

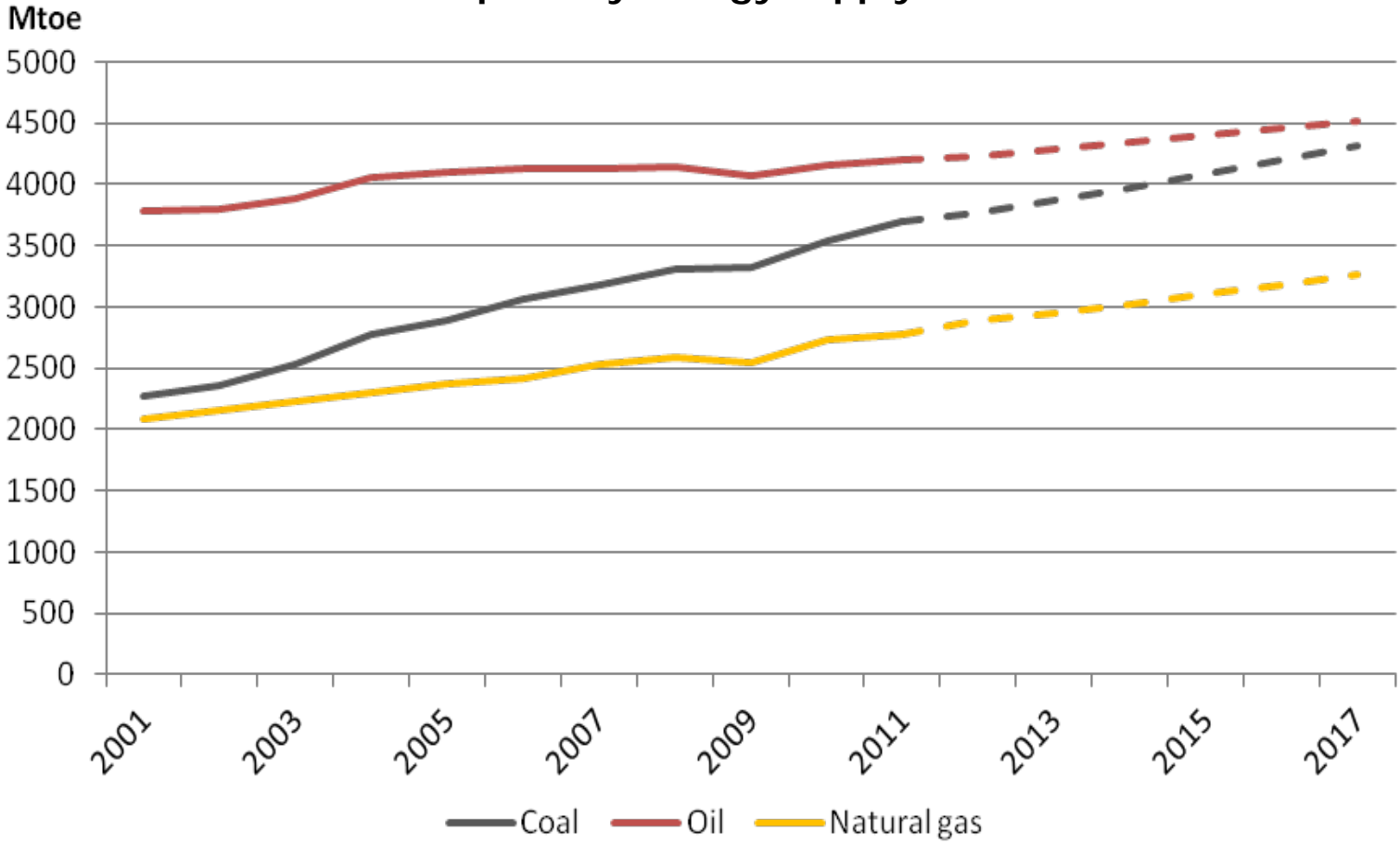
Medium-term Coal Market Report 2012



Keisuke Sadamori. Director, Energy Markets and Security.

