

Submission of the United Steelworkers to
Consultations on the potential policy responses to
unfair Chinese trade practices
in electric vehicles



Submission of United Steel, Paper, Forestry, Rubber, Manufacturing, Energy, Allied
Industrial and Service Workers International Union (“The United Steelworkers” or “USW”)

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Submission of the United Steelworkers regarding potential policy responses to unfair Chinese trade practices in electric vehicles

The USW is the largest private sector union in North America with over 225,000 members in Canada and more than 850,000 members continent-wide. The USW is also Canada's most industrially diverse union, representing workers in every sector of the economy. Many of our members work in foundational industries such as primary metals, manufacturing and mining; such industries will be an integral part of the shift to the greener economy and manufacturing base. Our members therefore have a significant stake in these consultations on potential policy responses to unfair Chinese trade practices in electric vehicles and the policies proposed therein.

We support the announcement of these consultations, but we also have several concerns about their content and scope. Generally, the USW agrees that Canada should exercise its authority pursuant to section 53 of the *Customs Tariff* to address the threat posed by Chinese trade practices to Canada's vital supply chains, given China's egregious record on excess capacity, dumping, trade circumvention, as well as labour, human rights and environmental protection.

But we are also disappointed that these consultations do not sufficiently emphasize the ongoing threat to Canadian steel and aluminum production also owing to unfair Chinese trading practices and excess capacity. Nor do they recognize the important and pivotal contribution steel and aluminum play within the automotive supply chain. This is of serious concern to our union and our members.

The USW agrees that the Government of Canada can and must do more to protect and strengthen its vital industries and supply chains. But Canada must go further to ensure that comprehensive and strategic action is taken across the automotive and EV supply chain, particularly in respect to Canada's vital domestic steel and aluminum sectors.

Executive Summary

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 - c. Pursue greater coordination amongst disparate government departments and ministries
 - d. Ensure that companies respect and support human rights, labour rights and environmental protections throughout their supply chains

1. The USW agrees that Chinese excess industrial capacity and unfair trade practices pose a serious and significant threat to Canadian workers and producers

On both sides of the border our union has warned for years about the devastating effects of Chinese excess capacity, market concentration and unfair and illegal trade practices in steel, aluminum and other strategic commodities and sectors.

Excess industrial capacity and other unfair trade practices, in China and many other countries, create significant difficulties for Canadian producers in a range of markets. These practices depress prices, undermine profitability, generate damaging trade distortions and destabilize world trading relations. They jeopardize the very existence of many Canadian companies and undermines the wages and job security of workers in impacted sectors.

a) China's woeful environmental and labour rights record is also a form of unfair competition impacting Canadian workers and producers.

Unfair competition from China's non-market excess capacity in steel and aluminum also has severe environmental consequences. China's steelmaking, for instance, is among the world's most carbon intensive. China's policies and subsidies for their domestic steel and aluminum industries mean that high-quality, low-emissions product from Canada is being undercut by dirtier Chinese products flooding the North American market.¹ Excess capacity also poses challenges to decarbonization efforts in the steel, aluminum and other sectors, with capacity growth happening predominantly at high-emissions plants. Addressing China's excess capacity and unfair trade practices is therefore essential to moving towards a global low-emissions future.

We also know that goods produced in China do not meet the labour or human rights standards our country seeks to promote. Human Rights Watch reports that approximately one tenth of the world's aluminum is produced in the Xinjiang Uyghur Autonomous Regions, where the Chinese authorities have perpetrated an inhumane campaign of repression against Uyghurs and other Turkic Muslim minorities.² These practices not only raise human rights questions that should concern all Canadians, but

¹ Blue Green Alliance. Buy Clean: Create Jobs & Cut Pollution, January 4, 2021.

