

Coal Market Outlook for 2025

- Pay attention to future moves of major coal-producing countries (China, India, Australia, and Indonesia) -
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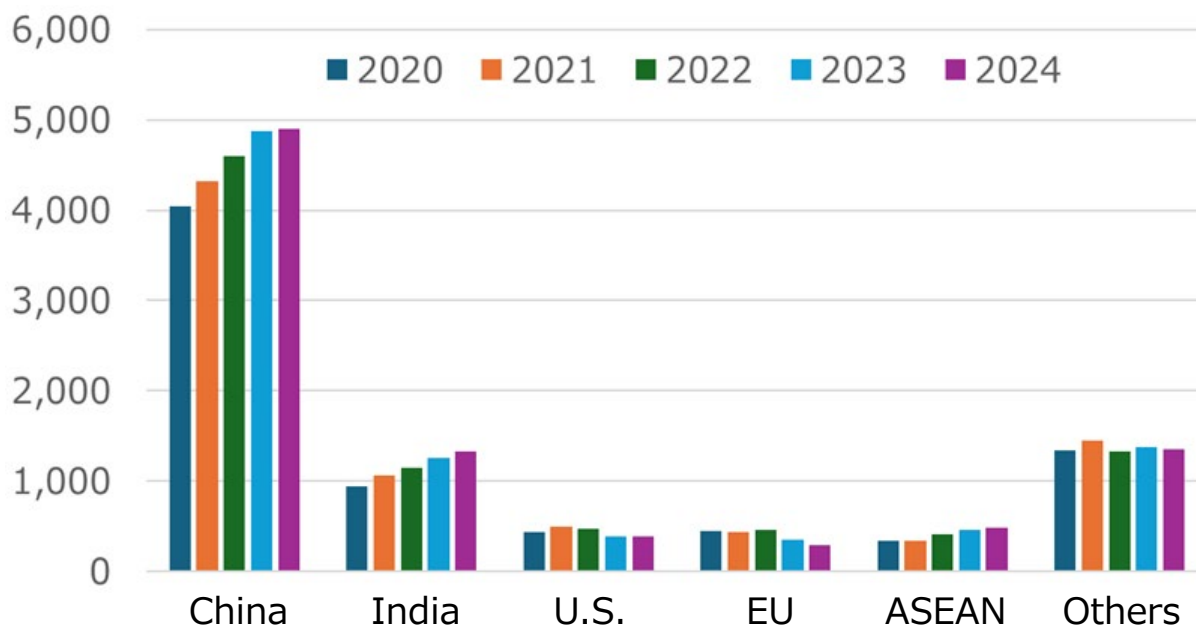
Key points of this report

- ✓ **Global coal demand is expected to increase in 2025, with growth driven by China and India.** Both countries have been increasing domestic production to meet rising demand and covering shortfalls with imported coal. **We forecast that domestic coal production will gradually catch up in 2025 and that the volume of thermal coal imports will slow down and begin to decline.** Global thermal coal imports are likely to slightly decrease from the previous year to 1.15 million tons, **→indicating that they would be close to peaking.** On the other hand, metallurgical coal imports are likely to slightly increase from the previous year to 3.3 million tons, continuing an upward trend.
- ✓ Given the above, **the annual average Australian thermal coal export price in 2025 is expected to fall to around \$130. We also expect the annual average Australian metallurgical coal export prices to fall to around \$210** due to the impact of the global steel production cutback. However, **even these levels are higher than before Russia's invasion of Ukraine.**
- ✓ **There is also a significant impact on future coal supply by policy changes in the governments of exporting countries.** Under these environments, **the outcome of the Australian federal election to be held 2025 would be closely watched.**
- ✓ **Energy security has become controversial in emerging ASEAN countries, leading to the reassessment of coal-fired power generation, including CCT.*** We would like to grasp the relevant impact on the future coal supply-demand balance.

**CCT: Clean Coal Technology*

China and India have a great influence on the global coal market

Global coal demand trends (million tons)



Sources: Estimated by IEEJ based on IEA Coal Information 2024, Coal Mid-Year Update - July 2024, etc.

