

Ontario business groups rally support for steel

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NEW YORK — Business organizations in three Ontario steel centers are urging the Canadian Chamber of Commerce to prod the federal government toward more-aggressive support for the industry.

Regional chambers of commerce in Hamilton, Sault Ste. Marie and Windsor intend to submit a resolution to the national organization asking for a commitment of federal support for stronger trade enforcement, use of domestic steel in infrastructure projects and relief from high utility costs and emissions cap and trade measures.

The trio of Ontario groups wants the broader business community to recognize that the steel industry is "a cornerstone of our national economy" and that its "supply chain clusters" need more public policy focus and investment, according to a draft of the resolution.

Recommendations include preferences for local suppliers, treatment of China as a non-market economy and investments in "trade-enabling infrastructure."

Ontario's emissions cap and trade program is scheduled to begin Jan. 1, 2017. The chambers' resolution will include a suggestion that the carbon revenue be devoted to providing clean-energy incentives to industry.

"In addition to high regulatory burdens stemming from electricity pricing, carbon pricing and Canada's adherence to world-class labor and environmental standards, Canada has the most open steel market in the world, placing domestic producers in fierce competition with export markets," the draft says.

The nation's steel producers accept "imports on a fair commercial basis but are in global competition against foreign government subsidies, state-owned enterprises operating at poor margins and other forms of support that run counter to global trade rules."

Foremost on the minds of the regional chambers is the trade issue, Matt Marchand, president and chief executive of the Windsor-Essex Regional Chamber of Commerce, told AMM, adding that the industry would like amendments to Canada's Special Import Measures Act similar to the United States' Trade Facilitation and Trade Enforcement Act of 2015. The U.S. law strengthens enforcement at ports, fights duty evasion and modernizes agencies' documentation technology.

Canada needs similar capabilities, plus better country-of-origin verification, Marchand said. "We need to bring our enforcement up to date. The question is what are we not catching. We're looking

for better import data, and we want to be able to detect dumping and subsidies. We need the ability to identify where these products are coming from and (whether there is) an intent to deceive."

The resolution is expected to be considered at the Canadian Chamber of Commerce's annual convention Sept. 17 to 19 in Regina, Saskatchewan. Regina is home to an Evraz North America Inc. pipe mill where 125 workers were laid off in July in a move that the company attributed partially to "unfairly traded imports" (amm.com, July 26).

In Sault Ste. Marie, Essar Steel Algoma Inc. is in the midst of insolvency and a disputed sales process (amm.com, July 19).

Those situations show how important steel businesses are to the broader community and nation, Rory Ring, executive director of the Sault Ste. Marie Chamber of Commerce, told AMM. For every steel job, 3.8 other jobs are created within the geographic cluster and beyond, he said. When the industry degrades, the magnitude on the downside is comparable.

"We have 140 businesses sitting here without cash flow," Ring said. "When you look at the multiplier effect, that echoing effect on the investment side is great, but on a capital reduction side it's not so great."

Hamilton is experiencing similar difficulties, as U.S. Steel Corp.'s Canadian operations are going through the equivalent of Chapter 11 bankruptcy and may be sold (amm.com, Sept. 16, 2014).

The steel resolution will be formally submitted by the Hamilton Chamber of Commerce. A two-thirds majority is required for it to be adopted at the September meeting, Marchand said.

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