Canadian Paint and Coatings Association
Association canadienne de l'industrie de la peinture et du revêtement

Trade Policy and Regulations
Trading Our Way to Prosperity

CPCA ISSUE BACKGROUNDER

Canada is a Trading Nation

Canada has been a trading nation since the first National Policy of 1879 along with subsequent trade agreements like the AutoPact in 1965 and NAFTA in 1989. Canada derives over two-thirds of its GDP from cross-border commerce in capital, goods, and services. This dependence on foreign trade is contingent upon efficient, fair, and predictable trade policies and regulations that position Canada as a favourable and reliable trade partner. Of particular importance is the Canada/U.S. trade relationship, which includes thousands of interwoven cross-border supply chains. In fact, 40 per cent of all cross-border shipments is intra-firm supply chains feeding advanced manufacturing and just-in-time processes.

Companies are only as competitive as their governments allow them to be. The efficiency and effectiveness of trade policies and regulations are as important in establishing a country's competitiveness as tax rates, labour costs and energy prices. Canada cannot afford to develop domestic-centric regulations and policies. It must be innovative, especially in advanced manufacturing, and align policies and regulations with its major trade partners under USMCA, CETA, and the latest Comprehensive and Progressive Trans-Pacific Partnership - CPTPP. It is also critical to keep pace with industry advancements in science and technology so that government is a facilitator rather than an obstacle to trade.

Capital is not patriotic. It will follow the path of least resistance. Unilateral changes in one jurisdiction such as new regulations or tariffs create misalignment, disrupt supply chains and ultimately cost businesses money. The paint and coatings industry continues to make advancements in product safety, stewardship and performance. The goal is to develop regulations that protect human health and the environment efficiently without duplication of efforts while embracing new predictive scientific methods.

> “Paint and coatings is one of the most highly regulated industries in Canada, subject to numerous acts and thousands of regulations

A Vibrant Canadian Coatings Industry

Canada has a vibrant paint and coatings industry comprised of product manufacturers, distributors, and raw material suppliers that continually invest in R&D to generate new innovations and new technologies. This all leads to better and high-performing, sustainable products. The application of paint and coatings touches many end-use markets such as construction, automotive, oil & gas, mining, wood furniture, aerospace, machinery, paper, metal containers and general industrial manufacturing industries. In many of these end-use applications, coatings are critical to the success of the industry including lengthening product life, enhancing performance and reducing environmental impacts.

The Canadian industry is comprised of Canadian-owned and operated businesses and Canadian-based operations of foreign-owned multinational companies. Over the past decade, the industry has experienced significant consolidation affecting small- and medium-sized enterprises (SMEs) including established Canadian brands as well as larger multinational companies with manufacturing facilities in Canada. Some of these acquisitions have led to plant closures, job losses and the relocation of corporate head offices to parent companies based in the United States.

Domestically manufactured paint and coatings sales account for half of the Canadian market, 15 per cent lower than a decade ago. The vast majority of those products that were once manufactured in Canada are now imported from plants in the United States and decisions on operations in Canada are increasingly made in the U.S. by multinational corporations. While there is little or no disruption to consumer choice, there is significant disruption in the Canadian manufacturing base for paint and coatings. The priority for CPCA has always been to ensure that these products continue to be produced in Canada whether by Canadian-based companies or multinational businesses. Canadian manufacturing creates jobs and contributes to Canada's GDP.

CPCA Advocacy for Effective Trade Policies and Regulations

Paint and coatings is one of the most highly regulated industries in Canada, subject to numerous acts and thousands of regulations such as, but not limited to, the Canadian Environmental Protection Act, the Canadian Consumer Products Safety Act, the Hazardous Products Act, the Transportation of Dangerous Good Act, and the Pest and Control Products Act. The United States has a similar suite of legislative and regulatory measures in place, but with different timelines and compliance requirements.

CPCA works diligently to achieve regulatory alignment with Canada's key markets for paint and coatings and advocate for retaining Canada's risk-based approach to assessing and managing chemicals in commerce. Part of this effort requires fighting unrealistic tariffs that would disadvantage Canadian made paint and coatings versus imported products. CPCA also works collaboratively with the American Coatings Association (ACA) to convince our respective governments to align legislative and regulatory approaches. Recently CPCA and ACA co-authored a submission to the Canada/U.S. Regulatory Cooperation Council seeking to:

- Add the alignment of chemicals assessment and risk management regimes to the RCC Work Plan
- Develop an 'Assessment Collaboration Framework' to increase alignment on the evaluation and re-evaluation review process for biocides/pesticides between the two countries
- Ensure further alignment and flexibility mechanisms are in place between American and Canadian policies for "treated articles"

CPCA is also a member of the International Paint and Print Ink Council (IPPIC) and is engaged in organizations such as the United Nations, OECD, the IMO and other fora on the development of international regulations and standards with global impacts.

Canadian Paint and Coatings Association
Association canadienne de l'industrie de la peinture et du revêtement

Canadian Paint and Coatings Association
900-170 Laurier Avenue West
Ottawa, ON K1P 5V5

Follow CPCA or Visit canpaint.com
for more news and information

About CPCA

Since 1913, the Canadian Paint and Coatings Association has represented Canada's major paint and coatings manufacturers, and their industry suppliers and distributors in three primary product categories: architectural paints, industrial products and automotive coatings. In Canada, CPCA members have more than 261 paint manufacturing establishments, own more than 3,000 retail outlets, supply products to another 5,000 retail stores and more than 7,500 auto body shops. This represents annual retail sales of more than $12.3 billion, employing directly and indirectly 86,300 employees.