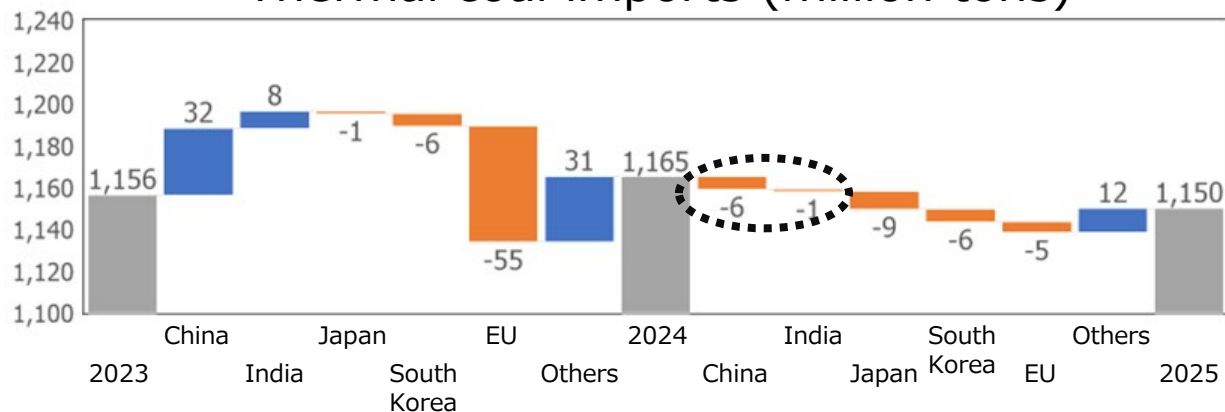
2025 Demand is forecast to increase slightly from 2024

【Overview of the 2024 coal market】

- ✓ Demand: Over 8.7 billion tons (up slightly from the previous year)
- Country-wise shares: 56% for China, 15% for India
 - ➡ The two countries, though expanding domestic production, still face shortages to be covered by imports.
 - ➡ They will increase domestic production further in 2025.
- The ratio of thermal coal to metallurgical coal: 90:10
- ✓ Coal imports: Limited to a little more than 1.4 billion tons, covering only 16% of demand
 - ➡ Local production for local consumption in principle
 - ➡ Import shares: 33% for China, 17% for India
 - ➡ Indonesia is the world's largest coal exporter
 - ➡ Australia is the world's largest coal import source for Japan

Thermal coal trade close to peaking?

Thermal coal imports (million tons)



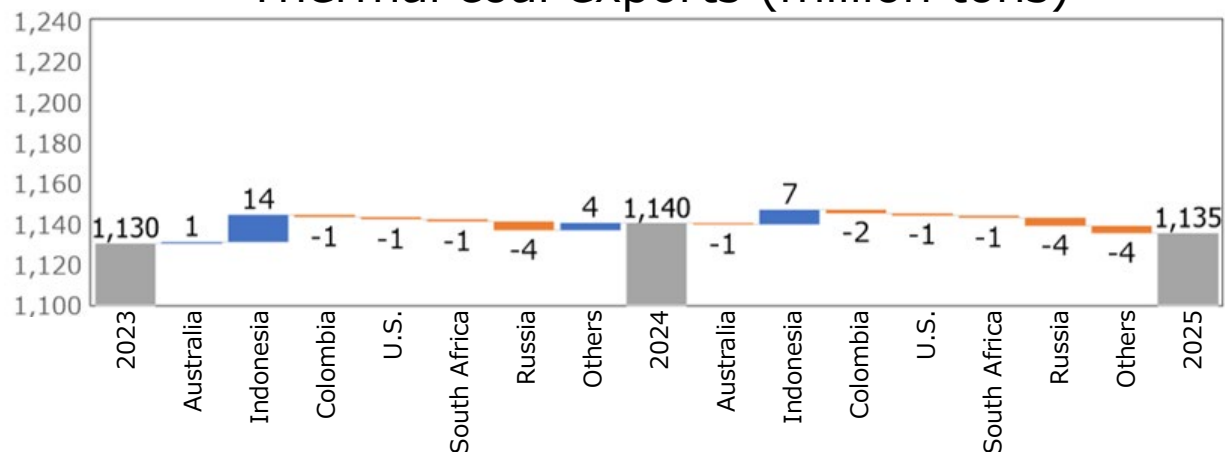
✓ 2025 import outlook

China and India: While increasing demand, is reducing imports by expanding domestic production

Japan/S. Korea/EU:
Continuing to reduce demand

Others: ASEAN leading import growth

Thermal coal exports (million tons)



