Western Australia is the largest iron ore supplier in the world, accounting for 39% of global supply in 2018.

Brazil is the second largest iron ore supplier in the world, accounting for 19% of global supply in 2018.

China (10%), India (9%) and Russia (4%) are major global iron ore suppliers, but retain most of their production for domestic steel production.

China’s iron ore supply was steady at 204 million tonnes in 2018, following a small increase in 2017 and three successive years of decline between 2014 and 2016. China’s iron ore supply peaked at 345 million tonnes in 2013.

Asia accounted for 77% of global iron ore demand in 2018, with China (59%), India (7%), Japan (6%) and South Korea (4%) having the largest shares.

In 2018, iron ore demand from:
- Asia rose 3% to 1,680Mt.
- China rose 2% to 1,279Mt.
- Japan, South Korea and Taiwan combined fell 0.3% to 227Mt.
- Rest of Asia(a) rose 18% to 174Mt.

AME forecasts Asia’s iron ore demand will rise by 226 million tonnes from 2018 to 2039, with growth in the rest of Asia(a) (up 419Mt) and Japan, South Korea and Taiwan combined (up 32Mt) offsetting a decline in China (down 225Mt).

China’s rapid increase in iron ore demand lifted the iron ore price from US$28 a tonne in 1999-00 to US$173 a tonne in 2007-08, and averaged US$129 a tonne from 2008-09 to 2013-14.

The subsequent supply response, mainly from Western Australia, and a slowdown in China’s demand, saw the iron ore price fall 42% in 2014-15 and 28% in 2015-16.

The iron ore price rose 35% to US$70 a tonne in 2016-17 as China’s demand for higher-grade ore rose, but fell 0.2% to US$70 a tonne in 2017-18 despite steel product prices in China rising 27%.

The iron ore price is forecast to be US$77 a tonne in 2018-19 and US$74 a tonne in 2019-20.

In April 2019, the iron ore price rose 8% to US$84 a tonne and steel product prices rose 3%.
Western Australia has large iron ore reserves, accounting for 29% of the world’s crude iron ore reserves in 2018. Western Australia had an estimated 52 billion tonnes of economic demonstrated iron ore resource in 2017-18, which could sustain current production for 60 years.

Western Australia’s reserves had an average iron content of 48% in 2018, below the world average of 49% and Brazil’s 53%. Western Australia’s iron ore production had an average iron content of 62% in 2018, above the world average of 60% but below Brazil’s 63%.

Western Australia’s iron ore exploration expenditure rose 3% to $290 million in 2018, compared with an annual decline of 6% over the past ten years.

Western Australia’s iron ore miners are among the world’s lowest cost seaborne iron ore exporters. The average total cash cost of Western Australia’s iron ore exports was US$31.5 a tonne in 2018, below the world average of US$31.9 a tonne, although above Venezuela, Ukraine, Chile, Kazakhstan and Brazil. Western Australia’s major iron ore ports are close to the largest iron ore markets in Asia, reducing shipping costs relative to some of its competitors.

According to AME, Western Australia’s average iron ore shipping spot rate to North China rose 14% to US$7.6 a tonne in 2018, well below Brazil’s rate of US$18.5 a tonne.

Western Australia’s iron ore industry has established long-term trade relationships across Asia. Over 81% of Western Australia’s iron ore exports went to China in 2018, with exports down 0.3% to 674 million tonnes – the first annual decline since 1999.

Western Australia’s iron ore exports to Japan, South Korea and Taiwan combined rose by 1 million tonnes in 2018.

Western Australia’s iron ore exports to all other countries rose by 13 million tonnes in 2018.

In 2018, Western Australia accounted for over half of the iron ore imported by China (63%), Japan (51%) and South Korea (69%).
Growth in Western Australia’s iron ore sales is slowing as China’s demand slows and new mines reach full production.

In 2017-18, Western Australia’s iron ore sales rose 4% to 826 million tonnes, below annual average growth of 11% over the past ten years. Iron ore sales were 291 million tonnes in 2007-08.

Western Australia’s iron ore sales are forecast to fall 3% to 799 million tonnes in 2018-19 due to supply disruptions caused by Tropical Cyclone Veronica, a train derailment (BHP) and fires at Mt Whaleback (BHP) and Cape Lambert A (Rio Tinto). Iron ore sales are forecast to rise to 858 million tonnes by 2022-23.

Western Australia produced mainly iron ore fines (72%) in 2018, followed by lump (25%) and concentrate (9%).

Western Australia’s major iron ore miners Rio Tinto, BHP and Fortescue Metals Group (FMG) are the largest global iron ore producers behind Vale from Brazil.

Rio Tinto (360Mtpa) and BHP (290Mtpa) are currently increasing mine production to utilise additional rail and port capacity developed over recent years, and will develop new mines by 2021 to sustain production or reach production targets.

Rio Tinto’s iron ore sales1 rose 2% to 338Mt in 2018 and its sales guidance for 2019 is 333-343Mt.

BHP’s iron ore sales1 rose 2% to 274Mt in 2018 and its production guidance for 2018-19 is 265-270Mt.

FMG’s iron ore sales1 fell 0.5% to 168Mt in 2018 and its sales guidance for 2018-19 is 165-170Mt.

Port Hedland is the world’s largest bulk export port, while Cape Lambert and Dampier are also major bulk export ports.

Port Hedland (58%) exported most of Western Australia’s iron ore in 2018, followed by Cape Lambert (22%), Dampier (16%) and other ports (4%).

Port Hedland’s iron ore exports rose 2% to 481Mt in 2018. Cape Lambert’s iron ore exports rose 1% to 178Mt in 2018. Dampier’s iron ore exports rose 4% to 133Mt in 2018.

Rio Tinto expanded Cape Lambert and Dampier in 2015, raising annual capacity to 210Mt and 150Mt respectively. Annual shipping capacity in Port Hedland is planned to increase from 495Mt to 577Mt.
The iron ore industry is a large part of the Western Australian economy, accounting for 17% of gross state product and 57% of mining industry value added in 2017-18.

In 2018, the value of iron ore accounted for 43% of Western Australia’s merchandise exports and 50% of Western Australia’s minerals and petroleum sales.

The value of Western Australia’s iron ore sales rose 1% to $64.0 billion in 2018, below annual growth of 7% over the past ten years.

Iron ore accounted for 74% of Western Australia’s royalties in 2018 and 16% of Western Australia’s government revenue in 2017-18.

Iron ore royalties fell 7% to $4.5 billion in 2018.

In May 2019, Western Australia had $16.6 billion of major iron ore projects under construction or committed and $41.6 billion under consideration.

Rio Tinto is developing the Koodaideri deposit by late 2021 to reach production of 360 million tonnes a year. Rio Tinto also approved a $44 million pre-feasibility study into Koodaideri Phase 2 in the December quarter 2018 and has two other projects to sustain production capacity at the Robe River Joint Venture.

BHP is developing the South Flank deposit to replace Firetail mine production by mid-2021.

FMG is developing the Eliwana deposit to replace Firetail mine production by late 2020 and has approved the Iron Bridge Stage 2 and Queens Valley (Solomon Hub) developments.

Iron ore accounted for 46% of direct employment in Western Australia’s minerals mining industry in 2018 (excluding exploration). Iron ore’s share has risen from 32% of total minerals mining employment in 2008.

Direct employment in Western Australia’s iron ore industry rose 4% to 43,349 in 2018, the first annual increase since 2013.

Iron ore industry direct employment reached 56,065 in 2013.

Iron ore industry direct employment rose by 7% a year over the ten years to 2018.