



# ***Rodney's Take***

January 22, 2024

## **Some People Wanted Coal for Christmas**

The New Year holiday closed the books on 2023, a time when equities soared higher, electric vehicle demand sagged, and coal cargo set a new record: one billion metric tons. According to Reuters, 1.004 billion metric tons of thermal coal were exported last year, up 6.6% from 2022. This goes hand-in-hand with rising coal demand, which increased 1.4 billion metric tons to a record 8.5 billion metric tons, according to the International Energy Agency. China, India, and Indonesia are the top three coal producers on the planet, and all are boosting production.

A lot of time was spent at the 28<sup>th</sup> Conference of the Parties (COP28, the United Nations climate change conference) in Dubai last year raging about the end of the world as a result of global warming, and there was a lot of hand-wringing and finger-pointing last week at the World Economic Forum (WEF) at Davos, Switzerland, about the same topic. But notably, one group was not at either gathering: the 775 million people on earth who don't have electricity. Without electricity, you cannot cook except over a fire, you do not have refrigeration for food and medication, and you do not have light. This group makes up roughly 9% percent of the world's population, and they are not alone.

Some countries have electricity, but because of expanding demand, deteriorating infrastructure, and no fuel at electric generation plants, they produce electricity for just a few hours per day. No power, or intermittent

power, degrades your standard of living, which is why many people and their politicians want more coal.

While China is decommissioning old coal plants, the country is also building new ones. On average, China has grown coal use for generating electricity for decades. The Chinese have pledged to reduce their reliance on coal, but watch what China does instead of listening to what its political leaders say.

In addition to building domestic coal-powered electrical plants, China is busy building coal-fired plants in other countries. People in first-world countries might find this disingenuous, but then other nations point to Western Europe and the U.S. and remind us that we built our lofty standards of living on coal and fossil fuels.

As China tries to dig out of the biggest economic downturn in decades except for the pandemic, it's hard to see how the Middle Kingdom will ignore coal, both as a fuel and as an export. For poor nations with swaths of people who have no power, coal is a first stepping stone to a better life.

As participants in COP28 and Davos 2024 take their private jets home and fret about the future, perhaps they will spare a moment to consider the people who would love nothing more than to have a single light that they could turn on or enough power to keep their lights flickering. For the people who strive for the energy required to improve their standards of living, they would have been happy to find a little coal in their stocking last Christmas and are looking forward to coal in their future.

Rodney

Got a question or comment? You can contact us at [info@hsdent.com](mailto:info@hsdent.com)