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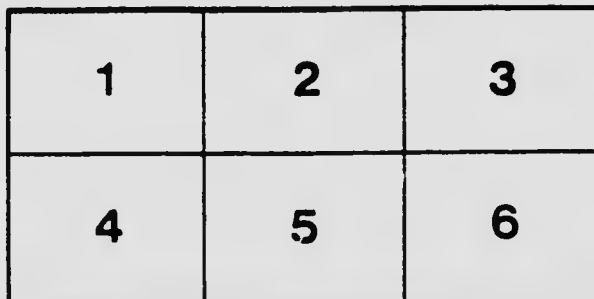
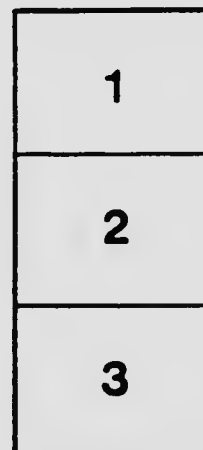
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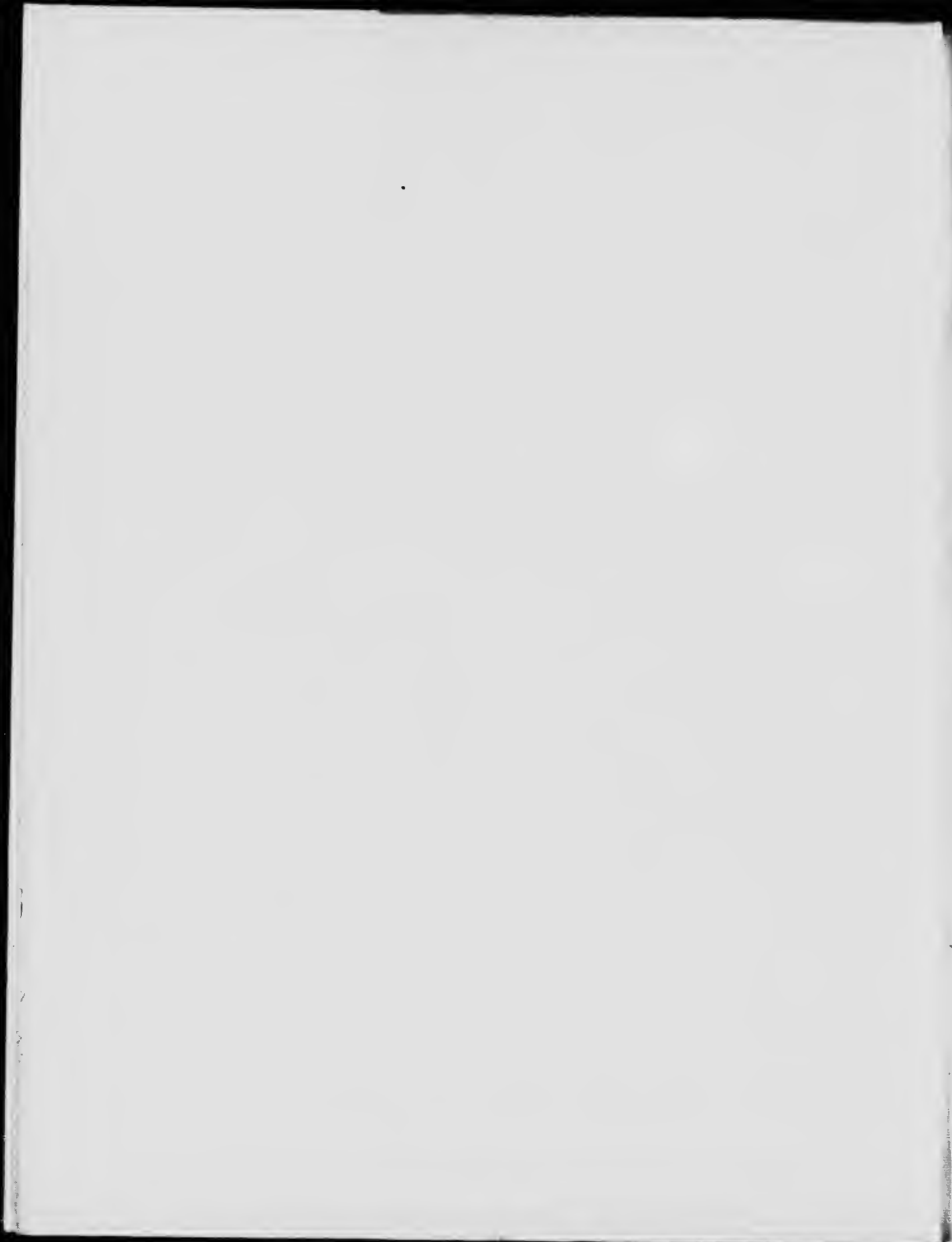
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Statement
in Support of
Bounty on Pig Iron

Submitted by
all the Iron and Steel
Manufacturers
in Canada

1911



0 300715

November 21, 1911.

