



June 15, 2018

Ruby Sahota, MP – Brampton North
House of Commons
Ottawa, Ontario
K1A 0A6

Re: Steel & Aluminum Tariffs imposed on Canada

Dear Ms. Sahota:

Thank you for your interest in working with the business community regarding the recent imposition, by the United States, of tariffs on steel and aluminum. These tariffs have created many adverse consequences for businesses in Canada, including companies in Brampton.

Earlier this week, the Brampton Board of Trade held a roundtable with several affected companies in the steel, aluminium and metal fabrication industries.

With respect to tariff impacts, local companies offered the following insights:

- 1) **The cost of uncertainty** – this was the main feedback shared by local companies. Uncertainty of access to raw materials, the escalation of supply pricing, the cash flow impact to their business, and the increase in overhead burden caused in determining tariff applicability, revisions to purchasing protocol and additional communication to customers required by their respective sales departments.
- 2) **The artificial contraction of the supply base** – domestic supplier delivery times are increasing, which is impacting customer satisfaction.
- 3) **Profit** - are under significant pressure and, in some cases, have evaporated as some companies are locked in to long-term agreements on customer pricing. Over time, this puts jobs at risk.
- 4) **Brand Image** - Concern of what U.S. counterparts are potentially saying to their customer-base: i.e. don't source from Canada anymore.
- 5) **Price Stability** - Concerns over the cash flow impact of escalating supply prices and customs brokers fees and therefore fluctuating prices charged to customers.

- 6) **Drawbacks and Returns:** For those working with recycled metal as an input, recovery of duties is a sunk cost, as there are no duty drawbacks on returns.
- 7) **Domestic Mill Pricing:** Concerns that domestic mills are price gouging because they can.
- 8) **Raw Material Market Access:** Concern over the ongoing review of international imported steel and access to imports. Restrictions would be very damaging to businesses at this time.
- 9) **Customer Retention:** Concerns on trying to manage the expectations of their customers both short-term and long-term.

When asked what the governments of Ontario and Canada could do to address these concerns, businesses offered the following:

- 1) **Timing is crucial:** Do what you can to resolve the trade dispute as quickly as possible. Jobs and business viability is at risk.
- 2) **Explore retaliatory tariffs:** Understanding the domestic pain that will come with it. In particular, give consideration to surcharges on oil & energy that Canada exports to the United States.

Further, businesses encourage senior level governments to explore relief solutions for domestic producers and manufacturers:

- 1) **Reduce energy costs:** i.e. allow Ontario businesses to have access to lower cost, reliable energy from Quebec.
- 2) **Monitor Pricing:** Monitor and influence stable pricing from the mills to domestic producers.
- 3) **Avoid import restrictions:** Encourage more import of raw materials from overseas sources.
- 4) **Encourage exports:** Encourage pursuit of more export markets for domestic manufacturers.
- 5) **Cash-low Assistance:** Provide low-interest loans from BDC for cash-flow needs for affected businesses.

Thank you for giving consideration to the impacts of these tariffs and suggestions for mitigating the damaging impacts to local manufacturers and jobs.

I am happy to further discuss this issue and possible solutions at a time that is convenient for you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Todd Letts', written over a light grey rectangular background.

Todd Letts, MBA, CCE
Chief Executive Officer

cc:

Sonia Sidhu – MP – Brampton South
Raj Grewal, MP – Brampton East
Kamal Khera, MP – Brampton West
Ramesh Sangha, MP – Brampton Centre