11th EC-EURACOAL COAL Dialogue

on the future role of coal in Europe and current challenges

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Dr Erich Schmitz

Chairman of the Market Committee EURACOAL and Managing Director

Verein der Kohlenimporteure e.V.

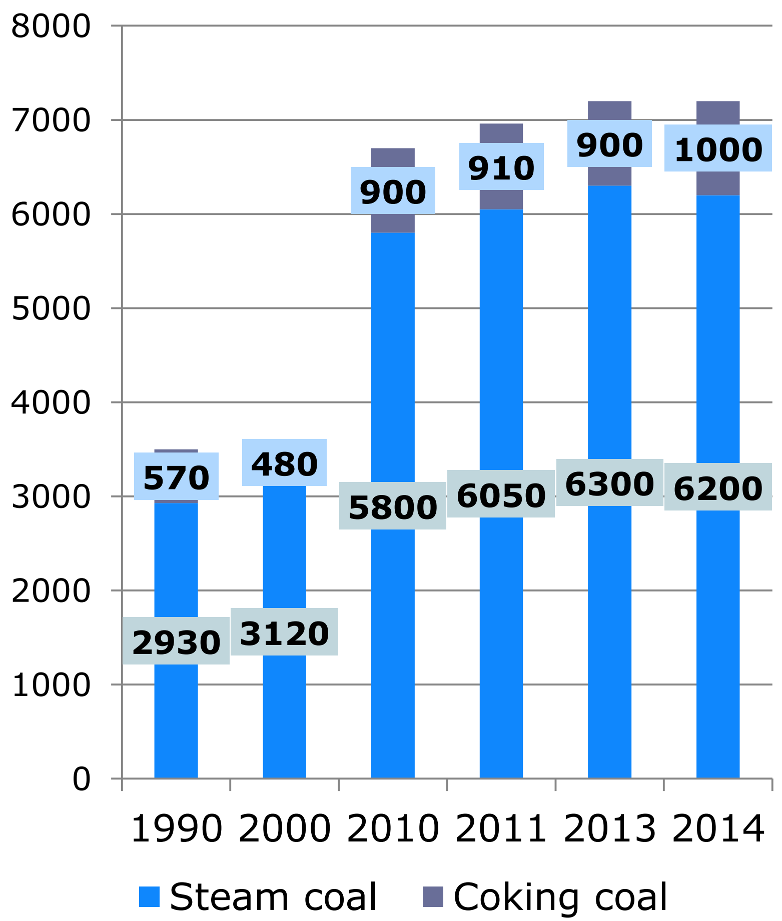
The current role of coal

Is coal the fuel of the last century?

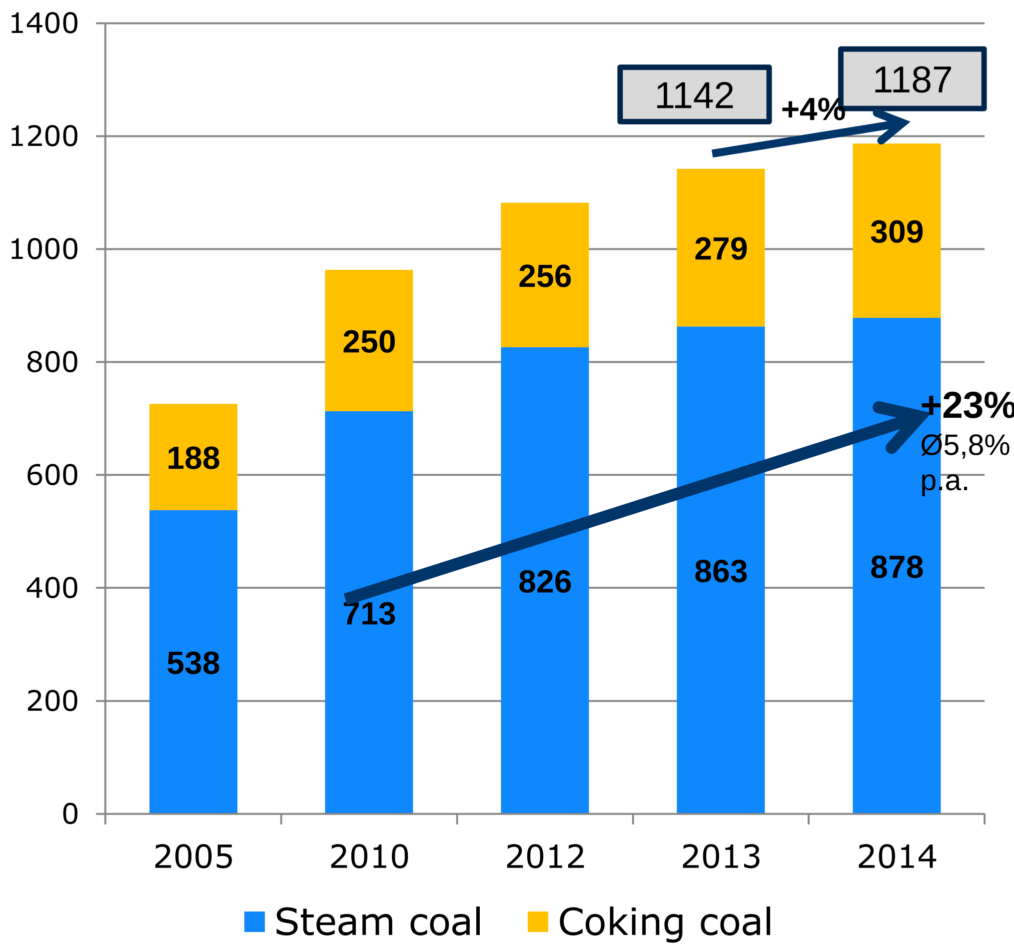
Looking to the development of the world coal market the answer is:

