

— **Exclusive**

# Top Trump official presses Australia on coal compensation

**John Kehoe** *Economics editor*



Mar 24, 2025 – 8.00pm

Listen to this article

7 min

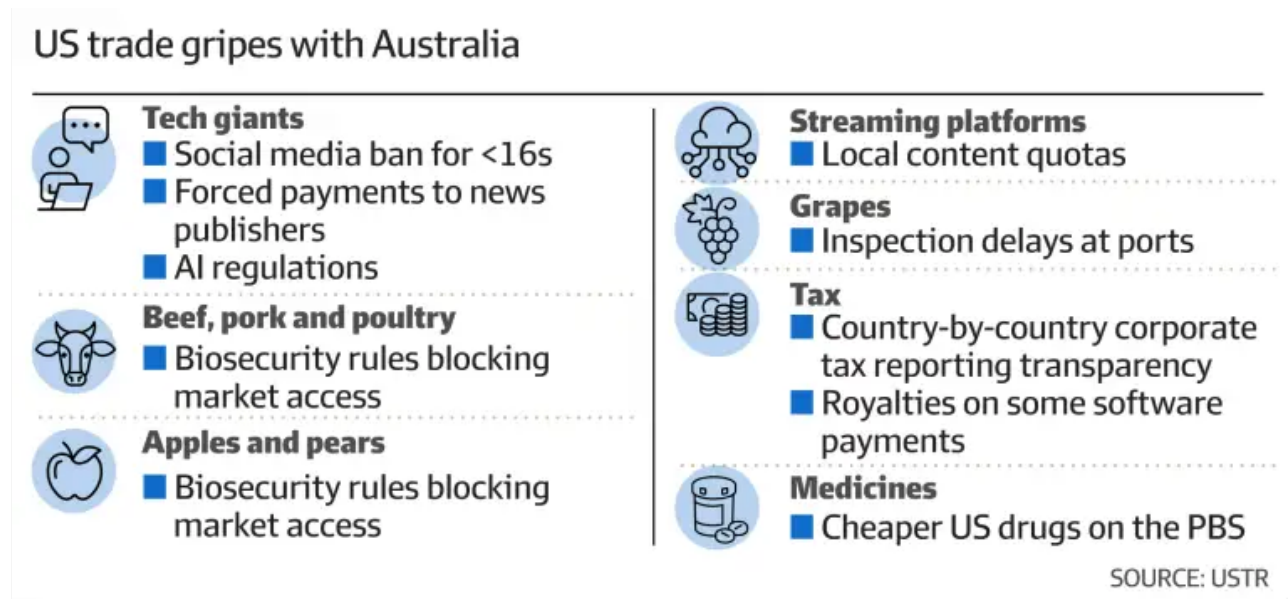


Donald Trump's top trade official has raised concerns with his Labor counterpart Don Farrell about a failure to compensate American investors for the cancellation of a corruption-tainted NSW coal mining licence a decade ago, as the Albanese government lobbies the US administration for an exemption from potential retaliatory tariffs.

The long-running complaint about the NSW government's failure to consider compensation for institutional investors in a Hunter Valley coal mine was raised on a call last week between US Trade Representative Jamieson Greer and Farrell, according to a source with knowledge of the discussion who asked to remain anonymous.

The flashpoint comes as Trump considers imposing reciprocal tariffs as soon as April 2 in retaliation against foreign trade and investment barriers that hurt American businesses.

US groups are lobbying Trump [<https://www.afr.com/policy/economy/advisers-bombard-trump-with-reasons-to-hate-australia-20250321-p51le0>] to push Australia for changes to the pharmaceutical benefits scheme, regulation and taxes on big technology platforms, biosecurity rules blocking the entry of American meat and fruit, and tax transparency rules for multinationals.



However, there is speculation Australia could avoid the next round of tariffs after Bloomberg reported on Sunday that US officials said countries that don't impose tariffs on the US, and with whom the US has a trade surplus

[<https://www.afr.com/world/north-america/trump-advisers-backpedal-on-tariffs-before-liberation-day-20250323-p51l1sf>], will not be levied under the reciprocal plan. Under the Free Trade Agreement with the United States, Australia does not impose tariffs on US imports and has run a trade deficit with the US throughout history.

Prime Minister Anthony Albanese said on Monday government ministers and embassy officials in Washington were negotiating with the Trump administration on tariffs as recently as the weekend. Farrell's office declined to comment on the issues discussed.

A government source said there was a lot of uncertainty about what Trump would announce next week after he refused to provide exemptions for any countries from 25 per cent steel and aluminium tariffs.

A long-running irritant in the trade relationship with Australia has been the losses incurred by at least six American university endowment and pension funds that were among US institutional investors which owned 30 per cent of Australian-listed miner NuCoal Resources.

Potential losses incurred by investors could be in the hundreds of millions of dollars, based on historic valuations of the mine.

NuCoal, a coal exploration and development company, had its coking coal exploration licence for mining at Doyles Creek cancelled by Liberal premier Barry O'Farrell in 2014. He cancelled the licence after the Independent Commission Against Corruption found in 2013 that Labor state mining minister Ian Macdonald acted corruptly in 2008 when he granted the licence to its former owner, Doyles Creek Mining.

