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THE TRANSFORMATION OF RUSSIAN COAL EXPORTS: GLOBAL DEMAND TRENDS AND MARKET POSITIONS IN CHINA AND INDIA

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An analysis of forecasts by the International Energy Agency (IEA), the Organization of the Petroleum Exporting Countries (OPEC), and BP indicates a consensus on the long-term trend of declining global coal consumption, with consumption peaking no later than the early 2030s. China is the main driver of this decline. At the same time, Russian coal exports are facing mixed trends in two key Asian markets. In China, Russia's competitive position is weakening in the thermal coal segment but remains strong and is growing in the higher-margin coking coal segment, where Russia occupies an intermediate niche between cheap Mongolian and expensive Australian coal. In India, by contrast, Russian exports are showing steady growth thanks to a significant price advantage. However, further expansion is hampered by sanctions and logistical risks, as well as India's import substitution policy, which aims to reduce coal purchases. Thus, to preserve Russia's export potential, a consistent reorientation toward markets and segments with stable demand (coking coal in China and India) is necessary, while simultaneously diversifying logistics routes and removing tariff barriers.

Global forecasts for coal consumption

The analysis of forecast reports by the IEA, OPEC, and BP published in 2025 indicates a unanimous recognition of the long-term trend toward a decline in global coal consumption. All three agencies agree that global coal consumption will peak no later than the early 2030s, after which a period of steady decline will begin. The extent of this decline varies depending on the scenario: from moderate (by 20–40% by 2050 in baseline inertial scenarios) to radical (over 80% in "green" climate-oriented scenarios).

In its "Current Policies" (CPS) scenario, the IEA forecasts that thermal coal production, which accounts for about 80% of global production, will decline by more than 10% as early as 2035. Lignite production, according to the Agency's estimates, will see the sharpest decline – by approximately 45% by 2035 – mainly due to mine closures in Europe. In the "Stated Policies" (STEPS) scenario, coal consumption peaks by 2030, after which a steady decline begins, while the share of renewable energy sources (RES) rises from the current one-third to more than half by 2035. The most radical scenario, "Net Zero Emissions

by 2050" (NZE), assumes an unprecedented drop in demand for all types of fossil fuels, especially coal.[1]

In its "Base Case" scenario, OPEC positions coal as the only primary energy source for which demand will decline steadily over the entire forecast horizon – from 81.8 million barrels of oil equivalent (boe)/day in 2024 to 51.4 million boe/day by 2050. Coal's share of the global energy mix will nearly halve – to 13.6%. At the same time, OPEC emphasizes that coal will retain its importance for ensuring energy security in many regions, particularly in Asia. In OPEC's alternative scenarios, coal demand by 2050 could plummet to 20 million boe/day (Technology Scenario) or decline less sharply – to 45 million boe/day (Just Growth Scenario).[2]

BP proposes two scenarios for global coal demand trends. The "Current Trajectory" scenario also projects that global coal consumption will peak in the second half of the current decade. By 2035, demand will decline by just over 5% from 2023 levels, and by approximately 30% by 2050. Coal's share of global primary energy demand will decrease from 30% in 2023 to 15% in 2050. China is the driving force behind this trend, where coal consumption will fall by 20% as early as 2035, with 60% of this reduction coming from the electricity sector. In the "Below 2°C" scenario, the reduction in coal demand reaches 85% by 2050, and its share of primary energy falls to 5%.[3]

Common to all forecasts is the identification of China as the key driver of the global reduction in coal demand. China accounts for the bulk of the decline in global consumption – up to 20% by 2035 in BP's baseline scenario – driven both by the replacement of coal in the power sector with renewable energy sources (RES) and by the structural transformation of the Chinese economy. India, by contrast, is seen as the main counterweight to this trend in the medium term. However, even the combined growth in demand from India and other developing Asian countries will not be enough to keep global consumption at current levels by 2050. It is also unanimously acknowledged that the main pressure on the coal sector will come from its displacement from the power sector by RES.

