

*Letter sent by e-mail.*

Ottawa, February 17, 2026

*The Right Honourable Mark Carney, P.C., M.P.*

Prime Minister of Canada  
Office of the Prime Minister  
80 Wellington Street  
Ottawa, ON K1A 0A2

*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

**Subject: Concerns Regarding the Effectiveness of the Regional Tariff Response Initiative (RTRI)**

Dear Prime Minister,  
Dear Minister Champagne,

As you know, the Canadian Federation of Independent Business (CFIB) is a not-for-profit, non-partisan organization representing the interests of over 100,000 small- and medium-sized enterprises (SMEs) across Canada. **We are writing today to raise concerns regarding the effectiveness of the Regional Tariff Response Initiative (RTRI) as a support measure 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. However, many small businesses are currently being squeezed by ongoing trade disputes, leaving them in an increasingly fragile position. As a result of the Canada-U.S. trade war, SMEs are facing higher input costs, reduced profits and revenues, and persistent supply chain disruptions. Unfortunately, current federal support measures remain largely inaccessible to SMEs affected by tariffs, providing little meaningful or timely relief.

**The Regional Tariff Response Initiative falls short for SMEs**

As announced on September 5<sup>th</sup>, 2025, the 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 approach. Our members encountered significant challenges when dealing with RDAs, especially during the pandemic, and based on that experience, we are worried about the complexity of

the application process, extensive paperwork, inconsistent eligibility criteria across regions, and potentially long delays in getting funds to businesses.

Moreover, CFIB's analysis of RTRI eligibility criteria indicates that a substantial number of tariff-impacted small businesses are excluded. For example, in British Columbia, businesses must employ at least 10 full-time workers to qualify, while in Quebec, eligibility is now closed and was limited to manufacturing firms with annual revenues of \$2 million or more. Requiring SMEs to develop project-based proposals in order to access funding should not have been the program design adopted by government. Rather than forcing SMEs to compete for funding through new initiatives, support should instead be delivered directly to help recover costs already incurred from Canada-U.S. trade-related tariffs.

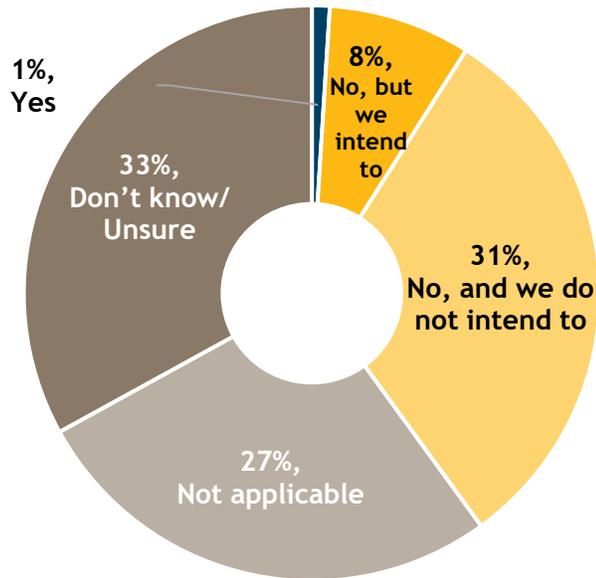
We are also concerned that responsibility for the RDAs is spread across several ministerial portfolios, with no single federal department or agency clearly accountable. This lack of clear accountability raises concerns about oversight and transparency, particularly given that RDAs administer significant amounts of taxpayer funding. With responsibility spread across multiple portfolios, it is unclear who is ultimately responsible for ensuring funds are allocated appropriately, monitored effectively, and directed to their intended recipients. This creates uncertainty about whether RDA funding is consistently reaching small businesses and achieving its stated objectives. Without appropriate federal oversight, there is a risk of inconsistent treatment of small businesses across provinces and regions. While regional agencies are well positioned to understand local needs, national programs must be delivered in a way that ensures fairness and consistency. Small businesses should not face unequal access to funding simply because of where they are located, particularly when programs are intended to serve a common national purpose.

