South Korean decision to close all coal-fired power plants by 2040 sounds alarm for Australian exports

Decision announced at Cop30 climate conference signposts risks for Australia's reliance on fossil fuel exports, analysts say

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South Korea is Australia's third-biggest market for electricity-generating coal. Photograph: st_lux/Getty Images

The Australian government has been urged to prepare for a shift away from thermal coal exports and accelerate green industries after one of its main international customers signed up to close all coal-fired power plants by 2040.

South Korea, Australia's third-biggest market for coal burned to generate electricity, announced at the Cop30 climate conference in Brazil that it was joining the "Powering Past Coal Alliance", a group of about 60 nations and 120 sub-national governments, businesses and organisations committed to phasing out the fossil fuel.

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

The north Asian country has the world's seventh-largest coal power fleet and is the world's fourth-largest thermal coal importer behind China, India and Japan, responsible for about 8% of global trade. Coal provides about 30% of its electricity.

"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," Kim said in a statement.

The pledge commits Korea to retiring 62 coal plants, 40 of which already have confirmed closure dates. The analytics firm Kpler estimates Australia will sell about A$2.3bn (US$1.5bn) worth of thermal coal to South Korea this year.

James Bowen, the director of consultancy ReMap Research, said South Korea's decision would send a powerful signal across the Asia-Pacific.

"For Australia to continue to rely on fossil fuel exports in the medium to long term is a risky strategy," he said.

He cited Australian Treasury modelling that suggested the country's fossil fuel exports would fall in value by about 50% over the next five years regardless of where the country set its national emissions reduction target. Total thermal coal sales from Australian mines last financial year were $32bn.

"South Korea's decision should prompt Australia to show leadership by discussing timeframes for its own fossil fuel phaseout while helping its regional neighbours to embrace clean energy," Bowen said.

Tim Buckley, the director of Climate Energy Finance, said the Korean announcement was "brilliant" news and showed Australia's trading partners were "responding to climate science and their treaty obligations".

"Australia needs to pivot our export focus to low-emissions industries of the future, in particular exporting green iron and aluminium, critical minerals and lithium hydroxide to help our key trade partners jointly deliver on their decarbonisation objectives," he said.

Australia is not a member of the Powering Past Coal Alliance, though the government has a target of increasing the proportion of electricity from renewable energy from about 42% over the past year to 82% by 2030.

The Australia political debate in recent days has been focused on the federal opposition dropping support for a bipartisan target of reaching net zero emissions by 2050 and indicating it would subsidise coal power if it won the next election, due in 2028.

South Korea has faced criticism for dropping a 100% renewable energy target and not acting faster to address the climate crisis. The Climate Action Tracker found it should phase out coal power by 2030 and gas power shortly after if its action were to be compatible with the goals of the Paris agreement.

It is also a significant importer of metallurgical coal, used in steelmaking. It has substantial nuclear and gas-power fleets, each supplying roughly 30% of its electricity.

Australia is the world's second-biggest thermal coal exporter behind Indonesia and easily the biggest exporter of metallurgical coal. It rivals the US and Qatar to be the world's biggest exporter of liquefied natural gas, another fossil fuel.

https://www.theguardian.com/environment/2025/nov/17/south-korean-decision-to-close-all-coal-fired-power-plants-by-2040-sounds-alarm-for-australian-exports