

February 28, 2025

The Honourable Dominic LeBlanc, P.C. M.P Minister of Finance and Intergovernmental Affairs Department of Finance Canada Email: <u>tariff-tarif@fin.gc.ca</u>

#### **RE: Tariffs on electrical products**

Dear Minister LeBlanc,

Electro-Federation Canada (EFC), representing Canada's electrical and automation industry, strongly opposes the tariffs proposed by President Trump on Canadian imports. As you well know, these tariffs threaten to disrupt North American supply chains, increase costs for businesses and consumers, and put thousands of jobs at risk.

EFC's more than 230 member companies manufacture, distribute, market, sell, and maintain a wide range of electrical and automation products<sup>1</sup>. These products represent the supply chain of critical parts, components, and equipment used to power industries across North America, from energy and manufacturing to transportation and construction.

Our industry relies on North America's integrated supply chain, which leverages scale, expertise, and cost efficiencies to maintain global competitiveness. Tariffs break down our competitiveness and hurt manufacturers, distributors, and the broader economy.

EFC urgently requests Canada fight for free trade for the electrical and automation industry by seeking an exemption for electrical products under the U.S. Administration's proposed 25 percent tariff on Canadian imports. As Canada continues to negotiate with the Americans, it will be important to emphasize that seeking an exemption for electrical products is paramount to both countries' economic and energy interests.

Based on recent survey results, approximately 65 percent of EFC's member companies would suffer significant to severe impacts if tariffs were applied to Canadian exports to the U.S. As of today, Canada exports \$11.82 Billion of electrical and automation products to the U.S., representing

(905) 602 - 8877 190 Attwell Drive, Suite 560, Toronto, ON M9W 6H8 E: info@electrofed.com W: www.electrofed.com

<sup>&</sup>lt;sup>1</sup> Products examples include distribution equipment, transformers, switchgears, electric vehicle chargers, lighting, motors & generators, cables & wires, wiring supplies, industrial controls, enclosures, and automation/optimization software.

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approximately 84 percent of all exported electrical products. In turn, Canada imports \$10.64 Billion of electrical and automation products from the U.S., representing approximately 40 percent of imported electrical products.

The integrated Canadian and U.S. electrical and automation industries support the goals of collective energy independence, secure energy supply chains, and a resilient electrical grid. U.S. tariffs on Canadian electrical products would stall energy developments, delay essential infrastructure projects, and hinder the ability of both countries to meet the demands of their growing populations. It would also diminish the U.S. and Canada's capacity to respond to global energy challenges, leaving us more vulnerable to supply chain disruptions and geopolitical implications thereby compromising our energy security.

Over the past several years, the Canadian and American electrical industries have invested tens of billions of dollars in new and expanded North American manufacturing. Onshoring of critical manufacturing has created thousands of new jobs for American and Canadian workers. Since 2018, the Canada-United States-Mexico Agreement (CUSMA) has reduced American reliance on Chinese imports resulting in a 36 percent increase in electrical industry trade with Canada and Mexico. Imposing 25 percent tariffs on Canadian imports of electrical and automation goods will assess annual duties of approximately \$2.9 billion for U.S. companies.

However, if Canada is unable to secure an exemption for electrical products, EFC strongly believes Canada should take a fair-trade approach to protect Canadian businesses and jobs by applying retaliatory tariffs to all U.S. electrical products. Matching tariffs product by product will level the playing field for companies manufacturing and operating in Canada.

Without a retaliatory tariff, U.S. exporters will have free and open access to continue exporting and selling products to the Canadian market and will see no negative impact to their business or competitiveness. This would give U.S.-based manufacturers an advantage when competing with manufacturers who have invested in Canadian operations and export to the U.S. Fair-trade will help to retain manufacturing in Canada, protect Canadian jobs, and safeguard the health of the Canadian economy long term.

Included in the appendix of this letter is a list of HS codes that EFC would want to see exempted from American tariffs or included in Canada's suite of retaliatory measures. EFC would be pleased to meet with you to discuss further the implications of U.S. tariffs on the North American electrical and automation industry.

