

import cost compensation program so that consumers in eastern Canada, dependent on imported oil, would not be subjected to this fuel cost increase.

For the longer term, steps were being taken to establish a one-price oil system in Canada to keep Canadian prices at less than international prices but also at such a level as to encourage the development of new oil and gas resources in the frontier regions. The year 1973 was one of great change in the marketing of oil in Canada and a time of major policy implementation to meet the new international circumstances of rapidly rising prices and threatened oil shortages.

13.6 Coal

Canadian production of coal in 1972 was 20.7 million short tons valued at \$150.6 million (Table 13.10). Production increased 12.4% in volume but 23.7% in value compared to the previous year. Regionally, production in 1972 increased in British Columbia and Alberta and decreased in Saskatchewan, New Brunswick and Nova Scotia. Extraction of coal in western Canada totalled 18.8 million short tons while the output of Nova Scotia and New Brunswick mines totalled 1.9 million tons. About 46% of Canadian production was exported in 1972. This was the second consecutive year that Canadian output exceeded the amount imported; coal imports from the US totalled 18.6 million tons.

Preliminary figures for 1973 give total coal production as 22.6 million short tons with all western provinces showing an increase but the Maritimes registering a decrease. Production of bituminous coal in western Canada totalled 12.0 million short tons of which 11.1 million were exported to Japan and 0.2 million to the US. Imports from the United States decreased markedly to 17.3 million short tons because of reduced thermal demand by Ontario Hydro.

Exports of coal in 1972 were 9.4 million tons of bituminous coal, with British Columbia and Alberta accounting for 61% and 38%, respectively. Japan received 9.3 million tons or 98.9% of the total exports. Spot shipments of coal to Europe, Chile and the United States made up the balance. Imports of coal increased 6.2% to 18.5 million tons. Imports were up because consumers were rebuilding stockpiles depleted by a six-week strike of coal miners in the US in 1971.

In 1972 approximately 7.3 million tons of coking coal was converted to coke. Imports from the United States provided roughly 90% of the coking coal used. Canadian steel companies imported approximately 55% from captive mines in the United States.

Canada's coal industry serves two principal types of markets: coal for the production of thermal power and coking coal for the steel industry. The use of coal for thermal power generation has a promising potential particularly in Alberta, Saskatchewan, Ontario and British Columbia. Virtually all of Canada's coking coal is exported and competes in the international market.

Coal used for thermal-electric power generation decreased 2.3% to 16.8 million tons in 1972. Domestic coal, mainly subbituminous coal in Alberta and lignite in Saskatchewan, supplied roughly 8.4 million tons; Ontario Hydro imported the remainder used in the thermal power industry. Based on the power utilities' plans, use of coal for power generation is expected to continue to grow, increasing to about 21 million tons in 1975.

Alberta is Canada's leading coal-producing province, producing both subbituminous and bituminous coals. Subbituminous coal is used primarily for generating electricity and most bituminous coal is exported to Japan. Bituminous production was 4.1 million tons and subbituminous production was 4.9 million tons, an increase of 14.8% and 10.8%, respectively, over the previous year.

Alberta continued to expand its subbituminous industry in 1972 to meet the demand for energy in the province. Thermal electric plants located at or near coal mines can be expected to become more important in view of the Alberta government's recommendations that coal should constitute a larger proportion of fuel for thermal generation of electricity. This is already being put into effect at two major sites: Wabamun Lake and the Forestburg area. At Wabamun Lake, 40 miles west of Edmonton, Calgary Power Ltd. operates two power plants using coal from two mines where the utility has contracted out the mining operations to Manalta Coal Ltd. Here, the Highvale mine, the newest mine in the province, is planning expansion from the current level of 1.2 million to 2.4 million tons by 1974. Further expansion is also taking place at two subbituminous mines in the Forestburg area in order to meet future requirements of the Battle River generating station operated by Alberta Power Ltd.