

coal demand is cooling

Is demand abroad taking a permanent drop?

Coal companies and their allies claim that Asia and China will “just burn it anyway” so we should accept the inevitability and export U.S. coal abroad. But a deeper look—by financial and market experts—shows that demand abroad is taking a permanent drop along with declining prices, and there is a history of failure with investing in coal export terminals. We can do better than coal.

“Amid debate over coal export terminals in Washington, a big drop in export prices is raising questions about long-term demand.”

The Seattle Times, “Demand Cools as Coal Fight Rages” 9/4/13

“Coal is a dead man walking.”

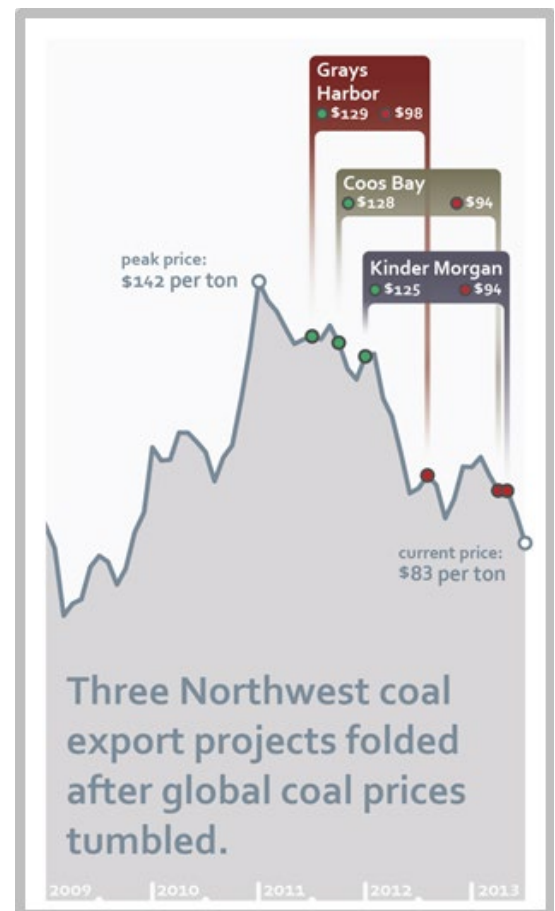
Kevin Parker, Deutsche Bank

“We see a downward path for global thermal coal prices.”

Bank of America Merrill Lynch “2013 Energy Outlook” November 2012

Powder River Basin Coal Lease Auction Receives No Bids For First Time In Wyoming History

— *Associated Press, August 22, 2013*



“Coal demand in China is about to start falling, and — with India and Indonesia the only remaining structural growth markets for coal — the global thermal coal market will never recover. . . In short, we expect that Chinese coal net imports will be close to zero by 2015 and that coal consumption in China will start to fall in absolute terms in 2016.”

Bernstein Research: Asian Coal & Power: Less, Less, Less...The Beginning of the End of Coal, June 2013

“What we are witnessing is not simply driven by economics: China is transitioning through the same environmental and public-health crisis that has seen every industrialized nation take steps to constrain its use of coal in the interest of something other than short-term economic growth.”

Bernstein Research: Asian Coal & Power: Less, Less, Less... The Beginning of the End of Coal, June 2013

“We believe thermal coal demand growth will slow down in the coming years. The structural drivers behind its current position atop the global fuel mix are giving way to a different set of drivers that will undermine further coal demand, in our view. . . the potential for profitable investments in new thermal coal mining capacity is becoming increasingly limited.”

Goldman Sachs' report The Window For Thermal Coal Investment is Closing, July, 2014

A quick breakdown of the Chinese Plan to reduce coal use

On September 12th, the Chinese government announced a plan to improve air quality in the Beijing, Shanghai and Guangdong regions. The plan includes a ban on approving new coal-fired power plants in key economic regions and is accompanied by ambitious targets to cut coal consumption.

The ban on new coal-fired power plants covers China's most important coal importing regions, the Pearl River Delta and Yangtze River Delta, responsible for more than 50% of thermal coal imports.

In response to the recent air pollution crisis, coastal provinces are negotiating coal reduction targets

- **Beijing: 13 million tonne reduction by 2017**
- **Shandong: 20 million tonne reduction by 2017**
- **2000 MW coal fired power plant near Shenzhen cancelled due to air pollution concerns**
- **Deutsche Bank: Should China toughen measures to curb air pollution to safe levels, global shipments of thermal coal could be 18% lower than forecasted by 2015**

“The ailing American coal industry, which has pinned its hopes on exports to counter a declining market at home, is scaling back its ambitions as demand from abroad starts to ebb as well.”

—*New York Times, 9/13/13*

“Two West Coast port cities have already gambled on coal-export facilities. Both lost. After investing millions of dollars in infrastructure and setting aside sizeable harbor acreage to coal export facilities, both Portland and Los Angeles watched their promised revenue from coal exports evaporate. The abandoned coal export facilities represented millions in stranded investments and clean-up expenses, not to mention years-long missed opportunities for more durable economic development choices.”

Columbia Riverkeeper and Sightline Institute's Coal Export: A History of Failure for Western Ports August 2012