

subsidizes the transportation of coal, which enables coal mined in Nova Scotia and the other maritime provinces to compete with imported U.S. coal in eastern and central Canada.<sup>18</sup> A similar subsidy is paid to enable coal mined in western Canada, primarily Alberta, to compete with U.S. and other coal exports to Japan.<sup>19</sup>

Japan licenses imports of coal, which consist largely of low-volatile metallurgical coking coal necessary for blending with high and medium volatile coals from domestic sources to meet the requirements of the steel industry.

The United States, as the world's largest producer and exporter of coal, has been most affected by these various restrictions. U.S. commercial exports of coal in 1964 totaled 44.9 million metric tons, valued at \$463.3 million. Of this total, 40.3 million tons, valued at \$413.1 million, were exported to industrial countries. Canada was the most important purchaser, followed by Italy and Japan.

U.S. exports in 1964 to those industrial countries that restrict imports totalled 32.0 million metric tons valued at \$324.8 million. It has been estimated that if restrictions were liberalized, U.S. coal exports to these countries in 1970 could increase by 50 to 200 per cent and earn an additional \$180 to \$740 million of foreign exchange depending on the extent to which import barriers and other protective measures were relaxed.<sup>20</sup> These estimates include normal growth of exports, as well as growth resulting from the relaxation of restrictions. On the other hand, they assume continued protection of indig-

<sup>18</sup> The amount of the subsidy depends upon the delivered cost of Canadian as compared with imported coal to the same market. The total cost of subventions in 1963 was C\$15.2 million and averaged C\$5.49 per short ton. This assistance provided a market for 2.8 million tons of Canadian coal, most of which, in the absence of the subsidy, would have been supplied by the United States. See GATT document L/2326, January 13, 1965, pp. 31 and 32.

<sup>19</sup> In 1963 such subventions totaled C\$2.3 million and averaged C\$3.24 per short ton and enabled 0.7 million tons of Canadian coal to be exported to Japan. See *ibid.*, p. 33. Canada also pays a subsidy of C\$495 per ton on bituminous coal mined in Canada and converted into coke to be used in the manufacture in Canada of iron or steel. This subsidy, which is paid to the coke producers, totaled C\$239 thousand in 1963. See *ibid.*, pp. 34-35.

<sup>20</sup> These estimates are derived from forecasts contained in Robert R. Nathan Associates, Inc., *The Foreign Market Potential for United States Coal*, Report to the U.S. Department of the Interior, 4 Vols. (Washington, D.C.: U.S. Government Printing Office, 1963).