

# US coal companies shed 7,700 jobs in 2012

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According to data released by the Bureau of Labor Statistics, US coal mining jobs dropped by 7,700 last year, representing about 8.5 percent of total employment, from a seasonally adjusted 89,700 in January 2012 to 82,000 in January 2013.

West Virginia felt the brunt of the layoffs with 3,300 coal mining jobs lost in 2012, representing more than 13 percent of the state's mining jobs. The latest figures from the US Mine Health and Safety Administration (MSHA) show that more than 1,200 coal mining jobs were lost in the fourth quarter of last year, bringing total coal mine employment in the state down to 21,400.

In eastern Kentucky, nearly 2,100 coal miners lost their jobs last year, according to the Eastern Kentucky Concentrated Employment Program. The layoffs have pushed official unemployment in some of the 23 counties of eastern Kentucky to over 14 percent.

The job losses in West Virginia and Kentucky are an expression of the crisis of Central Appalachian coal production, which fell by 16 percent in 2012, according to figures from the federal Energy Information Administration (EIA). While Central Appalachia is home to some of the world's best low-sulfur, high-heat content reserves, these extensively mined reserves have a much higher production cost associated with them.

Last year the EIA projected Appalachian coal production to decline "substantially from current levels, as coal produced from the extensively mined, higher cost reserves of Central Appalachia is supplanted by lower cost coal from other supply regions."

Central Appalachian coal production is expected to drop from 186 million tons in 2010 to less than 75 million tons by the end of the decade. Longer-term forecasts show a rise to about 85 million tons annually by 2030, at which point production is expected to level off. "From 2011 to 2040, the Appalachian region's share of total coal production (on a Btu basis) falls from 38 percent to 32 percent," EIA predicted in the early release of its Annual Energy Outlook for 2013.

The decline in coal mining employment was not limited to Appalachia, however. At least 300 coal mining jobs were

lost in the massive strip mines of the Powder River Basin in Wyoming and Montana as production declined by 9 percent last year.

According to the EIA, coal production grew in the Illinois Basin by 9 percent in 2012, but the region was not immune from the mass layoffs of last year. Peabody Energy laid off 400 miners when it closed its Willow Lake mine last November after the death of a miner there. (See "Peabody closes Illinois mine after miner's death, laying off 400")

The production increases in the Illinois coalfields are part of a recent rebound after the region was hit hard by the 1990 amendments to the Clean Air Act. The Act's limitations on sulfur dioxide emissions put the higher sulfur content of the Illinois Basin's reserves at a disadvantage to the lower sulfur reserves of Appalachia and the Powder River Basin. Most of the coal-fired power plants in Illinois chose to switch to lower sulfur coal rather than install the necessary pollution control scrubbers required to meet federal regulations.

By 2003, Illinois' 1990 coal production level of 62 million tons had been reduced to 31 tons and the state's coal mine employment decreased by more than half. Last year, Illinois produced about 45 million tons of coal, about 85 percent of which was shipped to out-of-state power plants.

Nationally, EIA estimates that coal production in the US declined by nearly 7 percent in 2012 with a 3.6 percent drop expected for 2013. Production is projected to grow by about 3 percent in 2014 with an expected rise in coal exports.

The production declines are partly the result of coal's shrinking share of domestic energy production. The abundance of cheap natural gas reserves as a result of the development of the technique of hydraulic fracturing, or fracking, has allowed natural gas to capture a growing share of the domestic energy market.

According to the EIA, the 829 million tons of coal consumed in domestic energy production in 2012 represented the lowest amount since 1992. "Coal remains the largest energy source for electricity generation throughout the projection period, but its share of total generation declines from 42 percent in 2011 to 35 percent in 2040... As retirements [of coal-fired power plants] far

outpace new additions, total coal-fired generating capacity falls from 318 gigawatts in 2011 to 278 gigawatts in 2040.”

The consequences of this shift from coal to gas in electricity generation can be seen in the growing list of coal-fired power plants that have been shuttered. According to the Sierra Club, 139 of the nation’s 522 power plants have been retired or have announced plans to retire since 2010. Meanwhile the environmentalist organization claims that only one new coal-fired power plant has broken ground since 2008.

In a particularly high-profile case, American Electric Power—the nation’s largest consumer of coal—announced in December it would retire its Big Sandy plant near Louisa, Kentucky, which had been operating on locally supplied coal since the early 1960s.

Most of the power plants being closed are old and inefficient and represent America’s deteriorating infrastructure. As the Union of Concerned Scientists pointed out in a report last November, “more than three-quarters of US coal-fired power plants have outlived their 30-year life span—with 17 percent being older than half a century. Most are inefficient, operating far below both their power generation potential and the most efficient coal units on the power grid.”

The US coal industry is seeking to offset its decline in the share of domestic electricity generation through a combination of shifting production towards metallurgical coal, cutting costs through layoffs and closing unprofitable mines, and increasing exports abroad. Last year the US exported a record 124 million tons of coal, twice as much as in 2009 and well above the previous record of 113 million tons in 1981.

While metallurgical coal exports for steel making in the emerging economies of Asia have traditionally underpinned US coal exports, the recent surge has been driven increasingly by thermal coal exports for electricity generation in Europe where natural gas prices remain high.

While the rate of international coal consumption continues to slow compared with the rates of last decade, coal’s share of global energy consumption is expected to rise over the next five years, according to the International Energy Agency’s (IEA) “Medium-Term Coal Market Report” released in December.

By 2017, the IEA forecasts coal will come close to surpassing oil as the world’s top energy source, increasing by about 1.2 billion tons. This amount is equivalent to the current amount of coal consumed by both Russia and the US today. The agency says it expects coal demand will increase in every region of the world except the United States, due to the market effects of natural gas.

Much of this growth in international coal consumption will

be driven by increased coal consumption in India and China. China is both the world’s largest producer and consumer of coal, accounting for nearly half of global coal consumption. IEA notes that even if the Chinese economy were to slow to an average GDP growth rate of 4.6 percent over the next five years, coal demand would still increase globally and in China.

The US coal industry is currently hampered from fully taking advantage of the growth in Asian coal demand due to its limited ports on the West Coast which are already maxed out. Last year, nearly 17 million tons of thermal coal from the Powder River Basin had to be transported to ports on the Gulf of Mexico for export.

There have been several proposals for expanding US coal export capacity by as much as 125 million tons through a series of shipping facilities on the West Coast. The largest of these is the proposed \$665 million Gateway Pacific Terminal in Washington which is still undergoing environmental review.

Behind the ruthlessness with which the US coal industry carried out the mass layoffs of last year stand fundamental shifts in global energy production and consumption. Like production in general, energy production has become thoroughly globalized over the preceding decades, subordinating the US energy market to the dictates of the global market.

This process has undermined the traditional defensive organization of miners, the United Mine Workers union. With its nationalist outlook, the UMW has been reduced to a shell of its former self, unwilling and unable to mobilize the tens of thousands of coal miners in the US for a struggle against layoffs and unsafe work conditions.

Yet at the same time, globalization has bound the fate of US coal miners to millions of other miners throughout the world who are facing identical struggles, often against the same global mining corporations. The foundations have been laid for the development of a new and truly international organization of the world’s miners to carry out a struggle for ownership and control over their industry.



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