

October 29, 2018

Standing Committee on International Trade
Sixth Floor, 131 Queen Street
House of Commons
Ottawa ON K1A 0A6
Canada

Dear Members of the Standing Committee on International Trade:

On behalf of the recreational boating industry, I would like to thank you for your continued hard work and efforts on behalf of Canada in light of the ongoing trade dispute with the United States (U.S.). We congratulate the federal government on successfully negotiating the new USMCA trade deal with the United States and Mexico. Our industry continues to understand the broader trade dispute with the U.S. and the need for Canada to retaliate.

We appreciate the recent announcement providing relief for boats ordered prior to May 31, 2018. Unfortunately, this announcement will only assist with a handful of boats ordered prior to May 31. We remain frustrated and disappointed by the uncertainty Canadian-run small businesses are facing, and the concerning impact both the U.S. tariffs and the Canadian counter-measures are having on our members.

As a reminder, according to information provided by Statistics Canada, last year, close to 200,000 boats were imported into Canada. Nearly two in three of those boats were from the U.S., representing 81% of total import dollars. The value of boats imported into Canada last year from the U.S. totaled \$667.8 million. Outboard powered boats represent 50.5% of all new boats sold in Canada and 95% are imported from the U.S. We simply do not have a domestic manufacturing sector in Canada that can replace our reliance on U.S.-sourced recreational boats.

Many of the consumer products affected by the Government of Canada's counter-measures are ones that carry small or minimal price tags. Boats, however, have bigger sticker prices and the risk of sales decreasing and hurting small family-run dealer businesses is high. In addition, it is extremely important to note that lead times for boats getting to the consumer are getting lengthier. For example, if a consumer was to purchase a new boat today, and the dealer did not have it in inventory, the boat would need to be ordered from the U.S. manufacturer and it would take a minimum of four months for the boat to be produced. With the strengthening of US domestic demand there will be cases where there will be no product available to Canadian dealers.

Dealers have stated that they are reducing orders by as much as 40% or more as they wait to see if our government will provide relief for boat sales. The risk of a 40% sales reduction will severely impact our overall employment statistics. Our small business dealers have also stated that the requirement for them to cash flow the tariff is negatively impacting their business and causing them to hold off on planned capital investments in their operations. More urgently, many cannot carry the tariffs and risk losing their business.

We wish to remind the Committee that 75,000 Canadians are employed by the recreational boating industry. Should sales continue to slowdown as a result of the tariffs, those jobs will be negatively impacted and potentially be permanently lost. Indeed, the greatest impact of continuing with the four current counter-measures pertaining to recreational boats will be mostly felt by middle-class Canadians.

Of the more than 43% of Canadian adults who enjoy boating each year, nearly 60% have an average household income of under \$100,000. In addition, recreational boaters in Canada spend about \$7.35 billion each year when they are on boating trips. These revenues and the economic development and additional jobs they spur are being very seriously compromised as we speak.

To date, we have unfortunately not received a response to our correspondence to federal Ministers. Nor have had any indication of how the Government of Canada will work with those affected in our industry, and the timelines associated with these measures. We very much hope that the United States' 232 tariffs are dropped and that the Canadian counter-measures go away as a result. NMMA's members in the U.S. are vocally communicating this message. In the meantime, we ask for financial relief for those Canadian dealers being affected and would very much welcome the opportunity to speak with relevant officials as to how relief can be provided expeditiously. Both the short and long-term well-being of our industry depends on it.

Thank you in advance for your attention to this very important matter. If you need additional information or have questions, please contact Sara Anghel at sanghel@nmma.org or at 416-909-9100.

Yours truly,



Sara Anghel, President
NMMA Canada



Rick Layzell, CEO
Boating Ontario



Lisa Geddes, Executive Director
Boating BC



Alain Roy, Executive Director
Association Maritime du Quebec



Patricia Nelder, Executive Director
Atlantic Marine Trades Association



Jim Flood, Treasurer
Mid Canada Marine Dealers Association

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