and the introduction of direct-reduction steelmaking — hold promise for the future, when modern facilities are likely to be introduced at an even higher rate.

The largest domestic consumer of steel in Canada is the construction industry, accounting for an estimated 20-30 per cent of domestic consumption. Two years ago, shipments to the automotive and aircraft industries amounted to 11 per cent — but this is now declining since the car industry accounted for over 90 per cent of the total. Pipes and tubes, on the other hand, provide a market full of promise, particularly with regard to large-diameter pipe that is used in constructing pipelines to oil and natural gas discoveries in the North Sea. A growth rate of 7 to 8 per cent from pipe demand seems feasible.

The remaining 45 per cent of demand is accounted for by 13 other categories including wire and wire products, natural resource industries, appliances, containers, railway vehicles and tracks, and agricultural equipment.

The growth of the domestic market is likely to continue supplying a large part of the industry's strength, alongside opportunities for exports. There is, however, an important change to be reckoned with. While most steel-rolled products are now manufactured domestically, imports are increasingly price-competitive. Consequently, to displace or even resist the growth of imports is much more difficult now than it was in the fifties and sixties. In this competition domestic producers have one great advantage: because of the size of Canada and the high costs of transportation relative to the value of steel, foreign producers have to reckon with competing on a regional as opposed to a national basis.

Export markets

Exports of Canadian steel have meanwhile been gradually increasing. The ratio of exports to domestic shipments rose from 4 to 14 per cent through the 20 years ending in 1973. The largest consumer is the United States, accounting for an average of 66·3 per cent of exports between 1968 and 1973. Since an estimated 33 per cent of this total went to the automobile industry in America, which is vulnerable like the rest of the world's motor industry to the demand slack on cars, a change in this figure over the current year is not unlikely. A distant second after the United States is Latin America. Small amounts of steel are also exported to Europe and South-east Asia.

They're standing up to economic pressure

By Jenny Pearson

The Canadian steel industry, rapidly built up and modernised over the past decade to meet the demands of the country's industrial expansion, has been holding up well in the context of the international economic situation. In spite of warnings from steel magnates that threatened strikes and declining demand in certain sectors of the economy could rock, if not upset, the apple cart, the industry as a whole stands remarkably firm compared with Britain's steel industry, where production cuts have lately been a problem.

Last year the industry in Canada maintained its upward progress with increases in overall production (to 15 million tons) and employment. Profits reached record levels — though as J. Peter Gordon, president of the Toronto-based Steel Company of Canada, commented, comparison of 1974 figures with those of previous years "must take into account the serious distortions caused by inflation."

In 1975, the upward tempo of economic activity in Canada has levelled off in response to the recession in the international economy. There have been declines in some steel consuming sectors of the economy, notably in the motor appliance and construction industries. Demand has softened and the general outlook for steel is expected to reflect this uncertainty in the economy.

But it is anticipated that heavy steel plate will continue to be in short supply. For most other steel products, the supply situation is expected to ease somewhat during 1975.

But the steel foundry industry should be relatively unaffected by present economic trends and will probably remain buoyant during 1975, according to recent Ottawa estimates.

Reactions to economic uncertainty have varied from one steel company to another — for Canadian steel is still largely in the hands of private enterprise, with the exception of certain companies controlled or partly controlled by provincial governments. The huge Dominion Foundries and Steel Company (Dofasco), having announced last year a plan to increase annual steel ingot production to a capacity of more than six million tons, began work in February on a new $103 million steelmaking plant in Hamilton, Ontario — just the first stage in a giant development programme. That's fairly solid optimism.

Cautious optimism

The Algoma Steel Corporation, of Saulte Ste. Marie, Ontario, expressed a more cautious optimism in their annual report published in March. David Holbrook, their chairman, noted that in spite of predictions of a decline in domestic steel use, Algoma's backlog of orders at the end of last year stood at a record high. Steel intended for the weakening automotive market had been diverted to other uses.

Mr. Holbrook said the domestic steel industry was in an enviable position with its up-to-date equipment, energy supplies and personnel. He concluded: "There does not appear to be any need to revise forecasts of continued long-term growth."

Algoma's steel production last year actually cost them less than in 1973. "Increases in product prices, high steel product shipments and economies achieved in operations from the new . . . basic oxygen steelmaking plant and from greater tonnages of continually cast steel more than compensated for the sharp rise in prices paid for services and commodities."

Canada's big steel companies have in fact been modernising very actively over the past decade, which is a big factor in keeping their product competitive. Imported rolled steel plays a large part in the industry as a whole — last year Canada imported a record 3·2 million tons — but in spite of a lowering of prices on imported steel (the result of softening demand on the world steel market), Algoma sailed into the new year confident that Canadian prices would stay below those of imported products and that steel imports over the whole of this year would drop.

Another major steel company to sound the clarion of optimism early in the year was the Steel Company of Canada (Stelco), which is based in Toronto and processes about 40 per cent of all steel made in Canada. Its annual report was confident that Canadian demand for steel would continue firm overall, despite the weakening demand in some domestic sectors. An expected replacement of imports by