



**Submission to the
Standing Committee on International Trade**

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

July 31, 2018

City of Brampton

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Members of the Standing Committee on International Trade

Thank you for the opportunity for the City of Brampton (City) to provide a written submission to the Standing Committee on International Trade (Committee) during your examination of the impact of tariffs on the Canada-United States trade relationship.

The City, along with our 64,000 businesses, stands with the Federal Government, the Federation of Canadian Municipalities, the Association of Municipalities of Ontario and municipalities across Canada, to protect Canadian jobs, local economies and support the interests of municipalities and communities impacted by trade disputes.

Overview:

The North American Free Trade Agreement (NAFTA) governs nearly every aspect of Canada and the United States' (US) economic relationships including manufacturing, agriculture, and resources industries. With about 80 per cent of all Ontario's exports going to the United States, Ontario is the top trading partner for over half of all American States.

The movement of goods is particularly important to the Region of Peel (the Region), which is comprised of the Cities of Brampton, Mississauga and the Town of Caledon. The Region is a significant hub for the Greater Toronto and Hamilton Area (GTHA) as it is situated in close proximity to North America's most important east-west and north-south trade routes. In particular:

- Goods movement-related industries contributed \$49 billion of gross domestic product to Peel Region's economy;
- An estimated \$1.8 billion worth of commodities move through and across the Region every day;
- Approximately 68,000 vehicles transport goods every day;
- The Region's road network services almost half a million trucks weekly, which accounts for 50 per cent of the 951,000 weekly truck trips in Ontario; and

- Toronto Pearson International Airport handles more air cargo than the Vancouver and Montreal airports combined.¹

The growth in goods movement-related industries across the Region and the importance of these industries to the national economy underscores the need for stable trade agreements. Even minor changes to the established trade relationship between Canada and the United States will have significant consequences for workers, consumers, and governments on both sides of the border.

City of Brampton's Economy Depends on a Stable International Trade Market:

As one of Canada's fastest and largest urban centres in Canada, Brampton is home to the largest CN Intermodal Railway terminal in Canada (handling 60 per cent of CN's intermodal traffic) and seven transcontinental highways that have access to 158 million North American consumers.² Additionally, the high level of construction activity in Brampton is another indicator of the investment being brought into the Region. Brampton was ranked 10th in the country for total construction value in 2017, generating over \$1.4 billion in investment. With high growth expected to continue until 2041, the City is in a strong position to attract investment and will remain among the country's most active markets in the coming decades.³

Brampton's strong competitive position is because of its diverse and resilient economic base. The City has just recently released a new 20-year Economic Development Plan

¹ Peel Region's Goods Movement Strategic Plan 2017-2021. Accessible online: <http://www.peelregion.ca/pw/transportation/goodsmovement/pdf/goods-movement-strategic-plan-2017-2021.pdf>

² City of Brampton's Locational Advantage, Accessible online: <http://www.brampton.ca/EN/Business/economic-development/Why-Brampton/Documents/Location-Advantages.pdf>

³ Brampton Economic Development & Culture: Review 2017. Accessible Online: <https://www.brampton.ca/EN/Business/economic-development/Why-Brampton/Documents/Annual-Economic-Reports/Annual-Economic-Review-2017.pdf>

that strives to position Brampton as a global leader in innovation, talent, jobs and investment. Brampton has transformed its economic and development approach to target high-growth business sectors that are, or will eventually be, impacted by the current NAFTA renegotiations and tariffs:

1. Advanced Manufacturing

Over 30 per cent of Brampton's economic output is generated by this sector. With a highly diversified economy, a steady flow of well-educated, skilled labour and a strategic position in the country, Brampton's advanced manufacturing sector is a world class powerhouse of production as it is the largest industry by employment, accounting for almost a quarter of Brampton's workforce.

2. Health & Life Sciences

Brampton's Health and Life Sciences sector averages six per cent growth per year and employs over 12,000 people directly and indirectly to more than 800 companies. Brampton is located in North America's third-largest biotechnology cluster. Our diverse population makes it attractive to health research businesses around the world.

3. Innovation & Technology

Brampton is located in the centre of the Toronto-Waterloo Region Corridor, the second largest Information and Communication Cluster in North America. Brampton is in the geographical centre of Ontario's innovation corridor and part of Canada's Innovation Super Corridor.

4. Food & Beverage

Supported by industry-leading technology, top-quality products and a rich agricultural tradition, Brampton's food and beverage sector is a one-stop-shop, with food testing, processing and packaging facilities as well as transportation, packaging design, equipment and refrigeration storage all located within the city.

Furthermore, our advanced manufacturing sector is the largest industry by employment, accounting for almost a quarter of Brampton's workforce. This includes 900 companies employing 35,000 people, a contribution of approximately \$4 billion to the national GDP, and leading sectors including automotive, fabricated metal product followed by machinery, plastics, chemicals and aerospace.⁴

Specific Impact of Tariffs on Brampton Businesses

On June 1, 2018, tariffs of 25 per cent and 10 per cent were applied to Canadian steel and aluminum imports.

The City's Economic Development and Culture Department have been proactively reaching out to businesses and various industry groups to discuss the impacts the aluminum and steel tariffs will have on our community. We are hearing from businesses who are directly impacted by the aluminum and steel tariffs. They have shared the following concerns with us:

- Already tight profit margins have been reduced;
- They anticipate short-term labour disruptions as orders are cancelled or put on hold; and
- Supply chains have been disrupted by the increased prices of steel and Aluminum.

These tariffs affect companies throughout our economy as steel and aluminum companies are struggling with increased costs, which impact their suppliers and service providers. The uncertainty, created by the current tariffs as well as proposed tariffs, will have an impact on investment decisions by companies. Based on various reports, if tariffs proposed for the automotive industry are put in place, the impact would be seen

⁴ Economic Development, Sector Profiles: Advanced Manufacturing, Accessible online: <http://www.brampton.ca/EN/Business/economic-development/Key-Sectors/Documents/Sector-Profile-Advanced-Manufacturing.pdf>

on an even greater scale in Brampton due to the approximately 6,000 Brampton employees working in the automotive sector.

Conclusion and Recommendation:

Canada and Ontario's economic future, along with the continued well-being of communities and their local economies, depend on free and fair trading relationships based on current and future trade agreements.

The City of Brampton stands together with the Federal government in our joint efforts to protect Canadian jobs and local economies. We support the government's efforts in protecting the interests of municipalities and communities affected by trade disputes during ongoing trade agreement negotiations.

About Brampton:

Brampton is thinking bigger. We are a future ready organization with a sharp focus. We know our community's growth, youth and diversity set us apart. We sit at the centre of Canada's Innovation Super Corridor— encouraging investment and growing our global success. We are building vibrant urban centres that ignite opportunity and instill pride in the people who live and work here. We are moving Brampton forward to be a connected city that is innovative, inclusive and bold. Follow us on [Twitter](#) and [Facebook](#). Learn more at www.brampton.ca.

Brampton has modernized the way it does business, transforming its economic development approach to target high-growth business sectors. The more than 64,000 businesses in the city encompass a variety of sectors, from manufacturing to health and life sciences and a growing innovation and technology presence. The city's location in the middle of the Innovation Super Corridor, paired with new strategic investments including a university and new hospital, will have significant impact on both long-term job growth and on the regional labour force of 320,000, which has increased by 33 per cent since 2006. The combination of Brampton's large economic base, with an unemployment rate that continues to decrease (from 7.1 per cent in December 2016 to 5.7 per cent in December 2017 in Peel Region) further emphasizes that the economy is working at full capacity.