The competitiveness of Russian coal in the Chinese market

China remains the dominant player in the global coal market, consuming around 4.95 bn tons of coal in 2025 (56% of global consumption). According to IEA projections, demand is expected to decline slowly through 2030 – by an average of 0.7% per year – to 4.77 bn tons.[4] However, due to weather-related fluctuations in renewable energy generation, significant year-over-year changes in coal consumption are possible – ranging from -188 mn tons to +248 mn tons per year.

In 2025, Chinese coal imports fell by 9.6% (to 490 mn tons) – the sharpest decline in 10 years. Reasons: a cooling of industrial activity (crisis in the construction sector), substitution of imports with domestic coal, and growth in renewable energy. Demand for coking coal in 2025 amounted to 742 mn tons

1 World Energy Outlook 2025 // International Energy Agency. 12.11.2025. URL: https://www.iea.org/reports/world-energy-outlook-2025

2 Coal Market Outlook // 7th IEA-IEF-OPEC Symposium on Gas and Coal Market Outlooks. 8.10.2025. URL: https://www.iea.org/events/7th-iea-ief-opec-symposium-on-gas-and-coal-market-outlooks

3 bp Energy Outlook // 2025 edition. URL: https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/energy-outlook/bp-energy-outlook-2025.pdf

4 Global Coal Demand Hits Record in 2025, but Decline Expected by 2030 // IEA. 17.12.2025. URL: https://www.iea.org/reports/coal-2025/demand

The transformation of Russian coal exports

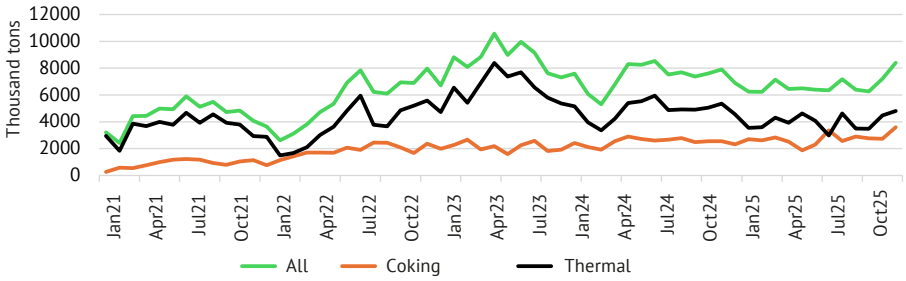

Fig. 1. Russian coal exports to China, in thousands of tons

Source: General Administration of Customs of the People's Republic of China.

(+1.1% y/y), but a structural decline to 665 mn tons is expected by 2030 due to the transition to electric arc furnaces.[1]

In 2025, imports of Russian hard coal amounted to 80.8 mn tons (-9% YoY). However, the trends are mixed: in the thermal coal segment, the decline in shipments reached 17.5% (due to price competition and a 6% tariff), while shipments of coking coal rose from 10.7 million tons in 2021 to 32.8 mn tons in 2025. Russian coal exports to China are consistently shifting toward the more profitable metallurgical coal segment.[2]

Russia's main competitors in China are Indonesia, Australia, and Mongolia. Indonesia leads the market for thermal coal (40–80 mn tons per year) thanks to its geographical proximity, low production costs, and the absence of tariffs (RCEP).[3] Indonesian coal keeps prices in the $60–80/t range, which creates a barrier for more expensive suppliers. Australia has restored thermal coal shipments to 68 million tons in 2024 following the lifting of an unofficial embargo, and in the coking coal segment, it is the global benchmark for quality with a high CSR rating (66–74%) and low impurity content.[4] Mongolia has become the growth leader in the coking coal segment: shipments have risen from 14 mn tons in 2021 to 60 mn tons in 2025 thanks to geographical proximity, the absence of tariffs, and the low cost of open-pit mining.[5]

