



TRILLIUM AUTOMOBILE DEALERS ASSOCIATION

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Serving the Interests of Ontario New Car
and Truck Dealerships for over 100 years.

December 10, 2021

The Honorable Chuck Schumer
Senate Majority Leader
322 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Mitch McConnell
Senate Minority Leader
317 Russell Senate Office Building
Washington, DC 20510

Dear Senators Schumer and McConnell:

As the Build Back Better Act is now before the Senate, I am writing to request your assistance to protect automotive jobs on both sides of the Canada-US border by rejecting discriminatory tax credits for certain electric vehicles (EVs) and batteries.

Applying tax credits only to EVs built in America by auto workers operating under a collective agreement, and only to EV batteries made in America, threatens the integrated and successful North American auto supply chain our two countries have proudly built over the last 56 years.

This discriminatory proposal will negatively impact:

1. 137,000 Americans employed at automobile factories not operating under a collective bargaining agreement,
2. 564,000 Americans working at 9,500 new car dealerships across America not affiliated with Detroit-based automobile manufacturers, and
3. Over 100,000 Canadian auto workers who build Ford, GM, Honda, Stellantis and Toyota vehicles and parts, exporting them to America.

According to [Cox Automotive](#), the average price of an electric vehicle in the US is more than \$56,000. Vehicles that do not qualify for the full \$12,500 EV tax credit would be placed at a massive \$5,000 price disadvantage (\$4,500 for the vehicle and \$500 for batteries) – which effectively works out to a 9 percent tax increase. An unfair tax on certain new cars will harm consumers already being challenged by low inventory levels on dealer lots, and soaring inflation rates the [US hasn't seen in 31 years](#).

For the 1,100 new car dealers in the province of Ontario who I represent, we are fortunate to have five global auto manufacturers assemble vehicles right in our backyard – the most of any sub-national jurisdiction in North America.

We know and appreciate first-hand the integrated North American auto sector and how it benefits automakers, parts manufacturers, automobile dealers, consumers and the overall economy in both our countries.

Auto parts and components may cross the border as many as eight times before being installed in a final assembly plant in either one of our countries. That model of tariff free movement must be maintained to ensure an efficient supply chain resulting in the best product at the best price. This will ensure our mutual long-term competitiveness in the hyper competitive global auto market.

We believe any tax credit for EVs, and batteries, should not discriminate against Canadian built products. Such a move seems to run counter under the USMCA agreement and is almost certain to be challenged. One option the Canadian Government may pursue is countervailing duties on US built EVs. The result will be higher new vehicle prices on both sides of the border, and less money in people's pockets. Our collective focus ought to be on producing and deploying as many EVs as possible to reduce our emissions. After all, an EV built in Canada is just as good for the environment as an EV built in America.

As we transition to electric vehicles, the mining sector in northern Ontario can play a key role for North American auto production. Ontario has deposits of minerals and metals required for EV batteries and parts including cobalt, graphite, lithium and nickel. By not discriminating against Canadian made products, we can secure our North American EV supply chain and decrease our dependence on less dependable trading partners.

History has shown bi-partisan support to exempt Canada from harmful trade policies. In 2002, President Bush exempted Canadian-made steel from a 30 percent tariff. And in 2010, President Obama exempted Canada from "Buy American" provisions.

In an address to the Canadian Parliament on May 17, 1962, President John F. Kennedy said this about our two countries:

"Geography has made us neighbours. History has made us friends. Economics has made us partners. And necessity has made us allies...What unites us is far greater than what divides us."

In that spirit, I am hopeful the Senate can help shape a co-operative effort among our two countries to protect our shared auto sector and not discriminate against Canadian built vehicles and parts. Doing so would strengthen our much-envied North American auto market and protect workers and consumers on both sides of the border.

Sincerely,

A handwritten signature in blue ink, appearing to read 'FRANK NOTTE', written in a cursive style.

Frank Notte
Director of Government Relations

cc: The Honorable Joe Manchin, Senator for West Virginia
Hon. Doug Ford, Premier of Ontario
Hon. Vic Fedeli, Minister of Economic Development, Job Creation and Trade
Hon. François-Philippe Champagne, Minister of Innovation, Science and Industry