Despite the fact that the world’s attention is focused on the oil and gas market, one of the most important things on which mankind’s energy security depends is coal.

The media doesn’t favor coal much at the moment. It is considered one of the “dirtiest” fuels, emitting the greatest amount of harmful substances into the atmosphere when used. The enthusiasts of the “green” ideology, whose voice prevails in the Western press, argue that the use of coal should be reduced in every possible way until the complete elimination of this type of fuel from circulation.

A number of rich countries in Europe have long been reducing the use of coal in their energy industry, replacing it with more environmentally friendly natural gas and renewable energy sources (wind, water, solar, biofuels, etc.). As for the latter, in 2019, for example, the UK generated more electricity from renewable energy sources, including conventional hydroelectric power, than from fossil-fuel-fired plants for the first time in the country’s history. By mid-2020, there were already three “coal-free” countries in the European Union: Austria, Belgium and Sweden. A number of other European states have also said that they may give up coal in the coming decades. For example, by 2025, the United Kingdom, Ireland, Italy, Portugal, Slovakia, and France plan to become “coal-free”.

With all these advances, many people have the impression that the global coal industry is just about reaching its last
years, and coal-exporting nations should prepare for a big drop in their revenues from the industry.

One of the world’s largest coal exporters is Russia.

It should be noted that Europe, struggling against the use of coal, is still the largest market for Russian coal industry. In 2020, Russian coal companies exported 45 million tons of coal to Europe, which is more than 20% of the total expected volume of Russian coal shipments for 2020 (which, while not yet calculated, is expected to be about 210 million tons).

However, the efforts of European countries to phase out coal have indeed slightly reduced Russian revenues from coal exports to Europe. Thus, from January to September 2020, European purchases of coal from Russia decreased by about 5.5% compared to the same period in 2019. After that they began to grow again, but this is attributed to the unusually cold winter of 2020-2021 in Europe.

At first glance, it would seem that Russian coal exports are now expected to decline steadily due to the declining popularity of coal in various countries.

However, there are some factors that make such a conclusion hasty.

First, despite the efforts of Europe, which can be called the flagship of global decarbonization, numerous coal-fired power plants continue to operate on its territory, supplying a large part of Europe’s electricity needs, and they will continue for many years to come. And if such rich countries as Sweden or Austria can afford to give up cheap fuel, many Eastern European countries are not even considering it yet. Coal is still one of the cheapest, most easily mined, transportable, and longest stored energy carriers, and coal-fired combined heat and power plants (CHP plants) are cheaper to build and operate. Therefore, it is not yet possible to completely abandon coal for economic reasons, and most of the electricity generated on the planet is still generated by coal-fired CHP plants, and will be so for decades to come.

Second, there is an opinion that the decline in European coal purchases from Russia, which occurred in the first three quarters of 2020 is not only due to decarbonization, but also to the suspension of work of many enterprises due to the coronavirus pandemic. The same small but noticeable decline occurred in 2020 in the supply of Russian coal to India, which never considered giving up coal, but also stopped many of its plants due to the epidemic.

Third, against the backdrop of a decline in Russian coal supplies to Europe, there was an increase in coal exports from Russia to the Asia-Pacific region. Such industrial giants as China, Japan, and South Korea, as well as the stubbornly industrializing countries of Southeast Asia, are not yet going to give up on coal, but rather are inclined to increase coal imports.

Finally, it should be mentioned that alternative energy, which is now so popular in the West, is still too unreliable to provide electricity to countries with strong industries. It is hard to imagine that the richest countries in the West would be willing to jeopardize their high standard of living. Maybe Europe’s success in developing new energy sources can have something to do with a good old-fashioned, long-known Western way of protecting its environment: moving dirty and energy-intensive production to other countries. To Asia, for example. In this case, the less coal Russia will sell to the West, the more it will sell to the East, and then it will not be about reducing exports, but about redirecting them.

Another opportunity for global coal exporters that is not often discussed in the media is the Chinese “One Belt, One Road” (OBOR) Initiative, namely the part that is connected to Africa. The OBOR Initiative is intended to connect all countries that wish to participate in it, no matter what part of the world they are in, with a single transport infrastructure and turn them into a single economic space through which goods (primarily, of course, of Chinese origin) will circulate freely. As for Africa, virtually the entire Dark Continent is covered by the OBOR project and is generally an area of special Chinese attention and influence, which the PRC reinforces with huge investments. In addition to turning Africa into a giant market for Chinese products and a transit part of land through which railroads and highways will stretch from the Indian Ocean coast to the Atlantic Ocean, the PRC plans a massive relocation of industrial production to Africa. China, too, is now a rich state, and it too can now afford to locate industrial facilities in other parts of the world for the sake of its own environment and cheap labor. If this happens, Africa will experience a real industrial boom, and given the level of economic development in African countries, where hundreds of millions of people still live without electricity, this boom will be powered precisely by coal. It is worth recalling that the African continent is poor in coal deposits, and Africans will have to import fuel for their new enterprises.
Interestingly, Russia is already supplying coal to African countries, and in June 2020, Russian Prime Minister Mikhail Mishustin approved the Energy Strategy of Russia until 2035. This document identifies the Dark Continent as a new promising area for Russian coal exports.

Of course, the development of coal power in Africa may cause protests from Western environmentalists, who haven’t experienced hunger, poverty, and lack of electricity for a long time. However, the “greens” can be reassured by the fact that modern science is searching not only for new energy sources, but also for new ways to use old energy carriers, including coal. A number of coal technologies have already been developed and are being implemented under the “HELE” (“high efficiency, low emission”) principle. These technologies include so-called “supercritical” coal plants, coal gasification, and other methods that produce noticeably more electricity while burning the same or even less coal, resulting in less harmful emissions into the atmosphere. It is known that India, China and Vietnam are planning to build about 1,000 coal-fired power plants using HELE technology.

It is quite possible that Chinese companies in Africa will also use these technologies.

Thus, the industrial development of economically backward regions of the Earth continues, scientists are looking for ways to make this development as environmentally friendly as possible, and the coal industry of Russia, as well as other countries, can look to the future with optimism: it is far from real decline in income and even further from collapse.

*Dmitry Bokarev, political observer, exclusively for the online magazine “New Eastern Outlook”.*