To the Honourable
The Minister of Finance,
Ottawa, Ont.

Sir,

This statement is respectfully submitted for the consideration of the Government, on behalf of the following companies, comprising all the manufacturers of iron and steel in Canada:

Dominion Iron and Steel Company, Limited,
Sydney, N. S.

Nova Scotia Steel and Coal Company, Limited.
New Glasgow, N. S.

Londonderry Iron and Mining Company, Limited,
Londonderry, N. S.

Canada Iron Corporation, Limited,
Radnor, Drummondville, Quebec,
and Midland, Ont.

Deseronto Blast Furnace, operated by R. J. Mercur & Co.,
Deseronto, Ont.

Steel Company of Canada, Limited,
Hamilton, Ont.

Algoma Steel Company, Limited,
Sault Ste. Marie, Ont.

Atikokan Iron Company, Limited,
Port Arthur, Ont.

Since the last general revision of the Tariff in 1897 serious changes have taken place in the fiscal policy of the country affecting the manufacture of Pig Iron and Steel. At that date there were bounties in force, which when added to the existing duties, gave a protection equal to \$4.50 per ton on pig iron, and \$7.00 to \$8.00 per ton on steel billets.

The British Preferential Tariff brought about a general reduction, until the present rates were fixed in 1907. It was definitely understood that on the withdrawal of the bounties, these lowered duties would be readjusted, but nothing whatever was done, and when the bounties ceased in December, 1910, the industry was left with the following inadequate duties on its basic products:

On Pig Iron,	Preferential \$1.50 per ton,	General \$2.50 per ton.
On Steel Billets,	“ \$1.50 “	\$2.50 “

The average value of these commodities, under ordinary trade conditions, may be taken as \$15.00 for Pig Iron and \$22.00 for Billets, so that the Preferential Tariff, which largely governs prices, gives a protection of 10% on Pig Iron and 7% on Steel Billets.

The effective protection given in 1897 and later years, has thus been reduced on these articles to about one-third or less. That the earlier protection was effective is shown by the increase in production.

In 1900 the total amount of Pig Iron produced in Canada was 96,575 tons, and of steel 26,456 tons.

In 1910 the totals were: Pig Iron 740,244 tons, Steel 740,290 tons.

The present position of the iron and steel trade may be thus summarized:

1. Prior to 1910 the combined protection afforded by the duties and bounties enabled manufacturers to retain a sufficient hold on Canadian business, notwithstanding the competition from abroad.
2. In 1910 the protection was so far reduced by the decrease in bounties, as to make it more difficult to retain the trade, while their cessation on December 31st of that year, which left the manufacturers to the protection afforded by the present inadequate tariff only, has rendered this difficulty more acute.
3. The depressed state of the iron and steel trade abroad, coupled with our inadequate tariff, affect the Canadian trade by making it difficult, in some cases impossible, to hold the business it has hitherto had. Some manufacturers have expended a large amount of capital, and come under serious financial commitments in connection with extensions of their plants, in order to increase their output, and the possible future effect of the conditions above named is to them a cause of great anxiety.

It is not desirable that we should now enter on the question of duties on more finished articles; any representations on these matters are reserved for the

Tariff Commission; but we should at least point out how seriously these duties are weakened by the numerous exemptions

The manufacturers of the most important lines of agricultural implements, of springs, axles, tools, bedsteads, windmills, etc., have, in effect, free iron and steel, and in many cases the materials made free are those whose manufacture had been specially promoted by the Tariff as it stood before the exemptions were granted. These exemptions are one of the main causes of the difficulties in which we find ourselves.

Another cause is the application of low rates of duty to the larger sizes and sections of rolled steel. This has shut out the Canadian mills from a large and important field, and restricted them to the manufacture of the smaller sections.

The only other branch of business to which we would refer is the manufacture of wire rods. The consumption in Canada of wire rods, wire, and wire products, is not far short of 200,000 tons yearly, and less than one-half are made in Canada from Canadian raw materials. Since the cessation of the bounty wire rods are entirely unprotected; they do not even share in the protection accorded to the billets from which they are made. It is respectfully urged that the anomalous position of this important industry, which cannot be remedied until the whole tariff is dealt with calls for immediate relief, and adds special weight to the request we are herein preferring.

