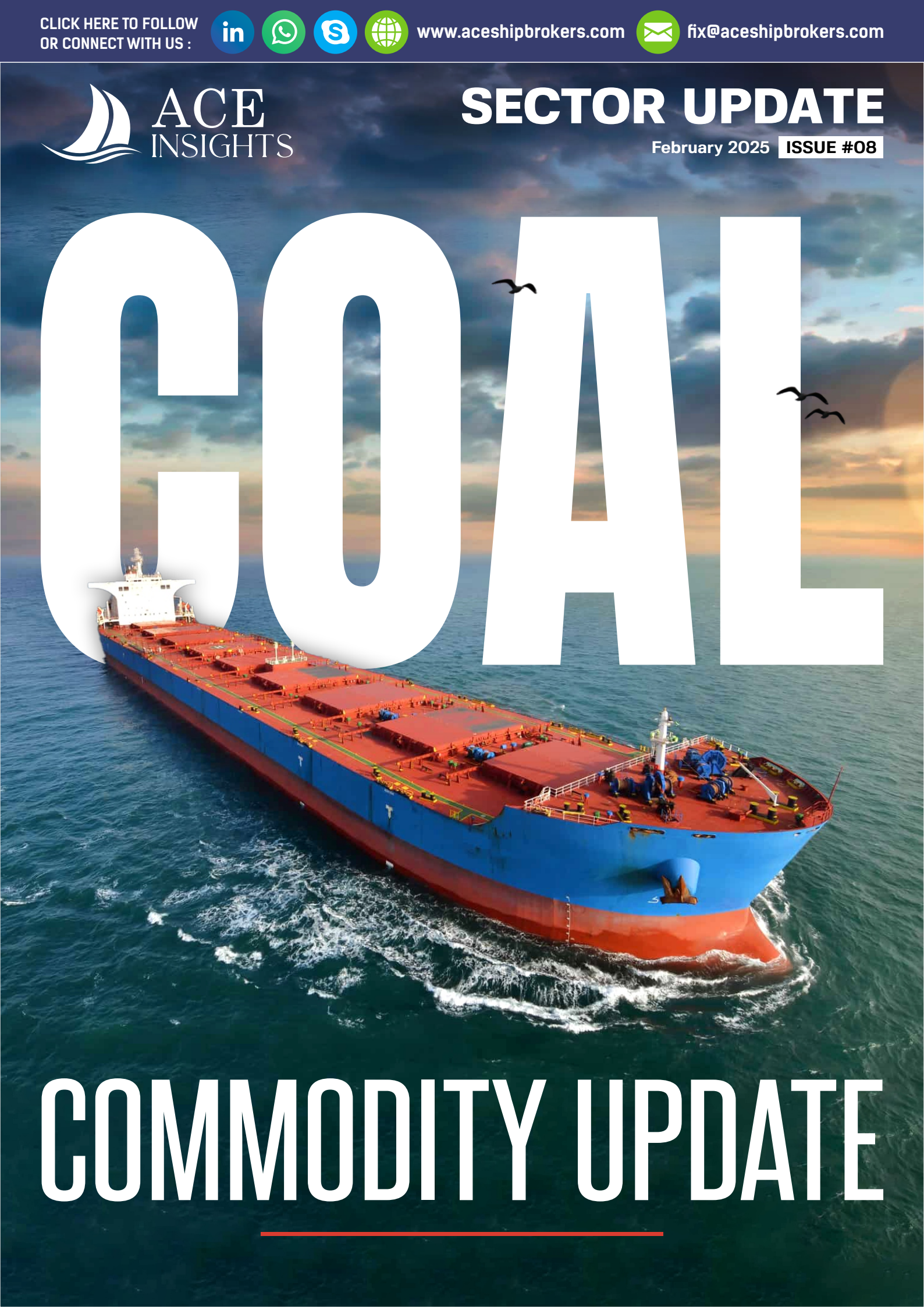
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ACE INSIGHTS

SECTOR UPDATE

February 2025 ISSUE #08

COAL



COMMODITY UPDATE

Founder's Note

Welcome to the 8th edition of **ACE Insights**, where we bring you a comprehensive commodity update focused on coal. As we step into 2025, coal markets continue to witness global shifts in energy policies, trade dynamics, and pricing trends. With the Indian Union Budget 2025 introducing key policy changes for domestic coal, and the global demand-supply outlook evolving, this edition provides insights into market trends, performance analysis, and future predictions. Let's dive in!



Coal Outlook Q1 2025

Coal markets are entering Q1 2025 with mixed sentiments, shaped by regulatory changes, global energy transitions, and industrial demand. Key developments include:

Key Demand Drivers

✔ China & India remain the top coal consumers, but China is increasing domestic coal production, reducing import reliance.

✔ Europe's demand stabilizes after the energy crisis of 2022-2023, but long-term green energy policies curb reliance on coal.

