



Minister for  
International Trade

Ministre du  
Commerce extérieur

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# STATEMENT DISCOURS

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Notes for remarks by the  
Honourable James Kelleher,  
Minister for International Trade,  
to the Canadian Steel Trade  
Conference

SAULT STE. MARIE, ONTARIO

May 25, 1986.

Canada

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It is a great pleasure for me to be here with you again. What you began last year was an audacious experiment. Putting labour and management around the same table, for purposes other than contract negotiations, was pretty courageous by itself. And putting them together with government simply defied logic.

Except that it worked. The Canadian Steel Trade Conference is a rip-roaring success. An excellent vehicle for tackling the problems of the steel industry -- and God knows, there are many of those. An ongoing forum for discussion of issues affecting labour and management -- and yes, even Government. And a clear channel station for broadcasting the industry's concerns.

Clear because when you speak through the C.S.T.C., you speak with one voice. And that makes your message unmistakable -- and hard to ignore.

So I offer you my congratulations, my admiration, and my great respect. You have worked miracles here.



As you know, I am not just an interested bystander. I have been closely associated with the Canadian steel industry for most of my working life. First as a hard-hat, trying to pay my way through law school. Then as a lawyer, practicing in a steel town with steel workers.

So I've come to know something about the industry. And, as Minister for International Trade, I've come to know something about the world that the industry must compete in.

It's a world that has become very complicated -- and, because of a chain of very special reasons, very tough for steel.

Steel is not just another industry. For better or worse, it is an industry with sex appeal, a symbol of national manhood. Let's go back a couple of decades. For many third world countries, countries throwing off the colonial yoke, building a steel industry of their own was a national priority.

Not necessarily because they had a crashing need for their own local steel. It had more to do with the fact that a steel mill, with its blast furnaces and tall stacks and molten metal and complicated machinery, was the epitome of the industrialized world. It was something the old countries had, so the new countries had to have one too.



The result is what we have today: a problem in three parts. First, there are too many steel plants in the world. Or, to put it in the terms economists use, there is a serious overcapacity in world steel production. Second, to keep the plants open, some of the countries that created them have taken to dumping their steel in foreign markets or subsidizing its production at home -- or both. And third, because of such practices, most countries have put up barriers at the border to other countries' steel. Access to most world steel markets is effectively inhibited by a variety of what I suppose could be called the tricks of trade: orderly marketing arrangements, voluntary restraint agreements, import quotas and administrative monkey wrenches.

And all of this has put you, Canada's steel industry, in something of a quandary.

So what are we going to do about it?

As you know, I and my officials meet often and regularly with the steel industry, both union and management, through the C.S.T.C. At last month's meeting, you asked for government action to address the unique problems facing Canadian steel. Specifically, you asked for protection from dumped and subsidized steel.



Some of you were there, and you know what you asked for.

You did not ask for import restrictions. Our steel industry has maintained its international competitiveness for many years without extraordinary measures of import protection. Rather, you suggested the use of the unfair trade remedy procedures of the Special Import Measures Act, so as to improve the industry's ability to contend with dumped and subsidized imports.

Specifically, you recommended three actions. You asked for the establishment of an import monitoring system for all steel mill products. You asked for more frequent application of retroactive anti-dumping and countervailing duties. And you asked that inspection of steel imports, particularly tubular steel, be beefed up at the border.

Well, I have news for you. You asked for it, you got it.

I'm happy to announce that the Governor General has signed an Order in

Council that will put your requests into action as of now. Let me read you some excerpts:



"... Her Excellency the Governor General in Council, on the recommendation of the Minister for International Trade, . . . is pleased hereby to direct the Canadian Import Tribunal to undertake forthwith an inquiry in respect of the importation into Canada of steel products in order to:

"(a) examine the potential for diversion into Canada of foreign steel products given the capacity, market conditions and export patterns of major steel producing countries. The carbon steel products to be considered include: semi-finished steel (ingots, blooms, billets, slabs and sheet bars), plate, sheets and strip, wire rods, wire and wire products, railway-type products, bars, structural shapes and units, and pipes and tubes. The specialty steel products to be considered are as above with the exception of railway-type products and structural shapes and units;

"(b) in light of (a) provide advice as to whether steel products are being or are likely to be imported into Canada at such prices, in such quantities, and under such conditions to make it advisable to collect information with respect to the importation of such goods."