Not at all!

Global hard coal production



Global seaborne hard coal trade



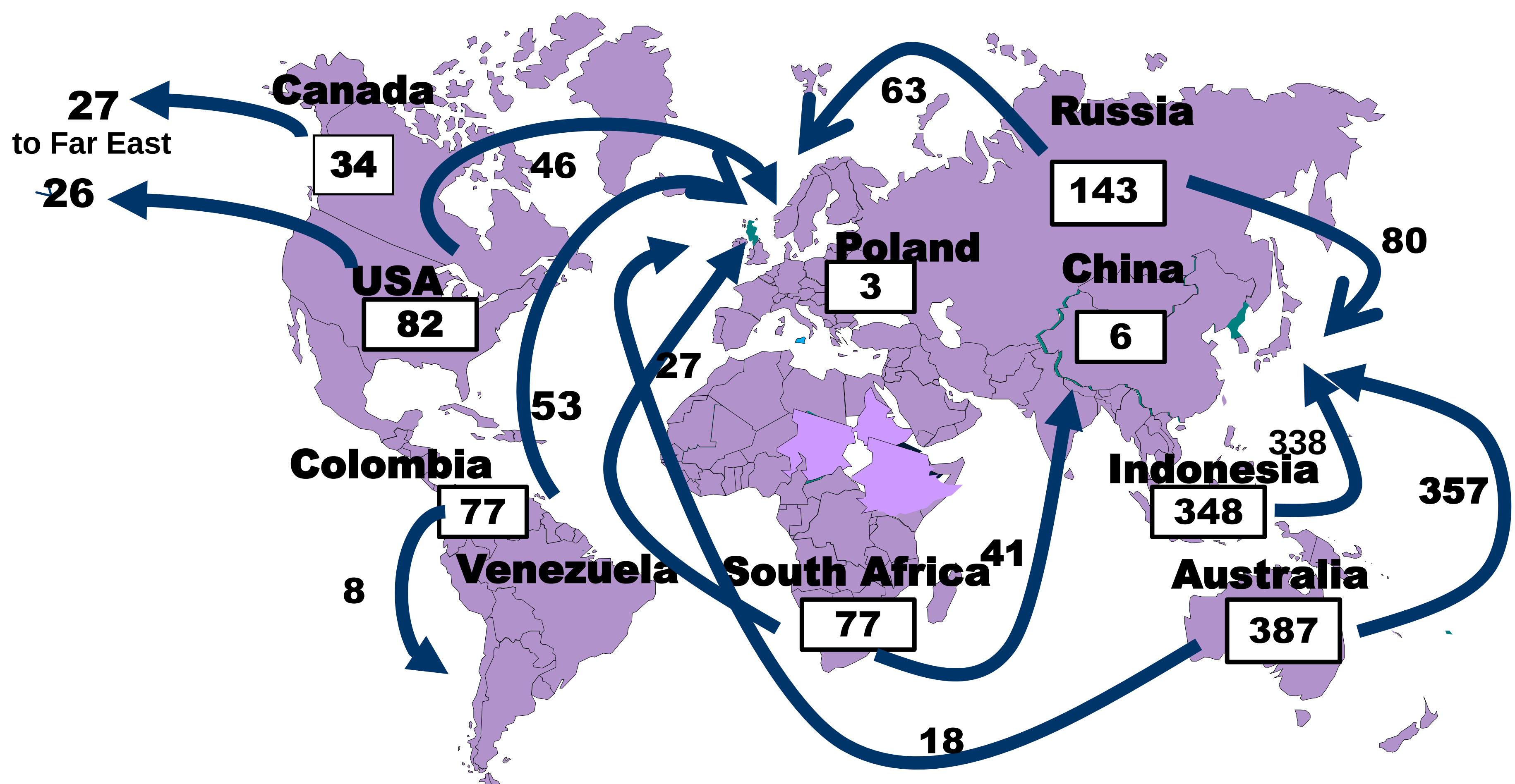
The current role of coal

Is coal the fuel only for Asia or developing countries?

Looking to the Atlantic and pacific market the answer is:

Not at all!

