

per year. More distant markets are becoming economically obtainable as a result of technical improvements in production and transportation, in combination with the advances of competitive energy sources.

In 1981, Canadian coal was shipped to 18 countries including the Far East, Latin America and Europe as indicated in Table VII.

Recent Canadian Marketing Activities

Canadian deliveries of coking and thermal coal to France have remained very modest until now. These sales have been "spot" amounts generally below 100,000 metric tonnes per year. However, the recent visits of French coal officials to Canada have underlined the interest already manifested through the acquisition of equity positions. It must also be mentioned that one of the leading steel groups in France, Usinor, has taken a 5 per cent participation in a feasibility study on the Saxon project in British Columbia. Should the conclusions of this study be favourable, it is almost assured that Usinor will participate in the exploration.

Recent Canadian Success Stories

The International Trade Databank indicates that French imports of coal from Canada in 1981 were valued at U.S.\$1.366 million (c.i.f.) while imports in 1980 were nil.

In 1981, Électricité de France signed a five-year contract with Union Oil of Canada for the purchase of 575,000 tonnes annually of thermal coal produced in the Obed-Marsh mine of Alberta. This will represent approximately \$40 million per year at today's dollar value. Deliveries are expected to begin in 1983-84. In addition to this contract, Charbonnages de France is committed to deliveries of 200,000/300,000 tonnes/year from the Quintette coal production in B.C..

Market Considerations

The French government has a policy to diversify its geographic sources of coal. Although not currently a major supplier, Canada, with its stable political environment, is an attractive candidate for sharing in France's import requirements.

Nevertheless, the principal impediment that Canada faces in the French market relates to the location of its coal deposits. While competitive at the mine site, Canadian coal is less competitive at French ports than that of its principal competitors. The cost disadvantage is strongest for thermal coal, which fetches a lower price than metallurgical coal and hence carries a proportionately larger freight burden. The necessity for freighters to pass through the Panama Canal limits them to a maximum capacity of 50 to 60,000 tonnes. This places the Canadian coal at some disadvantage relative to those other shipments that can be carried in very large bulk carriers from South Africa and Australia. Coal from Eastern Canada (Devco), while closer to the European market, is significantly higher in sulphur. This difficulty is compounded by the modest tonnages that could be

made available for export in the short term, though this barrier will likely be removed in the longer term as major expansions are planned by Devco over the next few years.

Market Peculiarities

French coal production and a large part of coal consumption are regulated by government or semi-government organizations: production is totally controlled by Charbonnages de France; the utility and steel sectors are either directly or indirectly controlled by the national government; but the cement industry, and other coal-using or potential coal-using industries, are for the most part controlled by the private sector.

France is unique among western European nations in its coal-purchasing procedures in having one central organization that handles all coal imports: A.T.I.C., the Association technique de l'importation charbonnière, is a national organization set up during World War II to co-ordinate and centralize the procuring of French coal requirements. It represents all coal consumers in France, purchasing coal in overseas markets and selling c.i.f. French ports to consumers, agents or traders. It signs contracts for and purchases coal on the advice of final consumers and acts as an agent and coal distributor. It also invests in shipping and coal ports (having some equity in French facilities and coal terminal facilities at Rotterdam)⁽¹⁾ and is considering equity participation in several coal mine projects in the U.S. and Australia.

In addition to this centralized purchasing organization there are numerous groups (Électricité de France, Charbonnages de France, coal agents, etc.) who are also actively involved in the development of supply contracts for French and other European coal consumers.

Environmental Regulations

Coal quality considerations will likely become more important in future French procurement strategies. This will be especially true for the heavily urbanized areas where pollution is already a problem. While relatively high-sulphur coal had been imported in the past, specifications obtained from Électricité de France suggested that for electricity generation, sulphur levels of not more than 1.8 per cent are preferred.

Emission standards are likely to be especially important for the industrial sector, which is forecast to experience the greatest growth in France during the 1980s. The costs of meeting strict environmental standards for this sector would be particularly important because of the small scale of the facilities. Ash disposal may also be a problem for some industrial coal users.

(1) A.T.I.C. is also associated with a project for a large coal terminal at Le Havre.