
Mongolian coal may undermine Australian export markets - Rio

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AAP reported that Rio Tinto has warned that cheap coal from Mongolia as well as congestion at the Port of Newcastle in NSW could undermine export markets for the Australian commodity.

Mr Tom Albanese CEO of Rio said that he knew the leader of an energy company who likened opportunities in Mongolia to a religious experience.

He added that "Coal from Mongolia to China is happening. It is expanding, probably doubling every two years. Will that coal get to the seaborne markets? I suspect it will. Will it get to the seaborne markets at a lower delivered cost than Australian coal? I suspect it will too."

Mr Albanese said that problems at the world's biggest coal port, Newcastle, were unhelpful. Rio Tinto's Australian coal production was not at capacity purely because of logistical reasons in getting the coal exported. He added that "We should remind ourselves that Australia is not the only source of supply for the Asian seaborne market, so if the coal chain does not pick up, others will find their way to that market."

Mr Albanese said Rio Tinto was leading the way in moving towards a longer term take or pay arrangement at the Newcastle port facility. He added that "We have coal interests through our stake in Ivanhoe Australia Ltd but we also have coal interests on our own in Mongolia via Rio Tinto explorations."

(Sourced from AAP)

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