

## **The Canadian Steel Industry**

The Canadian steel industry has come a long way in a short time. From 1736, when historical records documented forged-iron production at the St Maurice forges in New France, until the 1940s, the industry was almost non-existent, with peak annual production attaining only about 909 090 tonnes. From such humble beginnings the industry grew rapidly, encouraged by strong demand at home and abroad, with production attaining a peak in 1974 of about 13 636 363 tonnes.

The Canadian steel industry is of medium size by international standards, ranking eleventh in the world and producing approximately 2 per cent of total world output. The largest Canadian steel company, The Steel Company of Canada Ltd (STELCO), ranks twentieth in size in the world. In the past the Canadian steel industry experienced above-average long-term growth of 7 per cent annually, compared to the world average of just over 6 per cent. Through innovative management and rapid adoption of new technology, the industry has maintained high productivity and excellent quality standards. It is efficient and cost-competitive with the steel industries of most other advanced industrial countries.

The Canadian steel industry usually operates at about 90 per cent of its capacity, an average that is extremely high by world standards. It is

a very efficient, dynamic, modern industry. The industry is price-competitive when competing on an equal basis, but high ocean-freight rates and the below-cost pricing practices prevalent in world steel trade often place it at a commercial disadvantage. The Canadian steel industry has pioneered the adoption of new technology such as basic-oxygen furnaces, continuous casting and direct reduction.

The Canadian industry falls into two basic groups – integrated and non-integrated producers. Integrated producers operate both iron-making and steel-making facilities and are often “integrated backwards” into iron-ore and coking-coal production. Non-integrated producers operate electric furnaces fed largely by scrap steel. In Canada, there are five integrated producing mills: three in Ontario, one in Quebec and one in Nova Scotia. In addition, there are 12 scrap-based, non-integrated plants located across the country. Ten of these make common steels, partly in competition with the integrated mills, while the other two, both operated by Atlas Steels, produce specialty steels for domestic and export markets. The specialty-steel business is quite different from the tonnage-steel business and, as such, needs to be considered separately.

Specialty steels include stainless steels, tool steel and high-performance steels for aerospace,