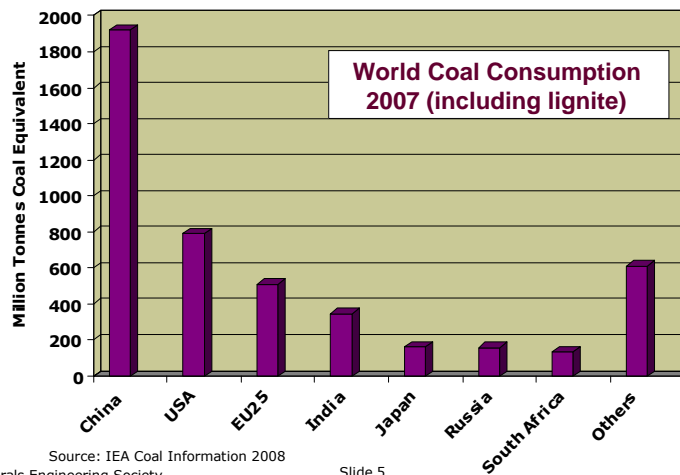


Source: BP Statistical Review 2008  
Minerals Engineering Society  
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## China already dominates world demand...

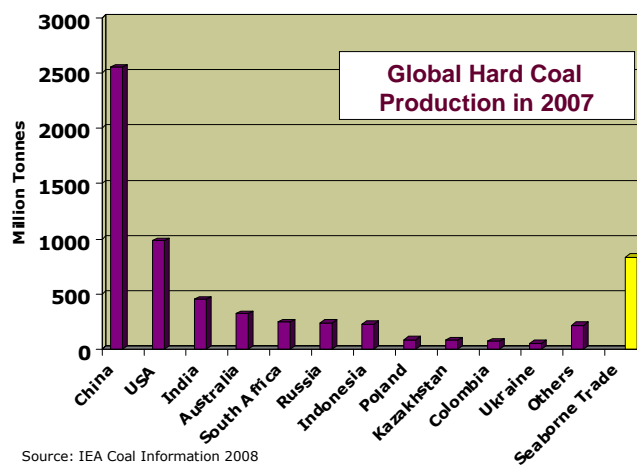
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## ...and most of the world's coal is produced 'at home'

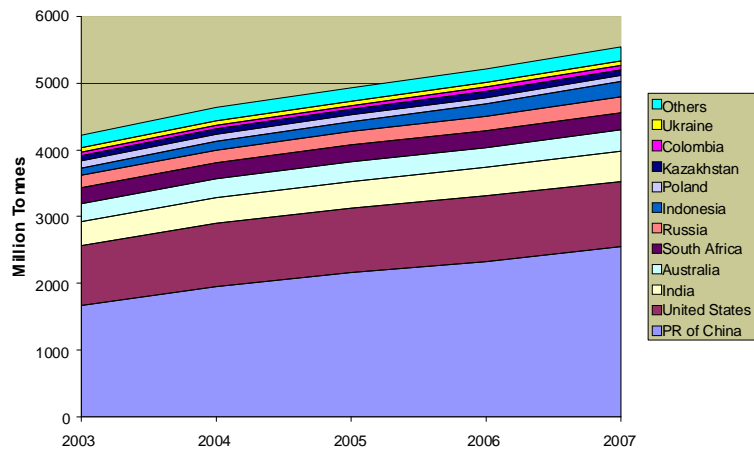
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## China also drives hard coal production growth...

