

purchase volume. Other means to reduce imports may be taken to reduce supplies, such as renegotiation of contracts, re-export, diversion of exports, pollution-motivated *force majeure*, etc. Taking all the foregoing points into consideration, the prospect for the world iron-ore industry does not appear good for 1972.

The Future

The growth of the Canadian iron-ore industry is primarily dependent on the growth in exports because 80 per cent of production is now exported and domestic demand will increase only moderately. Therefore, to properly assess the role that Canadian iron ores will play in world markets of the future, one must assess the iron-ore demand-supply patterns of the world's major steel-producing countries and the role that both domestic and imported ore will have in them.

Canada's raw-steel production in 1972 may set a new record, approaching 12.8 million net tons, if there are no interruptions because of strikes; it would be up sharply from the 12.2 million net tons produced in 1971, surpassing the previous record of 12.3 million in 1970. The sharp increase forecast appears to be reasonable because, notwithstanding a decline in steel production in 1971 from the previous year, indicated raw-steel consumption was up by one million net tons in 1971 to 13.2 million. Exports of steel were at 1970 levels, but imports were up by an estimated one million net tons to 3.2 million, to more than take up the loss in steel production, which declined mainly because of blast-furnace problems. An increase in pig-iron and crude-steel capacities in 1972 and the upward revaluation of most world currencies *vis-à-vis* the Canadian dollar should result in steel-import reductions.

The lifting of the United States import surcharge augurs well for Canadian steel exports to that market and, with domestic demand for capital and consumer goods remaining high, record steel production in 1972 is anticipated.

To parallel the rise in steel production, domestic iron-ore consumption is forecast at 11.7 million tons, up 0.9 million from 1971. Imports are expected to remain at the 1971 level of 1.4 million tons but, because of some 0.4 million tons of excess iron-ore stocks at steel plants, domestic shipments are expected to be up by only 0.3 million tons, to ten million.

Iron-ore export-demand patterns are somewhat uncertain for 1972. Most countries expect their steel industries to continue producing at 1971 rates throughout most of 1972, with recovery expected only in the latter part of the year. Notwithstanding labour strikes at all three Quebec-Labrador operations (Iron Ore Company of Canada (IOC) from June 16 to September 12, Quebec Cartier Mining Company from June 20 to August 25, and Wabush Mines Division at Wabush from July 7 to August 18), which lowered production by some 3.5 million tons, shipments were not affected to that degree because of shipments by IOC and Wabush from stockpile during the strike. Since the Port