

Letter sent by email.

Ottawa, December 15, 2025

The Honourable Maninder Sidhu, P.C., M.P.
Minister of International Trade
125 Sussex Drive
Ottawa, ON K1A 0G2

The Honourable François-Philippe Champagne, P.C., M.P.
Minister of Finance and National Revenue
Department of Finance Canada
90 Elgin Street
Ottawa, ON K1A 0G5

The Honourable Heath MacDonald, P.C., M.P.
Minister of Agriculture and Agri-Food
Agriculture and Agri-Food Canada
1341 Baseline Road
Ottawa, ON K1A 0C5

Subject: Impacts of Chinese Tariffs on Canadian agri-businesses

Dear Minister Sidhu:

Dear Minister Champagne:

Dear Minister MacDonald:

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 5,950 in the agriculture industry. As of August 2025, China imposed a 75.8% duty on canola seeds, in addition to existing tariffs on agricultural and aquatic products that have been in effect since March 2025. **We are writing to share CFIB's latest survey data on how the tariffs imposed by China are affecting agri-businesses and small businesses in their communities.**

Today's business environment is particularly challenging for small businesses, as they face an uncertain economic outlook caused by ongoing trade disputes, supply chain uncertainty, and rising costs. CFIB's Business Barometer indicates that small business confidence remains low at 55.5 in November.¹ Weak

¹ CFIB, Monthly Business Barometer, November 2025, n= 666.

consumer demand continues to be the top limitation to sales and growth for SMEs (52%) as well as for agri-businesses (47%).²

Impacts of Chinese tariffs on agricultural and aquatic products

In September 2025, four in ten agri-businesses were impacted by the Chinese tariffs on agri-food and aquatic products, with 24% being directly impacted.³ Many business owners affected by the tariffs reported having to absorb the additional costs, which significantly reduced their profit margins. One canola grower stated that he would have to absorb the cost of the Chinese tariffs, which he estimated to be around \$100,000 for 5,000 acres. Another business in the seafood and lobster industry anticipated additional tariff costs between \$75,000 and \$100,000 for this year. While many business owners are doing their best to shift to new markets, it is a slow process, and there is only so much they can absorb in the meantime.

Beyond agriculture, the ripple effects of these tariffs are straining other sectors in agriculture-dependent communities. For example, nearly one-third of all businesses (32%) in Manitoba are impacted by the Chinese tariffs, a 6% increase since April.⁴ Hospitality, retail, and construction businesses in farming regions noted that agri-businesses make up a significant portion of their customer base. Faced with tighter profit margins and trade uncertainty, their customers have reduced their spending or paused investments.

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. 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 already profitable multinational corporations is the right path forward, particularly in the context of the current trade situation.

Recommendations

Now more than ever, it is essential for the federal government to support SMEs affected by this ongoing trade war. These businesses, caught in the middle of broader geopolitical tensions, deserve timely and meaningful assistance. To address this urgent need, CFIB proposes the following actions the federal government can take to provide financial relief to affected agri-businesses.

For agri-businesses:

- **Streamline the Business Risk Management (BRM) programs**, especially Agri-Stability, Agri-Invest, Agri-Marketing and the Advanced Payments Program, to ensure they provide adequate support to agri-businesses in a timely manner without additional red tape.
- **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.

² CFIB, Monthly Business Barometer, October 2025, n= 752, for agriculture n=64.

³ CFIB, Your Voice Survey, September 2025, n= 1,194.

⁴ CFIB, Your Voice - April 2025 survey, April 10 - 24, 2025, n= 2,450.

For all SMEs:

- **Reduce the small business tax rate (SBTR)** as a means of stimulating the economy in a difficult economic period. Reducing the SBTR from 9% to 6% would cost government about \$2.1 billion. This represents only a fraction of the cost of many economic programs, which often come with a heavy administrative burden, as opposed to a tax cut.
- **Introduce a lower EI premium** rate for smaller employers or move the employer/employee split from 60/40 to 50/50.

We appreciate your attention to these issues and remain available to discuss them further. We can be reached at juliette.nicolay@fpei.ca.

Sincerely,



Jasmin Guénette
Vice-President, National Affairs



Christina Santini
Director, National Affairs



Juliette Nicolay
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