



**URBAN DEVELOPMENT INSTITUTE – PACIFIC REGION**  
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August 28, 2018

The Honourable Bill Morneau  
Minister of Finance  
90 Elgin Street  
Ottawa, Ontario K1A 0G5

Dear Minister:

***Re: Tariffs/Quotas on Non-US Construction Steel***

The Urban Development Institute (UDI) Pacific Region is an association of the development industry in British Columbia. Our members are involved in all facets of planning and development, and include home builders, property managers, financial lenders, lawyers, engineers, planners, architects, appraisers, real estate professionals, local governments and government agencies. UDI represents an industry that generates almost \$23 billion in GDP, over 230,000 jobs and \$6.6 billion in tax revenue every year.

This economic activity may be put at risk and housing affordability may be undermined in an effort to safeguard the Canadian steel industry. For this reason, we are concerned about the new tariffs that the Federal Government is contemplating on steel products from other countries, beyond the United States.

Our members rely on imported steel products for several reasons:

- There is no steel industry in British Columbia;
- Steel producers in the rest of Canada do not have the capacity to meet existing Canadian demand for construction steel, as domestic mills have been able to supply only half of the 1.2 million tonnes of rebar the Canadian construction industry requires every year; and
- The cost to ship steel overland is prohibitive, requiring the use of marine shipments from the rest of the world to supply steel to British Columbia.

With the already steep tariffs on steel from the U.S. and other countries such as China, our industry is facing substantial cost increases that will impact the businesses, renters and homebuyers we serve. Steel prices have already increased by 38% this year. Without access to reasonably priced U.S. construction steel, our members must rely on third-country imports. If tariffs are applied to those products as well, these problems will be exacerbated. The increases in costs due to these proposed safeguards will inevitably drive up the cost of construction and put development and infrastructure projects at risk. The Residential Construction Council of Ontario predicts that the cost of an average condominium unit could rise by as much as \$10,000 - \$12,000 due to

increased steel costs. British Columbia, already facing a housing affordability crisis, will be especially hard hit.

We understand that in addition to potentially new tariffs, the Government may also be considering imposing quotas on imported steel. UDI has the same concerns about quotas as we do regarding tariffs.

If quotas are considered, we respectfully request that Western Canada - especially British Columbia – be exempt, so to not impede access to foreign construction steel. This would be critical as our members do not have a cost effective means to transport steel from Central Canada.

Regardless of the type, we would still be concerned about any unnecessary safeguard trade actions that might potentially be taken by the Government, because of the impact to the overall Canadian economy, beyond the real estate development sector. Domestic steel producers, for whom the safeguard actions are being considered, are earning record profits due to the steel supply constraints noted above. One area of concern for the Government is the impact on costs for Federally funded infrastructure and housing projects. UDI would not want to see these projects (and the economic, environmental and social benefits they bring) delayed because of new tariffs or quotas on steel.

In conclusion, UDI strongly recommends that global safeguards on construction steel not be imposed, as it will undermine our economy and exacerbate our housing affordability issues.

Yours sincerely,



Anne McMullin  
President and CEO

C.C. The Honourable Chrystia Freeland, Minister of Foreign Affairs  
Jeremy Broadhurst, Chief of Staff, Minister of Foreign Affairs  
The Honourable James Gordon Carr, Minister of International Trade Diversification  
Julian Ovens, Chief of Staff to the Minister of International Trade Diversification

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