HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on International Trade

CIIT • NUMBER 061 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Thursday, March 9, 2017

Chair

The Honourable Mark Eyking

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● (1525)

[*English*]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): Good afternoon, everyone, and welcome.

We're a little late, because everybody had to make the cold walk from the House of Commons down to here. Everybody is getting warmed up with their coffee, and we're good to go.

This is the second meeting on our study of the Canadian steel industry's ability to compete internationally. Our committee has been busy with the TPP study. Also, our committee is going to be going to the United States in the next few months, but steel is very important and we're going to have a couple more meetings on steel over the next few weeks.

Without further ado, we have four speakers here today to speak about the steel industry. We have Mr. Miller from Amalgamated Trading Ltd. We have Mr. Galimberti from the Canadian Steel Producers Association. We have Mr. Lee from the Macdonald-Laurier Institute. From the United Steelworkers, we have Mr. Neumann and Mr. Jamal.

Welcome, folks. You have five minutes or less for each group, and then we'll have a dialogue with the MPs.

I'll start off with Mr. Miller. If you're good to go, sir, you have the floor.

Mr. William Miller (President and Chief Executive Officer, Amalgamated Trading Ltd.): Thank you very much, Chair, for the invitation to be a witness here at this committee.

My name is Bill Miller. I own Amalgamated Trading. We are an importer of steel in western Canada. I have been involved in the steel industry for over 25 years. Our main suppliers are Asian countries, and our main market is western Canada, from B.C. to Manitoba. We sell a bit into eastern Canada, but not very much.

I was born in Hamilton, Ontario, so I was born in Steeltown. My family then took me to B.C., which is a little bit nicer than Hamilton. I come from a large family. My family has been employed in the Canadian steel mills and supported by the Canadian steel mills. I respect the Canadian steel mills and what they have to offer our economy in eastern Canada, but as an importer, I firmly believe there is room for imported steel and there is room for domestically produced steel.

Importing steel has a large impact on our economy in western Canada. I am speaking of western Canada because I import more into western Canada than I do into eastern Canada.

Our current trade cases and their direct impact on Canadian producers are what I'd like to speak about because currently we have 47 trade cases against steel, and 19 countries that are affected against steel imports. I think that we have trade cases on over 50% of the products that are produced by Canadian steel mills.

Now it is important that we have trade cases, and it's important that we have the laws to protect Canadian steel producers, and I think those laws are very effective. I think our trade department is very quick and effective on implementing anti-dumping duties and countervailing duties, but I also believe that it is an eastern Canadian protectionism more than it is western Canadian.

When we're importing steel into western Canada, we're paying a freight charge from Asia to Vancouver of $45 to $50 per metric ton. When we bring it from Ontario to western Canada, we are paying $120 per metric ton. That's by rail. If we bring it via truck, we're paying nearly $200 per metric ton.

What I'm asking the committee, and what I'd like the consideration to be is, for a geographical case in anti-dumping more than just blanketing the country. I understand we have to protect the Canadian steel mills, and I support that. I support the employment of Canadian steel mills. As much as I think that the U.S. is going to take the steel production out of Canada, I still believe that the employment and the economic benefit of Canadian steel mills are directly related to eastern Canada. It does not affect western Canada.

Canadian steel mills are not interested in selling into western Canada. It's not their main market. Their main market is eastern Canada and the United States. With the current dollar, we are very competitive in the United States. Now, I think that a lot of our steel production is going to leave Canada because the Trump government is going to reduce corporate taxes, and steel is a three- or four-step process, where U.S. Steel and ArcelorMittal can probably produce slab in the United States for cheaper than they would be able to do it in Canada with the corporate taxes being reduced.

I'd like the consideration to be in a geographical trade case. We have had it recently with gypsum or drywall where we have dump duties in western Canada. We have them in the territories. We have them in some of the eastern provinces, but Quebec and Ontario are open to import gypsum. I'd like that consideration in steel for western Canadian manufacturers, whether of steel studs, heating, ventilation and air conditioning, or construction. If we have the cost of transportation from Ontario to B.C. manufactured, those B.C. companies also sell as far as Manitoba. How can they compete against the eastern manufacturer of the same product when they only have one transportation cost?

I think the precedence was set in a geographical trade case in the gypsum case, and I'd like that consideration for any trade cases in steel.

● (1530)

The Chair: Thank you, sir.

Mr. William Miller: Thank you.

The Chair: I should have reminded the speakers, when you see this light go on, you have half a minute to wrap up if you're going over.

We're going to move on to Mr. Galimberti from the Canadian Steel Producers Association.

Go ahead, sir.

Mr. Joseph Galimberti (President, Canadian Steel Producers Association): Thank you very much.

Good afternoon to the honourable members of the committee. Thank you very much for the opportunity to present today on behalf of the Canadian Steel Producers Association.

The CSPA is the national voice of Canada's $14-billion primary steel production industry. Canadian steel producers are integral to the automotive, energy, construction, and other demanding industrial supply chains here in Canada. We seek to work with government and industry partners to advance public policies that enable a globally competitive business environment for our member companies and supply chain stakeholders.

To the committee's fundamental question in undertaking this study —that is, asking whether the Canadian steel industry is able to compete internationally—the answer from our perspective is an unequivocal “yes”. In a fair and free market operating on the basis of commercial principles, the Canadian steel industry can not only compete but also thrive.

Our member companies are innovative advanced manufacturers in Canada, producing the lightweight, high-strength, and high-quality steel and steel products that modern automotive, manufacturing, infrastructure, and energy development applications demand. Our steelworkers are well educated, highly skilled, and trained throughout their career to ensure the highest possible levels of productivity in high-tech constantly evolving workplaces.

From an environmental perspective, for the purposes of producing steel, Canada is a jurisdiction unlike almost any other. We have ready access to raw materials for steelmaking. High-quality iron ore, metallurgical coal, and scrap metal are all sourced close to production. Materials are transported efficiently through Canada's modern rail and marine networks. The bulk of Canadian production facilities derive substantial energy inputs from renewable sources. There is, of course, minimal transportation associated with end markets.

This stands in stark contrast with, for instance, China, which sources iron ore from jurisdictions like Australia and Brazil, coal from jurisdictions like Mongolia, and scrap metal increasingly from North America. The end product is then, of course, transported back to Canada for end use in this jurisdiction. When these factors are considered in the context of steel production, the GHG emission differentials associated with a tonne of steel are significant. Production in Canada for use in Canada implies 1.1 tonnes of GHG emission per tonne of steel, while production in China for use in Canada implies 3.5 tonnes of GHG per tonne of steel produced.

