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From _____

CONGRESSMAN

Nick Rahall

WEST VIRGINIA-4th DISTRICT

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RAHALL WARNS OF DUAL THREAT TO COAL MARKETS

ROANOKE, VA -- U.S. Rep. Nick J. Rahall (D-WV) today warned that coal imports to southern electric utility markets and Canadian power sales to the Northeast present a dual threat to Appalachian Region coal.

Speaking at the Virginia Coal Council's annual conference, Rahall said that many of the best markets for low-sulfur Appalachian coal produced in southern West Virginia and Virginia are being infiltrated by foreign coal and electricity. The congressman also outlined a number of proposed legislative remedies.

"The combination of this dual threat from the North and South to our coal markets has the effect of less employment in our coalfield economies. It also aggravates our trade deficit. But there are national security implications as well," Rahall stated.

Noting that many of the powerplants most likely to import foreign coal are currently served by Appalachian Region producers, Rahall said that several have already purchased Colombian coal, others have tested Australian coal and the Peoples Republic of China has even shown interest in utility coal supply solicitations.

"These utility markets are all long-hauls for southern West Virginia and Virginia coals," Rahall said in describing why imports are making inroads. "Unreasonable domestic railroad coal rates take part of the blame. The foreign product moves in by water. Meanwhile, Colombian coal is produced with virtually no government mandated health, safety and environmental regulations. And, this coal is benefited by government subsidy. How would you like the government to construct a dedicated railroad and deepwater port for your mine's output?"

Rahall said that Canadian power sales to the U.S. are a \$1 billion trade deficit item, and while that country promotes acid rain controls in the U.S. the fact remains that this is a powerful sales tactic for increased power sales to the Northeast.

However, Rahall said that Canadian environmental controls over their powerplants are not nearly as stringent as those in the U.S. "Don't let anybody tell you that their smoke don't stink," he warned. "In this country we have said that we will pay the price for clean air and water and the restoration of our land in return for a stable supply of electric power. This is not entirely the case in Canada, despite their acid rain protestations."

Rahall outlined several legislative initiatives he is working on to combat the dual threat to Appalachian coal markets. "Our best bet to regain a competitive posture in our southern markets is to rein in railroad coal rates and this means amending the Staggers Rail Act of 1980," he said noting that a House subcommittee was in the process of considering legislation to protect captive coal shippers.

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To directly address coal imports, Rahall also listed several measures pending before Congress including his proposal to place an \$8 per ton duty on imported coal. The bill is pending on the House floor this week as part of an overall budget reconciliation package.

"The basic premise of this bill is to offset the unfair competitive advantage foreign coal producers have as a result of not having to meet government health, safety and environmental requirements of the kinds imposed on domestic coal producers," Rahall said.

With respect to Canadian power imports, Rahall described legislation he recently introduced which would require the EPA Administration to review all power transactions and deny them if the Canadian electricity is not generated under environmental standards similar to those in the U.S.

"What this bill says is that if the Canadians are really concerned about acid rain and the environment, then they should get their own shop in order before exporting electricity to the U.S.," the congressman said.