



What is the issue?

On Friday, July 31, 2015 Ken Neumann, United Steelworkers (USW) Canadian National Director, and Alex McKinnon, USW Research Department Leader, will be testifying at the Public Interest Inquiry being held by the Canadian International Trade Tribunal (CITT). The Steelworkers will be testifying in support of the maintenance of countervailing duties currently in place on rebar imported from China, South Korea and Turkey. Following investigations by the Canada Border Services Agency, and the CITT, rebar imported from these countries was found to be dumped – meaning that it is being exported into Canada at prices that are lower than those in their home markets. In its 2014 ruling the CITT found that this dumped rebar posed a threat to the Canadian steel industry, and consequently thousands of Steelworkers. And with approximately 20,000 Steelworkers employed in the basic steel industry from coast to coast, and an additional 100,000 Canadians supported indirectly by such a figure,ⁱ the fair trade of steel is of paramount importance to Canada's public interest.

Why is this important to the USW?

The basic steel industry employs 20,000 Steelworkers, in decent-paying union jobs. This industry helps indirectly support over 100,000 jobs across Canada. With Canada widely believed by many analysts to be in the midst of another recession, the protection of every job is in Canada's public interest.

What is the USW doing?

The USW is working in partnership with Canadian steel producers to make clear to the CITT that the maintenance of the duties on dumped rebar is in the public's interest. The USW written submission presented to the Tribunal on July 6, 2015 asserts that the reduction, or removal, of the duties threatens to initiate a race to the bottom by unfairly pitting workers in Canada against those in China, Korea and Turkey. The low prices these countries are exporting their rebar into Canada at in fact reflect their disregard for decent wages, the health and safety of their workers, and the environment.

The USW submission advances the following four points:

- Of particular concern, is the dumping of rebar from China, which represents by far the largest exporter to Canada of rebar in these proceedings.ⁱⁱ Chinese manufactures benefit from policies that Canadian companies cannot, nor should they wish to, benefit from. For instance, Chinese workers on average make \$1.68 CAD/hour.ⁱⁱⁱ Such low labour costs, which can be partially attributed to the country's ban on unions, represents 39% of China's price advantage according to some economists.^{iv} Furthermore, China is a non-market economy, and hence production and sales are not economically rational; which is not the case in Canada. The imperative of state-owned enterprises producing steel products is to maintain employment, not to make a profit. Therefore, steel production, which benefits from government aid, remains high in spite of weak domestic demand.^v
- China's weak worker health and safety regimes, combined with lower labour costs, account for 42% of China's price advantage when manufacturing products, like rebar.^{vi} This saving is realized at the cost of workers' health and safety. In China, workplace injuries and diseases such as silicosis, brown lung disease, and cancers due to contact with toxic waste are endemic.^{vii} Equally troubling is South Korea and Turkey's health and safety standards, as from 2008-2013, both countries recorded some of the highest rates of workplace mortality amongst OECD countries.^{viii}
- Unlike Canadian manufactured rebar, the rebar produced in Chinese factories does not adhere to sufficient environmental standards. China's steel industry is a leading contributor to global warming; as exemplified by the fact that on certain days 25% of the particulate matter in the air in west coast cities can be traced to China.^{ix}
- What is at stake here are not just any jobs, but union jobs. These union jobs have been proven by studies to further the public interest by combatting inequality,^x strengthening local economies, and promoting civic engagement.^{xi}

For these reasons, the USW believes it is in the public interest to maintain the countervailing duties currently in place. Following the conclusion of these proceedings the Tribunal will issue its findings in September 2015 with a possible recommendation for the Minister of Finance, on lowering the duties.

- i Peter Warrian, “The Importance of Steel Manufacturing to Canada – A Research Study.” (May 2010), 20
- ii Statistics Canada, “Canadian International Merchandise Trade Database: Table 990-0072 72. Imports – Iron and Steel Trade Commodity 721420 & 721310.” (2014). Website. Accessed June 30, 2015
- iii Judith Banister and George Cook, “China’s employment and compensation costs in manufacturing through 2008.” Monthly Labor Review. Online. (March 2011). Accessed June 14, 2015, 1
- iv Peter Navarro, “The Economics of the ‘China Price’” China Perspectives. Online. 68. (November – December 2006). Online since December 1, 2009. Accessed June 14, 2015, 14
- v Standard and Poor’s, “Poor Profits and Overcapacity Dampen the Outlook for Steel in China” (June 6, 2010) & Neil Gough, “For Chinese Economy, Strengths Are Now Weaknesses”, New York Times Website. (March 11, 2015) Accessed June 30, 2015
- vi *Supra* note v at 14
- vii *Ibid* at 6
- viii “S. Korea third among OECD members in work-related deaths”, Yonhap News Agency Website, (October 2014) Accessed June 30, 2015
- ix Alliance for American Manufacturing, “An Assessment of Environmental Regulations of the Steel Industry in China” (March 2009), 2
- x Paul Krugman, “The Conscious of a Liberal” (January 2009), 48-51, & Florence Jaumotte and Carolina Buitron, “Power from the People” International Monetary Fund Finance & Development. Online. Vol.52, No.1 (March 2015) Accessed June 14, 2015
- xi Alex Bryson, Rafael Gomez, Tobias Kretschmer and Paul Willman, “Workplace Voice and Civic Engagement: What Theory and Data Tell Us About Unions and Their Relations to the Democratic Process”, Osgood Hall Law Journal (2013), 965