By international comparisons, these three firms are technologically competitive today, but will require substantial investment to remain so. The three companies are very different in market orientations and financial capabilities.

Dofasco produces only flat-rolled products, sheet, strip and plate, primarily for consumer durables markets; automotive, white goods etc. Historically these markets have been relatively stable. Dofasco, avoided the worst of the 1982/83 steel slump, did not experience financial losses and was quick to recover in 1984. The company reported 1984 profit of $180 million. With low debt service requirements and strong earnings, Dofasco should have no problem in undertaking its $600 million in modernization spending. The company should remain competitive.

Stelco produces the widest range of steel products in Canada, serving both consumer and capital goods markets. Its dependence on capital goods markets, which have been slow to recover, has delayed financial recovery. In 1984 the company was hovering around break-even after losses in 1982 and 1983. The company operates the most modern integrated mill in North America (Lake Erie Works opened in 1981) but requires substantial upgrading at its main Hamilton plant. The company has announced plans to install two continuous casters, and upgraded steelmaking and rolling facilities at Hamilton which should greatly improve production costs by the late 1980s.

Algoma produces a product line which is heavily oriented to capital goods and energy markets. These markets are highly volatile, traditionally returning above average yields during strong markets, but subject to swift declines. Since 1982 these markets have been depressed and what volume recovery that was experienced in 1984 failed to generate significant firming of prices. Algoma's financial position has been seriously eroded since 1982, and though breaking even on an operating basis in 1984, debt service requirements continued to place the company in a net loss position.

(ii) Provincially owned mills

The provinces of Quebec (Sidbec Dosco) and Nova Scotia (Sysco) operate mills which were legacies of U.K. interests which abandoned unprofitable facilities in the late 1960s. Both companies have encountered substantial losses since. Sysco has just completed Phase I of a $96 million modernization program; 60% federally funded. Further investments will have to be made to allow this mill to become profitable. Sidbec Dosco operates several facilities in the Montreal area. Many of these operations are cost competitive. The companies losses have resulted from an unprofitable iron ore mining operation. This situation is slowly correcting itself with the rationalization of the Quebec iron ore mining industry. Direct federal financial assistance to Sidbec Dosco's steel facilities has not been significant.