



PRESS RELEASE

ASSOCARBONI DISCLOSES 2020 COAL DATA SECTOR

- Coal confirmed its leadership as leading fuel for electricity generation also in 2020, accounting for 38% of overall production.
- For the first time after 10 years of continuous growth, seaborne coal trade suffers a setback, reaching a volume of 1,157 million tons.
- An increase in seaborne trade is forecast for 2022, driven by markets in Southeast Asia, where growing demand for coal from Bangladesh, the Philippines, Malaysia, Pakistan and Vietnam will keep import volumes high.
- China, Pakistan and Vietnam are the countries that contributed most to the growth in coal volumes during 2020, despite the pandemic.
- In the Mediterranean area, imports from Israel, Morocco and Turkey are on the rise.
- While Europe in 2020 generates electricity mainly from coal (13.3%) and nuclear (24.2%), cutting the costs of electricity bills by an average 30%, Italy is lagging behind being the only Country in the world without nuclear power and with the lowest share of coal use (10%).
- Decarbonisation is a global issue that will always be more related to the emissions of non-OECD countries. Italian coal power plants account for 0,04% of the global CO₂ emissions, a value unable to produce positive effects on the climate, but with a strong negative impact on the safety and competitiveness of the Italian Power System.
- Our benchmarks (manufacturing Countries like China, Germany, Japan, India, South Korea and Taiwan) will continue to use a mix of coal and nuclear to produce electricity even beyond 2025, year in which the phase-out of coal in Italy will be concluded.

Rome, May 6th, 2021 – Some days ago, during its Annual Members Meeting, Assocarboni, the Italian Association of coal operators chaired by Andrea Clavarino, disclosed 2020 data sector. **Coal confirmed its leadership in generating electricity:** in particular, demand for coal is shifting towards South-East Asia, where emerging economies are in need of a safe and competitive energy source that they have found in coal, as the fuel of choice for economic and industrial development.

SEABORNE COAL TRADE

Seaborne world coal trade closed 2020 in negative, with a reduction of -10% on an annual basis (1,157 million tons, compared to 1,292 million in 2019). For the first time after 10 years of continuous growth seaborne coal trade suffers a setback and interrupts a trend that in the last 10 years had led to a 50% increase in volumes.

Steam coal volumes amounted to 910 million tons (-11% compared to 1,021 million in 2019).

Seaborne coking coal in 2020 totalled 247 million tons (-9% compared to 271 million in 2019).

COAL IMPORT | 2019

The latest Assocarboni data for 2020 also provide a detailed picture on the trend of the global coal import.

China, Pakistan and Vietnam are the countries that contributed the most to the growth in coal volumes during 2020. In the Mediterranean area, imports from Israel, Morocco and Turkey have increased.

China's total coal imports for 2020 reached a volume of 304 million tons, an increase of 1.5% compared to 299.67 million imported in 2019. The initial goal stated by the Chinese government was to maintain imports in a range between 277 and 299 million tons. Total Chinese coal production for 2020 reached a volume of 3.84 billion tons (+ 0.9% compared to 2019). Crude steel production for 2020 reached a record result at 1.05 billion tons, exceeding the 1 billion mark for the first time.

In 2020, **Vietnam's** coal imports continued to rise rapidly: the country imported 28% more coal on an annual basis, following a higher demand for energy domestically. In particular, total coal imports reached a volume of 55.8 million tons last year, compared to 43.7 million in 2019. This is a truly remarkable result, especially since the import volumes were nevertheless limited by the coronavirus pandemic and the extreme weather conditions in the country in October and November 2020. Vietnamese steel production also grew significantly, reaching 31.0 million tons in 2020, up 52% from 20.4 million in 2019.

A slight increase also affected **Turkey's** thermal coal imports, which in 2020 recorded an increase of 1%, reaching 19.8 million tons compared to 19.6 million in 2019. Coking imports coal instead showed a slight decrease, by -3%, reaching 5.5 million tons compared to 5.7 million in 2019.

Morocco also recorded a + 2% increase in thermal coal imports in 2020, reaching a volume of 10.3 million tons compared to 10.1 million in 2019.