Main trade flows in seaborne hard coal trade 2014 in mn MT



Seaborne trade: 1,187 mn MT
Thereof: 878 mn MT steam coal
309 mn MT coking coal

Global hard coal production: 7.2 bn t

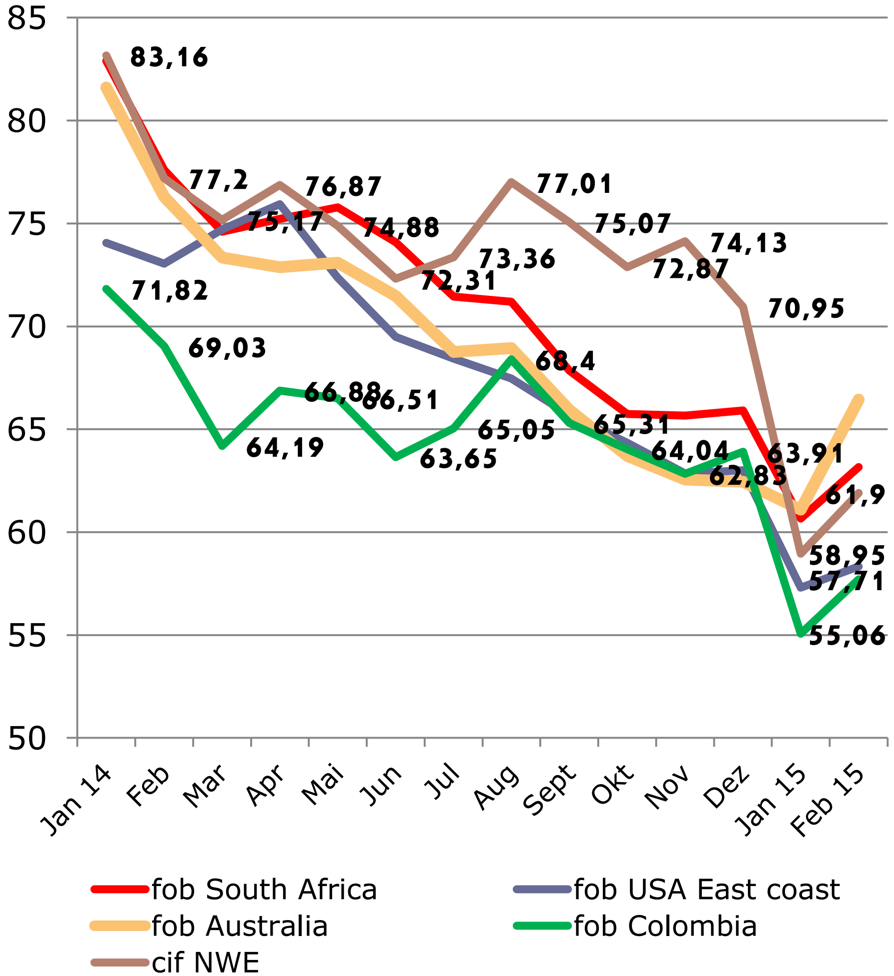
Source: VDKi, 2014, preliminary

The current role of coal

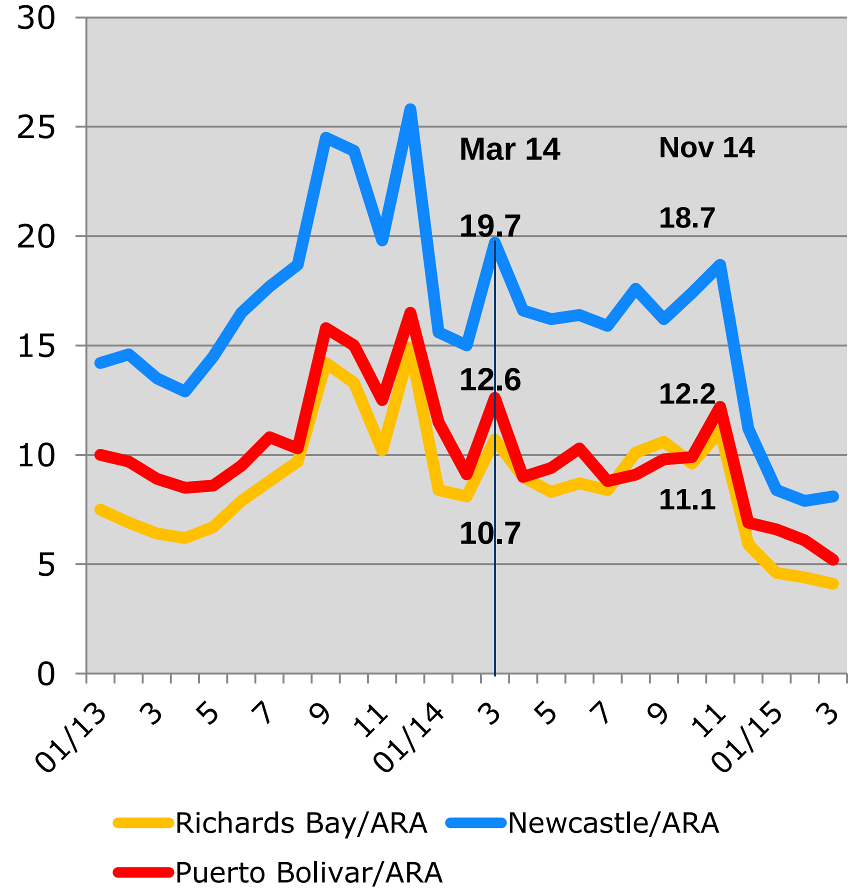
Is coal affordable compared to other primary energies?

In any case it is.

