

Canadian – New England Business Community Calls for Trade, Not Tariffs, and Announces Joint Statement for Cross-Border Advocacy, Partnership and Collaboration

August 3, 2020 – Today, Aerospace and Defense groups representing business advocacy organizations, businesses and communities across Canada and New England issued the following joint statement opposing re-imposition of a 10% tariff on Canadian aluminum products and calling for the continued strong cross-border cooperation, trade and supply chains as a critical component of the Aerospace Trade Corridor linking Québec, Vermont and Connecticut’s aerospace industries. The Corridor links a \$13.8 billion Québec aerospace cluster in and around Montreal with a \$2 billion and nearly \$12 billion aerospace industry in Vermont and Connecticut, respectively.

A re-imposition of tariffs would create uncertainty, artificially increase the price of aluminum in North America and raise costs for U.S. suppliers and consumers. It would also reduce competitiveness of aluminum-consuming industries in New England, especially in aerospace. These negative effects, furthermore, would be worsened by the global economic slowdown in commercial aviation and aerospace manufacturing caused by the COVID-19 pandemic and would hinder economic recovery efforts on both sides of the border. Our industries in Québec, Vermont and Connecticut do not need to face another challenge during a global pandemic.

Both the U.S. Chamber of Commerce and the Aluminum Association, which represents more than 97% of U.S. aluminum jobs, strongly oppose the removal of the Canadian exemption, in the spirit of the Canada-U.S.-Mexico Agreement being effective since July 1, 2020. The longstanding partnership between Canada and the United States – ranging from logistics, to economics, to geopolitics, and more – is a key strategic asset to both countries. Now more than ever, critical sectors such as aerospace depend on trade between our two countries.

We stand with a growing number of businesses, workers and advocacy organizations to urge our governments and all Americans and Canadians to refrain from using tariffs and to stand together in the global marketplace with an open and efficient supply chain, and, by doing so, to help facilitate the efforts to transition our economies from response and relief to reopening and recovery during these challenging times.

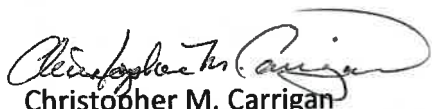
“Most Canadian companies source over 50% of their aerospace parts from the U.S., and Canada is a major exporter and exports 80% of its aerospace production. Any tariff on aluminum will add

injury to an already impacted aerospace manufacturing industry suffering demand shock from a drastic decline in passenger traffic for commercial aviation. Now, more than ever, and in the ongoing crisis of the pandemic, we will be relying on our strong regional, international cross-border supply chain partners to transition to recovery." **Christopher Carrigan, V.P. Business Development, Vermont Chamber of Commerce** ccarrigan@vtchamber.com

"As our combined organizations work collectively to create a vertically integrated cross-border supply chains to deliver value to the aerospace industry, we are constantly faced with many challenges, with cost and delivery always being paramount. Within the spirit of free trade, adding any onerous tariffs would add cost at a time when it can least be afforded. Tariffs may also present an unintended result of extended lead-times and have an adverse effect on free trade to an industry which is now reeling from the current global pandemic." **Paul Murphy, Executive Director, Aerospace Components Manufacturers (ACM)**, pmurphy@acm-ct.org

"The aerospace industry in Canada and the United States has already suffered tremendously from the pandemic and is struggling to recover. By imposing tariff barriers on aluminum, the US government would penalize very co-dependent ecosystems by increasing the cost of this metal, which sometimes constitutes up to 80% of an aircraft's weight. Because supply chains are extremely complex and integrated, an aircraft component can cross the Canadian American border several times during its manufacturing. No doubt the impact would represent a multi-million-dollar loss to Canadian and American companies." **Suzanne Benoît, President of Aéro Montréal**, suzanne.benoit@aeromontreal.ca

With Vermont's combined \$2 billion dollar aerospace and defense industry the statewide Vermont Chamber of Commerce strongly requests your support for our unified voice in opposition to any re-imposition of tariffs.



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