



China strong enough to survive US trade war: Forrest

The Australian

November 7, 2024 Thursday

Australian Edition

Copyright 2024 Nationwide News Pty Limited All Rights Reserved

Section: BUSINESS; Pg. 20

Length: 890 words

Byline: Brad Thompson

Body

Fortescue executive chairman Andrew Forrest has backed China's economic might and iron ore demand to withstand any trade war escalation after Donald Trump won the US election.

Dr Forrest called for clarity on the future of the Biden administration's Inflation Reduction Act and other green energy-focused policies.

Dr Forrest said he did not share the concerns of West Australian Premier Roger Cook that a US trade war with China could affect the mining industry and threaten jobs. Sources within the **Fortescue** leadership team believe China could dramatically boost economic stimulus in response to any move by the US to ramp up tariffs.

"The amount of horsepower in the tank of China's economy and the ability to self-stimulate is phenomenal. You've seen just the edge of it," Dr Forrest said after **Fortescue** annual general meeting in Perth.

"I know that they (China) have so much ready to roll that, whichever way it goes, Australia is going to be all right.

"The biggest trading partner the US has ever and will ever have is China. Let's not forget that they butter each other's bread." Most commentators expect Mr Trump to take an axe to green energy incentives, with implications for **Fortescue**'s \$US550m (\$841m) hydrogen project in Arizona. Dr Forrest said **Fortescue** was already unhappy about some of the rules around the Arizona project and needed more certainty on the future direction of the IRA.

"If you have a look at the IRA, it might get adjusted â€¦ we need clarity," he said.

"The reason why we're not hammering into it is because we need clarity around some of the rules, which has been put off to after the election." The **Fortescue** founder described Mr Trump as a "pragmatic economic guy" who might see the sense in pursuing investment in green energy.

"He's toed the election line. He's been really positive about green energy. He's been really positive about fossil fuels. Will he lean forward as much (into green energy), I don't know. But remember, he's an economic pragmatist, so he's going to follow the money." Dr Forrest was speaking after **Fortescue** comfortably avoided a second strike

China strong enough to survive US trade war: Forrest

on its remuneration report. The company had moved to quell shareholder unease over ad hoc payments made to departing executives in 2022-23.

Indigenous leader Noel Pearson and infrastructure investment expert Rao-Monari were elected to the board and shareholders overwhelmingly endorsed bonus packages for metals division chief executive Dino Otranto and his energy division counterpart Mark Hutchinson.

Shareholders received no update on when **Fortescue** might make final investment decisions on the Holmaneset hydrogen project in Norway and the Pecem project in Brazil.

In response to a request from Australia Shareholder's Association for more information on where money was being spent within the loss-making energy division, Dr Forrest promised to provide a more detailed breakdown.

In July, **Fortescue** retreated from its green hydrogen ambitions, shed about 700 jobs and abandoned a target to produce 15 million tonnes of green hydrogen by 2030.

The company shifted its focus to renewable electricity and to producing green iron in the -Pilbara.

Mr Otranto told the meeting a major barrier to green iron production in Australia was the high cost of renewable energy. He said **Fortescue** would need the help of government to launch the technology-dependent industry.

"If this new industry is to truly succeed in Australia, we cannot do this alone. The cost of green energy is still a significant challenge here in Australia, and the barrier to getting a green metal industry off the ground which will revolutionise Australia," he said.

"With the help of government, I firmly believe we can establish a new green metal industry here in the Pilbara." Dr Forrest said **Fortescue** wanted help in the form of approvals and infrastructure, not taxpayer handouts or incentives.

Fortescue recently completed a 100MW solar farm near its troubled Iron Bridge magnetite operations. Dr Forrest said it was eyeing a big increase in capacity to 3GW and pointed to the \$US6bn funding set aside to reach the company's decarbonisation target. Asked about the land required, Dr Forrest said it was substantial but indicated traditional owners and other stakeholders were keen to become involved. "People are looking for income, and I know on our properties I really welcome it because the diversification of income is a really good idea," he said.

Dr Forrest again defended Iron Bridge after revelations WA work safety authorities had intervened over exposure to dust high in crystalline silica, which if inhaled can cause lung cancer and other diseases. Asked if he was worried about the health of workers, Dr Forrest said: "Of course, that's my first concern. We are all over it like nappy rash." Safety inspectors issued one prohibition notice, and four improvement notices in September related to dust management at Iron Bridge.

Iron Bridge, built at a cost of \$US3.9bn, was originally supposed to be producing 22 million tonnes of high-grade iron ore concentrate a year by June 2023. The operations produced 1.6 million tonnes in the three months to the end of September and have been plagued by various setbacks and cost blowouts. "You have a look at the magnetite projects to ramp up around the world. It's not perfect, but it's going really well," Dr Forrest said.

Load-Date: November 6, 2024