

Export Coal: The Economics and politics of a global moratorium

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Australian Coal Exports

- Australia and Indonesia both have a larger share of the seaborne coal market than Saudi Arabia has of the world oil market
- Both countries have massive coal export plans
- Australian Government expects coal exports to increase from 283Mt in 2010 to 486Mt by 2016 (a 72 per cent increase) (BREE 2015)

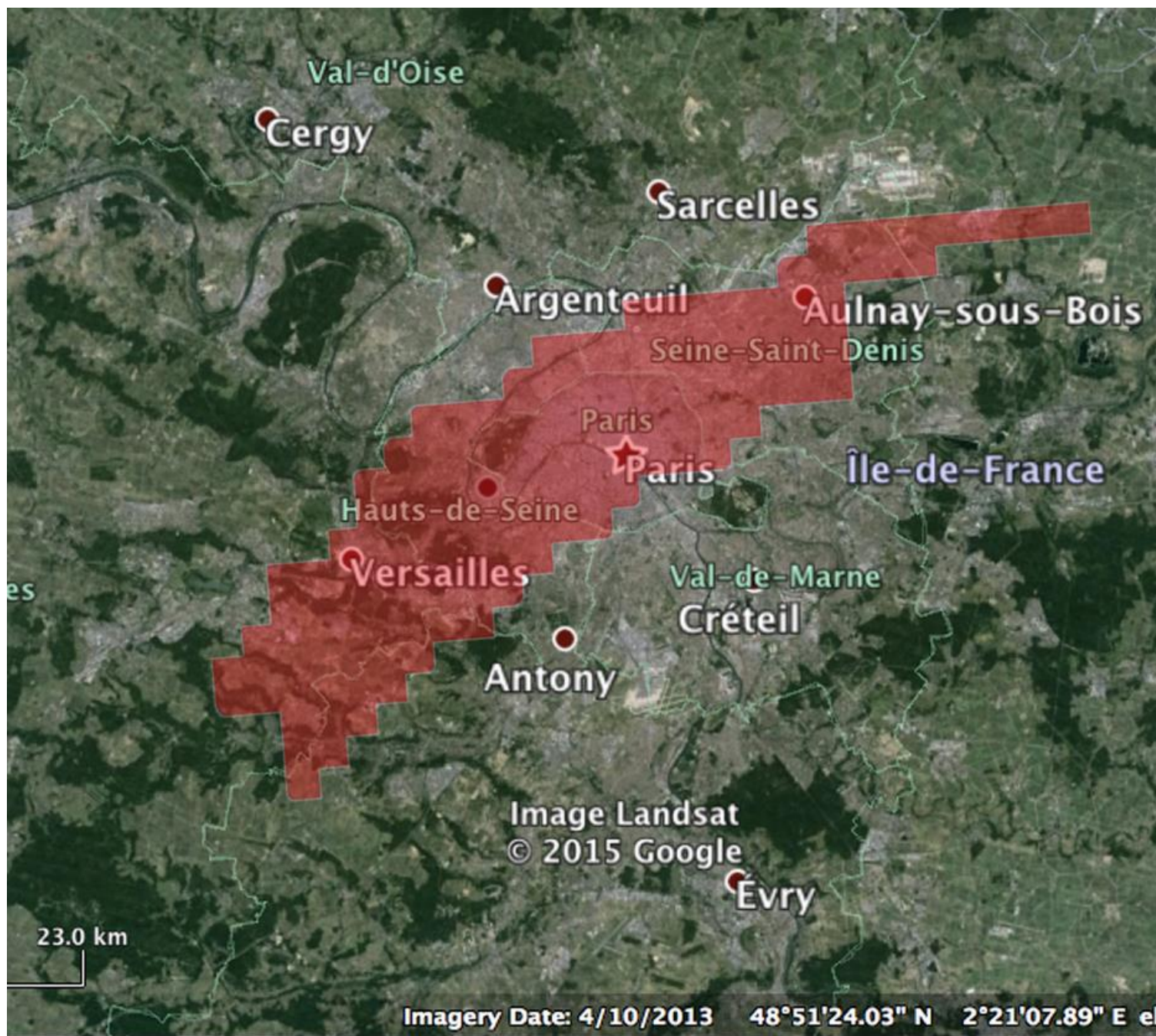
Major Australian Coal proposals

GVK Alpha	30 Mt pa
Adani Carmichael	40 Mt pa
Waratah China First	40 Mt pa
GVK Kevin's Corner	30 Mt pa
Cobbora	10 Mt pa
Whitehaven Maules Ck	10 Mt pa
Rio Tinto Mt Pleasant	10 Mt pa
Total Australian Proposals	604 Mt pa

How big is a big mine in Australia?







Economics of a moratorium

- Low coal prices make for good politics and bad economics
- Falling demand will push prices lower
- Lower prices will slow transition to renewables and induce additional demand for energy
- Threat of climate action can drive new investment – Hotelling's rule with a deadline

Economics continued

- 100 per cent renewables can drive down coal prices
- Generation decisions get locked in for decades
- The less coal produced, the lower the carbon price needed to achieve any given abatement target
- Big winner from a moratorium is incumbent coal miners.

Geopolitics of a moratorium

- 1) Most countries don't mine coal
- 2) Most countries don't plan to expand their coal production
- 3) In a shrinking market, coal expansion hurts incumbents and those that invested/leaned to them
- 4) Companies can't call for help - antitrust
- 5) Face saver for state and family owned companies committed to expansion

Challenges

- Coal companies cant call for a moratorium
- Many politicians who are supportive of coal mine are more interested in 'construction jobs' than shareholder wealth protection
- Economy vs Environment debate has broader political and social implications – identity politics
- The IPCC process

Where to from here?

- Call for a moratorium by President of Kiribati will likely find support among a wide range of NGOs, churches, companies and nation states
- National campaigns being organised to ensure positive response from key countries
- Moratorium isnt the only thing that is needed, but cant start going forward until we stop going backward
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