Moreover, as the Report on the Canadian Steel Industry Energy & Greenhouse Gas Emissions Intensity, Technology and Carbon Reduction Roadmap demonstrates, Canadian steel that is produced locally by domestic steel producers has some of the lowest GHG emission intensity in the world. This is true for both electric arc furnace (EAF) and basic oxygen furnace (BOF) steel production. Furthermore, the carbon emissions intensity of our energy grid to power our mills is second in the world. Not only are Canadian steel mills some of the cleanest in the world, so too are our sources of energy (Golder Associates Ltd. & Thorn Associates, (2021). "Canadian Steel Industry Energy & Greenhouse Gas Emissions Intensity, Technology and Carbon Reduction Roadmap").

² Human Rights watch, Asleep at the Wheel: Car Companies' Complicity in Forced Labour in China., February 1, 2024.

also mean that Canadian industries must compete on an unfair playing field against Chinese firms that routinely violate human rights and labour standards.

2. USW supports proposals to authorize section 53 of the Customs Tariff to impose tariffs of 100% on Chinese EVs and to monitor and restrict Chinese investment in Canada's EV supply chain

The USW agrees that the Government of Canada can and must apply its section 53 authority pursuant to the *Customs Tariff* to protect and strengthen its vital industries and supply chains from unfair competition and trade practices. As these consultations rightly note, the U.S. has already taken forceful action in this regard by announcing on May 14, 2024, that it will increase Section 301 tariffs on Chinese EVs and certain hybrids to 100 percent as of August 1, 2024.

USW recommends that the Canadian government likewise apply its authority under section 53 to match the U.S., our largest trading partner and impose tariffs of 100 percent on Chinese EVs. USW also supports the elimination of Chinese EVs from Canada's Zero-Emission Vehicles Program and the Incentives for Medium and Heavy Duty Zero-Emission Vehicles. However, these programs must also be extended past its upcoming expiry in 2025 and expanded to provide more support and investment incentives for EV producers in the North American market. This will both help to strengthen Canada's growing EV market and ensure greater access to more affordable EV options for consumers.

The USW also supports a more vigilant approach to monitor and scrutinize investments from Chinese sources in the Canadian EV supply chain and EV and electrical infrastructure to ensure that domestic producers and industries are shielded from intellectual property theft, forced technology transfers and other trade distorting practices.³ However, greater vigilance must be balanced against Canada's interests in onshoring automotive production and attracting foreign investment into our domestic supply chains.

3. Consultations should also address the impact that Chinese excess industrial capacity and unfair trading practices continue to have on the Canadian steel industry

Although USW supports the announcement of these consultations, we are disappointed that they appear to be limited mainly to EV assembly and manufacturing. The fact is, for the steel industry and steel workers, the effects of China's unfair trading practices are already here.

³ In a concomitant report issued on May 14, 2024, the USTR found that China has not eliminated its technology transfer related acts, policies, and practices. The Report also found that the PRC has persisted, and in some cases become aggressive, including through cyber intrusions and cybertheft, in its attempts to acquire and absorb foreign technology. See, USTR "FOUR-YEAR REVIEW OF ACTIONS TAKEN IN THE SECTION 301 INVESTIGATION", (May 14, 2024)

China's policies and subsidies for their domestic industries have contributed to a global steel glut and have depressed prices affecting all steel and aluminum markets.⁴ In our domestic market, high-quality, low-emissions Canadian steel and aluminum products continue to be undercut by alternatives originating in China and other non-market economies. Over the last decade ending in 2023, offshore steel increased its share of the Canadian market significantly, rising from 19% to 38%. Of the 50 Canadian anti-dumping or countervailing measures currently in force, 24 pertain to the steel sector, 18 of which are directly targeting China, and enforcement at the border is unable to keep pace with the flood of dumped steel into our domestic market. The current trade remedy approach, though much improved in recent years, cannot do enough to protect Canada's domestic steel sector. A more assertive proactive approach, including the application of tariffs on imported steel and aluminum is urgently needed to reverse these trends.

