

July 25, 2018

**House of Commons Standing Committee**

**Standing Committee on International Trade -**

**Regarding – United States Surtax Order (Steel and Aluminum)**

To Whom It May Concern,

We respectfully submit our comments to the committee to allow the members to gauge the impact to the financial stability of manufacturing operations in industries that import and use steel products in their production processes. We invite the committee to review our submission and consider the true impact facing Canadian businesses in the wake of Canada's retaliatory surtax. The Canadian Government must act quickly to mitigate financial hardship and uncertainty to avert crisis in the manufacturing sector. The impact to International cross border trade is significant especially so to Canadian businesses (small and large) who rely on product inputs in manufacturing.

Riverview Steel Co. Ltd. (Riverview) is a family owned business founded in 1988. We are in the Steel Service industry supporting Canadian and US clients by providing multi-cut surface blanking and slitting. We are in Windsor Ontario and are proud to provide employment to area residents. Our plant spans over 100,000 square feet and operates in a very automated environment. Much of our business activity is in supporting both automotive and non-automotive clients by providing them with product to meet just in time manufacturing requirements and urgent production needs. As a small Steel Service Center, we support our clients where larger centers are unable to by responding swiftly to their emergency needs.

The Government of Canada, under specific circumstances has outlined a framework and process for exemption of surtax based on exceptional and compelling circumstances. We strongly believe that we meet the conditions of the exemption. Riverview specializes in steel products that are specific to grades and surfaces required by our manufacturing clients and whenever available this steel coil is sourced in Canada from Canadian steel producers.

One of the noted conditions within the request for remission is situations of short supply in the domestic market. It is imperative that the Committee understand that many of our steel coil imports are for steel *not made in Canada* and therefore *do not* cause harm to Canadian steel producers. Riverview can provide evidence demonstrating inability to source the product, or substitutes, from Canadian or non-U.S. suppliers from Canadian steel producers. This data can be provided to the committee upon request to support the fact that the domestic market has not been injured as they cannot provide some specific steel grades and or surfaces to meet industry needs.

Another identified requirement to request exemption is a severe adverse impact to the Canadian economy. The addition of a 25% surtax will undoubtedly increase costs to the production of many goods which in turn will be passed on and ultimately hit consumers. In addition, a critical situation is unfolding as there is more and more discussion among Canadian producers who cannot manage the increase costs and are considering moving production out of Canada to the US and Mexico. Riverview has already been advised by one of our clients that the impact of an increase product cost will force them to move their stamping operation from Woodstock Ontario to the US. Once this threat becomes reality this work will not return to Canada.

In addition, the impact to our business is a considerable reduction in our import activity. Prior to the surtax order we were importing 7 to 10 shipments per day. Today this number has been reduced to one shipment per day. Clearly, this has adversely affected not only Riverview but also companies within the supply chain. In addition to the impact of Canadian surtax, Riverview has also been impacted as an exporter to the United States. The U.S. Section 232 tariffs on Canadian business has placed an additional burden on Riverview creating increase costs on both sides of the border and has caused us to reconsider our future business practices.

The impact of the 25% surtax to our steel imports is substantial considering that the raw material costs represent 90% of the total value of manufactured goods. The surtax net result is in our inability to stay solvent and continue to supply a stable work environment for our employees. Recently, we decided reconsider hiring two full time persons as the surtax impact has reduced our resource needs.

Based on a review of previous year imports of the subject goods it is estimated that the impact to Riverview will be over \$15 million in surtax fees. These imports are for steel coil NOT available in Canada. This punitive penalty will without doubt create financial hardship for our business, our clients, our employees and our regional economy.

Prior to the concerns of instability in our current trade environment we were considering expanding our business to increase our plant size by building additional space on the 11-acre property adjacent to our facility to install a high-tech slitter and hire on 20 to 25 additional employees. This plan has been placed on hold until the associated risks of the surtax are removed.

In closing, it is imperative that the Government of Canada quickly implement measures to protect industries who are being severely impacted by the surtax. Requests for remission must be prioritized to ensure that timely and positive decisions are considered and acted upon swiftly to ensure the continued prosperity of the Canadian economy and businesses that support the manufacturing sector.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Michael Anobile', with a long horizontal flourish extending to the right.

Michael Anobile  
Director/ Owner  
Riverview Steel Co. Ltd.



*Office of Cheryl Hardcastle, Member of Parliament*

July 20<sup>th</sup>, 2018

The Right Honourable Justin Trudeau  
Prime Minister of Canada  
Office of the Prime Minister  
80 Wellington Street  
Ottawa, Ontario K1A 0A2

RE: TARIFF EXCLUSION FOR PRODUCTS NOT MADE IN CANADA

Dear Prime Minister,

I write today on a matter of great urgency for an important employer in my riding of Windsor-Tecumseh. I express my strongest possible support for Riverview Steel's request to be excluded from the 25% tariff on Aluminized Steel Tariff item 7210.69.10 and .20, as well as High Strength Grade 500 Tariff item 7225.30.

These products are simply not produced in Canada, and this company has no choice but to import them from the United States.

Due to these exceptional circumstances, Riverview Steel has advised that these tariffs will drive up their operating costs so significantly that the company may go out of business. As I stated above, Riverview Steel is a key employer in the Windsor-Essex region. Our region has already lost tens of thousands of manufacturing jobs over the past few decades. With the onset of steel and aluminum tariffs—and the looming threat of auto tariffs—it is more important than ever to secure these livelihoods in our communities. This requires adept responsiveness.

Growing instability in the Canada-U.S. trade relationship poses a grave threat to our regional economy. We ask in the strongest possible terms that you work with us in partnership to defend our region by granting this important request for duty exclusion for Riverview Steel.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Cheryl Hardcastle". The signature is written in black ink and is positioned below the word "Sincerely,".

Cheryl Hardcastle, M.P.  
Windsor-Tecumseh