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**Standing Committee on International Trade (CITT)**

To Whom It May Concern:

**Impact of Tariffs on Canadian Business, Companies and Workers**

We appreciate the opportunity to present issues related to and arising from the Tariffs and uncertainty thereto on Canadian Business, Companies, and Workers.

Bunch is a family owned and operated business that has been in business since 1981 servicing the oil and gas sector in western Canada and employing around 300 people. We are a mechanical contractor with a primary focus on constructing facilities associated with the oil and gas sector. Examples of such facilities include gas plants, terminals, oil batteries, and flowlines. Included in this work is a large amount of welding on structural steel and pressure piping.

The last few years has seen a significant reduction in capital expenditures in the Alberta oil and gas sector leaving a tight and competitive market. This situation has been exacerbated by cost increases from new regulations, taxes, and now tariffs. Increased provincial regulations have been added requiring more General and Administrative (G&A) staff to meet newly heightened minimum requirements, and regulations have been changed adding significant additional expenses related to overtime and vacation pay.

Finally, costs of tariffs and uncertainty have now raised the costs of equipment, raw materials, tools, and consumables. The result of this is that companies have been forced to find ways to become more efficient and cut costs, or alternatively decide to not participate in this market due to it not being viable. Unfortunately there isn't much cushion.

Bunch has invested in a robotic beam line to process structural steel which has allowed us to remain competitive and profitable. We are currently further investigating other robotic systems, and a build-it-ourself strategy to implement for other parts of the value stream. In addition we continually automate information handling and over the last 5 years have built a cloud based information system that automates most of the functions required to operate our company and some of those required through regulation.

The specter of tariffs has led to both an increase in costs and a shortage of supply. The following effects from tariffs have so far been realized by our company:

- Our suppliers have notified us that tariffs have been added to Lincoln, Esab, and National Standard Wires and Electrodes which are common brands of welding consumables and a significant feedstock to our company's value stream. It appears that the increase has been about 5% so far.
- Steel tariff has increased steel prices significantly, and has also greatly affected availability. The following table represents the average price increase from February until now for the noted steel product.

	% Increase
L64x64x6.4	15%
L76x76x6.4	16%
W200x27	32%
W200x36	48%
HSS102x102x6.4	52%
FB6x152	14%
C150x12	17%
PL10	17%
PL13	31%

- We have been told from our suppliers that 6" and 8" wide flange is not available until October and this is a very common raw material feedstock in our type of work.
- Two part epoxy coatings (a common coating) will realize an increase due to "Part A" coming from the US.
- Tooling is expected to increase, but we have not yet ascertained an amount.
- Purchase price of heavy equipment has increased. A recent purchase of a 290 excavator was 20.7% higher than a year prior.

Notices from suppliers keep flowing in notifying of cost increases ranging from 5 to 50%. It is concerning and we are watching the situation closely, but do believe automation, fewer competitors, and a strengthening energy sector might soften the effects.

Sincerely,



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