

*Statements by Ministers*

pressures to those resulting from conditions affecting world trade in steel in general. Global trade in steel continues to be affected by world-wide over-capacity, declining demand, widespread subsidization in steel-producing countries, and restrictive measures against imports in most consuming countries.

The major characteristic of the two-way trade in steel between Canada and the U.S. is its integrated and mutually beneficial nature. Canada is the largest market for U.S. steel. Our imports of steel from the U.S. annually average about 8 per cent of the Canadian market and over one-third of our total steel imports. There are no restrictions on U.S. trade into Canada. For every dollar of their steel exports to the U.S., Canadian primary steel producers import \$1.30 worth of equipment and materials from the U.S.

In addition to sharing in the obvious benefits of such a relationship, our industries also share common concerns and problems with respect to conditions currently prevailing in international trade in steel. The program I am announcing today will supplement recent government actions to facilitate adjustment of the Canadian steel industry to the difficult conditions surrounding international trade in steel.

In August of 1985, country-of-origin marking requirements were introduced for imported steel pipes and tubes. In September of 1986 an import monitoring system for carbon steel was established under the Export and Import Permits Act. In the February, 1987, Budget the Minister of Finance (Mr. Wilson) announced the withdrawal of the general preferential tariff on steel.

As a major element of a program designed to help maintain our open access to the U.S. steel market, the Government is taking further action to ensure that we have more accurate data on exports and imports and that Canada is not used as a back door to the U.S. market by off shore steel suppliers. This will be achieved by monitoring steel exports and imports under the Export and Import Permits Act. We are seeking the assistance and consent of the opposition Parties to bring forward an amendment to achieve this at an early date.

Monitoring will not only provide a better appreciation of the complexities in our steel trade with the U.S. but will be very useful to both the Government and the industry in resisting pressures in the U.S. for restrictions against imports from Canada.

In addition, we are exploring with the U.S. the desirability of establishing a joint commission to ensure a better understanding of the problems we in North America face as a result of global conditions affecting trade in steel. I consider this to be a very worthwhile initiative, particularly in view of the problems steel industries on both sides of the border are likely to face in the future.

Finally, it will be important for Canadian companies to continue to exercise prudence in their steel exports to the U.S. as well as to seek the active support of allied interests, such as consumer groups and customers, among the public and private

sector groups in the U.S. for unrestricted cross-border trade in steel. We will step up our efforts on information exchange with U.S. politicians.

In this respect I would like to thank the parliamentary steel caucus led by the Hon. Member for Burlington (Mr. Kempling), and all Members of this House who have participated in this initiative. My special appreciation goes to the Canadian steel companies and the steelworkers' union for their co-operation in the development of this policy. These efforts, together with the measures I have just announced, will go a long way towards preserving our access to our most important export market for steel.

**Mr. Maurice Foster (Algoma):** Mr. Speaker, I am glad to have an opportunity to respond to the Hon. Minister's statement concerning government policy regarding steel. Having been active in the steel caucus for a couple of years I am especially interested in this matter, and of course the great riding of Algoma provides much of the workforce for the Algoma Steel Corporation in Sault Ste. Marie.

It goes without saying that during the past four or five years the steel industry has been under incredible pressure both in the U.S. and Canada. We have seen hundreds of thousands of people laid off in the U.S. We have seen the introduction of their VRA program. While other companies in Canada have suffered similarly, Algoma Steel in Sault Ste. Marie has suffered a great deal.

• (1520)

We are glad to see this policy come forward. In August of 1985 the Government put in place a steel monitoring system for imports. It was obvious in the fall of 1984 when the United States implemented its program for 17 countries which were importing steel into the United States that if you back four million or five million tonnes of steel out of the United States market and get it on the ocean they will try to get into the American market some way, one of the obvious ways through the back door by way of Canada.

The program the Government put in place to monitor steel imports into Canada was a first step. The step proposed here by the Minister to amend the Export and Import Permits Act in order that we can monitor steel going into the United States is the next essential step.

We need only look at two events which happened in January of this year. First, our share of the United States steel market had grown to 5 per cent in January. In December it was 4.7 per cent. That is far above our historical level. Senator Heinz then introduced a Bill in the United States Senate. He was proposing some very Draconian methods to limit Canada's imports as well as those of Sweden and Taiwan.

I believe, therefore, that it is important that the Government put in place a program for the monitoring of imports. We find that large volumes of steel are coming from those countries which are subject to a voluntary restraint agreement with the United States. A mechanism can be put in place to add those