

September 3, 2020

Ms. Michèle Govier
Director General, International Trade Policy
Finance Canada
James Michael Flaherty Building
90 Elgin Street, Ottawa, Ontario K1A 0G5
By email: fin.tariff-tarif.fin@canada.ca

Re: Aluminum countermeasures

Dear Ms. Govier:

On behalf of the 2,500 members of Canadian Manufacturers & Exporters (CME), I am writing to provide our comments on Canada's proposed countermeasures against the United States in response to tariffs they have imposed on Canadian aluminum products. We have also encouraged all CME members to provide specific feedback to you to ensure you have a deeper understanding of the impacts on our industry.

As you know, manufacturing accounts for 10 per cent of Canada's gross domestic product, two-thirds of Canada's exports, and 1.7 million high wage, high skilled jobs in nearly every community across the country. However, our sector faced strong headwinds before the COVID-19 pandemic and faces even stiffer challenges now as we try to rekindle Canada's weakened economy. Frustratingly, this unjustified tariff action by the United States could not come at a worse time for both our economies. Therefore, we urge the Canadian government to respond with dollar-for-dollar countermeasures and to apply all diplomatic and economic pressure possible to bring this conflict to a swift end.

To simplify your task of collecting, reading, and analyzing large amounts of stakeholder feedback, we have summarized our comments in point form below.

General Comments:

- Canada must respond to these unjustified and damaging US tariffs on imports of Canadian aluminum by imposing our own countermeasures. Not doing so would signal weakness, be a betrayal to a rules-based trade system, and drive investment out of Canada.

- To the largest extent possible, and to protect the manufacturing industry's precarious recovery, Canada must avoid imposing tariffs on industrial aluminum inputs and focus its final countermeasures list on imports of consumer goods.
- If industrial aluminum inputs are included in the final countermeasures list, a duty remission process must be established for manufacturers to reclaim duties paid if they cannot source that aluminum product from within Canada. Failure to do so would put Canadian firms who have no choice but to source material from the US at disadvantage to their competitors.

Comments on the Structure of a Duty Remission Process:

- Recognize 2018-2019 tariff remission items for this current remission process. The goal would be to avoid requiring companies to prove again that their 2018-2019 inputs qualify in 2020
- Simplify and speed up the remission application process. Companies should not have to wait for months to find out if they qualify for remissions
- Develop a mechanism for companies who are not the importer of record to know if their imported items were subject to tariffs and if the broker/importer of record received duty remissions. This will help smaller firms who rely on brokers to import industrial materials.
- Because of COVID-19, cash-flow is a serious concern for all manufacturers. The government should ensure that the duty remission process be structured in a way that helps companies maintain cash on hand and avoids paying any money- especially if that money will be eventually returned.
- Duties that are collected and that qualify for remission must be paid back in a timely manner.

While US tariffs on aluminum necessitates Canada imposing countermeasures, it comes at a tremendous cost to industry. In fact, this burden is disproportionately shouldered by manufacturers as they are the primary importer of aluminium inputs. The government must ease this impact by directly supporting industry and must work to bring an end to this conflict as soon as possible.

As always, you can count on CME to be your partner in the weeks in months ahead.

Sincerely,



Matt Poirier
Director, Trade Policy
Canadian Manufacturers & Exporters