Paris, 18 December 2012

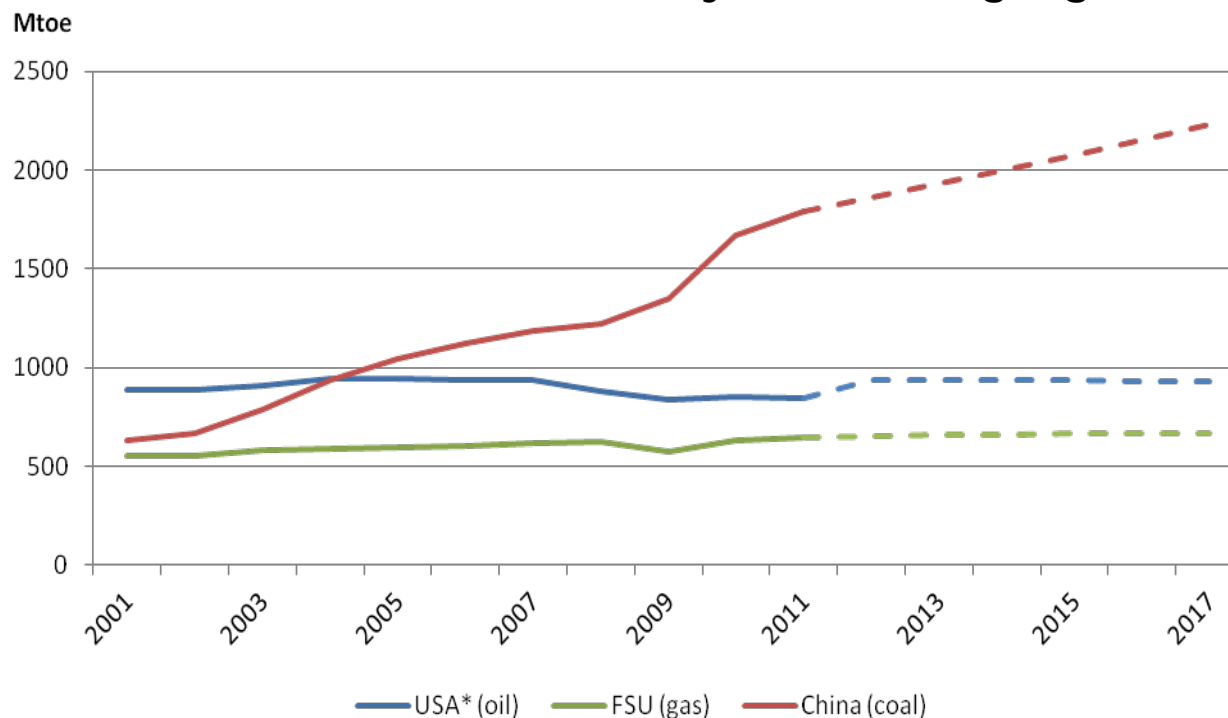
Global primary energy supply from fossil fuels