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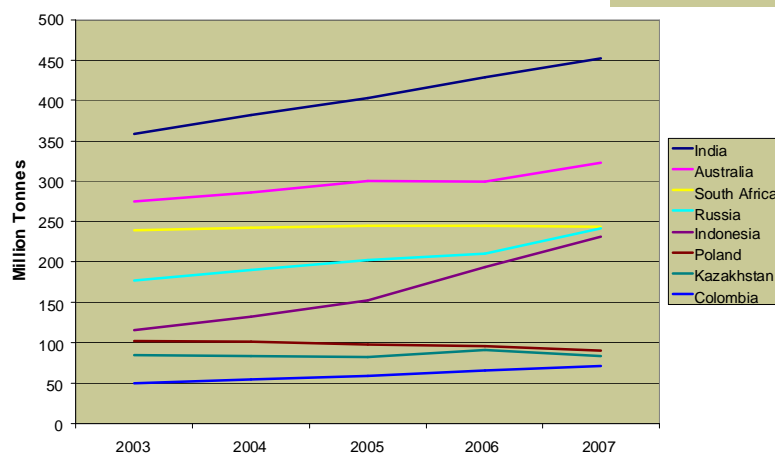


Source: IEA Coal Information 2008  
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## ...but second tier producers also show interesting trends

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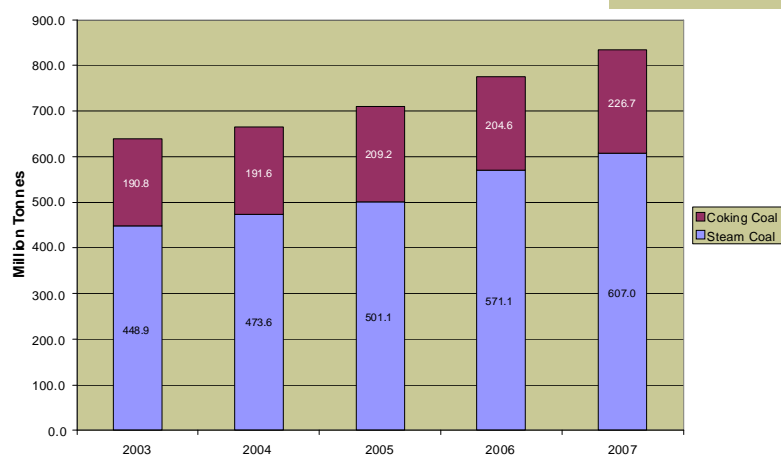


Source: IEA Coal Information 2008  
Minerals Engineering Society  
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## Seaborne Trade

### World seaborne hard coal trade continues to grow

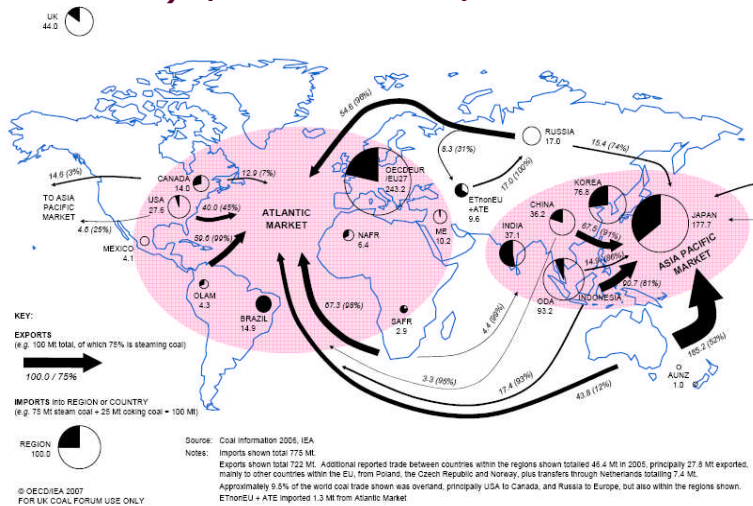


Source: IEA Coal Information 2008  
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## Hard coal trade patterns (IEA 2005) (million tonnes)