The problem of Chinese overcapacity in steel is likely to become even more acute in the coming years. As the OECD reports, global steel making capacity is projected to increase significantly. The OECD also suggests that China is making significant investments in their steel industry with an aim to move producers up the value chain into higher value-added steel products such as flat steel and specialty steels of the kind used in automotive production and manufacturing.⁵

4. Canada must expand the application of its section 53 of the Customs Tariff authority to impose tariffs on steel and aluminum products originating from China

As the foregoing suggests, USW agrees that a thorough review and redesign of the country's tariff and trade remedy regime is necessary to shield domestic producers and workers from the worst effects of China's anti-competitive policies. However, the USW also asserts that the federal government must expand the scope of section 53 authority to cover melted and poured Chinese steel and aluminum to levels that meet or exceed U.S. combined section 232 and 301 tariff rates. We make several points in support of this position.

First, section 53 is the right tool to address the threat posed by Chinese trade practices to Canada's vital supply chains, given China's egregious record on excess capacity, dumping, trade circumvention, but also given their questionable record on labour, human rights and environmental protections. This tool exists for precisely this reason: to protect Canadians from unfair trade practices and market intervention.

⁴ Recognising the serious problem of excess capacity in the global steel industry, at their September 2016 summit in Hangzhou, G20 Leaders called for the formation of a Global Forum on Steel Excess Capacity (GFSEC), facilitated by the OECD, to increase information sharing and cooperation. At the June 2023 GFSEC Ministerial Meeting, Ministers and high-level representatives urged the GFSEC to deepen its substantive work as a basis for strengthening global cooperation and the development of tangible policy options for addressing global excess capacity. See, <https://www.steelforum.org/>.

⁵ OECD "Latest developments in steelmaking capacity and outlook until 2026", June 12, 2024.

Second, such an approach is consistent with the White House’s May 14, 2024 announcement to add or increase tariffs on a range of other products originating from China across many strategic sectors, including, but not limited to, certain steel and aluminum products, critical minerals, EV batteries and battery parts.⁶ In effect, steel and aluminum products from China covered by the Section 301 tariffs will see a huge increase in tariffs as these Section 301 increases will stack on top of the Section 232 tariffs.

By acting in kind, Ottawa will signal to the United States that Canada is serious about address China’s excess industrial capacity and is committed to maintaining and deepening the North American supply chain for industrial and manufactured goods. In the context of the upcoming 2026 CUSMA review and electoral uncertainty in the US, it is now more important than ever that Canada harmonize its trade policy with the US.

Third, Canada also needs to urgently consider the serious and real threat of excess Chinese steel and aluminum being diverted into our markets as a result of US tariffs. Unless action is taken, Canada will be further inundated with Chinese imports seeking to circumvent new and higher tariffs in the U.S. coming into force on August 1, 2024. In the case of steel, the Canadian Steel Producers Association (CSPA) estimates over 760,000 tons of melted and poured Chinese steel could be diverted to Canada if Canada does not respond in kind to US actions to raise tariffs on steel and aluminum. In the absence of a similar national response here that steel could very well be dumped in our markets, to the detriment of our steel producers and workers.

Finally, our current slate of trade enforcement tools, which rely mainly on monitoring and reactive enforcement under our trade remedy system, are ill-suited for the scale of the challenge posed by China; particularly so, given the size of China’s steel and aluminum industries, the intransigence of the Chinese government and the ongoing and increasing

⁶ In respect of steel and aluminum, President Biden directed the USTR raise the tariff rate on certain steel and aluminum products originating under Section 301 from 0-7.5 percent to 25 percent. The White House “FACT SHEET: President Biden Takes Action to Protect American Workers and Businesses from China’s Unfair Trade Practices”, May 14, 2024.