- Coal demand keep growing
- And so, too, coal trade

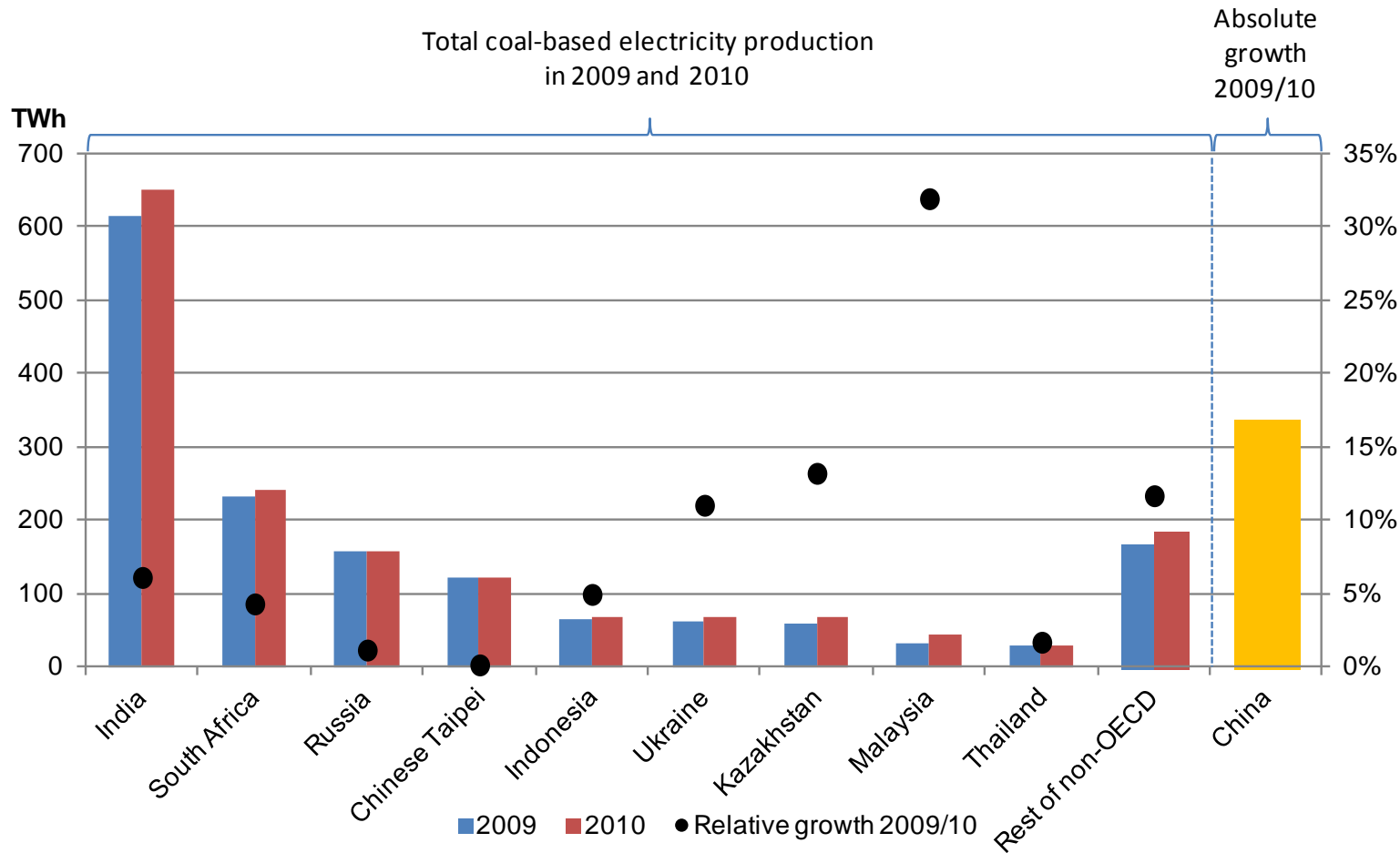
China is coal. Coal is China

Fossil fuel demand in major consuming regions

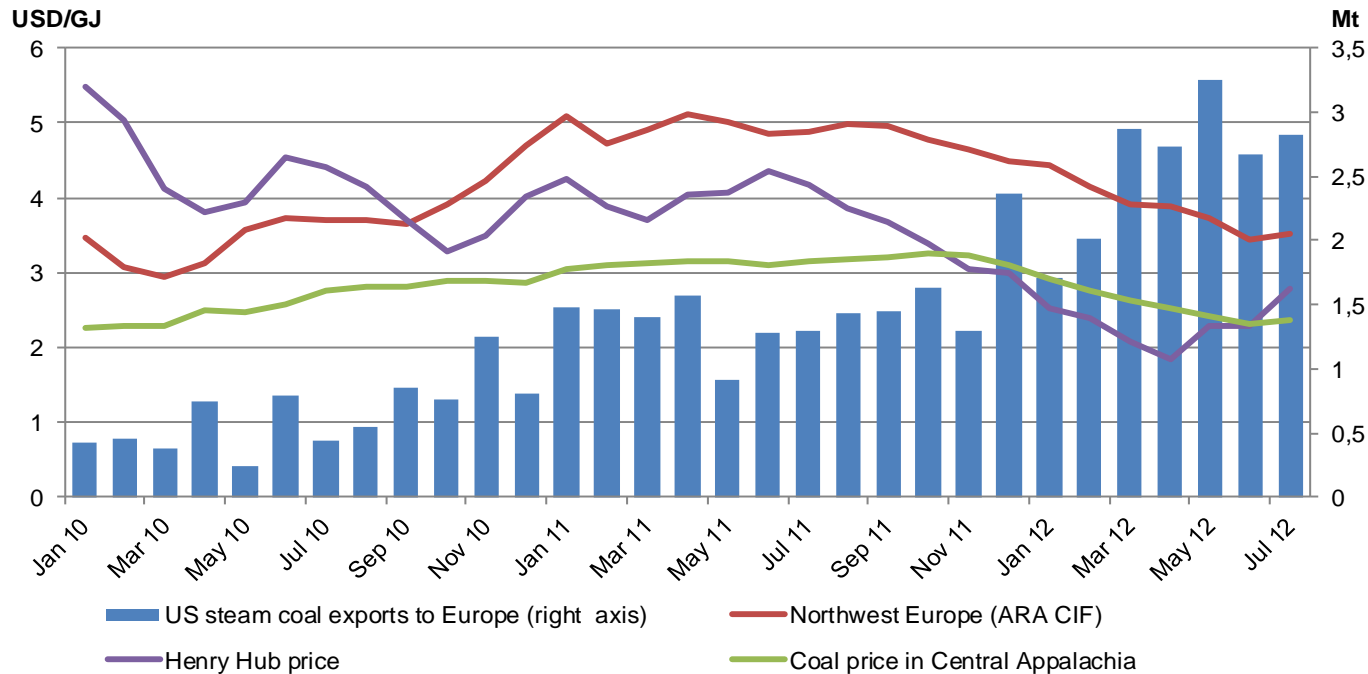


* The increase in US oil demand in 2012 is caused by differing definitions. While historic data for US oil demand are based on IEA's *Oil Information*, projections of US demand refer to US50 oil demand as defined in Table 2 of IEA's *Medium-Term Oil Market Report 2012*.

