

SUBMISSION FOR PRE-BUDGET CONSULTATIONS IN PREPARATION FOR THE UPCOMING FEDERAL BUDGET

Prepared by the Quebec Furniture
Manufacturers Association

LIST OF RECOMMENDATIONS

Recommendation 1:

That the government significantly increase the proportion of containers with finished goods entering Canada that are subject to inspection by the Canada Borders Services Agency (CBSA).

Recommendation 2:

That the government mandate the CBSA to enforce the *Canada Consumer Product Safety Act*.

QFMA BACKGROUND

The mission of the Quebec Furniture Manufacturers Association (QFMA) is to proactively develop the Quebec furniture industry and promote Quebec-made furniture within Canada, the United States and around the world. Since 1942, this non-profit organization represents manufacturers of residential, office and institutional furniture, manufacturers of furniture components, as well as product and service suppliers in the industry.

The Association represents nearly 150 members, including over 100 furniture and components manufacturers, that make up the majority of Quebec's manufacturers of residential, office and institutional furniture.

STATE OF THE FURNITURE INDUSTRY IN QUEBEC

The Quebec furniture industry is an important part of the Quebec economy. According to the most recent data from the Quebec Department of Economy and Innovation in 2017, the Quebec furniture manufacturing industry employed more than 22,000 people and generated over \$3.9 billion in sales.¹ In terms of its importance within Quebec's manufacturing industry, furniture ranks seventh and is present in all regions.

It is worth noting that, according to 2016 data,² within the Canadian furniture industry, Quebec was the only region with a positive trade balance of \$101 million. That balance ensures an important comparative advantage for the furniture industry and for the Quebec economy.

At the same time, the industry is facing increasing competition from Asian countries, along with the dangers that entails, in terms of both the production quality and the economic impact this has on the industry and on our members, who want nothing more than to remain net contributors to the Quebec and Canadian economies.

In order to ensure the sustainability of Quebec's manufacturing industry, to help it face the vagaries of the international market and to ensure the safety of Canadians, the QFMA is submitting various concrete, effective proposals in preparation for the next federal budget.

NUMBER OF CONTAINER INSPECTIONS INSUFFICIENT

The Government of Canada has adopted a position aimed at simplifying the movement of goods. It is quite clear that Canada remains focused on border policies, processes and procedures to facilitate and expedite the flow of commercial goods.

We recognize the importance of simplifying, streamlining and modernizing customs procedures and the need to ensure a level playing field for legitimate commercial traffic.

Unfortunately, this has consequences. "The vast majority of marine containers shipments are processed and authorized by the CBSA to enter Canada without delay." These are not our words; they are the CBSA's.³

Needless to say, containers that are permitted to enter "without delay" are more likely than the ones inspected to contain products that are problematic for Canada.

¹ <https://www.economie.gouv.qc.ca/objectifs/informer/par-secteur-dactivite/ameublement/> [French only]

² Overview of the furniture and related products manufacturing industry, MEI <https://bit.ly/2CeZJ6V> [French only]

³ https://www.cbsa-asfc.gc.ca/security-securite/mts_smc-eng.html (accessed August 5, 2020)

CONTAINER INSPECTIONS NOT KEEPING CANADIANS SAFE

Inspections by CBSA officers are insufficient. We would like to see CBSA officers also mandated to enforce the *Canada Consumer Product Safety Act* (CCPSA).

The work of officers in verifying whether goods are controlled, regulated or prohibited, marking and labelling, and ensuring tariff classification and applicable duty rates, etc., is just the tip of the iceberg.

The bulk of the work in ensuring that imported products comply with the CCPSA is essentially left up to the general public (who *can* report a product to Health Canada) and to industry (which *must* report all health or safety incidents related to consumer products).

Complying with all Canadian rules is very important to us. Of course, we strongly encourage our members to ensure that the components they import and use in the manufacturing of their products comply with the rules.

At the same time, it is important that all finished products imported into Canada be inspected **before** they are distributed in the retail network. Only CBSA officers can perform these inspections. By the time incidents are reported to Health Canada and their authorities conduct inspections, it is too late to act. It therefore must be done upstream, when the products arrive at customs checkpoints.

This is about creating a level playing field for everyone. Our members make every effort to use safe components and respect Canadian rules, specifically the CCPSA. Importers must be subject to the same regime.

We must not kid ourselves. Products imported from certain countries (especially Asian countries) are manufactured under conditions that are not comparable to our conditions here. Whether in terms of working conditions or environmental standards, our rules are much stricter, which is a good thing.

International trade rules prohibit economic dumping. Canadian rules must not allow environmental dumping. Canada must inspect imported products to ensure that our standards are met, and this must be done long before products are distributed.