

2018-03-13

The Right Honourable Justin Trudeau
Prime Minister of Canada
Office of the Prime Minister
80 Wellington Street Ottawa, ON
K1A 0A2

Dear Prime Minister Trudeau,

On behalf of the members of the Canadian Steel Producers Association, I would like to extend our thanks for the Government of Canada's significant coordinated efforts, including your personal interventions with President Trump, to ultimately achieve an exemption for Canadian producers from U.S. tariffs on steel and aluminum. Without the important work undertaken by your government, Canada's steel companies and steel workers would likely today be dealing with the 25% tariff that the U.S. is imposing.

That said, our work is not finished. An urgent policy response will now be required to defend Canadian interests against the expected global steel diversion effects coming from those tariffs which will be implemented in the coming weeks, notwithstanding the current Canadian exemption.

Canada's exposure to the diversion of offshore imported steel is significant. In 2017, 90 countries exported steel to the United States. In a post-232 global steel environment, the diversion risk to Canada becomes further compounded by the expectation that the EU, Mexico, and other nations could initiate defensive actions of their own.

If Canada does not immediately act in kind to defend its domestic steel industry, the result will be significant harms to Canadian producers and employees. If only 15% of current offshore steel imports into the U.S. were diverted to Canada, prices would plummet and the offshore import market share could double, thereby supplying almost 50% of domestic demand, and devastating Canadian steelmakers.

There are existing legislative and policy tools available to the Canadian government, including targeted government-initiated safeguard actions and government-initiated trade cases. These actions are not mutually exclusive and should be given urgent consideration in view of the exceptional circumstances likely to be created by the U.S. imposition of remedies under Section 232.

In addition, we also believe the Government should immediately initiate a dialogue with Canadian producers to determine if new legislative and regulatory options can be implemented on a fast track basis to defend the industry from the harms associated with diversion. This truly unique circumstance in global steel trade may require the development of regulatory and/or policy tools not currently available to the Government of Canada, and we would welcome any discussion to determine how our interests can be most effectively defended.

As such, appreciating the urgent threat to Canada's economic interests, we trust that you will continue to approach these matters as an urgent priority for your Government, and we commit to provide any and all appropriate resources to assist you in your efforts.

Thank you for your attention in this matter.

Respectfully,



Mr. Joseph Galimberti
President, Canadian Steel Producers Association

Cc:

The Honourable Bill Morneau, P.C., M.P.

The Honourable Chrystia Freeland, P.C., M.P.

The Honourable Navdeep Bains, P.C., M.P.

The Honourable Ralph Goodale P.C., M.P.

Mr. Bob Bratina, M.P., Parliamentary Steel Caucus Co-Chair

Mr. Terry Sheehan, M.P., Parliamentary Steel Caucus Co-Chair