

Christian C. Provenzano B.A., LL.B.
Mayor



Corporation of the City of
Sault Ste. Marie

The Honourable Minister Bill Morneau
Minister of Finance
90 Elgin
Ottawa, ON, K1A 0G5

The Honourable Minister Navdeep Bains
Minister of Innovation, Science and Economic Development
235 Queen Street
Ottawa, ON, K1A 0H5

February 18th, 2016

Dear Ministers Morneau and Bains,

I would like to congratulate you both on your success in the recent federal election and upon your appointment to Cabinet. I trust that you are enjoying the challenges and opportunities presented to you by your new portfolios.

I am writing to you to support the positions recently taken by our Member of Parliament, Terry Sheehan, with respect to the modernization of Canada's trade remedy system. The statutes and regulations governing imports and trade remedies have put domestic manufacturers at a disadvantage when seeking relief against foreign competitors that are unfairly subsidizing or dumping products in the Canadian market. The difficulty in combatting unfair trading practices has ramifications for many sectors of the Canadian economy but the effects are currently most evident in our domestic steel industry.

In Sault Ste. Marie, our largest private employer is Essar Steel Algoma (ESAI) an integrated steel producer that is currently under CCAA protection. Another of our largest employers is Tenaris Algoma Tubes, a seamless pipe manufacturer that is also a part of the steel industry and that is currently in the midst of a temporary shutdown. Both companies are enduring very difficult market conditions that have been exacerbated by the prevalence of unfairly traded imports entering Canada. Our municipal government is understandably concerned with the situation besetting our major industries. I have met and spoken with representatives from the federal and provincial levels of government, the Canadian Steel Producers Association, the United Steelworkers Union, and individual company officials.

Steel is a foundational industry. The loss or diminution of Canada's domestic steel sector would have adverse consequences for many other manufacturing industries in the country. If Canada wishes to retain its manufacturing sector than modernizing its trade remedy system is a necessity.

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The regulations that Canada is following are now more than 20 years old. With the recent strengthening of trade remedy provisions in the United States, Canada's weaker standards now make it a target for dumping from off-shore producers who are being turned away from the American market.

This situation puts Canada's domestic manufacturers at a serious disadvantage. The well-paying jobs provided by manufacturing and value-added industries have long been part of the backbone of the Canadian economy. Losing these industries, the jobs they support and the technological innovations they create would do irrevocable damage to Canada's middle class—the recognized cornerstone of Canadian prosperity.

Certainly, our domestic industries must uphold their part of the bargain. However, in our local circumstance, both ESAI and Tenaris Algoma Tubes are recognized across the steel industry as highly-efficient producers of quality products. Both companies have made substantial investments to boost their productivity and to lessen their environmental impacts. Despite the lax environmental and labour standards of many of their foreign competitors, both companies can still compete successfully against imported products—provided market-distorting practices such as dumping and subsidies are redressed fairly and quickly.

I welcome the opportunity to discuss these matters with you and confirm that MP Sheehan has his community's full support as he addresses these matters on its behalf.

Sincerely,

Christian Provenzano, Mayor

C.C. Terry Sheehan, Member of Parliament, Sault Ste. Marie
The Honourable David Oraziotti, Member of Provincial Parliament, Sault Ste. Marie
Kalyan Ghosh, CEO, Essar Steel Algoma
Guillermo Moreno, Managing Director, Tenaris Canada
Jack Ostrowski, USW Area Coordinator
Tom Dodds, Executive Director, Sault Ste. Marie Economic Development Corporation
Don Mitchell, Chair, Sault Ste. Marie Economic Development Corporation
Sault Ste. Marie City Council