In other words, whether to place steel products on the Import Control List for the purpose of collecting information.

Now, picking up the quote again:

"HER EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL is further pleased to direct that the Canadian Import Tribunal submit its report regarding carbon steel products as soon as possible but no later than within two months of the date of this reference and regarding specialty steel products, as soon as possible but no later than within four months of the date of this reference."



That's the meat of the order in Council. What it will do is give the steel industry quick and effective access to the information it needs to protect itself against dumping and subsidies. Within two weeks after the end of each month, the industry will be able to determine whether each steel shipment was fairly priced or dumped -- and then blow the whistle if necessary and apply for countervail relief.

Under the old system, it took three months before the industry could get its hand on any details at all, and the details it got were pretty sketchy. The speedup will reduce the necessity for countervail measures to be made retroactive, but the Canadian Import Tribunal can order retroactivity, on a case-by-case basis, at its discretion.

Don't go away. The Order in Council is only part of the story.

I can also report that the Minister of National Revenue has introduced mandatory customs inspection, at point of entry, of all imports of iron or steel pipe and tube for a three-month period.

The inspection is to monitor compliance with the marking requirements we introduced last fall on pipe and tube. It's a three-month test, designed to determine whether a more formal examination program is needed to stop foreign steel makers from trying to pass off their exports as being made in Canada.



Now let's go back to the unity theme. Why did the Government put the requests of the industry into action? I can think of a number of reasons. One is that we have the interests of steel very much at heart. As I told you last year, I'm not going to stand by and let Canadian steel get mousetrapped. As long as I'm your Trade Minister, I'll do everything possible to help you sell your steel.

Another reason is that the requests were well thought out, well documented, and entirely reasonable. The industry asked for specific remedies to specific problems -- not for sweeping protectionist measures of the Fortress Canada kind.



But there's another reason, too, and it would be hard to overstate its importance. The steel industry spoke with one voice -- the voice of the steel trade conference, labour and management working together. And that is hard to ignore.

I suggest there is great and proven value to working together. And I would like to suggest to the members of the steel workers union that what works in one place might work in others, as well.

You know that Canada is now preparing for two separate bouts of international trade negotiations, one bilaterally with the United States and the other multilaterally under the General Agreement on Tariffs and Trade, better known as the GATT.

Both of these negotiations will be vital to the future of our country. We are a trading nation, more so than almost any other country in the world. To help us prepare for the talks, and to advise us as negotiations proceed, we have established a system of advisory groups representing the interests of all major sectors of the Canadian economy. There are two kinds of groups. One is the International Trade Advisory Committee, whose members come from all walks of life and are concerned with broad policy. The other is a series of sectoral advisory groups, each concerned with the impact of trade policies on its own slice of Canada.



I think each of you is aware of all of this, at least in general terms. And I think you're also aware that our country's biggest labour group, the C.L.C., has not yet accepted our invitation to take its place on these advisory bodies. I'm aware that the leadership of the C.L.C. does not agree with our decision to enter bilateral negotiations with the United

States. But the decision has been made, we're starting the talks, and we hope that the C.L.C. will play a role in determining our positions as the talks proceed.

There's an old saying that if you want to have a part in making the rules, you have to be there when the rules are made. The Steel Workers Union is very much aware of this, because of the success of the Steel Trade Conference. I might point out that another union organization, the Canadian Federation of Labour, is also aware, and has taken its place on the International Trade Advisory Committee. It doesn't agree with everything we do, either.



But agreement is not the point. Being part of the process is. It commits you to nothing. It does not signify approval of anything. And it is certainly the most effective way of getting your points across, of getting your input put in.

So the invitation is still open. The door is still open. Let the success of your efforts here, at the Steel Trade Conference, be your guide. The table awaits you. All you have to do is come in and sit down.

Did I just say "sit down"?

I want you to know that I practice what I preach.

Thank you very much.