

36. Supporting Canada's Steelmaking Coal Industry

Issue

Canada's coal industry makes a significant contribution to the economy through employment, tax revenue and contribution to provincial GDP.

There is a long history of environmental responsibility in the mining and transportation of steelmaking coal internationally. Canada's port industry operates under strict environmental regulations that are among the highest in the world, ensuring no health risks for those who live near or work at coal terminals.

Increasingly, industry opponents have made misleading and false claims about coal transportation, and have lobbied municipal governments to take action. This has resulted in some municipalities considering or taking policy positions against coal transportation in their communities and opposing expansion and infrastructure improvement projects. In fact, the industry contributes to Canada's export growth strategies and ensures critical upgrades are made to terminal facilities to improve and mitigate environmental and residential impacts. It is essential that Canada's steelmaking coal industry have access to international markets.

Restricting or delaying the development of the coal supply chain will result in the loss of livelihood for a significant number of families in many parts of Canada that are supported by the coal industry and reduce Canadian global competitiveness.

It is important that the government protect the economic benefits of this sector by informing the general public and municipalities about Canada's steelmaking coal industry and corresponding global demand for steel, and ensure its transportation is not inhibited at critical points in the supply chain.

Background

As a nation, Canada produced 69 million tonnes of coal in 2014, including 44 million tonnes of steelmaking coal¹. Canada is the world's third-largest exporter of steelmaking coal, after Australia and the United States. In 2014, Canada exported 31 million tonnes of steelmaking coal. Canada's production of the world's coal industry is less than 1%, yet our steelmaking coal resources are in high demand due to its superior quality.

Restricting the availability of Canadian coal will have limited impact on the world market, but will severely impact our domestic economy.

Steelmaking coal is vital to everyday life around the world. It is used to build major projects like bridges, rapid transit systems, wind turbines, high rises and everyday consumer products like cars, bicycles, tools, lawn equipment and household appliances. It is also one of the most commonly recycled products.

Steelmaking, like many industrial processes, does create some emissions. Steelmaking coal, also known as metallurgical coal, is an essential part of a chemical reaction needed to create new steel. It is not used to generate power.

Steelmaking coal is inert. It can be handled with bare hands. It is not considered a dangerous or hazardous material by Transport Canada and it is safely handled by thousands of workers every day.

¹ Statistics Canada; Natural Resources Canada5

Port industry operates under strict environmental regulations that are among the highest in the world, ensuring no health risks for those who live near or work on port terminals.

Rail is the most efficient mode of transport to move commodities and has been shown to be two to five times more fuel-efficient than truck transportation depending on the commodity.

As the population continues to grow, residential neighbourhoods have expanded and in some areas, closer to port terminals. In some communities where rail lines connect with port terminals, public debates have been held in the media and with their municipal representatives, calling for the elimination of coal transportation through communities where rail lines have been located for decades, in most cases, long before the residential neighbourhoods were built around them.

Conclusion

Steel is vital for the world's advancement. Coal exporting is a major economic contributor for Canada and our ports play a critical role in transporting Canadian steelmaking coal to important international markets.

Government at both the Provincial and Federal level have an important role to play in supporting expansion and infrastructure improvements in this important industry and protecting exports from being inhibited at critical distribution points.

Recommendations

That the federal government work with the provincial and territorial governments to:

1. Promote the productive and environmental benefits of high quality Canadian steelmaking coal to international markets;
2. Work with industry to develop and ensure sound public and economic policies that fosters Canada's steelmaking coal mining industry; and
3. Support educational opportunities to inform the public of Canada's steelmaking coal resources, its contribution to meeting global demand for steel production and the corresponding economic prosperity through high paying jobs for tens of thousands of families, to Canada's small businesses through local procurement, through tax generation and the related economic spinoff.