The statement of the imports of iron and steel into Canada for the fiscal year ending 31st March, 1911, shows that the Canadian manufacturers have a large field yet to occupy. The unrevised Trade Returns show imports of:

	537,863 tons of steel of a value of	\$14,868,752
	270,102 tons of pig iron of value of	3,613,931
Total	807,965	Valued at ...\$18,482,683

These imports are in quantity not far short of the entire present production of the Canadian plants, indicating ample field for growth, which, however, cannot be occupied to any great extent under the existing tariff with its discriminations and exemptions.

The cost of labour represents approximately 80 per cent of the cost of manufacture of iron and steel, and the above figures indicate that about \$12,000,000 was paid by Canada in wages to foreign workmen, for iron and steel imported in the year referred to, much of which ought to have gone to Canadian workmen.

A large increase in the amount of iron and steel made in Canada would, therefore, not only help the industry by reducing costs, and providing an adequate return upon capital, to the encouragement of further development, but would build up industrial populations in Canada, by providing a large amount of well

paid work, now done for us abroad. It is respectfully urged that such protection should be accorded as will enable these results to be reached.

We would also call attention to the fact that the larger portion of the imports above referred to, come from the United States, and that most of the goods thus brought into Canada, under a tariff which is either very low, or is rendered ineffective by exemptions, are subject to a very high rate of duty when entering the United States.

Further, when depression exists in the United States, as at present, Canada is their nearest and most available slaughter market. The "dumping" clause is effective where a fair rate of duty is imposed, but where goods are free, or are subject to a nominal duty only, the "dumping" clause is not effective, and large quantities of iron and steel are now being sold in Canada, at or below the American cost of production. This makes the need of some relief for the iron and steel trade a very immediate and pressing question.

As to the view which the community may take if it is proposed to relieve one special trade from the disadvantages under which it labors, while others with a similar claim to consideration are untouched, we would respectfully urge that the establishment on a sound footing of the great basic industries of iron and steel making is universally regarded as one of the primary needs of the country, and has been so considered by Parliament for the past 25 years. We are of the opinion that the lowering of duties on iron and steel which was made possible, or at any rate rendered less injurious by reason of the bounties, the continuance of these duties at the lower rates when the bounties are gone, and the consequent inadequacy of the protection afforded to these industries, need only to be made known to secure full support for any reasonable remedy from all who desire to see Canada prosper.

The Government having announced that a Tariff Commission will be appointed, it is assumed that it will not be possible to deal with any changes in the Tariff until the Commission has completed its enquiry and made its report.

We respectfully submit that the position of this industry in respect to the Tariff, and the competition to which it is exposed from countries labouring under great depression in the iron and steel trades, justify us in asking special and immediate consideration from the Government, and that some protection should be accorded, pending the results of the enquiry by the Commission. The iron and steel trade of Canada has during the whole of the present year suffered under the inadequate protection above referred to, and unless some form of relief is now given, it must continue to suffer for probably two years to come, so that the development of the industry would be seriously retarded. Since no change in the duties can at present be made, it is respectfully suggested that there should be a temporary bounty on Pig Iron as the basis of the industry.

Such a bounty should be regarded as a partial compensation for the disabilities under which the industry has been placed through the lowering of duties, exemptions, and discriminations referred to, and through the withdrawal of

bounties without any readjustment of the duties, and should further be regarded as in the nature of a temporary measure of justice, pending a full consideration of the whole question by the Government.

We have the honour to be,

Sir,

Your obedient servants,

Dominion Iron and Steel Company, Limited,
J. H. Plummer, *President.*

Nova Scotia Steel and Coal Company, Limited,
Thos. Cantley, *General Manager.*

Londonderry Iron and Mining Company,
Jno. J. Drummond, *Mang. Director.*

The Canada Iron Corporation, Limited,
Edgar McDougall, *V. P. & G. M.*

Deseronto Iron Furnace Co., R. J. Mercur & Company,
Operating.

The Steel Company of Canada,
R. Hobson, *Vice-Pres. & Gen Manager.*

Algoma Steel Company, Limited,
T. J. Drummond, *President.*

Atikokan Iron Company,
by Wm. Mackenzie.

APPENDIX NO. 1.]

Canadian Imports.

EXTRACTS FROM THE TRADE AND NAVIGATION RETURNS FOR THE
YEAR ENDING 31ST MARCH, 1911.

Tariff Items

375 PIG IRON:

270,102 tons; value \$3,613,931.

Of this quantity, 151,349 tons, valued at \$2,084,729 came from the United States. It is estimated that nearly one-half of the quantity imported from the United States was used in the manufacture of articles, which under Schedule B. of the Customs Tariff, obtained a rebate of 99% of the duty.

Canadian Duty:—Preferential \$1.50; General. \$2.50 - 350

U. S. Duty: \$2.50.

**376 IRON OR STEEL BILLETS, INGOTS, BLOOMS, SLABS, BARS, ETC.,
less finished than iron or steel bars, but more advanced than pig
iron.**

47,684 tons, value \$929,652.

