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# Bilateral Relations

## USA

### **Steel Imports**

On June 12, the US International Trade Commission (ITC) ruled in a 3-2 decision that American steel producers had been injured by some imported steel products, including Canadian steel. The Commission determined that certain steel imports constituted "a substantial cause" of injury to the American industry. The vote resulted from a petition by Bethlehem Steel and the United Steelworkers of America for the implementation of a quota system. Canada has consistently opposed restrictions on steel exports to the US. Recommendations for a remedy to the situation followed the initial Commission decision (*The Citizen*, June 13).

Reaction to the vote on the part of the Canadian steel industry was one of disappointment, since while the Canadian portion of the US market is limited to 2.5 percent (\$1.3 billion), it represents a substantial part of the Canadian steel export figures. The categories of steel imports affected by the Commission decision — plates, sheet and strip, structural shapes and units, wire and wire products, and semi-finished products — were all major components of the Canadian steel export business to the US. Algoma Steel Corp. Ltd. spokesman Bill Kissick noted with "disappointment" that "some form of protectionist measure will be going to the president before the election."

Responding to the decision, then-International Trade Minister Gerald Regan stated that he was "extremely disappointed with [the] findings." He noted that he would be meeting with representatives of the Canadian steel industry and provincial governments to "establish an ad hoc committee to examine options and a strategy to protect Canadian interests in the US market." The Minister also mentioned that he would utilize a US commitment for "full consultation with Canada in the event of an affirmative injury finding" by the Commission (External Affairs communiqué, June 13).

As expected, Canadian steel producers acted to forestall or soften any possible curbs on Canadian steel imports, and initiated an intense lobbying effort in Wash-

ington before the ITC presented its recommendations to the President. Producers planned a joint submission to the ITC, advocating the institution of a program of US government adjustment assistance to modernizing and make more competitive the American steel industry rather than resorting to quotas or tariffs. They also stressed Canadian steel exports have not been made available at unfairly low prices. Stelco Inc. spokesman Donald Belch said that the submission would also urge the Commission to examine the import question on a "case-by-case basis under unfair-trade law" rather than on a global basis (*Globe and Mail*, *The Citizen*, June 14).

Responding in the House of Commons June 19 to a question from Benno Friesen (PC, Surrey-White Rock-North Delta) as to Government representations to the US administration, then-International Trade Minister Gerald Regan stated that the Government had made notice that the US already had "processes to determine where dumping occurs and to take action against the particular country. They do not need to take a general action which would harm Canadian exports." Mr. Regan stressed that the Government would continue to make such representations. Speaking the next day in the House, Mr. Regan reiterated the Government's strategy of coordinating Government and industry efforts to forestall a negative decision on the part of the US administration when the ITC recommendations were made (July 24). Both at the ministerial level and through the Canadian embassy in Washington, Canada had endeavored to convince the US government of the efficacy of existing methods for dealing with the situation — methods were already in effect for "pinpointing the transgressors who may be creating the problem to the extent that it exists." Universal action should prove unnecessary.

Opposition Leader Brian Mulroney, in Washington, DC, for talks with government officials, expressed Canada's concern over the possibility of steel restrictions, and pointed out the possibly harsh consequences for the Canadian steel industry should such restrictions be imposed. Mr. Mulroney told US Commerce Secretary Malcolm Bal-