



KING coal returns ... vessels off the Port of Gladstone.

Optimism grows in Gladstone as queues reappear

John McCarthy

GLADSTONE has laid claim to the first signs of the Queensland economic recovery with a virtual navy forming off its coast waiting for cargo.

The Gladstone Ports Corporation said yesterday it had 70 ships booked to enter the port over the next month, most of them for coal, the commodity that fired Queensland's most recent economic boom.

The worst shipping month was March when only 33 used the port and the surge can be explained by the settling of coal prices and steel mills running down their stockpiles.

Gladstone Ports said the issue now was getting enough coal to the port.

And Macarthur Coal yesterday said demand from China was increasing.

Gladstone Port chief executive Leo Zussino said the port had seen a significant improvement in the demand for coal over the past month.

"India and China are driving the market at the moment," he said. "With India and China leading the demand - we are seeing our ship nominations at levels we saw during the peak of the boom last October."

He said trade was still volatile and many of the biggest trading partners were in recession.

Despite this China's steel production was running higher than it was during the peak of the

boom last year, and India's fell by only 9 per cent in the downturn.

Macarthur Coal's chief development officer Shane Stephan said the signs of recovery were tentative.

"World steel production across most regions is starting to show signs of recovery with even non-Chinese production improving," he said.

"Prices in China are quite encouraging with a steady increase since April across all product groups.

"While the data is inconsistent the anecdotal evidence is very strong as sales of metallurgical coal to China have increased significantly over the calendar year."

Early indications are that exports of metallurgical coal — used in steel production — from Australia to China in May was about 4.1 million tonnes compared with less than 500,000 tonnes in April.

China steelmakers have been spurred back into production by a \$585 billion Government stimulus.

The Queensland Budget, released on Tuesday, projected that the 2009-10 contribution from mining royalties would be \$1.8 billion, down 47 per cent, as lower coal prices and slower demand slashed mining industry revenue.

Coal royalties, which soared to \$3.03 billion in 2008-09, are projected to be down a massive 53 per cent to \$1.43 billion in the coming year.