Increased US tariff rates on Chinese products announced May 14, 2024

2024 Increases:

- Certain steel and aluminum products from 0 – 7.5% to 25% in 2024
- Electric vehicles from 25% to 100% in 2024
- Lithium-ion EV batteries from 7.5% to 25% in 2024
- Battery parts from 7.5% to 25% in 2024
- Certain critical minerals from 0% to 25%
- Solar cells from 25% to 50% in 2024
- Ship-to-shore cranes from 0% to 25% in 2024
- Syringes and needles from 0% to 50% in 2024
- Personal protective equipment, including certain respirators and face masks, from 0-7.5% to 24% in 2024

2025 Increases:

- Semiconductors from 25% to 50% by 2025

2026 Increases:

- Lithium-ion non-EV batteries from 7.5% to 25% in 2026
- Rubber medical and surgical gloves from 7.5% to 25% in 2026
- Natural graphite and permanent magnets from 0% to 25%

excess capacity in steel and aluminum. The time is ripe for aggressive and assertive action to protect Canada's domestic steel and aluminum industries and supply chains. Canada should therefore consider a broad and deep imposition of tariffs on Chinese steel and aluminum that meet or exceed U.S. combined section 232 and 301 tariff rates.

5. Canada must pursue a more ambitious and coordinated industrial strategy that includes steel, aluminum and critical minerals

Tariffs, while important and urgently needed, are only one part of a larger industrial and supply chain strategy. We need both a broader reform of our trade regime and a more ambitious industrial policy approach to secure and maintain a resilient EV supply chain, that ensures use of domestic materials and domestic production in steel, aluminum and critical minerals and battery production.⁷

a) Canada must incorporate domestic steel production into its automotive and EV supply chain strategy

The Canadian steel industry is vital to Canada's economic performance. It is a critical supplier to many industries in the Canadian supply chain, including the automotive, energy, construction, and transportation sectors. It contributes over \$4 billion annually to Canada's gross domestic product (GDP) and generates over \$18 billion annually in revenues.⁸

The Canadian steel industry directly employs over 23,000 Canadians. Indirectly, conservative estimates suggest that every direct job in the steel industry supports 3.3 other Canadian jobs. Other estimates suggest that the steel employment multiplier is realistically higher, somewhere between 3.5 to 7.⁹ Using the latter range, the steel industry supports anywhere from 80,000 to over 160,000 jobs in the Canadian economy. Steel workers also make good wages, earning over \$1.75 billion dollars in 2023 and they spend those wages in their local communities, which helps sustain local jobs.

Canadian steel is critical component in the EV and automotive supply chain. Indeed, it is not likely that steel will be substituted as the main metal in EV car production. As the EV

⁷ In the US, the Infrastructure and Jobs Act, the CHIPS Act and the Inflation Reduction Act continue to provide meaningful support for U.S. domestic steel demand. The Infrastructure and Jobs Act includes approximately \$550 billion of authorized spending for new investments and programs. This legislation provides direct spending support for roads, bridges and other infrastructure projects, including upgrades to the domestic power grid and building out a national network of EV chargers. The CHIPS Act promotes semiconductor manufacturing in the U.S., which will boost non-residential construction as well as demand for machinery and equipment. The Inflation Reduction Act provides incentives for the use of domestic steel for investments in clean energy projects, including wind and solar projects, which consume a substantial amount of steel.

⁸ February 2004; annualized.

⁹ See Peter Warrian "The Importance of Steel Manufacturing to Canada-A Research Study", Munk School Briefings, July 2010.

market grows, it will require more advanced steel applications to meet the needs of EV producers and consumers. These include the added need for steel-based battery enclosures, reinforcement and electric motors, in addition to the existing sophisticated steel supply for internal combustion engine vehicle parts, chassis and exterior panels.¹⁰

The automotive industry is a large end market for the steel industry, and, conversely, the steel industry is a major player in the automotive supply chain. Canadian car production pulls about 1.3 million metric tonnes (MMT) of steel, which represents about 10 percent of our country's domestic demand.¹¹ As China's steel industry continues to climb up the product ladder into more automotive grade steel and steel products, they threaten to further exacerbate the continuing hollowing out of the Canadian steel industry along our highest value-added steel markets.