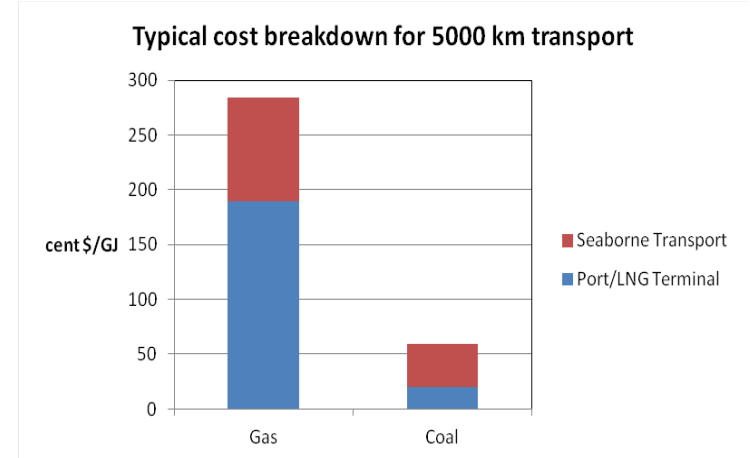
Power generation in non-OECD is crucial



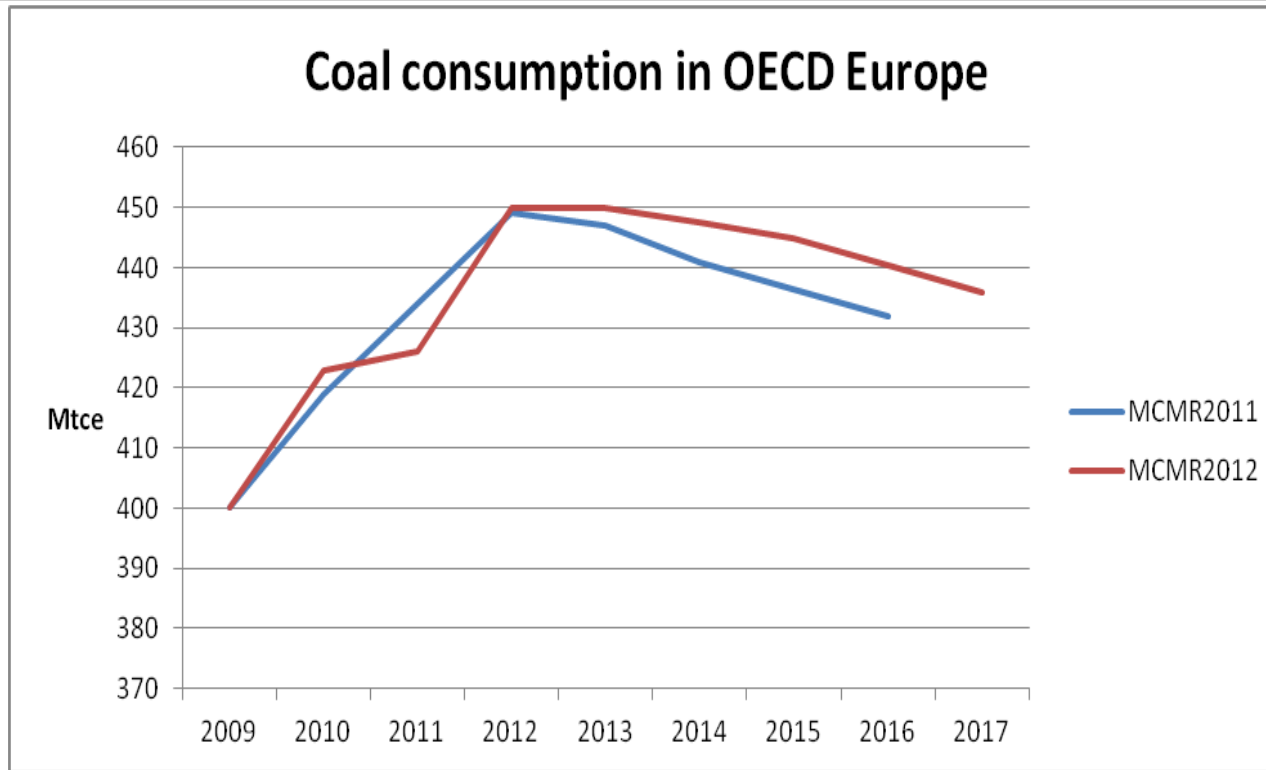
US shale gas switches on coal in Europe



- Higher transportation costs for gas hinders regional integration
- In Europe, coal reacts stronger than gas to US low prices