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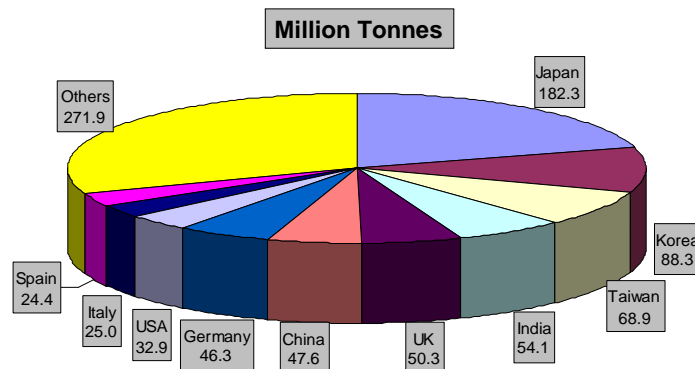
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## Major coal importers in 2007

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– top 5 account for 50%



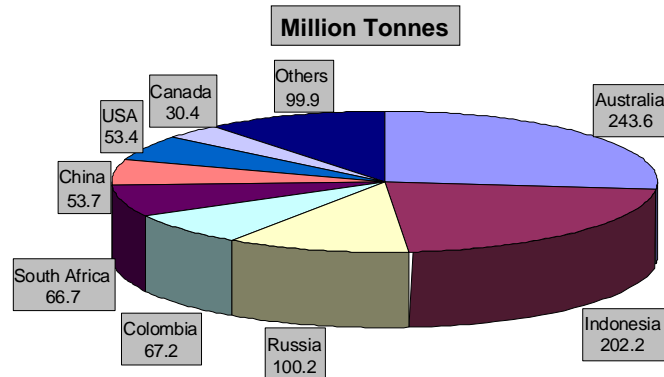
Source: IEA Coal Information 2008  
Minerals Engineering Society  
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## Major coal exporters in 2007

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– top 2 account for almost 50%



Source: IEA Coal Information 2008  
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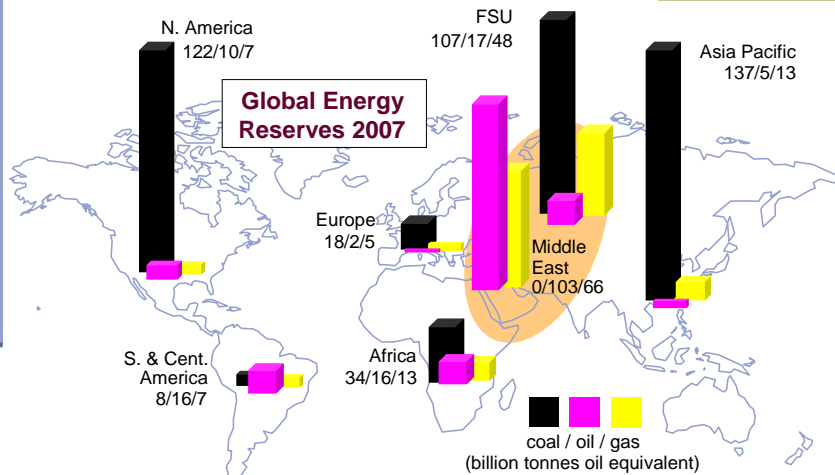
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## Reserves and Resources

## Reserves of coal are evenly distributed around the globe

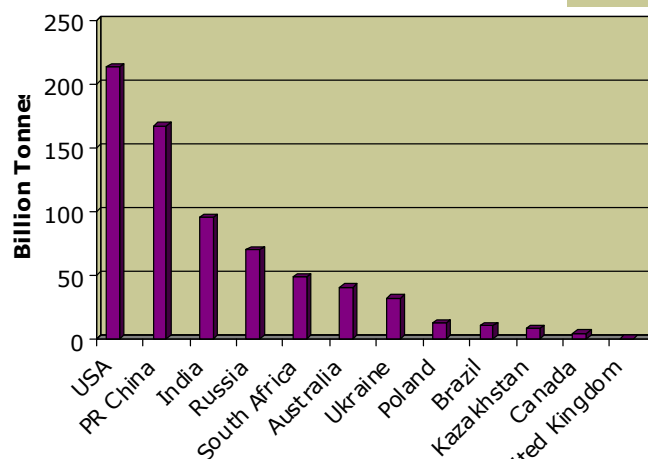
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Source: BP Statistical Review of World Energy 2008  
Minerals Engineering Society  
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## The top five countries have 80% of proven reserves...