I have not casually chosen China as an example. As the committee members are certainly aware, it is a challenging time for the global steel industry, and Canada is not immune to or sheltered from the truly international challenges facing the sector. Global excess production in steel capacity has now risen to nearly 700 million tonnes, with the People's Republic of China, through a variety of state supports, by itself now maintaining more than 425 million metric tons of that global surplus, which is almost 30 times the size of the entire Canadian steel market. In the face of declining domestic demand, widespread institutional ownership and support for China's steel sector has become the driving force behind an unprecedented disruption in established free market trade in steel.

In June 2016 five leading American steel associations released a report that analyzed each of the 25 largest steel companies in China and detailed the amount and types of government subsidies each company received in recent years. The analysis found that these subsidies and policies have led to tremendous overcapacity, and created a highly fragmented domestic steel sector in China made up of many inefficient and heavily polluting companies.

The report states:

> The Chinese government has supported the country’s steel industry primarily through cash grants, equity infusions, government-mandated mergers and acquisitions, preferential loans and directed credit, land use subsidies, subsidies for utilities, raw material price controls, tax policies and benefits, currency policies, and lax enforcement of environmental regulation. The Chinese government maintains a majority share in the top-producing...Chinese steel producers. Domestic steel producers are not competing with private enterprises but with sovereign governments that do not need to use free-market principles to operate.

That last sentence is also key in the Canadian context. While Canadian producers can thrive in an open international marketplace, we cannot compete with the Government of the People's Republic of China. In this context, the maintenance of the ability to initiate section 20 inquiries under SIMA to determine where non-market economy conditions may exist is crucial to the maintenance of trade fairness in Canada.

While we applaud the Government of Canada for appreciating this problem and pressing forward on the development of multinational solutions to the problem of global overcapacity in the steel sector, most recently through Canada's active participation in the global forum on steel excess capacity, we would also caution that international solutions on overcapacity will not be quick in coming. As a result, domestic policy instruments designed to protect Canadian interests require modernization.

In the face of increasingly global trade distortion, other countries, prominently including the United States, have taken concrete domestic actions to defend their markets against present-day threats.

● (1535)

We cannot at this critical juncture in our trade relationship with the U.S. risk becoming a back door for dumped steel into the North American market. It is our sincere hope that as part of budget 2017, the government will move to immediately address issues where calculation of dumping margins do not accurately reflect the amount of dumping in the Canadian market, the need for enhanced and transparent processes available to the government in instances of circumvention, and clarification as regards the type and amount of evidence required to initiate trade cases.

In closing, I would remind the committee that primary steel manufacturers in Canada directly support the livelihoods of over 22,000 middle-class Canadians and an additional 100,000 Canadians whose employment is indirectly supported by our sector.

I would suggest that it is in the government's interest to ensure that our trade remedy framework is modernized to ensure that our domestic procurement and international trade policies reflect the establishment of a Canadian price on carbon and ensure that foreign producers in jurisdictions without similar regimes are not allowed an unfair cost advantage in competing with Canadian producers, and that we maintain Canada's people advantage through programming initiatives that encourage training and lifelong learning through apprenticeships, mentorships, and the continued development of industry-leading products through innovation programming.

I would also suggest that we should maintain our focus on our critical bilateral trade relationship with the United States through co-operation on international efforts to address overcapacity and dumping.

Thank you very much for your time. I am, of course, happy to take any questions that the committee might have.

The Chair: Thank you, sir.

We're going to move over to Mr. Lee from the Macdonald-Laurier Institute.

Go ahead, sir. You have the floor.

Dr. Ian Lee (Associate Professor, Carleton University, and Representative, Macdonald-Laurier Institute): Thank you very much.

I thank the committee for inviting me, for I have a deep and enduring interest in the subject of what Adam Smith called “the wealth of nations” and the concomitant principles of trade, foreign direct investment, and comparative advantage within the rules-based framework called trade agreements.

I will first give you my disclosures very quickly. I've been a tenured associate professor at Carleton University in the Sprott school for 30 years. I don't belong to or donate any monies to any political party. I'm not a registered lobbyist under the Lobbyists Registration Act. I've taught over a hundred times in EMBA courses in developing countries around the world, including Russia, China, Ukraine, Poland, Mexico, and Iran. My final disclosure is that I just returned three days ago from teaching in Shanghai. I've taught almost every year in China since 1997 for the last 20 years, and I've seen the almost unbelievable and stunning transformation of a country never before experienced in human history in such a short period of time. It was one of the poorest nations in the world 50 years ago and it became the second-largest economy in the world.

Having said that, as everyone knows by now, the world's steel industry is facing enormous structural problems that can be summarized very succinctly. This is all from the OECD steel committee, from studies that have been done by the European Commission, and some from the U.S. trade office. I have the studies here for the committee if they want the bibliography.

World steel capacity is around 2.5 billion metric tons in a world that only needs around 1.6 billion metric tons, and there's a wide consensus in the OECD steel committee, in the U.S., and the European Union that China is largely responsible. Having studied the stats from the OECD, from the U.S. trade office, from the EU, and from the World Steel Association, I agree with this judgment, notwithstanding my deep commitment to free trade.

In 2005, world steel production totalled 1.1 billion metric tons, and within 10 years, by 2015, world production increased 41% to 1.5 billion metric tons. China increased from approximately 30% of world market share in this very short period of time to approximately 50% of the entire world. Asia and Oceania now account for 69% of total world steel production, and four of the 10 largest steel countries in the world are in Asia: China, Japan, India, and South Korea. Nine of the world's 10 largest steel-producing companies in the world are headquartered in Asia. Only ArcelorMittal is not.

Now to part two, which is China, the SOEs and steel. This is why I've come to a paradoxical conclusion, and I do agree with the Canadian Steel Producers Association.

China is a paradox because of the substantial number of Chinese SOEs, state-owned enterprises, operating side by side with privately owned Chinese corporations and foreign MNCs, multinationals. Nonetheless, the Chinese economic system can only fairly be classified as a centralized state-run economic system that uses incentives such as private ownership to a limited degree; however, the SOEs are at the commanding heights, accounting for 25% to 30% of Chinese GDP, 17% of urban employment, 38% of total Chinese industrial assets, and up to 90% in some of the monopoly sectors. They are often significantly, massively overstaffed, chronically money-losing, inefficient behemoths, but they employ huge numbers of Chinese people. The trend in China today is to consolidate SOEs to create fewer but even bigger SOEs.

It is for these reasons the successive promises by the Chinese government and the Communist Party, the CPP, to reform and privatize SOEs have failed. There are powerful interests in these large SOEs. They employ very large numbers of people, as I said, and thus I conclude in this far, far too brief overview that Canadian, U.S., or European policy-makers should not count on major reforms to SOEs and thus should not be counting on the Chinese to take major capacity out of the steel industry as they had promised. If you accept this, my argument, you cannot expect the Chinese government to close a significant chunk of steel production overcapacity. Although they are closing their oldest and least efficient steel plants, they're simultaneously opening new, much more efficient steel mills.

