



National Marine Manufacturers Association

August 9, 2011

Mr. James Rajotte, MP (Edmonton--Leduc)
Chair, House of Commons Standing Committee on Finance
House of Commons
Ottawa, ON
K1A 0A6

Re: Pre-Budget Consultation 2012

Dear Mr. Rajotte:

The National Marine Manufacturers Association Canada ('NMMA') is the leading association representing the recreational boating industry in North America. NMMA member companies produce more than 80 percent of the boats, engines, trailers, accessories and gear used by boaters in North America. The association is dedicated to industry growth through programs focusing on public policy development, market research and data, product quality assurance and marketing communications. We represent 100 members in Canada and another 1300 members in the United States.

The recreational boating industry has approximately a \$26 billion impact on Canada's economy, producing 373,606 jobs both directly and indirectly. This includes close to 7,000 lucrative jobs in the manufacturing sector. Of the \$1 billion spent annually on new boat purchases in Canada, \$1.46 billion is generated towards real gross domestic product. Further, Canadian recreational boating manufacturers export over \$600 million worth of product in international markets, including the United States.

In 2006, nearly six million Canadians took to the water in a boat. These boaters carry a \$6 billion impact on the tourism sector through travel, fishing, trailering, angling and other related activities across Canada. Further, an increasing number of American boaters are travelling on Canadian waterways. In the eight "Great Lakes" States alone, 4.3 million people own boats and take part in recreational boating, many of them boating on these shared Canadian/US waterways.

On behalf of our members across Canada, NMMA Canada would like to offer the following recommendations for consideration as part of your Committee's deliberations in advance of the next federal budget.

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1) NMMA recommends that the Government of Canada focus on *providing financial assistance and incentives for equipment and technology upgrades, new product development and training*, as these initiatives would help retain manufacturing jobs in Canada. The federal and provincial governments offer tax credits of which most boat manufacturers take advantage. However, *the federal government could stimulate our industry by raising the 35% current tax credit.*

2) Cross-border trade by individual consumers is a significant element of the recreational boating industry, and indeed, is encouraged by industry players. However, NMMA suggests that consumers importing products into Canada from the United States abide by the same rules as manufacturers selling in Canada. As an example, if a Canadian engine manufacturer imports a number of units from their plant in the U.S., they are required to pay NAFTA duties which arise from stringent and outdated rules of origin. However in cases where an individual consumer is importing a final product (ie. a boat) labeled as "Made in the U.S.A", the individual arriving at customs is permitted to import the product into Canada under preferential market access. Thus, it is more lucrative for a Canadian consumer to purchase a product in the United States at a less expensive, duty-free price, than it is to make the same purchase in Canada. Domestically, the same product will have a higher price tag-a result of the manufacturer having to pass on to consumers the higher cost of importing product subject to NAFTA duties. *Canada and the United States need to establish a level playing field so that individual consumers do not receive a reward for cross border shopping, and are subject to the same NAFTA duties as Canadian manufacturers.* The existing discriminatory tariff regime, applied to the boating industry writ large, places Canadian manufacturers and distributors at a comparative disadvantage, while indirectly supporting American counterparts.

3) The government previously announced its intention to develop a National Tourism Strategy. I have met with a number of government officials concerning this file and in each of my meetings, the focus has been on how best to attract international travelers and their spending capacity to Canada. While that is an important component, we must realize that in tough economic times, people tend to travel within their borders; therefore, *campaigns should have a strong element to promote boating within Canada.* A federal tourism strategy and any tourism-related funding initiatives (outside of the work undertaken by the internationally-focused Canadian Tourism Commission) would be of significant benefit to a wide range of industries including ours. The recreational boating sector has a **\$6 billion** dollar impact on our country's economy in tourism alone and we want to work with the government to ensure that recreational boating is a focus of any national tourism strategy and associated funding opportunities for sector and market development. One approach to attracting international travelers-in particular the ones from the US American tourists-is to ensure that they have a hassle-free experience in

crossing the border. Steps which can be taken to facilitate cross-border tourism should include changes in customs regulations to further facilitate a greater volume of cross-border consumerism, travel and trade.

Finally, I would like to offer a brief comment on the Office of Boating Safety, currently housed within Transport Canada. In light of the Strategic and Operating Review announced in late 2010, I realize that all government departments are tasked with identifying savings and cost efficiencies. While I support this effort, I want to emphasize the *importance of the Office of Boating Safety and the Pleasure Craft Licensing Program within Transport Canada*. This office and its officials have a significant positive impact on recreational boating - from contributing to the development of important policies and regulations affecting our sector to ensuring the safety of boaters across Canada through public awareness campaigns and marketing. As budget decisions are made, please keep in mind that the Program and the Office are an absolute necessity to the future growth and success of our industry.

On behalf of our members, I thank you for the opportunity to provide this submission and thank you in advance for your consideration.

Yours truly,



Sara Anghel,

Executive Director,

NMMA Canada