

## LA-Z-BOY HOME FURNISHINGS AND DECOR

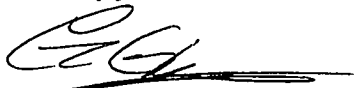
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To Whom it may concern,

I am writing to you today to outline the devastating effects the retaliatory tariffs levied by our government effective July 1 2018 has had on our small business. La-Z-Boy is traditionally viewed as an American brand, our company though is 100% Canadian owned and operated, I have been operating my dealership in the Greater Vancouver area for the past 17 years. We currently employ 75 hard working Canadians in our four retail stores and warehousing operations. Our operation also employs many other service providers that provide essential services to our company, these businesses also employ many Canadians both in the Vancouver area and nation wide. All of these Canadian families are being negatively impacted by the 10% tariff that is being applied to 85% of the products that we sell. We are contractually obligated to purchase our products from La-Z-Boy, its affiliated companies, and approved third party suppliers. We currently purchase product from as many Canadian suppliers as possible. Our main product line is La-Z-Boy furniture, this furniture consists of upholstered sofa's, love seats, sectionals and of course the iconic La-Z-Boy recliner. These items which are responsible for 85% of our sales, are now subject to the 10% tariff that became effective July 1st, I have no option to source these products from a Canadian manufacturer. On July first, when the retaliatory duties came into effect, I had no choice but to raise the prices I charge on the products I sell. I did not have the option to switch my purchasing to Canadian companies or companies that manufacture in other countries not affected by the tariffs.

The effects of this price increase has been very predictable. Since July 1st our company has experienced a drop in sales of \$259 977. I have been selling furniture in the Vancouver area since 1989. My years of experience told me that a dramatic price increase, such as the one required by the addition of the retaliatory tariffs, would lead to a dramatic decrease in sales. On July 1st I did make a decision not to pass on the entire costs of the tariffs to my customers. I was very worried that if I passed along the entire cost of the tariffs my sales would drop to a level that would jeopardize our companies ability to continue to be in existence. This has meant the combined with the drop in sales we have experienced we have seen our companies profits decrease by 89%. I find it ironic that our profits for the period since the implementation of the tariffs are down by \$196 978 and we have paid \$189 302 in tariffs to the Canadian Government. It is very frustrating to me that business like mine are not eligible for any of the relief programs that the federal government has announced. It appears to us that if you are not in the steel and aluminum industry or if you are not in the manufacturing sector there is no government relief programs available. I can't help but think that if it were not for the tariffs our sales would not have decreased and our profits would not have decreased. If that were the case I would be looking to expand my business and hire more people. This decrease in sales and profitability has had human effects as well. Our sales people are paid primarily through commissions, their incomes have all decreased. We have had to reduce our workforce by 5 to help us cope. These are 5 good paying Canadian retail jobs that have been lost. We have had to cancel a planned renovation to our Richmond B.C. location. The renovation we had planned would have sustained a significant number of building trade jobs for the 4-6 months of the renovation project. We have had to suspend our search for additional retail locations in the Vancouver area which means there will be 10-15 fewer good paying (our sales people average annual incomes in excess of \$50 000/year) retail jobs. In our companies experience the retaliatory tariffs are hurting Canadians. I hope there is a way for the Government of Canada to find a way to remove these burdensome tariffs as soon as possible.

Sincerely yours,



Gerald Miller

President, LZB Enterprises Ltd.