



IEA Coal Market Report 2019 – a wake-up call for our global community

Media release

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JOHANNESBURG – “The IEA Coal Market Report 2019 is a reminder that coal and coal use is a reality. It’s time for a sensible discussion and collaboration to bridge the gap between the real and ideological worlds,” Michelle Manook, World Coal Association Chief Executive.

The WCA Chief Executive, Michelle Manook, today ends her first six months, attending the *IEA Coal Market Report 2019* launch in Johannesburg, following roadshows throughout Australia, Canada, China, Europe, India, Indonesia, Japan and the United States, where she met with key government ministers and senior bureaucrats, investors and industry stakeholders. Reflecting on her time she commented:

“The world simply cannot ignore the reality of coal – global demand is expected to reach 5624 Mtce in 2024. If we are to have any chance at meeting our global environmental aspirations – we must come together. Most concerning is that there is messaging being perpetuated that coal cannot be part of the low carbon solution. This is simply untrue. The entire coal value chain needs to unite in support of the coal industry to educate a global public that is largely unaware of how coal contributes to economic growth and everyday life.”

Acknowledging that this cannot be done in isolation of governments or investors, she highlighted:

“The IEA Executive Director’s ‘all fuels and all technologies’ mantra is a framework for industry, government and investment policy collaboration and success to deliver both meaningful economic and environmental outcomes. It’s vital that we see a level playing field for all low emission technologies, to ensure rapid and mass deployment of clean coal technologies.”

“This is particularly important in Asia, which is driving demand for coal. These economies require abundant and low-cost sources of energy to power economic transformation and continue to identify a role for coal in their future energy systems. It is for this reason that in 2018 China, India and Southeast Asia have commissioned a total additional 50Gw of coal-fired capacity.”



1. Asia is in the 'growth driver seat' – and it must be respected, included and supported in using coal cleanly

- The future of coal is Asia. The IEA advises that the decline in coal generation this year is not a lasting decline reminding us that the share of global coal-power generation soared from just over 20% in 1990 to almost 80% this year and will keep growing in the coming years.
- Last year, electricity production from coal surpassed 10,000 TWh with coal-based power generation growing 2% and remaining the largest source of global electricity supply with a share of 38%. Its share in the global primary energy supply was 26%, making it the second largest energy source after oil. This can be attributed to rising electricity demand in emerging Asia, particularly China, India and Southeast Asia, which together accounted for 66% of the world's total coal demand.
- Alongside its vital role in electricity generation, coal is crucial for building modern infrastructure such as transport systems and high-rise buildings, supporting urbanisation, global economic and sustainable development. Last year, 13% of coal extracted was used to produce iron and steel.
- *Coal 2019* identifies China as just one of many economies across the region that considers coal central to 'sustaining economic growth and guaranteeing energy security'.
- There is much to learn as a global community from our Asia partners. We have to respect and understand the very real differences between the needs of developed and developing markets. As the IEA report points out – Asia is not powering an extra television set – it is simply trying to get reliable power, sometimes for the first time, to lift people out of poverty and/or to modernise their respective societies.

2. Coal markets are changing – Asia is the most relevant and pragmatic voice on coal

- The factors that drive developed markets like Europe and the US are not the same factors that drive Asia.
- In Asia, coal power generation is expanding and continues to rise in the region, driven by economic growth, an increasing population and an expanding middle class using electrical appliances.
- Most importantly Asia is not picking winners or losers. Rather, there is a pragmatic approach from government and industry, focused on: all energy solutions; energy affordability, reliability and security; using coal to support the intermittency of renewables; and acknowledging coal as a key input to materials (steel and cement) necessary for building the infrastructure that creates modern societies.
- China and India are leading the world in the deployment of variable renewables, but their electricity systems also rely heavily on coal plants to keep the lights on for their vast populations.

3. It's possible – investment and financing of clean coal technologies will support both sustainable economic and environmental outcomes

- In a previous report, the IEA reported that investment in carbon capture, utilisation and storage (CCUS) technology was an estimated US\$ 10 billion compared to investment in renewables which was US\$2.3 trillion over the ten-year period from 2006-2016.



- It is therefore troubling that the report also identifies restrictive finance issues as a hurdle to future investment in coal. It is critical that emerging markets are supported to use coal safely and with the lowest possible emissions pathway.
- The average age of a coal plant in Asia is around 12 years, more than two decades younger than in the United States or Europe making it very possible to apply clean coal technologies including retrofitting or CCUS.
- Actions limiting funding options for developing coal and clean solutions risk the achievement of the United Nations Sustainable Development Goals (SDGs).
- There are unintended consequences in taking a singular view of any energy source. Creating the right investment framework is essential not only to the development of emerging economies but also to ensuring that we are transitioning to clean energy.

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About the World Coal Association

The World Coal Association (WCA) members are a coalition of accountable coal players committed to bringing about meaningful dialogue and being part of the solution. WCA wants to work together with others in our industry, as well as governments and the finance community to implement clean coal solutions and drive deployment.

WCA Corporate Members include: Anglo American, Aurizon, Caterpillar Global Mining, Cerrejón, China Energy Investment Corporation, Dyno Nobel, GE Steam Power, Glencore, Komatsu, Orica, Peabody, PT Berau Coal Energy, SUEK, TNB Fuel Services Sdn. Bhd., Whitehaven Coal Limited, XCoal Energy & Resources, Yancoal

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