



3400, Industrial boulevard
Sherbrooke (Quebec) J1L 1V8

Sherbrooke, July 5th 2018

Attn: House of Commons Committees

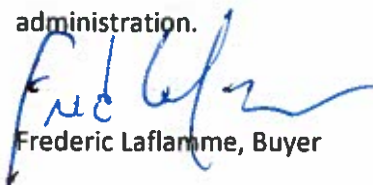
Object: Actual countermeasures action against the US in response to tariffs on Canadian Steel

Groupe Ouellet is the most important electric Heater, furnace and boiler manufacturer in Canada, products are sold under the Ouellet and Dettson brands. A large percentage of the cost of our manufactured product is based on the price of steel. We purchase plain steel to do furnace panel but another significant amount of steel is indirectly purchased when we purchases components like burners, brackets, etc. During the last recent years steel price was pretty much stable but recently due to US administration decision to impose tariff on Aluminum and Steel (steel) steel price suddenly went up more than 20% even on products that can be sourced in Asia. Among the reasons to justify such increase is the USA (domestic) offer cannot supply USA demand, in other words US manufacturer comes to Canada to buy Steel that they were used to purchase from other Countries, then reduce stock availability in Canada.

The recent decision of Canadian Government to put duty on steel from USA will increase the price of steel that is already overpriced due to US administration decision to impose tariff on Aluminum and Steel.

The average Canadian citizen can easily avoid the effect of the Canadian countermeasure on his ketchup purchase by selecting the French Brand instead of the Heinz Brand which are sides by sides on the store shelf. As a manufacturer dealing with several Certifications Approvals, we cannot turn around and change component in our furnaces without additional cost to source and get required approvals. Increasing our price accordingly is also very difficult work to achieve for SME (Small Medium Enterprise) due to the numerous items involved.

As a manufacturer, we recommend Canadian Government to put duty on consumer products on which it is possible to easily find an alternative Canadian Product, this will really impact US administration.



Frederic Laflamme, Buyer

Enc

Expected annual countermeasure cost to Dettson

Part Number	Description	HS Classificat	Country of Or	Value for Duty	New Rate	Forecasted Duty Amount	
S06F002	STEEL COIL, C	7209160000	UOH	89 900.00 \$	25%	22 475.00 \$	
S06J002	STEEL COIL, C	7209160000	UOH	138 700.00 \$	25%	34 675.00 \$	\$ 57 150.00
U03G028	TUBES, STEEL	7306300020	UOH	44 691.85 \$	25%	11 172.96 \$	
U03G028	TUBES, STEEL	7306300020	UOH	46 413.14 \$	25%	11 603.29 \$	
U03G028	TUBES, STEEL	7306300020	UOH	46 168.47 \$	25%	11 542.12 \$	34 318.37 \$
B40534	STEEL TUBING	7306500000	UAL	12 003.67 \$	25%	3 000.92 \$	\$ 3 000.92
S06W001	409 SS SHEET	7219340090	UPA	2 081.02 \$	25%	520.26 \$	\$ 520.26
S06V001	301 FULL HD	7219340090	UOH	1 553.02 \$	25%	388.26 \$	\$ 388.26
U03G002	TUBING, CARE	7306300010	UOK	12 717.52 \$	25%	3 179.38 \$	\$ 3 179.38
						Annual Total:	\$ 98 557.17