Cost-cutting measures involving new technology, mine closures, layoffs and capital write-offs were undertaken in virtually every commodity. For example, in copper, Canada's average production costs (before depreciation) were cut from US $0.68/lb in 1981 to US $0.56/lb in 1985. Despite these apparent improvements in Canada's international competitive position, foreign producers also cut costs and some countries underwent exchange rate devaluations, thereby improving their relative position when selling in world mineral markets. Depreciation of the Canadian dollar against the U.S. dollar helped sustain our competitive position in North American and world markets.

### Rising Protectionism

Many of the difficulties facing Canadian and other world mineral and metal exporters during these turbulent years were manifested in trade policy and actions. The U.S. steel and nonferrous metal industries, faced with similar competitive pressures, lobbied fiercely for protection against rising import levels. For carbon steel, in 1978 the United States, along with the European Community and Canada, introduced a trigger price mechanism to monitor imports with a view to expediting possible antidumping complaints. This system lasted about three years. Then in 1984, after the U.S. International Trade Commission (ITC) recommended import relief for five out of nine major steel products, President Reagan announced the establishment of the U.S. Steel Program, in which export restraint agreements were concluded with countries deemed to be trading unfairly through dumping and subsidization. Canada has not been formally asked to negotiate a restraint agreement on steel, but Canadian steel producers have exercised restraint in exporting their products to the United States.

Nonferrous metals have had a long history of U.S. protectionism. Quite apart from tariffs, import quotas were imposed for lead and zinc from 1958 to 1965. In the 1970s, there were many legislative attempts to increase tariffs or restrain imports of copper, lead and zinc; Canadian exporters faced antidumping investigations, as well as some investigations under Section 201 of the U.S. Trade Act. Twice, in 1978 and 1984, the President intervened to reject ITC proposals for relief on copper under Section 201.

Canada's nonmetallic mineral producers also encountered trade actions aimed at curbing their access to U.S. markets. From 1967 to 1972, Canadian potash and sulphur exporters underwent antidumping investigations; salt exporters were investigated in 1984. In 1987, a second potash investigation was launched and resulted in a preliminary finding of dumping margins averaging 36.6 per cent; the investigation was suspended on January 8, 1988 when Canadian exporters agreed to certain export price commitments. Canadian cement producers found their access to U.S. markets curbed in 1978, and again in 1982, when Buy America provisions were added to the U.S. Surface Transportation Assistance Act; the Buy America provisions on cement were eventually removed after strong representations.

It is important to recognize that while Canadian exporters were the target of some U.S. trade actions, most were aimed at exporters from third countries. However, Canadian exporters were caught in these investigations and had to defend themselves against adverse actions that would have curbed their access to markets developed over the years. Some writers have described these actions as sideswiping Canadian exporters, a predicament that has been addressed by the Agreement.