

Coal demand has plummeted.

Demand abroad has taken 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 even a casual look—at global coal markets and what industry and financial experts are saying—shows that demand abroad has already declined dramatically, resulting in falling prices and private investment money disappearing. We can do better than coal.

“Building new Pacific Northwest coal ports, once seen as essential, is now viewed as nothing more than a risky long-term bet.”

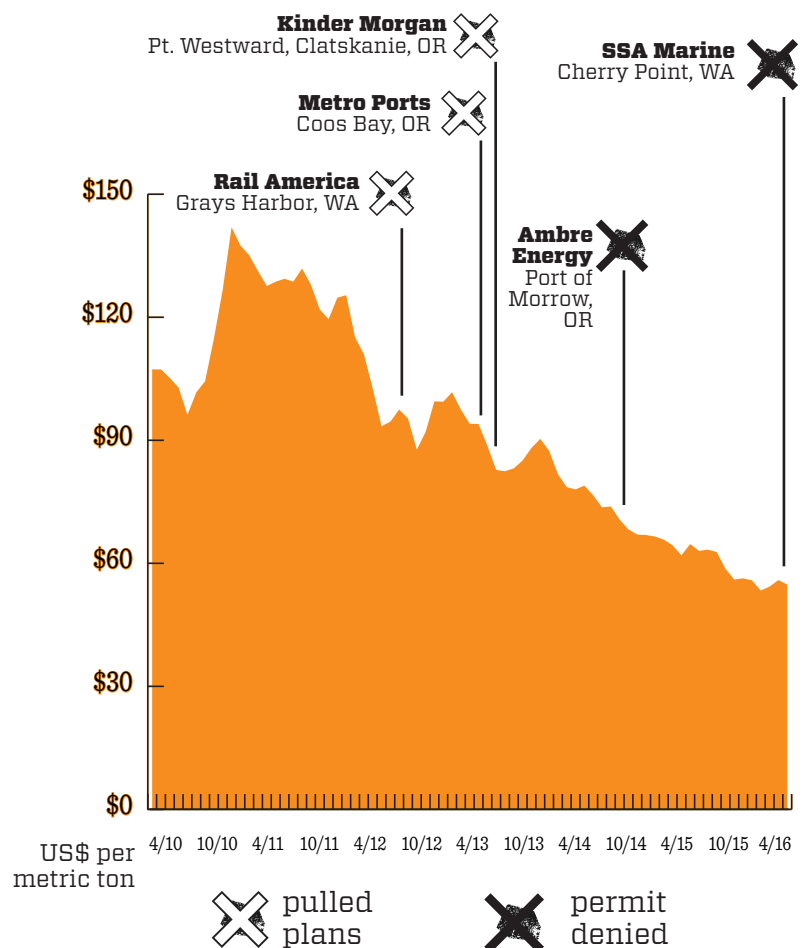
*Andy Roberts, Wood MacKenzie,
Planned US coal ports: a swift trip
from vital to irrelevant, February 2016*

This quote is particularly significant given Wood MacKenzie’s history as the coal industry’s favorite consultant. Their rosy forecasts for soaring Asian demand and prices were cited constantly to justify export plans.

“We expect seaborne coal markets will continue to be challenged by weak prices and persistent oversupply over the next 12 to 18 months. US coal exports declined by roughly 25% to 74 million short tons in 2015, and are projected to fall by another 20% in 2016.”

Moody’s, Lights Go Dark on Coal, May, 2016

POWER PAST COAL
communities against coal export



*Northwest coal export projects
folded after coal prices tumbled*

Source: www.indexmundi.com

“With the collapse in both Indian (down 34% yoy) and Chinese (down 35% yoy) coal imports in December 2015, the seaborne thermal coal industry is entirely beleaguered,”
Tim Buckley, Institute for Energy Economics and Financial Analysis, January, 2016

“I believe these agencies and environmental groups are doing the coal producers a favor by not approving or supporting the approval of these terminals. If the terminals were already built and in operation, few, if any, would be exporting coal as current pricing wouldn’t support it.”

Unnamed coal executive, reported in S&P Global, October 2015

Both Owners of Millennium Project Are Effectively Insolvent

- Millennium Bulk Logistics is owned by two companies, Arch Coal and Lighthouse Resources (formerly Ambre Energy). Both companies have either declared bankruptcy (Arch) or been sold to their biggest creditor (Ambre/Lighthouse), leaving the original investors with nothing. Experts have linked both companies’ collapse to a failed bet on coal exports to Asia.
- “In 2012, Arch Coal derived more than 30% of its revenues from exports.... [E]xport revenues fell by a significant 50% from their peak level in 2012.”

