



## News Release

## Communiqué

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### WILSON REGRETS U.S. INDUSTRY PETITION AGAINST CANADIAN STEEL PRODUCTS

The Honourable Michael Wilson, Minister of Industry, Science and Technology and Minister for International Trade, said today that he is deeply disappointed by the inclusion of Canadian steel products in a barrage of trade actions filed by U.S. steel producers against imports from a number of countries.

"It is regrettable that, despite our mutually beneficial trading relationship and the integrated nature of the North American steel industry, U.S. steel producers still chose to include Canada in their call for unfair trade investigations," Mr. Wilson said.

"The U.S. action clearly leaves the Canadian industry with no choice but to counter with its own requests for unfair trade investigations against steel imports from a number of countries, including the U.S.," the Minister said. "Canadian steel producers have been preparing the information for these investigations for some time and have filed, or are in the process of filing, their complaints with Revenue Canada."

The U.S. steel industry, led by a group of integrated steel producers including Bethlehem Steel Corporation, USX and others, filed petitions on June 30 with the U.S. Department of Commerce and the U.S. International Trade Commission. The petitions request countervailing and anti-dumping duty investigations of steel products from numerous countries. Imports from Canada were targeted for anti-dumping investigations only.

The Canadian products included in the U.S. petitions announced today account for almost one-third of Canada's total steel exports to the United States. In 1991, Canada shipped more than \$1.5 billion worth of steel to the United States.

Mr. Wilson pointed out that Canadian steel imports from the United States in 1991 accounted for 16.3 per cent of the Canadian market -- more than triple the 1986 level. This is in sharp contrast to imports of Canadian steel to the United States, which have remained stable at 3.3 per cent of the U.S. market.

The Canadian industry has also argued that its exports to the U.S. are truckload shipments made to order and for just-in-time delivery to U.S. customers, as opposed to the large boatload shipments imported into the United States from much of the rest of the world, and offered for sale at any price.

"There is a significant difference between Canadian steel exports and those from other countries," Mr. Wilson noted. "We are not part of the problem and should be excluded from these investigations."

The Canadian industry, led by Stelco, Dofasco and Algoma, has filed or is now filing complaints with Revenue Canada for investigations of steel imports. Revenue Canada will probably initiate its investigations near the end of July.

Mr. Wilson added that the government would continue to work closely with the Canadian Steel Producers Association and individual steel companies in their response to the U.S. action.

"All final determinations in these cases would also be eligible for binding binational review under the dispute settlement provisions of the Canada-U.S. Free Trade Agreement," concluded Mr. Wilson. "This mechanism will be used if necessary."

Under U.S. trade law, the Department of Commerce has 20 days to decide whether to initiate an investigation. Revenue Canada has 30 days from the receipt of a properly documented complaint to decide whether to initiate an investigation.

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For further information, media representatives may contact:

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## CANADA-U.S. STEEL TRADE

### KEY FACTS

- U.S. steel exporters have benefited significantly under the open, integrated market envisaged by the Canada-U.S. Free Trade Agreement. In this situation, market shares have been determined by market forces, rather than by managed arrangements.
- U.S. steel imports from Canada have remained stable, account for a relatively small part of the U.S. market, and have not contributed to lower prices for steel in the U.S.
- Canadian steel imports from the United States have more than tripled in recent years, and now account for over 16 per cent of our market. In contrast, Canadian exports to the U.S. have held steady, accounting for only 3.3 per cent of the U.S. market last year.
- Evidence suggests that the downward price pressures in the U.S. market were precipitated by price cutting by U.S. mills, rather than by foreign mills. Canadian steel producers are merely meeting the prices set by U.S. mills.
- There is also evidence that many of the steel-consuming industries in the United States have experienced recent growth in production and sales. Therefore the demand for foreign and domestic steel has been moving up.
- Canada-U.S. steel trade continues to be important to both countries.
  - ▶ It generates employment in both countries.
  - ▶ Canada is the major foreign market for U.S. steel, accounting for more than 50 per cent of total U.S. exports (1991 value of \$850 million).
  - ▶ Canadian steel producers spent \$1.50 on supplies in the U.S. for every dollar of sales to that market (\$2.25 billion in purchases compared to \$1.5 billion in sales).
  - ▶ Canadian steel is an essential input for many U.S. manufacturers (e.g., automotive).

- Canada-U.S. steel trade continues to be unique in the world and should be differentiated from steel trade with other countries.
  - ▶ Canada and the U.S. are in the fourth year of the Free Trade Agreement, in which tariffs and non-tariff barriers are being eliminated.
  - ▶ Unlike other steel exporters, Canada was exempted by the U.S. from its program of Voluntary Restraint Agreements (VRA) in 1984 and in 1989.
  - ▶ U.S. imports from Canada are truckload shipments made to order for just-in-time delivery, rather than large boatload shipments imported into the U.S. from much of the rest of the world for sale at any price.

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Canadian Market Shares (per cent)

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
Domestic Production	81.1	81.3	78.2	81.5	75.5	73.8
Imports	18.9	18.7	21.8	18.5	24.5	26.2
U.S. Imports	4.5	5.7	7.3	8.6	15.1	16.3

U.S. Market Shares

Domestic Production	77.0	79.1	78.9	82.1	82.4	82.2
Imports	23.0	20.9	21.1	17.9	17.6	17.8
Canadian Imports	3.5	3.7	3.1	3.1	2.9	3.3

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