This is part three, and I'll wrap up. Where do we go from here? I applaud Prime Minister Trudeau's announcement of negotiations with the Chinese government concerning a possible free trade agreement. After all, as Winston Churchill famously said, it's better to jaw-jaw than to war-war. Nonetheless, we cannot rely on that option at present to deal with the steel issue for the reasons stated above. Instead, we must reform the Special Import Measures Act and regulations to provide CBSA and the CITT with more tools and more authority to conduct more broad-reaching investigations in a much more timely manner.

Second, the Government of Canada needs to develop a common front with the U.S. government, including the Trump administration, as well as the European Union on this issue to coordinate our policy responses concerning steel.

● (1540)

Third, the Government of Canada needs to encourage industry consolidation to produce fewer but larger firms here in Canada.

Finally, the Government of Canada must develop much more aggressive retraining and re-skilling programs advocated by the OECD to address the significant dislocation caused by Chinese dumping, to name only one activity.

Thank you.

● (1545)

The Chair: Thank you, sir, for bringing your knowledge, experiences, and expertise to our table. It was a very good presentation.

We're now going to go over to the United Steelworkers.

Gentlemen, you have the floor for five minutes.

Mr. Ken Neumann (National Director for Canada, National Office, United Steelworkers): Good afternoon. I want to thank the committee for inviting the United Steelworkers to appear before you to discuss this very important critical industry.

I'm Ken Neumann, the national director for the United Steelworkers in Canada. With me is Shaker Jamal from our national research team. He will be with me to answer any questions, if there are any.

I have been a worker in the steel industry and a member of the union all my working life. I am committed to seeing it survive as a viable competitive Canadian industry. It is critical because it supports tens of thousands of middle-class families, as well as retirees, along with the communities that have benefited and grown during more than a century of steelmaking in Canada.

It is viable because our members in the industry produce high-quality, environmentally responsible products for domestic and foreign markets, but the steel industry is in trouble. From whichever angle you look at it, the problem comes down to the production overcapacity, primarily from one huge non-market economy, China. Such economies competing in the market-driven economies of North America are literally two worlds colliding.

The impacts are many. The first is that as the price decreases these lower prices have hurt the bottom line of many companies and forced them to access increasing amounts of short-term debt, which means many are operating at unsustainable levels. Look no further than U.S. Steel and Essar Steel Algoma, where the jobs of 3,200 workers are threatened, along with the retirement security of more than 20,000 retirees.

As if depressed prices weren't enough, increasing levels of dumped steel into North America are compounding the crisis. Chinese steel producers have used an artificially depressed currency, as well as other Chinese government export incentives, to dump steel into North America.

Our submission provides a detailed argument for the recommendations that I will outline to you in this brief presentation. Let me make it very clear from the outset that the United Steelworkers supports the role that trade plays in building and sustaining a healthy, robust economy. At the same time, we've always insisted that trade policy in Canada be developed in consultation with unions and other civil society groups, and that it serve the interests of both Canadian producers and workers.

To that end, and it has been made abundantly clear by the efforts of steel dumping from non-market economies, our union believes that Canada's trade law regime must be amended to provide unions with basic procedural rights.

First is the explicit right to file anti-dumping and countervailing duty complaints under section 31 of the Special Import Measures Act. Second is the explicit right to file safeguard complaints under section 23 of the act for the Canadian International Trade Tribunal, known as the CITT. Third is full procedural rights as interested parties under the rules and regulations of the CITT. That would include the right to receive notice, the right to counsel, and the right to participate fully in any oral or written CITT proceedings related to a complaint.

By providing unions with the right to file and participate in trade remedy complaints, Canadian producers will benefit in any trade case that they may file. This reform is essential to the ability to compete fairly against international producers within the Canadian market.

Let me conclude with the obvious fact that with 50% of the Canadian industry's total output exported to foreign markets, it is clear that the health of our high-tech, environmentally responsible steel industry is undeniably tied to the ability to be able to compete internationally. However, our submission makes it equally clear how and why this ability is overwhelmingly impacted by China's behaviour as a non-market economy and its unfair dumping of steel in Canada, as well as the United States.

By revising Canada's trade laws, the federal government will ensure that the Canadian steel industry is able to compete in the global economy.

That ends my remarks, and I thank the committee for the opportunity. I look forward to any questions that you may have.

The Chair: Thank you. All the presentations together have given us quite a snapshot of the state of the steel industry, for sure, internationally.

Before we go ahead, I'm going to welcome some new members to our committee.

Mr. Gourde, Mr. Duvall, Mr. Christopherson, and Mr. Sheehan, welcome to our vibrant, exciting committee, the most important committee on the Hill.

We're going to get started here. Each MP will have five minutes. We're going to start right off the bat with the Conservatives.

Mr. Ritz, you have the floor, sir.

● (1550)

Hon. Gerry Ritz (Battlefords—Lloydminster, CPC): Thank you, Mr. Chair.

Thank you, gentlemen, for your very concise rundown on what's wrong. I know you have a lot more than that to say, so please email it in. Put your briefs together and give us the whole picture. We can't do it all today in this short amount of time. There are so many questions.

On Mr. Miller's comment, can we do this geographically? Absolutely, we can. Gypsum was the second time that was done. There was a Washington State potato to B.C. issue a few years ago, so, yes, you can have geographical indicators on these claims.

Mr. Galimberti, you say you can't compete and I don't disagree with you at all. I wanted a little clarification. How much of the Canadian industry is still Canadian? We're seeing a lot of...and I think it was Ian who said that maybe it's all going to slide to the U.S.

Mr. Joseph Galimberti: Most of the mills are still Canadian. The mills in Canada for the most part are subsidiaries of international corporations.

Hon. Gerry Ritz: Okay, yes, the supply side is international.

Mr. Joseph Galimberti: Yes, there was heavy consolidation in the industry about eight years ago. The notable exception would be Stelco now re-emerging from CCAA.

Hon. Gerry Ritz: Professor Lee, you also made the comment that CBSA and CITT need new modernized tools and authorities. Have you an outline of what you think they should have to do their jobs better?

Dr. Ian Lee: Both the Americans and the Europeans have been revising theirs to allow them to look at, for example, whether there's been currency manipulation or a cheap loan.

I have enormous respect for China. I'm not China-bashing; I want to make that very clear. I've been there many times and I'm going back again. I love going there and I love the Chinese people. At the same time I also speak truth to power and there's no question.... I have read some of the rulings coming out of the European Union and these are quasi-judicial bodies. These aren't witch hunts. The data is very clear that China is selling at well below their cost of production in the U.S., Canada, and the European Union. That's why the European Union just imposed tariffs of some 70%. That's not trivial.

