



District 6  
Ontario & Atlantic Provinces

Marty Warren  
District Director

December 22, 2015

**Via email: [bduguid.mpp.co@liberal.ola.org](mailto:bduguid.mpp.co@liberal.ola.org)**

The Honourable Brad Duguid,  
Minister of Economic Development, Employment and Infrastructure  
8<sup>th</sup> Floor, Hearst Block  
900 Bay Street  
Toronto, Ontario M7A 2E1

Dear Minister,

I am the District Director of the United Steelworkers (USW) for Ontario and Atlantic Canada. We represent thousands of men and women who work in the steel industry and thousands more steel industry retirees in Ontario.

I am writing to request an urgent meeting with you to discuss the current crisis in the steel industry.

As you are no doubt aware, the price of steel has dropped sharply, plunging the industry into a worldwide crisis. In Ontario, prices have declined by more than 50% per ton since 2011 because of an increase in low-priced imports, coupled with the drop in oil prices which has led to decreased demand for steel used in pipe making.

Two of Ontario's largest steelmakers, U.S. Steel Canada (USSC) and Essar, who employ thousands of our members, are operating under the Companies' Creditors Arrangement Act. Tenaris Steel has been resorting to massive layoffs of our members in an attempt to stay afloat. Post-retirement benefits for our more than 20,000 retirees at USSC were completely eliminated as a result of USSC's insolvency and the disengagement of its parent company U.S. Steel, leaving countless families struggling financially to meet health care costs.

If the crisis is not resolved soon, these thousands of men and women and their families are in critical danger of losing their livelihoods.

As Minister, I am sure you recognize that the steel industry is a vital part of Ontario's economy. Across Canada it employs more than 20,000 people directly and over 100,000 indirectly in jobs reliant on the steel sector in some way. Most of those jobs are in Ontario. Steel is an essential part of the supply chain to key Ontario industries including automotive, construction and energy. According to the Canadian Steel Producers Association (CSPA), three quarters of all manufactured goods contain steel. Across the country, the steel industry contributes over \$7 billion per year in exports and purchases more than \$9 billion in goods and services that support some 5,000 suppliers, many of those in Ontario. And the industry is innovative: it has invested more than \$2 billion in new technologies and improved production processes since 2010. More than half the types of steel now produced in Ontario did not exist 15 years ago.

In addition, the steel making assets we have in this province are high calibre, capable of producing quality steel in a competitive marketplace. USSC has North America's newest integrated steel facility in Nanticoke (Lake Erie Works), and both USSC and Essar have advanced, state of the art equipment and are recognized within the industry for the high quality products they manufacture. If these assets are properly maintained and if the companies that own them are properly financed, these assets should be part of the industry of the future.

Finally, in a competitive, modern manufacturing marketplace, just in time delivery is expected. Only a thriving Ontario steel industry can provide the province's manufacturing sector with the steel it needs to build cars, put up infrastructure or develop resources. Convolved supply chains, long lead times and high transportation costs are simply not consistent with the manufacturing of today.

For all these reasons, we believe steel must continue to be made in Ontario.

We believe the provincial government has a vital role to play in helping our steel industry, along with the thousands of Ontarians who work within it, to survive this crisis to emerge stronger and more competitive than ever.

We are calling on the government to implement a Steel Industry Action Plan in Ontario and would like to discuss this plan with you.

The plan would help the industry restructure while enhancing its ability to compete going forward and fairly meet its obligations to retired workers. It would provide critical funding for (a) short-term loans to help steelmakers weather temporary marketplace challenges while they restructure, (b) research & development, and (c) training for the current industry workforce in response to technological innovation and for those workers laid off as a result of restructuring. A second component of the plan would address pension funding rules and temporary funding for health care related benefits for retired steelworkers to ensure these men and women are fairly treated.

The USW has a great deal of experience in working creatively in situations like these. The cyclical nature of the steel industry has meant that we have faced downturns in the past, and have worked with governments and the industry as a partner in previous restructurings. We are prepared to work with any party that is prepared to step up and work to ensure the long term viability of this critical industry.

Thank you for your time and attention to this matter. We look forward to meeting with you as soon as possible.

Yours sincerely,



Marty Warren  
District Director

c.c.:	Tony DePaulo	Ken Neumann
	Ken Delaney	Alex Eshelman
	Ken Rosenberg	Mark Rowlinson
	USW Local 1005 Gary Howe	USW Local 8782 Bill Ferguson
	USW Local 2251 Mike DaPrat	USW Local 2724 Lisa Dale
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