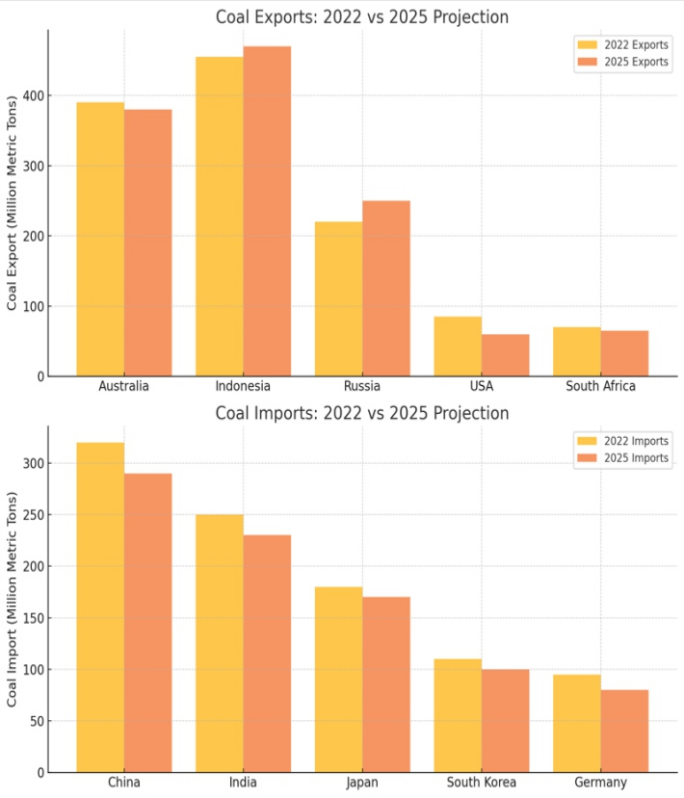
✔ Southeast Asia & Africa continue expanding coal usage, fueling demand from Indonesia & Australia.

Challenges Affecting Supply

✘ Mining regulations in major coal-exporting nations like Australia & Indonesia tightening due to climate commitments.

✘ Higher export duties & logistical constraints affecting coal supply chains in South Africa & Russia.

✘ Geopolitical tensions & transport costs slowing coal exports from Russia to Europe.



Coal Exports (2022 V/S 2025 Projection)

- Australia & Indonesia remain the largest exporters.
- Russia's coal exports are increasing due to Asian market demand.
- U.S. exports decline due to higher tariffs & lower competitiveness.

Coal Imports (2022 vs. 2025 Projection)

- China & India reducing coal imports, shifting to domestic mining.
- Japan & South Korea gradually lowering coal dependency.
- Germany continues importing for energy security but at a declining rate.

Coal Price Trends

Q1 2025 (Predicted Forecast)

These trends highlight **shifting global coal trade dynamics**, impacted by **tariffs, energy policies, and climate commitments.**

Disclaimer : This is a forecasted projection based on current market trends, policy changes, and economic conditions. The prices depicted have not yet occurred but are likely scenarios based on available data.

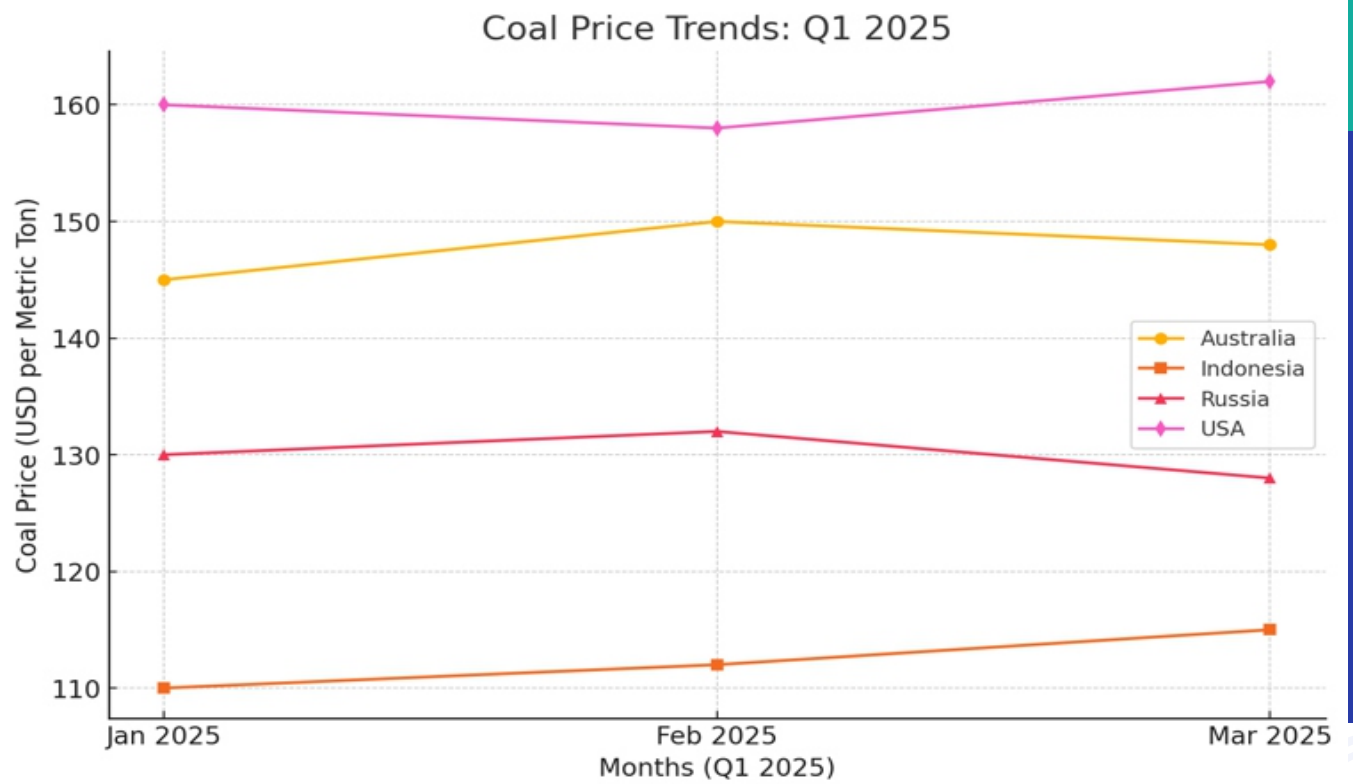
- Australia Prices may peak in February 2025 before stabilizing in March due to export restrictions & demand shifts.
- Indonesia Prices could rise steadily, fueled by higher demand from China & India as they adjust import policies.
- Russia Market conditions might cause fluctuations amid shifting trade alliances and geopolitical trade adjustments.
- USA Expected to maintain the highest prices due to tariffs & declining exports, which could increase costs for global buyers.

