

# EXPORTING ALASKA'S COAL

Currently the only coal exported from Alaska to is to Chile and the Pacific Rim by Usibelli Coal Mine Inc. In 2011 Usibelli exported 1.3 million tons of coal, but in 2012 this number fell to 877,000 tons due to reduced demand. Exports normally account for around half of the coal mined by Usibelli, with the rest being consumed in the state. While this represents less than one percent of US coal exports, Alaska possesses a very large percentage of US coal resources and many parties are interested in mining this coal for export.

This interest is strengthened in part by the rapid growth in demand for imported coal from China, likely a driver behind proposals by PacRim Coal, which is seeking to open the proposed Chuitna Coal strip mine near Beluga, and BHP Billiton, which has shown off-and-on interest in developing coal in Alaska's western arctic. A particular attraction of Alaskan coal is its low sulfur content that allows more of this coal to be burned while staying in compliance with regulations that restrict sulfur dioxide emissions. In addition, Alaska is located closer to the large Asian markets than the rest of the US, and there is a potential for trade through the Northwest Passage to the eastern US and Europe as the arctic sea ice retreats.

However, there is concern that exporting coal from the US to Asia will have an outsized negative impact on climate change due to the combination of transportation emissions and lowering the incentive for Asian power plants to improve efficiency or search for alternative fuels.

Though exports of Usibelli coal fell in 2012, the numbers for 2010 and 2011 were both record-setting and Usibelli believes there is potential for expansion. In particular, Usibelli is working with a Japanese company, J-Power, to explore the feasibility of exporting coal from their Wishbone Hill site.

However, there are some significant barriers to the successful export of Alaskan coal, including the high infrastructure and transportation costs of mining in remote locations, and shipping the resulting coal. Furthermore, Alaska currently possesses only one port designed to load coal ships, located at the Port of Seward.

There is also a proposal to develop a rail line to Port MacKenzie which has a fair amount of support in Fairbanks. Port MacKenzie is not ice-free like Seward, but might prove able to compete with Seward. In June 2010, a large Japanese bulk coal carrier arrived at Port MacKenzie as part of a test for Usibelli mine, examining the feasibility of loading coal here.

While Usibelli currently exports coal to South Korea, obtaining a contract to export the coal from a new mine can be very difficult because most Asian power companies require a demonstrated production capacity of over one million tons per year. This can lead to the problem of; "no mine in production, no contract; therefore, no contract, no mine".

Coal companies and shipping companies also face a significant hurdle to shipping coal from Alaska to the lower 48 from the Merchant Marine Act of 1920, usually referred to as the "Jones Act". This law limits shipping between US ports to ships that are built in the US, and crewed by at least 75% US citizens. In effect, this law means that shipping coal from Alaska to a port in the lower 48 would cost at least twice as much as shipping coal an equivalent distance outside the US, assuming an appropriate ship could even be found.

Source:

<http://www.groundtruthtrekking.org/Issues/AlaskaCoal/AlaskaCoalExports.html>