

demand of the growing economy. This presents opportunities for Canadian firms to supply advanced technology and equipment, and possibly engineering and consulting capabilities.

Because the volume of production and the quality are insufficient, steel continues to be one of China's major imports, with approximately four million tons imported in 1992. However, in order to control this tremendous drain on foreign currency reserves, the Ministry of Metallurgical Industry (MMI) is setting a steel production target of over 70 million tons for 1995 and planning to control imports by raising tariffs on certain steel products.

### COAL

China is the world's largest producer and consumer of coal. Proven reserves exceed 900 billion tons, while estimated reserves are set at two trillion tons. Bituminous accounts for approximately 70 percent of proven reserves, of which 30 percent are coking coals. The remaining 30 percent of reserves is divided almost evenly between anthracite and lignite. Coal production in recent years has generally followed an upward trend; an unofficial target of 1.5 billion tons has been set for the year 2000.

Forty-three percent of the coal produced is used directly by industry, more than one-quarter consumed in power generation, another fifth in domestic heating and cooking, eight percent for making coke, three percent for powering steam locomotives, and most of the remainder sold abroad. Although coal accounts for a relatively small proportion of China's total production (1.5 to 2 percent), coal exports mainly to Japan and Southeast Asia are an important source of foreign currency.

### PETROLEUM, OIL AND GAS

In recent years China has been ranked as the world's fifth or sixth largest oil producer. Oil provides approximately 20 percent of China's energy needs. Oil exports generated U.S. \$45 billion in earnings during 1980-1989, accounting for 18 percent of the nation's total exports during that period. These revenues permitted