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The New Economy Needs Met Coal



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In September of 2020, four leading Appalachian coal producers decided to do something different. They recognized that the future of the industry would rely less on thermal coal, which is used to generate electricity, and more on metallurgical coal, which is used to make steel. While these producers would rather have realized a market that supported increased production of thermal coal, much of the Appalachian region's thermal coal was squeezed out of the market due to coal-fired power plant closures and price competitiveness.

Like other industries, when market conditions present challenges, many times they also present opportunities. For

According to the World Steel Association, about 52 percent of steel produced in the world is used for buildings and infrastructure, 16 percent for mechanical equipment, and 12 percent for the automotive industry.¹ As an example, one does not have to look beyond West Virginia's borders to realize these are the types of industries on the move. West Virginia has realized several big economic wins recently, all from industries that will require steel, either in their product or facility. Additionally, West Virginia and the nation have been focused on modernizing our highways and bridges – another industry heavily reliant on steel and, therefore, met coal.

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certain Appalachian coal producers, they saw opportunities and strength in the metallurgical coal (otherwise known as met coal) market and, therefore, formed the Metallurgical Coal Producers Association (MCPA) to highlight those opportunities and advocate for the industry.

New View of Coal

Met coal makes steel. Traditionally, when we think of coal, we think about keeping the lights on. But as the industry moves forward, we will begin to think of coal when we see bridges, automobiles, kitchen appliances, factories, windmills, pipelines, modern manufacturing facilities, etc. All of these require steel, and you need met coal to make steel.

Rebound from COVID-19

In 2020, the world was mired with shutdowns due to COVID-19. Coal markets across the board plummeted. But met coal producers looked past the pandemic and the need for the world to rebuild and focus on making things again. As the world recovers from the pandemic, the need for steel and, subsequently, met coal will be strong.

The World Steel Association states, “As populations grow and nations around the world seek to improve their standards of living, it is inevitable that the demand for steel will increase. Steel is critical simply because no other material has the same unique combination of strength, formability,



and versatility. New generations of steel continue to be developed that make it possible for manufacturers and builders to implement durable, lightweight designs. Going forward, materials that are ever stronger and meet higher environmental standards will be needed.”²

Now that we’ve largely rebounded from the pandemic, the demand for met coal has grown, as seen in the average price of met coal exports. According to the Energy Information Administration, in 2019, the average price per short ton of metallurgical coal exports was \$137.44. During the height of the pandemic, the average price for 2020 dropped nearly 25 percent. But as the world recovered, average prices for met coal exports rose to \$159.28 in 2021 and \$280.47 in 2022.³

Appalachia Leading Exports

The new economy is a world economy, and the met coal industry is driven heavily by the export market. In fact, roughly 75 percent of all met coal produced in the United States is exported. In 2022, roughly 46.5 million tons of metallurgical coal mined in the United States was exported.⁴ This represents over a three percent increase from 2021. Much of the increased demand was driven by European markets.

^{1,2} *Steel Markets* - worldsteel.org, <https://worldsteel.org/steel-topics/steel-markets/>

^{3,4} *Quarterly Coal Report - U.S. Energy Information Administration (EIA)*, <https://www.eia.gov/coal/production/quarterly/>

⁵ *Table 15. Metallurgical coal exports by customs district, Quarterly Coal Report, October-December 2022, U.S. Energy Information Administration (EIA)*, <https://www.eia.gov/coal/production/quarterly/pdf/t15p01p1.pdf>

⁶ *West Virginia exports increase by over 20 percent, state delivers second-largest amount of coal in US (wv.gov)*, <https://governor.wv.gov/News/press-releases/2023/Pages/West-Virginia-exports-increase-by-over-20-percent,-state-delivers-second-largest-amount-of-coal-in-United-State.aspx>

There is no question that the Appalachian region is leading the nation in met coal exports. Sixty percent of all met coal exports in 2022 were exported through the Norfolk, Virginia ports. The next highest port was Baltimore, Maryland at 17 percent.⁵

Recently, Governor Jim Justice announced that West Virginia’s exports grew by more than 20 percent. Further, he stated that this was the third consecutive year for export growth, and that West Virginia’s rate of growth is outpacing the national average. According to the Governor’s release, coal was West Virginia’s most significant export product.⁶

Met Coal to Build New Economy

New technologies and industries are being developed at a rapid pace. Yet, one thing remains – the world needs steel, and met coal makes steel. Whether for producing new products, rebuilding infrastructure, or driving export growth, the members of the Metallurgical Coal Producers Association are committed to mining the met coal needed to build the new economy.

You can learn more about the MCPA and our members by visiting www.metcoalproducers.com. 