These predicted price trends highlight the uncertainties of the coal market, driven by geopolitical tensions, environmental policies, and shifting global trade demands.

UNION BUDGET 2025

Impact on India's Coal Sector & New Policies

The Union Budget 2025 has introduced significant changes that will shape India's coal industry, focusing on domestic production, regulatory shifts, and environmental policies.



Key Budgetary Announcements for the Coal Sector



1. Massive Budget Hike for the Ministry of Coal

- 501 crore allocated to the Ministry of Coal, marking a 255% increase from the previous 141 crore in 2024.
- This funding will support coal exploration, mine expansion, and modernization.

2. Push for Domestic Production

- Policies now favor higher domestic coal output to reduce import dependency.
- Increased investments in captive mining & auctioning of new coal blocks.

3. Higher Import Duties on Thermal Coal

- Import duties on thermal coal raised to promote domestic supply.
- Industries relying on imported coal (like power plants & steelmakers) face higher costs.

4. Boost to Clean Coal Technologies

- Increased allocation for carbon capture, storage, and green coal innovations.
- Investment in clean coal gasification & coal-to-methanol projects.

5. Stricter Environmental Regulations

- Coal plants must comply with tougher emissions norms to reduce pollution.
- Increased penalties for coal mining violations and non-compliance with sustainability guidelines.

How Will This Affect the Indian Coal Industry?



Positive Impacts

- ✔ Higher domestic coal production boosts energy security & job creation.
- ✔ Improved coal infrastructure & exploration will enhance efficiency.
- ✔ Green coal tech investments help align with global sustainability goals.

Challenges & Concerns

- ✘ Higher tariffs on imports Increased costs for power plants & industries relying on imported coal.
- ✘ Stricter compliance costs Miners & power producers must invest in emission control tech.
- ✘ Execution risks Large bureaucratic delays in new coal block auctions & mine expansions.

Conclusion

The Global Coal Sector Outlook
ACE Insights

As we step into 2025, the global coal industry finds itself at a critical juncture, shaped by shifting energy policies, geopolitical uncertainties, and evolving trade dynamics. While demand from emerging economies like India, China, and Southeast Asia remains strong, developed nations continue their transition toward renewable energy, leading to mixed growth patterns in the coal sector.

The pricing outlook for coal remains volatile, driven by tariff changes, carbon pricing mechanisms, and mining regulations in key producing nations like Australia, Indonesia, Russia, and the U.S.. India's push for self-reliance, along with China's strategic coal policies, will play a decisive role in shaping global trade flows. Meanwhile, logistical constraints and rising environmental compliance costs may create new challenges for exporters and importers alike.

Looking ahead, the coal sector must adapt to the dual pressure of maintaining energy security while meeting decarbonization goals. While coal remains a fundamental energy source in many economies, the rise of cleaner alternatives, carbon taxes, and stricter regulations signal an inevitable industry transformation. The next few years will define the long-term sustainability of coal in the global energy mix, as stakeholders navigate the delicate balance between industrial growth and climate commitments.

The **ACE Commodity Desk** continues to monitor these trends—stay tuned for future updates on market shifts, pricing trends, and global energy policies!

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