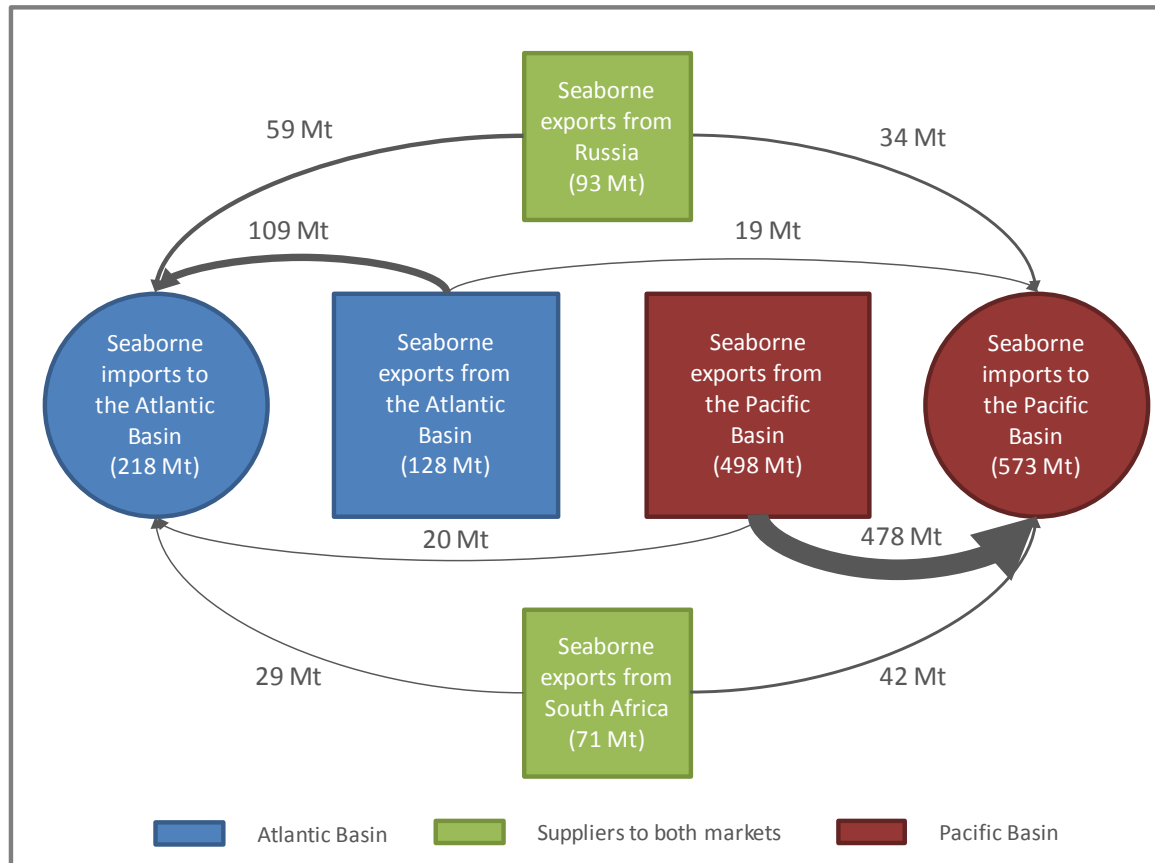


A golden age of coal in Europe?

