Despite drop in domestic coal production, U.S. coal exports to reach record high in 2012.

While U.S. coal production is down 7 percent this year due in part to utilities switching to low-priced natural gas to generate electricity, American coal is still finding plenty of buyers in overseas markets.

U.S. coal exports are expected to hit a record 125 million tons in 2012, the U.S. Energy Information Administration says in its new monthly short-term energy outlook. Coal exports are expected to decline in 2013, primarily because of continuing economic weakness in Europe, lower international coal prices, and higher coal production in Asia.

However, U.S. coal exports next year are still expected to top 100 million tons for the third year in a row.

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