BUSINESS COUNCIL OF ALBERTA

Submission to Global Affairs Canada on the 2026 Joint Review of the Canada-United States-Mexico Agreement (CUSMA)

October 31, 2025

The Business Council of Alberta (BCA) is pleased to present a submission to strengthen and support Alberta in the Government of Canada's consultation on the first joint review of the Canada-United States-Mexico Agreement (CUSMA) in 2026.

Considerations for a Competitive North America

As the Government of Canada prepares for the 2026 joint review of CUSMA, the situation has changed dramatically from our original submission in October 2024. President Trump has proven willing to use tariffs to achieve a range of policy goals, as well as to exert influence around the world. He has repeatedly stated his view that bilateral trade deficits are evidence of the United States being treated "unfairly." And he has indicated a strong preference for bilateral trade "deals" over trilateral agreements such as CUSMA.

This latter point especially puts the future of CUSMA in doubt. However, we believe that regardless of whether a future trade agreement is bilateral or trilateral, ongoing trade, particularly with the United States, is vital to Alberta's economic prosperity. We therefore encourage the Government of Canada to make the preservation of access to US markets its highest priority in the joint review.

Canada must recognize that, while the US does rely on us to provide many vital goods and raw materials, we are vastly more dependent on their market than they are on ours. Moreover, decades of economic integration are not easily unwound, making defensive and uncooperative actions a poor strategic choice.

For this reason, we support the goal of diversifying Canada's exports, but not by diverting trade away from the US. Rather, we should focus on increasing exports to other global partners, while maintaining continued, robust trade with the US; over time, lowering our reliance on a single trading partner.

It's also important to note that this is a long-term goal. Negotiating new trade deals, building trade-related transportation infrastructure, and establishing new overseas business-to-business relationships all take time. It is thus imperative to focus on building and maintaining a strong trade relationship with the US.

Canada's trade relationship with our other CUSMA partner, Mexico, is less developed but has considerable opportunity for growth—whether under the auspices of CUSMA or a new bilateral agreement. We applaud Prime Minister Carney's efforts to build that relationship.

We also recognize that Canada's current economic challenges with US tariffs are highly isolated, impacting some regions of the country more than others. The vast majority of Canada-US trade is covered under CUSMA and hence remains tariff-free. But many fellow Canadians and Canadian businesses are facing significant challenges as a result of tariffs imposed on Canadian steel, aluminum, and auto sectors.

Additionally, the ongoing softwood lumber dispute, and now increased tariffs on forestry and wood products such as cabinetry, further harm that sector. Alberta is fortunate in that most of our exports to the US – oil, natural gas, petrochemicals, agriculture products – remain tariff free and our economy relatively unscathed by US actions. However, we acknowledge that other provinces, particularly Ontario, have not been so fortunate. We sympathize with our fellow Canadians in this regard and are optimistic that a thoughtful resolution to the situation can be negotiated.

With regard to the CUSMA review, we believe we can best contribute to the consultation process by identifying opportunities for Canada, the United States and Mexico to work together to increase competitiveness and the global positioning of North America. An overarching consideration is the need for better regulatory harmonization across all three countries. We appreciate the federal government's commitment to this file and urge all parties to continue this pursuit.

The considerations presented below are specific to Alberta's strengths and how we can leverage those strengths to create a competitive, strategically positioned North America in partnership with the United States and Mexico.

- **Energy Security and Low Emissions Energy Investment Collaboration:** Canada has a unique opportunity to provide the world with clean, reliable energy. As a vast country rich in natural resources and home to some of the world's largest energy reserves, our resources are more than just commodities, they're the backbone of our economy. Strengthening North American energy security will require deeper collaboration between Canada, the United States, and Mexico to support new investment in conventional energy, renewable energies, including carbon capture, utilization and storage (CCUS) technology, carbon-based materials, hydrogen and nuclear.

- **Agriculture:** This is an opportunity to consider trading other significant agriculture commodities, such as pulses, beef, wheat, and canola, that are not subject to supply management practices. This could open new market access for agricultural produce grown across Western Canada, which accounts for 90 per cent of the total agricultural crop area. The Chinese retaliatory tariffs imposed on Canadian canola product is an issue that should be recognized by the US as an act of allegiance to their Chinese EV tariff position. Every effort should be made to generate some positive outcome for Canadian trade with the US as a result of our alignment on Chinese EVs, particularly in support of Canada's canola sector.

