As a 93-year-old medium sized family business in Ontario, we've been trading with the US for over 70 years and directly with Asia for over 20 years. We look at the challenges and opportunities to trade as 1. The controllables; 2. The uncontrollable. We know we can't do a lot with currency swings, port strikes and fuel increases which impact container pricing. The main controllable is from what country we source. The U.S. was the best trade partner until tariffs were placed on many of the items we import. This was not well thought out by the CDN government.

<u>U.S. Imports:</u>

* For those tariffed items we continued to source from the US, it's higher retail prices for the CDN consumer. For no other reason than the tariff, they are being forced to use more of their discretionary income.
* in many cases, the items we were buying from the US also had price increases as their raw material from China that go into them were tariffed by the US govt. So the CDN consumer in effect is getting double tariffed.
* on the surface, there's a short-term win for the Canadian business who gets the benefit of higher revenue. This is short-lived.
* unfortunately, the higher prices curb consumer spending. Tariffs are not good. They create artificial prices.
* another negative with the tariffs and the artificially higher prices is that the CDN consumer on border towns with the US now seeing a bigger gap in prices forcing more consumers to consider shopping in the US or on-line.
* For the electronics we sell, we have to charge the consumer an environmental fee through the Ontario Stewardship program. If a consumer crossed the border and purchased the same item in the US and returned to Canada, they are not charged the fee.
* I believe a bigger issue is the unfair playing field with Canadian companies on border towns competing directly with US companies. I don't know if the government has measured the loss of consumer dollars being spent in the US on a daily basis – food, fuel, clothing. If it pays a CDN consumer to cross daily to buy their staples in the US, and this is growing regardless of the currency differences, this cannot be sustainable. I'm sure the Govt has seen the influx of foreign retailers entering Canada in the last 10 years.

<u>Asian Imports:</u>

* Some countries have most favored nation duties. We consider the duties when partnering with any Asian supplier.
* CDN tariffs on US products also forced us to re-source products that were coming from the US. For example, instead of incurring the tariffs on items, we're now sourcing container loads direct from South Korea, China and Vietnam through the Vancouver.

<u>European Imports:</u>

These tend to be higher priced. We occasionally test products.

2 years ago we sent on of our VPs to Portugal on govt sponsored trade mission. The items were not a good fit for the CDN market.

We do not require government assistance to source product from around the world. We're already connected into the industry and attend trade shows every year. My only recommendations are:

Allow for free trade – remove retaliatory tariffs. You're punishing the end consumer and forcing us to source from outside of N.A.

Never allow a port/rail strikes. Have your back-to-work legislation ready to go if there's a threat. Today, businesses like our will lose $100k's with the postal strike as time sensitive pre-printed materials wait in back-logged trailers. Imagine what those other strikes do to CDN businesses that don't have the ability to subsidize a CDN operation with US revenues.

When negotiating trade deals, please focus on the areas that impact the majority and move the needle. As well as what we need for the future industries of Canada. Unless the media was hyper-focusing on the dairy industry, many family businesses were confused on the recent USMCA strategy.

Andrew Tepperman