Canada warns US Steel about temporary shutdown

OTTAWA (AP) — The Canadian government warned United States Steel Corp. on Wednesday that it must live up to its production commitments at the former Stelco Inc. plants in Ontario which it has temporarily shut down.

Industry Minister Tony Clement said he sent a letter indicating that the shutdown at plants in Hamilton and Nanticoke, Ontario, may violate commitments the U.S. steel giant made when it bought the Canadian steel producer in 2007.

"(U.S. Steel) committed to a series of undertakings regarding, among others, capital expenditures, research and development and production. U.S. Steel has recently cut production and laid off employees at its Canadian operations. While I recognize that these are challenging economic times, we expect the company to live up to its commitments," the minister said in a statement.

Pittsburgh-based U.S. Steel announced the temporary shutdowns of steel operations in March, idling 1,500 workers. Union leaders said Tuesday that they are bracing for a temporary closure of the coke ovens at Lake Erie Works in Nanticoke.

Erin DiPietro, a U.S. Steel spokeswoman, said in an e-mail message Wednesday that the company is reviewing the demand and will respond in due course.

United Steelworkers economist Erin Weir welcomed the minister's announcement.

"It's really good they are trying to enforce the commitments. But this is uncharted territory. I don't know if the government of Canada has tried to do this before," said Weir.

The minister said the letter is the first step in the enforcement process under the Investment Canada Act.

Under the act, a court can order a foreign company to divest itself of its Canadian operations if it is found to be in violation, or face penalties of up to 10,000 Canadian dollars ($8,500) a day.

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