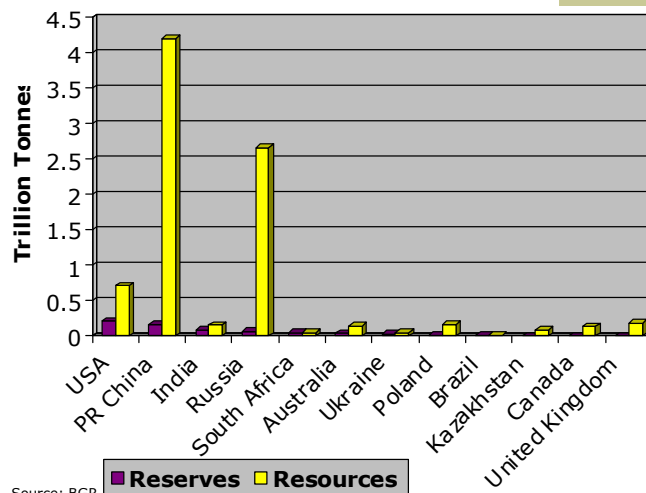
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Source: BGR - Bundesanstalt für Geowissenschaften und Rohstoffe  
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...whereas China and Russia have almost 80% of resources...



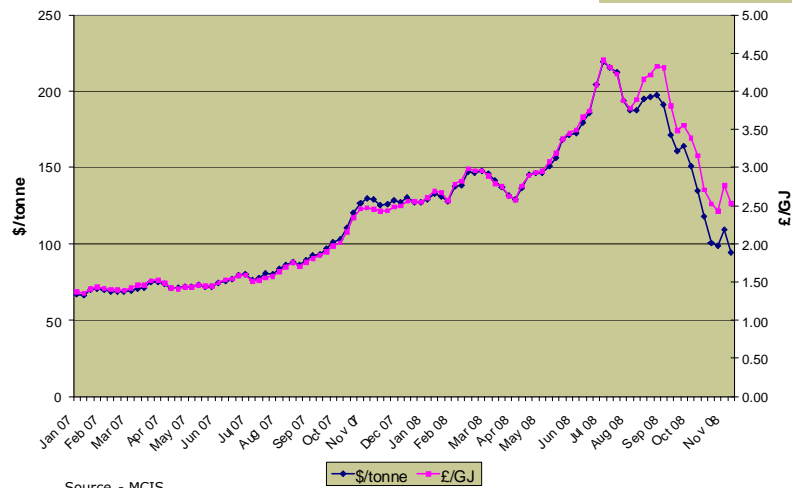
Source: BGR  
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## International Prices

## Steam coal prices delivered to North-West Europe – where next?

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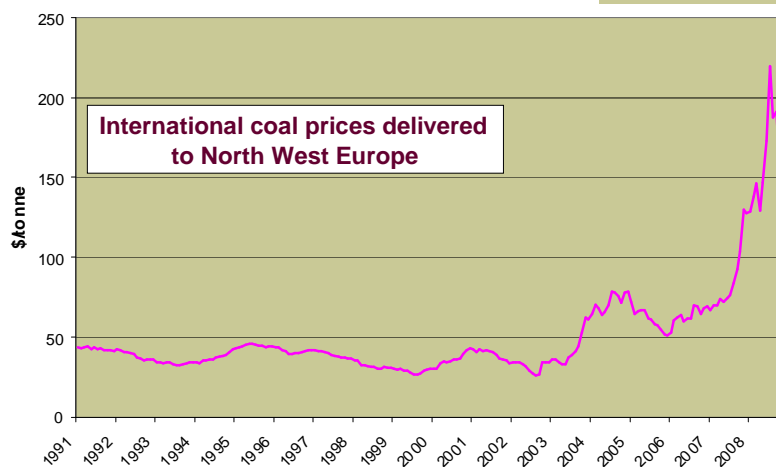


Source - MCIS  
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## Coal prices are still high by historic standards...

