



MEDIA RELEASE

MINERALS COUNCIL OF AUSTRALIA

Robust Asian thermal coal demand creates opportunities for Australia

Statement from Greg Evans, Executive Director – Coal

Australia's world-class coal mining industry can create more jobs in Australia and strengthen the economy by meeting expected strong Asian demand for thermal coal over the next decade and beyond.

A [report](#) on the demand outlook for thermal coal in our region – prepared for the MCA and the COAL21 Fund by expert industry analysts Commodity Insights – has forecast strong appetite for thermal (energy) coal across existing and emerging Asian markets between now and 2030.

Strong electricity demand growth in Southeast Asia and India driven by industrialisation and urbanisation, use of high efficiency low emission (HELE) coal technology and solid population growth will drive a potential 400 million tonne (Mt) increase in annual demand by 2030.

Most of this growth is expected from countries that are existing customers of Australia's high-quality coal, including Japan, China, Taiwan and Korea, as well as newer buyers such as Vietnam, the Philippines and Thailand.

The report's main points include:

- Asian thermal coal import demand is expected to grow over 400Mt over the period (or double Australia's total 2017 thermal coal exports of 200Mt) from 740Mt in 2017 to 1147Mt in 2030
- Demand growth is evenly spread across the region, with all countries except Japan increasing imports across the period and growth in Chinese demand remaining relatively flat
- An increase in coal's share in the power generation mix in large parts of Southeast Asia will help countries diversify beyond gas and hydro power
- Imports by India will also increase, yet forecast domestic production will not be able to keep pace with demand growth, especially for coal-fired power plants built away from the domestic production centres
- Thermal coal supply may tighten due to Indonesia commissioning a significant volume of new coal-fired capacity over the next decade, which will potentially divert large volumes from the export market to domestic use in Indonesia.

Australian coal is ideally placed to meet this growing demand from Asian customers because of its high quality – reducing emissions when compared to lower-quality coal from other exporters – and supplier reliability. We are also close to key markets and have good infrastructure availability.

The report also highlights challenges, including the need for Australia to add or expand mines and infrastructure, particularly rail, in a timely fashion to support this growth.

Approval processes for new mines are long and costly and involve numerous stakeholders and levels of government. The report notes that: 'The sheer volume of red and green tape is extremely onerous, and possibly out of balance with other jurisdictions.'

Better policy settings would help the industry grow to meet the expected demand increase and deliver continued benefits to Australians, such as large royalty payments to taxpayers in NSW and Queensland.

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