

MEDIA RELEASE

“Fair and affordable pathways away from coal exist for major coal-using economies”

Coal transitions: major coal-using economies have credible options to be coal-free within a generation

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Implementing Paris Agreement-compatible pathways away from coal is feasible in the major coal-using economies within 20 to 30 years, and would be beneficial both from a social and from an economic point of view, according to a new report released today.

The report, *“Implementing coal transitions: insights from case studies of major coal-consuming economies”*, notes that:

- major coal-using economies can virtually phase out coal without significantly raising power costs for consumers, while reaping economic and social benefits from a transition into new industries;
- the peak and decline of global thermal coal is approaching faster than previously shown: coal demand could go into reverse before 2025;
- developing coal transition strategies is more urgent than ever because the underlying economics and societal preferences are turning against coal;
- major exporting countries, such as Australia and South Africa, appear to be underprepared for the coming downturn in global coal demand;
- even a 5-10% decline in domestic use of thermal coal in China alone – which would not be sufficient to meet the Paris Agreement – could wipe out up to a third of the global seaborne market for coal, thus depressing the price of coal on the international market.

The consortium, known as the *“Coal Transitions: Research and Dialogue on the Future of Coal”*, led by French think tank IDDRI (Institute for Sustainable Development and International Relations) and UK-based research network Climate Strategies, aims to explore pathways for the future of thermal coal.

Coal Transitions has been working with leading research institutes in six major coal-using countries - China, India, South Africa, Australia, Poland and Germany – to evaluate current policies and develop economically feasible and socially just pathways to transition from thermal coal before 2050, in line with the Paris Agreement.

Oliver Sartor, Coordinator for *Coal Transitions* at IDDRI, said: *“the prospective strategies developed by local experts in each of the six countries show that with the right policies, coal could be almost completely phased out of the power sector within the next 20-30 years in all six countries. This could be done without significantly raising power costs for consumers.*

“For instance, in India, the evidence is that renewable-based mini-grids provide more reliable and cheaper access to electricity for the poor, with spill over benefits for economic development and human health.

“Our analysis concludes that the most likely scenario now is that global thermal coal demand will peak and begin to decline in the early to mid-2020s. This will be driven by the economic rebalancing of the Chinese economy, the growing political importance of air and soil quality and water availability in developing countries, and the mere fact that it’s now cheaper to provide access to electricity through renewables than coal.”

The report cites recent research, for instance, showing that by 2030, 70% of the world's people lacking access to power could be provided power more cheaply via small-scale renewable energy and battery solutions than via coal- or gas-fired plants

Depending on the country, thermal coal could be replaced by a portfolio of other options, including cleaner energy, energy efficiency and, in some cases, residual amounts of coal with carbon capture and storage. Both national and local authorities could also explore the possibility of implementing new economic activities based on innovative sectors.

The *Coal Transitions* report also identifies how coal workers and their communities could benefit from a fair transition out of coal and into new industries. Such solutions must be context-specific and agreed between the relevant parties. However, the crucial success factor is to anticipate rather than wait until the economics turns against coal.

Andrzej Błachowicz, Managing Director at Climate Strategies, said: *“just transition became such a buzzword, often with little content. Our reports prove that it can work in the limited available time. Just transition can allow for younger eligible workers to be more easily placed into alternative jobs, for older workers to retire naturally, and for tailored worker reconversion and job-transfer programs for workers in the middle of their careers.”*

Lola Vallejo, Director of the Climate Program at IDDRI, said: *“over 30 governments and more than 50 companies have pledged to phase out coal from the power sector by 2030, under the Powering Past Coal Alliance. While serious coal transition policy dialogues are emerging in developing countries like South Africa and China, countries need to clarify what they are planning to do on phasing down fossil fuels when they next revise the Nationally Determined Contributions to the Paris Agreement in 2020.”*

Find the summary report, all six reports concerning China, India, Australia, South Africa, Germany and Poland, and finally the report on the world export market by following [this link](#).

www.coaltransitions.org

Contributing Research Institutions to the Coal Transitions Research Project:

Project Coordinating Institutions:

Institute for Sustainable Development and International Relations (IDDRI), Paris, France
Climate Strategies, London, UK

National Research Institutions:

Tsinghua University, China
Indian Institute of Management, Ahmedabad (IIMA), India
Indian Institute of Information Technology (IIIT), Allahabad, India
Energy Research Center (ERC), University of Capetown, South Africa
Crawford School of Public Policy, Australian National University, Australia
Melbourne Sustainable Society Institute, University of Melbourne, Australia
Institute for Structural Research (IBS), Poland
German Institute for Economic Research, Berlin (DIW Berlin), Germany

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DATA FROM CASE STUDIES ANALYSED

Legend

Country *Coal transition policy debate status* • Current Challenges



Share of global coal consumption



Share of coal in domestic power production



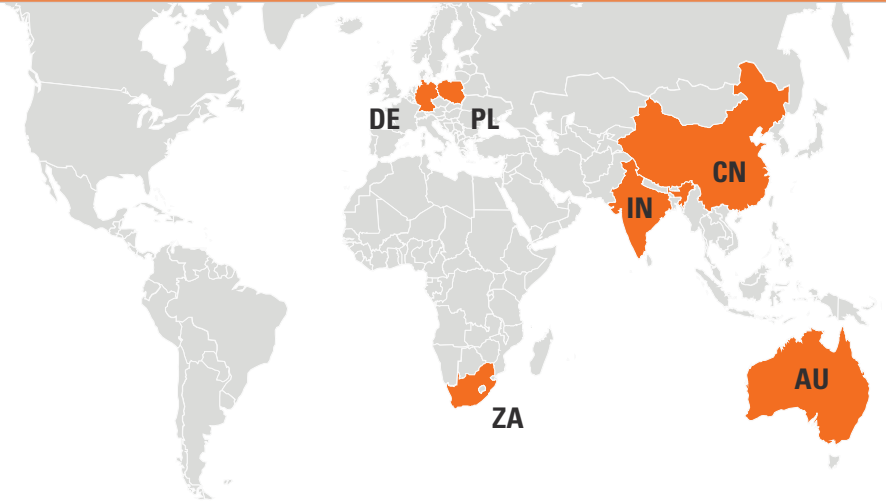
Change in coal mining jobs since 2000 *



Share of global imports



Share of global exports



Germany *Active debate*

- Reaching consensus on the end date for coal use in 3 remaining lignite-producing regions
- Agreeing on a fair transition policy package for affected workers and regions



Poland *Emerging debate*

- Agreeing labour transition strategy as old mines become uncompetitive by 2030s
- Developing alternative domestic energy sources for energy security from Russian gas



Australia *Stalled*

- Developing trans-partisan political agreement on energy transition policy and social transition strategy, building on existing stakeholders demands and proposals
- Preparing for the coming decline to export revenues due to lower future international coal demand, as China and other Asian customers transition from coal post 2020.



China *Emerging debate*

- Limiting stranded power and mining assets due to overbuild and falling coal demand
- Coordinating a progressive and managed phase down of coal assets to manage social impacts of already declining coal employment and public services provided by coal SOEs



India *Emerging debate*

- Providing access to electricity to all through renewable « minigrad » solutions
- Avoiding growth of new and unnecessary coal plant, mine and transport infrastructure given existing sector overcapacity



South Africa *Active debate*

- Phasing in cheaper domestic renewables as old coal assets retire as per existing plans
- Strengthening national industrial diversification and workforce skills



* from 2012 to 2017 for Australia ; forecast for 2013-2020 for China