NuCoal chairman Gordon Galt said on Monday that he has been lobbying for investors to receive compensation for about a decade. US shareholders had invested via Taurus Funds Management, of which Galt is also a director.

“What we’ve been seeking is due process and fair compensation, so let’s sit down and talk about this,” Galt said.

“It appears that this is one of the handful of issues the US is pressing Australia on in relation to trade and this is one that they should be able to fix and deliver a good outcome to the Americans.”

Galt said he met with USTR officials to discuss the issue last July, about the sixth time he has had such meetings since around 2015. He also spoke at the time to Greer who was then a private consultant.



Nucoal chairman Gordon Galt. **Gillianne Tedder**

“Greer told me he remembered every bit of this and was all over it,” Galt said.

Greer was formerly chief of staff to Trump’s first trade representative Robert Lighthizer. Lighthizer in October 2017 wrote to then federal Liberal trade Minister Steven Ciobo and requested formal consultations regarding compensation under the Australia-United States Free Trade Agreement.

“Trump 2.0 has not forgotten about it,” the US source said.

NuCoal was established in 2010 to acquire the exploration licence from the Doyles Creek mining company. There had been public controversy about the awarding of the licence as early as 2009, but the adverse ICAC findings had yet to be delivered.

The company paid more than \$94 million for the exploration licence and raised another \$10 million from investors for a feasibility study and exploration. In 2012 Japan’s Mitsui Matsushima agreed to invest \$40 million to acquire a 10 per cent stake, implying a project value of about \$400 million.

ICAC commissioner David Ipp said the licence acquired by NuCoal from Doyles Creek Mining was “tainted” [<https://www.afr.com/politics/nucoal-investor-cites-fta-in-bid-to-keep-tainted-licence-20140115-iy9pf>] by the corruption within the former NSW - government and it was in the public interest to cancel it. In his report Ipp said the state government could offer compensation to any “innocent shareholders” but he said “the consequences of improper transactions entered into by a company cannot be avoided merely because its shares have been subsequently traded”.

A NSW government spokesman said on Monday it was not establishing a compensation scheme for the mining licence cancellation after the former Liberal state government legislated against compensation.

“Under the former federal Coalition government, it was determined that American investors in NuCoal did not have a right to bring an investment arbitration claim against Australia under Australia-US Free Trade Agreement,” the NSW spokesman added.

Speaking broadly about tariff negotiations, a spokeswoman for Trade Minister Farrell said Australia would not “trade away the things that make us the best country in the world, like our healthcare system”.

Over the years, US politicians have raised the issue publicly and with the USTR on behalf of investor constituents, including the now Secretary of State Marco Rubio in his capacity as a former senator for Florida.

The Biden administration was less active on the NuCoal compensation issue, but repeatedly noted it in the USTR’s annual foreign trade barriers report about each individual country.

The Biden USTR noted that in October 2019 a NSW parliamentary committee recommended the state government address the issue of compensation for certain investors, including shareholders, in a mining project whose operating license was cancelled in 2014.

“When cancelling the license, the NSW government also passed legislation precluding the payment of compensation relating to such cancellation,” it said.

“To date, the NSW government has not acted on the parliamentary committee’s recommendation to provide shareholders, including US investors, with recourse to seek compensation.”

The USTR’s annual foreign trade barriers report is expected to be updated in coming weeks and used as a basis to calculate potential reciprocal tariffs.

NuCoal lost a bid in the High Court in 2015 to have NSW be liable for compensation under the free trade agreement. The court found the FTA was a Commonwealth instrument and did not obligate the states.

There is precedent for the NSW government compensating coal companies for cancelled mining licences.

In 2016, NSW paid BHP \$220 million to buy back a coal exploration licence on the Liverpool Plains in the state's north-east that faced huge opposition from local farmers.

The NSW government in 2021 agreed to pay Chinese-state owned company Shenhua \$100 million [<https://www.afr.com/companies/energy/nsw-government-pays-100m-to-shenhua-for-scrapping-coal-mine-20210421-p5712j>] for abandoning approvals to build a coal mine [<https://www.afr.com/politics/nsw-government-renews-shenhua-coal-licence-20180719-h12ws8>] in Liverpool Plains.

“You can understand why the USTR sees this as a trade irritant between Australia and the US when even the Chinese Communist Party is receiving compensation and American and Australian investors are not,” Galt said.

#### RELATED

---

##### **NuCoal investor cites FTA in bid to keep ‘tainted’ licence**

<https://www.afr.com/politics/nucoal-investor-cites-fta-in-bid-to-keep-tainted-licence-20140115-iy9pf>



##### **Trade wars** [</topic/trade-wars-1lly>]

##### **US giants lash Labor's tax crackdown amid Trump trade war**

<https://www.afr.com/policy/economy/advisers-bombard-trump-with-reasons-to-hate-australia-20250321-p51le0>

---

**John Kehoe** is economics editor at Parliament House, Canberra. He writes on economics, politics and business. John was Washington correspondent covering Donald Trump's first election. He joined the Financial Review in 2008 from Treasury. *Connect with John on [Twitter](#).*  
*Email John at [jkehoe@afr.com](mailto:jkehoe@afr.com)*