

CANADA/JAPAN ENERGY RELATIONS

COAL

Japan is the world's single largest importer of coal, both for thermal and coking coal. It is Canada's leading coal customer, purchasing 16 million tonnes in 1993, or 58% of Canada's total coal exports by volume, with a value of C\$1.1 billion. This is up marginally from the previous year, largely due to the resumption of production at three mines that were shutdown for 8 months during 1992/1993 due to labour disputes. Shipments in 1994 are expected to continue to recover some more of the volumes lost during 1992/93.

Forecasts of Japanese coal demand are divided between coking or metallurgical demand, which is likely to decline slowly for the remainder of this decade, and thermal or steaming demand, which is forecast to increase significantly. According to various sources demand for coal for Japanese power generation will more than double over the next decade. The predicted higher prices accompanying this rising demand could increase the opportunities for expanded Canadian exports.

April, 1994