

June 15, 2018

U.S. 232 Retaliation Consultations  
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***Re: Unifor submission on the notice of intent to impose countermeasures action against the United States in response to tariffs on Canadian steel and aluminum products***

Unifor is a Canadian labour union representing 315,000 members that work in nearly every major sector of the economy. Unifor is headquartered in Toronto, Ontario and is Canada's largest union in the private sector.

Nearly 8,000 Unifor members work in Canada's steel, aluminum and related metalworking industries. This includes roughly 3,700 members working for Rio Tinto-Alcan operations in Saguenay, Quebec as well as Kitimat, B.C. Unifor also represents 3,500 workers in various metalworking facilities, including 350 members working at Evraz Steel in Alberta and 500 steel parts workers at ArcelorMittal in Woodstock.

**Position of Unifor on U.S. steel and aluminum tariffs**

Unifor is deeply concerned with the Department of Commerce's investigative findings (under the U.S. Trade Expansion Act, 1962; Section 232) that imports of steel and aluminum products, including from Canada, threaten to impair the national security of the United States.

Unifor is further concerned that, despite the stated shared security supports and close economic integration between our nations, the United States has chosen – by Presidential Proclamation – to impose punitive ad valorem tariffs on Canadian steel and aluminum imports of 25% and 10%, respectively.

The application of punitive tariffs on Canada is an act of bad faith. Despite our shared concerns around the global overcapacity of steel and aluminum materials, the monitoring of material exports (at market-distorting rates) as well as the transshipment of these products across borders, the United States has implicated Canada in these border tariffs. Linking these national security concerns to perceived progress

made by the Parties to ongoing NAFTA re-negotiations, (as the President had done in his proclamation on March 8) lay bare the United States' ulterior motives.

The argument that Canadian imports of steel and aluminum materials constitutes a threat to impair U.S. national security rests on the premise that an over-dependence on foreign supply would weaken the U.S.' domestic economy, among other matters, ostensibly to the benefit of foreign suppliers. The data underpinning Canada's bilateral merchandise trade relationship with the U.S. does not support this argument.

To consider Canada's steel and aluminum trade a threat to impair national security entirely ignores the mutually dependent relationship between our two nations on steel and aluminum trade.

It is no secret that the lion's share of Canadian steel and aluminum exports are destined for the United States - in both cases, representing approximately 90 per cent of total exports by some measures. However, it is also important to note that U.S. imports accounts for 55 per cent of all foreign steel purchased in Canada (based on value) and 45 per cent of all imported aluminum, the largest share of any foreign importers<sup>1</sup>. In fact, 50 per cent of all U.S. steel exported in 2017 was destined for Canada.<sup>2</sup>

Furthermore, according to U.S. Census Bureau trade data, two-way trade in steel products in recent years has actually favoured the United States. In 2017, for instance, Canada's trade deficit in iron and steel<sup>3</sup> products with the U.S. topped USD \$2.4 billion.

Unifor maintains that these U.S.-imposed tariffs on Canadian exporters are groundless and ignore the relatively balanced trading relationship between our two countries. Unifor stands firmly opposed to these emergency tariffs.

### **Position of Unifor on Canada's proposed countermeasures**

Unifor broadly supports the proposed countermeasures on U.S. imported goods identified by the federal government on May 31, 2018. We recognize the imposition of tariffs on imports of key industrial and consumer goods from the United States is not a desired outcome. However, these proposed countermeasures send an important, and overdue, signal to the U.S. Administration that Canada cannot rely singularly on bilateral diplomacy or the use of official court mechanisms to win reprieve in the face of relentless attacks on Canadian industry and working people.

Over the past year, U.S. claims of unfair trade practice against Canada has resulted in damaging tariffs levied against our softwood lumber and uncoated groundwood paper industries – tariffs that we anticipate will result in tens of thousands of affected jobs, workplace closures, and community hardship. Additional U.S. claims of unfair trade practice also resulted in the temporary application of near 300 per cent import duties on Bombardier's C-Series aircraft – claims so egregious that the U.S.'s own trade authorities struck them down. In addition to U.S-imposed tariffs on Canadian exports of steel and aluminum, President Trump is now threatening similar measures be taken against Canadian motor vehicles and parts.