#### **Low awareness and limited uptake of the RTRI**

Recent CFIB survey data point to very low awareness of the RTRI among small businesses. More than three-quarters of respondents (78%) indicated they were not aware of the initiative. When informed about the RTRI and asked whether they would apply for funding, only 1% of SMEs reported having already applied, while 8% said they intended to apply. Nearly one-third (31%) indicated they would not apply, and more than one-quarter (27%) said the program was not applicable to their business—either because they had not been impacted by tariffs or did not meet the eligibility criteria. A significant share of respondents also indicated they were unsure whether they would apply.

Figure 1

**Has your business applied for the RTRI?**



Source: CFIB, YVS - December 2025, Dec. 4 - Dec. 31, 2025, Final Results, n=1,663.

With more than half of Canadian SMEs actively engaged in trade with the U.S., CFIB data shows that 72% of SMEs have been negatively affected by the current Canada-U.S. trade environment<sup>1</sup>. These impacts are being felt by the very businesses often left out of programs such as the RTRI. SMEs report higher expenses (63%), reduced profits (53%), lower revenues (48%), supply chain disruptions (43%), and paused investments (34%), underscoring the gap between program design and the realities facing small and medium-sized businesses.<sup>2</sup> Please see attached appendix for comments submitted by business owners on the RTRI.

**Counter-tariffs funds collected**

According to the 2025 Federal Budget, \$6.7 billion in gross revenue has been assessed from Canada’s countermeasures in response to U.S. tariffs. Of this amount, \$3.0 billion has been remitted to mitigate the impact of countermeasures on the Canadian economy, leaving net revenues of \$3.7 billion.<sup>3</sup> However, it remains unclear whether the \$1 billion announced for the RTRI is being drawn directly from these counter-tariff revenues, or whether it is being funded through a reallocation of existing program envelopes. Given that the program does not appear as a standalone initiative in Bill C-15 (An Act to implement certain provisions of the budget tabled in Parliament on November 4, 2025), clarification is needed on how the RTRI funding is being authorized and tracked. In any case, remaining tariff revenues should be returned to SMEs as quickly and efficiently as possible through a mechanism not administered by the RDAs.

<sup>1</sup> CFIB, Your Voice - December 2024 survey, December 5 - 29, 2024, final results, n=1,887

CFIB, Your Business Outlook survey. October 1 - 7, 2025, final results, n=596.

<sup>2</sup> CFIB, Canada-U.S. Trade War: What we heard from Canadian SMEs. September 2025. <https://www.cfib-fcei.ca/hubfs/lp/us-tariffs/what-we-heard-smes-en.pdf>

<sup>3</sup> Finance Canada, Federal Budget 2025. November 2025. <https://budget.canada.ca/2025/report-rapport/anx1-en.html#a2>

At present, many small and medium-sized businesses feel overlooked by their own federal government. Heading into Budget 2025, small business owners were hoping for meaningful cost relief and measures to improve Canada's tax competitiveness to help jump-start the economy. Even as SMEs face rising costs in all areas of their operations, many are being left behind by the federal government's focus on large-scale investments and funding announcements. These measures often fail to reach the job creators that drive local economies and who have already made significant investments despite ongoing economic uncertainty.

As such, the federal government must ensure that the money collected from counter-tariffs is returned to businesses that are directly and indirectly affected by trade disruptions. In fact, 82% of SMEs believe this revenue should be returned quickly to impacted businesses.<sup>4</sup> CFIB has put forward the following ways to return this money 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 or wholesale, 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 suggest lowering the SBTR from 9% to 6%

### **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 going down 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 a better policy. 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

---

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

expense of workers or employers, the federal government should fund these additional benefits through general revenues/tariff proceeds, rather than the EI account.

