

September 20, 2024

The Honourable Chrystia Freeland
Deputy Prime Minister and Minister of Finance
Department of Finance Canada
Email: tariff-tarif@fin.gc.ca,

RE: Steel and Aluminum Surtax

Dear Honourable Minister,

Electro Federation Canada (EFC) represents more than [230 member companies](#) that manufacture, distribute, market, sell, and maintain a wide range of electrical and automation products contributing to Canada's net-zero future, including advanced technologies such as intelligent buildings, smart infrastructure, and Industry 4.0. The electrical and automation industry is the technology, innovation experts, and supply chain partners needed for a net-zero economy. We are powering a changing world. EFC members contribute over \$15 billion to the Canadian economy annually and support over 100,000 jobs across the country.

Thank you for the opportunity to submit comments and feedback on behalf of Canada's Electrical and Automation Manufacturers and Distributors. While EFC supports free and fair-trade practises, it is essential to support fair competition while promoting trade relationships. EFC would like to applaud the Canadian Government for taking swift action to protect Canadian and North American companies from unfair trade practices from China.

Level the playing field for both importers of raw materials, and importers of finished goods:

Electrical Manufacturers have concerns that the tariffs for aluminum and steel only apply to raw materials, while the portion of steel or aluminum in a finished product imported from China are not subject to the same tariffs. While the implementation of the new tariffs benefits local steel and aluminum manufacturers, it does little to protect Canadian manufacturers that transform these metals into finished products. This concern applies to specific products that have a long history of being manufactured in Canada and support the maintenance of the Canadian electrical grid. Transformers as well as wire & cable manufacturers are particularly impacted by products (finished goods) directly from China exempt from this new tariff. Power transformers, and wire & cable products are manufactured in Canada and North America primarily using raw materials sourced from North America. This enables a secure North American and Canadian supply chain shielding us from potential foreign disruptions. China's low cost of steel, low labor cost, lower environmental standards have given Asian manufacturers an unfair advantage over Canadian Manufacturers. These products are vital in maintaining our national electrical grid, and offshore suppliers are jeopardizing Canadian companies' ability to complete.

In alignment with these objectives, EFC is requesting specific finished steel and aluminum products imported from China are also considered for surtax. These products bill of materials is primarily made of aluminum, steel, or copper.

Power Transformer Manufacturers are requesting surtax be extended to include the following HS codes.

1. **8504.21.00** Electrical transformers, static converters (for example, rectifiers) and inductors - Having a power handling capacity not exceeding 650 kVA
2. **8504.22.00** Electrical transformers, static converters (for example, rectifiers) and inductors - Having a power handling capacity exceeding 650 kVA but not exceeding 10,000 kVA
3. **8504.23.00** Electrical transformers, static converters (for example, rectifiers) and inductors - Having a power handling capacity exceeding 10,000 kVA.

Canadian Wire and cable are requesting the Canadian government apply a 25% tariff on specific finished products with the following HTS codes.

1. **85.44** Insulated (including enamelled or anodized) wire, cable (including coaxial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors.
2. **76.14** Stranded wire, cable, plaited bands and like of aluminum, not electrically insulated.

The United States has recognized wire and cable products are unfairly traded and has imposed a significant anti-dumping and countervailing duties on them as well as duties under section 301 of the Trade Act of 1974. It is important that the Canadian Government mirror the US tariffs to avoid situation where finished goods are diverted from the United States and dumped into Canada.

85.44 HS code also covers copper, as the same concerns regarding overcapacity and potential dumping exist with respect to China's copper industry. Copper wire is directly substitutable for aluminum wire for many applications and copper wire is an essential product for key strategic industries such as electric vehicle production, electrical grid infrastructure and solar farms. From a principled perspective, the same 25% surtax should apply

The North American market is highly integrated, as the influx of unfairly traded Chinese products undermines not only Canadian manufacturers but North American production more generally. Without extending the surtax, importers of finished products would have a significant profitability advantage, and this would directly disadvantage those who manufacture in Canada. Protecting North American producers from China's unfair practices is crucial to maintaining a stable and fair market environment, which ultimately benefits Canadian and North American workers.

Sincerely,



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