

Letter sent by email.

Ottawa, March 26, 2025

The Honourable Dominic LeBlanc
Minister of International Trade and
Intergovernmental Affairs and President of the King's
Privy Council for Canada
125 Sussex Drive
Ottawa, ON K1A 0G2

The Honourable François-Philippe Champagne
Minister of Finance
Department of Finance Canada
90 Elgin Street
Ottawa, ON K1A 0G5

The Honourable Kody Blois
Minister of Agriculture Agri-Food
and Rural Economic Development
Agriculture and Agri-Food Canada
1341 Baseline Road
Ottawa, ON K1A 0C5

Subject: Impacts of Chinese Tariffs on Canadian agri-businesses

Dear Minister LeBlanc:

Dear Minister Champagne:

Dear Minister Blois:

As you know, the Canadian Federation of Independent Business (CFIB) is a not-for-profit, non-partisan organization representing the interests of 100,000 small- and medium-sized enterprises (SMEs) across Canada, including 5,200 in the agriculture industry. **We are writing to share concerns over the recent announcement regarding China's imposition of retaliatory tariffs on Canadian agricultural products, including canola oil, canola meal, peas, lobster, pork, among others.** This response comes after Canada implemented a 100% surtax on all Chinese-made electric vehicles (EVs) and a 25% surtax on Chinese steel and aluminum imports.

CFIB welcomes the government's recent announcements to expand the Agri-Stability compensation rate and to double the payment cap to help businesses affected by these tariffs. However, the government needs to ensure that the program is delivered in a timely manner and without adding unnecessary red tape. It should also look at streamlining other Business Risk Management (BRM) programs like Agri-Invest and the Advanced Payments Program.

Current state of SMEs

Today's business environment is particularly challenging for small businesses as they face an uncertain economic outlook caused by rising costs, reduced customer spending, excessive red tape, and a heavy tax burden. As reported in CFIB's [March Business Barometer](#)®, the long-term confidence indicator has fallen to its lowest level, even lower than at the worst points of the 2020 pandemic. With SMEs already grappling with significant challenges, the financial impacts of the ongoing U.S.-Canada tariff situation, and now new Chinese tariffs, it's no surprise that business confidence has dipped to an all-time low.

Challenges of Chinese tariffs on Canadian agri-businesses

In Western Canada, small agri-businesses in the canola industry are particularly concerned by the imposition of tariffs from China, especially as uncertainty around the U.S. tariffs remain. The U.S. and China combined represent more than half of Canada's canola exports.¹ The new Chinese tariffs may leave many farmers struggling to find buyers, forcing them to absorb financial losses or shift to less profitable crops. In fact, we are already hearing from canola farmers that have lost contracts from foreign buyers. Many face the risk of having unsold products, while dealing with a lack of viable market alternatives. With seeding about to occur in the coming weeks, agri-businesses need clarity on how to move forward.

On the East Coast of Canada, Chinese tariffs will also significantly impact small businesses in the aquatic products industry, such as lobster fishers, as China is Canada's second largest fish and seafood export market.² The lobster industry is already navigating challenges from rising operational costs and export barriers. China has been a critical market for Canadian lobster, and the newly imposed tariffs will significantly limit access, creating uncertainty for fishers and processors who rely on these international sales to sustain their businesses.

Re-evaluating Canada's Electric Vehicles (EVs) subsidy strategy

Given the importance of agro-industries to Canada's economy, we recommend government conduct a reassessment of its EV subsidies and tariff policies to mitigate unintended consequences for SMEs. While Canada's tariffs on Chinese EVs are intended to support the development of the domestic EV industry, it is worth questioning whether continuing to subsidize multinational corporations is the right path forward, particularly in the context of the current trade situation between Canada and the U.S.

As reported in a CFIB blog,³ the federal and provincial governments in Ontario, Quebec, and British Columbia have committed billions of dollars in subsidies to large projects aimed at developing a domestic EV battery industry. In fact, over \$62 billion has been pledged to several major automakers. However, some of these companies are now pausing their plans, raising questions about the need for such a policy, as well as the timing and long-term benefit of this subsidy strategy. Perhaps now, rather than prioritizing costly incentives for already profitable large corporations, the government should shift its focus to policies that will improve the business climate, like lowering taxes and red tape on small businesses, which would provide meaningful support to SMEs and their employees.

¹ Statistics Canada, Exports of grains, by final destination, Table: 32-10-0008-01 (formerly CANSIM 001-0015), 2019. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3210000801>

² Fisheries and Oceans Canada, Canada's Fish And Seafood Trade in 2023: Overview, July 2024. https://publications.gc.ca/collections/collection_2024/mpo-dfo/Fs1-89-2023-eng.pdf.

³ CFIB, Francesca Basta, InsightBiz blog, Corporate subsidies: The gap between large and small firms, April 2024.

Call to action

The imposition of tariffs from both the U.S. and China disproportionately affects our agricultural producers and exporters. To ensure long-term success of their operations, agri-businesses would like the government to prioritize cutting red tape (81%) and reducing the total tax burden (79%)⁴. CFIB also recommends that the federal government consider the following actions to support agri-businesses:

- **Government must streamline Business Risk Management (BRM) programs**, especially Agri-Stability, Agri-Invest, and the Advanced Payments Program, to ensure they provide adequate support to agri-businesses in a timely manner without additional red tape.
- **Ensure programs are tailored to the specific needs of small businesses**, not just larger enterprises.
- **Increase awareness of services**, such as those offered by the Trade Commissioner Service (TCS) and Export Development Canada (EDC), to help SMEs explore and navigate new markets more effectively.

SMEs want to see an ambitious economic plan to meet today's challenges. Our recommendations will support the success of many agri-businesses from coast to coast. We appreciate your attention to these issues and remain available to discuss them further at juliette.nicolay@fci.ca.

Sincerely,



Jasmin Guénette
Vice-President,
National Affairs



Michelle Auger
Senior Policy Analyst,
National Affairs



Juliette Nicolaï
Policy Analyst,
National Affairs

CC: Mr. Chris Forbes, Deputy Minister of Finance
Mr. Lawrence Hanson, Deputy Minister of Agriculture and Agri-Food Canada
Mr. Rob Stewart, Deputy Minister of International Trade

⁴ CFIB, Agri-business Survey 2024, November 2023 - February 2024, n=543.