trains and modern coal handling equipment. Canada's reputation as a reliable supplier as well as the non-intervention policies of the government are pluses for the Canadian coal industry in the export market. The outlook is for slow growth in international demand for more valuable metallurgical coal, and somewhat faster growth for lower priced thermal coal. But Canadian thermal coal exports face the hurdle of rail shipping costs that can account for up to 50% of the value at the port of export. (It is this relationship that also limits the ability of Canadian thermal coals to be competitive with U.S. imports in the Ontario market.) As well, export markets are becoming even more difficult for Canadian producers as a result of Australian and South African currency devaluations.

SECTION III - MARKET ACCESS

There are no tariffs applicable to the existing coal trade. Similarly there are at present no non-tariff barriers that impair coal trade between Canada and the U.S.

There are several concerns on the Canadian side over potential U.S. moves that could, however, have serious impacts. These are mainly in the area of U.S. protectionism and trade balancing measures. As an example, the U.S. has been applying diplomatic pressure on Japan to redress their trade imbalance by importing more U.S. coal. If successful this would have reduced the market for Canadian coal in Japan. (The Japanese have resisted the pressure and insist that their trade will be guided by market forces.) Another example, with indirect impacts upon Canada, would be potential U.S. import controls or quotas, most likely triggered by the availability of good quality, inexpensive coal from new mines in Colombia. Any general restrictions would snuff out Canada's hopes of increasing its small participation in the northeast U.S. market. At the