To answer your question, and I can send it in a more formal response, they're subsidizing in multiple ways. They're giving extended loans, loans that wouldn't qualify because the company's bankrupt in the first place. They're giving them very artificially low interest rate loans. They're giving them preferential treatment inside, because they're owned by the Government of China. They're getting a whole series of preferences and preferential treatment and they're doing this. I understand why.

I didn't mention in my opening comments, but McKinsey consulting has documented this, and this has been confirmed to me when I've been in China. Some 15 million people are coming from the rural areas into the cities every year, and they're not coming to visit. They move to the cities, and the legitimacy of the Chinese government comes from one thing—and I hear this privately from people—they're going to deliver them jobs.

The Chinese government is terrified. The moment they stop...and I'm not trying to defend what they're doing. I'm just trying to explain what they're doing and why they are not going to reform and stop dumping steel. Because the pressures on them at home are so great, we're going to have to stop them, because I don't think they're going to.

Hon. Gerry Ritz: I was there when they introduced their new five-year plan and the nexus of it is taking care of all of these people moving in from the rural areas.

There's so much to go through here.

Mr. Neumann, you also talked about the union being allowed to take part in some of these anti-dumping measures. I'm wondering if you see a model for doing that in what we're facing now with the softwood lumber agreement, where the lumber mills in the U.S. claim the tariff value while this is under discussion. Is that the type of model you're thinking of?

Mr. Ken Neumann: The fact is that we're asking for something we currently don't have. You take our counterparts in the U.S., Australia, Europe. In Australia, the unions there have the ability to file complaints on behalf of their members. That's really what we're asking for, to be on that same level playing field.

Hon. Gerry Ritz: So it's workable under WTO.

Mr. Ken Neumann: That's right, and then as far as the softwood lumber, that's a hot file we're dealing with. I can talk at length with regard to—

Hon. Gerry Ritz: I know you have an overview on that too.

Mr. Ken Neumann: That's right. It's going to be disastrous for Canada. We've lost 50-some mills since the last trade agreement. You have employers on both sides and that's one of the big issues that's coming up within the year.

Hon. Gerry Ritz: The other thing that's floating around out there, even with the NAFTA renegotiation, is the Buy America. What do you see coming down the pike on that?

Mr. Ken Neumann: With the Buy America, what's coming out now is the fact that they've had the procurement they have now for many years. That's on a tax-funded basis.

The fact is that our union is on the other side fighting to make sure we have exemptions. It's nothing new to us. The steelworkers have been involved in section 201. We used to take busloads of steelworkers to Chicago to testify to have us excluded. Our union was involved with the Gordie Howe bridge to make sure that was North American steel. We're involved to make sure that the pipe that comes out of Saskatchewan, a mill that I used to work at, can be laid if the Keystone pipeline proceeds.

● (1555)

Hon. Gerry Ritz: It is. We've been given that assurance.

Mr. Ken Neumann: Those are the kinds of things we're involved in. So the Buy America, I always argued with.... I sent a letter to the Prime Minister, saying we should also be looking, in Canada, at “buy Canadian”. That's something that makes a lot of sense.

We're very much involved in that, from both sides of the border, fighting to make sure we're not going to be carved out.

The Chair: Thank you, sir.

Before we go to the Liberals, I have a quick question for you, Mr. Lee. When you talk about that duty going into Europe, is that for raw steel, ingot steel or whatever, or would it be also on components?

Dr. Ian Lee: I'm just reading off my report here, “Chinese stainless steel sheet and strip should be subject to anti-dumping duties from 63.86% to 76.64%”.

The Chair: So a certain type of steel....

Dr. Ian Lee: That's the stainless steel sheet.

The Chair: Okay. Thank you.

We're going to go to the Liberals.

Mr. Sheehan, you have the floor.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much.

Gerry asked Mr. Neumann two of the questions I was going to ask, so I'm going to move over to Mr. Galimberti.

In your wish list for 2017, you mentioned a few measures that you wanted to see in there. In budget 2016, on page 128, there was “Canada's response to unfair trade”.

Could you please explain how the changes in 2016 benefit the steel industry in Canada? I think it's important to highlight and underline things that are implemented that do work, and how that works.

Mr. Joseph Galimberti: Yes, the changes that were implemented as part of the 2016 budget extended timelines for reinvestigation. Functionally, judgments in place lasted another 10 months. It was largely an administrative streamlining that extended judgments once they had been made, so it was certainly consequential in keeping judgments in place for an extended period of time.

Also included in budget 2016 was a commitment to undertake a consultation on further modernization to SIMA. The government did undertake that consultation and it closed in June. I know that the union has also made a substantive submission to that process, highlighting what additional steps we feel need to be taken to modernize the system.

Mr. Terry Sheehan: Thank you.

United Steelworkers, steel producers, and others have mentioned Canadian steel and how the production here in Canada creates less of a carbon footprint. Do you guys want to expand on that? I think it's really important that we understand that the Canadian steel we produce here creates much less of a carbon footprint than Chinese steel, for instance.

Maybe Mr. Neumann can begin.

Mr. Ken Neumann: Our submission deals with the issue of the carbon footprint, and I think Joe raised in his submission that it's very significant in regard to steel coming from China versus the steel we produce here in Canada.

As a young adult, I worked in the steel industry, and I know that it used to be referred to as a smokestack industry. It's a different industry today. It's modern, high-tech, and environmentally friendly. That's a win-win. That's something we need to pursue and make sure it's going to survive in North America.

Mr. Terry Sheehan: I'm on the industry committee as well, and I know that both of you have made presentations there. The manufacturing study you presented on is coming forward, and perhaps you'd like to take the opportunity to talk about and expand on the need for investments in advanced manufacturing in the steel industry and how important that is going forward.

Mr. Ken Neumann: I think, Joe, you want to....

Mr. Joseph Galimberti: The competition for investment in steel for our producers [*Inaudible—Editor*] is quite intense. Anything that can be done to attract that is certainly appreciated. Steel is a facilitator industry. Having local, domestic steel supply is demonstrable as a key to the larger value-added manufacturing chain. As a support for automotive and additional high-value manufacturing in Canada, steel is a fundamental. We'd view any attraction of investment in steel as a multiplier through the economy.

● (1600)

Mr. Terry Sheehan: Going back to working with the United States going forward, the new administration.... Back in June, when the three amigos were here—President Obama, Trudeau, and the Mexican president—they signed a trilateral agreement to work together in sharing information against dumping and that. Perhaps your comments.... Mr. Duvall is here, and we're on the steel caucus together. We'll be going down to Washington to talk about working with the United States, because 50% of our steel is exported.

Do you have any advice or comments on going forward and trying to strengthen our response together against dumped steel?

