

Global demand for coal rises despite uncertainty

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CAPE TOWN (miningweekly.com) – Despite a move to renewable energy, particularly in Europe, demand for coal globally soared in 2018, led by low calorific value (CV) coal demand. The strongest import markets were China and India, while Indonesia performed extremely strongly on the supply side.

China's demand for coal strengthened in the first half of 2018, and eased towards the end of the year. This year, however, looks "deeply uncertain", says IHS Markit research and analysis manager ***Sareena Patel.***

"The situation has changed in China. A lot of local producers are starting to improve their output, which will facilitate local supply. A lot more nuclear power is also coming on line this year in China, making China a little less attractive as an import destination," Patel told the Southern African Coal Conference, in Cape Town, on Friday. Coal consumption in India ramped up in the second half of last year, and is expected to do the same this year.

"This year is an election year in India. Power supply is usually used as a political tool to appease the public," said Patel.

Most of the growth outside of China and India was driven by South and South East Asia, where new power plants were coming on line. Europe continued to decline, in line with its shift to renewables and legislation aimed at phasing out coal generation. Exports to Turkey – Europe's last remaining growth market for coal – declined on the back of the country's political and economic situation last year.

Patel said supply side growth in 2018 was led by a boom in Indonesian volumes. South Africa had some capacity constraints, although it had the potential to grow, said Patel. "A lot more junior miners are coming into the playing fields and are interested in getting into the export market in South Africa.

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February
2019