

Apparent rolled-steel consumption in Canada during 1973 is expected to increase by 7 per cent, to 10.5 million product tons. This forecast is based on Canadian real economic growth in excess of 6 per cent, an increase in current dollar non-residential construction spending of 11 per cent, a continued high level of housing starts and completions, and a levelling-off in the import penetration of the North American automobile market by Europe and Japan.

Foreign trade

There has been a gradual increase in Canadian steel exports over the last 20 years. The ratio of exports to total shipments rose from 4 per cent to 14 per cent during this period. The largest customer for Canadian steel is the United States; Latin America is a distant second, and relatively small amounts are exported to European countries and to Southeast Asia. While rolling-mill products constitute the bulk of industry sales, considerable amounts of pig iron are sold outside the country.

The growth of the export sector has averaged 12.8 per cent over the past five years. The United States is Canada's largest foreign market, accounting for an average of 66.4 per cent of exports since 1968, the largest part of which, an estimated 33 per cent, was accounted for by the automobile industry. Sales to other countries should continue to vary according to the needs of the Canadian industry to generate exports and the ability of their economies to absorb these. In this respect, trends are difficult to project, as conditions change very quickly. The growth prospects in non-American markets appear promising considering the currency that realignments should add to Canadian competitiveness in export markets. The large increase in Canadian capacity through 1975 should motivate Canadian producers to become more aggressive in export markets; and the excellent reputation of Canadian tin-plate and Canadian production in general in export markets gives the industry an entry into developing markets.

Steel exports are expected to grow substantially in 1973 mainly because of the small growth in 1972 but also because of the continued strengthening of the non-American and American economies. Steel imports are expected to show little increase next year but will still account for more than 14 per cent of apparent consumption. In total, rolled-steel-product shipments from Canadian mills are expected to reach a record level of 10.5 million product tons in 1973, up almost 10 per cent from the 1972 estimate.

Imports provided about 19 per cent of apparent domestic consumption in 1971. Although the Canadian steel industry has grown rapidly in recent years, its capacity has not been large enough to satisfy peak demands that occur during periods of strong growth in the economy. Steel imported into Canada fits two major classifications. One type is imports to fill capacity deficiencies in the Canadian industry; these result primarily because the limited market in Canada does not justify domestic production of certain products. The other type of capacity deficiency can occur when peak domestic demand overtakes Canadian capacity or strikes in major Canadian mills cause a shortfall.