Mr. Joseph Galimberti: I mentioned it in my remarks briefly, and I'll expand on it. We've had, from the previous administration through to the Trump administration, a tremendous ongoing dialogue with the U.S. around how to effectively identify and prevent dumping and subsidy behaviour. We know that this is the number one trade irritant for the United States. This is why I say that we have to be very careful about being perceived as a back door for dumped and subsidized product.

We are supportive of efforts like the G20 global forum on overcapacity, which was initiated at the last G20 meeting and I understand will present an interim report at the coming one. We have a formal North American dialogue with our Mexican and American partners in industry and government to discuss things like joint enforcement and identifying common bad actors. We do a lot of work in the NAFTA context to preserve the integrity of the market, and certainly, we have a great interest in continuing that work going forward.

The Chair: Thank you.

My riding is Sidney—Victoria, and we used to have the second-largest steel centre in Canada. We lost it 20 years ago, and it was a big economic driver. It is a very important part of the economy, and there are always a lot of industries around it.

We're going to move over to the NDP.

Go ahead, Ms. Ramsey.

Ms. Tracey Ramsey (Essex, NDP): Thank you so much for being here and for your presentations. I think it's clear that the Canadian steel industry is in crisis, and we know there's nothing fair about what's happening right now. We have to modernize our trade remedies. We're way out of sync. We're becoming this target. You all reflected that in your speeches to us.

However, there is one issue that Mr. Neumann touched on, which I'd like to touch on, because I think it's especially pertinent when we're looking at the deal we're looking at with China. We're at this moment in time when we have an opportunity to address this issue with China, but we have to talk about the market economy status that it is seeking. We have to talk about the fact that on December 11 of this past year, a provision in the protocol of accession indicating that other WTO members could treat China as a non-market economy in anti-dumping investigations expired, and that has resulted in a legal obligation to grant it market economy status. China is saying that because this has expired, we now have to give it market economy status.

This is critical. If we grant China market economy status, how will that impact not only the dumping but the steel industry as a whole?

Mr. Ken Neumann: I can start. I think it would be a disaster to give China the market economy status. Just as my colleague here said he's travelled to China, so have I. I have visited the steel mills there. I've been to Baosteel. Baosteel at one facility makes more steel than all the operations in Canada.

You've heard the evidence. If you look at the submissions we've put in with regard to the largest steel companies, 11 of the largest steel companies are from Asia, and eight of them are state-owned. That speaks for itself. You heard the gentleman talk about how 11 million people are moving into the cities. If you look at the overcapacity that's currently taking place, they produce in excess of 300 million tonnes more than they need, and the fact is that they need to look for a home. They have inefficient mills that continue to operate. They're not going to have their people unemployed. I think there's just no way we can grant market economy status to China. It would be disastrous for our country.

Mr. Joseph Galimberti: I would highlight that China has initiated WTO proceedings against the United States and Europe, and Canada has registered itself as sort of a participant to that process. It's important that Canada show a tremendous solidarity with the United States and the European Union as we move through this.

The way Canada applies non-market economy status, broadly, to China and anyone else who would be deemed a non-market economy is through something called a section 20 investigation, under SIMA. That means, on an individualized basis, the CBSA goes out and does an investigation and gets to the bottom of whether this is behaving as a non-market economy. We think that's a very strong approach, entirely defensible at the WTO. Should it come time that the Chinese also seek to challenge that ability for us to understand how their economy is working, we would certainly expect the government to defend that strongly.

● (1605)

Mr. Scott Duvall (Hamilton Mountain, NDP): Thank you, gentleman. I appreciate everybody coming here. I am a former steelworker. I worked in the mills for 34 years, and I've seen our jobs in the steel industry being depleted unbelievably since foreign ownership has taken us over. One of the problems we're facing, I know especially in Hamilton and in the Soo, is that some of the dumping that's happening here has caused us to go into bankruptcy protection many times.

Mr. Neumann, in your report you stated that other countries have trade remedy laws that allow the trade unions to file trade remedy complaints, and they participate fully in the procedures before their domestic trade regulators. If this were allowed in Canada—and I don't know why it's not allowed in Canada, so maybe you can answer that one—how would this help the Canadian steel industry?

Mr. Ken Neumann: I think it would help greatly. The fact is that if you look around the world, at the United States, at Australia, at the U.K., the unions there do have access to that procedure. That's exactly what I outlined in my short presentation today, that we want to have that same right. We're an international union. We have that access in the U.S., and I can tell you that we're very active working along with the steel industry.

I should also tell you that a few years ago, with the CSPA, with whom we have a very good working relationship, with respect to the rebar case that was held in Vancouver, we were there not as participants. They asked us to come and testify, and jointly we were able to be convincing that those tariffs should not be removed. To me, it's about giving the opportunity for the workers who work in the industry, and for the communities we represent, to have a say with respect to what's taking place.

Look, there's been a lot of discussion—I think it was one of the questions asked—that we no longer have a Canadian steel industry, we no longer have the luxury of decisions being made in the Soo or being made in Hamilton or being made in Regina. Those decisions are now made offshore. It's for that reason that we have the high-skilled workforce, we're very efficient, we're environmentally friendly, and it's a clean environment. It's the opposite that puts us in a tough situation. It's the dumping of steel.

You talked about being a steelworker in the Hamilton region. We've been involved in numerous bankruptcies. We've been in one for 24 months at the Soo, and we're now fighting for the one in Hamilton. We have 3,200 jobs on the line. But I'll tell you what, in my entire career in the steel industry, when those 20,000 retirees lost their benefits, I heard the phone calls left on the answering machines from the sons, from the mothers, in tears because they felt they'd had that protection. When you listen to that time and time again, you know we have failed them as a country.

If you want to talk about what's happening in Hamilton, if you want to talk about the Canada investment act.... We're still fighting to this day to try to get that secret deal that was signed back with U.S. Steel. Where was the net benefit to Canada? We've had three labour disputes and basically tried to wrench it back.

That's what the importance is. This is a steel industry that's viable. We can be competitive. It's environmentally friendly. That's where we need to step up. That's why I say that we as workers in the communities need to have access to that.

The Chair: Thank you, sir. The time is well over, but those were good comments.

We'll now go to Madame Lapointe.

Ms. Linda Lapointe (Rivière-des-Mille-Îles, Lib.): Thank you, Chair.

I'll speak in French because it's easier for me to ask specific questions.

[*Translation*]

Mr. Miller, you talked about this earlier. Do you process steel? No, that is not what you do?

Do you import steel?

[*English*]

Mr. William Miller: Yes. We import, warehouse, and distribute it.

[*Translation*]

Ms. Linda Lapointe: You seemed to be saying earlier that the problem in the west is not steel dumping, but rather transporting steel between the east and the west. I am not sure I understood you correctly.

● (1610)

[*English*]

Mr. William Miller: I'm not 100% sure I have the question correctly.