We assert that Canada should pursue a more ambitious and coordinated whole-supply-chain approach that includes proactive action to protect and grow Canada's vital domestic steel industry. In addition to the application of tariffs on Chinese steel under section 53 of the *Customs Tariff*, we make the following proposals:

i) Increasing the use Canadian-made steel in public infrastructure projects

Domestic procurement rules should do more to favor the use of Canadian-made steel in public infrastructure projects. The public sector is a large consumer of steel; it accounts for roughly 30% of steel purchased in Canada. Unfortunately, too many public dollars are spent to purchase foreign made steel. For instance, in 2018 the CBC reported that 17% of the steel for the new Arctic and Offshore Patrol Ships was sourced from China alone in addition to other European suppliers. In 2019 the federal government exempted dumping duties on Chinese fabricated steel for two LNG projects in BC in a project worth \$42 billion.

Public sector procurement contracts should have mandates which require contractors to maximize the use of Canadian made steel and allowing exemptions only under stringent circumstances.

We must also leverage Canada's comparatively low-carbon steel not only in public infrastructure projects, but also in private infrastructure projects. This could take the form of low-carbon steel and embodied carbon requirements in construction projects.¹²

¹⁰ See, for example, American Iron and Steel Institute (AISI), "Steel industry role in the future of electrified vehicles", April 14, 2021.

¹¹ In 2023 Canada produced 1,544,232 motor vehicles. (source: <https://www.cvma.ca/industry/stats/>) The average steel weight of a vehicle is 900kg. (source: <https://worldsteel.org/steel-topics/automotive/>).

¹² For more information on using standards on embodied carbon in construction projects, please see Clean Energy Canada, "Lessons from the United States on "Buying Clean" and recommendations for Canada", 2022.

Canada also needs to match the massive physical infrastructure investments seen in the 2022 US Inflation Reduction Act (IRA). The IRA includes \$433 billion in new investments and spending, clean energy tax credits with domestic content and labour stipulations, advanced manufacturing tax credits and other investments aimed at assisting the decarbonization of heavy industry while maintaining good jobs. The IRA amounts to a comprehensive green industrial strategy that Canada has yet to match.

ii) Ensuring that imported steel prices reflect their carbon content

Canadian producers make greener and cleaner steel; this should be a competitive advantage for our steel industry. Yet since Canada progressively puts a price on its carbon emissions, it is, in the absence of a level playing field, a liability that penalizes domestic producers and Canadian steel workers. Canada should implement a Border Carbon Adjustment (BCA) mechanism to level the playing field between Canadian steel producers and foreign competitors.¹³

Recently, the European Union implemented a border carbon adjustment on steel and other imported goods to address the threat of carbon leakage.¹⁴ Canada would do well to learn from this. We must not let other countries' poor environmental standards give them a competitive advantage over Canadian producers.

While the United States does not have a price on carbon, it is developing policies and international partnerships to leverage its comparatively low-carbon steel to bolster its domestic steel sector. Canada must continue to work closely with the United States towards a North American clean steel strategy with an aim to develop a border carbon mechanism that will strengthen, rather than harm, our close trading relationship.

iii) Strengthening our capacity to monitor, identify and enforce measures against dumped and subsidized steel products

The Government of Canada needs to dedicate more resources to the Canadian Border Services Agency so it can effectively monitor trade flows, identify unfairly traded goods and ensure transparency along the steel supply chain.

Canada has made several advancements on the trade remedy front in recent years. This includes the participation of Unions in trade cases against foreign producers who subsidize and dump steel in the Canadian market, the granting of standing to Unions to initiate trade cases, and the recent announcement in February 2024 to increase transparency in the steel supply chain through melt-and-pour reporting requirements.

¹³ The USW expanded on what this would entail in a January 2022 submission to the Department of Finance. [USW, Submission to the Department of Finance on Border Carbon Adjustments, January 31, 2022](#)

¹⁴ Carbon leakage is a concept to quantify an increase in greenhouse gas emissions in one country as a result of an emissions reduction by a second country with stricter climate change mitigation policies.

However, these advancements are likely to be ineffective if we do not have the capacity to accurately and accurately monitor steel imports and, above all, enforce orders and regulations.

