

February 13, 2022

The Honourable Chrystia Freeland
Deputy Prime Minister and Minister of Finance
House of Commons
Ottawa, Ontario,
K1A 0A6

Via e-mail: Chrystia.Freeland@parl.gc.ca

Re: Urgent Action Needed in Budget 2023 to Help Canadian Manufacturers Grow

Dear Deputy Prime Minister:

On behalf of Canadian Manufacturers & Exporters (CME), and our 2,500 members from across Canada, I write to share with you our policy recommendations to grow the manufacturing industry for Budget 2023, and to request a meeting with you to discuss these proposals.

Manufacturing is one of Canada's key economic drivers. The country's 90,000 manufacturers directly generate almost 10 per cent of Canada's GDP and more than 60 per cent of our merchandise exports. Including indirect and induced impacts, the sector's footprint amounts to one-quarter of Canada's total economic activity. As well, the sector directly employs 1.7 million Canadians and supports 3.4 million more Canadian workers through supply chain activity and employee spending.

That said, manufacturing is at a critical point in its history. For us to remain the engine of the Canadian economy, the government and industry must partner to encourage the growth of advanced manufacturing and to accelerate the transition to carbon net-zero production. Successfully accomplishing these two objectives will require significant resources and coordination. But if we get this right, we will unlock economic prosperity for generations of Canadians to come.

CME's 2023 Budget Submission, shared with your officials and attached to this letter, outlines 4 key pillars to help us tackle our challenges and to unleash our economic potential. They are:

Pillar 1: Get the workers we need

Pillar 2: Stimulate innovation, investment and the adoption of advanced technologies

Pillar 3: Encourage domestic production and exports

Pillar 4: Support manufacturers to help them adapt to and advance Canada's climate change plan.

Each of these pillars contain several detailed policy solutions that must be included in the government's industrial strategy for the year ahead. They specifically target our need to grow our workforce through aggressive immigration; to give employers the resources they need for upskilling and training; to respond to the generous incentives of the US' Inflation Reduction Act; to drive investment in innovation and net zero transition through targeted tax credits and funding programs; and to increase goods exports by protecting domestic producers and unlocking the economic potential of international trade.

Given the threat of recession, investing in Canada's manufacturing industry is essential to getting us through the rough economic waters that lie ahead. Budget 2023 is the perfect opportunity for manufacturers and the federal government to launch its plan to overcome these economic challenges, and to create the prosperity all Canadians deserve.

CME stands ready to work with you and the Department of Finance, and we would be delighted if you will join CME's members in a roundtable to begin this dialogue. Our staff will reach out directly to yours to set up this very timely meeting.

Sincerely,



Dennis Darby, P. Eng., ICD.D
President and CEO
Canadian Manufacturers & Exporters