Ms. Linda Lapointe: It's with regard to the transport problem in the west and whether that does something to the cost of the steel.

Mr. William Miller: We have a transportation cost coming from eastern Canada to western Canada of approximately $120 a tonne if it's transported by rail. It's $180 to $200 a tonne if it's transported by truck.

[*Translation*]

Ms. Linda Lapointe: If you buy steel from Asia, from China, it is so much cheaper that it is not worth buying it from Ontario.

Is that correct?

[*English*]

Mr. William Miller: That's correct. It's more than 50% cheaper. When we transport material from any major port in China, we're paying about $45 per tonne to bring it in.

[*Translation*]

Ms. Linda Lapointe: You are comfortable buying steel from Asia and re-selling it here?

[*English*]

Mr. William Miller: Absolutely.

[*Translation*]

Ms. Linda Lapointe: Yes? Okay. Thank you, I wanted to make sure I understood.

We talked about Australia earlier. You also said that the United States had already made changes to update their trade dispute regime, and that steel dumping is allowed in Canada.

Mr. Lee, without any changes to the trade dispute regime in Canada, are we likely to see a spike in steel imports in Canada?

[*English*]

Dr. Ian Lee: I'm sorry, I don't have that data with me right now.

I'm going to defer to the president of the Steel Producers Association, because he'll have that more technical information.

[*Translation*]

Ms. Linda Lapointe: Okay.

Mr. Galimberti, would you like to reply?

[*English*]

Mr. Joseph Galimberti: To answer your question, I will choose the United States, because they have recently put forward two pieces of legislation under the former administration: the enforce act and the Leveling the Playing Field Act.

The enforce act, for instance, specifically sharpens the tools they have to identify circumvention behaviour, so organized scheming, essentially, to get around custom and tariff enforcement. You would do things like change tariff codes or misrepresent product.

[*Translation*]

Ms. Linda Lapointe: What can we do about import tariffs?

[*English*]

Mr. Joseph Galimberti: We don't have similar provisions here in Canada. We don't have a way to pursue circumvention in a way so that Canada can identify fraud through enforcement and be sort of individualized. Our applied monetary penalties are very low versus the United States where, because you are breaking the law, they actually put you in jail.

If you are organizing to send dumped product to North America and you have a Canadian system that has no way of tracking whether you're circumventing, that doesn't even collect the information, or you have the United States, where you can go to jail, you're going to pick Canada.

[*Translation*]

Ms. Linda Lapointe: Okay. So there is an important difference.

You were just talking about the United States, the Buy American Act.

Do other countries have the same kind of tariff or non-tariff barriers?

You were just talking about the United States, but do other countries have similar systems that we could draw upon?

[*English*]

Mr. Joseph Galimberti: I believe there is nothing that would, from an industry perspective, be consequential. The United States is the principal market for our exports. I wouldn't know offhand of anything similar. I'm sure that they're out there. I'm sure that they're on other commodities.

I can report back, but I wouldn't know offhand.

[*Translation*]

Ms. Linda Lapointe: Okay. Thank you very much.

[*English*]

The Chair: Thank you, Madam Lapointe.

We're going to start a second round.

Ms. Ludwig, you have the floor. Go ahead.

Ms. Karen Ludwig (New Brunswick Southwest, Lib.): Thank you.

Thank you all, gentlemen, for your excellent presentations today.

We travelled across the country gathering information. We had consultations regarding TPP. One of the messages that I clearly heard in the west—and this question is to Mr. Miller—was about the infrastructure for transportation of shipping products to the west coast. Now there's an opportunity, with the unfortunate situation in Alberta with the decline in oil, for access to rail.

To what extent is Canada's transportation infrastructure adequate to accommodate current and future trade in steel, both interprovincially and with our trading partners?

● (1615)

Mr. William Miller: In what way is it adequate to transport steel?

I mean, we have a good transportation system within Canada, but we have a costly transportation system within Canada. Geographically, we're a big country, so the costs are extremely high within Canada for transporting any—

Ms. Karen Ludwig: Do you have any suggestions, Mr. Miller, or recommendations, for how to decrease the transportation costs?

Mr. William Miller: No. I think that would be a difficult task.

For the Canadian steel producers, it would be cheaper for them to export and sell to Europe, on a freight basis, than it would be to sell into western Canada.

Ms. Karen Ludwig: Okay. Thank you.

Mr. Lee, thank you very much for your presentation. I'm keenly interested in your teaching in China. Aside from state-owned enterprises as well as the wages that are paid in that region, what have you learned from the Chinese when you've been teaching about some other competitive advantages that they have?

Mr. William Miller: I'm sorry, what have I learned from the Chinese? What was the last half...?

Ms. Karen Ludwig: In terms of their competitive advantage, what are they teaching? I think you said you were teaching the EMBA program.

Dr. Ian Lee: I see. I'm sorry.

I'm trying to pull a whole bunch of things together simultaneously. China is moving very quickly. We all know that. I mean by this that they are moving up the curve. Their wages are going up. I can tell you that. Every time I go back I use the laundry. I take my laundry to a Chinese laundry two blocks from my hotel. Five years ago it was five dollars for the bag, and then the following year it went to $10, and now it's up to $30. Wages are going up. Prices are going up.

I don't go to restaurants. I go into the grocery stores because you learn more. You talk to people. You see things. You see prices of things we recognize in Canada, juice, eggs, and those prices are going up. That's one thing I just wanted to put out there; their wages are going up. My Chinese students, who are not students but managers of multinationals and Chinese corporations, are in their thirties and they're country managers at that level. They are VP level. They are executive level. They tell me the wages are going up very significantly. I'm from Ottawa and I'll use Ottawa as my benchmark. From all I can see, a lot of the prices in Shanghai, when I convert from RMB into Canadian dollars, things that we know very well like juice or milk come out pretty similar to Ottawa, whereas five years ago it was really cheap to go to Shanghai. Your Canadian dollar went a long way.

That's one thing to note: their cost structure is going up. I realize Shanghai is not completely representative of the whole country. It's seen as the most dynamic city. It's the Toronto of China. That's the first point.

In terms of the SOEs, that's where I've been doing most of my research, and that's really what I wanted to talk about very quickly. Remember, they are in a lot of the industries like steel. The SOEs have been studied by Americans, by academics, by Europeans, by the Chinese themselves, and they have a real problem. The Chinese private sector is very dynamic, from what I can see. A lot of these people in my classes—this is executive MBAs—are in the Chinese private sector and they are very dynamic and they're very quick and they're bilingual, etc., but it's in the SOEs, in the state-owned enterprise sector, where they have a lot of problems. They have a lot of zombie corporations where they're essentially bankrupt, and the Chinese government keeps promising to reform the SOE sector and introduce market reforms, but they do not. They're claiming to, but what they're doing is consolidating a lot of the smaller and mid-sized SOEs into bigger SOEs, which makes me more pessimistic, not less pessimistic, because it's harder to privatize a big company than it is a small or a medium-sized—

Ms. Karen Ludwig: May I just jump in with one more question?