✓ 2025 export outlook

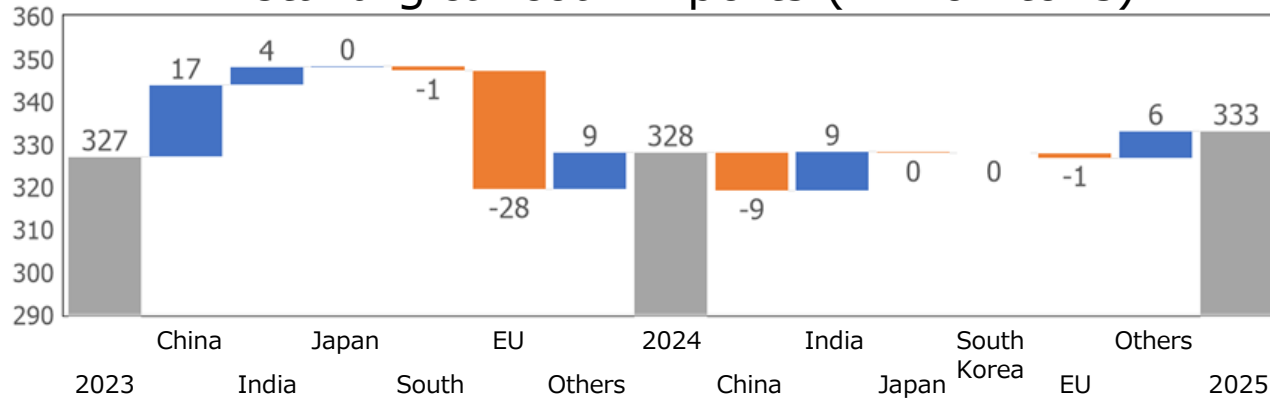
Indonesia: While sustaining export growth, is seeing growth deceleration due to drops in imports by China and India

“Thermal coal trade may be close to peaking”

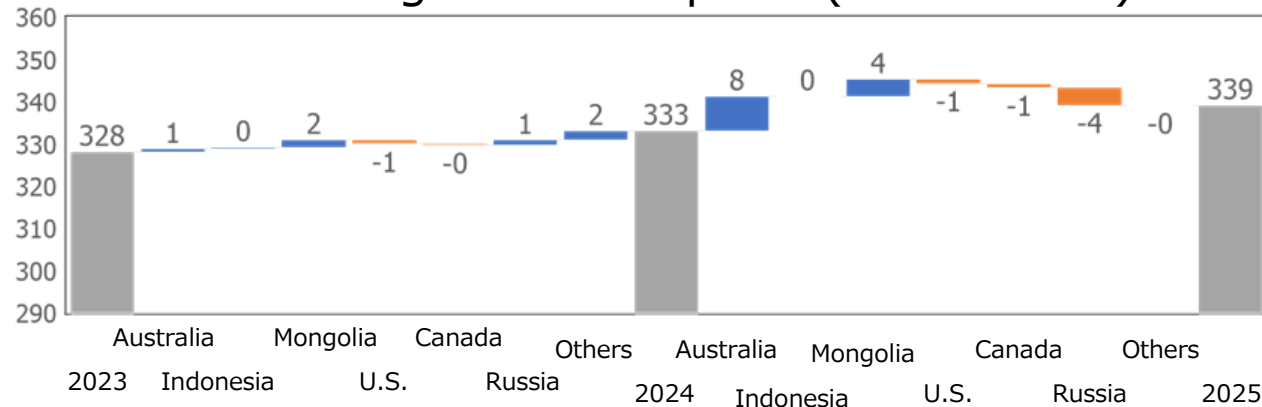
Sources: Estimated by IEEJ based on IEA Coal Information 2024, DISR, National customs clearance data, etc.

Metallurgical coal trade trends indicate India-supported market

Metallurgical coal imports (million tons)



Metallurgical coal exports (million tons)



✓ 2025 import outlook

China: Decline in crude steel production amid economic deceleration ➡ Decline in imports

India: Rise in crude steel production amid economic growth ➡ Rise in imported coal due to limited domestic resources

✓ 2025 export outlook

Australia: Increasing supply mainly to India

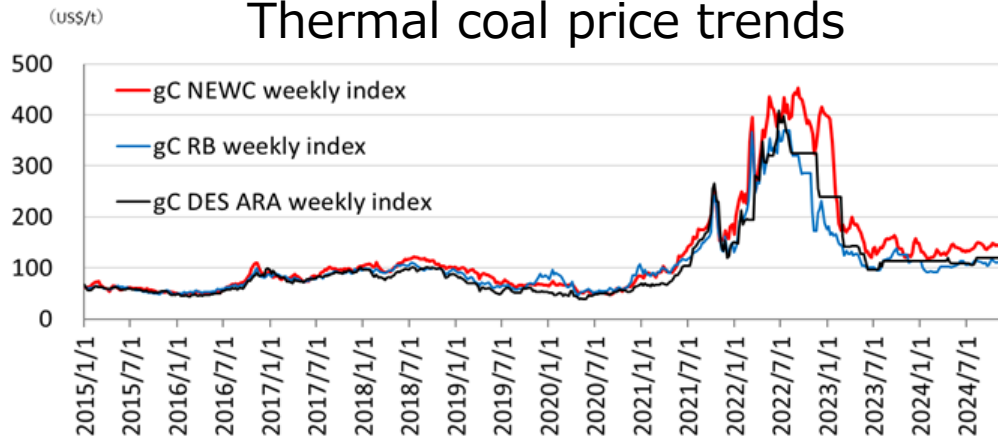
Mongolia: Increasing supply to China ➡ Replacing Russia as an exporter to China

