



# MEDIA RELEASE

## MINERALS COUNCIL OF AUSTRALIA

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### **Bright future ahead for Australia's steel-making met coal exports**

#### **Statement from Tania Constable, Chief Executive Officer**

Australia's economy, regional jobs and local communities will all benefit from growing demand for our world-class steel-making coal driven by population and economic growth in China and India.

A new [report](#) from expert industry analysts Commodity Insights on the demand outlook for metallurgical coal to 2030 forecasts that demand is expected to grow by over 95Mt from 275Mt in 2017 to 372Mt in 2030 – equivalent to 2.3% growth or around 7.5Mt per annum.

This forecast growth is approximately 56% of current Australian met coal exports, representing a large potential growth opportunity for the sector.

Along with a [report](#) to the MCA and COAL21 earlier this year on growing demand for thermal (energy) coal, this report counters recent claims that demand for Australian coal will decline over the medium term.

Even based on the conservative assumptions used in the Commodity Insights report, this demand growth represents a major opportunity for our world-class coal producers and the Australian economy.

Australian met coal from Queensland's Bowen Basin is the best steel-making coal in the world. We are ideally placed, in terms of high coal quality, proximity to key markets in Asia, reliable supply and infrastructure availability, to share in coal demand growth to 2030 and beyond.

This is good news for jobs, regional communities and Australians – who benefit from the royalties and company taxes paid by our met coal producers which fund teachers, nurses, police and other essential services.

Australia is the largest global exporter of met coal with our exports growing from 114Mt in 2007 to 147Mt in 2017 in response to strong global demand growth, especially from our largest markets China, India and Japan (which account for about 60% of export volume) along with South Korea, Europe, Brazil and Taiwan.

Australia's strong position in meeting met coal demand growth cannot be taken for granted. The report notes that given competition from other suppliers, we will need to add or expand mines and infrastructure – particularly rail – in a timely fashion to support this growth.

Drivers of the growth in met coal demand from India and China include the following:

- Solid to strong economic growth in India, along with ongoing industrialisation and urbanisation, both of which drive demand for steel.
- Continued solid steel production growth in China.
- Population growth in India and China.
- The inability of domestic met coal production to keep pace with demand in both China and India.

The report also notes that there is no suitable replacement for met coal for making steel because of its critical role in the blast furnace process where it acts as a source of heat, a reducing agent for the iron ore and provides permeability to the blast furnace burden.

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