

June 8th, 2018

The Honourable Bruce Ralston
Minister of Jobs, Trade and Technology
501 Belleville St.
Victoria BC V8V 2L8

RE: RECOMMENDATION REGARDING RETALIATORY TARIFFS ON US IMPORTS

Thank you for inviting the BC Construction Association to provide input into BC's response to the Canadian government's proposed list of US goods subject to retaliatory tariffs.

At the macro level we believe that trade wars are a losing proposition and encourage a focus on more productive trade measures, such as the ratification of the Comprehensive and Progressive Agreement for Trans Pacific Partnerships, which will emerge from tabling in the House of Commons on June 20. The CPTPP will strongly position Canada to take market share from the US in countries such as Japan and Malaysia: as Canada's western gateway BC will play a key role in export diversification to Pacific partners.

If Canada must impose tariffs on the USA, we urge the government not to impose tariffs on construction materials. The costs of construction are already high and have been rising for some time. Margins are low for developers and contractors, and housing is already unaffordable for many British Columbians: tariffs on steel, iron and aluminum, which are crucial materials for construction, will just make these situations worse.

Further, BC has big energy projects on the horizon. Steel is important in every part of the oil and gas industry, from drilling, production, processing, to storage and transportation utilizing pipelines. Tariffs on products which are of particular relevance to the oil and gas sector will add increased risk to final investment decisions on major projects that are enormously important to BC's economy.

If we're going to increase the cost of construction, let's do that in America, not in Canada. Due to a lack of domestic supply in America, US steel manufacturers are dependent on imported steel: they are inflicting pain into their own markets by increasing the price of Canadian steel products through tariffs. At home, let's ensure Canadian developers and contractors can continue to build according to their existing project budgets and timelines, and subsequently to drain the US of much-needed domestically produced steel products. This will help to increase cost-of-supply pressure on US domestic steel and construction markets.

A more palatable action, if tariffs are pursued, is to focus on consumer discretionary and luxury purchases where Canadians have multiple options for substitution and the burden is felt by US companies in politically strategic jurisdictions. Apply tariffs to American discretionary products that are competing in Canada with Canadian brands, giving Canadian brands an opportunity to gain market share domestically. Actively promote

Canadian alternatives to US brands that are falling under tariff as part of federal action: for example, the maple sugars and mustards of Canada that have shorter production timelines than construction and could immediately benefit from tariffs on US competitors.

At 8.9% of our provincial GDP, with \$75BN in projects underway and another \$325BN in projects proposed, and with multi-residential housing already at a premium, increasing the cost of construction in BC is counter-productive.

We strongly urge that all steel, iron, and aluminum products be removed from the list.

Sincerely,



Chris Atchison, President
British Columbia Construction Association

CC The Honourable Francoise-Philippe Champagne, Minister of International Trade (Canada)
Mr. Fazil Mihlar, Deputy Minister of Jobs, Trade & Technology (BC)
Mr. Steve Anderson, Executive Director, Trade Policy and Negotiations (BC)
Mr. James Hammond, Assistant Deputy Minister of International Strategy and Competitiveness Division (BC)
Mr. Benjamin Kolisnyk, Manager of Trade Policy and Negotiations (BC)