Canada therefore must do more to strengthen its trade remedy system to address the current influx of dumped foreign steel from China and other unfairly subsidized jurisdictions. The Canada Border Services Agency needs increased staff and revenue to monitor trade flows and identify unfairly traded goods. The government also must prioritize the agency's ability to implement a sufficient melt-and-pour monitoring system by November 2024 and continue to pursue a similar smelt-and-cast monitoring system for aluminum. Finally, Canada should further align our trade remedy tools with the U.S. by pursuing retroactive assessments on unfairly traded imports, the use of the Particular Market Situation methodology and adopting enhanced anti-circumvention protections.

b) Canada must pursue a more ambitious and coordinated “mine-to-mill” industrial strategy for critical minerals and EV supply chains

Canada is one of the few countries in the world with significant mineral deposits needed for advanced battery production, including nickel, graphite, lithium and cobalt. Canada cannot waste its comparative advantage in critical minerals by encouraging the export of raw materials for processing and upgrading. Conversely, concentration of critical minerals mining and refining capacity outside of Canada, particularly in China, will leave our supply chains vulnerable and our economic, national security and clean energy goals at risk.¹⁵

To improve domestic and global resiliency in Canada's EV supply chains and to build a sufficient EV industrial base, Canada cannot count on market forces to do this work for us. Canada needs to establish a coordinated and coherent EV industrial strategy. This will ensure the development of an industrial base for high value-added EV manufacturing and other good jobs that promote our values at every step of the supply chain. This will require a whole-value-chain approach to critical mineral extraction, processing, refining and manufacturing, which is sometimes also called a “mine-to-mill” approach. In this regard, we make several recommendations.

First, Canada must expand its capacity in the mining and refining of the critical minerals needed to feed the broader EV supply chain. This upstream development is strategically important for several reasons. First, stable sources of these materials are needed to ensure resilience in the EV supply chain and provide the foundation upon which an

¹⁵ According to the U.S. White House and USTR, China currently controls over 80 percent of certain segments of the EV battery supply chain, particularly upstream nodes such as critical minerals mining, processing, and refining. See, The White House “FACT SHEET: President Biden Takes Action to Protect American Workers and Businesses from China's Unfair Trade Practices”, May 14, 2024.

industrial strategy can be built. Ensuring that critical minerals and other strategic commodities are sourced locally also provides additional environmental benefits. The mining sector is energy intensive, and provinces like Ontario, home to significant mining activity, has one of the cleanest power grids in the world.¹⁶ More generally, local extraction of these minerals also ensures that they are extracted in accordance with stronger environmental and labour standards.

Second, a “mine-to-mill” approach utilizes Canada’s vast wealth of critical minerals to support the high-value downstream activities in the EV supply chain.¹⁷ To this end, Canada’s EV strategy must build Canada’s capacity in chemical processing (especially for cobalt, nickel, graphite and lithium) and battery component manufacturing to establish an integrated battery supply chain. Unfortunately, Canada already lags behind other countries in producing battery grade materials from nickel, cobalt, manganese, graphite or lithium, despite our vast stores of these resources.¹⁸ The USW applauds recent public investments and government support, both federally and provincially, to build domestic capacity for battery production. But much more must be done to promote and establish entire supply chains in the electric vehicle and battery manufacturing sectors.

6. Canada can pursue other measures to strengthen and protect its EV and critical mineral supply chains

a) In the short term, Canada should consider aligning its tariff policy with U.S. tariffs announced on May 14, 2024 by applying new or additional tariffs on lithium-ion batteries, battery parts, natural graphite, permanent magnets and other critical minerals originating from China.¹⁹

b) Over the longer term, Canada must invest in the workers required to further undertake mine exploration, smelting and refining. For years, USW has witnessed firsthand the hampered operations at various mines due to a lack of hiring, training and retention. There is a looming shortage of trained miners, surface mill workers, smelter workers, and skilled trades. It is worth noting that the critical mineral supply chain, whether it is in primary extraction (i.e. mining), processing, or manufacturing of goods, often employs high-wage, unionized jobs. The USW submits that Canada’s EV strategy

¹⁶ Canada Energy Regulator, “Electricity Generation by Fuel Type” (2019).