- **Integrated North American Supply Chains for Critical Minerals:** To reduce dependency on China for critical minerals such as lithium and cobalt, further regional investment in critical minerals should be encouraged. There is an opportunity to use CUSMA to encourage the creation of integrated supply chains for critical minerals used in advanced technologies. That said, Canada should maintain a firm stance that our natural resources should remain under the ownership and in the control of Canadian-based firms.

- **Rules of Origin:** With Canada and the United States already imposing a 100 per cent tariff on Chinese EVs, there is opportunity to further harmonize regional content requirement for cars and to cover the entire value chain including critical minerals, battery manufacturing and assembly. This would increase the competitiveness of North America EV makers and safeguard against Chinese imports flooding the markets. Furthermore, ensuring labour provisions are adhered to across all three nations may hinder Chinese firms looking to utilize subsidiaries in Mexico to access North American markets.

Background/Context

The value of free and fair trade across North America cannot be overstated. The upcoming joint review presents an invaluable opportunity to address concerns within the agreement and position Canada, the United States, and Mexico strategically to maintain global competitiveness and productivity in face of challenges posed by China's geostrategic incursions.

Significant changes within all three countries, and beyond, since the 2018 signing of CUSMA make the upcoming joint review in 2026 challenging. The Trump Administration is unashamedly protectionist, has embarked on a global tariff spree, and is working to repatriate significant manufacturing capacity to the US, particularly in the auto sector. This leaves Canada vulnerable given our extensive and integrated trading relationship. Mexico has replaced China and Canada as the United States' top trading partner, and its importance has grown as an enabler of US plans to move production from China to North America. Mexico and its populist government also represent challenges at the CUSMA review table for Albertan energy and agricultural interests.

In addition to large scale commodity shipments by major companies, governments must also consider the impact on small and medium-sized enterprises, who contributed over 40 per cent of Canada's total exports 2024. Their continued success therefore relies on Canada's competitive advantage when it comes to US market access. The elimination of the *de minimis* threshold significantly erodes this advantage; restoring that threshold is critical to their future.

Finally, China continues to be a problematic force in Canada's trade relationship, through its retaliatory tariffs on canola, and by distorting and influencing markets for key products by exporting cheap goods to North America. Recognizing these developments, the Government of Canada needs to position the 2026 joint review of CUSMA as an opportunity to create a trade agenda that can bolster supply chain resilience and improve the economic competitiveness of North America.

Alberta's Importance in Canada-US Trade Relations

Canada is an exporting nation, with international sales accounting for 38 percent of our GDP in 2024. The vast majority of those exports—76 percent in 2024—go to the United States. In fact, Canada and the US don't just trade; we build things together. More than half of what the US imports from Canada is purchased by related companies, which means that both countries will feel the impact of current tariffs and any future ones.

The US market is particularly important to Alberta. Last year, over 88 percent of Alberta's exports went to the US, significantly higher than the national average. Those exports were valued at $162.1 billion and accounted for 27.2 percent of the national total. Ontario is the only province with higher US-bound exports than Alberta.

Alberta's trade with the US is dominated by crude oil, which accounted for three quarters of exports last year. In fact, Alberta supplies about half of all oil imported into the US. Alberta also exports a significant amount of natural gas, along with other commodities such as beef, grains, petrochemical products, and a range of manufactured goods. Alberta is also a key buyer of gasoline from the United States, as well as a wide variety of other imports including vehicles, alcohol, machinery, and equipment.

Guiding Principles

Canada's relationship with the US is more uncertain than it has been in decades. Moreover, the differing economic interests of individual provinces, combined with the fact that US tariff action has disproportionately impacted some parts of the country more than others, could put significant strain on national unity and an aligned approach to trade negotiations. As a result, we believe that the Government of Canada should employ several guiding principles in its approach to the CUSMA joint review and negotiations:

1. **Free trade through diplomacy should be the objective.** Canada is the smaller trading partner at the bargaining table. It may be frustrating to see the US target specific critical economic sectors or, in the case of canola exports, pay an economic cost while receiving no credit for aligning with US tariff policy on Chinese EV imports. It may also be tempting to flex the fact that, whether it admits it or not, the US depends heavily on certain imports from Canada, such as energy and potash. Even so, given the depth of our trading relationship, and the integration of our two economies, we must be thoughtful and strategic, continuing to focus on diplomacy over harsh retaliatory rhetoric or actions.

2. **Do no harm.** Canadians are already struggling with affordability, an underperforming economy, and the lowest levels of consumer confidence in decades. And we lag the US in several key competitiveness metrics such as productivity, corporate tax rates, and investment attractiveness. Conversely, one of our largest economic advantages in recent

decades has been preferential access to the US market through the North America Free Trade Agreement (NAFTA) and, later, CUSMA. Given our deep economic integration with the US, Canada should seek an agreement that imposes as few new restrictions as possible, and should avoid responding to any future US tariff action. We should not be asking Canadians and Canadian businesses to shoulder more economic pain through retaliatory tariffs.