“Pay attention to the impact of the incoming Trump administration’s increased tariffs on steel product trade”

Sources: Estimated by IEEJ based on IEA Coal Information 2024, DISR, national customs clearance data

Price trends: Prices are still high and likely to weaken

Thermal coal price trends

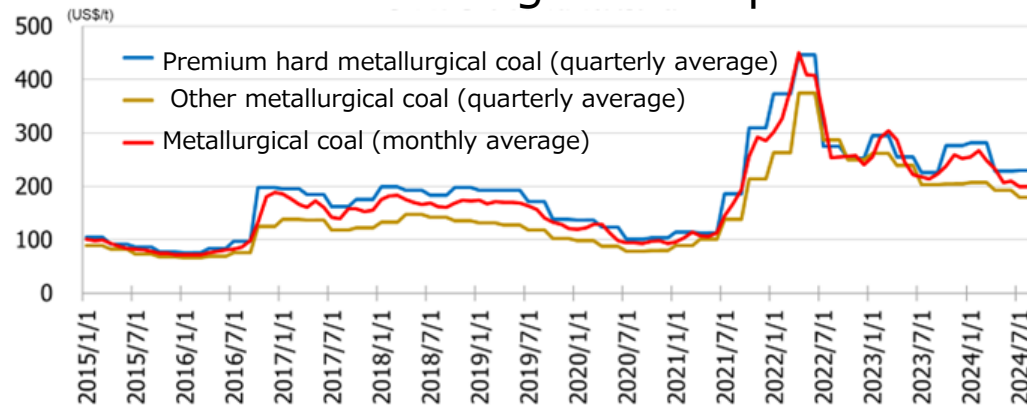


FOB price for Australian thermal coal exports
(average)

2023 (result*)	\$173/t
2024 (estimated*)	\$140/t
2025 (forecast) about	\$130/t

As China and India increase domestic production in adapt to demand growth, their demand for imported coal will stagnate.
➡ Weakening market prices

Australian metallurgical coal price trends



FOB price for Australian metallurgical coal
exports (average)

2023 (result*)	\$292/t
2024 (estimated*)	\$242/t
2025 (forecast) about	\$210/t

As demand decreases in China, the largest metallurgical coal importer in the world, while increasing in India and emerging countries, global demand for metallurgical coal will decline ➡ weakening market prices

*:Data released by Resources and Energy Quarterly |
DISR/Department of Industry, Science and Resources were
denominated in U.S. dollars ➡ Data for 2025 are forecast by IEEJ

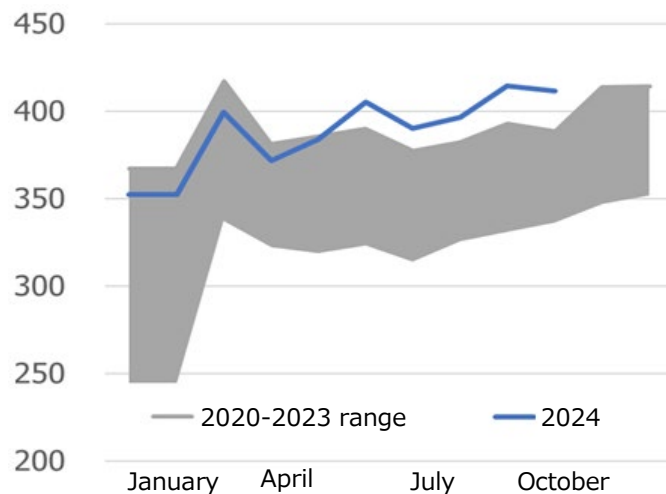
Sources:

Thermal coal/: globalCOAL (a division of Global Commodities Holdings Limited)

Metallurgical coal/: Department of Industry, Science, Energy and Resources (DISER), Quarterly – September 2024"

China: Thermal coal demand is increasing while imports are peaking

Raw coal production (million tons)



