CANADA-U.S. STEEL TRADE

KEY FACTS

- U.S. steel exporters have benefited significantly under the open, integrated market envisaged by the Canada-U.S. Free Trade Agreement. In this situation, market shares have been determined by market forces, rather than by managed arrangements.

- U.S. steel imports from Canada have remained stable, account for a relatively small part of the U.S. market, and have not contributed to lower prices for steel in the U.S.

- Canadian steel imports from the United States have more than tripled in recent years, and now account for over 16 per cent of our market. In contrast, Canadian exports to the U.S. have held steady, accounting for only 3.3 per cent of the U.S. market last year.

- Evidence suggests that the downward price pressures in the U.S. market were precipitated by price cutting by U.S. mills, rather than by foreign mills. Canadian steel producers are merely meeting the prices set by U.S. mills.

- There is also evidence that many of the steel-consuming industries in the United States have experienced recent growth in production and sales. Therefore the demand for foreign and domestic steel has been moving up.

- Canada-U.S. steel trade continues to be important to both countries.

  - It generates employment in both countries.

  - Canada is the major foreign market for U.S. steel, accounting for more than 50 per cent of total U.S. exports (1991 value of $850 million).

  - Canadian steel producers spent $1.50 on supplies in the U.S. for every dollar of sales to that market ($2.25 billion in purchases compared to $1.5 billion in sales).

  - Canadian steel is an essential input for many U.S. manufacturers (e.g., automotive).