CANADIAN FEDERATION OF INDEPENDENT BUSINESS
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Letter sent by e-mail.

Ottawa, June 9, 2026

The Right Honourable Mark Carney, P.C., M.P.
Office of the Prime Minister
80 Wellington Street
Ottawa, ON K1A 0A2

Subject: The impact of high fuel and energy costs on Canada's small businesses

Dear Prime Minister:

The Canadian Federation of Independent Business (CFIB) is a not-for-profit, non-partisan organization representing the interests of over 103,000 small- and medium-sized enterprises (SMEs) across Canada. **We are writing to raise concerns regarding the impact of high fuel and energy costs on Canada's small businesses.**

SMEs are navigating a challenging environment marked by ongoing trade tensions, rising operating costs, labour shortages, and growing regulatory burden. CFIB's most recent Monthly Business Barometer® (May 2026) shows a sharp drop in small business confidence, with both short- and long-term optimism weakening.

Heightened uncertainty in global energy markets and shipping disruptions in the Strait of Hormuz have driven sharp increases in fuel prices, making fuel costs the top cost constraint for small businesses in April, surpassing taxes, red tape, insurance and other operating costs. Fuel remained the leading constraint in May, despite the federal government's temporary suspension of the fuel excise tax effective April 20th. Indeed. At $1.76 per litre in late May, the national average price of regular gasoline was still 29% higher than in late January of 2026 ($1.37 per litre).[1]

Energy costs affect small businesses from multiple angles. Beyond what they pay directly for electricity, fuel, and natural gas, these increases ripple through supply chains, pushing up transportation and input costs, and eventually consumer prices. Compared to larger firms, SMEs have less capacity to absorb or pass on sudden cost increases, making them more vulnerable to sustained energy price volatility. In fact, 7 in 10 affected SMEs are absorbing higher fuel costs through lower profits, with many delaying or cancelling investments.[2]

[1] Natural Resources Canada, Daily Average Retail Prices for Regular Gasoline in 2026.
[2] CFIB, Your Voice survey, preliminary results as of April 9, 2026. Ongoing survey, n= 671.

When higher input costs are absorbed through margins rather than productivity gains, growth and resilience in the private sector weaken. **Immediate cost relief is needed to help stabilize operations, protect investment, and support long-term business viability**. Without targeted measures to improve affordability, Canada risks weakening its entrepreneurial base and long-term growth.

Efforts to protect Canada's economy from external shocks must also include improving the country's energy resilience by making better use of domestic resources and reducing exposure to global supply disruptions. Nearly 9 in 10 small businesses believe Canada should move quickly to increase energy production, including oil and liquefied natural gas, to help address potential supply shortfalls and price volatility.[3]

To address these challenges, CFIB recommends a combination of short-term relief measures and long-term reforms:

- **Provide immediate fuel cost relief**
  - Extend the temporary suspension of federal fuel excise taxes beyond September to provide continued relief during periods of elevated price volatility.
  - Coordinate with provinces to reduce or temporarily suspend provincial fuel excise taxes.
  - Permanently eliminate the "tax-on-tax" effect by removing GST applied to fuel excise taxes if these are re-introduced.
- **Strengthen long-term energy affordability and resilience**
  - Eliminate the industrial carbon tax framework.
  - Reduce the federal small business tax rate from 9% to 6% and increase the small business deduction threshold from $500,000 to $700,000 and index it to inflation yearly.
  - Improve domestic energy infrastructure, accelerate project approvals, and strengthen east-west energy integration to enhance affordability, improve supply security, and reduce vulnerability to external shocks.

For small businesses, greater energy stability and affordability are essential to maintaining operations, planning investments, and remaining competitive. While the government cannot control external geopolitical factors that influence global fuel and energy prices, it can take meaningful action through domestic policy.

Thank you for your attention to this important issue. Should you wish to discuss these concerns further or have any questions, please do not hesitate to contact us at jasmin.guenette@cfib.ca.

We look forward to your response.

[3] CFIB, 2026 Energy Survey – March 2026, preliminary results as of March 5, 2026. Ongoing survey, n= 1,226.

Sincerely,

Jasmin Guénette
Vice-President,
National Affairs

Christina Santini
Director,
National Affairs

Michelle Auger
Director,
Trade and Marketplace Competitiveness,
National Affairs

CC: The Honourable François-Philippe Champagne, Minister of Finance and National Revenue

The Honourable Julie Dabrusin, Minister of the Environment, Climate Change and Nature

The Honourable Tim Hodgson, Minister of Energy and Natural Resources

The Honourable Gregor Robertson, Minister of Housing and Infrastructure

The Honourable Dominic LeBlanc, Minister responsible for Canada-U.S. Trade, Intergovernmental Affairs and One Canadian Economy

The Honourable Rechie Valdez, Secretary of State (Small Business and Tourism)

MP Ryan Turnbull, Parliamentary Secretary to the Minister of Finance

MP Wade Grant, Parliamentary Secretary to the Minister of Environment and Climate Change

MP Claude Guay, Parliamentary Secretary to the Minister of Energy and Natural Resources

MP Caroline Desrochers, Parliamentary Secretary to the Minister of Housing and Infrastructure

MP Ali Ehsassi, Parliamentary Secretary to the Minister responsible for Canada-U.S. Trade, Intergovernmental Affairs and One Canadian Economy (Canada-U.S. Trade)

MP Marie-Gabrielle Ménard, Parliamentary Secretary to the Secretary of State (Small Business and Tourism)