

March 25, 2020

The Right Honourable Justin Trudeau, P.C., M.P.  
Prime Minister  
House of Commons  
Ottawa, Ontario  
K1A 0A6  
Email: [justin.trudeau@parl.gc.ca](mailto:justin.trudeau@parl.gc.ca)

**RE: COVID-19 Response by Canada's Manufacturers**

Dear Prime Minister:

On behalf of the members of Canadian Manufacturers & Exporters (CME), I am writing to thank you for your continued leadership during this unprecedented time and to provide feedback on how the efforts of your government are supporting Canada's largest economic sector.

CME members and the manufacturing community have stepped-up to the challenge you issued to produce products necessary to combat this crisis. Before your challenge, we had been working with Innovation, Science and Economic Development, Public Safety and Emergency Preparedness, Public Services and Procurement Canada, as well as provincial offices across the country, on providing information on the capacities of Canadian industry. Over the past several days these efforts have intensified as we connect manufacturers from across the country who are looking to partner to fill supply gaps in Canada's response. We will continue to support these efforts to the best of our ability.

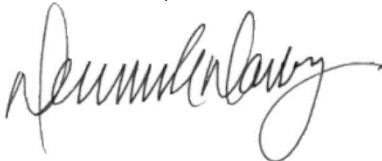
Thank you for taking our concerns about the growing economic crisis seriously and announcing the economic measures so quickly. These measures were directly aligned with the early feedback we had received from our members on essential first steps. However, since this time it has become clear that more sweeping and urgent actions are needed by all levels of government. There are three areas that require immediate attention:

- **Designate manufacturing as an essential service.** For manufacturers to meet the challenge they have been given and supply the nation with critical goods needed for the emergency, manufacturing and its complex inter-provincial and international supply chains must be able to continue operating. Furthermore, manufacturers can implement safe and hygienic workplaces and practice good social distancing habits while maintaining operations. Their continued operation provides the country with much needed economic strength which will be essential as we look to rebuild following this crisis.

- **Provide direct wage subsidies through employers:** We have recommended the need to follow the lead of several European and Asian countries and provide direct wage subsidies to the employees of manufacturers. The current approach of expanding the EI system is unsustainable and not beneficial to the economy long-term. The volume of Canadians applying to the system has created massive backlogs (currently up to 8 weeks) in application processing and benefit distribution which will put considerable strain on families. By providing a base wage subsidy through the manufacturer, the company can use their existing payroll system, continue the tie between worker and employer which makes it easier to restart operations, and in many cases, companies will be able keep production workers employed part-time throughout the crisis.
- **Limit tax collection and repayment of government repayable loans:** Liquidity is critical at this time as companies struggle with shrinking customer bases, collection on orders, and order delivery due to international supply chain limitations. Governments must do everything possible to provide fiscal flexibility to all sizes of Canadian companies. This should include immediately stopping the remittance of all taxes to governments (full tax payment can be sorted at the end of the fiscal year) and import duties. Increased flexibility must be introduced on the terms and repayment of government loans such as the Strategic Innovation Fund and those issued through the various regional economic development agencies.

Prime Minister we stand ready to continue to help you and the country. If our organization or members can provide any assistance, please do not hesitate to contact me directly at any time.

Yours sincerely,



Dennis A. Darby, P.Eng., ICD.D  
President & CEO

c.c. David McHattie, Chair of the Board, CME