Our organization calls on both governments to uphold the free-trade policies agreed to as part of the CUSMA and to find a resolution that supports continued economic growth and cooperation. We are working closely with our partner organizations in the U.S. and Mexico to communicate the same message of cooperation and free trade to their respective governments.



We appreciate the tremendous effort the Canadian government has taken and continues to take to protect the interests of our nation. EFC is a supportive partner and will stand by the government in the face of unjust threats to our security and economic prosperity.

Most Sincerely,

Carol McGlogan President & CEO 190 Attwell Drive, Suite 560 Toronto, Ontario M9W 6A9 cmcglogan@electrofed.com

Copy to:

Hon. Jonathan Wilkinson, P.C. M.P., Minister of Natural Resources Hon. Mary Ng, P.C. M.P., Minister of Export Promotion, International Trade and Economic Development Francesco Sorbara, Parliamentary Secretary to the Minister of Finance Brandan Rowe, Chief of Staff to the Minister of Finance Ben Chin, Senior Economic Advisor to the Prime Minister

#### APPENDIX

#### List of Electrical Products:

HS6	HS Description
853710	Boards, panels, including numerical control panels, for a voltage <=1,000 V
854449	Electric conductors, for a voltage not exceeding 80 V, nes
847989	Machines and mechanical appliances, nes, having individual functions
850440	Static converters, nes
854370	Electrical machines and apparatus, having individual functions, nes
847990	Parts, of machines & mechanical appliances, nes, having individual functions
853650	Electrical switches for a voltage not exceeding 1,000 volts, nes
854430	Ignition wiring sets & other wiring sets of a kind used in vehicles, aircraft, etc
854442	Electric conductors, insulated, for a voltage <= 1,000 V, fitted with connectors
854460	Electric conductors, insulated, for a voltage exceeding 1,000 V, nes

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- 850153 AC motors, electric, multi-phase, of an output exceeding 75 kW 853690 Electrical app for switching or protec elec circuits, not exceed 1,000 V, nes 853890 Parts for use with the apparatus of Nos 85.35, 85.36 or 85.37, nes 853669 Electrical plugs and sockets, for a voltage not exceeding 1,000 volts 842129 Filtering or purifying machinery and apparatus, for liquids, nes 850300 Parts of electric motors, generators, generating sets and rotary converters 854470 Optical fibre cables, made up of individually sheathed fibres 853620 Automatic circuit breakers for a voltage not exceeding 1,000 volts 853590 Electrical apparatus for switching or protec elec circuits, > 1,000 volts, nes 850110 Electric motors, of an output not exceeding 37.5 W 850211 Generating sets, diesel or semi-diesel engines, of an output <= 75 kVA 850131 DC motors, DC generators, electric, of an output not exceeding 750 W 854411 Winding wire, insulated, of copper, electric, including enamelled or anodized 853720 Boards, panels, including numerical control panels, for a voltage > 1,000 V 850132 DC motors, DC generators, electric, of an output > 750 W but not <= 75 kW 850140 AC motors, electric, single-phase, nes 850152 AC motors, electric, multi-phase, of an output > 750 W but <= 75 kW 850431 Transformers electric, power handling capacity not exceeding 1 kVA, nes 850422 Liq dielectric transf, having a power handling cap >650 kVA but <= 10,000 kVA 850490 Parts of electrical transformers, static converters and inductors 853529 Automatic circuit breakers, for a voltage exceeding 1,000 volts, nes 854390 Parts of electrical machines & apparatus having individual functions, nes 731010 Tanks, casks, drums, cans, boxes & sim contr, i or s, capacity>=50l but <300l 854420 Co-axial cable and other co-axial electric conductors 853521 Automatic circuit breakers, for a voltage exceeding 1,000 volts but < 72.5 kV 853649 Electrical relays for a voltage > 60 V but not exceeding 1,000 volts 853530 Isolating switches and make-and-break switches, voltage > 1,000 volts 850421 Liquid dielectric transformers, having a power handling capacity <=650 kVA 853630 Electrical app for protecting electric circuits, for a voltage <=1,000 V, nes 853810 Boards, panels, etc, for goods of No 85.37, not equipped with their app 850151 AC motors, electric, multi-phase, of an output not exceeding 750 W 850433 Transformers electric, power handling capacity > 16 kVA but <= 500 kVA, nes 851629 Electric space heating apparatus and electric soil heating apparatus, nes 850410 Ballasts for discharge lamps or tubes
- 851230 Sound signalling equipment