3. **Do not attempt to go "dollar-for-dollar" on tariffs.** In the early days of Trump Administration, many Canadians and political leaders were adamant that Canada should respond to US tariffs on a "dollar-for-dollar" basis. Doing so would be a bad idea. Given the size of our economy relative to the US, dollar-for-dollar tariffs would inflict far more damage on Canadians and the Canadian economy than it would on the US. The economic pain would not be worth any leverage gained.

4. **Some options should be off the table.** Cutting off electricity or energy supplies should not be considered in response to US tariff aggression. These are, in effect, "nuclear" options that would likely cause significant, lasting damage to the Canada-US relationship and invite potentially disastrous consequences.

Sectoral Implications of the Joint Review of CUSMA

The CUSMA joint review has significant implications for key sectors of the Canadian economy. As mentioned, for Alberta, energy, agriculture and forestry are key trade-exposed exporting industries, especially to the United States. See the Appendix for an assessment of the level of impact each sector has on Western Canada and Alberta.

Energy

Despite claims to the contrary, Canadian oil and gas is vital to the US economy, energy dominance and security. Canada should be framing its energy relationship with the US in those terms, and work to ensure tariff free trade on oil and gas in the 2026 review. Energy exports to the US were valued at $178 billion in 2024, including $152 billion in crude oil alone. As noted earlier, Alberta alone accounts for half of all US crude oil imports.

Provisions in CUSMA that restrict the Investor-State Dispute Settlement mechanism for energy investments could discourage investment in energy infrastructure, especially in oil and gas. This is a concern for Alberta's energy-heavy economy, where investment protections have historically safeguarded foreign direct investment. The state-owned enterprise policies in Mexico, particularly the prioritization of PEMEX over foreign companies, pose a barrier to Alberta-based energy firms seeking investment opportunities in Mexico. President Sheinbaum has indicated that the Mexican government will phase out financial support for PEMEX by 2027, potentially paving the way for more foreign investment and partnerships in the Mexican energy sector.

Agriculture

The United States and Mexico are important markets for Alberta ranchers and farmers. The US is by far the most important export destination for Alberta beef producers. With sales reaching $2.8 billion in 2024, Alberta accounted for more than three quarters of Canada's total beef exports to the US that year. Mexico, meanwhile, was Alberta's second-largest market for beef, with exports totaling $179 million that year.

Alberta exported more than $2.5 billion in crops and other vegetable products to the US in 2024, led by canola oil at $1.5 billion. About another $200 million went to Mexico that year. By contrast, the total value of all dairy product exports from across Canada to the US was just $448 million that year.

Under CUSMA, Canada agreed to modestly expand access to its dairy market by raising the Tariff Rate Quota (TRQ) import threshold before prohibitive tariff rates kick in. However, the passage of Bill C-202 in June of this year prohibits Canada from negotiating further increases in the TRQ, or lowering the above-TRQ tariff rate for supply managed industries in any future trade negotiation.

We highly disagree with this action and worry that protecting supply management in this way will create bigger picture challenges for Canada's overall negotiating position and strategy. Alberta's agriculture exports alone dwarf those of supply managed industries across the country. Those exports are at risk of facing retaliatory trade tariffs from the United States as a result of Canada's insistence on protecting supply management. It is crucial that parties refrain from unjustified and retaliatory non-tariff barriers which violate CUSMA's principles of fair and open markets.

Forestry

The United States is Alberta's largest export market for forest products. At $2.9 billion in 2024, the US makes up 77 percent of provincial forestry exports worldwide. CUSMA's Chapter 10 dispute resolution mechanism is crucial for protecting the interests of lumber producers across Canada by providing a legal pathway to contest these duties. The ongoing dispute has weakened the competitiveness of Canadian lumber in the United States market, leading to job losses and reduced exports.

Critical Minerals

Alberta could be a significant player in North America's critical mineral supply chain. The province has extensive potential in lithium and other critical minerals like nickel and cobalt, which are crucial for defense, batteries and renewable energy systems. Strengthening CUSMA's rules of origin provisions would reduce North America's dependence on Chinese-controlled supply chains, while also solidifying Canada's role as a dependable supplier to the United States and Mexico.

Addressing Trade Irritants

As Canada prepares for the joint review of CUSMA in 2026, it must recognize there are potential–and significant–trade irritants that could complicate Canada's negotiating position. These are issues Canada may want to proactively address or will have to navigate strategically if it is going to protect its trade interests and economic relationships.

