

World Trade in Hard Coal Rises by 1.5% in 2017

German Steam Coal Imports Plummet by 15% in 2017 – in Contrast to Other Sectors, Hard Coal Contributes to Reduction in CO₂

According to provisional calculations by the German Coal Importers Association, world trade in hard coal in 2017 rose by 1.5% to 1,140 million tonnes; global hard coal production increased even more by 2% to 6.9 billion tonnes. Following the slump in 2016 – only recently the subject of a report from the International Energy Agency – production and world trade have recovered. The seaborne exports from the United States of America (USA) alone rose by 30 million tonnes (60%). Growth in seaborne trade also appeared in Russia and South Africa (7% in both cases). South Africa, once an important source of supply for Europe, now sends its production largely to Asian countries.

The decline in production in 2016 was primarily a consequence of the difficult situation in the USA from a series of bankruptcies and of the closure of unsafe mines in the People's Republic of China. Both of these countries posted growth again in 2017, however: 7% in the USA and 2% in China. Production in India also posted strong growth (+3.2%).

The rise in world trade in hard coal is above all a result of growing demand in the ASEAN countries where the manufacturing sector is growing steadily. The construction of modern hard coal-fired power plants and rising steel production are the triggers for additional demand for coking and steam coal. The development model of these countries, like that of the People's Republic of China, is based on hard coal and will convert to renewable energy sources only after a time delay.

The German hard coal imports moved contrary to the global trend and fell massively by 6 million tonnes (about 10%). While the import of coking coal rose by 0.6 million tonnes and the import of coke increased by 0.3 million tonnes, the use of coal in power generation fell by almost 7 million tonnes (about 15%). The root cause of this is above all the virtually unlimited construction of additional wind farms in a year with outstanding wind yield. The contribution of onshore wind to gross power generation rose by 30% (or 2% points) in 2017 while the contribution of offshore wind rose by 47% (or 1% point). The contribution of hard coal to gross power generation, on the other hand, declined by 17% in 2017 (or 3% points).

These figures more than clearly demonstrate that the exit from hard coal-fired generation of electric power is already reality and that no further government intervention is required. Hard coal-fired power plants will still be urgently required to support the fluctuating feed-in from renewable energy sources even though the generation from the former is declining. This is why hard coal-fired power plants must be given fair access to capacity markets. The most recent decisions by the European Energy Council fall short of what is required; the planned CO₂ tolerances cannot be met by either hard coal-fired power plants or gas turbines. The highly efficient gas-fired and steam turbine power plants are constructed solely in conjunction with industrial cogeneration of heat and power or district heating, not for the compensation of fluctuating feed-in from renewable energy sources. If the European Union adheres to its plans, it will put supply security in Europe at serious risk.