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- 850164 AC generators, electric, of an output exceeding 750 kVA
- 850162 AC generators, alternators, electric, of an output > 75 kVA <= 375 kVA
- 853641 Electrical relays for a voltage not exceeding 60 volts
- 850134 DC motors, DC generators, electric, of an output exceeding 375 kW
- 850450 Inductors, electric
- 853540 Lightning arresters, voltage limiters and surge suppressors, > 1,000 V
- 903281 Hydraulic or pneumatic automatic regulating/controlling instruments & apparatus
- 854419 Winding wire, insulated, o/t of copper, electric, including enamelled/anodized
- 853340 Variable resistors, including rheostats and potentiometers, nes
- 850434 Transformers electric, having a power handling capacity exceeding 500 kVA, nes
- 851310 Portable electric lamps, designed to function by their own source of energy
- 850590 Electro-magnets, nes, and parts of No 85.05
- 850161 AC generators, alternators, electric, of an output not exceeding 75 kVA
- 903210 Thermostats
- 853510 Electrical fuses, for a voltage exceeding 1,000 volts
- 850423 Liq dielectric transf, having a power handling capacity exceeding 10,000 kVA
- 903220 Manostats
- 841280 Engines and motors, nes
- 850520 Electro-magnetic couplings, clutches and brakes
- 850120 Universal AC/DC motors, of an output exceeding 37.5 W
- 850432 Transformers electric, power handling capacity > 1 kVA but <= 16 kVA, nes
- 851390 Parts of portable elect lamps, designed to function by own source of energy
- 853950 Light-emitting diode (LED) lamps (Retired 2021)
- 732219 Radiators and parts thereof, iron or steel, other than cast iron
- 853610 Electrical fuses, for a voltage not exceeding 1,000 volts
- 840510 Producer gas or water gas generators, acetylene gas gen & sim water gas gen, etc
- 940510 Chandeliers & other electric ceiling or wall lighting fittings (Retired 2021)
- 850133 DC motors, DC generators, electric, of an output > 75 kW but <= 375 kW
- 850240 Electric rotary converters
- 850163 AC generators, alternators, electric, of output > 375 kVA <= 750 kVA
- 940520 Electric table, desk, bedside or floor-standing lamps (Retired 2021)
- 853339 Wirewound variable resistors, including rheostat and potentiometers, nes
- 850180 AC generators (alternators), photovoltaic
- 853661 Electrical lamp-holders, for a voltage not exceeding 1,000 volts
- 850172 DC generators, photovoltaic, of an output exceeding 50 W

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- 851621 Electric space heating apparatus, having storage heating radiators
- 940540 Electric lamps and lighting fittings, nes (Retired 2021)
- 732211 Radiators and parts thereof, cast iron
- 850171 DC generators, photovoltaic, of an output not exceeding 50 W
- 940550 Non-electrical luminaires and lighting fittings
- Phtosens semicon devices, incl photovoltaic cells, w/n assem in modules/panels; LED (Retired 854140 2021)
- 854890 Electrical parts of machinery or apparatus, nes in this Chapter (Retired 2021)
- 940591 Parts, of glass, of lamps, lighting fittings, illuminated signs/name-plates, like, nes
- 940592 Parts, of plastics, of lamps, lighting fit, illuminated signs/name-plates, like, nes
- 940599 Parts, of lamps & lighting fittings, illuminated signs/name-plates, the like, nes