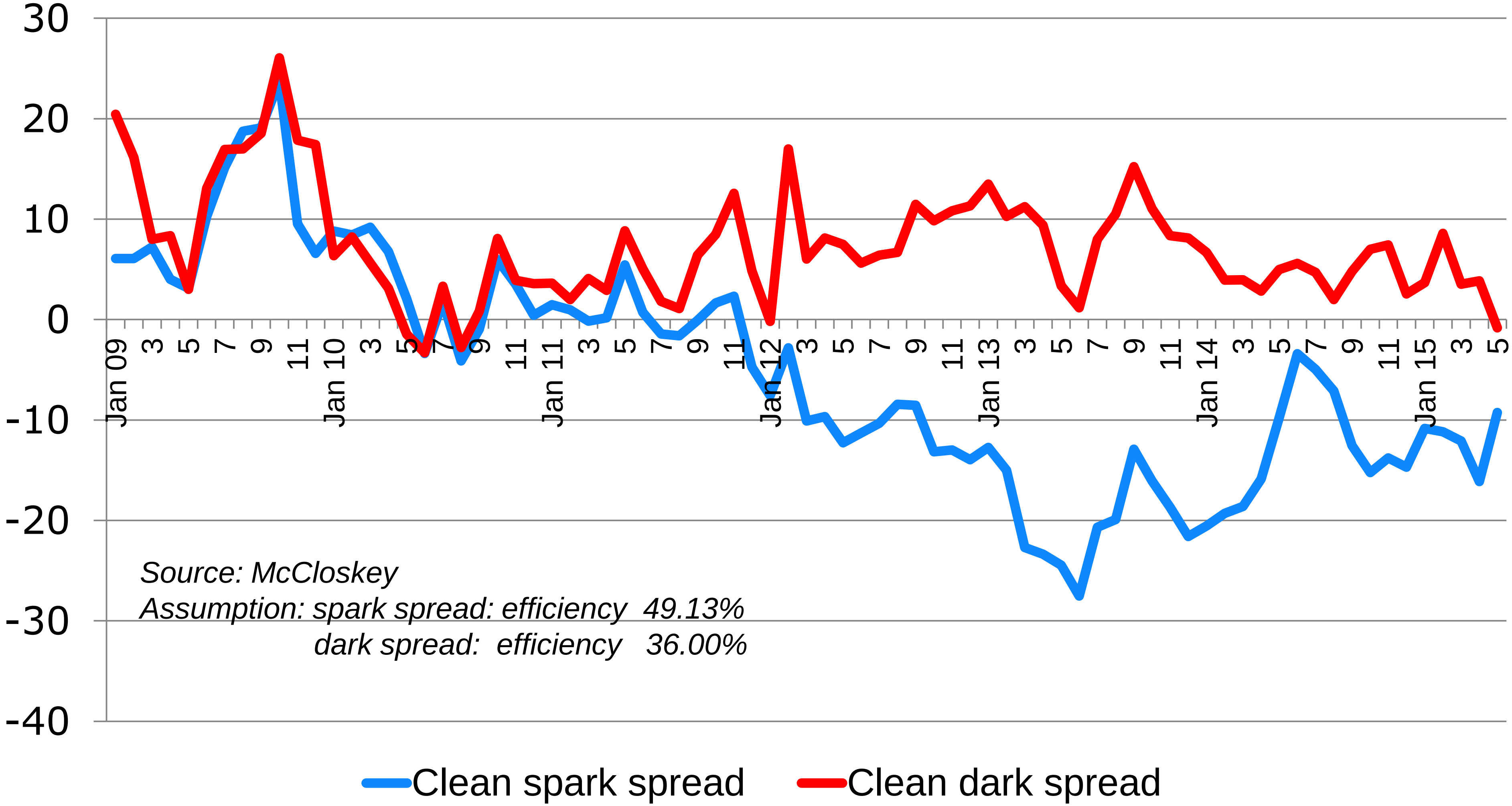
Steam coal prices for hard coal in USD/t



