

Outlook for the International Coal Market in 2026

- Steady Demand, Evolving Trade Dynamics -

2026 as a Turning Point for the Coal Market

< Summary >

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Global Coal Demand and Market Environment

1. Global coal demand in 2025 is estimated at approximately 8.8 billion tonnes, holding steady compared to the previous year, continuing to demonstrate resilience. By type, thermal coal accounts for about 90% of total demand, consumed for power generation. By country, China accounts for 56% and India for 15% of global demand, making these two countries the core drivers of the world coal market.
2. In contrast, international coal trade amounts to around 1.5 billion tonnes per year, representing only about 17% of global demand, reflecting a fundamentally “local production for local consumption” structure. Indonesia is the world’s largest coal exporter, with a 36% share, while Australia remains Japan’s largest source of coal imports.
3. Global coal demand in 2026 is likely to remain broadly in line with the previous year. However, increased domestic coal production in China and India is likely to lead to a decline in their import volumes. As a result, thermal coal trade appears to have reached a plateau, suggesting that the market is entering a phase of structural contraction.
4. Average Australian thermal coal FOB prices declined from USD 140/tonne in 2024 to USD 110/tonne in 2025 and are projected to remain broadly stable in 2026, following a sharp correction in 2025. Australian premium metallurgical coal FOB prices followed a similar trend, declining from USD 249/tonne in 2024 to USD 185/tonne in 2025, and are projected to remain broadly flat in 2026. While reduced imports by China and India warrant attention in the overall thermal coal market, Australian thermal coal is less exposed to these two markets, limiting the impact and supporting a continuation of price stability. For metallurgical coal, increased demand from India and ASEAN countries will provide some support; however, this is not expected to be sufficient to trigger a price rebound.

Developments in Major Importing Countries

5. In China, domestic coal production has been expanded to meet growing power demand, and imports of thermal coal have recently shown a declining trend. Domestic production is likely to continue expanding through 2026; however, tighter supply–demand conditions could emerge depending on production developments. China’s supply–demand balance will therefore continue to exert a considerable influence on the international coal market. For metallurgical coal, declining crude steel production has led to inventory accumulation, resulting in a downward trend in import volumes.
6. In India, domestic coal production has also expanded, and combined with a recovery in hydropower

generation, thermal coal imports slowed in 2025. At the same time, continued economic growth and expansion of steel production have sustained strong demand for metallurgical coal imports. This structure is expected to persist in 2026, with thermal coal imports gradually declining while metallurgical coal import demand remains robust.

7. In ASEAN, coal consumption has traditionally been centered on thermal coal; however, increased crude steel production in countries such as Vietnam and Indonesia has driven growth in metallurgical coal imports. Available capacity and project pipelines suggest that this trend will continue.

Developments in Major Exporting Countries

8. In Australia, coal production in 2025 remained broadly stable, aside from some weather-related transportation constraints. However, the continuation of environmentally focused policies has reduced predictability for operations and development. Decisions on whether to continue operations may be influenced by policy and market conditions at the time of mining lease renewals. Furthermore, differences in views between the federal government and the Queensland state government regarding the timing of coal-fired power plant exits have become more apparent, highlighting the challenge of balancing energy security and environmental commitments. In New South Wales, there have also been renewed discussions about further extending coal-fired power plant closures that were previously postponed.
9. This unstable policy environment affects the medium- to long-term operation of the coal industry and heightens concerns over future export supply capacity. While stable production levels are expected to be maintained in 2026, the scope for expanding supply remains limited amid continued policy and investment uncertainty.
10. In Indonesia, declining exports to China and India are expected to reduce coal exports in 2025 by around one hundred million tonnes year-on-year, to approximately 740 million tonnes. The government is considering measures that prioritize domestic demand, such as expanding domestic market obligations and introducing export taxes. In addition, the current president's policy of accelerating the transition to renewable energy has increased uncertainty regarding the predictability and consistency of coal policy. Close attention to Indonesia's coal policy developments will therefore be required in 2026.

Diversity of Coal Policies

11. In ASEAN, coal-fired power generation is being re-evaluated as a stable power source. This reassessment reflects the need to secure sufficient supply to meet rapidly growing electricity demand and is being considered in parallel with renewable energy deployment, incorporating clean coal technologies and energy efficiency improvements.
12. Under the Trump administration, inaugurated in January 2025 in the United States, the "Energy Dominance" policy has been promoted, leading to measures such as postponing coal-fired power plant closures and easing emissions and mining regulations. While the short-term impact on the international coal market is expected to be limited, these policy shifts could influence policy decisions in emerging economies and energy-import-dependent countries over the medium to long term.