

## Chapter 22

### So You Would Like to Export Some Coal?

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**§ 22.01. Introduction: The International Coal Market.**

The international coal market is a key revenue source for American coal producers and a key supply source for coal end-users. In 2009, approximately 5.5 percent of the coal produced in the United States was exported, but by 2010, that figure rose to approximately 7.5 percent.<sup>2</sup> Many industry analysts anticipate considerable growth in the global demand for both thermal and metallurgical coal in the near and long-term horizons, and American coal producers are positioning themselves to continue as key players in the international market. American producers now sell and ship coal all over the world and many companies have a dedicated sales staff and legal team that specialize in international transactions.<sup>3</sup>

This chapter will discuss a coal export sale from the preliminary negotiations to the drafting of a coal sales agreement, with particular emphasis on issues specific to international coal transactions. This chapter will also highlight the logistics and contracts necessary for coal transportation and the processing of payments in an international context.

**§ 22.02. Export Market.**

The United States has the world’s largest recoverable coal reserves and a developed infrastructure to transport the coal to port,<sup>4</sup> but Australia is the

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<sup>2</sup> U.S. Energy Info. Admin., *Monthly Energy Rev.*, Mar. 2011.

<sup>3</sup> While not the focus here, it is important to note that many international transactions involve American coal imports, which accounted for approximately three percent of total U.S. coal consumption in 2009. Imports from Columbia accounted for approximately 74 percent of all American imports in 2010, year to date, as of the end of the third quarter. U.S. Energy Info. Admin., *Q. Coal Rep.*, July–Sept. 2010 (released Jan. 2011).

<sup>4</sup> Worldwide, 82 percent of the world’s recoverable reserves are located in the United States (29 percent), Russia (19 percent), China (14 percent), other non-OECD Europe and Eurasia (10 percent), and Australia/New Zealand (9 percent). U.S. Energy Info. Admin.,