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Congressman Nick Rahall

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CONTACT: Jerry Burkot

202-225-3452

Washington, D.C. -- Fourth District Rep. Nick Rahall (D-WV) issued the following statement on the floor of the U.S. House of Representatives on November 6, 1985:

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 6, 1985

Mr. RAHALL. Mr. Speaker, Japan has traditionally been one of the largest importers of United States coal, especially coal of metallurgical grade for use in the steelmaking process.

In fact, in 1984 Japan accounted for 20 percent of total United States coal exports, purchasing 16.3 million short tons.

There is no doubt that Japan is a long-standing and important market for United States coal, and West Virginia coal in particular. But in recent years, the United States share of the Japanese coal market has begun to evaporate as that country increases its purchases of coal from other exporting nations.

In 1982, the United States had a 32-percent share of the Japanese coal market. Last year, the United States was barely hanging on to an 18-percent share and during the first 8 months of 1985, this figure plummeted to a mere 15.7-percent market share.

Meanwhile, Australia, Canada, South Africa, and the People's Republic of China all increased their share of the Japanese coal market. Last year, Australia held a 47-percent share of the Japanese coal market, Canada an 18-percent share, South Africa a 9-percent share, and the People's Republic of China a 5-percent share.

This decline in U.S. market share has hit West Virginia metallurgical coal producers especially hard. In 1980, for example, West Virginia shipped 9.5 million metric tons of coal to Japan. In 1984, this figure dropped to 5.3 million metric tons of coal.

One of the reasons given for this decline in the United States share of the Japanese coal market is the price of our coal, which is of a higher quality and more expensive than export coal from other nations.

However, the Japanese have been very artful in creating an excess capacity of coal from their suppliers. Through institutions such as the Japan Coal Development Corp., New Energy Development Organization, the Federation of Electric Power Co.'s., and the Electric Power Development Co., along with the Japanese Ministry of International Trade and Industry, new coal mines in Canada and Australia were constructed receiving huge loans from Japanese institutions. Japan is also involved in coal projects in the Soviet Union and the People's Republic of China.

As such, today, many United States coal producers are being forced to accept below or near-cost prices assuming the Japanese will take their production at all.

Since the United States-Japanese coal trade is about a \$1.5-billion a year item, increased coal sales to Japan offers the United States the ability to reduce the skyrocketing trade imbalance between the two nations.

Certain diplomatic efforts toward this end have been initiated, such as the formation of the United States-Japan Energy Working Group in 1983 and the November

1983 Joint Policy Statement on Energy Cooperation. However, to date, these efforts have not been of great success. It should also be noted that even as late as last month, the President raised the coal trade issue with Prime Minister Nakasone during their meeting in New York.

I believe that given the current mood of the American people toward reducing the United States trade deficit, it is time to escalate efforts to increase the coal trade with Japan. In this regard, I will seek to meet with high-level Japanese coal buyers in the near future to impress upon them the importance this trade holds for West Virginia and other coal producing regions.

I also believe there are other Pacific Rim countries which hold great promise for West Virginia coal. Taiwan, for instance, increased its purchases of United States coal by almost 35 percent between 1983 and 1984. This trend has continued into 1985. During the first half of this year, United States coal exports to Taiwan have increased by 170 percent over the level established during the same period in 1984.

Clearly, this relationship should be nurtured and continued.