Sea freight rates (capesize) in US$/t

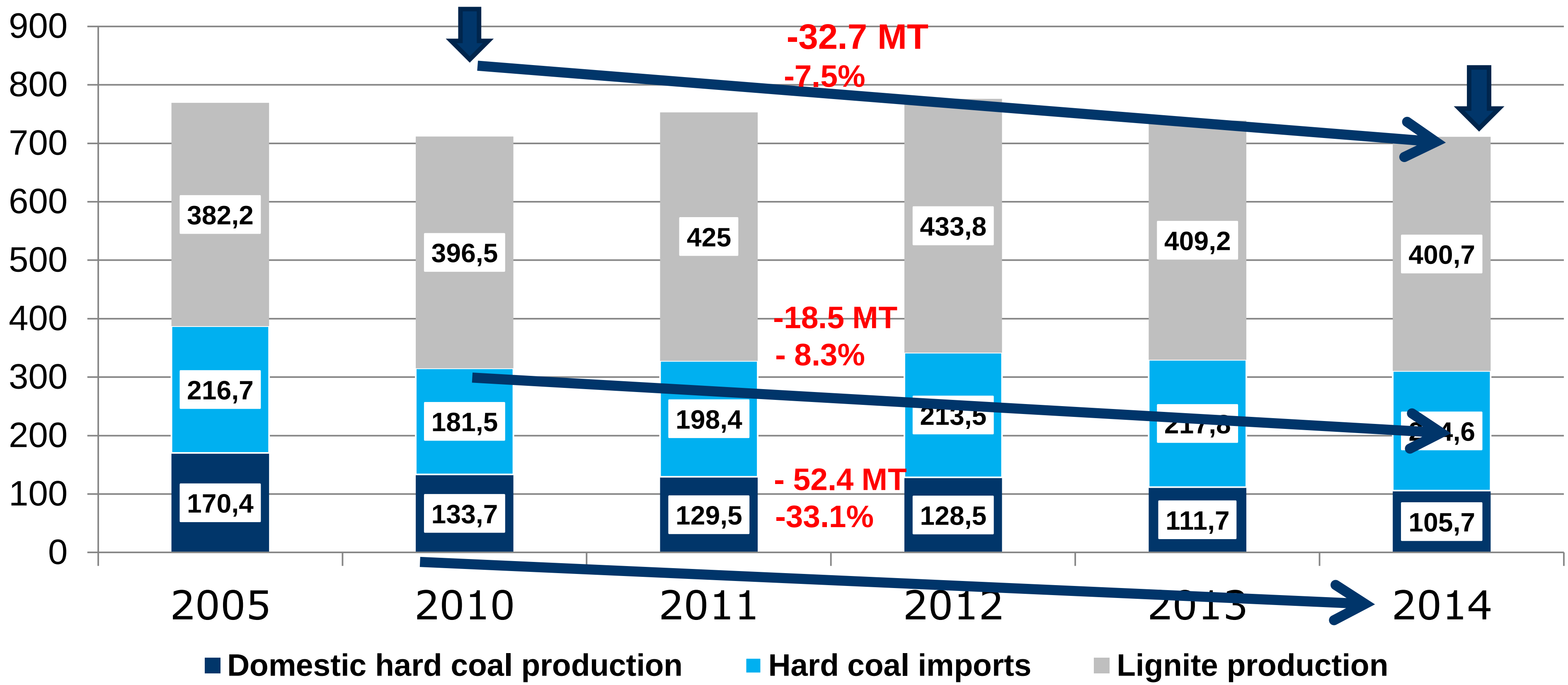


German Clean spark spread peak load vs. Clean dark spread peak load 2009 – 6.3.2015 are supporting coal (EUR/MWh)



