The Chamber
The Winnipeg Chamber of Commerce

200 Portage Avenue, Unit 101
Winnipeg MB R3C 3X2
Telephone 204 944 8484

info@winnipeg-chamber.com
winnipeg-chamber.com

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Global Affairs Canada
Trade Negotiations – North America
John G. Diefenbaker Building
111 Sussex Drive
Ottawa, Ontario K1N 1J1

Re: Consulting Canadians on the Canada-United States-Mexico Agreement (CUSMA)

On behalf of our more than 2,000 members, The Winnipeg Chamber of Commerce is pleased to present the following recommendations on the joint review of the Canada-United States-Mexico Agreement (CUSMA).

Since 1873, The Winnipeg Chamber of Commerce has served as the 'voice of business in Winnipeg', championing long-term economic growth and prosperity in support of a thriving community.

Since CUSMA came into force in 2020, it has been instrumental in creating a stable North American trade environment, producing over $2 trillion in annual trilateral trade. Amid global economic uncertainty, the CUSMA agreement provides businesses with the certainty and clarity required to unlock billions of dollars in investment left in stasis when geopolitical tensions rise, creating increased risk.

As businesses have seen over the past year, we cannot take the future of North American trade for granted. That makes the success of this negotiation, which must both strengthen North American economic security and preserve the integrity of the current agreement, of the utmost importance.

Recommendations:

<u>Strengthen North American Economic Security</u>

For Canada, the upcoming CUSMA review offers an opportunity to strengthen positive aspects and push for improvements that reflect today's economic reality. The measures below, drafted in response to recent economic developments, outline how governments can build a regulatory framework that supports a thriving North American economy and protects our competitive edge.

- *Strengthening trade dispute-resolution mechanisms* will provide greater stability as global tensions rise. Although Chapter 31 of CUSMA provides a dispute-settlement process, the last year has shown that it is insufficient, with abrupt tariffs disrupting supply chains, discouraging investment, and increasing consumer prices. In the second quarter of 2025, Canadian exports plunged 7.5%, demonstrating the economic impact of unpredictable tariff action (Statistics Canada, 2025). A strengthened Tariff Stability Protocol that triggers trilateral consultations within 30 days of any tariff escalation would help restore predictability. Special consideration should be given to sectors with limited CUSMA protections and existing tariffs, including steel and aluminum, softwood lumber, and other non-compliant goods.

- *Modernizing CUSMA's Chapter 19 on digital trade* is essential to ensuring the agreement keeps pace with rapid technological change. Since 2020, advances in artificial intelligence (AI),

cybersecurity, and data governance have reshaped the digital economy and outpaced existing provisions. Given the speed at which new developments will continue to emerge, a trilateral commitment to establishing a dedicated forum or leveraging the Competitiveness Committee under Chapter 26 would allow for timely reviews, coordinate regulatory approaches, and keep the framework responsive to new technologies.

To ensure effective cooperation, there also must be trilateral coordination on the physical inputs that underpin North America's digital capacity, as data centers, AI systems, and semiconductor supply chains rely on stable, low-cost access to steel, aluminum, and critical minerals.

- *Expanding CUSMA's safeguards against unilateral or retaliatory tariffs* would provide greater protection. Recent tariff exemptions under the International Emergency Economic Powers Act (IEEPA) for CUSMA-compliant goods reinforce the importance of such protections. Notably, CUSMA already includes side letters limiting the application of certain unilateral U.S. trade actions under Section 232 national security provisions, demonstrating that targeted tariff protections can be negotiated. Adding a carve-out for low-value shipments under a harmonized De Minimis threshold would offer relief to SMEs that face heavy administrative barriers to proving CUSMA compliance and represent 97% of Manitoba businesses and 98% of Canadian businesses, a strong case for action.

Building a Competitive Advantage: Key Industries for a Stronger North American Partnership

Manitoba, like many Canadian provinces, has supply chains deeply integrated with U.S. and Mexican markets and plays a strategic role in North America's economy. In the first quarter of 2025, 70.8 per cent of Manitoba's exports went to the United States, built on decades of partnership, investment, and collaboration. While not exhaustive, the following list highlights sectors that will require continued attention and can leverage Manitoba's strengths to help strengthen North American competitiveness. Regional and provincial assets drive national prosperity, since a resilient, diversified economy depends on each province's unique expertise and supply-chain capacity.

- *Energy Security and Green Investment.* Transitioning to a low-carbon, circular economy will require structural and cultural shifts, but it also presents a once-in-a-generation economic opportunity. CUSMA's existing framework for energy cooperation provides a strong foundation to build on, particularly as the three countries work to enhance regional energy security, reliability, and efficiency. Manitoba has a competitive edge in this space, as Manitoba Hydro already supplies clean, renewable hydroelectric power to domestic and export markets. Deepening collaboration on clean energy production and infrastructure, including powering the growing digital economy, will be key to strengthening continental energy security.

