
Xcoal Energy & Resources sees metallurgical coal shipment growth this year

US coking coal trader Xcoal Energy & Resources on Tuesday said volumes of US metallurgical coal shipments to Asia, Europe and Latin America will grow during 2011, while it warned that larger quantities of thermal coal exports were competing for scarce rail and port logistics.

US coking coal exports may reach 60 million metric tons in 2011, up from 51 million mt in 2010, Xcoal President

Jack Porco told the Coaltrans Brazil conference in Rio De Janeiro. Xcoal is one of the largest traders of US coal, and has handled sales for Appalachian producers such as Consol Energy and Massey Energy, which was merged into Alpha Natural Resources on June 1.

Asia is vying with Europe as the biggest destination for US coking coal, with data showing Japan increasingly

reliant on swing supplies from the US as flooding disrupted Australian shipments. Japan and Brazil are neck-and-neck taking the largest volume of US East Coast shipments between January and May of 2011, at just under 2.89 million mt apiece.

But US coal sales to China and India signified that the US was moving
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beyond simply being a swing supplier of met coal to acting as a long-term supplier outside its traditional European and Brazilian markets, Porco said.

"China and India have changed the structure of the market," Porco said. "China is expected to drive the market, and India will be the next mover of the market."

US coking coal mine capacity in 2011 is expected to reach 80 million mt, up from 70 million mt in 2010, Porco said. A larger contribution will come from northern Appalachian miners at 20 million mt of the total, of which 80% is earmarked for exports, he said.

Thermal coal exports from the US have started to crowd out capacity for loading vessels and railings to ports, Porco said, noting that one-third of the year-to-date volumes in exports are from thermal coal producers.