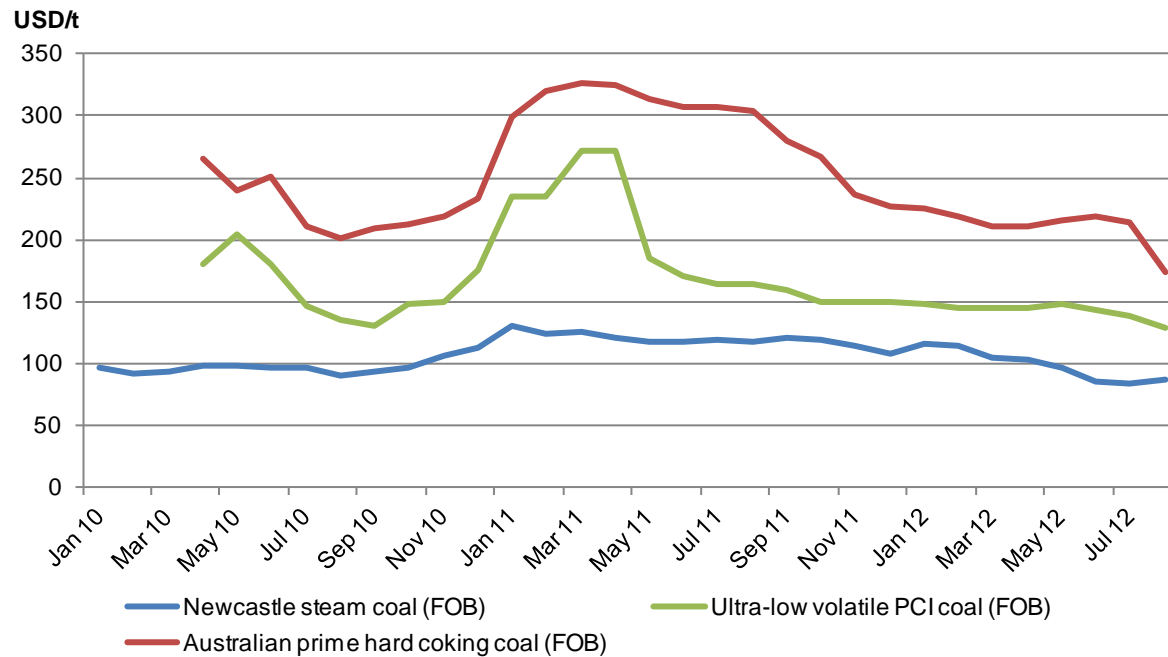


- **Low carbon prices: the Eurozone crisis is a surprise, but the renewable ramp up is not**
- **Gas to coal switch is already limited by system operation constrains**
- **The need for conventional generation is declining**
- **Decomissioning of old plants is sure, but economics of new coal to build is questionable**