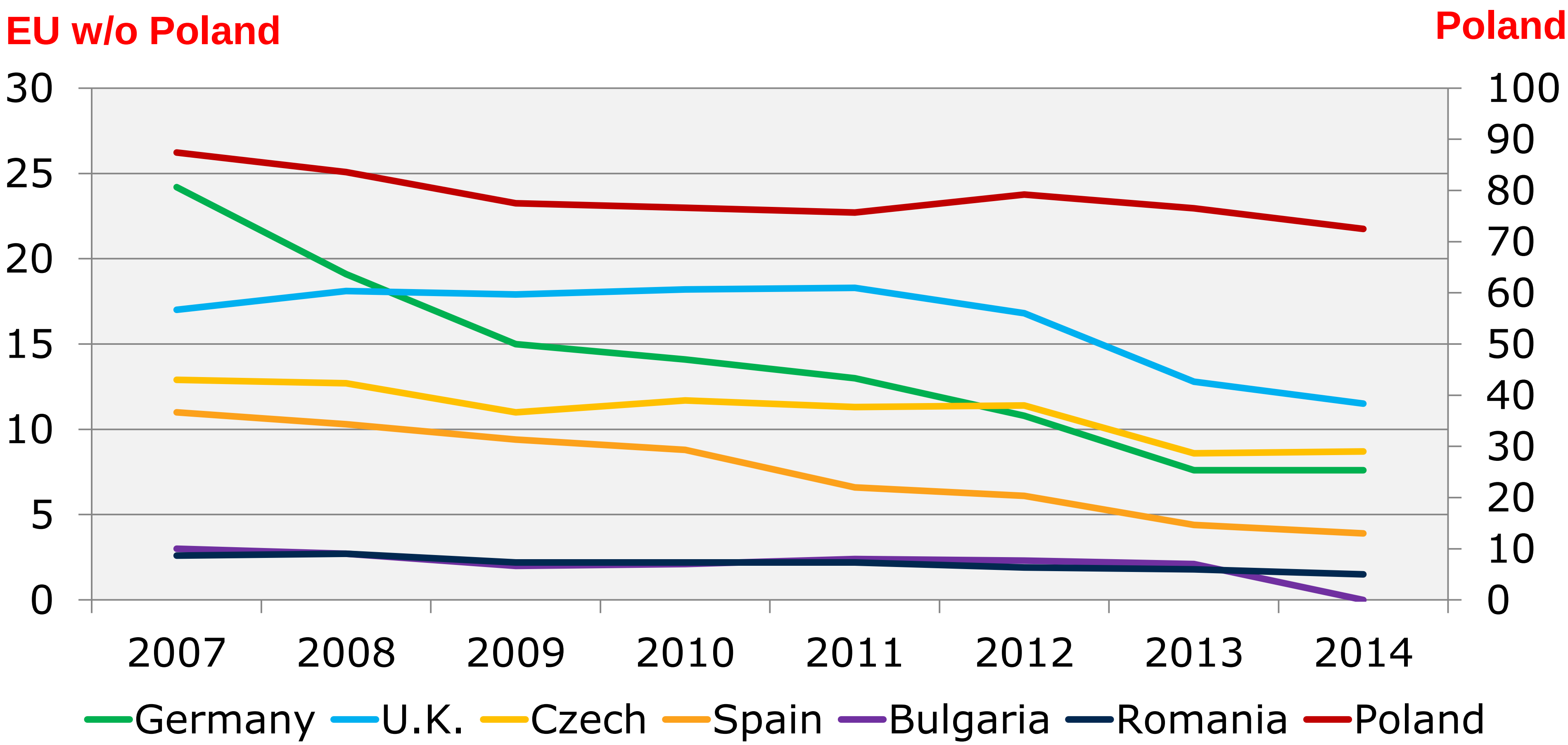
European coal market in mn MT

EU hard coal & lignite production and imports are decreasing continuously but often due to increased efficiency in power plants.

