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HD **Coal** always wins and will stay No. 1, says carbon king Boyce

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Peabody **Energy** chief executive Greg Boyce is calling on **coal** producers to spend more time and money fighting "symbolic" movements against the industry and is confident **China** will not adopt a cap on carbon emissions.

As the anti-**coal** collective gathers more mainstream backers, St Louis-based Mr Boyce says the industry needs to do more to counter the attacks, particularly the global fossil fuels divestment campaign.

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But he is confident that "**coal** always wins out".

"If as an industry if we spent more time educating, if we all spent more money, we would have less of these symbolic moves, which are really done without a full knowledge of the equation," he said in an exclusive interview.

If the **coal** industry "spent more time and money explaining the good that we do ... people [would] understand what the new **coal** industry looks like", he said.

Mr Boyce expects global **coal** demand to grow by 700 **million** tonnes over the next three years, driven in the main by **China**.

Peabody, which has a market capitalisation of about \$US4.2 **billion** (\$4.5 **billion**), is one of the largest **coal** producers in the world.

"There is a reason why **coal** has been the No.1 fuel in the world for the last 10 years, and why it is projected to be No.1 over the next 10 years: because it always wins out," he said.

"From a global perspective, 80 per cent of our **energy** comes from fossil fuels. It's going to be that way for the rest of our lifetimes and beyond."

A global divestment campaign to push banks and fund managers to pull capital from the **coal** industry has just started to gain momentum in Australia. It aims to stop **coal**'s progress by forcing a wedge between the fossil fuel industry and debt and **equity** investors.

"I think the folks that have gone down this path are doing it perhaps [because] they believe there is some symbolism in it," Mr Boyce said.

"But at the end of the day they are not putting economic activity – and ultimately they are not putting what is the best plan for a better environment – at the top of their priority list."

Like BHP Billiton boss Andrew Mackenzie, Mr Boyce argues that **coal** is crucial to pulling the world's poorest out of "**energy** poverty", and says divestment proponents are largely from developed countries.

The local **coal** divestment movement is backed by 350.org and activist investment group Market Forces; the key targets now are Australia's big four banks. It has won support from Bendigo and Adelaide Bank, AMP Capital, education industry fund Unisuper and a collective of smaller Australian deposit takers including bankmecu, Credit Union Australia, Beyond Bank and Defence Bank. Fifth-largest Australian producer The lion's share of Peabody's **operations** are in the United States, mainly in thermal **coal**, but it is also the fifth-largest **coal** producer in Australia, with a portfolio of 10 mines. Peabody has taken a huge earnings hit on its Australian holdings, amid dramatic falls in **coal** prices since the lofty highs of mid-2011.

But Mr Boyce is bullish on the future for **coal** exports, saying **China** will not adopt a carbon emissions cap, despite growing speculation that Beijing could enforce one.

Last month, economist Ross Garnaut told The Australian Financial Review that **China's** appetite for thermal **coal** may already be in decline, which could see Beijing make bolder promises to reduce carbon emissions, at little cost. Professor Garnaut, who pioneered the now-defunct carbon price in Australia, projects that **China's** consumption of thermal **coal** will fall at an average annual rate of 0.7 per cent from now to 2020.

But Mr Boyce said that though **China** was working to reduce its carbon intensity per unit of GDP, a cap on carbon emissions was "just not on the cards".

"Those are two completely different things," he said. "Ross Garnaut, of all people, should know that **China** can't grow its economy without having a continued total increase in carbon. As long as we are globally 80 per cent fossil fuels, you are going to have growth in carbon emissions. "

Mr Boyce also applauded Prime Minister Tony Abbott's support of the fossil fuels industry. "I think the PM has it exactly right, in terms of: you have got to worry about people, you have got to worry about economic activity; once you get those two parts of the equation correct, then you can make significant advances in the environment."

He pointed to the European Union, saying member countries had "decimated their economies, moving down these 10-year paths of high-renewable targets and carbon management".

And Mr Boyce was scathing of climate change advocates who argue it is the most critical issue facing the world today, pointing instead to the challenge of pulling 3.5 **billion** people out of poverty globally.

"I think **energy** poverty is the biggest environmental and human problem that we have; I don't believe that it is the changing climate," he said. "The environmental issues that are driven by global poverty far outweigh anything we might model looking at climate models for the next 50 years. And remember, that's all they are: models.

"How we expect to drive global economic activity and have a healthy micro and macro-environment on this globe when we've got that much **energy** poverty? I just don't understand."

CO pbdy : Peabody Energy Corp

IN i1 : Energy | i111 : Coal Mining | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying

NS gclimt : Climate Change | ccat : Corporate/Industrial News | gcat : Political/General News | genv : Environmental News | gglobe : Global/World Issues | gwea : Weather

RE austr : Australia | china : China | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

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