UNITED STEELWORKERS
USW
MÉTALLOS

Ken Neumann
National Director/ Directeur national

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Via Email: bill.morneau@canada.ca & Bill.Morneau@parl.gc.ca

The Honourable William Morneau, P.C., M.P.
Minister of Finance
House of Commons
Ottawa, ON K1A 0A9

Dear Minister Morneau,

I am the Canadian National Director of the United Steelworkers Union. We represent close to 225,000 women and men across Canada. We are now Canada's most diverse private sector Union, representing workers throughout the manufacturing sector, in mining, post-secondary education, health care and across various segments of the service sector, including call centres and hotels. However, today we are writing you because the steel industry is in crisis.

The steel industry still employs thousands of our members and is the backbone of the country's manufacturing sector. We believe the Government of Canada has an important role to play in creating an environment that will enable the industry to survive the crisis and emerge stronger and more competitive than ever.

Two of Canada's largest steelmakers, U.S. Steel Canada (USSC) and Essar are operating under Ontario's *Companies' Creditors Arrangement Act*. Tenaris Steel and Evraz have been resorting to massive layoffs of our members across the country in an attempt to stay afloat. Post-retirement benefits for our more than 20,000 retirees at USSC were completely eliminated as a result of USSC's insolvency and the disengagement of its parent company U.S. Steel, leaving countless families struggling financially to meet health care costs.
If the crisis is not resolved soon, these thousands of men and women and their families are in critical danger of losing their livelihoods, thousands of suppliers are in danger of losing critical customers, and the communities dependent on the steel industry are in danger of losing an essential part of their local economies.

As Minister, I am sure you recognize that the steel industry is a vital part of our country's economy. Across Canada it employs more than 20,000 people directly and over 100,000 indirectly in jobs reliant on the steel sector in some way. Steel is an essential part of the supply chain to key Canadian industries including automotive, construction and energy. According to the Canadian Steel Producers Association (CSPA), three

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quarters of all manufactured goods contain steel. Across the country, the steel industry contributes over $7 billion per year in exports and purchases more than $9 billion in goods and services that support some 5,000 suppliers. And the industry is innovative: it has invested more than $2 billion in new technologies and improved production processes since 2010. More than half the types of steel now produced in Canada did not exist 15 years ago.

The steel making assets we have in Canada are high caliber and capable of producing quality steel in a competitive marketplace – provided the marketplace is not distorted by illegally dumped or subsidized steel. Steel produced and used in Canada has a lower carbon footprint than steel produced offshore, shipped to Canada and used here. And finally, in a competitive, modern manufacturing marketplace, where just in time delivery is expected, only a Canadian steel industry can provide the country's manufacturing sector with the steel it needs to build cars, put up infrastructure or develop resources. Convoluted supply chains, long lead times and high transportation costs are simply not consistent with the manufacturing of today.

For all these reasons, we believe steel must continue to be made in Canada.

We are calling on Government to implement a Steel Action Plan that would include working with our Union, the Province of Ontario and other stakeholders in the restructuring of Essar- Algoma and U.S. Steel Canada. Much can be done to preserve the high quality assets and high quality jobs that are threatened in Sault Ste Marie, Hamilton and Nanticoke.

An effective Steel Industry Action Plan would also include incentives or co-investment in the kind of R&D and capital investment that will ensure a technologically advanced and competitive industry. And it would include measures that ensure the industry has the skilled employees it needs in the future such as: programs that increase apprenticeship training and EI amendments to allow laid off employees to upgrade their skills during a downturn.

We are also calling on the Federal Government to modernize its trade laws and support the Trade Remedy Modernization proposals put forward by the Canadian Steel Producers Association (CSPA). We believe it is critical to defend fair market-based competition in accordance with international trade rules. Close to half of the trade cases filed in Canada are connected to the Steel Industry. We need a strong and effective trade remedy system to protect against unfairly traded imports which greatly erode prices and lead to the displacement of domestic production, jobs, and investment.

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Major trading partners such as the US and Australia have already moved forward with their own trade remedy modernization and Canada continues to fall behind. This makes us a primary target for a surge in unfairly traded steel goods that get diverted from countries with stronger systems in place. Canadian steel producers are fully prepared and able to compete in a market-based trade environment but are unfortunately being undermined by persistent circumvention, dumping and subsidies associated with foreign steel products being sold in Canada.

In addition to the reforms proposed by the CSPA, we also strongly submit that the *Canadian International Trade Tribunal Act*, as well as the Regulations and Rules that govern the CITT, must be amended to enable trade unions to fully participate in trade complaints. Specifically, we propose that trade unions should receive notice of complaints, have the full right to participate, and that unions and other affected parties should have the right to file trade complaints when unfairly traded products threaten the communities our members live in. These proposed changes would again bring Canada more in line with the more modern trade remedy process in the United States, where our union has been an active participant in trade cases for many years.

We would welcome the opportunity to meet with you to discuss the steel industry crisis and some of the ideas we have put forth in this letter to alleviate the crisis and create the conditions for prosperity moving forward.

Thank you for your time and attention to this matter. We look forward to hearing from you.

Yours sincerely,



Ken Neumann
National Director for Canada

cc. Canadian Directors
Leo Gerard, USW
Joseph Galimberti, CSPA

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