

**Remarks to the Senate Standing Committee on Foreign Affairs and  
International Trade**

**CUSMA and Canada's Trade relationship with the United States  
and Mexico**



**Canadian Vehicle Manufacturers' Association (CVMA)**

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Mr. Chair, Honourable Senators, thank you for the invitation to appear today as part of the committee's study of CUSMA and Canada's Trade relationship with the United States and Mexico

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).

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 over the past five years.

The CUSMA serves as the foundation for the integrated North American auto industry today. 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, \$46.5 billion in vehicles were exported, with 92% of exports destined for the U.S.

With the upcoming review of the CUSMA, Canada must do everything possible to renew the agreement, protect our preferential access to the U.S. market, and support the integrated automotive supply chain. We have identified the following priorities for Canada's auto manufacturing industry in the CUSMA review:

1. **Remove tariffs on the automotive industry:** U.S. Section 232 tariffs on the automotive industry and Canada's retaliatory measures are doing enormous damage to the integrated North American auto supply chain. According to the Centre for Automotive Research, U.S. tariffs alone will cost the U.S. auto industry USD \$188 billion over the next three years. This has weakened the competitiveness of the industry in North America to the benefit of competitors around the world. It is now more cost-effective to manufacture a vehicle in Japan or Germany and export it to the U.S. than to build a vehicle in North America for the U.S. market.
2. **Eliminate the federal EV mandate:** The federal government's EV mandate, the Electric Vehicle Availability Standard – prioritizes EV sales over the development of the North American EV supply chain. The mandate is a direct challenge to Canada's integration with the U.S. through CUSMA and competitiveness as an auto

manufacturing jurisdiction due to the punitive costs levied on companies that do not achieve the arbitrary EV sales targets established by the federal government. The mandate must be fully repealed before the CUSMA review process commences in 2026.

(To put it bluntly, the EV mandate effectively makes it illegal for automakers to sell the very vehicles they build in Canada. Trying to negotiate a trade deal with the U.S. to support an industry eliminated by federal regulation is nonsensical).

**3. Align with the U.S. on the approach to China:** Maintaining alignment with the U.S. on China is fundamental to a successful review and renewal of CUSMA.

The CVMA strongly supports the *China Surtax Order* (2024) that levies a 100% tariff on Chinese-manufactured EVs. Canada cannot be out of step with our 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.

The surtax also protects Canada's auto industry, and the industrial base it underpins, from dumped Chinese EVs. China's state-directed industrial policy has provided subsidies totalling USD \$230.9 billion between 2009 and 2023. Today, domestic EV manufacturing capacity exceeds demand by three times with surplus product exported to markets abroad. China's vehicle exports have grown from 1 million units in 2020 to 6 million in 2024 and are on track to achieve 9 million units by 2030.

Surtaxes on Chinese EVs should be accompanied by a ban on certain Chinese connected vehicle software, aligned with the U.S., to protect Canadian drivers from foreign actors manipulating these technologies to access sensitive or personal information. Strengthened trade policy and investment authorities are also needed for responsive anti-subsidy investigations and to examine and address gaps requiring new authorities to address national security issues.

It goes without saying that regardless of the outcome of the CUSMA review, the federal government should move quickly to implement policies to enhance Canada's tax and regulatory competitiveness that are needed to both secure existing automotive manufacturing and research operations and to remain attractive for future investment.

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