

# DESPITE GOVERNMENT EFFORTS, BUSINESSES STILL FACE SIGNIFICANT DISRUPTION

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But now the vendor has to account for a new reality of trade hostility, wherein the U.S. under President Donald Trump slaps import taxes on Canadian steel and aluminum, and Ottawa responds in kind with \$16.6-billion in tariffs of its own on a range of goods entering Canada from the U.S., including yep - water heaters.

That means McDonald's business now has to pay the 25-per-cent U.S. tariff on the Canadian steel it sends to Michigan, and then fork over an additional 10 per cent when its finished water heaters are sent back to Canada for sale - a one-two punch that McDonald calls an "unintended consequence" of the tariff tit-for-tat between neighbouring countries.

"We agree there should be a retaliation, so long as it's balanced," said McDonald, who explained that his

company's competitors in Canada aren't disadvantaged in the same way because their supply chains are set up differently.

"We feel there should be some sort of exemption or accounting for that," he said.

Bradford White is among Canadian businesses that, while generally supportive of the Liberal government's response to Trump's tariffs, argue Canada's retaliatory import taxes are causing undue damage at home. To counter that, Ottawa has drafted a \$2-billion aid package to help Canadian businesses affected by the tariffs and minimize job losses. The government extended worksharing agreements to avoid layoffs, and provided funding to retrain workers, help improve the competitiveness of Canadian manufacturers, and support companies in efforts to diversify their customer bases away from the U.S.

But many businesses

**"People are getting blindsided, because we trusted that the relationship between Canada and the United States would be one of friendship and co-operation,"**

- Paul McDonald

will still face significant disruption, having structured themselves over the years on the assumption that the border between Canada and the U.S. would stay open to the flow of goods, said Werner Antweiler, a business professor at the University of British Columbia who specializes in international trade.

"People are getting blindsided, because we trusted that the relationship between Canada and the United States would be one of friendship and co-operation," even if there are long-term disagreements such as

the softwood lumber dispute, he said.

"This is all being upended by these completely unnecessary, counterproductive and destructive sort of tariffs."

Pierre-Olivier Herbert, press secretary to Finance Minister Bill Morneau, said in an emailed statement that the government will consider applications for waivers or reimbursements from the tariffs, after consulting with stakeholders and looking at each request through a special committee.

"The selection of prod-

ucts on the final (tariff) list was informed by the feedback we received from Canadians, as well as our government's internal analysis," Herbert said.

"We recognize that there may be specific circumstances where relief from Canadian surtaxes may be appropriate."

Sara Anghel, president of the National Marine Manufacturers Association, has already written to Prime Minister Justin Trudeau stressing that Canadian boat dealers are alarmed by the government's inclusion of recreational boat imports from the U.S. on its tariff list. She said upwards of 95 per cent of recreational boats sold in Canada are imported from the U.S., and that the roughly 1,000 boat dealers in her association are now contemplating cancelling orders of new boats or struggling to find cash flow to pay the new import tax.

Like McDonald and his water heaters, Anghel said

she wants Ottawa to exempt recreational boats from its retaliatory tariffs.

"We're going to see a ripple effect as this continues," she said, referring to potential job losses, closures and higher prices for consumers.

"As a Canadian, I completely support and understand why we need to fight this tariff war," she added.

"This is about protecting Canadian middle class jobs and our Canadian dealers, which are small family-owned businesses."

McDonald, meanwhile, has written to the Finance Department to ask for financial relief or an exemption from the tariff. Until that happens, he said he expects to lose market share to his competitors.

"We're doing the right thing as far as Canada is concerned," he said, pointing to how his company buys Canadian steel.

"That's what really irks us more than anything."



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