

have resulted in Canadian steel producers sourcing much of their requirements for coal, iron ore and capital equipment in the U.S. The Canadian industry estimates that it purchases goods and services in the U.S.A. valued at \$1.25 for every dollar worth of steel exported to the U.S.A. Steel mills on both sides of the border commonly supply semi-finished products to each other meeting temporary demand surges or shortages as well as longer term demand not sufficient to justify new capacity. Canadian semi-finished steel shipped to U.S. mills for conversion and return to Canada generates additional employment opportunities in the U.S.A.

I reported to Ambassador Brock on my discussions with the Canadian industry on the nature of the two-way trade in steel products and on future prospects. I was able, based on these discussions, to assure Ambassador Brock of our willingness to agree to consultations with respect to any untoward rises in volume of imports of certain steel products with a view to understanding the underlying market forces and agreeing on appropriate remedial action if required.

I believe that I received a sympathetic hearing from Ambassador Brock and that our concern on steel and copper is well understood by the U.S. Administration. We will continue to register our concern if and as developments in Washington warrant."