

# 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)

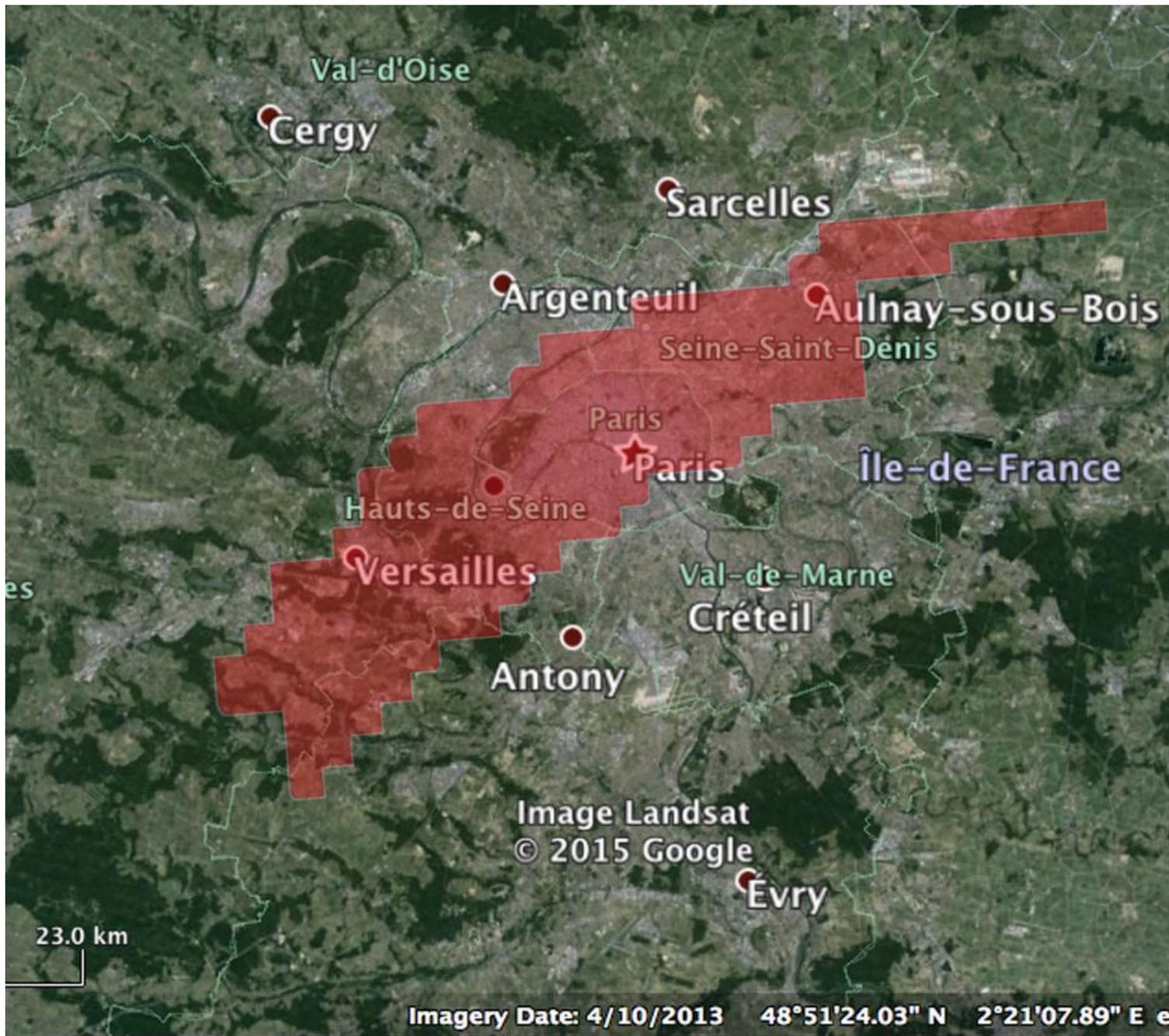
# Major Australian Coal proposals

|                                   |                  |
|-----------------------------------|------------------|
| 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         |
| <b>Total Australian Proposals</b> | <b>604 Mt pa</b> |

# 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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