

InConversation

'Direct coal exports for India will grow in a big way'

Australia's largest rail freight operator - Aurizon - has over 145 years of experience in transporting coal and other raw materials. Every day the company moves over 500,000 tonne of coal, iron ore and other minerals, as well as agricultural and general freight, in and around Australia. **James Moutafis** Senior Vice President - Coal Business Development, Aurizon speaks to **Alok Sharma** on the inherent challenges of the sector and the company's plans to work with the Indian Railways and help them develop infrastructure to smoothen coal movement within India. Edited excerpts:

Your company is in the business of coal transportation and has been providing logistics support for a very long period. What are the challenges that you face today?

The company has been in the business of coal transportation for over 140 years now. We operate and manage the Central Queensland Coal Network, one of the world's largest and most complex supply chains, made up of 2,670 kilometres of

heavy haul rail infrastructure. Aurizon is the world's largest rail transporter of coal from mine to port for export markets. Global customers and junior miners are joining us on our journey, demonstrating their confidence and commitment to the company, creating new contracts to move their coal.

With the development of new coal provinces, the challenge before us is to incrementally expand our network of infrastructure to help mining companies transport the raw material to user industries.



Are your offerings limited to providing transport services to the mine operators or you also help them in mine development?

We do not operate mines but we closely work with mine developers and operators and build infrastructure around the mines. The mode of coal transport is 100 percent rail but we do provide transportation through road if there is a need to deliver the raw material away from rail linkages.

"We do not operate mines but we closely work with mine developers and operators."

—James Moutafis

Since you have so much of experience in coal transportation and building infrastructure around it, what (in your view) are the issues that need immediate government intervention in India?

Our company has done little work in India but what I gather from my experience in coal transportation within India, is that there has been a significant effort to develop infrastructure for smooth logistics movement of coal. For the last few years as the demand of electricity has gone up, there has been a focus on infrastructure development to facilitate coal movement within the country.

But there is huge difference in terms of building rail infrastructure in India as compared to that in Australia.



Our company has done little work in India but what I gather from my limited experience in coal transportation here is that there has been an effort to develop infrastructure for smooth movement of coal. For the past few years as the demand of electricity has gone up, there has been a focus on infrastructure development to facilitate coal movement within the country.

Reason being it is very difficult for private operators to get into rail infrastructure in India whereas in Australia private companies are involved in building and operating on the rail network.

To explain this, I would like to share what has happened in Australia in the past 20 years. In the past two decades there has been a phenomenal growth in rail network as the government there has encouraged private companies to build and operate rail infrastructure. The efficiency in terms of timely delivery of raw material has improved a lot because of more competition coming in.

Our company has played a critical role in the economic development and growth of the minerals-rich state of

Queensland, providing the transport backbone for one of the world's largest coal supply chains. Over recent years, Aurizon has extended its business focus beyond Queensland and applied its expertise and capabilities to coal and iron ore opportunities in New South Wales and Western Australia, as well as intermodal freight across the nation.

Where do you see coal exports for India going in short term, considering the fact that India has huge coal reserves and government now wants to boost up production within the country?


I am not an expert on Indian coal and its availability but what I understand is that India would have to use a mix of

domestic and imported coal as it requires large amount of coal to fuel its thermal power plants. With Indian companies such as Adani, GVK, Lanco and Gujrat NRE Coke looking for significant present in Australia in terms of having equity in mines here, I feel direct coal exports for India will grow significantly.

But what about the developments where coal bearing nations are slowly increasing the prices of raw material? Recently Indonesia hiked the prices of coal. Would India import coal even when countries increase prices and freight rates may also go up?

I would not like to anticipate as to how would freight rates behave in the times to come. Though, historically, they tend to increase. But I expect coal imports in India would continue to increase as it may have to use a mix of domestic and imported coal. Recently there was a report by McKinsey & Company which said that India's coal imports would grow by 298 per cent (from the current level) by 2025. India would need higher quantities of thermal coal to fuel its economic growth and would need to import coal to cope up with the increased demand of the commodity.

Do you have plans to set up rail infrastructure in India? Given an option would your company take part in public-private partnerships that Indian Railways has recently rolled out to overcome the challenges of building infrastructure?

So far, my company has not had the opportunity to discuss the issue with Indian Railways but if there is any opportunity where we can contribute directly in terms of infrastructure development, we may consider it. 

For full version of the interview, visit www.infraline.com
For suggestions email at feedback@infraline.com