



Submission to the Standing Committee on International Trade

Brampton Board of Trade
7-30-2018

July 30, 2018

Standing Committee on International Trade
House of Commons
Ottawa, ON K1A 0A6
c/o Christine Lafrance, Committee Clerk

Re: Steel & Aluminum Tariffs imposed on Canada

Dear Committee Members:

Thank you for considering this submission as you consider the impacts of the tariffs imposed by the United States on Canadian businesses, companies and workers.

On behalf of the members of the Brampton Board of Trade, we want to publicly affirm our support for the government's efforts to defend Canadian interests in the face of unprecedented trade actions by the United States government. The recent imposition of tariffs on steel and aluminum have created many adverse consequences for businesses in Canada, including companies in Brampton.

Brampton Board of Trade held a roundtable with several affected companies in the steel, aluminium and metal fabrication industries. With respect to tariff impacts, local companies offered the following insights:

- 1) **The cost of uncertainty** – this was the main feedback shared by local companies. Uncertainty of access to raw materials, the escalation of supply pricing, the cash flow impact to their business, and the increase in overhead burden caused in determining tariff applicability, revisions to purchasing protocol and additional communication to customers required by their respective sales departments.
- 2) **The artificial contraction of the supply base** – domestic supplier delivery times are increasing, which is impacting customer satisfaction.
- 3) **Profit** - are under significant pressure and, in some cases, have evaporated as some companies are locked in to long-term agreements on customer pricing. Over time, this puts jobs at risk.
- 4) **Brand Image** - Concern of what U.S. counterparts are potentially saying to their customer-base: i.e. don't source from Canada anymore.
- 5) **Price Stability** - Concerns over the cash flow impact of escalating supply prices and customs brokers fees and therefore fluctuating prices charged to customers.

- 6) **Drawbacks and Returns:** For those working with recycled metal as an input, recovery of duties is a sunk cost, as there are no duty drawbacks on returns.
- 7) **Domestic Mill Pricing:** Concerns that domestic mills are price gouging because they can.
- 8) **Raw Material Market Access:** Concern over the ongoing review of international imported steel and access to imports. Restrictions would be very damaging to businesses at this time.
- 9) **Customer Retention:** Concerns on trying to manage the expectations of their customers both short-term and long-term.

When asked what the governments of Ontario and Canada could do to address these concerns, businesses offered the following:

- 1) **Timing is crucial:** Do what you can to resolve the trade dispute as quickly as possible. Jobs and business viability is at risk.
- 2) **Explore retaliatory tariffs:** Fully understanding the domestic pain that will come with it, retaliatory tariffs should be explored. In particular, give consideration to surcharges on oil & energy that Canada exports to the United States.

Brampton businesses also encourage senior level governments to explore relief solutions for domestic producers and manufacturers:

- 1) **Reduce energy costs:** i.e. allow Ontario businesses to have access to lower cost, reliable energy from Quebec.
- 2) **Monitor Pricing:** Monitor and influence stable pricing from the mills to domestic producers.
- 3) **Avoid import restrictions:** Encourage more import of raw materials from overseas sources.
- 4) **Encourage exports:** Encourage pursuit of more export markets for domestic manufacturers and leverage existing trade agreements (CETA, TPP)
- 5) **Cash-flow Assistance:** Provide low-interest loans from BDC for cash-flow needs for affected businesses.
- 6) **Reduction of regulatory burden:** Inconsistent and unpredictable rules and processes are making it difficult for Canadian businesses. The U.S. has recently implemented significant corporate tax and regulatory reforms. Canada cannot afford to fall further behind.

We fully support the government's continued efforts to achieve a modern North American Free Trade Agreement and believe that Canadian negotiators should remain at the table.

Thank you for giving consideration to the impacts of these tariffs and suggestions for mitigating the damaging impacts to local manufacturers and jobs.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Letts", written over a light grey rectangular background.

Todd Letts, MBA, CCE
Chief Executive Officer

cc: Ruby Sahota, MP Brampton South and all Brampton MPs and MPPs

About the Brampton Board of Trade



For more than 131 years, The Brampton Board of Trade is the go to organization where businesses of all sectors, convene, collaborate and create solutions to boost regional economic prosperity. We provide solutions to the toughest problems businesses face every day including overcoming barriers to growth, attracting and retaining talent and making the right connections.

Membership ranges from multinational corporations to small start-ups and individual entrepreneurs. The Brampton Board of Trade represents a diverse range of businesses from across Peel Region. The 2400 voting members of the Board of Trade have access to countless tools to help grow their business, increase productivity and control their bottom line.



The Brampton Board of Trade

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