

The primary gap deficiencies have usually been in large structural shapes, wide plate, special steel products, some of the alloy steels, and odd sizes of conventional hot-rolled and cold-rolled products. Several additions to Canadian capacity have partially filled the gap. Imports of stainless and specialty steels, particularly from Japan and Sweden, are beginning to become a problem. The recent start-up of Algoma's \$70-million 166-inch plate-mill will increase domestic participation in the wide-plate and large-diameter pipe markets. Dofasco's new 56-inch cold-mill, which will stress the development of "electrical" steels, represents an additional move on behalf of Canadian producers to displace imports. While these developments are evidence, by and large, of a shrinking gap, the environment that historically has kept domestic mills out of specialty products and sizes has changed only in degree -- the Canadian market is, in most cases, still not sufficiently large. At the same time, the additional four million tons of capacity projected for the Canadian industry from 1971 to 1975 should alleviate, at least in part, added import requirements in periods of peak demand.

Foreign producers competing in Canadian markets must do so on a regional, as opposed to a national basis. With transportation costs high relative to steel's value, factors of location and geography divide Canada regionally so far as the marketing of steel is concerned.

Tariff and non-tariff barriers

For the most part, international trade in iron ore and raw steel is conducted free of tariffs, but the flow of trade is controlled through quota mechanisms in the U.S.A., Europe and Japan. There are protective tariffs, taxes and import restrictions on many primary and secondary steel products in various countries. Canada has no import restrictions on trade in iron and steel, and Canadian tariff is moderate.