

July 15, 2015

Mr. James Rajotte, MP (Edmonton--Leduc)
Chair, House of Commons Standing Committee on Finance
House of Commons
Ottawa, ON
K1A 0A6

Subject: 2015 Pre-Budget Consultation

Dear Mr. Rajotte,

The National Marine Manufacturers Association (NMMA) is the leading association representing the recreational boating industry in North America. NMMA member companies produce more than 80 percent of the boats, engines, trailers, accessories and gear used by boaters and anglers throughout the United States (U.S.) and Canada. NMMA is dedicated to industry growth through programs in public policy advocacy, market statistics and research, product quality assurance and promotion of the boating safety and lifestyle. For more information, you can visit www.nmma.ca.

The recreational boating sector contributes significantly to the Canadian economy. Approximately 46% of Canadians are boaters and there are an estimated 4.3 million boats in use in Canada. Total revenues generated by the recreational boating industry totaled \$8.9 billion in 2012 and the annual GDP impact of recreational boats in Canada is close to \$5 billion. With retail sales for new boats and outboard engines generating almost \$2 billion in revenues in 2014, nearly 70,000 Canadians are employed by the recreational boating industry.

On behalf of NMMA's members across Canada, I am very pleased to provide the following recommendations for consideration as part of the Finance Committee's deliberations in advance of the 2016 federal budget.

- 1. Investing in Infrastructure:** NMMA Canada is supportive of the federal government's capital infrastructure investment priorities and specifically the Community Infrastructure Fund, which NMMA is hopeful will be accessible for improvement/renovation for project proponents within our sector. Related, NMMA Canada was very pleased to participate in the announcement on June 19, 2015 with Minister of the Environment, Leona Aglukkaq, regarding federal infrastructure investments of \$285 million across the Trent-Severn Waterway in Ontario. These kinds of landmark investments will ensure the long-term viability and growth of the recreational boating sector, among others, and are important to continue to pursue.

Funding towards improved infrastructure in areas such as parks, local waterways and ports is of critical importance to NMMA and its members. Infrastructure funding to increase access (more boat launches and marina slips where environmentally feasible) for recreational boaters will only help to grow our industry and others that rely on it. We hope that these kinds of projects are being strongly considered by government with the recent re-launch of the Building Canada Plan.

- 2. Supporting Canada's Tourism Sector:** As the federal government continues to action its Federal Tourism Strategy, recreational boating should be kept top of mind. Efforts to expand access not only internationally via trade and new markets but locally through more boat launches, public

docks and marina slips (where environmentally feasible) which will have a positive economic effect on Canada. Indeed, thanks to funding received in recent years from the Government of Canada's *Global Opportunities for Associations* program, NMMA Canada members have seen first-hand the foreign markets, such as China, Australia, the UAE and others, that are eager to access Canadian-made, best-in-class recreational marine products. Here at home, continuing to promote Canadian waterways and recreational boating is also important and will positively impact the Canadian economy, particularly as the Canadian dollar has fallen in recent months, making domestic travel and vacationing more appealing for many.

NMMA believes recreational boating should be continue to be supported through federal program funding, policy initiatives, tourism sector participation on government trade missions, etc.

- 3. Enabling More Water Access:** NMMA Canada supports the federal government's actions to maintain Parks Canada length of season/hours of operation, particularly on the Rideau Canal and Trent Severn Waterway, and to ensure fees are used to stimulate economy. Doing so is crucial for sustaining the recreational boating sector and many businesses (marinas, tourism operators, hotels, etc) that directly and indirectly rely on it. NMMA Canada hopes that these kinds of initiatives continue and would also hope to see investments in more marinas and boat launches to allow greater access to Canadian waterways for the boating public.
- 4. Reducing Trade Barriers:** NMMA is committed to collaborating with federal policy-makers to ensure that the recreational boating sector in Canada is fully enabled. Elimination of trade barriers, which hinder Canadian recreational manufacturers from exporting their world-class products, is key. The recreational boating industry relies on international trade to support its business. Trade barriers hinder Canadian recreational manufacturers from exporting their best-in-class products between Canada and the U.S.

In addition to reducing barriers, NMMA would like to request the Department of Foreign Affairs, Trade and Development Canada's continued support for the *Global Opportunities for Associations* program. As mentioned above, this important initiative has and continues to help the Canadian recreational boating industry explore international trade opportunities abroad.

- 5. Furthering Progress on Canada/U.S. Regulatory Cooperation Council:** Furthering work focused on aligning regulations (life jackets, boat construction standards) is important to our membership and industry. Regulatory harmonization across all transport modes (including marine) as per the Beyond the Borders Plan will result in greater productivity and cross-border business opportunities for our industry, creating more Canadian jobs.

Further growth of the recreational boating industry can be realized through new regulatory developments aimed at mutually-recognized engine and boat construction standards. Work has already been done through the Regulatory Cooperation Council process to streamline some of these Canada/U.S. regulations and we hope that will continue. Regulatory harmonization will result in greater productivity and cross-border business opportunities for our industry and many others.

Moreover, if a Canadian engine manufacturer imports a number of units from their plant in the U.S., they are required to pay NAFTA duties which arise from stringent and outdated rules of origin. However, in cases where an individual consumer is importing a final product (ie. a boat) labeled as "Made in the U.S.A", the individual arriving at customs is permitted to import the product into

Canada under preferential market access. Thus, it is more lucrative for a Canadian consumer to purchase a product in the US at a less expensive, duty-free price, than it is to make the same purchase in Canada. Domestically, the same product will have a higher price tag-a result of the manufacturer having to pass on to consumers the higher cost of importing product subject to NAFTA duties.

Canada and the United States need to establish a level playing field so that individual consumers are subject to the same NAFTA duties as Canadian manufacturers. The existing discriminatory tariff regime, applied to the boating industry writ large, places Canadian manufacturers and distributors at a comparative disadvantage, while indirectly supporting American counterparts.

As in previous years, I would be pleased to appear before your Committee (either in Toronto or Ottawa) to address NMMA's pre-budget recommendations in person. I can be reached directly at sanghel@nmma.org and by phone at (905) 951-4048.

Thank you in advance for your consideration of our recommendations and best of luck to you and your Committee colleagues with your deliberations.

Sincerely,

A handwritten signature in black ink that reads "Sara Anghel". The signature is written in a cursive, flowing style.

Sara Anghel
Executive Director
National Marine Manufacturers Association (Canada)