

Dosco Holds Trump Cards In Boosting Coal Sales

By GERALD FREEMAN
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MONTREAL (CP) — The Dominion Steel and Coal Corporation holds a pair of trump cards as it bids to have Nova Scotia coal burned in Ontario's steam-raising plants.

Ontario is considered the only major market still open for Nova Scotia coal. Substantial orders could restore the industry to economic health, but American coal provides severe competition.

However, subventions—the federal government's share of the cost of shipping coal from Nova Scotia to other parts of Canada—were increased for the Ontario market in March.

This change in the complex subventions structure is already credited with increasing Dosco's sales to Ontario by 300,000 tons. American coal is worth \$8.50 a ton in the Toronto area, Nova Scotia coal \$10.

Dosco's second trump is the St. Lawrence seaway, promising easier deliveries to all Ontario markets when it opens next year.

MAY BOOST SALES
The two points have spurred Dosco's selling campaign in Ontario, and negotiations are reported to have started between Dosco and Ontario Hydro, a major buyer. These and other talks could lead to sales of up to 1,500,000 tons a year, enough to put the industry on firm ground.

Ontario Hydro ordered less coal from American producers this year, despite a demand for electricity rising at the rate of 10 per cent a year. Financial writers have suggested some Nova Scotia coal may be ordered this year, with heavier orders starting in 1959.

There are indications the deal between Dosco and Ontario Hydro is favored by the three Conservative governments involved—the federal government, Ontario and Nova Scotia.

Meanwhile the Dominion Coal Company Limited, a Dosco subsidiary, is seeking a federal loan to help it maintain production until it receives payment for its deliveries. It has orders covering

its 1,400,000-ton stockpile at Sydney, N.S., but deliveries will not be complete before fall.

NEED NEW MARKET
C. W. Appleton, vice-president in charge of coal sales of the Dominion Coal Company, a Dosco division, says the theoretical standard of production that Nova Scotia's mines must reach to be economic is between 6,000,000 and 7,000,000 tons a year.

"In order to get up to that figure, there has to be found a new market for 1,000,000 to 1,500,000 more tons a year," he said in an interview.

The company faced a tough sales and marketing problem. "But we feel we'll work out of it," he said. "We have great hopes for Ontario." On the other hand, "we've pretty well exhausted Quebec markets as far as our type of coal is concerned."

The present assault on the Ontario market was part of a campaign that began following the Second World War. Nova Scotia began selling coal to Ontario in 1930, but the sales to Ontario and Quebec almost disappeared during the Second World War.

WENT TO SHIPS
Sales fell off to a bare 200,000 tons a year as coal from Nova Scotia pits was used to bunker Atlantic convoys and for increased steel production in Cape Breton blast furnaces.

"Miners are the first to go to war," said Mr. Appleton—production fell.

Following the war, markets in Quebec and Ontario snapped back to 1,500,000 tons a year, and were nurtured to the present peak of 2,500,000 tons a year.

The Dominion Coal Company has advertised that Nova Scotia Dominion coal now is available across Ontario. It recommends its "high grade bituminous coking coal for all general steam-raising purposes."

The Nova Scotia coal industry—operated by Dosco through subsidiaries—employs about 8,000 miners and is worth an estimated \$60,000,000 a year. But the switch from coal to oil by rail-

ways, ships and domestic users has created difficulties mechanization has not completely solved.

MINES CLOSED
Dosco has in the past been forced to close mines and lay off miners.

Domestic markets have been maintained in Nova Scotia and Newfoundland, but elsewhere the coal is used almost exclusively for generating steam.

Mr. Appleton says coal markets generally have deteriorated during the last year. The "type of soft coal mined in Nova Scotia is partly to blame. It contains 2 1/2 to three per cent sulphur, and therefore is passed up by European steel producers, heavy coal consumers. The sulphur content makes it more costly in steel production, and causes blowholes in the steel.

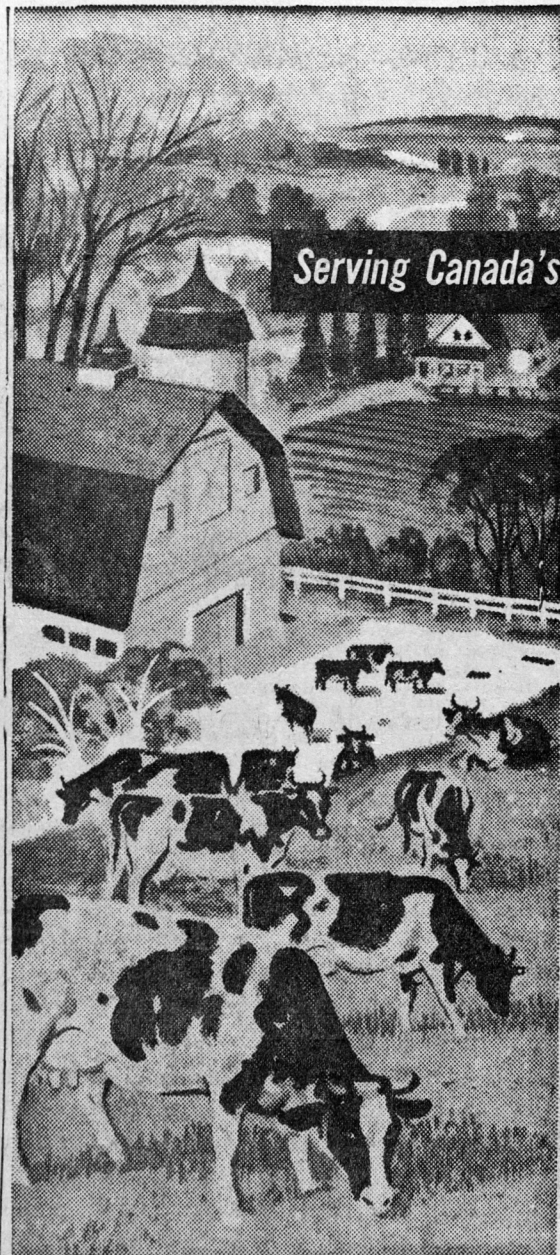
Some American coal containing one per cent sulphur is sold in Europe.

There are also few prospects for chemical uses of the coal, Mr. Appleton said. And no technological uses have been found—work at McGill University on an efficient coal-burning engine, partly financed by Dosco, has bogged down.

WINNIE'S CAPTOR DIES
SPRINGS, South Africa (Reuters)—Johan Philip Launspach, a member of the Boer force that captured Sir Winston Churchill during the Boer War in 1900-01, died here at the age of 87, it was announced Tuesday.

APPROVE SUSPENSION
HAVANA (AP)—Cuba's senate has approved suspension of civil liberties for another 45 days to give President Fulgencio Batista a free hand to deal with Fidel Castro's stubborn rebel forces.

Only scattered rebel activity has been reported since Batista beat back Castro's threat of total war to oust him in April.





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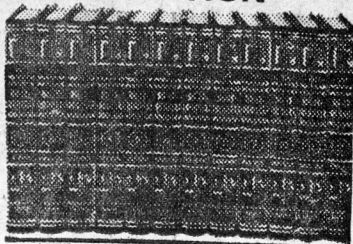
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