

Steel Industry Trade

Issue:

To ensure the Canadian Steel Industry remains world class and sustainable, steel trade must be market-based and fair.

Background:

The Canadian Chamber of Commerce advocates for free trade but it must be fair trade. The Canadian Steel Industry currently competes with steel industries around the globe contingent on fair, open and market-based competition. However, numerous countries participate in trade that is not market-based primarily due to government intervention through subsidization and dumping, raw materials export restrictions, non-tariff barriers, etc. Those countries recognize the importance of a strong domestic industry to develop internal infrastructure, create jobs and foster economic turnover. Similarly, the importance of a strong domestic industry is crucial to the Canadian Steel industry, as well as the Canadian economy in general.

The Canadian Steel industry directly employs over 25,000 people and produces more than 13 million tons of steel, resulting in sales of \$12 - \$14 billion. Steel is integral to the everyday lives of all Canadians. It is a component in nearly 80% of manufactured goods. Thousands of businesses, who are suppliers to the Canadian producers, rely on these operations in their communities. Local governments rely on the economic benefit these operations provide, as do the organizations that rely on charitable giving, notwithstanding the benefit to the workers who also generate even more economic turnover.

The recent changes in the global steel market have fundamentally changed the dynamics, although the Canadian producers are better prepared than ever to compete. However, many countries have built capacity far in excess of their consumption levels irrespective of not having any competitive advantage on raw materials to do so, yet continually impact other markets negatively by selling the steel from this excess capacity at depressed prices to avoid interrupting production levels at home.

Recommendations

That the federal government:

1. Ensure a market-based international trade environment that will encourage continued investment in Canada to further strengthen all sectors;
2. Apply strict trade rules through the WTO and use trade remedy mechanisms in a WTO and NAFTA consistent manner to respond to threats to the Canadian steel industry. Apply strict enforcement of trade rules and use trade remedy mechanisms in a WTO (World Trade Organization) and NAFTA (North American Free Trade Agreement) consistent manner to respond to the threats to fair trade, negatively impacting all sectors but in particular sectors such as manufacturing and within that, steel;
3. Champion a strategy that will create an environment within which the contributions of all sectors will permit wealth generation for Canadians through high paying jobs.

Submitted by the Whitby Chamber of Commerce

The Economic Policy Committee supports the recommendations but suggests that the title and “issue” be changed so they reflect the thrust of the recommendations – i.e. that trade policies should be as competitive as possible for all industries while remaining sector neutral. Steel can be used as an example. The title and “issue” smack of industrial policy or the government picking winners in economic matters – an approach not supported by the Committee.

The International Affairs Committee supports this resolution.