South Korea coal phase-out to hit Australian exporters

Jessica Sier *North Asia correspondent* | Nov 18, 2025 – 1.28pm

Tokyo | South Korea, Australia's third-largest customer of thermal coal, has committed to phasing out the electricity-producing fuel by 2040, dealing a major blow to exporters and adding pressure on other Asian countries to accelerate their transition away from fossil fuels.

Seoul announced the move at the COP30 climate summit in Brazil, making it the first major coal-burning nation in Asia to formally commit to phasing it out as it joined the Powering Past Coal Alliance.

About 30 per cent of South Korea's electricity comes from coal-fired generators. **Bloomberg**

The decision locks in the retirement of all 62 South Korean coal plants by 2040, including 22 units that had no phase-out schedule.

South Korea relies on coal for more than 30 per cent of its electricity. Its 40-gigawatt coal fleet generates 60 per cent of its power-sector emissions – about 156 million tonnes of CO_2 a year.

Kim Sung-hwan, South Korea's minister of climate, energy and environment, said the pledge demonstrated the country's commitment to "accelerating a just and clean energy transition".

"The shift from coal to clean power is not only essential for the climate, it will also help both the Republic of Korea and all other countries increase our energy security, boost the competitiveness of our businesses, and create thousands of jobs," he said in a statement.

The East Asian country has the world's seventh-largest coal power generation network and is the world's fourth-largest thermal coal importer behind China, India and Japan.

For Australia, the shift is significant. South Korean utilities are on track to import more than $2.3 billion worth of Australian thermal coal this year, according to commodities data group Kpler.

A full phase-out signals a structural decline from one of Australia's most stable energy customers at a time when Canberra is again debating coal's future.

"As a major industrial powerhouse in Asia, South Korea's rising commitment presents a clear signal for the region," Putra Adhiguna, managing director of Energy Shift Institute, said.

"It is coal suppliers like Indonesia and Australia – already facing China's moderating coal imports – [that] must think hard about their reliance on the commodity as the energy transition accelerates."

Treasury modelling released in September already forecast a 50 per cent collapse in the value of Australia's coal and gas exports over the next five years.

Shares of Australia's coal exporters slid after the Korean announcement, with major ASX-listed miners such as BHP, Whitehaven Coal, New Hope and Yancoal Australia falling between 2 per cent and 4 per cent in early trade.

South Korea's move is expected to ratchet up pressure on other major coal-burning economies – including Japan, India, Turkey, Brazil, China and Australia – that have yet to nominate a coal phase-out date.

It also adds momentum to COP30's broader push for a fossil fuel "road map", which negotiators say is emerging as a central outcome of the summit.

Climate Energy Finance director Tim Buckley called the move “brilliant” and urged Australia to accelerate investment in low-emissions export industries such as green iron, aluminium, critical minerals and battery chemicals.

“Australia needs to pivot our export focus to low-emissions industries of the future … to help our key trade partners jointly deliver on their decarbonisation objectives,” he said.

The decision lands amid a renewed domestic battle over Australia’s own energy strategy. The Albanese government is targeting 82 per cent renewable energy by 2030, while the federal opposition has abandoned bipartisan support for the 2050 net zero target and flagged subsidies for coal power if it wins the 2028 election.

Although Australia is not a member of the Powering Past Coal Alliance, the Korean pledge highlights the speed at which major trading partners are reshaping their energy systems and the direct implications for Australia’s export revenue.

Total thermal coal sales from Australian mines last financial year were $32 billion.

Japan – now the only major Asian OECD economy without a coal phase-out date – is expected to face immediate diplomatic pressure following Seoul’s decision.

South Korea’s entry into the PPCA “isolates Japan” as the region’s last holdout, at a time when Tokyo continues to back “clean coal” technologies and remains the largest public financier of coal power in Asia.

“Japan and South Korea have similar power generation profiles and, until recently, both promoted measures such as ammonia co-firing at coal plants,” said Takako Momoi, managing director of Kiko Network, a Tokyo-based climate NGO.

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