Canadian Duty: Preferential \$1.50; General \$2.50. - 5000

U. S. Duty: \$6.00 per net ton.

**377 ROLLED IRON OR STEEL ANGLES, TEES, BEAMS, CHANNELS,
GIRDERS, and other rolled shapes or sections, under 35 lbs. per
yard.**

56,516 tons, value \$1,580, 387.

Of this quantity, 43,613 tons, came from the United States, valued at \$1,262,409.

Canadian Duty; Preferential \$4.25; General \$7.00.

U. S. Duty: \$8.00 per net ton.

**378 BAR IRON OR STEEL, rolled; rounds, ovals, squares, flats, etc.
N. O. P.**

104,895 tons, value \$3,179,921.

Of this quantity, 84,650 tons, valued at \$2,533,747 came from the United States, quite one-half of which was used in the manufacture of article named in Schedule B of the Customs Tariff and obtained rebate of 99% of the duty.

Canadian Duty: Preferential \$4.25, General \$7.00.

U. S. Duty: \$6.00 per net ton.

379 ROLLED IRON OR STEEL BEAMS, CHANNELS, ANGLES, ETC.

124,985 tons, value \$3,209,773.

Of this quantity, 78,167 tons, valued at \$2,134,678 came from the United States.

Canadian Duty: Preferential \$2.00; General \$3.00.

U. S. Duty: \$8.00 per net ton.

**379-A FLAT EYE BAR BLANKS AND UNIVERSAL MILL PLATES, over
twelve inches wide, for use in manufacture of bridges, structural
work, or in car construction.**

24,525 tons, value \$658,847.

Canadian Duty: Preferential \$2.00; General \$3.00.

U. S. Duty: \$10.00 per net ton.

**380 BOILER PLATE OF IRON OR STEEL, not less than 30 inches in width,
for use in the manufacture of boilers.**

15,994 tons, value \$492,247.

Canadian Duty; Free.

U. S. Duty; \$10 per net ton.

over 30 inches to 50"
381 ROLLED IRON OR STEEL PLATES, ~~not less than 30 inches~~ in width.

49,398 tons, value \$1,223,212.

Canadian Duty: Preferential \$2.00; General \$3.00.

U. S. Duty: \$10.00 per net ton.

382 ROLLED IRON OR STEEL SHEETS OR PLATES, SHEARED OR UNSHEARED AND SKELP IRON OR STEEL N. O. P.

25,467 tons, value \$756,212.

Canadian Duty: Preferential \$4.25, General \$7.00.

U. S. Duty: \$10.00 per net ton.

387-A STEEL IN BARS OR SHEETS: when used in the manufacture of shovels.

1,556 tons, value \$44,546.

Canadian Duty: Preferential \$2.00; General \$3.00.

U. S. Duty: \$6.00 per net ton.

394 CAST-IRON PIPE OF EVERY DESCRIPTION.

25,046 tons, value \$562,008.

Canadian Duty: Preferential \$6.00, General \$8.00 per net ton.

U. S. Duty: \$5.00 per net ton.

458 LOCOMOTIVE AND CAR WHEEL TIRES OF STEEL in the rough.

9,600 tons, value \$45,253.

Canadian Duty: Free.

U. S. Duty: \$5.00 per net ton.

470 IRON OR STEEL MASTS, and IRON OR STEEL BEAMS, CHANNELS, ETC., for use in manufacture of ships.

14,165 tons, value \$417,981.

Canadian Duty: Free.

U. S. Duty: \$8.00 per net ton.

471 ROLLED ROUND WIRE RODS, 3/8 in. and under.

36,032 tons, value \$965,912.

Canadian Duty: Free.

U. S. Duty: \$6.00 per ton.

472 MATERIALS WHICH ENTER INTO THE CONSTRUCTION OF CREAM SEPARATORS.

Value \$396,501.

Canadian Duty: Free.

Exclusive of PIG IRON the foregoing shows imports during the year ended March 31st, 1911, of

Steel	537,863 tons of a value of.....	\$14,868,752
Pig Iron	270,102 " " "	3,613,931
Total..	807,965 " " "	\$18,482,683

Of the foregoing importations,

317,786 tons were subject to duties of \$1.50 preferential and \$2.50 per ton general.
 186,878 " " " 4.25 " " 8.00 " "
 200,464 " " " 2.00 " " 3.00 " "
 66,191 " were free
 75,000 " [estimated] were subject to a rebate of 99%.

It is estimated that of total importations of iron and steel into Canada that less than 150,000 tons were subject to the highest duties; \$4.25 preferential and \$7.00 general.

