

Remarks to the Standing Committee on International Trade

Protecting Certain Canadian Manufacturing Sectors, Including Electric Vehicles, Aluminum and Steel, Against Related Chinese Imports and Measures



Canadian Vehicle Manufacturers' Association

September 18, 2024

Chair, committee members, thank you for the invitation to take part in your study of on protecting certain Canadian manufacturing sectors, including electric vehicles (EVs), aluminum, and steel, against related Chinese imports and measures.

The Canadian Vehicle Manufacturers' Association (CVMA) is the industry association representing Canada's leading manufacturers of light and heavy-duty motor vehicles. The CVMA's membership includes Ford Motor Company of Canada, General Motors of Canada Company, and Stellantis (FCA Canada).

The CVMA supports the government's recent decision to implement tariffs on Chinese EVs and limit purchase incentives to products made in free trade agreement partner countries. These measures are critically important for the following reasons:

1) **Alignment:** 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 enabled Ford, General Motors, and Stellantis to make historic, job-creating investments in Canada to produce EVs and batteries. These investments, totalling nearly \$15 billion in Canada, will create over 6,000 new jobs and tens of thousands throughout the automotive supply chain.

But this recent success cannot be taken for granted. Measures had to be taken to protect Canada's automotive industry and the hundreds of thousands of well-paying jobs it supports. Alignment

with the U.S. in the automotive industry is the foundation of Canada's manufacturing base. With an upcoming review of the Canada-United States-Mexico Agreement in 2026 there is too much at stake for the automotive industry and broader Canadian economy if the U.S. perceives Canada as misaligned on China.

2) **Time:** The creation of a North American EV supply chain from mining to final vehicle assembly is still under development. Time is required to allow for critical minerals production and processing to ramp up, the construction of new battery plants, and the retooling of vehicle assembly facilities. Allowing subsidized Chinese EVs to flood the Canadian market in pursuit of misguided EV sales targets threatens Canada's role in the automotive supply chain. Implementing tariffs will give Canada a foothold in the emerging North American EV supply chain during the once-in-a-century transformation to electric.

Before I conclude I would like to table a recommendation for the committee's consideration. The federal government's recently implemented regulated EV sales mandate is a significant departure from the longstanding Canadian approach of alignment with the U.S. This is a direct challenge to Canada's integration with the U.S. through CUSMA and competitiveness as a ZEV manufacturing jurisdiction.

Canada's seat at the North American automotive table, and the hundreds of thousands of jobs the industry provides, depends on regulatory alignment on everything from vehicle safety to emissions standards. Given the 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.

By prioritizing EV sales over the development of a North American supply chain, the federal EV mandate opens Canada to subsidised and/or dumped EVs from China and other non-market economies.

We recommend that the misguided EV sales mandate be scrapped in advance of the 2026 CUSMA review. Time and resources would be better spent ensuring the supports are in place to help all Canadians switch to electric rather than mandating what vehicles they can, and cannot, buy.

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