



December 18, 2014

Hon. David Emerson, PC, MP
Chair, *Canada Transportation Act* Review
Canada Transportation Act Review Secretariat
350 Albert Street, Suite 330
Ottawa, ON K1A 0N5

Subject: NMMA Canada Submission to the *Canada Transportation Act* Review

Dear Mr. Emerson,

The National Marine Manufacturers Association (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 and anglers throughout the United States (U.S.) and Canada. Our organization is dedicated to promoting industry growth through programs in public policy development, advocacy, market statistics and research, product quality assurance and promotion of “the boating lifestyle” to various public audiences.

The recreational boating sector contributes significantly to the Canadian economy. In 2013, approximately 15 million Canadians (or 44% of the population) participated in recreational boating activities. Related, there are currently an estimated 4.3 million recreational boats in use in Canada. Total revenues generated by the “core” of the recreational boating industry totaled \$8.9 billion in 2012 and annual GDP impact of recreational boats in Canada is approximately \$5 billion, with retail sales for new boats and outboard engines generating almost \$2 billion in revenues in 2013. Additionally, nearly 70,000 Canadians are employed by the recreational boating industry. As you will agree, these economic indicators demonstrate the importance of our sector and its members to a thriving Canadian economy.

I am pleased to provide NMMA’s input to the important work being undertaken by you and your colleagues as part of the *Canada Transportation Act* Review. I appreciate that the Act is the primary economic legislation governing our country’s national transportation system. There are certain key issues mentioned in the enabling mandate of your review (and in the Discussion Paper which was issued) which are relevant to our industry. These are issues which our organization has and continues to address with governments, including the Government of Canada, on behalf of our members. I have identified this issues below:

- 1) Elimination of unnecessary trade barriers and alignment of regulatory harmonization with key trading partners

The recreational boating industry relies on international trade to support its growth and help achieve business objectives. As an example, 128,490 recreational boats were imported into Canada in 2012 - a 4-year high. Unnecessary trade barriers hinder Canadian manufacturers from exporting their best-in-class products between Canada and other key trading nations, notably the United States.



Further growth of the recreational boating industry can be realized through enhanced regulatory harmonization efforts at mutually-recognized engine and boat construction standards, for example. Meaningful work has already been done to date on this through the Regulatory Cooperation Council process, aimed at streamlining regulations and standards. We congratulate the Government of Canada and its partners on these important efforts and hope that they will continue.

NMMA also believes in furthering regulatory harmonization efforts across all transport modes (including marine) as per the Beyond the Borders Action Plan & the complementary Regulatory Cooperation Council. Continuing to pursue these measures will result in greater productivity and cross-border business opportunities for our industry among many others.

As an example, if a Canadian engine manufacturer imports a defined number of units from their own plant in the United States, that company is 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 (i.e., a boat) labeled as “Made in the U.S.A”, the individual arriving at the border is permitted to import the product into Canada under preferential market access. Thus, it is arguably 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 the cost of importation to its consumers. This scenario – which is common in our industry and many others in the transportation manufacturing business – is a lose-lose for everyone.

We continue to advocate that Canada and the United States need to establish a level playing field so that individual consumers are subject to the same NAFTA duties as Canadian manufacturers. The existing discriminatory tariff regime, applied to our industry among many others in Canada, places Canadian manufacturers and distributors at a comparative disadvantage, while indirectly supporting American competitors.

2) Access to strategic infrastructure

As your Discussion Paper rightly points out, “when businesses decide where to invest and locate facilities, the quality of transportation infrastructure...” is a key consideration. Our organization strongly believes in sustained funding to enhance access to strategic infrastructure. This infrastructure, in relation to our sector and its stakeholders, includes ports, local waterways, marinas (including boat launches and marina slips) and parks, among others. We are very pleased that the federal government has launched the second iteration of the Building Canada Fund and hope that this kind of critical funding to grow Canada’s infrastructure networks will be continued.

3) Environmental stewardship in transportation

The recreational boating industry is committed to being environmentally-responsible and ensuring we are contributors to environmental stewardship in Canada and abroad. In fact, recreational marine engine manufacturers have invested billions of dollars in the last several decades to develop cleaner, more efficient engines. These innovations and investments are generating impressive results. As an example, in 2011, these new engines reduced overall emissions by 75%-90% and increased fuel efficiency by more than 40% across North America. In addition, recreational boat and engine manufacturers have contributed to the development of fuel additives that contribute to fuel economization and optimized performance while reducing smoke and overall emissions.



NMMA has and continues to participate in a productive working dialogue with officials at both Transport Canada and Environment Canada on issues related to engine emissions and environmental standards. We look forward to

continuing with these discussions and look forward to the *Canada Transportation Act* Review's findings as they relate to environmentally-responsible transportation.

Mr. Emerson, I hope that the above input is valuable to your Review's deliberations. I am pleased to answer any additional questions or provide further information. I can be reached directly at sanghel@nmma.org and by phone at 905-951-4048.

Thank you in advance for your consideration. Good luck to you and your colleagues with your important work.
Sincerely,

A handwritten signature in blue ink that reads "Sara Anghel". The signature is written in a cursive, flowing style.

Sara Anghel
Executive Director
National Marine Manufacturers Association Canada