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Trade remedy modernization a must for Canadian industry

If international trade were a hockey game, it'd be one rife with clutching, grabbing and underhanded tactics. As a player, Canada is trying its best to ignore this. We're committed to playing by a code of politeness that our opponents choose to ignore.

It's time for our nation to muscle up, go into the corners again and have "fair trade" re-enter the lexicon alongside "free trade." The best way to begin doing this is by modernizing our trade remedy system. Our present antiquated system is putting our domestic industries at a competitive disadvantage, with the steel sector being particularly hard hit in recent times.

We've seen these impacts in our community of Sault Ste. Marie. Our largest employer, Essar Steel Algoma, has entered creditor protection. Another of our large industrial employers, Tenaris Algoma Tubes, has endured layoffs and temporary shut-downs. Depressed commodity prices and difficult market conditions have played major roles in this situation, but the prevalence of unfairly traded imports has exacerbated it.

Canada's trade remedy statutes and regulations are now more than 20 years old. Since their adoption, off-shore competitors have become shrewder about how to skirt them and how to mask unfair trading practices.

In response, many of Canada's trading partners have strengthened their trade dispute systems, most notably the United States. With stronger American regulations coming into effect, Canada is now a natural entry point for dumped and subsidized products to enter North America.

Canada needs to modernize its trade remedy system to keep pace with other advanced economies. At present, the process to litigate a trade dispute in Canada is costly, time-consuming and places too much of the onus on our domestic producers to prove that illegal dumping or subsidizing has taken place.

It's asking a lot of private sector companies in Canada to be able to discern what the true price of steel or other manufactured goods are in non-market economies overseas. Many of these same countries function under opaque regulatory regimes and feature government-operated businesses.

Even when Canadian firms are able to prove that market-distorting practices have occurred, they run the risk that the Canadian International Trade Tribunal will rule against their claims for inscrutable reasons.

For instance, a recent baffling CITT decision found that while imported steel plate had been illegally dumped in the country, it had caused no harm to Canadian producers.

It bears remembering that there are three integrated steel producers in Canada and two of them are currently under creditor protection. Only one of them—Essar Steel Algoma—is a full service steel plate producer. With steel prices already nearing record lows, it's disconcerting that the tribunal could conclude that allowing dumped plate into the country would not be harmful.

When CITT rulings do go in the favour of domestic industry, in many cases, the financial damage and loss of market share is already done by the time countervailing duties are applied. The lapse of time between the launch of an investigation and the final ruling is simply too long.

Steel is a foundational industry. The loss or diminishment of Canada's domestic steel sector would have adverse consequences for many other industries in the country. To be clear though, the problem of unfairly traded imports is far broader than just steel. Our entire traditional manufacturing sector is at risk.

To survive and thrive in the 21st century, Canadian industry has to do its part. Companies will have to innovate and make investments in productivity in order to keep pace with competitors in jurisdictions with lax labour and environmental standards.

That's a tall order but it's by no means insurmountable. However, our governments need to ensure that unfair trading practices don't become the hooking and grabbing that puts the goal out of reach.

As a nation, Canada needs to play tough but within the rules with its trade remedy system. We have to be willing to throw more checks to defend our domestic industries and stop worrying about taking home the award for good sportsmanship.

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