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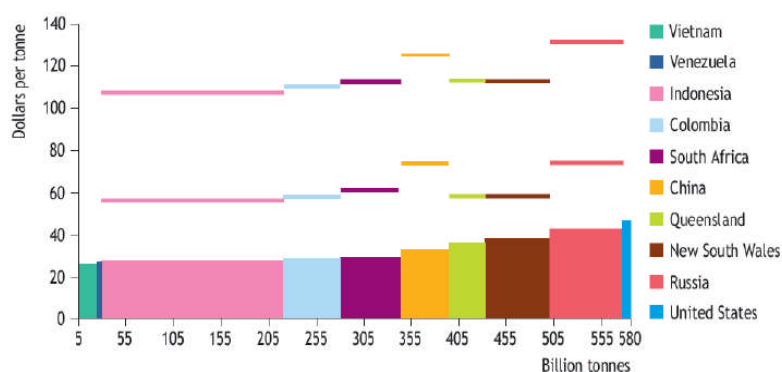


Source - MCIS  
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## ...and remain well above cash costs of production

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Note: Adjusted for 6 000 kcal/kg. The lower band for prices represents 2007 and the upper band first-half 2008. FOB is free on board  
Source: IEA Clean Coal Centre.

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## Freight from Richards Bay to Rotterdam has crashed

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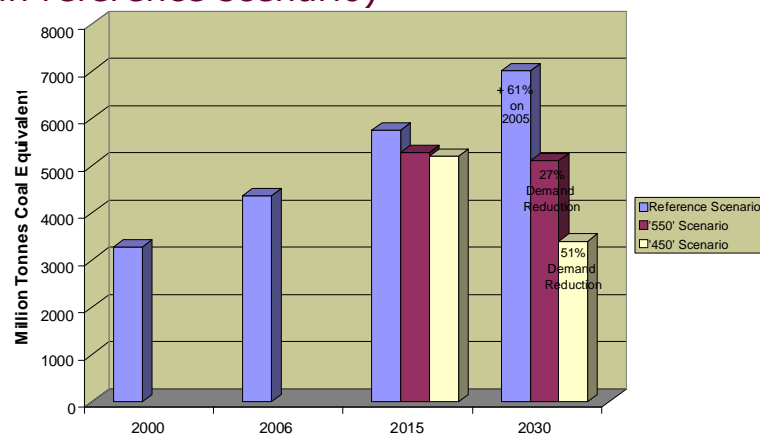


Source - MCIS  
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## World Energy Outlook

**IEA projects world coal demand increasing by 61% to 2030**  
(in reference scenario)



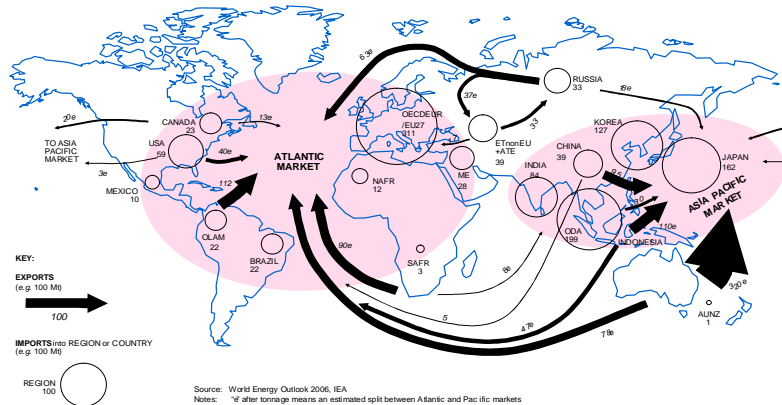
Source: IEA World Energy Outlook 2008  
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## Coal Trade in Reference Scenario 2030 (million tonnes)