✓ 2024

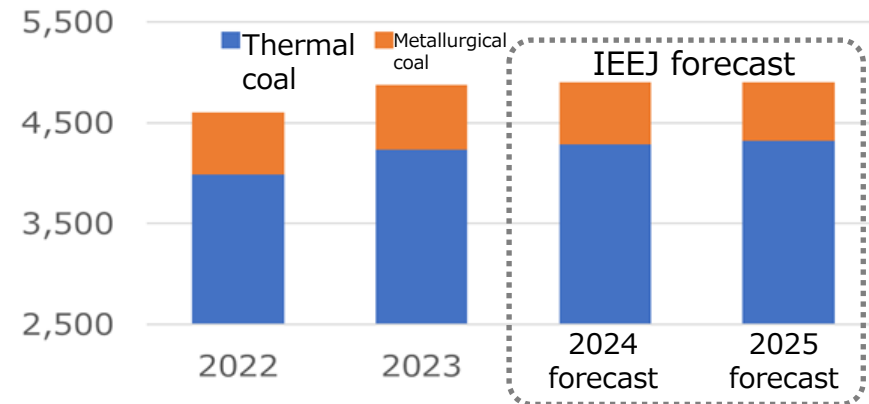
Stagnant raw coal production amid high coal demand ➡ Shortages covered by imports

✓ 2025

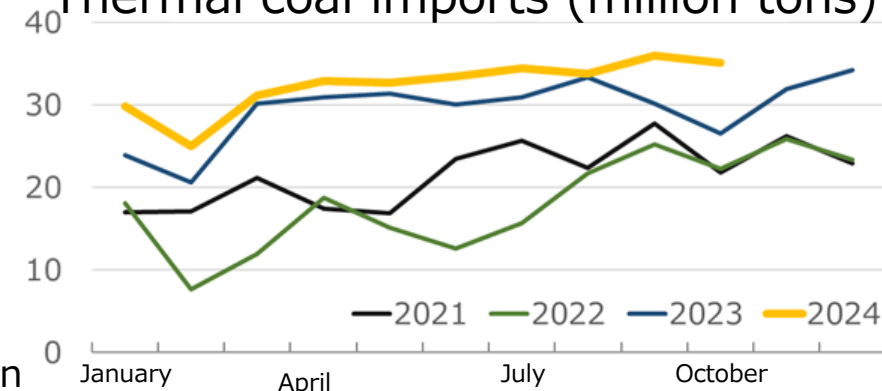
Thermal coal remaining high ➡ Domestic production continuing growth ➡ Decreasing thermal coal imports

Decreasing steel production ➡ Decreasing metallurgical coal demand ➡ Decreasing metallurgical coal imports

Coal demand (million tons)



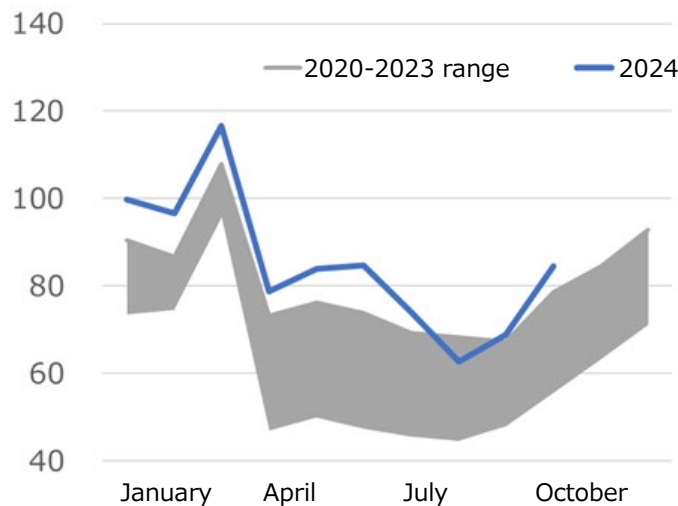
Thermal coal imports (million tons)



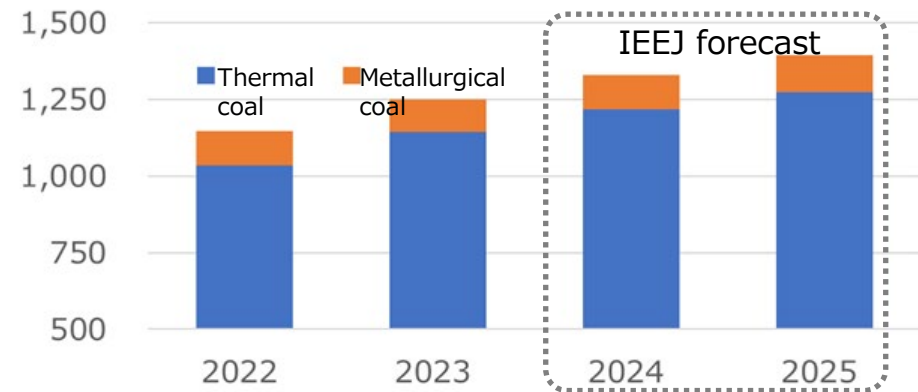
Source: National Bureau of Statistics monthly statistics

India: Can domestic coal production growth respond to thermal coal demand growth?

