CLIMATE ENERGY FINANCE

18 NOVEMBER 2025

WAKE UP CALL: SOUTH KOREA WILL END COAL POWER BY 2040. AUSTRALIA MUST URGENTLY PIVOT TO EXPORTS LIKE GREEN IRON FROM WHYALLA

South Korea has committed at the COP30 climate summit to join the Powering Past Coal Alliance (PPCA) and ending coal-fired power by 2040. This has major implications for coal-exporting Australia.

South Korea pledged not to build any new unabated coal plants as part of its membership and reaffirmed its plan to shut down 40 existing coal-fired units by 2040.

Tim Buckley, director of think tank Climate Energy Finance and former MD of global investment bank Citigroup said:

"South Korea is Australia's third largest coal market and the world's fourth largest thermal coal import nation, importing 91Mtpa in 2024. As such, it is brilliant to see South Korea join the Powering Past Coal Alliance at COP30, moving strongly to align with its Paris Agreement commitments to slash emissions.

This should send a strong reminder to Australia as the world's second largest exporter of thermal coal – coal burned to produce electricity – behind only Indonesia that our key trade partners are responding to the climate science and their Paris Agreement treaty obligations, meaning coal demand will decline.

As a top 3 global fossil fuel exporting nation, Australia needs to recognise that the strategies of our key Asian trade partners determine the longevity of our export demand. Whilst the Federal LNP is preoccupied fighting amongst themselves to deny the climate science, this is a telling reminder that the world will have to transition rapidly to zero emissions industries of the future.

The climate science is immutable, Australia can choose to ignore it but we will simply then be left behind. Far better we embrace a Future Made in Australia plus Green Energy Statecraft to seize the massive investment, regional employment and net export opportunities ahead for our country.

The Australian Office of the Chief Economist forecasts a near 15% decline in global thermal coal demand in the three years to 2027, and Korea's new commitment is a strong reminder that Australia's largest four commodity exports in 2024, including thermal and coking coal, LNG and low quality, high impurity iron ore, are all terminally challenged over the coming decades. This end-game is inevitable and accelerating as the world collectively reduces its emissions, decarbonising industry and power supplies.

Australia needs to urgently pivot our export focus to low- and zero-emissions industries of the future, in particular renewables-processed green iron, as well as green aluminium, critical minerals and lithium. This will secure our crucial commodity export revenues as we help our key trade partners jointly deliver on their decarbonisation objectives.

It is hard for private finance to mobilise behind the massive investment opportunity to develop green commodities absent a price on carbon in international trade or domestically – a critical lever to drive capital into low-emissions tech. The expansion of carbon pricing in international trade is coming, as seen by the European Union's world leading carbon border adjustment mechanism (CBAM), and China's massive extension of their world leading national emissions trading scheme.

Australia has also made strong progress with the enhanced Safeguard Mechanism, which requires major industrial emitters to reduce emissions over time or buy carbon credits, and we expect strong further progress with the 2026 review. But while we wait for serious carbon pricing, our governments are going to have to step into the gap and provide the capital and policy signals to cover the "grey discount" – the cost differential between the true cost of carbon emissions and the price industrial polluters actually pay for them, as fossil fuel users externalise their carbon pollution onto all of us. CEF's Matt Pollard details this in his recent report: "[A Price on Carbon: Building Towards an Asian CBAM]."

What is clear, is that Australia's overdependence on fossil fuel exports must end, as highlighted by South Korea's announcement. Failure to course-correct now and accelerate Australia's generational opportunities, including as a world-leading green iron exporter, undermines the national interest, presenting a clear and present risk to Australia's future prosperity in a decarbonising world."

MEDIA ENQUIRIES:

Tim Buckley is available for interview direct on +61 408 102 127 AEDT or tim@climateenergyfinance.org
Annemarie Jonson on +61 428 278 880 AEDT annemarie@climateenergyfinance.org

____

Please see CEF's new report below, released yesterday, on the exceptional opportunity for the ailing Whyalla Steelworks to be revitalised as a world-leading green iron and steel hub.