**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 are also reaching out to each individual RDA to request more detailed reporting on the program's uptake to date. Your collaboration in ensuring individual RDAs are sharing this information will be welcomed. We appreciate your support in helping us gather a complete and accurate picture of the program's implementation. Please see the letter [here](#), which has been sent to each of the RDAs.

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](mailto:michelle.auger@cfib.ca). We look forward to your response.

Sincerely,

*Corinne Pohlmann*  
Executive Vice-President,  
Advocacy

*Jasmin Guénette*  
Vice-President,  
National Affairs

*Michelle Auger*  
Director,  
Trade and Marketplace competitiveness

## Appendix: Comments from small business owners on the RTRI

In a recent CFIB survey conducted in December 2025, business owners were asked to share their views on the RTRI, including its benefits, challenges, and areas for improvement. The comments below are presented in the language in which they were originally submitted.

Members' comments on the RTRI	Province	CFIB Major Industrial Sector
These incentives need to be temporary. Companies and markets need time to adjust, but that's it. If left in place long term, there are just more companies on the government payroll.	ON	Construction
This is the first time I've been made aware of it. We started our business last September so we will not qualify for any government support. There is ZERO support for businesses 1-3 year which is likely why no one else is to start a company in Canada anymore. The entry level is too high.	ON	Manufacturing
The criteria for eligibility are very tight and do not take into consideration the broader impacts on small businesses. This program also ignores contracts and/or trade that was cancelled because of the tariffs before revenue was generated, and the time and money invested until cancellation of contracts due to tariffs. This program aids larger, more profitable businesses.	ON	Personal, Misc. Services
It is a good program, but small businesses like ours with fewer than 15 employees are in the same category as businesses with 250 plus employees. The small businesses need more help to ride this storm and do not have deep pockets like the larger ones.	ON	Manufacturing
Implementing the RTRI can be challenging, particularly for smaller operations. The reporting requirements and compliance processes can be time-consuming, and some of the criteria feel difficult to apply to every business scenario, especially those with limited resources.	ON	Hospitality
It might help to offer more tailored guidance for small businesses, including practical examples and simplified reporting tools. Increased support or training resources could also make it easier for businesses to adopt the standards without creating an undue burden.		
As usual, the RTRI is for the business entity not for a Sole Proprietorship looking to build.		
This RTRI is for a self-sustaining enterprise paying its employees, owners, and not for profits also paying its board members. This does not fall into the hands of Proprietorships attempting to support their families while investing in local companies.	B.C.	Unclassified
To make the RTRI more effective, we would recommend simplifying the reporting requirements, reducing redundant documentation, and ensuring that support staff are readily available to provide clear, consistent answers. A more intuitive interface and faster turnaround times would also help small businesses fully benefit from the program.	ON	Construction

