



July 29, 2018

Submission to the Standing Committee on International Trade (CIIT)

Re: Small family business in crisis from 25% import tariff on steel

Medallion Fence Ltd is a family owned and operated business, manufacturing iron fencing for over 50 years. It is located in Vaughan, Ontario and employ 30 people. As of July 1st we have put a “hold” on the import of ZAM coated steel tubing which we use to fabricate fence panels in Vaughan as we cannot afford the new 25% import tariff. We are considering closing our business as a result.

Unfortunately, the specially coated steel we use is only available in North America from a mill located in the USA. Our success requires the use of “ZAM” coated steel consists of a combination of zinc, aluminum and magnesium; this is the most advanced corrosion protective coated steel tubing available. A 25% import tariff (code 7306.61.00.20 hollow structural SEK alloy ST) is devastating to Medallion’s business as its prices are fixed for the year with most of our customers. There are no alternative materials with the qualities of ZAM.

Medallion’s largest competitors (“Ameristar”) has its manufacturing in the USA, with sales offices in Canada. They export USA made zinc coated steel fence panels fully fabricated in the USA into Canada under import code 7308.90.00.40, duty free as they classify their product as finished steel panels. Medallion imports steel tubing which is subject to the new tariff and then fabricates it into panels (similar to Ameristar’s) in Canada. Medallion cannot compete with Ameristar on price, but can compete as long as it is able to offer the superior ZAM product. Even if Medallion were able to pass on the added cost created by the new tariff, the price differential between Medallion’s product and the Ameristar’s product would be too significant for Medallions customers.

We have invested a lot to elevate ZAM coated steel as the approved specification requirement for bids on steel fencing by many government agencies and landscape architects. 90% of our sales occur in summer and fall, but our inventory of ZAM coated tubing is almost exhausted. We have been struggling to assume the added costs created by the current very high CDN to US foreign exchange rates; the added costs imposed by the tariff are more than we can bear so we cannot afford replenishment inventory. In 2017 we purchased over US\$300,000.00 in ZAM coated tubing and in 2018 to date over US\$264,000.

We respectfully suggest that the purpose of imposing the recent Canadian tariffs was to penalize the USA for the tariffs it imposed on Canadian products. It was to cause prices from suppliers of Canadian goods to be more attractive to Canadians than USA imports. I suggest that in this case, it has unintended and adverse consequences upon Canadians as the tariff is penalizing Canadian companies and Canadian consumers as related to ZAM coated steel fencing. We therefore request the Ministry allow an exemption for ZAM coated steel tube from size 5/8" square to 3" square.

Sincerely,

Randy Isenberg – Vice President
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