

Original letter sent on October 23, 2025

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 Mélanie Joly, P.C., M.P.
Minister of Industry and Minister responsible for Canada Economic Development for Quebec Regions
Innovation, Science and Economic Development Canada
235 Queen St
Ottawa, ON K1A 0H5

Subject: Request for the review of programs and support measures for SMEs impacted by tariffs

Dear Minister Champagne and Minister Joly:

As you may 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 business members across Canada and in all sectors of the economy. **We are writing today to raise concerns regarding the effectiveness of support measures available to small- and medium-sized enterprises (SMEs) impacted by tariffs.**

SMEs are the backbone of Canada's economy, generating half of the country's GDP and employing nearly two-thirds of private sector workers. Yet many are being squeezed by current trade disputes, leaving them in an increasingly fragile position. Because of the Canada-U.S. trade war, SMEs have faced higher costs, reduced profits and revenues, and supply chain disruptions, among many other costly impacts. **Unfortunately, the current federal support measures meant for SMEs do little to alleviate these cost pressures, and many are failing to provide meaningful relief to impacted business owners.**

To cope with tariff-related cost pressures, one-third of small businesses are reducing their workforce, resulting in a loss of Canadian jobs.¹ We recently compiled data and comments from small business owners on the trade dispute, which you can access here: [What Canadian SMEs are telling us about the Canada-U.S. trade war](#).

¹ CFIB, The U.S.-Canada Trade War and Your Business, August 8 - September 2, 2025, n=2,721.

Regional Tariff Response Initiative (RTRI) Fails to Adequately Help SMEs

As announced on September 5th, the Regional Tariff Response Initiative (RTRI) is to provide \$1 billion over three years to specifically support SMEs and is being disbursed by Canada's Regional Development Agencies (RDAs). CFIB is extremely concerned about this decision as our members faced a number of challenges in dealing with RDAs during the pandemic. Based on that experience, we are worried about the complexity of the application process, the heavy paperwork, the different criteria from one agency to another, and potential long delays in getting funds to businesses.

Moreover, requiring SMEs to develop specific projects to access funding means that many will be unable to obtain the immediate relief they need from tariff-related cost pressures. Instead of asking SMEs to compete for funding through new initiatives, support should be provided directly to help them recover the costs incurred from the tariffs. As of July 2025, Canadian businesses have paid an estimated \$1.1 billion in counter-tariffs, roughly double the \$516 million collected in customs import duties a year earlier, with much of these costs being paid by SMEs.²

As detailed in the Appendix, CFIB's analysis of the RDA-RTRI program eligibility criteria indicates that the current framework excludes a significant number of small firms impacted by counter-tariffs. For example, in British Columbia, businesses must have at least 10 full-time employees to qualify, while in Quebec, funding is limited to those in the manufacturing sector.

Other Federal Government Support Programs and Measures

The support offered to date has largely come in the form of loans (e.g., \$5 billion Trade Impact Program through Export Development Canada and \$500 million in loans from Business Development Bank of Canada), adding to the debt load many small businesses already carry. While the government introduced a tariff remission process early in the trade dispute to support businesses unable to source goods domestically or facing adverse economic impacts, the program has failed to deliver relief for SMEs in a timely fashion. In fact, the tariff remission process remains plagued by backlogs, low awareness, and a lack of transparency. As of July 2025, only 2% of SMEs had applied to the remission process. Of those who have applied, half (51%) are still waiting for a response, and a quarter (23%) remain unaware of the outcome of their request.³

As such, the federal government must urgently improve the tariff remission process to make it significantly more accessible and responsive for SMEs. While the removal of counter-tariffs on many U.S. goods has provided welcome relief, many SMEs continue to face sectoral tariffs and unresolved remission applications. Streamlining the application, improving communication and transparency, and providing dedicated SME support would help ensure the program achieves its intended purpose.

² Department of Finance Canada, The Fiscal Monitor - July 2025, <https://www.canada.ca/en/department-finance/services/publications/fiscal-monitor/2025/07.html>

³ CFIB, Your Voice - July 2025 survey, July 10 - 24, 2025, n=35.