The Chair: Sorry, the time is up.

Dr. Ian Lee: I'm sorry. I didn't mean to—

The Chair: It's okay. Maybe you can share it with another member.

We're going to move over to the Conservatives now.

Mr. Van Kesteren, you have the floor. Go ahead, sir.

Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC): Thank you, Chair.

Thank you all. It's a fascinating discussion.

Mr. Neumann, I commend you on your passion for the worker. I remember a friend of mine, who was a labour leader as well, said, “Dave, don't forget the working man”, and that's who we have to remember.

Dr. Lee, this is what it's all about, isn't it? I, too, have had the opportunity to travel to China and actually I think it was the chair of the Communist Party who told me, “We have 500 million people making a dollar a day.” They have this drive to move them out.

I don't want to dump on anybody, if you'll pardon the term, but how much of this is of our own doing? I watched a program. I've seen this Swedish guy who just recently died, the professor who does all these graphs with the bubbles. You probably know who I'm talking about. He was talking about how the poor countries are moving forward, and when you see that big bubble, manifested mostly by China, and India, to some degree as well, and how they're trying to push that, how much of this is an equalization across the globe? How much of this is just going to happen?

I don't know how else to get around this, and I know that the steelworkers at this particular point are being affected, maybe more than most others. That's number one. Then I can remember in the 1960s when the buzz was pollution and didn't we, to some degree, close down Hamilton as well? People just didn't want to see that pollution. They didn't want to see all that.

How much of this has just come to a loggerhead?

I wish we had more time because I know you could probably give a lecture on this, and I'd love to attend it, so I'm going to give you a little time.

● (1620)

Dr. Ian Lee: I'll be very succinct, though. I'm really tying your question into the previous question. The Chinese do have a competitive advantage in some industries, but I do not think it's in the advanced sector. I don't believe we have to worry in the services sector or advanced manufacturing, with Bombardier or the Americans worrying about Boeing, at least not for the present.

Where the threat is coming from is in traditional industries, natural resource industries, steelmaking, because the state-owned enterprises can cheat. They can cheat because they're owned by the state, so they're paying wages below market, they're getting subsidies, they're getting around red tape, and they're getting permits much more easily. The end result is that the whole structure of China is distorted by these very large numbers of very powerful state-owned enterprises, which is about a quarter to a third of GDP.

More important, they're not little companies. It's not like the small business sector in Canada, which doesn't have a lot of power. These are big companies that have a tremendous amount of power, and they can use that power to give themselves what I would call an unfair competitive advantage that has not been earned. They're doing it for the reason I said, because they have these millions of people coming in from the countryside and the Chinese Communist Party is terrified of losing its claim on power. The only way it can keep its claim on power is to keep delivering jobs. That's why I said I don't think we, in Canada, or the Europeans, or the Americans, can count on the Chinese correcting the problem in the steel sector.

Mr. Dave Van Kesteren: I've recounted this story I think in this committee, too, about the first time I went to China and was seeing the pollution. I visited the steel mills the second time and just saw the pollution. When I came back home the Chinese came to visit and they said, we want to talk to you about your trip. I was one of the first ones in our party to go at that time, and I said, that's great. What do you want to talk about? They said, we want to talk about the environment. I thought that's wonderful. They said, no, we don't want to talk about our environment; we want to talk about your environment.

They talked about us reducing our carbon footprint. When I mentioned to them that they had a little bit of an issue there themselves, they said, that's just really recent. You guys have been doing this for 100 years, and we're just.... Then he told me the story, and reiterated those things about moving the society forward and how important that was.

How much of that is accepted by some of our national leaders?

The Chair: It will have to be a short answer.

Mr. Dave Van Kesteren: I'm wondering about that. I wonder if we're allowing that to happen.

Dr. Ian Lee: I won't address that part, but I just want to pick up on your point very quickly on the pollution side and put a metric out there that I'm not sure people are aware of. China today, 2017, still sources 65% of the total energy of China from coal. You're absolutely right, of course, you're going to have a competitive advantage in Canada making steel if you're not using coal. Just take coal out of the picture and you already have a competitive advantage over the Chinese because they're using the dirtiest of the dirtiest of the dirty.

Mr. Dave Van Kesteren: Yes, that's true.

The Chair: We're going to move over to the Liberals.

Mr. Fonseca, you have the floor. Go ahead, sir.

Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.): Thank you, Mr. Chair.

I want to thank our panellists for all the information they've been able to share, and their experiences through an industry that has gone through so much change.

Mr. Lee, I know our focus here has been on China and their unfair competitive advantage. Is that the same now? I think I heard you mention currency manipulation. We've talked about subsidies. How about Japan and South Korea? They are different markets, but big exporters to us here. Can you do a compare and contrast with China and now Japan and South Korea? How are they able to stay competitive?

● (1625)

Dr. Ian Lee: I have not studied them, other than that I have the stats with China and South Korea and Japan and India. I was thinking about this just today actually, for a completely different reason. They seem to gravitate towards this industry specifically because it tends to be well-paying for the people in these countries, and it hires a lot of people. From the policy-maker's perspective—

Mr. Peter Fonseca: That's China, but I'd like to—

Dr. Ian Lee: No. I'm talking about South Korea, India, and Japan.

To answer your question about whether they are cheating too, I haven't looked at that because I'm so focused on China. I haven't looked at the policies that are being adopted in Japan or India or South Korea. I can tell you that Asia is dominating steel production. Europe has 10%. It has 500 million people and it's the largest regional economy in the world, and they only have 10%. Asia has something like 80% of the world's steel, so they're doing something.

Mr. Peter Fonseca: To any of the other panellists, I know we've focused on China, but now for Japan and South Korea, how do they keep their competitive advantage? Is it the same? Is it through what we've said about currency manipulation? Is it that they have subsidies? What are they doing, because they have much higher wages for their workers, and probably higher environmental standards, especially Japan, so how do they do it?

Mr. Joseph Galimberti: We do have orders. I'll be happy to provide for the committee afterwards the list of orders that are in place under the CITT where dumping and subsidy behaviour have been found. There are orders in place against both Japan and South Korea. It's demonstrable dumping and subsidy behaviour in those markets, and predominantly in the South Korean case, I think, it's subsidy.

This is also, though, I want to emphasize, a part of the China effect, because China is selling its steel into Korea. That is motivating Korean producers to then dump onto the global market whatever they can't sell in their now tainted or undervalued domestic market. That's why you see that sort of infiltrative behaviour. We now see dumping coming out of Europe. It's the same problem. Chinese steel is pushing Turkish steel out of Turkey, and Turkish steel is ending up in North America.

