

**Remarks to the Standing Committee on International Trade  
2026 CUSMA Review**



**Canadian Vehicle Manufacturers' Association**

**May 30, 2024**

Chair, committee members, thank you for the invitation to take part in your study of the 2026 CUSMA review.

The Canadian Vehicle Manufacturers' Association's (CVMA) membership includes Ford Motor Company of Canada, General Motors of Canada Company, and Stellantis (FCA Canada Inc.).

Since the Auto Pact of 1965, Canada has reaped enormous economic and social benefits by being part of an integrated auto sector in North America. Through common regulations and competitive supports, we manufacture and sell into a market accounting for annual sales of nearly 20 million vehicles. It is this integration that has allowed Ford, General Motors, and Stellantis to make historic job-creating investments in Canada to produce EVs and batteries.

Today the CUSMA serves as the foundation for the integrated North American auto industry. The agreement provides certainty, reinforces the long-established integration of the auto industry supply chain necessary for its competitiveness, and facilitates regulatory alignment of vehicle technical regulations with the U.S. This gives Canadian consumers access to leading vehicle safety, emissions, and fuel efficiency technologies at the lowest cost.

The CUSMA also provides Canadian manufacturers with duty free access to the much larger U.S. market. Last year, \$51 billion in vehicles were exported to the U.S., making vehicles Canada's second-largest goods export.

With the upcoming review of the CUSMA in 2026 Canada must do everything possible to protect our preferential access to the US market and support the integrated supply chain. This can be achieved by

ensuring our trade and regulatory policies in the automotive industry are aligned with the US. Given the once in a generation transformation to electrification underway and the threats posed by countries like China, the consistency of automotive trade and regulatory policies across the larger North American market has never been more important than today. We recommend the following actions:

- 1) **Enhance regulatory alignment with the U.S.:** Canada's seat at the North American automotive table, and the hundreds of thousands of jobs the industry provides, depends on continued regulatory alignment of vehicle safety and emissions standards.

The federal governments recently implemented regulated ZEV sales mandate is a significant departure from the longstanding Canadian approach of alignment to the US. This is a direct challenge to Canada's integration with the U.S. through CUSMA and competitiveness as a ZEV manufacturing jurisdiction.

By prioritizing ZEV sales over the development of a North American supply chain, the mandate opens Canada to subsidised and/or dumped ZEVs from China and other non-market economies. The misguided ZEV sales mandate needs to be scrapped in advance of the 2026 CUSMA review.

- 2) **Strengthen Canada's role in the EV supply chain:** With the industry transitioning to electrification, Canada must move quickly to grow and diversify our production of critical minerals. This will strengthen our role in the auto supply chain, enhance North American security, and increase trilateral trade. It will also enhance Canada's

importance at the CUSMA table as the U.S. moves aggressively to build a domestic EV supply chain.

- 3) **Improve transportation reliability:** Automotive companies operate complex logistical plans that ensure scheduled, uninterrupted delivery to and from auto plants across the continent. As a result, the automotive supply chain depends on reliable and efficient transportation logistics.

Over the past few years, transportation disruptions have occurred with increasing frequency in Canada doing significant damage to the North American economy. In advance of the CUSMA review we need to demonstrate to our North American partners that Canada is a reliable jurisdiction for the production and movement of goods.

Before concluding, I would like to take a moment to address the recent increase in U.S. tariffs on Chinese EVs and implications for Canada and CUSMA.

Canada cannot be out of step with its largest trading partner and strongest ally on China as we approach the CUSMA review. There is simply too much at stake for the automotive industry and broader Canadian economy if Washington perceives Canada as misaligned.

Canada should be prepared to strengthen our trade defences in response to a surge in dumped Chinese EVs into the market. At a minimum, Canada must work closely with our American partners to address the potential security threats posed by Chinese-manufactured connected vehicles. Given the highly integrated nature of the North

American highway network, the security of Canadian roads is the security of American roads.

Thank you for the opportunity to address your committee. I look forward to answering questions.