Members' comments on the RTRI	Province	CFIB Major Industrial Sector
It's a short-term measure; not long term.	N.B.	Hospitality
RTRI is only helping big industries. It requires upfront investment and then comes reimbursements. Small businesses cannot afford at this point any upfront investment even though part of it will be reimbursed. Currently it's a game of survival.	SK	Transportation
Better information sharing, prompting to take action.	PEI	Professional Services
Too much red tape, how to qualify, write ups.	ON	Manufacturing
Not truly applicable to us directly. Some of our materials that we purchase from suppliers are sourced in the US, but the tariff is paid by our supplier. However, we do incur a higher cost as it is passed on to us, but we do not pay the tariff directly.	ON	Retail
It should be made more available to smaller or growing industries.	ON	Enterprises & Admin. Mgmt.
Requires over 5 full-time employees and we do not qualify	ON	Enterprises & Admin. Mgmt.
The challenge is that most small businesses are still carrying heavy administrative loads, reporting layers, and fees that seem to be built for much larger companies with full compliance teams. The result is that good intentions don't always translate into real relief for small businesses.	ON	Construction
We do not qualify for the relief as we are a third party to the initial MBufacturers (aluminum cans). The producer can apply for this relief; however, the purchaser is not able to apply for this. The MBufacturer is also not passing on their relief savings.	ON	Manufacturing
The relief is limited to smaller businesses in the apparel/ Retail sector. As a distributor who imports from EU to Canada & US, there is not help in this multi-level business. We still employ a small team, and work with Canadian retailers but do not gain support unless we are producing in Canada which isn't always the most needed supply chain.	ON	Wholesale
It would be nice if this program was advertised better to businesses. The government has no issue notifying people in extra payroll expenses, so I don't understand why programs like this can be advertised through the same channels.	AB	Wholesale
With most government funding, it is misdirected. If the actual business that needs financial support receives it, that's progress. We must keep small businesses alive until alternative import and export deals are finalized.	ON	Personal, Misc. Services
Another government program will only result in higher taxes with little benefit. In my experience, government assistance programs usually provide the greatest benefit to the bureaucrats who are hired to administer the programs.	AB	Professional Services
I have not checked out the RTRI, I'm not sure what it is. I need to find out if we must pay it back. Usually, nothing from the government is free. Just more red tape and issues.	AB	Construction
From what I understand, the Steel and Automotive industries will benefit from this program.	ON	Construction
It is a good idea if eligibility is broad enough to help a wide variety of businesses.	B.C.	Wholesale
Only large companies will get funds. Small businesses do not have the time to deal with it. Small businesses are too busy working to take the time to jump through the red tape.	B.C.	Construction
It is very hard to quantify exact impacts on the goods we get from the U.S., as my goods are delivered by multinational companies	N.B.	Retail

Members' comments on the RTRI	Province	CFIB Major Industrial Sector
In order to receive the interest-free loans we have to prove we already have access to the money that we are requesting the loan for.	B.C.	Personal, Misc. Services
I would love to be able to benefit from the RTRI and its resources, but I have the perception that I'd be wasting time and energy researching its eligibility criteria. Being in the Hobby Retail industry, governmental programs are never designed or aligned with supporting businesses like mine.	N.B.	Retail
It is not clear if we are eligible to apply because we have another application still outstanding from Dec 2024.	ON	Manufacturing
The application process is quite arduous.		
Just more government bureaucracy and compliance with paperwork with little benefit.	B.C.	Professional Services
I would think this program is good for large businesses - but not small businesses.	B.C.	Retail
I don't really understand how it works and don't have time to figure it out. It would be great if these programs were set up for smaller businesses to easily access, rather than only being relevant for large businesses that have grant writers on staff.	B.C.	Manufacturing
More awareness of initiative and specifically who is eligible for benefit.	ON	Construction
It doesn't sound like this program has been well promoted at all or only targets a narrow sector of businesses. Maybe it's more retail based but doesn't help businesses that use imported goods to create final products?	AB	Construction
We are looking into it. We are hopefully eligible for some funding but have concerns that our industry (primarily hospitality) will qualify for funding.	MB	Enterprises & Admin. Mgmt.
Sounds like a ton of more paperwork that ends up not being worth the effort.	ON	Wholesale
The RTRI is a patchwork band-aid and not a solution. Our government relies too heavily on subsidies such as this to give businesses and taxpayers a sense of relief while they are doing nothing more than moving money around and increasing deficit.	MB	Construction
I don't see how this program is beneficial to smaller businesses and would likely be more for large corporations.	B.C.	Retail
Needs to be targeted and not a bonus.	AB	Professional Services
Likely will only really support large businesses.	AB	Retail
All government programs end up biting us in the end. There is no need for them. They should simply reduce taxes.	B.C.	Retail
More paperwork than it will be worth.	ON	Manufacturing
I'm too small to even be considered. No one cares about us little mom and pop shops anymore, it's all about the big corporations.	ON	Manufacturing
Government programs come out of my tax dollars. Getting that money only increases taxes I have to pay.	AB	Retail
More red tape. Targeted to larger businesses that could fund their own initiatives.	NFLD	Retail
This cannot be an ongoing hand out. It needs help with companies and employees quickly transition to other business opportunities	ON	Arts, Recreation & Information

