

July 20, 2018

Honourable Chrystia Freeland, P.C., M.P.
Minister of Foreign Affairs
House of Commons
Ottawa, Ontario K1A 0A6

Dear Minister Freeland,

On behalf of the National Marine Manufacturers Association, I would like to thank you for your hard work and continuous efforts on behalf of Canada in light of the ongoing trade dispute with the United States. While the entire recreational boating industry in Canada understands the broader trade dispute with the U.S. and the need for Canada to retaliate, you can appreciate we were extremely disappointed that recreational boats were kept on the final tariff list announced on June 29. One of the main messages coming from the Government of Canada was that the list was designed to target products which can be domestically supplied/sourced and minimize the impact to Canadian consumers and jobs; however this is not the case for recreational boats.

According to information we obtain from Statistics Canada, last year, close to 200,000 boats were imported into Canada. Nearly 2 in 3 of those boats were from the U.S. U.S. imports represent 81% of total import dollars. The value of boats imported into Canada last year from the U.S. totaled \$667.8 million. In particular, for outboard boats, which are the most popular, 95% were imported from the U.S. We simply do not have a domestic manufacturing sector in Canada that can replace our reliance on U.S. sourced boats.

Apart from these significant import figures, 75,000 Canadians are employed in the core of the industry and should sales slowdown as a result of the tariff, those jobs will be impacted. Indeed, the greatest impact of maintaining the four proposed tariffs on recreational boats will be mostly felt by middle-class Canadians. Of the more than 43% of Canadian adults who enjoy boating each year, nearly 60% of them have an average household income of under \$100,000. In addition, boaters in Canada spend about \$7.35 billion each year when they are on boating trips. These tariffs would have a significant impact on middle-class communities across Canada as prices of boats are expected to increase by more than 25%.

In speaking with financing providers to the marine industry, they are concerned that the additional upfront cost of the tariff may have an adverse effect on the financial health of boat dealers. Many dealers are small, family-owned businesses and will likely be unable to carry the tariff given insufficient cash flow and limited liquidity. Financial products available to dealers are not geared to address costs imposed by third parties outside of the normal product distribution channel.

On behalf of our members and the jobs they are desperately trying to keep, we would ask that you again consider removing recreational boats from the list. Should this not be an option, we would request:

1. For boats that have already been ordered from U.S. manufacturers but not yet delivered to the customer, that they be exempted from the tariff.
2. Should the tariffs be removed in the short-medium term, we request the tariff be paid back to boat dealers.
3. Since the product is primarily imported before it is sold we ask that the tariff not need to be paid at the border and rather after the boat has been sold.
4. Seeing there has been compensation offered to the aluminum and steel industry, we would ask to have you consider some compensation options which Canadian dealers could benefit from in the wake of lost sales and jobs.

Furthermore, there is currently significant confusion across our industry on how the tariff framework will be rolled out and, accordingly, how our members are to manage their business and cash flow. I would like to request a discussion with your advisors and also your departmental officials as soon as possible to determine the specific facts and information which you are able to provide us, to share with our industry stakeholders.

Thank you in advance for your attention to this very important matter. If you need additional information or have questions, please contact Sara Anghel at sanghel@nmma.org or at 416-909-9100.

Yours truly,



Sara Anghel, President
NMMA Canada



Rick Layzell, CEO
Boating Ontario



Lisa Geddes, Executive Director
Boating BC



Alain Roy, Executive Director
Association Maritime du Quebec



Patricia Nelder, Executive Director
Atlantic Marine Trades Association



Jim Flood, Treasurer
Mid Canada Marine Dealers Association

CC: Hon. Marc Garneau, Minister of Transport & Chair Cabinet Committee on Canada-U.S. Relations
Hon. Bill Morneau, Minister of Finance
Hon. Jim Carr, Minister of International Trade
Hon. Melanie Jolly, Minister of Tourism
Hon. Mary Ng, Minister of Small Business & Export Promotion
Hon. Andrew Leslie, Parliamentary Secretary to the Minister of Foreign Affairs (Canada-U.S. Relations)
Hon. Pamela Goldsmith-Jones, Parliamentary Secretary to the Minister of International Trade
Hon. Wayne Easter, Vice Chair, Canada-United States Inter-Parliamentary Group
Hon. Judy Sgro, Chair, Standing Committee on Transportation, Infrastructure and Communities
Hon. Robert Nault, Chair, Standing Committee on Foreign Affairs and International Development
Mr. Brian Clow, Director, U.S. Canada Relations, Prime Minister's Office
Hon. Michael L. MacDonald, Senator & Vice Chair, Canada- United States, Inter-Parliamentary Group