

Fredericton Chamber Joins Retail Council in Call for Level Playing Field for Retailers

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(FREDERICTON, NB) – The Fredericton Chamber of Commerce, in partnership with the Retail Council of Canada (RCC) and five other border community Chambers of Commerce, are asking for the federal government to level the playing field for Canadian retailers, starting with the elimination of import tariffs on finished goods.

“Start with what can be changed immediately and eliminate import tariffs,” is the message to Federal Finance Minister Jim Flaherty from RCC and the Chambers of Commerce of Surrey (BC), Winnipeg (MB), Altona (MB), Sarnia-Lambton (ON), Niagara Falls (ON), and Fredericton (NB).

This message is echoed by local retailer Paul Simmonds (Robert Simmonds), a longtime member of the Fredericton Chamber and a member of the RCC’s national board. “Governments are not relinquishing duties and taxes to enable retailers to compete on a level playing field with their American counterparts” said Paul Simmonds. “This has become tremendously evident with the appreciation of the Canadian dollar. Items are not priced dollar for dollar as they should be; Canadians pay a much higher rate on importation which could be up to 25%. I am encouraged that the government is finally looking at this issue through the Senate Committee which is studying price discrepancies between Canada and the US. I hope that parity pricing will become a reality for Canadian businesses.”

“The government’s decision to increase duty exemptions on goods bought in the U.S. is salt in the wounds of retailers in border communities,” said Diane J. Brisebois, RCC’s President and CEO. “They already face too many obstacles to competition, such as import duties, as high as 18% on sports equipment, and now Canadians are being offered yet another incentive to cross border shop.”

Tariffs on many finished goods – including clothing, hockey equipment and skates, sporting equipment and footwear and linens – are paid by the retailer to the Canadian government. Historically, these tariffs were put in place to protect Canadian manufacturers. However, very few of these products are manufactured in Canada anymore.

RCC recently made a submission to the Senate Committee studying the reasons for price discrepancies between Canada and the United States. RCC presented several facts that contribute to the discrepancy:

- Retailers in Canada must purchase branded products through Canadian subsidiaries of multi-national manufacturers (many of which are based in the U.S.). They cannot buy those products directly from the manufacturer in the U.S. Prices charged to retailers in Canada for such items as tires, health and beauty care products, running shoes, jeans, small appliances and electronics are often 30 per cent higher than what these manufacturers charge U.S. retailers. And these distributors rarely pass on the savings from a strong Canadian dollar. ***Even with the dollar near parity, retailers pay more in Canada.***
- And if a retailer wants to import products than are not sold through distributors in Canada, higher import tariffs are applied. ***Even with the dollar near parity, retailers pay more in Canada.***

Brisebois urged the committee to compel multinational manufacturers and their Canadian subsidiaries to appear before the Senators to explain why retailers in Canada still pay more than their American counterparts for the same goods. Retailers, who value their customers, also asked the Senate to set the record straight to ensure consumers understood why some products were priced higher in Canada.

RCC and the Chambers of Commerce agree: "What retailers in Canada want is a level playing field to compete with their US counterparts so that they can bring the best products at the best value to Canadian consumers."

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With more than 900 members, the Fredericton Chamber of Commerce is one of Atlantic Canada's largest chambers of commerce. A dynamic and relevant business organization, the Fredericton Chamber of Commerce is actively engaged in policy development that affects the competitiveness of our members and of the Canadian business environment.

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Retail Council of Canada (www.retailcouncil.org) is the Voice of Retail. Founded in 1963, RCC is a not-for-profit association which represents more than 45,000 stores of all retail formats, including department, grocery, independent merchants, regional and national specialty chains, and online merchants.

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