Moving East

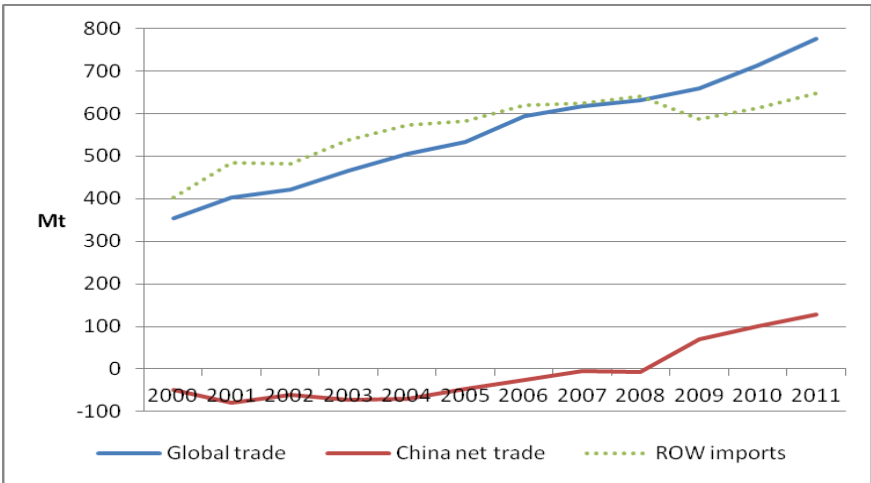


Coal prices are back in sync

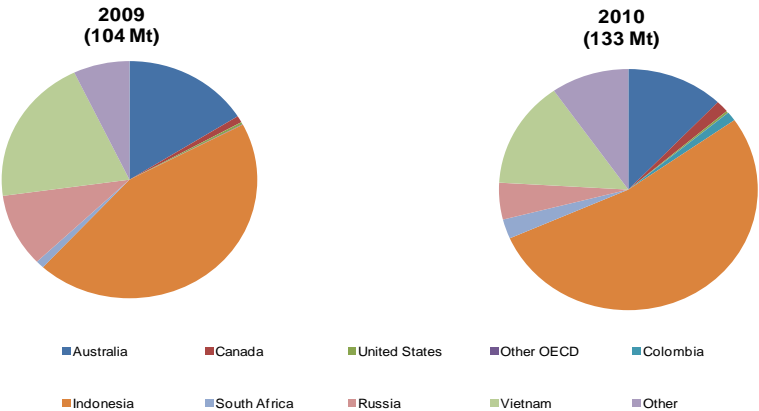


Indonesia-China, a good partnership

Seaborne steam coal trade

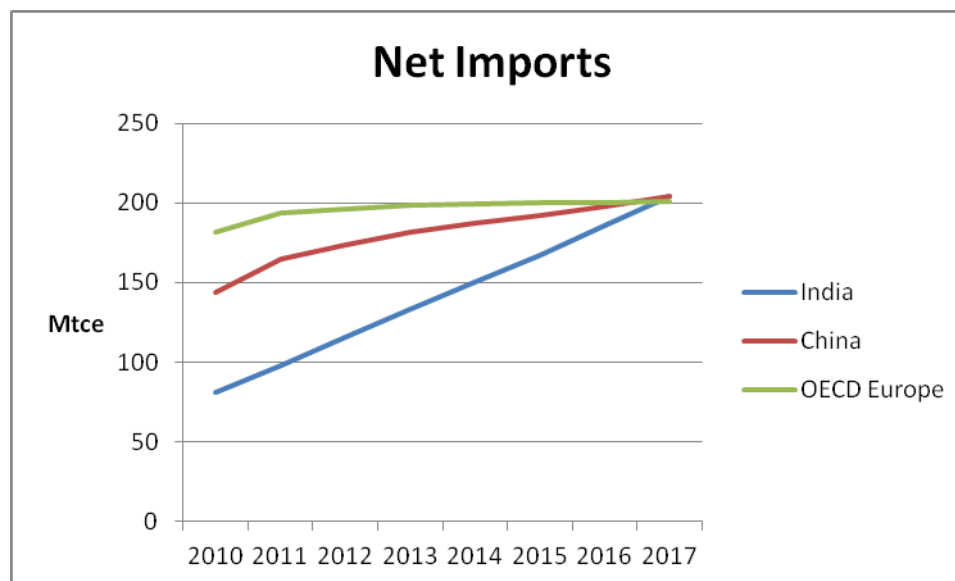


Steam coal imports to China



- Indonesia meets much of Chinese demand
- For Chinese utilities, Indonesian coal is a good option
- For low cost Indonesian producers, Chinese coal thirst was good business

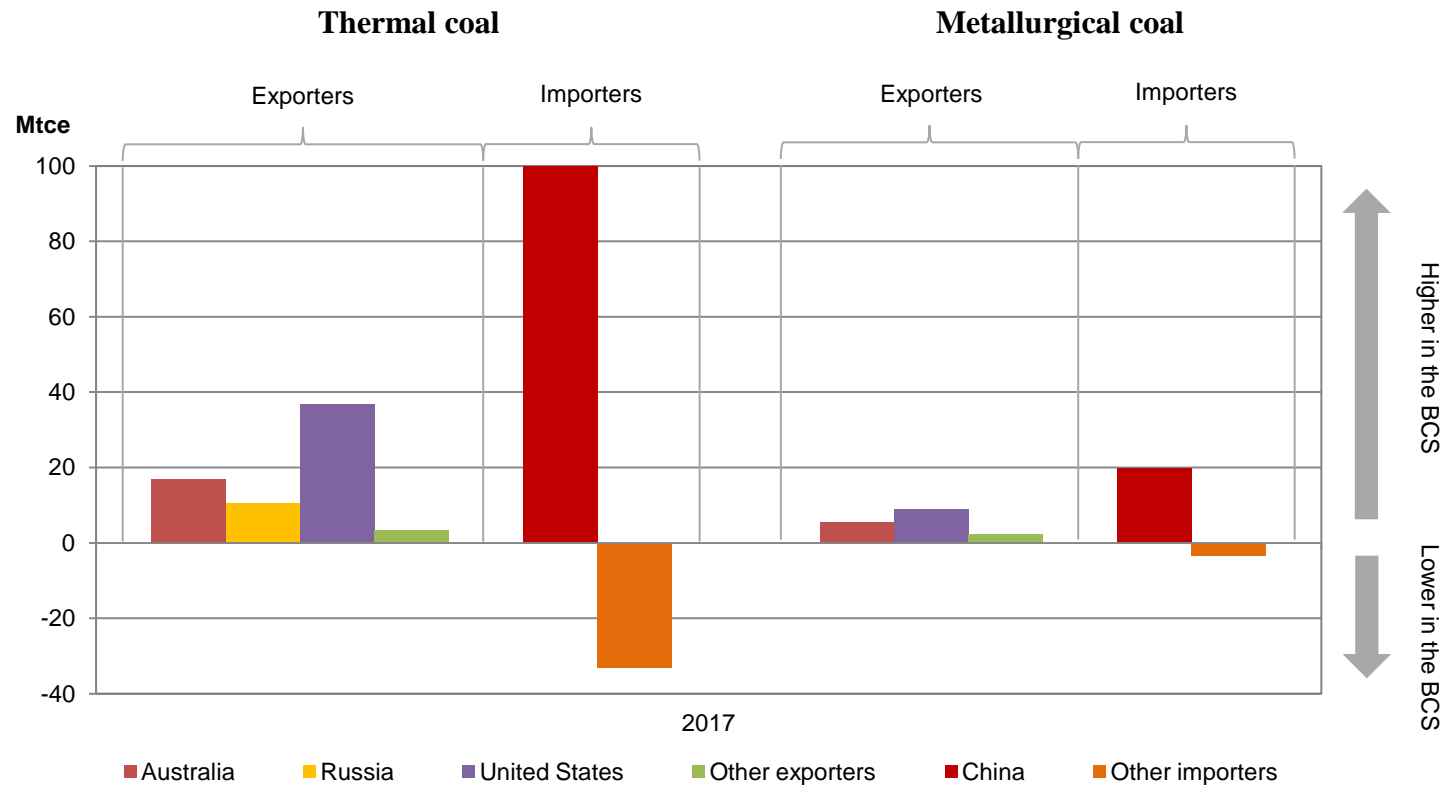
From Beijing to India?