<https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/provincial-territorial-energy-profiles/provincialterritorial-energy-profiles-ontario.html>

¹⁷ See, for example, the important and extensive policy positions advanced by UNIFOR in this regard: https://cc2023en.unifor.org/growing_the_domestic_industry

¹⁸ See Brendan Marshall, Building Supply Chain Resiliency of Critical Minerals, published by the Canadian Global Affairs Institute (November 2021):

https://www.cgai.ca/building_supply_chain_resiliency_of_critical_minerals#Battery.

¹⁹ See note 8, above.

should have funds dedicated so that unions, along with their employers, can attract and retain the workers needed to work all along the EV supply chain.

c) The USW also highlights the importance of an industrial policy that ties together various government initiatives from critical minerals strategy to trade policy. Respectfully, there is a stark lack of cohesion across various federal ministries and agencies (including Innovation, Science and Economic Development; Natural Resources Canada; Employment and Social Development Canada; among others) without a dedicated oversight body. At times, it seems that initiatives from one government branch regarding industrial policy may be undercut by the policies of another branch of government. This is challenging for producers, investors and other stakeholders, but also an inefficient use of government resources. Canada should, in coordination with the provinces, implement a program to rationalize and coordinate a national EV industrial strategy within a dedicated department or ministry.

d) Finally, Canada's industrial strategy should be developed with an eye to ensuring that companies respect and support human rights, labour rights and environmental protections throughout their domestic and global supply chains. For example, recent reports suggest that some carmakers have succumbed to Chinese government pressure to apply weaker human rights and responsible sourcing standards at their Chinese joint ventures than in their global operations and have done little in the way of due diligence to map their supply chains and identify links to forced labor.²⁰ The USW believes that a greater obligation should be put on companies operating in Canada to elevate the standards of work and human rights along their supply chains. Moreover, government policy and further legislative action should be taken to lower the financial incentive for multinational corporations to offshore Canadian jobs to countries where they can pay and treat their workers poorly.

²⁰ Human Rights Watch "China: Carmakers Implicated in Uyghur Forced Labor", February 1, 2024.

Conclusion

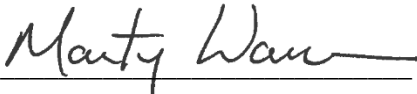
Canada must be more ambitious in its approach to protect and strengthen its vital industrial and manufacturing supply chains, including those for EVs. But this approach needs to more explicitly include a strategy to promote and develop steel and aluminum production and critical materials extracting and refining, in addition to finished manufacturing and assembly. Canadian trade policy should both protect Canada's access to the North American supply chain, but also ensure that Canadian companies can compete and that good industrial jobs are maintained and created here, in Canada.

With this consultation, the federal government recognizes the harm caused by Chinese unfair trade practices and excess industrial capacity. The USW hopes that Canada can take advantage of this moment to develop a policy response that benefits the entire EV supply chain and signals to our largest trading partner that we will not become a dumping ground for unfairly traded goods.

Given these requisites, the decision to apply Canada's authority under Section 53 to apply tariffs to Chinese EVs is prudent and advisable policy choice. But Ottawa should also follow Washington's lead by extending the application of these tariffs to steel and aluminum imports as well as to critical minerals and other strategic commodities and sectors.

Likewise, Canada needs to develop and promote more comprehensive industrial policies that rival those pursued by the Biden administration in the U.S. These efforts need to be supported by a first-class trade remedy system that does more to proactively ensure fair conditions for Canadian producers and workers.

Finally, Canada should ensure that it takes measures to restrict goods produced by states and multinational firms that violate human rights, labour rights and environmental protections.

Respectfully submitted by:  Date: August 1, 2024
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