Mr. Peter Fonseca: I'll go back to you, Mr. Lee, and what you were talking about. I don't know if we have a steel strategy here in Canada. I guess we don't own our steel now; it's foreign owned. You talked about consolidation. Is that consolidation here now within North America? Are you talking about U.S. Steel consolidating or others getting together? How do you see the strategy for us to up our game?

Dr. Ian Lee: I'm drawing partly on the research on industries in decline or industries facing very difficult challenges. A common strategic response that's been studied by economists and business schools is that industries in decline consolidate.

We're seeing this going on in the airlines, too, where you have a bunch of unprofitable companies and you.... Let's be blunt. I'll say what I've said in my class to my students. You consolidate to do what? To reduce competition so you can put prices up. If there are eight companies in the business and you consolidate to four divvying up the same market, it's not going to be as competitive as when you have eight firms. It's going to become more oligopolistic.

Secondly, in the study that was just done by Ernst & Young—and they have a very nice study out on the world steel industry—they're also advocating going down that road. They're saying that firms are either going to have to get bigger and scale up to achieve greater economies of scale or to “go niche”, into very focused markets.

Mr. Peter Fonseca: My last question is for you, Mr. Neumann. How would that affect your members? Would U.S. Steel move production to the U.S. or here, wherever they're most competitive? How would that affect the consolidation or the path forward for the industry here in North America?

Mr. Ken Neumann: First of all, for the steel industry, if you look at the submission we've done, you'll see that currently we have 22,000 steelworkers working directly in the industry, and the industry affects in excess of 100,000. You can go back to the late seventies and the early eighties when they talked about the steel market across the country. Canada has stepped up to the plate. We've stepped up to the plate environmentally. We've modernized. We've done the skills training. It's now one of the top efficient lines.

U.S. Steel is not one of my favourite topics because of the facts on the way they were brought into Canada. There was not a net benefit to Canada. There have been some accusations over the shifting, and probably there's some truth to that fact, but we can't get ahold of that private agreement. There's that security agreement that the government won't let us access. That's still tied up in the courts.

Look at the companies that we deal with today. We have relationships throughout them. Look at Essar. Look at some of these others. We have a tremendous amount of them. We have great mills. We have great workforces. We're state of the art. There's no reason why we can't.... These laws have been outdated for years. I always look at this very simply, as a working person. If you look at the steel industry in regard to dumping, you'll see that it didn't happen yesterday. We've had this time and time again. That's why we had the bankruptcies. Why still today in this country are we building a bridge in Montreal with foreign steel? Why are we building a bridge in British Columbia with foreign steel?

On softwood lumber, I shake my head. We've lost 54 mills since the last agreement. Why are we still cutting the logs, shipping them and floating them down to the U.S., putting them on a ship, sending them over to China, and then bringing them back as a desk, or a chair, or whatever the case may be?

It's simple to me.

● (1630)

Mr. Peter Fonseca: Thank you.

The Chair: We have just a few minutes left. The NDP is going to take those last few minutes.

Go ahead.

Mr. Scott Duvall: Thanks. This is a great conversation.

One of the things that really bothers me is that what it all comes down to is jobs. How many jobs are we going to lose in Canada? These jobs that we're talking about in the steel industry are very well-paid jobs. That's what bought my house, bought my car, and brought up my family.

However, I want to show you the difference. In the 1970s we had 14,000 people in the steel industry just in Hamilton. Right across Canada, there were about 18,000, and I'm just talking about Stelco. Right now in Hamilton, we're down to 3,000 people, and they aren't all union people. Most of them are non-union people.

The problem is our retirees. They have to worry now about whether they're going to have a pension tomorrow, about whether they're going to have what they've worked for all their lives. They've dealt with this for the last 10 years. That's what we're talking about here. How can we protect our industry? We believe in trade, but we believe in fair trade. In terms of the amount of jobs in the steel industry, if we lose those, then we.... The auto industry counts on us to buy those cars, and there are other manufacturers.

Ken, maybe you can answer this. How do you feel it's going to affect the communities across Canada if the steel industry doesn't make it, if we allow it to go down? I know that right now the people feel they've been let down by Canada, especially in the Hamilton area.

Mr. Ken Neumann: There are numerous examples across the country of the steel industry's demise. We see it in Atlantic Canada. We've seen some of those places disappear. It has devastated those communities. These are engine drivers.

I was in Saskatchewan where Ipsco is now Evraz, a Russian company. With the amount of revenue that brings, if that company were to leave, it would be a tremendous situation. I've seen the devastation that it's created in Sault Ste. Marie. I worry about the Soo at night because of the fact that this is one of the largest industries. If it were to disappear, it would really have a significant effect.

You just mentioned Hamilton. Hamilton was kind of seen as the Chicago area of Canada with regard to all the steel mills around. It's going to have a tremendous effect. I can't express the disappointment enough. We've been at the front of the fight in regard to the bankruptcy laws, to make sure that workers have some access to their pensions and have the benefits. I know I get emotional sometimes, because it is emotional to have all these people, 20,000 people....

I worked in an industry. It wasn't the healthiest industry when I first started. It's much more modernized today. Those people knew when they were working in those industries that it was also a health risk. The union said that we were going to have some benefits post-retirement. That's now disappearing. When do we need health care the most? The fact is that it's in our senior years when we need medication. These people are now being deprived. In many cases, we're going to send them to their graves earlier than they should be going because they don't have that facility.

That's heart-wrenching. I don't care whether you're a labour leader, the mayor of the city, a businessman, or a CEO. You should be concerned about that. It is devastation.

We've adjusted. We've lived up. We've done the skills training in regard to the upside and downside through CSTEC. There was the innovation of the government of the day, where we had the tri-part of labour, business, and government. It worked great. We were able to deal with that. We were able to train people and to put them into industries where jobs were available, because they were no longer in the steel industry. That has now somewhat disappeared. We've narrowed it down to 22,000 steelworkers. We almost had that many in the Hamilton region alone. It's devastating. The fact is that it doesn't have to be that way.

If you don't have a vibrant steel economy, that is a black strike, a black mark against the country. We need to do everything we can to preserve it, and to make sure that we have dumping protection, because as you've heard from all the submissions, a market economy, that's just not going to work.

Ms. Tracey Ramsey: With all the infrastructure projects—

The Chair: Thank you. You're time is well up.

I thank all the panellists for coming. It's been a really good conversation here this afternoon with the back and forth.

This is only our second meeting. We're going to have a couple more. If there's anything you folks want to add, or if you want to chime in to our next couple of meetings, and want to know about when we're having them and find out about them, you're welcome to it.

Folks, don't go too far away. We're going to suspend for a few minutes and then we're going to go in camera.

[*Proceedings continue in camera*]