

Remarks to the Standing Committee on International Trade
Canadian Auto Industry and the Commitments Made With Stellantis



Canadian Vehicle Manufacturers' Association (CVMA)

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Mr. Chair, Honourable Members, thank you for the invitation to appear today as part of the committee's study of the Canadian Auto Industry and the commitments made with Stellantis.

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).

CVMA members have been operating in Canada for over 100 years. They are responsible for most of the auto production in this country, having built over 100 million vehicles since 1945 (the earliest records we have). CVMA members are also the largest employers in the auto manufacturing sector, supporting over 20,000 direct jobs, the majority of which are unionised. Simply put, the auto industry and its supply chain would not exist today if it were not for the commitments that Ford, General Motors and Stellantis made to Canada.

Due to U.S. trade actions, Canada's automotive industry is under unprecedented stress. Tariffs of 25% applied on finished vehicles built in Canada fundamentally challenge the existence and future of the industry. With over 90% of Canadian production destined for the U.S., there is no industry without U.S. access. Diversification is not an option for automotive as markets in Europe and Asia are better served by assembly plants in those regions.

The future of Canada's auto industry, and the hundreds of thousands of jobs it supports, depends on securing our trade relationship with the U.S. Our top priority is the removal of U.S. Section 232 tariffs. These tariffs and Canada's retaliatory measures are doing enormous damage to the integrated North American auto supply chain. In the first 10 months of this year, automakers will pay \$10.6 billion in tariffs on vehicles and parts imported to the U.S. from Canada and Mexico - not including those paid on steel and aluminum. 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. 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.

Once U.S. tariffs are removed, renewal of the CUSMA agreement will provide much needed stability for the sector. 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. The uncertainty around the future of the agreement and Canada's trade relationship with the U.S. makes it nearly impossible for companies to commit capital to Canada.

Clearly, securing these outcomes is not guaranteed. As the Prime Minister said recently “in a rapidly changing and uncertain world, Canada’s new government is focused on what we can control.” There are things in Canada’s control that can be implemented today to strengthen the auto industry and bolster our competitiveness as an auto manufacturing powerhouse.

Priority one should be the elimination of the federal EV mandate. Known as the Electric Vehicle Availability Standard, the sales mandate prioritizes EV sales over the development of the North American EV supply chain. The mandate is a direct challenge to Canada’s 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. Under the regulation, the vehicles manufactured in Canada today are phased out under the regulation, an inexplicable situation.

Compounding the situation are federal legal threats and the imposition of tariffs on auto companies that import from the U.S. Auto companies without a Canadian footprint are now better positioned than those that have been building here for over a century as they do not face Canadian auto tariffs. The result is there is little incentive remaining to build vehicles in Canada today. We can change this, but it will take a collaborative effort between government, industry, and labour to address the challenges facing the sector.

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