Raw coal production (million tons)



Coal demand (million tons)



✓ 2024

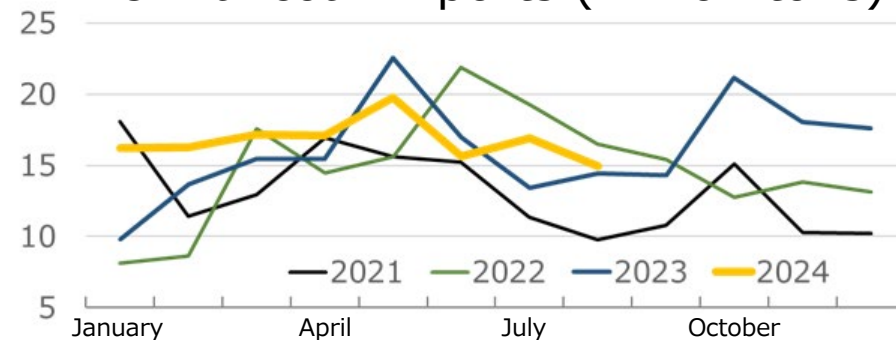
High coal demand ➡ Increasing domestic coal production ➡ Still short supply ➡ Shortages covered by imports

✓ 2025

Domestic coal production increasing to expand supply ➡ Decreasing shortages ➡ Decreasing thermal coal imports

Steel production continuing growth ➡ Short domestic metallurgical coal resources ➡ Increasing metallurgical coal imports

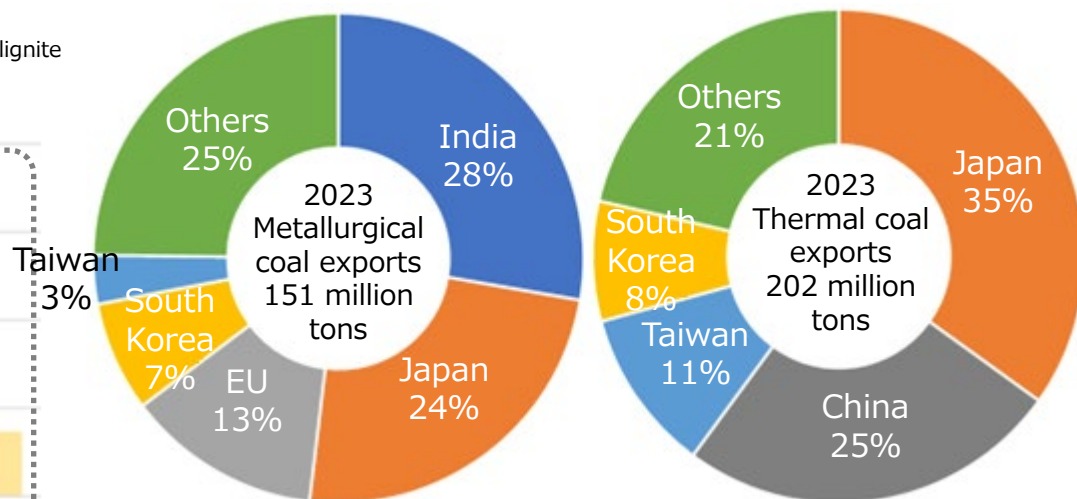
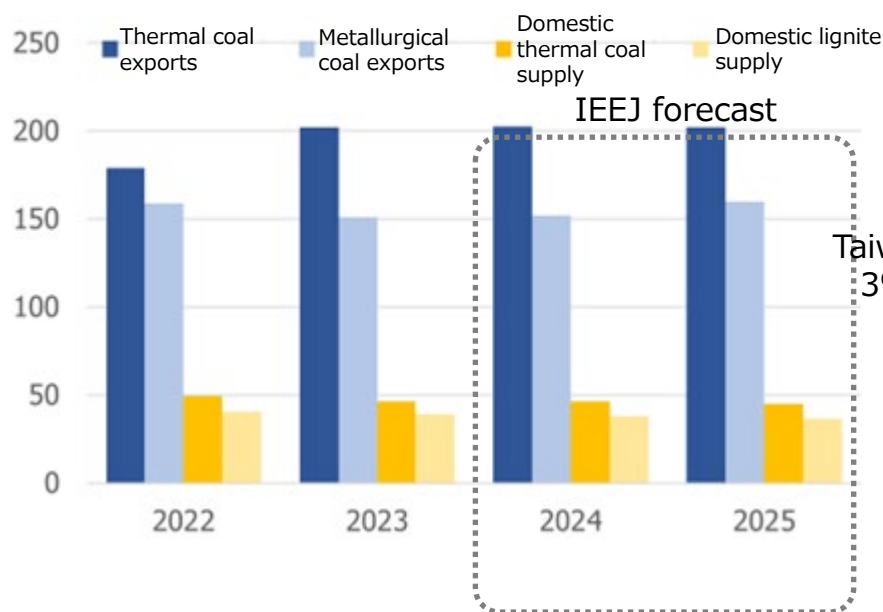
Thermal coal imports (million tons)



