

## International coal trade sets record in 2011, Italy urgently needs a National Energy Plan

- International coal trade results set record in 2011: increased by 7% over 2010 and exceeded 1 billion tonnes for the first time ever.

- Yet the share of coal in the Italian electricity mix is stuck at 12%, at the lowest end compared to the European average.

- Italy's technocratic Government was asked for a new National Energy Plan to reduce the country's 60% reliance on natural gas and reconsider the high cost of renewable energies - Euro 9 billion in incentives per annum.

According to Assocarboni, the Italian Coal Industry Association, international coal trade set record results in 2011, increasing by 7% over the previous year and exceeding the 1 billion tonnes threshold for the first time in history.

Yet coal still has a marginal share in the Italian electricity mix, 12% - at the lowest end compared to the European average - and this causes increasing concern among the operators.

"The Coal Industry Association hopes that the new Italian government will show appreciation for the importance of energy policies as a driver for the economic revival of the country, and therefore present with urgency the National Energy Plan, which has been announced before by previous governments".

This is the message put forward by Andrea Clavarino, Chairman of Assocarboni, during the course of the Assocarboni National Congress held in Rome today.

"Italy is the only country in the world to depend on natural gas for electricity production for more than 60%. With no nuclear power and renewable energy still too expensive - they will cost Italian taxpayers Euro 9 billion in incentives per annum - the situation is clearly unsustainable as it undermines the competitiveness of the Italian manufacturing industry, that in Europe is second only to that of Germany", Clavarino pointed out.

As a matter of fact, while the global demand for coal increased by 4.4% in 2011 compared to 2010, and coal confirmed itself as the most used and economical primary source at a global level, in Italy - a country traditionally associated with one of the most expensive energy bills - it still contributes to a small amount of electricity production (12%, compared to the European average of 33%).

Not surprisingly, in 2011 Italy's energy bill surged to record high of Euro 63 billion, an increase of Euro 9.7 billion (+18.4%) over the previous year.

In 2011 coal confirmed its position as global leader in the production of electric energy, accounting for 41% of overall production - expected to grow up to 44% by 2030 - followed far behind by nuclear energy, which accounts for 20%, and natural gas, 17%. Over the 2000-2010 decade coal was the energy source with the highest growth rate, that is 55%; in absolute terms, its use increased nearly as much as the sum of all the other sources.

China, traditionally an exporting country, since 2009 has become a coal importing country: in 2011 China imported 182 million tonnes, +20% over 2010. This has influenced significantly the global coal prices and made the Pacific market more attractive compared to the Atlantic one.

Over the last year, India has increased its coal imports going from 90 to 115 million tonnes (+28%) and it is expected to reach 140 million tonnes by 2012 (+22%).

Indonesia has confirmed itself as the biggest supplier of coal globally, with exports of 270 million tonnes (+12% over 2010), of which approximately 28% to China and 20% to India.

In Europe, EU-27 imports in 2011 remained stable as compared to 2010 (190 million tonnes).

With regards to Italy, coal imports increased by 7% in 2011. The country imported 17 million tonnes of steam coal, in line with 2010, and 7 million tonnes of coking coal and PCI, up 27% over previous year. Petroleum coke consumption, used in the cement industry, was in line with 2010 figure (2.3 million tonnes).

"In the last few years - Clavarino added - Italian coal operators have shown an extraordinary ability to focus on innovation and fostered significant investments in new clean coal technologies, enabling the environmentally sustainable use of coal".

This is particularly reflected in the major investments set to take off in the country for a total amount of Euro 5.5 billion, relating to new coal plants and units equipped with cutting edge clean coal technologies, enhancing efficiencies up to 46%, that only Japan and Danish coal plants can match.

More specifically, the state-of-the-art SEI project in Saline Joniche (1,320 MW), the oil to coal conversion of ENEL plant in Porto Tolle (1,908 MW) with installation of CCS technology, the requalification of the TIRRENO POWER plant in Vado Ligure with the construction of a new high-efficiency coal unit (460 MW).

"These are all good reasons to boost the role of coal in the national energy mix", Clavarino ended.

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