

# MEDIA RELEASE



23 February 2017

## ACCC RELEASES STATEMENT OF ISSUES ON SOUTH32 LTD'S PROPOSED ACQUISITION OF METROPOLITAN COLLIERIES PTY LTD

The Australian Competition and Consumer Commission has issued a Statement of Issues on the proposed acquisition by South32 (ASX:S32) of Metropolitan Collieries (Metropolitan), currently owned by Peabody Energy.

South32 and Metropolitan are two of the largest producers of coking coal in the Illawarra region and the two largest suppliers of coking coal to Australian steelmakers.

The ACCC is concerned that the proposed acquisition may substantially lessen competition in the supply of coking coal to Australian steelmakers. South32 would become the Illawarra's only supplier of large volumes of coking coal in the medium term, following the expected closure of Glencore's Tahmoor mine.

"Australian steelmakers currently appear to benefit from competition between South32 and Metropolitan in the form of lower prices and a wider product range. This transaction will remove that competitive rivalry," ACCC Chairman Rod Sims said.

"The ACCC recognises that coking coal is a globally traded commodity where producers typically compete on a global basis. However, local competition between South32 and Metropolitan to supply the Australian steelmakers is important in determining the prices paid by Australian steelmakers."

"The ACCC's preliminary view is that coal suppliers outside the Illawarra region may not act as a strong competitive constraint on South32, largely due to the additional costs to the Australian steelmakers associated with transporting material volumes of coal from other regions, such as the Bowen Basin in Queensland," Mr Sims said.

The ACCC invites further submissions from interested parties in response to the Statement of Issues by 10 March 2017. The ACCC's final decision will be announced on 6 April 2017.

The Statement of Issues is available on the [public register](#).

### Background

Metropolitan Collieries is owned and operated by an Australian subsidiary of Peabody Energy Corporation (**Peabody**). Peabody is the world's largest private-sector coal company.

South32 is listed on the Australian Securities Exchange, the London Stock Exchange and the Johannesburg Stock Exchange.

**Media enquiries: 1300 138 917**

**Email: [media@acc.gov.au](mailto:media@acc.gov.au)**

**[www.acc.gov.au/media](http://www.acc.gov.au/media)**