Sources: Ministry of Coal-Monthly Statistics Report, TEX Report

Australia: Policy affecting future supply capacity

Supply by destination (million tons)

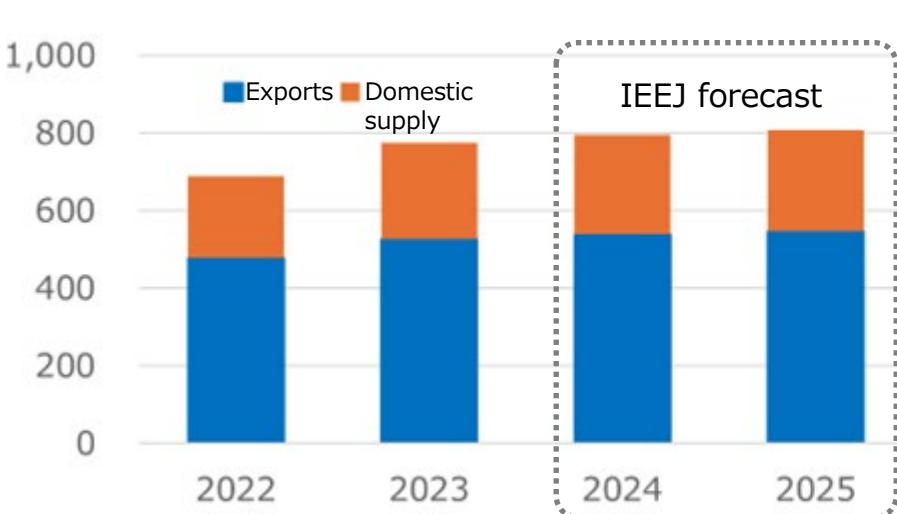


Sources: IEA Coal Information 2024 (IEA), DISR-Quarterly – September 2024, TEX Report, etc.

- ✓ Exports volume for some 80% of production. Environmental policy has been enhanced to promote an exit from coal-fired power generation ➡ Raising concern on short power supply in Australia
- ✓ The predictability of mining projects has declined. Coal asset divestment is making progress. ➡ Coal asset purchaser include not only Global Mining houses, Australian companies but also businesses from emerging Asian countries. ➡ Pay attention to the viewpoint of long-term coalmine management. (Steelmakers are acquiring interests in coalmines to secure resources in the future).
- ✓ There is concern about supply shortages if the mines whose mining lease is up for renewal in the mid-2030s or later do not maintain operations or develop new mines.
- ✓ Whether the current environment-friendly Labor Party Government will remain in power after the federal election (in May?) is a key point. ➡ Pay attention to policy changes through the election.

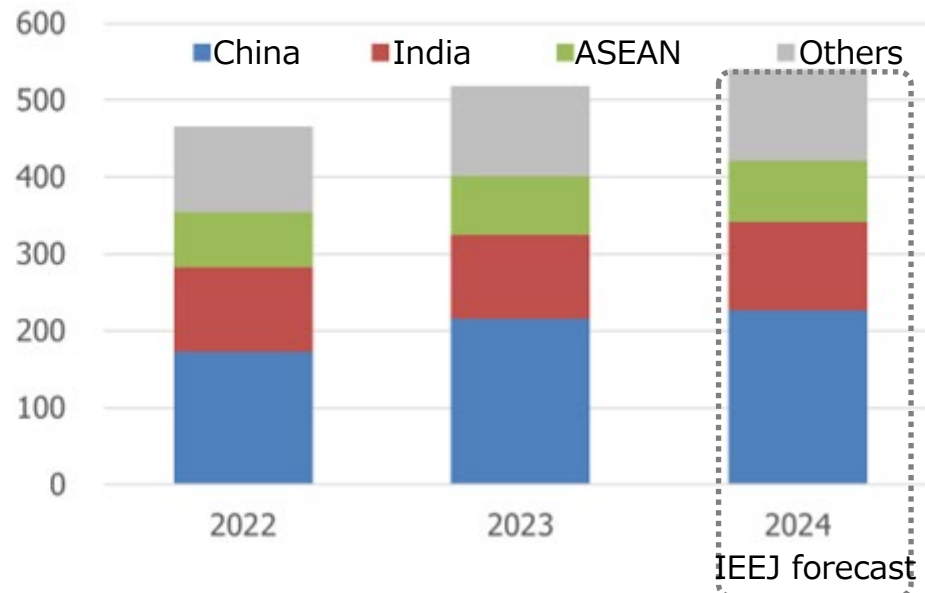
Indonesia: Pay attention to policies under a new president

