

RAHALL Weekly Report

CONGRESSMAN NICK RAHALL

"Coal Industry is West Virginia, II"

Last week, I outlined the basic overview of the coal industry in our region of West Virginia. This week, I would like to discuss the future of steam coal.

Unless there is another disruption in world petroleum supply, domestic steam coal demand will not increase dramatically.

Outside of West Virginia, the best markets for our steam coal are utility plants in Ohio, Michigan, North Carolina, Virginia, New Jersey, Pennsylvania, New York, Maryland, and New Hampshire, in order of demand.

On the export front, because Europeans are reluctant to install scrubbers to reduce emissions, steam coal would benefit from any increase in demand.

The world's major steam coal importers are: France, Denmark, West Germany and Japan. Japan is expected to increase its steam coal demand by 10-fold by the end of this century. Currently, the single largest importer of U.S. steam coal is Canada.

Between 1982 and 1983, there was a 5.6 percent decline in overall U.S. coal exports. However, Canada increased its demand by 1.3 percent (South America increased by 16.6 percent), while Europe and Asia decreased demand by 10.1 percent and 4.5 percent respectively.

Since West Virginia accounts for over 40 percent of U.S. export coal, operators in Cabell, Wayne, Mingo and Logan Counties should benefit from any increase in export steam coal demand.

To preserve and increase export demand, our coal must be more price competitive. Port channel dredging would signal our commitment to greater exports, as well as more realistic prices for railroad transportation of coal.

Next week, the met coal market.