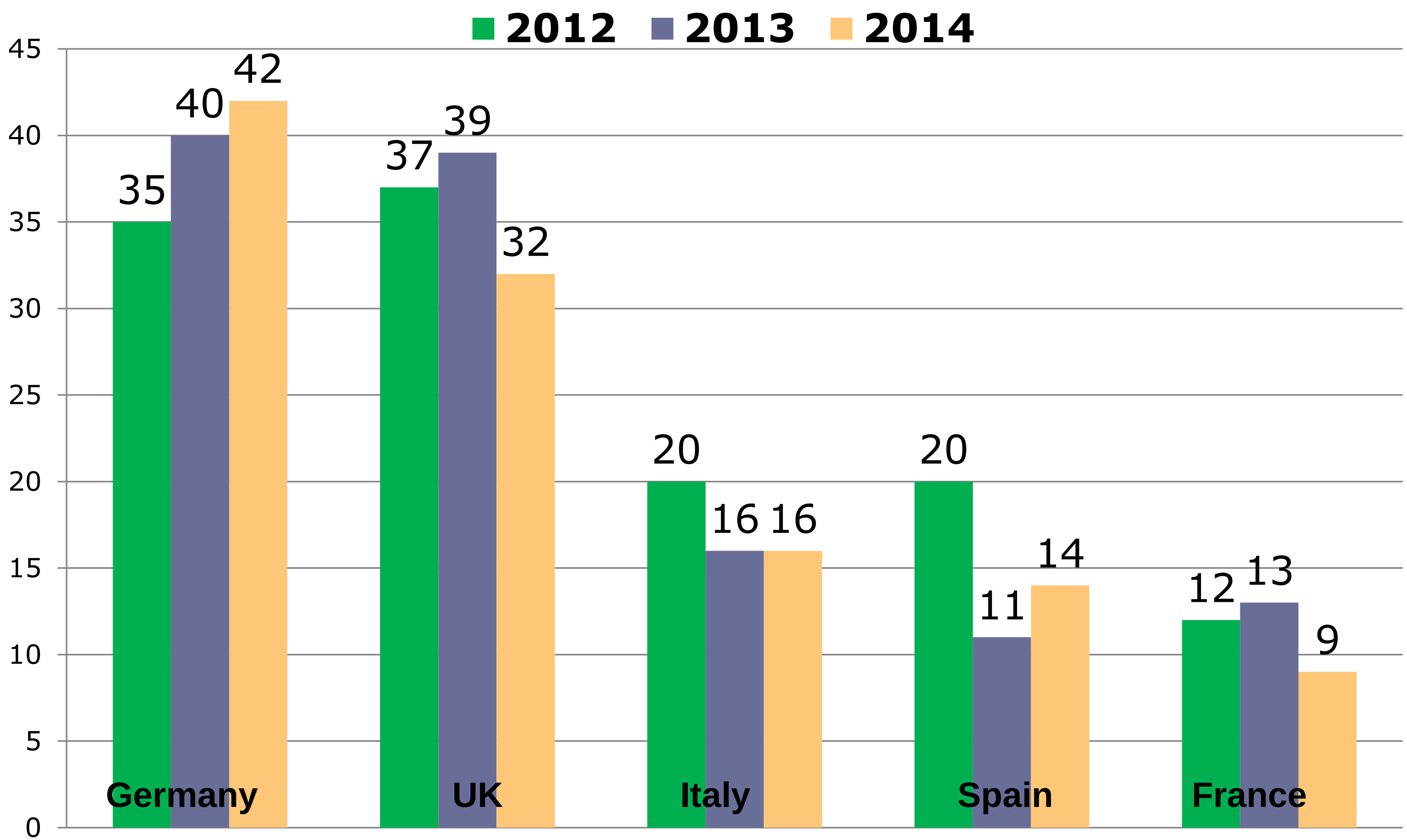


EU hard coal production in mn MT

Reduction in the last 2 years mainly due to phase out path of subsidized Hard Coal and increased efficiency in new coal fired power plants in Europe



The five largest steam coal importing countries of EU-28 / 2014 in mn t (figures provisional)



Source: McCloskey;: figures, VDKi: evaluation

New Challenges for coal

1. Energy transition in Germany and in other EU countries, Subsidisation of Renewables, Climate Concerns in Europe/Climate reduction targets in the EU and EU Energy and Climate package;
2. Increasing coal critical and aggressive reporting in media and politics; we do not accept defaming coal and mining industry!
3. It seems that some NGO`s find a new enemy after they made the nuclear industry to an discontinued model;

What is the answer of the coal industry to this and other challenges and what is our message for the future?

New Challenges for coal

The thread of consistency in all of these measures is the primacy of politics itself.

We accept the primacy of politics but we also like to draw the attention to possible shortcomings and identified mistakes and provide our expertise.

The Europeanisation of energy policy is objectively and politically the right way. The European Energy Strategy has a broader, Europe-wide view than the views of the member states or - even more worse - by several German states (Bundesländer). The EU can better counteract an irrelevant "re-nationalization" or "re-regionalization" of energy policy and can better contribute to solve problems objectively.

But at the end compromises are needed where the different interest of all involved parties are well balanced and fairly but not unilateral decided.

New Challenges for coal – what are our answers?

1. Coal sticks to the market principles, bringing diversity and competition in the energy market.
