STATEMENT BY THE DELEGATION OF CANADA

This Statement, submitted by the Delegation of Canada, may be discussed at either the informal meeting on 9 May 2001 or the forthcoming meeting of the Steel Committee on 20-21 September 2001.

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Like many steel industries around the world, the Canadian steel industry is experiencing a very difficult period. The continuing and growing global overcapacity in steel, collapsing or still recovering demand in some steel markets, and the continuing emergence of new participants in international steel trade have led to a significant surge in low priced steel imports into many countries, including Canada. In this context, Canadian imports reached record levels in 2000, exceeding the previous record set during the last steel import crisis in 1998 by almost 11 percent. Specifically, imports, which increased by almost 33 percent in 2000, accounted for 44.4 percent of the Canadian market last year, up from the previous high of 41.9 percent in 1998. As recently as 1996, imports accounted for just 27.9 percent of the Canadian market.

Despite this sudden surge in imports, Canada has not taken any broad-based form of import protection to this point and is hopeful that it can maintain that position. Its industry can compete with, and in fact welcomes competition in its market from fairly traded imports. However, given the prevailing conditions in international steel trade, it is not surprising that a significant proportion of steel available on world markets is either dumped, or subsidized or both. Within this environment, Canada has taken an increasing number of anti-dumping and countervailing duty actions against an increasing number of countries. As of March 12, 2001, it is investigating imports of four specific steel products from 25 different countries. In addition, there is the prospect of additional investigations in the future. However, Canada has not taken any global safeguard measures nor does it administer any quantitative restrictions or "grey area" measures. Canada utilises the appropriate, legally sanctioned WTO measures in response to unfairly traded imports.

Canada is not the only country taking anti-dumping or countervailing duty measures. There is a global proliferation of such measures as many countries, including developing countries, respond to the disruption in their own steel markets caused by increased low-priced imports. Canada understands, however, that the use of such measures can only offer a short-term response and that the underlying problems facing the steel industry cannot be addressed only through the application of trade remedy laws.

Canada also recognizes the adverse impact that trade actions have on developing countries. The lack of predictability and disruption caused by these actions is particularly evident. Canada also understands that some of these countries use a network of international traders to export steel products. In such situations, the destination of the steel may be unknown and the price at which it is sold is likely to often be so low that it eventually results in a trade action. Not only do these countries not realise an appropriate return from the sale of their steel but the pattern of trade impairs their ability to develop export market expertise.

In this context, Canada supports the pursuit of a multilateral initiative to develop solutions to current steel trade problems and believes that such an initiative could address the underlying causes of current trade friction. While the OECD Steel Committee is the natural forum for moving towards a multilateral solution to steel trade problems, Canada is disappointed that we, as members of the Committee, have been unable to advance this objective. While there has been recent discussion at the Committee of the current circumstances facing international steel trade, circumstances which Canada believes are more severe than at any point in the recent past, there needs to be a commitment among steel producing countries to address the underlying structural problems facing world steel production and trade.
Canada recalls the discussions of a decade ago regarding the problems facing world steel trade and believes that a renewed effort in that direction is necessary. In that regard, members will recall that the Multilateral Steel Agreement (MSA) was originally conceived as a means of addressing the structural problems facing steel through disciplines on government intervention in the steel sector and to lower barriers to global trade in steel. Since then, the underlying problems of industry overcapacity and the operation of uneconomic production capacity have continued. In addition, the emergence of new export dependent steel producers has aggravated this problem. Canada believes, therefore, that the original MSA objectives are just as valid, if not more valid than they were a decade ago.

Canada recognizes, however, that a multilateral agreement to establish such disciplines will require international consensus and resolve. We support steps to move toward this consensus now. Canada also believes that mechanisms relevant to trade actions themselves be carefully considered on an immediate basis. These could include the establishment of a database which would act as an early warning system for the identification of countries experiencing particularly significant import growth as well as countries taking trade remedy actions, which often seems to be the inevitable consequence of increased exporting activity.

In summary, the purpose of this statement is to elicit views on whether there is a willingness by steel producers around the world to collectively respond to the industry’s problems, both in the short and the longer terms. Canada therefore invites all countries, both inside and outside the OECD, to provide views as to whether there is a basis to reinvigorate the role of the OECD Steel Committee in finding solutions to the problems of international trade in steel.

In case anyone in industry or government wishes to get in touch with the Canadian delegation before these meetings to ask questions or to seek clarification, please contact:-

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