Market Realist, How Did Weak Coal Exports Lead to Arch Coal’s Bankruptcy? January, 2016.

- “Ambre [sold] its North American operations because the firm is deep in debt and out of options, and is essentially handing over its assets to its chief creditor in lieu of declaring bankruptcy.”
Sightline Institute, What Ambre Says About Its Financial Collapse. December, 2014

Given the insolvency of Millennium’s two owners and coal’s terrible reputation on Wall Street, the prospects for private financing are essentially non-existent.

“There is a more basic reason [that bankers are shifting away from financing coal projects]: Lending to coal companies is too risky.”

New York Times, As Coal’s Future Grows Murkier, Banks Pull Financing. March, 2016

“Coal-burning in China is in significant decline ... signalling a major turnaround for the world’s biggest polluter.... In contrast, renewables investment in China hit an all-time high in 2015...”

The Guardian, China’s Coal-Burning in Significant Decline, Figures Show. January, 2016

“The American coal industry is hurting. The four largest US miners by output, Peabody Energy, Arch Coal, Cloud Peak Energy and Alpha Natural Resources, which account for nearly half of US production were worth a combined \$34 billion at their peak in 2011. Today they are worth \$150 million.”
Rhodium Group, The Hidden Cause of America’s Coal Collapse, February 2016

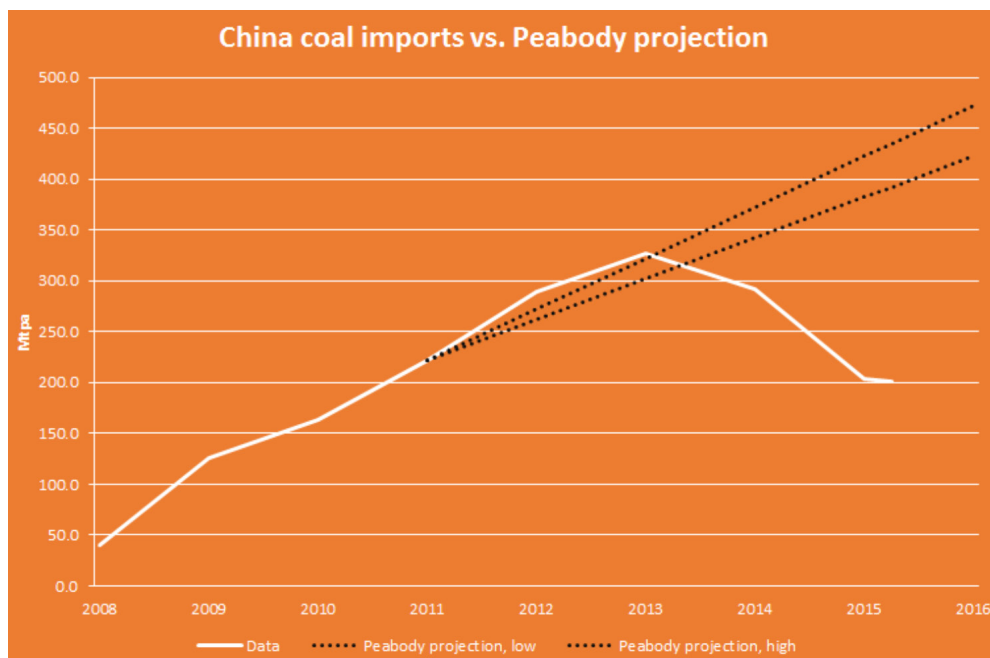
All of the Northwest Coal export terminals were built on the same, flawed assumption: continued growth of demand and rising prices in China and other Asian economies. As that assumption has proved to be false, once giant companies have gone bankrupt and hundreds of projects have been cancelled.

“What ... tanked the US coal industry? One word... China.”

Rhodium Group, The Hidden Cause of America’s Coal Collapse, February 2016

“China has been almost 100% of global coal consumption growth over the last decade.... As Chinese consumption begins to fall ... the global market will enter a period of terminal decline.”

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



Peabody: Why the World’s Largest Private Coal Minor Went Bust - In One Graph, Courtesy of Lauri Myllyvirta, Greenpeace

POWER PAST COAL communities against coal export

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