

Opinion

Steel tariffs start taking toll on welding industry



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Canadian Welding Bureau Group executive director Dan Tadic attends CanWeld Wednesday.

As the National Research Council (NRC) plans its \$60-million Advanced Manufacturing program (formerly called the Factory of the Future) in Winnipeg, local industry is making a concerted effort to present a focused set of objectives to the NRC.

Economic Development Winnipeg recently published an updated brief on the manufacturing sector, the largest industry in Winnipeg's economy representing 10 per cent of the city's GDP and 9.8 per cent of all employment in 2017. In 2017, Manitoba's manufacturing industry had \$18.9 billion in revenues.

It's big.

While there is forward-looking strategic planning going on to make sure the NRC's investment makes sense for the long term, in the short term there are problems, and they almost all relate to the impetuous policies of Canada's largest trading partner to the south.

Positive noises may be emanating out of the NAFTA negotiations this week, but the 21/2-month-long steel and aluminum tariffs are starting to take their toll.

Many individual businesses will not say out loud they are suffering — or that they're raising their prices or that they are worried they might have to lay off workers — but that sounds like what might be happening.

At a large national gathering this week in Winnipeg for the welding industry, results of a survey of its members — which number in the thousands and include virtually every manufacturing and construction company — were grim.

The survey asked members to comment anonymously about the effects recently imposed U.S. tariffs and Canadian counter-tariffs on steel are having on their business.

Michelle Stanford, senior vice-president of industry services at the Canadian Welding Bureau Group (CWB), said they were really happy with the level of response, with 300 surveys completed from members across the country and another 100 interviews conducted by CWB field staff.

"The bad news is that of all the 400 shops we have talked to, 98 per cent of them say they are experiencing impact because of the steel tariffs, and two-thirds of them say it is impacting the majority of their business," she said.

In the comments section, where companies are asked what they would like the CWB to tell government, one executive wrote, "I want you to tell them there are many sleepless nights resulting from all the uncertainties."

One could argue that saying tariffs "impact" their business doesn't necessarily mean a negative impact.

But, the next question of the survey was regarding revenue, and two-thirds of respondents said there was sales decline. Almost all of them, 96 per cent, said they were experiencing increased steel prices. The survey showed that 13 per cent were laying off workers or planning to do so, and Sanford said profit losses were common.

"What is distressing and frustrating is that suppliers are choosing to be somewhat opportunistic and putting price increases onto things that are not impacted by the steel tariff," she said.

Kevin Lusk, the Canadian Manufacturers and Exporters' innovation and technology expert in Manitoba, would not necessarily say Manitoba companies are suffering sales slumps, but said there is concern and plenty of uncertainty.

"The problem is, you cannot stop your business. Like it or not, if you are already in export, you have to continue," he said. "But, the entire question really revolves around the response on NAFTA as to whether tariffs remain or not. But, for the small manufacturer in Manitoba... it's very much business as usual. Although there's lots of anxiety."

By Martin Cash

Reporter

Martin Cash has been writing a column and business news at the Free Press since 1989. Over those years he's written through a number of business cycles and the rise and fall (and rise) in fortunes of many local businesses.