

The U.S.A. will remain a crucial market for about 15-20% of Canadian production. This market is increasingly becoming restricted as U.S. industry and government respond to low cost, often subsidized, offshore competition. Canadian exporters have suffered and may be further jeopardized as a result of U.S. safeguard actions to restrict imports. Bilateral arrangements with the U.S. in the steel sector could benefit Canadian producers if they provided for a Canadian exemption from U.S. safeguard actions and from U.S. NTBs. Tariff protection is not a major issue with most domestic producers.

A by-product of U.S. protectionism is the diversion of steel to the only remaining open market - Canada. This is a major threat to Canadian producers and its effects are already evident from recent import volumes.

The industry recognizes that the necessary structural adjustments are three-fold:

- i) Modernization of existing facilities through installation of improved steelmaking equipment and continuous casting facilities.
- ii) Undertaking limited investment projects as opportunities permit (new domestic automotive stamping plants may support an electro-galvanizing line).
- iii) Appropriate financial restructuring.

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