A comparative analysis of prices per unit of calorific value (USD/GJ), based on data from February 2026, allows for the normalization of cross-country differences in fuel quality. In the thermal coal segment, prices in Russia and Indonesia are virtually on par (3.39 vs. 3.41 USD/GJ), while Australia lags slightly behind (3.46 USD/GJ). The lower calorific value of Indonesian coal is offset by its low price. In the coking coal segment, there are significantly sharper cross-country differences. Mongolia has the lowest price both per ton (75.67 USD/t) and per unit of energy (2.75 USD/GJ). Russian coal occupies an intermediate position: $112.25/t and $3.09/GJ. Australian coal is practically uncompetitive:

1 2025年中国进口动力煤同比下降11.57% 炼焦煤下降3.0% // NCEXC. 21.01.2026. URL: https://www.ncexc.cn/mobile/c/2026-01-23/501875.shtml

2 Coal-2025 // EIA. URL: https://www.iea.org/reports/coal-2025?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosgenerate&stream=top

3 Why China's import share of Indonesian coal hit multi-yr low in 2025? // APBI-ICMA. 26.01.2026. URL: https://apbi-icma.org/media-article/why-china-s-import-share-of-indonesian-coal-hit-multi-yr-low-in-2025

4 High CSR is a key indicator for blast furnace production, as it directly affects the efficiency of blast furnaces.

5 蒙古一夜"变脸":把矿藏、铁路、零关税全塞给中国,华盛顿的"第三邻国"剧本崩了 // 360kuai. 18.02.2026. URL: https://www.360kuai.com/pc/detail?u=958625cd21728925963ecef48ff32cb50f3&cota=3&kuai_so=1&abtest=%7Cyk%3D&uid=958625cd21728925963ecef48ff32cb50f3&abyk=&refer_scene=so_3&hdr_str=北京%7C北京&city=local_BeiJing&gw_city_code=101010100&url=93ebb2da8d7ae1de0&hdr_code=0&sign=360_da20e874&abcity=&province=BeiJing

$199.69/t and $5.50/GJ – this is 1.8 times more expensive than Russian coal and 2.0 times more expensive than Mongolian coal on a GJ basis.

Table 1

Calculation of the price per 1 GJ of coal calorific value for major coal exporters to China in February 2026

Coal exporter to China	Thermal coal		Cocking coal	
	CIF price USD/t	CIF price USD/GJ	CIF price USD/t	CIF price USD/GJ
Russia	85.01	3.39	112.25	3.09
Indonesia	71.67	3.41		
Australia	86.47	3.46	199.69	5.50
Mongolia			75.67	2.75

Source: own calculations on the data released by General Administration of Customs of the People's Republic of China.

Thus, Russia's competitive advantage remains primarily in the coking coal niche, driven by a balance of price and quality. Key constraints include a 6% import duty, high transportation costs via the Eastern Transport Corridor, and a growing share of logistics costs.

The Russian coal competitiveness in the Indian market

India remains one of the key drivers of global coal demand. In 2025, total coal consumption amounted to approximately 1,297 mn tons, of which the power sector accounted for about 940 mn tons. Coal-fired generation declined by 3.4% for the first time in five years due to growth in hydro and renewable energy generation. Non-power consumption increased due to the expansion of cement and steel production.[1]

In the 2024/25 fiscal year, Indian coal production exceeded 1 bn tons for the first time (1,047.5 mn tons, +5% y/y). The government aims to increase production to 1,533 mn tons by 2030/31. As part of the "Coal Gasification Mission," the plan is to bring the volume of gasification to 100 mn tons by 2030 (with $1 bn allocated). At the same time, state-owned companies are diversifying into renewable energy (15 GW by 2030).[2]

Total Indian coal imports in the 2024/2025 fiscal year fell by 7.9% to 243.63 mn tons. The decline primarily affects thermal coal, while coking coal imports increased. Russian coal exports to India rose from 7.5 mn tons in 2021 to 28.1 mn tons in 2025 (a 3.7-fold increase), with Russia's market share growing from 3% to 11%. Price advantage is the main factor: the average CIF price of Russian coal in 2025 ($124.09/t) is 28% lower than that of Australian coal and 12% lower than that of American coal. For coking coal, the discount reaches 20–30%.[3]

