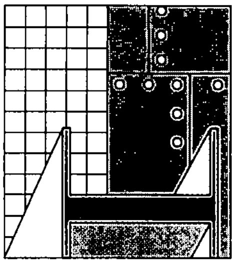
IRON AND STEEL



Canada's iron and steel industry, faced with increasing protectionist moves in the United States, supports a new trade agreement. Security of access is a primary concern, particularly in view of American concerns about the level of steel imports from Canada and other countries. Without an agreement the industry faces the constant threat of being bruised by American trade actions directed at unfair traders in third countries.

The removal of Buy America policies through an agreement would give Canadian producers access to the vast procurement market in the U.S. for structural steel and other products.

- The Canadian iron and steel industry is 90 per cent Canadian owned, concentrated in Ontario (80 per cent) and Quebec (10 per cent). It employs 50,000 people.
- The industry is geared to the domestic market, of which imports claim 20 per cent.
- While domestic demand has declined over the past decade, exports have doubled, with most going to the U.S. They now account for $1.8 billion, or one-quarter of total production.
- Canada is the only foreign market for U.S. steel. For every dollar of Canadian steel exported to the U.S., Canadian steel producers import goods and services valued at $1.25 to $1.30.
- In 1984, the U.S. introduced a Steel Program requiring importers to sign agreements restricting their steel exports to specific quantities. Canada was exempted as Canadian steel is considered to be traded fairly. However, Canada agreed at that time not to exploit the U.S. situation. Due to an increase in the Canadian share of the U.S. market since 1984, the U.S. industry continues to press for the imposition of quotas on Canadian steel.

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