



STAND UP FOR STEEL

THE FACTS

Steel: Essential to Canadian Communities

The Canadian steel industry employs 23,000 people directly and another 100,000 indirectly. As of the beginning of 2020, about 11,600 USW members were working in the steel industry. The steel industry is essential not only to the Canadian economy as a whole, but it provides community-sustaining jobs across the country. In 2019, wages in the steel industry averaged about \$90,000, far higher than the Canadian average industrial wage of \$52,600.

One metal, many products

In 2019, crude steel production in Canada reached 12.8 million metric tons, a reduction of 5% from the previous year. Steelworkers produce steel using iron ore and metallurgical coal mined in Canada or by recycling scrap to use in electric arc furnaces. Steel produced in Canada comprises a variety of high-quality steel products, including hot-rolled sheet, cold-rolled sheet, rebar, wire rod, steel wire, plate, coil, and OCTG (tubular products).

Lifblood of small- and medium-sized communities
Major steel mills and service centres form the lifblood of many small- and medium-sized communities, such as Selkirk, Man., Hawkesbury, Ont., and Contrecoeur, Que. Steel plays an extremely important role in the Canadian economy as a whole: in 2019, the Canadian steel industry contributed \$4.2 billion to Canada's GDP. Total industry revenue in 2019 reached \$13.7 billion, with wages accounting for about \$1.3 billion (9.3%) of total industry revenue.

Steel products are essential to car and truck manufacturing, energy infrastructure, construction and major infrastructure projects. For every job in direct steelmaking, three-to-four spinoff jobs are created.



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Everything depends on trade

The steel industry in Canada is highly dependent on trade. Exports as a share of production were 45% in 2019, slightly down from the 50% average since 2010. About 85% of Canada's exports typically go to the United States. In 2019, flat products made up the largest portion of steel exports, followed by long products and pipe and tube.

Overall exports to the United States were down by 12% overall in 2019 compared to the previous year, with some increases to China, Taiwan, South Korea and New Zealand.

Increased exports to markets other than the United States were not enough to make up for the decrease to Canada's biggest market as overall exports fell by 12%.

Uncertainty means instability

The overall trade situation in the past several years has been marked by uncertainty, in particular as a result of decisions by the United States. In 2018, the U.S. imposed tariffs of 25% on much of the world's steel. These were extended to Canada in mid-2018 and lasted until May 2019, though the re-imposition of those tariffs remains a threat.

The new trade agreement between Canada, the U.S. and Mexico contains a side letter that opens the door for the U.S. to re-impose those Section 232 tariffs. Over the last 30 years, the Canadian steel industry has been affected by global overproduction and the flood-

Canadian steel is the green option

Much imported steel has a significantly higher environmental impact than steel made in Canada. For example, using steel made in Canada rather than in China, can reduce greenhouse gas emissions by about two-thirds. Canada is home to many of the high-quality raw materials needed in steelmaking, such as metallurgical coal and iron ore.

In 2019, Canada imported more steel than it exported (6.8 million metric tons, compared to 5.8 million exported). However, overall imports fell by close to 25% in 2019 compared to 2018.

The United States is Canada's most important source of imports, accounting for about 45% of total steel imports to the country. Other major sources of imports in 2019 included South Korea (7%), China (5%) and Japan (4%).

While these numbers represent overall import numbers for all steel products, we see large imports of specific products from various countries in any given time period, whether a surge of rebar from Mexico or energy tubulars from India, as examples.

ing of cheap imports into the Canadian market. Since 1990, Chinese steel production has increased from under 100 million metric tons per year to over 800 million metric tons per year. Internal Chinese demand cannot consume all of this steel.

Whether or not imports come directly from China, the massive oversupply needs to find markets, which affects steel prices and the attractiveness of Canadian-made steel to domestic and international buyers. Gluts of cheap steel undercutting steel produced in Canada is a major threat to the Canadian steel industry.

Using locally-sourced raw materials reduces the transportation impact of shipping in raw materials from abroad. Electric arc furnaces recycle scrap to produce steel.

Overall, Canadian steel companies recycle 7 million tons of steel each year, saving 12 million tons of greenhouse gases annually.

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CANADA MUST ACT NOW TO ENSURE A FUTURE AS STRONG AS STEEL

The issues affecting the future of the Canadian steel industry are many, in particular those related to trade,

Trade remains volatile

Since the 2016 election of U.S. President Trump, international trade has become increasingly volatile, with the U.S. significantly restricting its markets, including to Canadian steel, with the imposition of tariffs on

Pandemic hit steel hard

Our steel industry has also been hammered by two major events in 2020 – record-low oil and gas prices and the COVID-19 pandemic.

As world economies have slowed or shut down, so too has domestic and international demand for steel.

Even as economies start to open up again, demand problems are likely to remain for the foreseeable future. China's steel production has not slowed significantly as a result of the pandemic, while production in Europe

oil and gas prices, and the COVID-19 pandemic.

Canadian steel in 2018.

While those have been lifted, the trade situation remains volatile. Canada remains exposed to the effects of global oversupply of cheap steel looking for markets.

and North America has decreased by 10% in recent months.

Supply chain issues related to medical equipment manufacturing also have many countries re-thinking their dependence on unreliable international supply chains. The result of the pandemic's economic fallout has been temporary layoffs across the steel sector. These must not be allowed to become permanent.

ACT NOW for Canadian Steel:

- 1. Ensure unions have the right to initiate trade cases**
- 2. Expand the definition of material injury in trade cases**
- 3. Establish a carbon border adjustment on imported steel**
- 4. Demand the use of Canadian-made steel in infrastructure projects**



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