

MINING



Coal exports at record levels

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EVEN after being battered by the economic downturn, our mining industry has still managed to break export records for the 2008-9 financial year.

According to the Australian Bureau of Agricultural and Resource Economics (ABARE), the prices of our resources, or the energy export price index, increased by 68 per cent because of our strong thermal (electricity) and metallurgical (metal making) coals.

Although the report is not broken down to localities, the "vast majority" of Australia's metal making coal is sourced from the northern Bowen Basin, so the figures apply specifically to our region.

Earnings for metal making coal jumped \$20.7 billion, up 129

per cent.

ABARE senior commodity analyst Alan Copeland said the record earnings were because of the high contract prices negotiated early in 2008, so even while the amount of coal dropped late last year, it did little to affect company profits.

"The contracts were settled in April 2008, so it was well before the financial crisis," Mr Copeland said.

"They were the highest on record."

Mr Copeland said when the contract prices were renegotiated in April 2009, the prices dropped by about 57 per cent but they were still the second highest coal prices on record.

"From a historical point of view, the prices are still high," he said.

"(2008 prices) are not likely to be replicated in the very near future.

"That's the big thing, everything is relative.

"They're higher than they were two years ago and most people were pretty happy.

"There's been circumstances to create uncertainty but things are still pretty good."

Mr Copeland said the real effect of the economic downturn was that the amount of metal-making coal fell by 11 million tonnes in the financial year.

"That's where you see the effect but it's offset by coal prices."

He said there were already "positive indications" in the market, both here and around the world, especially from China.

"Markets are becoming more optimistic," he said.

"The industry in the Bowen Basin has a number of plans to expand and increase exports and to that extent, that's a positive indicator."