

## **CWB Association advocates for mitigation of the negative impact of steel tariffs on the Canadian welding industry**

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The Canadian Welding Bureau (CWB) Association is very concerned about the impact of the steel tariffs on the viability and health of the Canadian welding industry. Canada's welding industry employs thousands of men and women in manufacturing and construction jobs from coast to coast, border to border. The recent implementation of tariffs on steel and aluminum by the US Government and the retaliatory tariffs imposed by the Canadian Government is creating a significant negative impact on the welding companies that rely on these inputs for their business. The CWB Association is cautioning that without timely resolution, the current situation unheeded will impact the strength and diversity of many sectors within the Canadian welding industry.

The CWB Association affirms that the impact on Canadian welding companies is significant, widespread and concerning. Canadian welding companies are experiencing major setbacks related to the costs and availability of steel, increased pricing on other materials and loss of work, creating an uncertain climate for all those involved. Of further concern to the CWB Association is that the immediate and unexpectedly broad consequences of the steel tariffs on Canadian welding companies are not being mitigated by the government support measures announced in June.

The CWB Association is committed to understanding the needs of the welding sector in improving productivity and global competitiveness. In August, the CWB Association initiated an ongoing industry engagement program to fully understand the national experience of companies in the welding industry. Hundreds of welding companies nation-wide shared their experiences of the negative consequences of the tariffs with CWB Association, through an online survey and one-on-one discussions.

The results are alarming. 98% of welding company respondents reported their businesses are negatively impacted by the tariffs, the majority of which are being impacted in a "major" way. The challenges are substantial, with negative impact on both top and bottom lines, as well as the employees of Canadian welding companies. One welding company executive admitted to experiencing "sleepless nights due to all the uncertainties."

Michelle Stanford, Senior Vice President of Operations at CWB Group, reports "Our clients, big and small, are struggling. The CWB Association is advocating for the engagement and support of the federal government to tangibly address the significant impact of tariffs by partnering with us, our clients and the industry in driving solutions to address the needs of the welding industry that we represent."

Next week, at the CWB Group's annual CanWeld conference in Winnipeg, Manitoba, the full results of this industry engagement program will be shared with attendees, followed by a presentation on NAFTA and the steel industry presented by a member of Scotiabank's economist team.

The findings presentation will share details and customers case studies around the four key issues resulting from the tariffs on Canadian welding companies:

**Revenue Loss** – work has slowed down for the majority of welding companies. Skittish customers are choosing to delay and cancel projects. Welding companies selling into the US feel forced to shift manufacturing to the US, plus the momentum for “Buy America” has some US customers no longer using Canadian manufacturers.

**Profit loss** – Bottom line losses as a result of tariffs have increased the cost of production for both existing and new contracts. One manufacturer shared, “Steel pricing has increased approximately 30%, and it is also becoming increasingly difficult to source special grade steel. All of which has caused my company significant financial hardship over the past number of months”. Another CWB Association client shared how they were going to take a multi-million-dollar loss this year on an ongoing contract for a US customer solely due to the increased cost of the steel inputs.

**Operational challenges** – Material shortages lead to project scheduling issues and costly delays. Constant uncertainty around pricing makes bidding risky and complex– there is widespread uncertainty and companies are unable to confidently bid for new work.

**Loss of jobs** – Fewer contracts means fewer people needed. Layoffs and shutdowns resulting in loss of jobs and skills are now as high as 20% in some regions. Given the CWB Association forecasted a shortage of 14000 welders by 2025, the sustainability of the industry is at risk if talented and experienced welders are unemployed.

Understandably, it is because of these complexities that the CWB Association advocates and encourages immediate consultation with the government to design solutions to mitigate the negative impact of the tariffs on Canadian welding companies.

The CWB Association fully supports our government's efforts to renegotiate NAFTA. “The biggest impact is the uncertainty of not knowing the outcome of NAFTA and the effects when it is finalized. It is difficult to make future business decisions due to the uncertainty. We ship 75% of our business to the US a NAFTA agreement is very important for us. The sooner this is resolved, the sooner we can make confident decisions,” says a large manufacturer.



### **About the CWB Group and the CWB Association:**

The CWB Association is a not-for-profit division of the CWB Group. As a national member-driven association which promotes and supports the welding and joining industry in Canada.

The CWB Group is a Canadian non-government service organization, honored to provide comprehensive and integrated services to the welding and joining industry. The Group is comprised of five divisions including CWB Certification, CWB Education, CWB Registration, CWB Consulting, and CWB Association.

The CWB Group is also affiliated with the CWB Welding Foundation, a national registered charity which supports the Canadian welding sector by increasing public safety awareness in welding and addressing the welding skilled trade shortage in Canada.

CWB Group is headquartered in Milton, Ontario, with staff and offices across the Canada. CWB Certification is accredited by, and operates under the authority of, the Standards Council of Canada (SCC) as a Certification Body for the administration of Canadian Standards Association (CSA) welding related standards.

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