



February 24, 2011

The Honourable James Flaherty, P.C., M.P.  
Minister of Finance  
Department of Finance Canada  
140 O'Conner Street  
Ottawa, Ontario K1A 0G5

Dear Minister:

This is a critical time for the Canadian economy. In 2011 and 2012, consumers and governments alike will need to be more constrained in their borrowing and spending activities. As a result, we will depend heavily on business investment and export growth to sustain Canada's economic recovery.

We will need Canadian businesses large and small – and manufacturers in particular – to invest in new markets, new products, new facilities, and in new equipment and technologies in order to boost productivity, strengthen competitiveness, and expand into new markets. Their success is the only assurance we have of sustaining job recovery, guaranteeing higher incomes for Canadians, and generating the government revenues needed to reduce public sector deficits while providing the public services expected by Canadians.

Corporate tax rate reductions legislated to take place this year and next will play a very important role in encouraging businesses to increase investments and improve export competitiveness. So too will other tax measures enacted by the federal and provincial governments over the past five years, including the harmonization of provincial sales taxes with the GST in British Columbia and Ontario and the elimination of tariffs on imported manufacturing inputs and equipment.

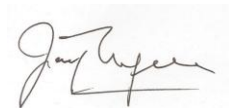
For Canada's manufacturing sector, the two-year straight-line depreciation for investments in manufacturing and processing machinery and equipment that was introduced in 2007 is also a vitally important element of the tax system that encourages companies to invest in productive assets.

We wrote to you in December to explain the benefits of extending this Accelerated Capital Cost Allowance beyond the end of 2011, the date that it is now slated to end. We are writing again today, on behalf of manufacturers in all industry sectors across Canada, and the 1.8 million Canadians that they employ, to underline the importance of the two-year write-off for manufacturing investments. This tax measure is particularly important as manufacturers, emerging from recession, need the cash to make investments that will enable them to take on the competition, grow their businesses, and employ more Canadians.

An extension of the ACCA applied to manufacturing and processing equipment for another two or three years would make a critical difference for manufacturers across Canada. We ask that the Government announce in its next budget that it will extend the eligibility period for the two-year straight line depreciation for investments in manufacturing and processing machinery and equipment at least to the end of 2013. We want to assure you that the Government would have our full support for such a measure.

Manufacturing investment must be a priority if Canada's economic recovery is to be sustained. We urge you to continue to ensure that tax measures remain in place that will encourage business investment and economic growth.

Respectfully,



Jayson Myers  
President & CEO  
Canadian Manufacturers & Exporters  
Chair, Canadian Manufacturing Coalition



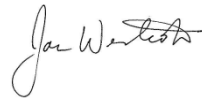
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Association of Canadian Distillers



T. Howard Mains  
Canadian Public Policy Advisor  
Association of Equipment Manufacturers (AEM)



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Automotive Parts Manufacturers' Association



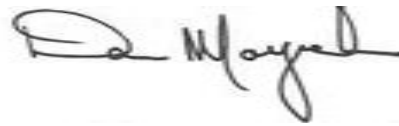
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BIOTECanada



Barry Gander  
Executive Vice President  
Canadian Advanced Technology Alliance



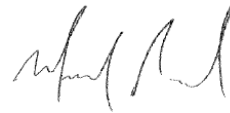
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Canadian Association of Defence  
and Security Industries



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Canadian Association of Moldmakers Inc.



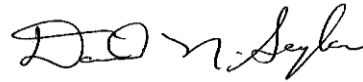
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Canadian Association of Railway Suppliers



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Canadian Fertilizer Institute



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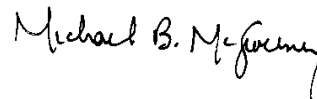
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Executive Director  
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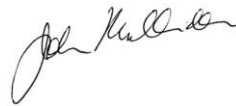
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Forest Products Association of Canada



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John Mullinder  
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Paper Packaging Canada



Robert Kirk  
General Manager  
Printing Equipment & Supply Dealers'  
Association of Canada



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The Canadian Generic Pharmaceutical  
Association



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The Railway Association of Canada



Glenn Maidment  
President  
The Rubber Association of Canada



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Chairman  
Trillium Medical Technology Association