



## PRIME MINISTER

PRESS STATEMENT NO. 573

12 October 1975

### COAL EXPORTS

The Prime Minister today announced the outcome of a review, by the Resources Committee of Cabinet, of the future development of the Australian coal industry.

The Prime Minister recalled that last year Mr Connor had given an assurance to the Japanese steel industry that Japanese needs of Australian coal would be met. Further talks earlier this year with the steel mills indicated their intention to purchase the maximum quantity of coking coal from Australia, on condition that such coal is competitive and of acceptable quality. The mills have indicated the broad requirement of some 44-49 million tonnes of Australian coal per annum by 1980. This represents an additional 15-20 million tonnes per annum over the current level of contracts from Australia. In addition, the electric power industry in Japan has indicated a requirement of 15 million tonnes per annum of steaming coal by 1985, of which a substantial quantity is expected to be purchased from Australia.

The Prime Minister said that if these additional tonnages are to be available there is an obvious need for some new coal development to take place. New projects which are at present planned by various companies include Hail Creek, Nebo, Norwich Park, Blair Athol, West Cliff, West Ballambi, and Bargo. He said that the Government's view was that while it will continue to exercise an overall supervision of the coal industry, particularly to avoid over-supply, there would be a prima facie presumption that export approval would be given to projects which obtain sales contracts satisfactory to the Government, including its pricing policy requirements. New projects will, of course, also have to meet the Government's other policy objectives, including the foreign investment guidelines announced by the Prime Minister in his statement on 24 September.

The Government anticipates that sufficient new projects will get underway in the near future to meet the expected increased demand as it falls due. Hail Creek has already been approved subject to foreign investment conditions being satisfied. As a further step in that direction, subject again to certain foreign investment conditions and to exchange control conditions being met, the Government is prepared to give the necessary export approvals to enable the Nebo project in the Bowen Basin of Queensland to proceed. And subject to satisfactory contracts being obtained, the Government also stands ready to approve such other projects as can meet the Government's foreign investment policy objectives. It would wish to see existing mines continue to play a viable role in meeting the present export demand level. In this context, the Government welcomes the assurance by the Japanese steel industry that, in the event of a reduction in their level of coking coal consumption, purchases of Australian coking coals under contract would not be reduced. It expects that in allocating purchasing contracts the Japanese industry will pay due regard to the needs for a balanced and healthy development of the Australian coal industry.

CANBERRA, A.C.T.