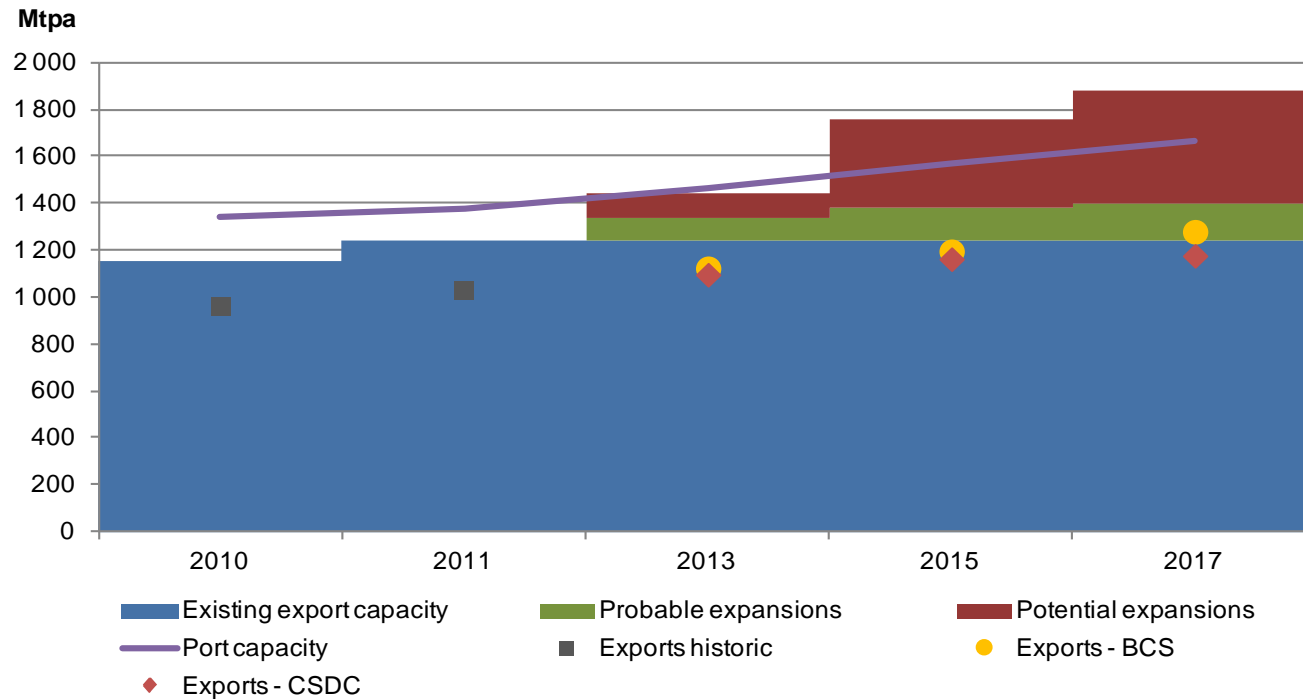
Selected investments of Indian companies in coal assets

Country	Number of investments	Acquired resources/reserves (Mt)	Capital expenditure (USD Million)
Australia	9	17 138	7 612
Indonesia	28	6 271	4 526
South Africa	4	377	3 300
United States	3	348	820
Total	44	24 134	16 258

Chinese slow-down can affect seaborne coal trade



Outlook for global export capacity utilisation for seaborne hard coal until 2017



Is slow-down already happening?

BREAKING NEWS

Anglo American to cut Moranbah North jobs
29 August

Rio cutting more coal jobs in wake of royalty rise
18 September

Xstrata confirms job cuts at Bowen Basin
16 October

Ensham to slash coal mining jobs
17 October

BHP rules out new mining projects in QLD
18 October

Spring Creek mine shut, staff made redundant
28 November

- Coal demand rises over the outlook period, approaching oil
- Driven mainly by power generation in non OECD countries
- Shale gas revolution led to decline in coal consumption in the US, and to increased use of coal in Europe
- The large gas-to-coal switch in Europe is projected to peak in 2013
- Whereas China will surpass the rest of the world in coal consumption, India will gain importance in coal market, becoming the largest seaborne coal importer
- Seaborne coal trade will continue to increase unless there is a slowdown in Chinese economy
- Announcements of cuts and layoffs, despite many projects in the pipeline

Thank you for your attention