

## **North American Steel Trade Committee**

*October 13-14, 2016*

*Ottawa, Canada*

### **Meeting Summary and Action Items**

#### **Summary**

The 26<sup>th</sup> North American Steel Trade Committee (NASTC) meeting was held on October 13<sup>th</sup> and 14<sup>th</sup> in Ottawa, Canada. The meeting was chaired by Michèle Govier from the Department of Finance Canada and was attended by government officials and steel industry representatives of Canada, Mexico and the United States.

The meeting began with opening remarks from Paul Halucha, Assistant Deputy Minister for the Industry Sector at Innovation, Science and Economic Development Canada, which highlighted the importance of the steel industry for the manufacturing sectors, the economies of the three NAFTA countries and the high-level of integration of the North American steel market. This was followed by an overview of the global and North American economic outlook presented by Brian Torgunrud, Senior Chief in the Economic Analysis and Forecasting Division at the Department of Finance Canada. Henry Wegiel of ArcelorMittal Dofasco shared the industry's update and key issues in the NAFTA Pulse, noting that the market share of offshore steel remains elevated despite declines in import volumes as a result of trade actions taken by NAFTA governments. Industry participants also raised the potential challenges of addressing dumped imports as Chinese steel moves up the value chain. Finally, Joseph Galimberti of the Canadian Steel Producers Association provided an update on the industry's NAFTA Steel Policy Playbook.

The Government of Mexico provided an update on trilateral cooperation, emphasizing the commitments made by Leaders at the most recent NALS meeting in June 2016, including customs enforcement cooperation and reaffirming efforts to address global steel excess capacity.

On competitiveness, Joseph Galimberti of the Canadian Steel Producers Association and Chris Weld from Wiley Rein presented industry's views on competitiveness and, specifically, expressed concerns with the potential impact of proposed measures that are implemented to address climate change, if they are not undertaken on a global, trade-neutral basis. In addition, industry noted that the sustained weakness in energy sectors continues to have a negative impact on demand for steel products. Finally, given their relatively weak financial state due to high import penetration levels, the industry has had low levels of investments which impact its ability to sustain the level of innovation which is critical for North American products to remain competitive.

On external trade, Kevin Dempsey of the American Iron and Steel Institute began discussions by reiterating industry's concerns regarding global overcapacity, the impact of offshore imports, the need to continue treating China as a non-market economy country in trade remedy contexts and the maintenance of effective WTO trade remedy rules. Industry urged NAFTA governments to continue pressing these issues in international forums. The industry overview also addressed the importance of having robust trade remedy enforcement rules to address evasion schemes. In turn,

government officials provided a debrief on the September OECD Steel Committee and Global Forum meetings as well as on the status of the free trade agreements being negotiated by the each country and WTO disputes of interest to the steel industry. The session concluded with an in-depth discussion, led by Paul Conlin from Conlin Bedard, of the implications related to the expiry of paragraph 15(a)(ii) of China's WTO Accession Protocol.

On internal trade, Alex Lawton, Director of Trade Compliance at the Canada Border Services Agency reported on the outcomes of the first Trilateral Customs Steel Enforcement and Cooperation Dialogue, which had taken place the day before. The governments of the U.S. and Mexico also provided updates related to enforcement mechanisms, including the signing into law of the Trade Facilitation and Trade Enforcement Act of 2015 in the U.S., the introduction of the Global Steel Trade Monitor, and the SAT-CANACERO Partnership Agreement in Mexico. There was also a discussion in which the industry noted the importance of customs enforcement to address evasion, fraud, and circumvention.

### **Action Items**

#### **External Trade**

1. Governments agreed on the need to have consistent messaging and to raise the issue of global steel excess capacity in other international forums, including through bilateral engagements with China, where possible.
2. Governments agreed that it would be important to maintain a coordinated North American response to any trade case or discussions that may risk undermining the right of the NAFTA countries to use a non-market economy methodology in antidumping proceedings involving China. Common messaging will be particularly useful during WTO dispute settlement.

#### **Competitiveness**

1. Governments acknowledged industry's concern regarding the potential competitive impacts of measures to address climate change, and agreed that further direction from industry regarding action items for next steps would be helpful.

#### **Internal Trade**

1. Governments reaffirmed their support for customs enforcement cooperation and agreed to continue including reports to the NASTC as this work continues.
2. Governments also discussed ways to clarify particular aspects of the SAT-CANACERO Partnership Agreement and have committed to continuing discussions and facilitating the sharing of information.

#### **Other**

1. The U.S. Government agreed to hold the next meeting in Washington, in spring 2017.