- Growth in Western Australia’s iron ore supply was more than double the growth of the rest of the world over the past 10 years.
- Western Australia is the largest iron ore supplier in the world, accounting for 38% of global supply in 2019, followed by Brazil (17%).
- China (11%), India (10%) and Russia (5%) are major global iron ore suppliers, but retain most of their production for domestic steel manufacturing.
- In 2019, iron ore supply from:
  - Brazil fell 8% to 373 million tonnes.
  - China rose 6% to 229 million tonnes.
  - India rose 8% to 212 million tonnes.

- Asia accounted for 79% of global iron ore demand in 2019, with China (60%), India (7%), Japan (5%) and South Korea (3%) having the largest shares.
- In 2019, iron ore demand from:
  - Asia rose 6% to 1,775Mt.
  - China rose 6% to 1,359Mt.
  - Japan, South Korea and Taiwan combined fell 1% to 225Mt.
  - Rest of Asia rose 11% to 191Mt.
- AME forecasts Asia’s iron ore demand will rise by 211 million tonnes from 2019 to 2039, with growth in the rest of Asia (up 441Mt) and Japan, South Korea and Taiwan combined (up 22Mt) offsetting a decline in China (down 251Mt).

- 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. The iron ore price fell to US$52 a tonne in 2015-16 as China’s demand slowed and there was excess supply in the market.
- In 2018-19, the iron ore price rose 16% to US$81 a tonne, largely due to disruptions in iron ore supply from Brazil and Western Australia. Steel product prices fell 1% in 2018-19.
- The iron ore price is forecast to be US$86 a tonne in 2019-20 and US$66 a tonne in 2020-21.³
- In January 2020, the iron ore price rose 3% to US$96 a tonne and steel product prices fell 1%.

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³ Iron ore and steel product prices are subject to fluctuation due to market conditions and global economic factors.
Western Australia has large iron ore reserves, accounting for 28% of the world’s crude iron ore reserves in 2019. Western Australia had an estimated 48 billion tonnes of economic demonstrated iron ore resource in 2018-19, which could sustain current production for 53 years. Western Australia’s reserves had an average iron content of 48% in 2019, in line with the world average of 48%, but below Brazil’s 52%. Western Australia’s iron ore production had an average iron content of 62% in 2019, above the world average of 60%. Western Australia’s iron ore exploration rose 16% to $337 million in 2019, compared with an annual decline of 4% 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\(^1\) of Western Australia’s iron ore exports was US$29.6 a tonne in 2019, below the world average of US$40.9 a tonne, and below its main competitor in Brazil (US$36.1/t). 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 82% of Western Australia’s iron ore exports went to China in 2019, with exports rising 1.5% to 681 million tonnes. Iron ore exports to Japan, South Korea and Taiwan combined fell 2% to 130 million tonnes in 2019. Iron ore exports to all other countries\(^1\) fell 25% to 17 million tonnes in 2019. In 2019, Western Australia accounted for a large proportion of the iron ore imported by China (65%), Japan (49%) and South Korea (71%).
Growth in Western Australia’s iron ore sales is slowing as China’s demand slows and new mines reach full production.

In 2018-19, Western Australia’s iron ore sales fell 5% to 794 million tonnes, compared with annual average growth\(^1\) of 10% over the past ten years.

Western Australia’s iron ore sales fell in 2018-19 largely 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).

Western Australia’s iron ore sales are forecast\(^2\) to rise to 862 million tonnes by 2022-23.

Western Australia produced mainly iron ore fines (72%) in 2019, followed by lump (25%) and concentrate (3%).

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 developing new mines by 2021 to utilise additional rail and port capacity developed over recent years.

Rio Tinto’s iron ore sales fell 3% to 327Mt in 2019 and its sales guidance for 2020 is 324-334Mt.\(^1\)

BHP’s iron ore sales fell 1% to 273Mt in 2019 and its production guidance for 2019-20 is 273-286Mt.\(^1\)

FMG’s iron ore sales rose 3% to 174Mt in 2019 and its sales guidance for 2019-20 is 170-175Mt.\(^1\)

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

Port Hedland (59%) exported most of Western Australia’s iron ore in 2019, followed by Cape Lambert (20%), Dampier (16%) and other ports (5%).

Port Hedland’s iron ore exports rose 2% to 491Mt in 2019. Cape Lambert’s iron ore exports fell 6% to 168Mt in 2019. Dampier’s iron ore exports fell 1% to 131Mt in 2019.

Rio Tinto expanded Cape Lambert and Dampier in 2015, raising annual capacity to 210Mt and 150Mt respectively. Annual shipping capacity in Port Hedland increased to 617Mt in 2019 due to investment in port dredging, marine technology and other port efficiencies.
The iron ore industry is a large part of the Western Australian economy, accounting for 20% of the State’s gross state product and 56% of its mining industry value added in 2018-19.

In 2018-19, iron ore accounted for 47% of the value of Western Australia’s merchandise exports and 54% of Western Australia’s minerals and petroleum sales.

The value of Western Australia’s iron ore sales rose 26% to $78.2 billion in 2018-19, above annual growth of 9% of the past ten years.

In 2018-19, iron ore accounted for 75% of Western Australia’s royalties1 and 18% of Western Australia’s government revenue.

Iron ore royalties rose 9% to $4.9 billion in 2018-19.

In January 2020, Western Australia had $17.6 billion of major iron ore projects under construction or committed and $41.3 billion under consideration.

Rio Tinto is developing the Koodaideri deposit by late 2021 as part of its plan to produce 360 million tonnes of iron ore a year. Rio Tinto also approved a $44 million pre-feasibility study into Koodaideri Phase 2 in the December quarter 2018 and has three other projects to sustain production capacity at the Robe River Joint Venture and Greater Tom Price operations.

BHP is developing the South Flank deposit to replace Yandi 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 48% of direct employment in Western Australia’s minerals mining industry in 2018-19 (excluding exploration). Iron ore’s share has risen from 36% of total minerals mining employment in 2008-09.

Direct employment in Western Australia’s iron ore industry rose 12% to 60,122 in 2018-19.

Iron ore industry direct employment reached 62,244 in 2013-14.

Iron ore industry direct employment rose 9% a year over the ten years to 2018-19.