



International Energy Agency's Coal 2023 Report

For Prelims: [International Energy Agency](#), [Coal](#), [Organisation for Economic Cooperation and Development](#), [Renewable Energy](#)

For Mains: Factors contributing to the decline in coal demand, Challenges and Opportunities for emerging economies in balancing growth with renewables,

[Source: TH](#)

Why in News?

The [International Energy Agency's \(IEA\) annual coal market report](#) predicts a significant shift in the trajectory of global coal demand, **hinting at a structural decline by 2026**.

- This anticipated transformation is influenced by various factors, including the expansion of [renewable energy](#) and a rise in [nuclear generation](#) in key regions.

What are the Key Highlights of the Report?

- **Global Coal Demand Trends:**
 - Global coal demand reached a record high in 2022 amid the global energy crisis, rising by **4% year-on-year to 8.42 billion tonnes (Bt)**.
 - Asia remains the primary driver of coal demand growth in both power and non-power sectors.
 - China experienced a demand rise of 4.6%, equivalent to 200 million tonnes (Mt) of coal.
 - India saw a substantial increase of 9%, amounting to 97 Mt.
 - Indonesia witnessed a remarkable surge of 32%, reaching 49 Mt, driven by nickel smelters.
 - The United States faced an 8% decline in coal demand, totalling 37 Mt, the most significant drop among major markets.
 - Europe, despite a 4.3% increase in consumption, exhibited more restrained growth than anticipated.
 - Subdued hydropower and nuclear electricity generation in certain European countries.
 - A weak economy and mild winter in Europe contributed to the restrained impact of natural gas price spikes.
- **Future Projections and Uncertainties:**
 - Anticipated decline in coal demand in most advanced economies during 2023.
 - Overall, global coal **consumption in 2026 is projected to be 2.3% lower than in 2023**.
 - Despite the expected decline, global coal consumption is projected to remain **above 8 billion tonnes through 2026**, highlighting its continued role as a significant source of [carbon dioxide emissions](#).

- **China, India, and Indonesia, the three largest coal producers globally,** are expected to break output records in 2023, pushing global production to a new high in 2023. These three countries **now account for more than 70% of the world's coal production.**
 - In China and India, in particular, rising coal consumption is driven by robust growth in demand for electricity and low [hydropower](#) output.
- **Factors Influencing Decline in Coal Demand:**
 - The decline in coal demand is attributed to a **global [shift towards renewable energy sources](#).**
 - The IEA links the expected decline to changes in global climate, with **El Nino conditions transitioning to [La Nina](#),** potentially leading to **increased hydropower output.**
 - The report highlights a significant upward trend in **low-cost [solar photovoltaic deployment](#),** contributing to the growth of renewable power generation.
 - **Nuclear generation** is expected to see moderate increases, particularly in China, India, and the European Union, further influencing coal-fired generation.
- **China's Dominance in Coal Markets:**
 - China's coal consumption is expected to fall in 2024 and remain steady through 2026.
 - Hydropower output is set to recover, while electricity generation from solar PV and wind is expected to increase significantly in China.
 - The pace of **economic growth in China and its coal use is uncertain,** as the country undergoes major structural changes.
 - India, Indonesia, and other emerging economies are expected to rely on coal for economic growth, despite commitments to deploy renewables.
 - Efforts to reduce the use of '**unabated**' coal, in line with the **[28th Conference of Parties \(COP28\)](#)** are deemed essential for meeting international climate targets, aiming for a **nearly 95% reduction in coal emissions between 2020-2050.**
- **Coal Industry Shifts:**
 - Coal prices have experienced an unexpected surge over the past two years, impacting both consumers and industry dynamics.
 - Despite escalating costs, coal mining companies have maintained strong profit margins. This has allowed diversified mining firms to strategically reinvest coal profits in other commodities, capitalizing on the expected surge in demand linked to the **energy transition.**

What is the International Energy Agency?

- **About:**
 - The International Energy Agency (IEA), which has its **headquarters in Paris, France** was set up as an **autonomous agency in 1974** by member countries of the **[Organisation for Economic Cooperation and Development\(OECD\)](#)** in response to the **mid-1970s oil crisis.**
 - The IEA's main focus is on energy policies, which include economic development, energy security, and environmental protection.
 - The IEA also plays a major role in providing information related to the international oil market and taking action against any physical disruptions in the supply of oil.
- **Members:**
 - The IEA family is made up of 31 member countries, 13 association countries including **[India](#),** and 4 accession countries.
 - A candidate country to the **IEA must be a member country of the OECD.**
- **Major Reports:**
 - [World Energy Outlook.](#)
 - [World Energy Investment Report.](#)
 - [India Energy Outlook Report.](#)

Prelims

Q1. Consider the following statements: (2019)

1. Coal sector was nationalized by the Government of India under Indira Gandhi.
2. Now, coal blocks are allocated on lottery basis.
3. Till recently, India imported coal to meet the shortages of domestic supply, but now India is self-sufficient in coal production.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 and 3 only
- (c) 3 only
- (d) 1, 2 and 3

Ans: (a)

Q2. Which of the following is/are the characteristic/characteristics of Indian coal? (2013)

1. High ash content
2. Low sulphur content
3. Low ash fusion temperature

Select the correct answer using the codes given below:

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (a)

Q3. Consider the following statements:

1. "The Climate Group" is an international non-profit organization that drives climate action by building large networks and runs them.
2. The International Energy Agency in partnership with the Climate Group launched a global initiative "EP100".
3. EP100 brings together leading companies committed to driving innovation in energy efficiency and increasing competitiveness while delivering on emission reduction goals.
4. Some Indian companies are members of EP100.
5. The International Energy Agency is the Secretariat to the 'Under2 Coalition'.

Which of the statements given above are correct?

- (a) 1, 2, 4 and 5
- (b) 1, 3 and 4 only
- (c) 2, 3 and 5 only
- (d) 1, 2, 3, 4 and 5

Ans: (b)

Mains

Q. "In spite of adverse environmental impact, coal mining is still inevitable for development". Discuss. (2017)

PDF Reference URL: <https://www.drishtias.com/printpdf/international-energy-agency-s-coal-2023-report>