An increase also affected **Israel's** thermal coal imports, which in 2020 stood at 8.2 million tons, up 3% compared to 8 million in 2019.

Finally, in **Chile** thermal coal imports in 2020 recorded a slight increase, reaching 10.1 million tons and marking a + 2% compared to 9.9 million tons in 2019.

COAL EXPORT | 2020

As far as concern **exports**, according to the last Assocarboni data for 2020, **Indonesia's** thermal coal exports in 2020 decreased by 13%, reaching a volume of about 400 million tons, due to restrictions caused by the coronavirus pandemic that impacted global demand and all major coal producing countries. India remained the top destination for Indonesian coal, and exports to China recorded a 102% year-on-year increase following bans on the import of Australian thermal coal into Chinese ports. Outside of these two key markets, all the other usual Indonesian coal importing countries (such as Vietnam, South Korea and Malaysia) recorded declines in 2020. For the next twenty years, the Ministry of Energy and Mineral Resources Indonesian has planned a 21% increase in coal production, for a volume of 678 million tons, but this additional tonnage will be used for its internal needs following the choice to support industry and power generation.

Australia's total coal exports fell 7% year-on-year in 2020, reaching a volume of 369.81 million tonnes, up from 396.43 million in 2019. In particular, thermal coal exports fell by 6%, reaching 198.74 million tons (212.48 million in 2019), mainly due to the Chinese ban on Australian imports in the fourth quarter of 2020. Metallurgical coal exports decreased by 7%, reaching to 171.08 million tons (183.96 million in 2019), with a decline that affected most of the main export destinations.

Russia's exports of thermal and metallurgical coal increased by about 1% on an annual basis, reaching a volume of 217 million tons, compared to 215 million in 2019. The higher volumes were as in previous years exported by sea, while around 24 million tons of coal were exported by rail, mainly destined for China and Europe. The production of Russian coal in 2020 decreased by 9% to 401.4 million tons.

The coal market in Italy

Particular attention deserves our country, **Italy**, which in 2020 reported a decrease in thermal coal imports, with a volume of 5.3 million tons (-29% compared to 7.5 million tons in 2019) and in imports of metallurgical coal and PCI, which reached a volume of 2.35 million tons, with a decrease of 22% compared to 3 million in 2019.

Coal phase-out should be progressive over time and closely connected to structural operations in the replacement production capacities and in the transmission, distribution and energy storage systems, in order to not compromise the competitiveness and safety of the Italian Electric System.

Moreover, in a world which will continue to produce electricity from coal, the mentioned Italian phase out by 2025 will bring modest benefits to the climate change reduction, as the **CO₂ emissions due to Italian coal-fired plants account for 0.04% of the global CO₂ emissions**.

The giants of mainland Asia, India and China, but also other Asian economies such as Japan, South Korea and Taiwan, have based their national energy plans on coal and continue to plan coal-fired expansions using the best technologies available today.

In Europe, a country like **Germany**, that has always used very high percentages of coal to cover its national energy needs, is preparing for coal phase out over a longer time than in Italy: in the next twenty years, only the older plants will gradually be closed, while the most efficient power plants will remain in operation and will be dismissed by 2038. However, this program will have a considerable cost, estimated in a 40 billion euros' compensation for the loss of about 20 thousand jobs and promote the conversion of the plants.

In conclusion, we believe that the Italian Electricity System should increase the share of renewables and we hope that the country will be able to correctly address the gradual procedures for the closure of the plants, as already done in other European countries.

ASSOCARBONI is a non-profit organisation founded in 1897, which represents national and international companies engaged in solid fuels. Its head office is in Rome and it has representative offices in London and Brussels.

On a national level, Assocarboni is member of Confindustria Energia, the Federation of Energy Industry Associations of Confindustria.

On an international level, Assocarboni is member of CIAB (Coal Industry Advisory Board) – a section of the International Energy Agency (IEA), which brings together more than 40 companies (both energy producing and electric generation companies) from 14 different countries - of WCA (World Coal Association) in London and of the “Working Party on Coal” of the UNECE Energy Committee in Geneva.

Contact: Assocarboni Press Office
 assocarboni@assocarboni.it

Rome, May 7th 2021