- **Mandatory Country of Origin Labeling (M-COOL)**: Canadian exporters face an ongoing, consistent bi-partisan threat of the re-implementation of Country of Origin and Mandatory Country of Origin Labelling requirements for beef exports to the United States. According to the Canadian Cattle Association, prior to its repeal, the introduction of M-COOL led to an estimated $1 billion loss for Canada's beef industry. The CUSMA review should oppose the reintroduction of M-COOL.

- **Supply management:** One of the most contentious issues during the joint review of CUSMA will be Canada's supply management system in the dairy, poultry and eggs industries. We have already noted our opposition to Bill C-282 as it weakens Canada's negotiating position and invites the US to demand concessions elsewhere. A second issue is that supply management is a longstanding irritant in the US, especially with the current president. Passing Bill C-282 was unnecessarily antagonistic and will taint future negotiations. The government should reconsider the risk its position on supply management creates for growth and competitiveness in other key sectors of the Canadian economy.

- **Genetically modified crops:** Canola, a genetically modified crop, is a top ten export for Alberta and an important agricultural commodity in several other provinces as well. Canada-wide, it contributes over $40 billion to the economy and supports over 200,000 jobs across the supply chain. Mexico's ban on GMO canola's import is inconsistent with CUSMA principles of open markets as it constitutes a non-tariff barrier to trade. Ensuring unrestricted access to the Mexican market will not only boost Canada's agricultural export but strengthens our position to advocate against any global GMO ban.

- **Softwood lumber:** The ongoing dispute between Canada and the United States over softwood lumber is likely to resurface during the joint review. This issue will continue to be a significant point of contention in future trade negotiations as the United States lumber industry seeks protectionist measures. Canada should continue pushing for Chapter 10 dispute mechanisms to address ongoing disputes with the United States on this file.

- **Defence spending:** In the face of mounting global conflicts and the importance of the Arctic for natural resources and geopolitical positioning, the United States views defence as a priority. Canada's renewed commitment to increase defence spending to 5% of GDP by 2035 is a move that is long overdue. Canada must think strategically about how to deploy this spending – including consideration of strategic petroleum and critical mineral reserves – as well as dual use infrastructure for commercial and defence purposes.

- **De Minimis:** In July, the US suspended its *de minimis* provisions which allowed shipments valued at US$800 or less to enter the country duty free. While Canada was not the explicit target of this move, it could have a significant impact on Canadian businesses, especially SMEs and artisans, selling their goods into the US. The vast majority of CUSMA-compliant products will still enter the US duty-free. However, all small shipments, regardless of CUSMA compliance, will now be subject to normal clearance procedures—adding costs, delays, and a higher administrative burden for businesses. Canada should work to address US concerns about transshipment through Canada as a way to seek restoration of the *de minimis* provisions.

The CUSMA review comes at a challenging time for Canada. Tariffs, protectionist policies, and a willingness by the US President to use additional tariff measures to punish countries that do not comply with his wishes complicate what was already a difficult task.

As the federal government prepares for this task, we ask you to consider the perspective of Alberta businesses, outlined in the principles, implications, and irritants contained in this submission.

We are encouraged by this opportunity to provide input into the Government of Canada's approach to the upcoming CUSMA joint review. We look forward to working together on the considerations presented in this submission for the benefit of not only Alberta, but Canada as a whole.

With Best Regards,

Adam Legge

President

BUSINESS COUNCIL OF ALBERTA

Appendix:

Matrix of Impact of CUSMA Provisions on Key Sectors in Western Canada and Alberta

Sector	CUSMA Provision Impact	Western Canada	Alberta
Lumber	**Softwood Lumber Dispute**: United States tariffs on Canadian softwood remain unresolved; dispute resolution through **Chapter 19** is critical.	High	High
Agriculture	**Dairy Market Access**: United States access to Canada's dairy market; quota system concerns. **Biotechnology**: Approval and trade of GMO crops.	Moderate	High
Technology	**Digital Trade**: Prohibition of data localization, data transfer across borders, and source code protection.	Moderate	High
Energy	**State-Owned Enterprises (SOE)**: Mexico's policies favoring PEMEX limit Canadian investment opportunities; **Investment Protections**.	High	Very High
Manufacturing	**Rules of Origin**: Higher content requirements (75%) for auto parts and regional production constraints.	Moderate	Moderate
Critical Minerals	**Investment Protections**: Chapter 14 limits ISDS mechanisms for sectors like mining; inconsistent policies in Mexico.	High	Very High