



## NEWS RELEASE

### **Struggles Likely To Continue For U.S. Coal Industry**

*Companies Slash Production as Demand Wanes*

**DENVER, Colo. (August 30, 2016)** — More than 20 percent of current U.S. coal production could be shuttered in the next few years, reflecting the ongoing woes of an industry hampered by environmental regulation, competition from natural gas and other factors according to a new report from CoBank. Plant closures within the nation's coal fleet will further curtail coal consumption by another 47 million tons during 2015 alone.

“The past five years have been extraordinarily taxing for the U.S. coal industry,” said Taylor Gunn, lead economist with CoBank’s Knowledge Exchange Division and the author of the report. “Market forces have coalesced to create significant headwinds for the coal producers working to keep their businesses sustainable in the future.”

Over that five year period, dozens of U.S. coal mining companies have had to declare bankruptcy, including many of the nation's largest companies. In fact, the number of operating coal mines has plummeted from 1,013 in early 2009 to fewer than 400 today.

The coal mining industry's severe problems reflect the seismic structural shifts occurring in the nation's electrical power generation industry. The U.S. power industry accounts for about 95 percent of total domestic coal consumption, but it is now in the process of reducing its dependence on coal-fired plants. The combination of new environmental limits on pollutants from power plants and steep declines in natural gas prices reduced the nation's coal fleet by nearly 40 gigawatts during 2011-15, curbing the power industry's thermal coal consumption by 21 percent or nearly 200 million tons over that period.

However, the schedule of coal-fired retirements is in fact a moving target largely dependent on natural gas prices, penetration rates of renewable energy, and environmental policies. The actual reduction in the nation's coal fleet could be upwards of 40 GW of coal-fired capacity retired through 2020, in addition to the 20 GW already announced. These potential retirements could reduce thermal coal demand by as much as an additional 100 million tons through 2020.

Since the beginning of the decline in 2012, roughly 50 U.S. coal mining companies have already filed for bankruptcy. As the industry continues to downsize, those U.S. coal mining companies that have the financial flexibility and operational scale to respond to declining demand should emerge from the current downturn more competitive both domestically and globally.

“The U.S. coal industry is shrinking, not dying,” explains Gunn. “The U.S. power sector will continue to define the domestic coal industry and the lowest cost and cleanest burning coal will remain in high

demand, allowing PRB mining companies to hold an advantage over their counterparts that operate in other regions such as the Illinois, and Appalachian basins.”

A video synopsis of the report, “The U.S. Coal Industry: Shrinking But Not Dying” can be found on [CoBank's YouTube Channel](#). The full report is available to media upon request.

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### **About CoBank**

CoBank is a \$125 billion cooperative bank serving vital industries across rural America. The bank provides loans, leases, export financing and other financial services to agribusinesses and rural power, water and communications providers in all 50 states. The bank also provides wholesale loans and other financial services to affiliated Farm Credit associations serving farmers, ranchers and other rural borrowers in 23 states around the country.

CoBank is a member of the Farm Credit System, a nationwide network of banks and retail lending associations chartered to support the borrowing needs of U.S. agriculture, rural infrastructure and rural communities. Headquartered outside Denver, Colorado, CoBank serves customers from regional banking centers across the U.S. and also maintains an international representative office in Singapore.

For more information about CoBank, visit the bank's web site at [www.cobank.com](http://www.cobank.com)

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