

THE ROLE OF U.S. COAL IN ENERGY, ECONOMY AND THE ENVIRONMENT – SPECIAL REPORT FEBRUARY 1993

PURPOSE

The future of the U.S. coal industry is inextricably bound to public policies concerning energy, the economy and the environment. The purpose of this paper is to:

- Discuss the status of the U.S. coal industry; and
- Review the implications of coal's role in U.S. energy, economic, and environmental policies.

The potential of clean coal technology provides an enormous future opportunity for the United States. Energy efficiency can be improved and the environment protected while coal use expands to generate electricity, promote growth, and improve the nation's balance of payments. Coal, the nation's largest source of domestic energy, contributes both directly and indirectly to the U.S. economy.

Direct Economic Contribution. The \$21 billion in current value of annual coal production yields an impact of \$81 billion on the economy. While many U.S. industries have declined over the past two decades, the U.S. coal industry has increased its export position. The abundant coal resources of the U.S. provide opportunities to improve the nation's balance of trade in the 1990s, strengthen basic infrastructure, and employ advanced technologies in the U.S. and overseas.

Indirect Economic Contribution. The U.S. economy and the standard of living it supports depend on coal, primarily in the form of electricity. Electric power is the largest and fastest growing end-use sector in energy. Coal is the principal fuel used to generate electricity. Availability of low-cost coal has enhanced the electrification of the U.S. economy.

FINDINGS

The economic well-being of the United States depends substantially on coal, primarily in the form of electricity. Coal has been the nation's largest domestic source of energy for nearly a decade. Electric power, the largest and fastest growing end-use sector in energy, is the primary market for coal. Accounting for 56% of total generation, low-cost coal contributed to the electrification of the economy over the past twenty years. If coal had not been available to meet the growth in electric demand, consumers would have incurred over \$190 billion in additional fuel costs since 1971. Coal contributes over \$80 billion annually to the economy and stimulates over one million jobs. Coal also contributes to the economy in terms of tax revenue, exports, and infrastructure and technology development. Further development of coal production, combustion, and emissions technologies can ensure that coal continues to contribute to energy security, economic growth, and environmental protection.