Members' comments on the RTRI	Province	CFIB Major Industrial Sector
Wondering if it is at all beneficial as we have tried applying for other benefits/grants like the Canada Summer Jobs wage subsidy. It takes quite a bit of effort and never results in anything other than "your business qualifies, but we ran out of funds", so we just stopped applying.	ON	Construction
As long as coaching and guidance on how to be less reliant on the U.S. is the main goal of the program versus just giving out the money, it is a great idea.	ON	Retail
I don't have time to comply with more government red tape, I have to choose between creating value for customers or spending time extracting money from the government that ultimately ends up as inflation and higher taxes, making business harder.	B.C.	Manufacturing
Too much paperwork, too much red tape to qualify as we are a small business and don't have the resources for the effort required. We are just trying to stay afloat and that is more than a full-time job right now	ON	Construction
I am not familiar with the program, but if the government is offering relief, I am hesitant to believe it will not come with a cost later that has not been disclosed.	AB	Transportation
It's a very restrictive program. We are a small business, and the program has major focus on larger businesses. Again, small enterprises and small businesses seem to be left to fend for themselves. We are able to sell our products to other markets and the U.S. is our main market. Diversification to other markets is just not possible -RTRI should work to support smaller businesses and not just medium and larger businesses.	ON	Wholesale
Sounds great, but not sure it blankets the entire sector that experiences the trickle-down effect of tariffs.		
RTRI does not support my business. We are a corporation with an employee base of 2 people. The FedDev website indicates funding is only available for businesses with 5 or more full-time employees.	ON	Personal, Misc. Services
Counter or retaliatory tariffs hurt Canadians and Canadian business. Subsidies are not the answer.	ON	Natural Resources
The government's framework is not clear and creates misunderstandings. I'm not interested in wasting MY valuable time only to see incredible Mismanagement on the other side.	ON	Agriculture
The RTRI program was directly implemented to aid companies that are being affected by the ongoing trade war and as such, we have applied for the program. Unfortunately, this will only benefit companies that are approved and will not help the countless other companies that are not accepted.	B.C.	Manufacturing
After reviewing the qualifications, our business is too new not being in business for 3 years and is also too small, only having 4 employees, so we do not qualify.	B.C.	Retail
Would suggest including small businesses with fewer employees and newer businesses who face more urgent cash flow issues.		
I don't know anything about the program. suggest that the government does a better job promoting the program.	ON	Wholesale

Members' comments on the RTRI	Province	CFIB Major Industrial Sector
It does not help us directly, and we wouldn't qualify anyway. It affects us indirectly as 90% of the work we do is based on using US Manufactured goods. In other words, if the price of parts, materials, etc. gets too high, our customers will stop or at least reduce their spending on our services due to those higher costs.	AB	Transportation
We're keeping track of our additional expenses due to tariffs, but the minimum qualifying amount is very high from what I remember.	ON	Professional Services
The criteria to qualify for this program made it not applicable for our business. While we face massive losses in US trade, and we still have to purchase almost 30% of our products from the US, we are unable to qualify for this program.	ON	Manufacturing
I believe that Manufacturing companies would benefit from the RTRI at this time. In Manitoba the Manufacturing, exporting of farm equipment in particular.	MB	Professional Services
The added cost of tariffs on certain items we import is minimal and it'll take more resources to apply etc. than the impact created for my business	ON	Construction
The heart of the program is great. We assist businesses in connecting to this program. Giving real-time transparency to the program in these areas would be helpful: 1) The total amount of funding available; 2) the total subscription (how much of this has been allocated); 3) How many applicants there are; 4) What are the chances of an applicant being awarded funding.	ON	Professional Services
These funding programs work best when there is a defined understanding of who should and should not apply.		
It can be a lot of work for an organization, a long wait, and a no, when the funding program does not reveal the above program status information.		