NEW REPORT: THE GAS-LED WHYALLA RESCUE PROMOTED BY BLUESCOPE WOULD COST TAXPAYERS BILLIONS & UNDERMINE GREEN IRON & STEEL

A [new report] by think tank Climate Energy Finance, [endorsed by The Superpower Institute], warns that locking in high-emissions methane fossil gas in a 'transition phase' for Whyalla Steelworks in South Australia would be a grave strategic misstep with damaging budgetary and national interest impacts.

The Steelworks entered forced administration in February 2025 after gross mismanagement and undercapitalisation by former owner GFG Alliance. The Federal and SA governments announced a $2.4bn rescue package, saying that Whyalla "is critical for future ambitions for green steel manufacturing, which will be increasingly lucrative as the world decarbonises". A competitive bidding process for the Steelworks is underway with the BlueScope Steel consortium – Australia's only other domestic steelmaker – holding an anti-competitive right-of-last-refusal.

Bluescope has said it does not accept the path to green iron and steel, and is demanding multibillion dollar gas subsidies to proceed with its bid. Gas does not produce green steel. Bluescope's AGM is this Tuesday 18 November.

The [report] finds that:

- Gas-based production of iron and steel in SA is entirely uneconomic, with gas prices there some of the highest in the gas-producing world at A$13/gigajoule (GJ) in FY25. Price hyperinflation is driven by the gas oligopoly's siphoning of vast quantities of Australian gas into export markets.

- CEF estimates gas supply subsidies for a gas-based reindustrialisation of Whyalla of $1.7-2bn over a decade. Even this level of taxpayer subsidy would only halve the competitive gap in pricing between SA and other 'direct reduced iron' (DRI)-producing nations in the Middle East and North America, where producers pay $2.20 and $3/GJ for gas respectively. In addition, hundreds of millions in gas pipeline infrastructure spending would be required to supply even one DRI plant.

- Santos, as the gas supplier to Whyalla, would be the principal beneficiary of these subsidies – a company that has paid zero corporate tax in the last decade on revenues of $47bn, and is a key player in domestic gas price distortion that is gutting Australian heavy industry and households.

- A gas led revitalisation of Whyalla is misaligned with and will undermine Australia's decarbonisation and climate ambitions.

- The SA and Australian governments have a time-critical opportunity to deploy targeted, national interest public capital to strategically invest in pivoting the Steelworks to Australia's first-of-a-kind green iron and steel production hub powered by large-scale firmed renewables. This would leverage SA's abundant world-leading renewables and magnetite iron ore resources.

Report lead author Matt Pollard, CEF's Net Zero Transformation Analyst said:

"The transformation of the Whyalla Steelworks is a generational opportunity, but South Australia stands at a critical juncture. A methane gas-based 'transition' would be a grave strategic misstep and misalignment of economic policy with climate objectives, with lasting budgetary and national interest impacts. Gas is unequivocally not the solution for Whyalla in the interim, nor the long-term.

The scale of investment required is a challenge. However, deploying public capital into strategic market-forming mechanisms such as a Clean Commodities Trading Initiative, and providing targeted, long-term support to de-risk renewable energy supply, as laid out in the report, is how Australia converts its vision of a FMIA into a bankable reality. This will secure high-quality, future-proof jobs in the green iron and steel industry and deliver immense economic returns as the world decarbonises."

Report co-author Tim Buckley, CEF Director said:

"With strategic ambition and public-private collaboration, South Australia could lead the world in developing green iron exports. This will require "green energy statecraft", leveraging bilateral relationships with South Korea and/or Japan to build long term secure offtake demand and underwrite the public cost this first-of-a-kind investment requires, particularly ahead of the development of carbon pricing in Asian trade."

Baethan Mullen, CEO of The Superpower Institute, chaired by Professor Rod Sims and Professor Ross Garnaut, said:

“There is an incredible opportunity for Whyalla to become Australia's first green iron and steelmaking success story. It can underpin jobs and prosperity for the region for many decades ahead. Government support for a gas option at this point would be a significant misstep. It would be extremely expensive for both the SA and Commonwealth governments and have no longevity -- Australia will always be at a disadvantage in gas-based production of iron and steel. Government support for a green pathway will secure a long term future, taking advantage of Whyalla's advantages in green energy, its workforce and infrastructure.”