This is a key moment to engage with the Russian energy sector. A new research project will provide insights into the macroeconomic and social stability of coal-producing regions in Russia and outline pathways forward as the world shifts to a low-carbon energy system.

The project aims to:

- Increase the understanding of Russian coal sector
- Explore challenges of a just transition for coal regions
- Project future trends of coal in Russia
- Enhance dialogue and collaboration.

**HISTORY OF RUSSIAN COAL SECTOR**

**1990s to early 2000s**

**1993**
After fall of Soviet Union, coal industry receives state support to restructure, aided by loans from The World Bank.

**1998**
Economic crisis hits Russia leading to the closure of unprofitable mines and roll-out of support programs for miners.

**2002**
Most unprofitable production facilities closed, industry becomes profitable and almost independent.

**2000s to late 2010s**

**2009**
Global economic crisis hits, leading to decrease of coal production. Despite setback industry became again profitable by 2010.

**2014**
Global coal prices begin to fall as competition increases, but Russian producers continue to increase exports.

**2016**
Economic factors lead to closure of ca. 30% of industry facilities. Still, by end of 2016 Russian coal ranks 3rd in global trade volume.
THE RUSSIAN COAL SECTOR TODAY

Coal is in demand in 5 out of 8 federal districts

Oligopolistic competition

80% of total coal volume in Russia is produced by the 15 largest coal companies.

Export

205m t of coal Russia exported at the end of 2019, adding 16bn USD to the economy.

High-risk areas: Due to geological and physical characteristics of the Pechora Basin region, new mining facilities are not viable.

New coal mines: In Siberia and the Far East, new coal mines might be developed.

THE RUSSIAN COAL SECTOR TODAY

17.5% combined share of coal in Russia’s domestic electricity generation at the end of 2019.

DOMESTIC CHALLENGES

1. Financial stability
   While automation and digitisation helped improve efficiency in the past, companies today aim to diversify their portfolio, e.g. by becoming energy producers.

2. Transport
   Coal producers compete for access to transport infrastructure and for rail-transport government subsidies.

3. Labour
   There is a shortage of a highly skilled workers in the coal industry, with a high number of vacancies across the sector.
Russia’s share of global coal production set to increase as it needs to fulfill its international climate commitments

Russia ranks sixth in the world coal production, with about 5% of world production, and this share is planned to increase to 23-25% by 2035 as part of the Russian Energy Strategy to 2035. However, Russia also signed the Paris Agreement in 2019, and will need to adapt to stricter carbon policies and the global low-carbon energy transition.

Addressing challenges and transition opportunities

Over the next 6 months, the project will seek to address challenges and transition opportunities for the Russian Coal sector in these contexts, focusing on questions around pathways for coal consumption and export, regional transition risk, and Russia’s low carbon policies.

The project is a collaboration between Climate Strategies, European University at St. Petersburg (EUSP), Fridtjof Nansen Institute (FNI) & Higher School of Economics (HSE).