   Most of the coal in Europe – be it hard coal or lignite, be it idigeneous or imported – is the most competitive source of electricity in Europe, not dependent on few suppliers from political unstable regions.

2. The EU should use this benefits more in ist strategy for Energy Security in Europe or Energy Union as a kind of low-cost insurance policy for Europe.

3. Coal is not a competitor or enemy of renewables. The opposit is the case: coal is friend and partner of renewables (RES): With no large-scale, long-term electrical energy storage technologies, the transition to renewable energy sources – mainly wind and solar – will require flexible backup from conventional sources.

The future role of coal

But why unilaterally preferring gas when the security of gas supply is a risk due to dependencies of only a fewe suppliers in Europe?

Why moving away from fossil fuels if the target is to reduce greenhouse gases? Wirth ETS we have an economic means to reduce CO_2. And with CCS and CCU we would have new possibilities to reduce and use CO_2.

4. It‘s a long path to reach a „decarbonised industry“ in Europe. For a long time, coal will be needed. Coal can and will support the transformation of the energy sector and can do this best if allowed to invest in ways that boost efficiency and flexibility.

5. No one is talking about expanding coals use in Europe. What we need is use the coal that we have available as wisely as possible so that the transformation is achieved with less economic and security risks.

6. Coal will contribute to low carbon technologies with innovation and research.

But for all this we need a stable, reliable and predictable legal energy framework. Coal deserve to be treated honest and fair.

Thank you

www.info@kohlenimporteure

erich.schmitz@kohlenimporteure