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3 May 07



Source: IEA  
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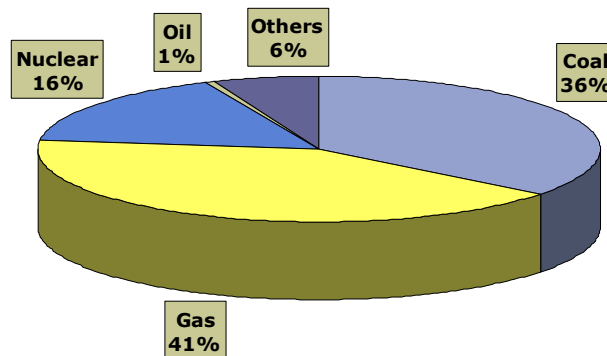
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## UK Coal Supplies

## Coal provided 36% of UK power in 2007...

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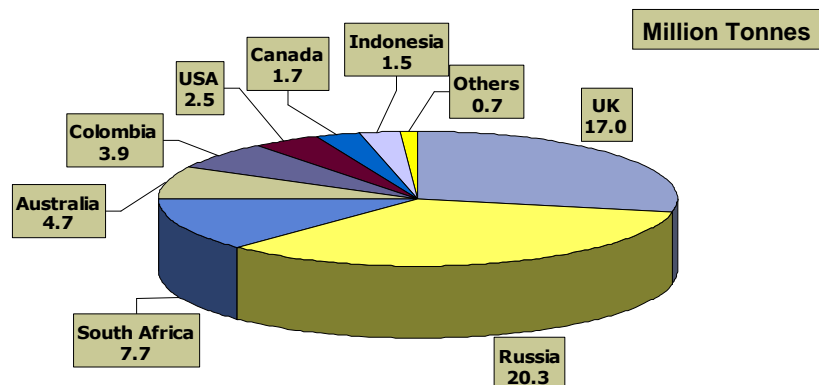


Source - BERR  
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## ...with imports providing almost three quarters of total supply

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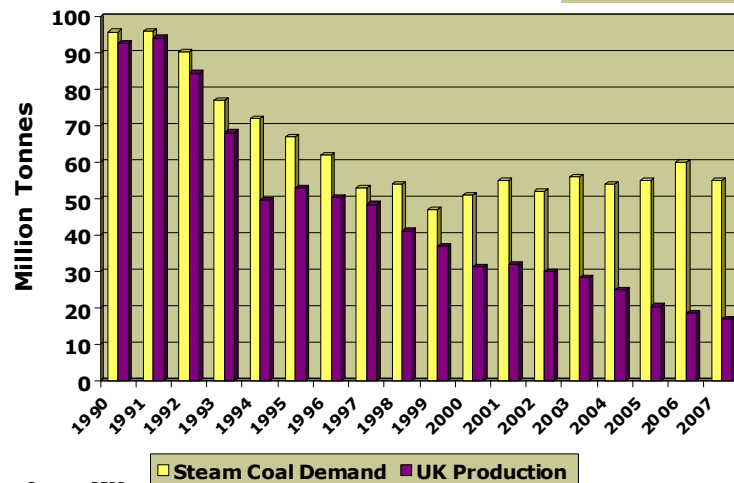


Source - BERR/HMRC  
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## How we got here – UK steam coal supply and demand