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<sup>1</sup> Industry Canada, Trade Data Online; Unifor Research

<sup>2</sup> International Trade Administration, Global Steel Trade Monitor – Steel Exports Report, December 2017

<sup>3</sup> Source: USA Trade, US Census Bureau: consisting of HS product codes 2601, 2618, 2619, 72 and 73.

Canada's proposed countermeasures appear both reasonable and reciprocal in their design. The proposed response is also in line with actions that sister nations around the world are contemplating, including the European Union and Mexico.

### **Package of retaliatory tariff measures must include comprehensive industry supports**

Unifor supports the federal government's proposed countermeasures, but also recognizes that with or without reciprocating tariffs on U.S. goods, Canadian workplaces and jobs are still at risk from these unilateral U.S. tariffs on steel and aluminum products.

In 2017, Canada exported roughly \$9 billion (USD) in iron and steel products to the United States, which based on our estimates, is the equivalent to approximately 22,000 direct primary and fabricated metalworking jobs. It is imperative that the federal government immediately develop a comprehensive package of industry and workplace supports, as a means to mitigate the impact of these unfair U.S. tariffs. Such an initiative can complement and expand on the commitments recently announced by the Government of Québec.

On this matter, Unifor provides the following recommendations for consideration – as part of a broader package of support measures targeting workers in the Canadian steel, aluminum and associated industries.

1. Prioritize the needs of affected workers and communities in this latest trade dispute, by immediately developing an industry support action plan that can be announced in conjunction with reciprocal tariffs on the United States on July 1;
2. Ensure that any action plan provides access to vital financial service supports, geared toward re-investments in production, capital equipment, sustainability measures and other upgrades intended to mitigate permanent or temporary facility closures and layoffs;
3. Ensure that financial supports are flexible, and cater to the specific needs of small, medium and large businesses (whether through loans or direct financial subsidy);
4. Develop a package of job-sustaining, worker assistance supports that provide affected workers greater incentive to participate in work-sharing programs and other job-loss mitigation measures. Worker assistance measures should also consider extensions to Employment Insurance eligibility (with no discrimination between long and short-tenured workers) as well as enhanced mobility assistance, but should prioritize job retention and skills upgrading within the steel and aluminum industries (i.e. not crafting a support package merely designed to transition workers and skills out of the industry).
5. Ensure that eligibility for worker assistance measures extend to those indirectly affected by this trade dispute, including steel and aluminum-reliant downstream industries (e.g. auto parts) and associated upstream workplaces in small communities that are disproportionately reliant on the steel and aluminum industry.

**Unifor further recommends that the federal government:**

- Task the federal Steel and Aluminum Trade Monitoring Committees to conduct comprehensive jobs impact assessments that can inform the ongoing development and deployment of these industry and workplace assistance measures and other related policies, working in collaboration with various stakeholders, including provincial governments.
- Ensure that all monies collected in the application of the surtaxes or other border tariff countermeasures (based on 2017 import values of steel and aluminum products, we estimate that tariff revenues could generate upwards of \$2 billion CDN) are directed toward industry and worker assistance programs. For this reason, it would be appropriate for Canada to maintain a reciprocal list of products subject to tariffs, in accordance with the U.S. list of tariffs.

On behalf of Unifor, I want to thank the Department of Finance for the opportunity to contribute to this important consultation. These U.S. trade actions toward Canada are not only unwarranted and unfair, but that signify an overextension and abuse of national trade remedy laws.

We offer our support to the Government of Canada, and look forward to working with the appropriate ministries to develop programs to protect the livelihoods of affected workers against these economic threats.

Yours truly,



**JERRY DIAS**  
**NATIONAL PRESIDENT**

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