- *Critical Minerals.* Manitoba is home to 30 of the 34 minerals on Canada's 2024 critical minerals list. These resources will become increasingly important as they are essential to nearly all advanced technologies, from batteries to aerospace systems. They present significant economic opportunities for Canada and for the broader North American economy. In ongoing negotiations, Canada should highlight Manitoba's critical mineral assets and explore partnerships to strengthen continental supply chains.

- *Automotive.* The North American automotive industry remains one of the most deeply

integrated and strategically important sectors under CUSMA. The three countries should explore opportunities to strengthen this supply chain, reduce tariffs, and focus on building a competitive future.

- *Aerospace and Defence.* Manitoba plays a strategic role in North American aerospace and defence, with a long history of supporting the Canadian Forces and a thriving network of organizations at the forefront of manufacturing, education, and development. In the face of heightened global tensions, all three nations should explore measures to enhance supply chain resilience and foster innovation that strengthens continental defence capabilities.

- *Advanced Manufacturing and Agriculture*. Manitoba's advanced manufacturing sector, including major agricultural equipment production, has been exposed to higher input costs, supply chain disruptions, and increased tariffs in recent months. These sectors are deeply interconnected, and agriculture remains one of the most sensitive areas in CUSMA, particularly because market access for supply-managed dairy, poultry, and egg sectors is tightly controlled through quotas and open-market commodities of grains, oilseeds and pulses rely heavily on export markets, making further negotiations complex. Protecting the long-term investment and stability of these sectors will require collaboration among all three countries, including reducing tariffs and advancing cross-border credential recognition to help address skilled labour shortages.

  Additionally, joint innovation is critical to future sector growth. Existing rules that prohibit forced data localization — except in time-limited cases related to biosecurity or food safety — help keep costs low for Canadian ag-tech firms that rely on cross-border data. While protecting personally identifiable information should be maintained, explicitly preserving cross-border farm data flows by embedding agriculture-specific language within Chapter 19 on digital trade and harmonizing principles for data interoperability, portability, and transparency would reduce vendor lock-in and build producer trust.

- *Pharmaceuticals and Life Sciences.* During the COVID-19 pandemic, we saw unprecedented collaboration across borders to secure medical supplies and vaccines. Manitoba's pharmaceutical and life sciences sector is a growing contributor to regional economic growth and already accounts for nearly seven per cent of provincial GDP, with firms such as Pfizer, Bausch Health, Emergent Biosolutions, and IVC Vita Health operating in the province. New tariffs on pharmaceutical products are making operations increasingly challenging for the sector. During negotiations, all three countries should work toward stabilizing the trade environment, expanding incentives for collaboration, and eliminating tariffs to safeguard public health.

<u>Preserving the Integrity of CUSMA</u>

With CUSMA contributing to GDP growth across all three countries, a renewal of the agreement through 2042 would provide industry with additional years of stability and predictability. Maintaining the integrity of the agreement ensures that businesses can continue to plan long-term investments, foster cross-border trade, and strengthen supply chains. We advise the Government of Canada to minimize irritants wherever possible while preserving the strengths of CUSMA, and previously the North American Free Trade Agreement (NAFTA), which have supported decades of benefits for North America.

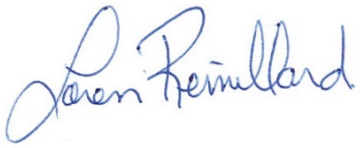
- *One area requiring attention is Canada's patent term adjustment (PTA) system*. Practices that make it difficult for patentees to access PTA, by creating significant uncertainty, delays, and

costs, undermine Canada's commitments under CUSMA Chapter 20 on intellectual property and could discourage innovators from seeking remedies that the agreement guarantees. Addressing these deficiencies would uphold Canada's obligations, support innovation, and reinforce confidence in the North American IP framework.

- *Maintaining the ease of temporary entry for business persons* under CUSMA's Chapter 16 commitment not to impair trade is essential to ensuring the seamless movement of talent across North America. These provisions enable businesses to operate efficiently across borders and foster greater economic integration. Any weakening of these rules could disrupt operations and undermine regional competitiveness.

In summary, we sincerely thank the government for the opportunity to provide these recommendations for consideration as preparations continue for the 2026 joint review. We trust these insights will prove helpful in your efforts to renew an agreement that creates continued prosperity for North America. Should any questions arise or there be interest in exploring any of the recommendations in more detail, the opportunity to meet would be warmly welcomed.

Sincerely,
THE WINNIPEG CHAMBER OF COMMERCE



Loren Remillard
President & CEO