

## Marmen supports the federal government's new measures to protect and transform Canada's steel and lumber industries.

On November 26, the federal government announced that it will impose a global 25% tariff on targeted imported steel-derivative products such as wind towers, prefabricated buildings, fasteners, and wires. Marmen welcomes these measures. The government's announcement is a step in the right direction to support Canadian industries.

We want to share some information and make corrections to specific comments made following this announcement:

### 1) Manufacturing capacity for the production of wind towers

- Since 2002, Marmen has been a pioneer in Canada's wind power industry, developing unique manufacturing expertise and a highly skilled workforce. With facilities in Trois-Rivières and Matane, the company has produced towers totalling **20,000 MW**, even exceeding Canada's installed base of **18,500 MW**. Marmen's current production capacity varies between **1,500 and 2,000 MW** per year (depending on the tower model).
- In addition, Marmen has always been ready to respond to market needs. For example, Marmen built a tower plant in South Dakota that produces an average of **1,000 MW** per year. Adding production capacity in Quebec or another province is entirely possible if the market requires it.
- It should be noted that Canadian production of wind towers was once significantly higher, with more than eight facilities located across the country (one in Saskatchewan, two in Ontario, four in Quebec, and one in Nova Scotia).

However, a series of events decimated this industry:

- Significant reduction in calls for tenders in Quebec, Ontario, and Alberta over several years.
- Massive imports from Asia.
- The introduction of the Inflation Reduction Act (IRA) and tax credits related to the production of towers in the United States.
- The imposition of a 50% tariff on imports of towers under the current Section 232 of the U.S. government.

The return of wind power in provincial government policies and the measures announced by the federal government are creating favorable conditions for stimulating and increasing the production of wind towers by Marmen or any other manufacturers.

### 2) Accessibility to Western Canadian markets

- It is incorrect to claim that it is nearly impossible to ship towers west of Ontario.
- Marmen has proven logistics capabilities to ship its towers anywhere in Canada and the United States, by land, sea, and rail.
- The majority of towers manufactured in Quebec were shipped to Ontario and especially to the United States, including several thousand sections to states west of Ontario (Texas, Kansas, South Dakota).
- Some towers imported for Western Canada pass through the Great Lakes. With both of its plants located along the St. Lawrence River, Marmen has used the same route to ship thousands of wind sections to the western United States.

- Some towers from Asia destined for Western Canada travel through the Port of Houston, Texas, to reach North America. Marmen has often used this port for its deliveries to the United States.

### **3) Impact of government measures on the cost of electricity**

- Marmen disagree about comments suggesting that the announced measures will significantly affect the cost of electricity and jeopardize some projects.
- It should be noted that the only projects affected are those for which the towers will not be sourced in Canada.
- The 25% tax on imported wind towers will have a marginal impact on the total cost of the project, representing less than 1% of the total investment and even less on the cost of electricity per kWh.
- It should be noted that this new customs duty applies in Western Canada to towers from China that are not subject to the dumping margins and illegal subsidies of 95% to 180% established by the Canadian International Trade Tribunal. The situation remains exceptionally advantageous for these projects.
- For projects located east of Manitoba to which this new customs duty applies, the towers imported come from Asian countries whose dumping practices and illegal subsidies have been recognized by the U.S. Department of Commerce (the Canadian International Trade Tribunal has not yet analyzed the situation).

### **4) Reduction of carbon footprint**

- The inconsistency between the goal of providing clean energy and the lack of concrete action in the procurement choices made by certain industry players should be noted.
- According to a study by Delphi: Every 1,000 MW of imported towers generates a carbon footprint that is 100,000 tons greater than that of Canadian production. This is equivalent to the annual emissions of 30,000 cars and clearly demonstrates the environmental benefit of promoting Canadian manufacturing.

Marmen believes that the government has taken adequate measures to support the severely affected steel industry and partially address the injustice caused by unfair trade practices that many industry players have never considered.

Marmen is aware that the government's decision will result in unexpected costs for certain projects in the short term and remains available to work with various stakeholders in the industry to minimize any inconvenience. However, some requests, such as the one to exempt all ongoing projects or to exempt the LT2 project in Ontario from customs duties, are completely unacceptable to us, especially given the recent announcement of 1,050 job losses at Algoma Steel in Sault Ste. Marie, Ontario, Canada's sole producer of steel plates for wind turbines.

With the measures in place, the government has managed to establish a good balance between available tax credits and support for Canadian businesses affected by the new U.S. government policies. Unlike the measures implemented by the new U.S. administration regarding the duration of eligibility and accessibility criteria for tax credits available to developers, the Canadian government has shown leadership by maintaining policies that promote wind energy development. Marmen is confident that measures taken to counteract the negative impact of U.S. tariffs on Canadian steel will have minimal impact on the wind energy market, given the benefits of maintaining tax credits.

In conclusion, this government announcement is a positive step toward strengthening Canada's industrial sovereignty, protecting local jobs, and ensuring a sustainable future for our manufacturing sector. Marmen invites all industry players to work together to ensure that the transition to clean energy benefits the entire Canadian value chain.