Supply by destination (million tons)



Source: BPS – Statistics Indonesia

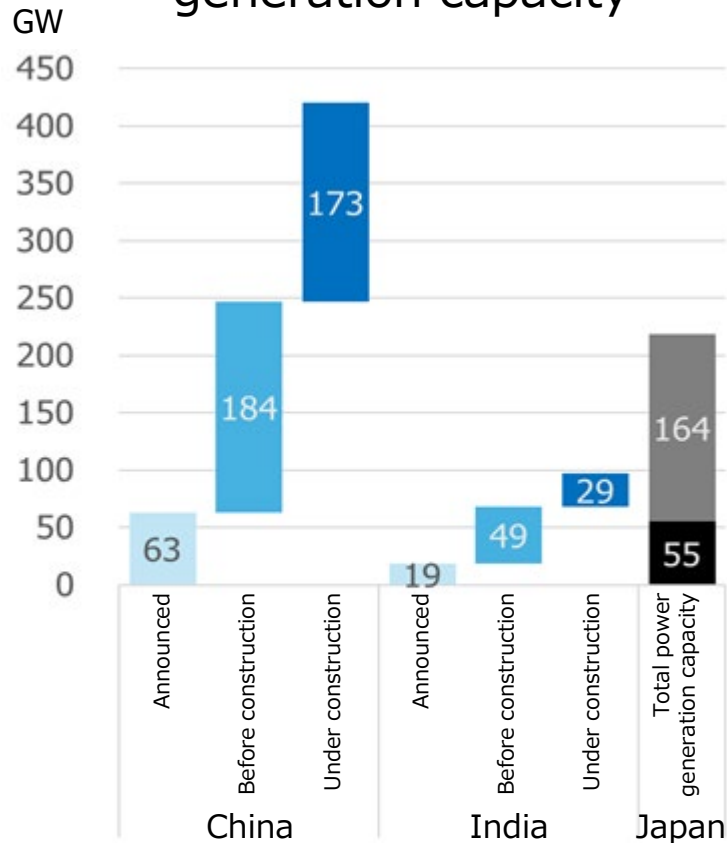
Exports by destination (million tons)



- ✓ Indonesia gives basic priority to domestic supply under the domestic market obligation (DMO). Some 70% of present production is exported (China's share is 42%, India's 21%, and ASEAN's 15% of Indonesian coal exports). Domestic supply is used not only for power generation but also for growing nickel refining and other purposes.
- ✓ In 2025, production growth will decelerate due to an export slowdown. ➡ Production will be affected by a decline in exports to China.
- ✓ Pay attention to new President Prabowo Subianto's energy, industrial, and environmental policies. ➡ At the G20 summit, the president declared a goal of achieving carbon neutrality by 2050, 10 years ahead of the original schedule. The president intends to substantially bring forward the exit from coal-fired power generation currently scheduled for 2050.

Coal-fired power plants are still being constructed in Asian countries

China and India increasing coal-fired power generation capacity



Source: Global Energy Monitor (compiled September 2024)

Construction in ASEAN

MW	Announced	Before construction	Under construction	Total
Indonesia*	3,600	1,640	9,815	15,055
Cambodia	0	0	265	265
Thailand*	0	600	0	600
Philippines	0	1,959	585	2,544
Vietnam*	0	2,650	4,043	6,693
Laos	600	4,150	660	5,410
ASEAN total	4,200	10,999	15,368	30,567

*:BRICS partners (+Malaysia)

- ✓ China and India are constructing all power sources (including coal).
- ➡ The two account for 86% of the world's new coal-fired power generation capacity.
- ✓ ASEAN has begun to reassess coal-fired power generation to respond to SDGs and secure stable energy supply (AEBF**-24).
- ➡ ASEAN sees coal-fired power generation as transitional, maintaining its Net Zero Emissions goal.
- ➡ Mobilizing clean coal and efficiency improvement technologies.
- ➡ Japan's role (supporting various options – AZEC)
- ➡ Gaps exist between BRICS* and G7 climate change measures.

** : ASEAN Energy Business Forum, 2024