Conclusion and Recommendations

Small and medium-sized businesses continue to absorb rising costs across every aspect of their operations. As such, the federal government must ensure that the money collected from counter-tariffs is returned to impacted SMEs. **In fact, 82% of SMEs believe this revenue should be returned quickly to businesses affected both directly and indirectly by trade disruptions.**⁴ CFIB has put forward ways to return this money more quickly and efficiently:

1. Implement a rebate program for tariff-impacted SMEs

- The RTRI is project-based funding with eligibility criteria that changes from one agency to another. Many small firms, like those in retail, may never be able to submit an application even if they were severely impacted by counter tariffs. A rebate program (i.e., similar in design to the carbon tax rebate) that allocates a meaningful portion of the revenue collected through counter-tariffs to SMEs would provide much needed support to small businesses affected by the trade war. Since SMEs contribute approximately 50% to Canada's GDP, it would be reasonable to dedicate at least half of the collected funds to support them. This money could then be distributed using a simple formula, such as a fixed amount per employee. The program should be inclusive of all sectors, whether impacted by tariffs directly or indirectly. Any program needs to be simple and easily accessible for SMEs.
- Additionally, government rebates and refunds should not be treated as taxable income (e.g., Canada Carbon Rebate for Small Businesses) or the provinces (e.g., Ontario WSIB, WorkSafe New Brunswick). The federal government must ensure that any rebate or refund provided to SMEs is fully exempt from taxation, allowing businesses to retain the entirety of these much-needed lump-sum payments.

2. Reduce the small business tax rate (SBTR)

- Reducing the SBTR would help alleviate some of the tariff impacts on small businesses, provide them with additional liquidity to invest in their operations, and stimulate the economy in a difficult period. We would suggest lowering the SBTR from 9% to something closer to what provinces charge (which is currently between 0% in MB and 4% in Quebec).

3. Reduce the Employment Insurance (EI) premiums for small businesses

- Lowering EI premiums would help small employers retain staff during a difficult period, as some consider layoffs to cope with rising costs. Employment insurance premiums are expected to decrease by 2 cents for every \$100 in 2026. But for many small firms this will not be enough. Significantly reducing EI premiums for smaller employers to an amount closer to what employees pay would be welcome. This could be in the form of a Small Business Job Credit similar to what was provided in 2015 and 2016, or by moving to a 50/50 split in EI premiums whereby employers and workers pay the same amount in premiums like CPP/QPP. To ensure that added benefits to the EI system, such as enhanced accessibility and benefits for workers due to tariffs, are not at the expense of workers or employers, the federal government should fund these additional benefits through general revenues/tariff proceeds, rather than the EI account.

⁴ CFIB, The U.S.-Canada Trade War and Your Business, August 8 - September 2, 2025, n=2,593.

While no solution is perfect, the current design for the RDA-RTRI program is not helpful to most SMEs affected by tariffs. CFIB is ready to work with your office and your officials to help develop a fair, practical, and effective support mechanism for impacted SMEs. We would welcome an opportunity to discuss this further or answer any questions you may have. We can be reached at michelle.auger@cfib.ca. We look forward to your response.

Sincerely,



Executive Vice-President,
Advocacy



Vice-President,
National Affairs



Director,
Trade and Marketplace Competitiveness,
National Affairs

C.C.: This letter was sent to all ministers responsible for an RDA and to the current president of all the RDAs.

FYI: This letter will also be sent to Shadow ministers and relevant critics.

Appendix: RTRI Eligibility Criteria Exclude Many SMEs from Accessing Funds

1. Pacific Economic Development Canada (PacifiCan)⁵

In B.C., firms must have at least 10 full-time employees to qualify for RTRI funding. Our data shows that this threshold excludes two-thirds (67%) of our B.C. members and more than half of SMEs in key sectors such as construction, manufacturing, and natural resources. One B.C. business owner operating in the manufacturing sector shared: *“Small companies like mine who employ less than 10 but are completely impacted by the tariffs are left out in the cold.”* This lack of relief for smaller businesses comes at a time when 60% of B.C. businesses with 0-4 employees report higher expenses, and more than half report reduced revenue (53%) and profits (54%) due to the Canada-U.S. trade war.

The criteria that eligible SMEs must have been in business for at least three years overlooks the adverse impacts faced by newer businesses. In fact, those that have been active for less than five years in B.C. are more likely than average (62% compared to 54%) to report declining revenues. British Columbian SMEs that are only 1 year old are more likely to have experienced reduced profits (63%) because of trade disputes. CFIB is concerned that these newer and more vulnerable businesses are not even given the chance to apply for PacifiCan’s RTRI funding. Finally, the [48-page “SME Applicant Guide”](#) that is currently available on the PacifiCan website is not SME friendly. Guidance documents for this critical relief must be concise, clear, and accessible for small business owners who already manage competing demands daily.