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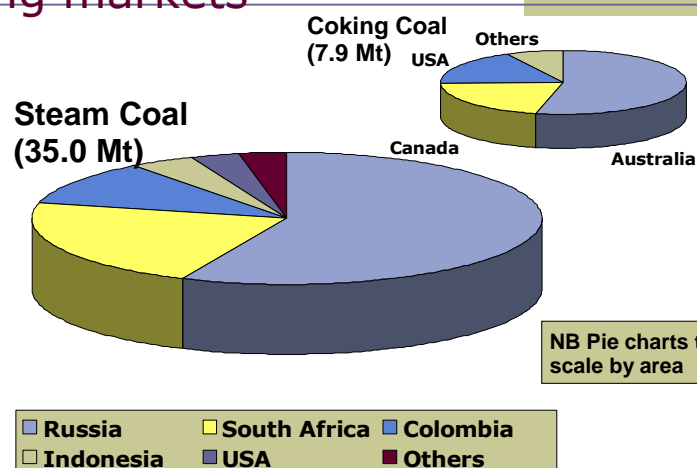


Source - BERR  
Minerals Engineering Society  
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## Contrasting supplies in 2007 for steam coal and coking markets

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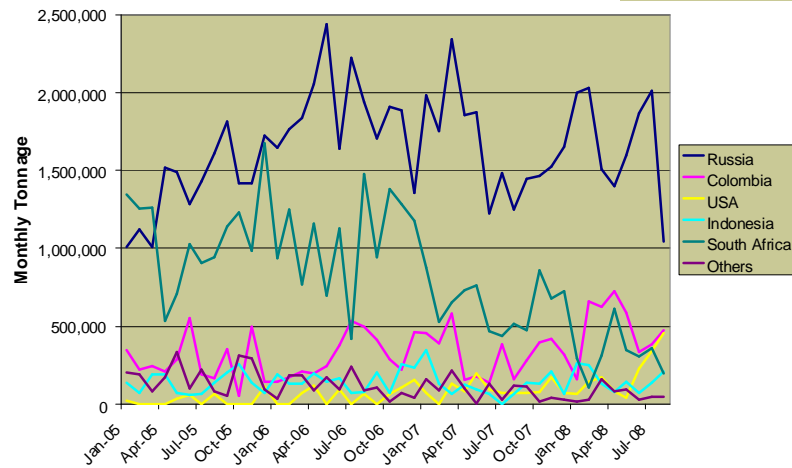


Source - HMRC  
Minerals Engineering Society  
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## The mix of UK steam coal imports has changed dramatically

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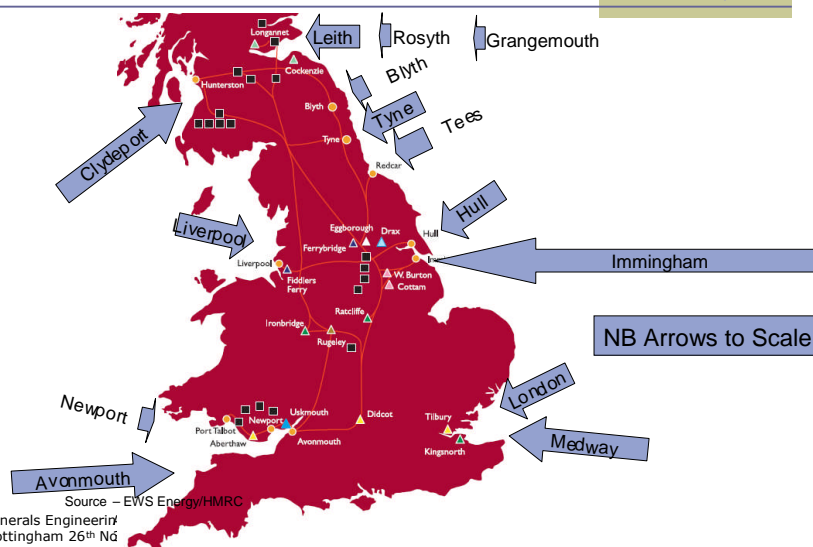


Source - MCIS  
Minerals Engineering Society  
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## Steam coal imports in 2007 used a wide range of ports

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Source - EWS Energy/HMRC  
Minerals Engineering Society  
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# Summary

- Coal is the worlds 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

## Thank You

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