A comparative analysis of the competitive positions of key exporting countries in the Indian market reveals the following. Indonesia remains the largest exporter of coal to India, but its exports are declining: after peaking in 2024 (112.1 mn tons), the physical volume of shipments fell by 11.3% to 99.4 mn tons in 2025, and its market share dropped from 45% to 39%. Indonesia's competitive

1 India posts first coal power output fall in 5 years // Argus. 15.01.2026. URL: https://www.argusmedia.com/ja/news-and-insights/latest-market-news/2776029-india-posts-first-coal-power-output-fall-in-5-years

2 2026年1月份印度煤炭产量同比增加3.3%, 环比增长6.6% // CTCTC (China Coal Economic Research Association). 25.02.2026. URL: https://www.ctctc.cn/info/267680.jspx

3 India's Coking-Coal Imports to Hit 115 MT by FY30: How Australia, Russia, Canada & Mongolia Really Stack Up // Ken Research. 26.11.2025. URL: https://www.kenresearch.com/articles/india-coking-coal-imports-forecast-supplier-analysis

The transformation of Russian coal exports

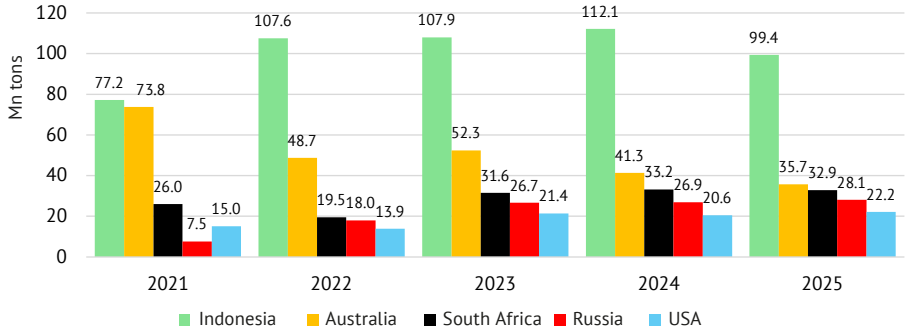

Fig. 2. Major exporters of coal to India, in t mn

Sources: UN Comtrade, Ministry of Statistics and Programme Implementation of India.

advantages are based on geographical proximity and low production costs, but as Indian power generation companies shift toward higher-quality coal grades, Indonesia's position is weakening.

Australian coal exports to India show the most pronounced downward trend: from 73.8 mn tons in 2021 to 35.7 mn tons in 2025 (more than halving), with the share falling from 33% to 14%. Australian coal remains the global benchmark for quality in blast furnace steel production; however, its high cost and susceptibility to sharp price fluctuations linked to supply disruptions from Queensland are forcing Indian steel producers to seek alternatives.[1]

South African coal exports to India are showing steady growth: from 19.5 mn tons in 2022 to 32.9 mn tons in 2025 (a 68.7% increase). In 2025, total coal exports rose by 11% to 57.66 mn tons – a four-year high – thanks to improvements in rail freight operations.

Coal exports from the U.S. to India rose from 15.0 mn tons in 2021 to 22.2 mn tons in 2025 (a 48% increase). The U.S. remains a major supplier of high-quality coking coal with predictable characteristics. However, growing domestic demand for coal in the U.S. absorbs a significant portion of production.[2]

Thus, Russian coal has significant potential to further expand its presence in the Indian market thanks to its price advantage and acceptable quality characteristics. However, the competitiveness of Russian coal is limited by sanctions risks, which complicate payments and increase insurance costs, domestic logistical constraints, as well as India's import substitution policy aimed at reducing dependence on imported coal.

1 India's Coking-Coal Imports to Hit 115 MT by FY30: How Australia, Russia, Canada & Mongolia Really Stack Up // Ken Research. 26.11.2025. URL: https://www.kenresearch.com/articles/india-coking-coal-imports-forecast-supplier-analysis

2 South Africa's Richards Bay coal exports up 11% on rail improvements // CNBC Africa. 27.01.2026. URL: https://www.cnbcafrica.com/2026/south-africas-richards-bay-coal-exports-up-11-on-rail-improvements