2. Canada Economic Development for Quebec Regions (CED)⁶

Funding from CED is only available to SMEs in manufacturing, excluding key sectors that have been negatively impacted by tariffs and need urgent relief. Half (49%) of small retailers and over two-thirds (70%) of small wholesalers in Quebec have seen a drop in revenue since the start of the trade war. The eligibility criterion requiring businesses to have operated for at least three years will disqualify a large portion of SMEs in Quebec, as nearly one-quarter (24%) have been active for five years or less as of September 2025. Businesses must also have generated revenues of \$2 million or more during the last completed fiscal year. In addition, with applications open from October 10 to October 31, business owners only have 14 full business days to gather and produce the necessary documentation needed to apply for funding of up to \$1 million.

3. Federal Economic Development Agency for Southern Ontario (FedDev Ontario)

To qualify for FedDev Ontario’s program, firms must, among other requirements, employ at least five full-time staff and be in business for at least three years. Yet, over half (58%) of Ontario SMEs have five employees or fewer, and more than a quarter (26%) have been in business for less than five years—meaning many could be disqualified from the outset. The program’s additional requirements, such as demonstrating broad economic benefits, providing 50% matching funds, and confirming all sources of financing within 30 days, further disadvantage smaller, locally focused businesses that lack financial reserves or administrative capacity. While intended to support those affected by trade disruptions, the program risks primarily benefiting larger, more established firms rather than the small businesses most in need of relief.

⁵ [PacifiCan Regional Tariff Response Initiative](#)

⁶ [CED Regional Tariff Response Initiative](#)

4. Federal Economic Development Agency for Northern Ontario (FedNor) ⁷

FedNor's program requires businesses to have at least five full-time employees, have been operating for at least three consecutive years, and primarily operate in sectors such as steel, automotive, critical minerals, mining, forestry, clean technology, bioeconomy, or agriculture, while explicitly excluding retail and tourism. Like its counterpart, these criteria risk leaving out many SMEs, particularly microbusinesses and newer firms. By prioritizing larger, established companies in specific industries, the program overlooks smaller businesses and key community employers that are also facing tariff-related challenges but lack the scale or sector alignment to qualify.

5. Prairies Economic Development Canada (PrairiesCan) ⁸

PrairiesCan's eligibility criteria are relatively flexible and more accessible to smaller firms, requiring only one employee, two years of operation, and incorporation within the Prairie provinces. This approach allows a wider range of SMEs to apply, including newer and smaller businesses across sectors. However, the application process remains highly demanding, creating a significant administrative burden for time-constrained business owners. The initial Expression of Interest (EOI) requires extensive documentation, including incorporation records, proof of signing authority, a detailed business plan or pitch deck, financial statements for the past two years, interim financial data, and confirmation of all non-PrairiesCan funding sources. This is only the first step in the application process, before having to submit "a detailed application through our online portal" if the EOI is accepted. For many small businesses, particularly those without dedicated administrative capacity, assembling this level of documentation is burdensome.

6. Atlantic Canada Opportunities Agency (ACOA) ⁹

While the Atlantic RDA program has a shorter application process and seemingly broader eligibility criteria compared to other tariff relief programs, it feels more like a standard economic development initiative than a much-needed targeted relief measure. The emphasis on demonstrating broad economic benefits, larger market reach, and significant purchasing power puts the focus on bigger players, rather than ensuring quick, accessible support for the small and medium-sized businesses most directly impacted by tariffs. This risks leaving SMEs sidelined, despite being the ones most in need of immediate relief.

7. Canadian Northern Economic Development Agency (CanNor) ¹⁰

As of October 7th, 2025, information on CanNor's RTRI remains vague. Small businesses impacted by tariffs need established, detailed, and accessible information on eligibility, application processes, and deadlines in order to seek out meaningful relief from their RDA.

⁷ [FedNor Regional Tariff Response Initiative](#)

⁸ [PrairiesCan Regional Tariff Response Initiative](#)

⁹ [ACOA Regional Tariff Response Initiative](#)

¹⁰ [CanNor Regional Tariff Response Initiative](#)