
South Korea utilities to buy SA coal to meet demand

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Reuters reported that four South Korean utilities will issue a joint tender to buy about 1.13 million tonnes of South African coal, aiming to diversify coal procurement against expensive Australian origin.

This was the first time South Korean utilities had banded together to buy South African coal to diversify their coal imports. The utilities also hoped their decision to move away from Australian suppliers would help cap rising prices and give them greater bargaining leverage during annual contract pricing negotiations.

A source at one of the utilities said that "Australian coal is quoted at levels so much higher than other origins. The joint tender is designed to diversify imports against Australian origin." It added that Australian coal was more than USD 10 per tonne more expensive than other origins on a FOB basis.

According to data from globalCOAL, over the past month, South African coal has been traded at a USD 10 to USD 13 discount to Australian coal. South African prices stood at USD 82.83 per tonne FOB from Richards Bay on Friday, while prices for standard Newcastle grade coal from Australia stood at USD 93.92 per tonne.

(Sourced from www.reuters.com)

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