



**CANADIAN PAINT
AND COATINGS
ASSOCIATION**

**ASSOCIATION CANADIENNE
DE L'INDUSTRIE DE LA PEINTURE
ET DU REVÊTEMENT**

| PRESS RELEASE

CPCA Intervention Spares Further Challenges for Canadian Paint and Coatings Manufacturing

JULY 3, 2018-OTTAWA - The Canadian Paint and Coatings Association (CPCA) is pleased the Government of Canada granted CPCA's formal request for an exemption from the proposed countermeasure tariffs on US goods coming into Canada as of July 1, 2018.

In June the federal government invited Canadian stakeholders to comment on a list of proposed retaliatory tariffs on US goods in response to US tariffs on Canadian steel and aluminum. In a formal submission to the Department of Finance CPCA noted the proposed tariff on imported US steel drums and cans (proposed Tariff 7310.29) could be interpreted to include pails, cans, vats, and totes used by Canadian paint and coatings manufacturers. With no Canadian manufacturer of these pails and cans, particularly for architectural paint and aerosol sprays, Canadian-based manufacturers would face millions of dollars in higher input costs in relation to competing finished products imported from the United States.

According to CPCA President and CEO Gary LeRoux, *"The North American paint and coatings industry is highly integrated with many US owned companies operating manufacturing plants here in Canada supported by cross-border supply chains. These tariffs could be the last straw for many Canada-based manufacturers, especially small-and medium sized enterprises, already considering possible relocation to US jurisdictions with lower taxes, fewer regulations, lower energy and labour costs, ongoing exchange rate challenges and other incentives for plant relocation."*

Due to increasing consolidation in recent years, nearly half of all paint and coatings products sold in Canada are imported from plants in the United States, an increase of nearly 15 per cent over the past decade. Over that time consolidation has resulted in the closure of Canadian manufacturing plants and the relocation of many head offices to the United States. The proposed countermeasure would have imposed tariffs on all Canadian paint and coatings manufacturing facilities, both Canadian and US-owned, and further exacerbated current competitive and regulatory alignment challenges between our two countries.

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About CPCA

In Canada, CPCA members represent annual retail sales of more than \$12.3 billion, and employ 86,300 people, directly and indirectly, through 261 paint manufacturing establishments and more than 3,000 retail outlets, while supplying products to another 5,000 retail stores and more than 7,500 auto body shops. Since 1913, CPCA has represented Canada's major paint and coatings manufacturers, and their industry suppliers and distributors in three primary product categories: architectural paints, industrial products, and automotive coatings.

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