



**Canadian House of Commons
Standing Committee on International Trade
Hearing: “Study of 2026 CUSMA Review”
Ottawa, Canada**

June 11, 2024

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On behalf of the U.S. Chamber of Commerce—the world’s largest business federation, representing business interests of every size, sector, and region—I thank you for the invitation and opportunity to provide testimony to this Standing Committee as it evaluates action ahead of the Canada-United States-Mexico Agreement (CUSMA) review of 2026.

The Chamber has a longstanding commitment to the North American economic relationship. No organization in the United States has been a more vocal advocate for a strong and mutually beneficial partnership with the Canada and Mexico. As the voice of business, we are guided by principles, not politics: defending and promoting free enterprise, free markets, rules-based trade and investment, and the rule of law.

Our shared success in North America builds on more than 50 years of economic integration, spanning the U.S.-Canada auto pact of 1965, the Canada-U.S. Free Trade Agreement of 1989, the North American Free Trade Agreement (NAFTA) of 1994, and the Canada-United States Mexico Agreement (CUSMA) of 2020.

The results go beyond the impact of the \$1.7 trillion annual three-way trade to include significant direct investment ties and highly integrated value chains that support millions of jobs in all three countries. Roughly one-third of U.S trade now takes place within North America, and Canada and Mexico are top export destinations for U.S. small business exporters.

Our three countries have the potential to expand this important relationship and work together to meet global challenges, such as building inclusive and interoperable digital markets, the diversification of semiconductor production, energy security and energy transition, food security, and critical minerals.

Compliance with CUSMA

CUSMA was intended to facilitate closer economic cooperation and to provide legal certainty for cross-border trade and investment. All three governments need to ensure it fulfills that purpose.

In this spirit, the Chamber has regularly called on each of the three governments to address implementation and compliance issues and uphold the spirit and letter of the agreement. ***In short, we must keep our word.***

Specifically, the Chamber has called for the U.S. government to uphold the CUSMA dispute settlement panel ruling on automotive rules of origin published in January 2023. As our three nations work to make North America the most competitive global platform for electric vehicle production and beyond, the future of the continental automotive industry depends on the certainty provided by the agreement.

In addition, maintaining our competitive edge also means avoiding the expansion in the United States of “Buy American” rules to new products and sectors, which risk delaying products by tying them up in red tape, leading to increased costs and inviting retaliation as other countries respond with their own “buy local” mandates. We need to recognize that in North America we make things together.

For Mexico, the Chamber is focused on a number of pending CUSMA implementation and compliance issues as well as measures proposed by the current government that threaten to further weaken independent regulatory agencies and the rule of law. The Chamber is focused on Mexico’s commitment to upholding its CUSMA obligations on energy, agriculture, healthcare procurement, biopharmaceutical approvals, and full implementation of Chapter 7 customs administration and trade facilitation commitments. We urge both the U.S. and Canadian governments to take action on the dispute settlement consultations with Mexico on the energy sector and agricultural biotechnology.

We appreciate this opportunity to also highlight areas that require Canada to fulfill the letter and the spirit of its CUSMA commitments, including:

- Ensuring full implementation of Chapter 7 Customs Administration and Trade Facilitation;
- Addressing longstanding concerns about U.S. access to Canadian market for dairy products; and
- Addressing a variety of recent legislative and regulatory measures that impact innovation and the digital economy.

Canada's Digital Economy Policies

Canada is advancing an ambitious digital agenda. It is increasingly clear that Canada is looking to bolster its competitiveness by targeting U.S. businesses with overly restrictive and discriminatory regulations and fees. Ultimately, the chief effect of these efforts will be to harm Canada. They will erode Canada's culture of innovation and the competitiveness of its tech sectors. They will adversely affect businesses, workers and consumers on both sides of the border and could undermine prospects for closer cooperation on digital issues and economic policy more generally.

Given the tremendous potential of the digital economy for all North Americans, I want to highlight a number of areas where the U.S. business community has significant concerns that go beyond CUSMA compliance to encompass Canada's commitment to maintaining an open and fair business climate.

Bill C-11: We are deeply concerned about the Canadian Radio-television and Telecommunications Commission (CRTC) decision to impose an initial based contribution of 5% on U.S. streaming services. This decision fails to recognize the significant investments made by American streaming services in Canada's creative sector. Indeed, Americans can hardly turn on their televisions without seeing programs created in Canada. Bill C-11 specifically targets U.S. companies in a manner that may violate Canada's international trading obligations, including those under CUSMA. This action appears to contravene commitments that guarantee investors a minimum standard of treatment, require equal treatment of foreign and local enterprises, and obligate Canada to refrain from imposing certain performance requirements on foreign direct investment.

We urge members of Parliament here to consider the potential impact of this decision on CUSMA and acknowledge the longstanding investments made by U.S. streaming services in Canada.

Digital Services Tax: We are also deeply concerned about Canada's potential enactment of a unilateral and discriminatory digital services tax (DST) with retroactive effect as part of Bill C-59. The proposed DST would not only discriminate against U.S. companies but also contravene Canada's obligations under both CUSMA and the World Trade Organization (WTO). It would also substantially undermine the ongoing OECD/G20-led multilateral process, during which Canada and others committed not to impose any new DST, and raise new hurdles for cross-border trade and investment to the detriment of workers and businesses across North America. The Office of the U.S. Trade Representative investigated several substantially similar measures as those proposed by Canada (including France's DST, upon which Canada's is modeled) and found them to be unreasonable or discriminatory and burdensome or restrictive to U.S. commerce, and thus actionable under section 301(b) of the Trade Act of 1974.

We urge members of Parliament to maintain Canada's commitment to multilateralism, its CUSMA obligations, and a common approach to the North American marketplace.

AIDA: Finally, I would like to raise one more example on the Consumer Privacy Protection Act (C-27), currently under consideration, which includes the Artificial Intelligence and Data Act (AIDA). During our visit to Ottawa, we will be hosting an AI Policy Dialogue, precisely to discuss some of the challenges and opportunities that we see in this sector.

For the context of this hearing, I would like to highlight three key issues: First, The Chamber supports competitive trade and technology alignment, particularly in AI, urging for standards that ensure responsible use and international alignment and harmonization. Second, we caution against overly strict or vague regulations, which could hinder AI development, limit business exploration, and ultimately affect productivity and economic growth. And finally, burdensome regulations may disadvantage Canadian businesses, potentially diverting AI investments and talent to regions with more favorable regulatory climates, thus impacting Canada's global competitiveness.

2026 CUSMA Review

At the Chamber, we are focused on keeping the 2026 CUSMA review in perspective. In the agreement, the parties committed to review the functioning of the agreement on this date. While the three parties are of course sovereign states that are free to withdraw from the agreement with six months' notice, no one has as yet identified a compelling reason to undertake a wide-ranging renegotiation of the agreement, which in a number of areas has yet to be fully implemented.

Primarily, the review is an opportunity to ensure compliance with the existing agreement, which, as I have laid out, is the priority of the U.S. business community. As the Chamber's President and CEO Suzanne Clark has emphasized at several public meetings, "Like any other trade agreement, USMCA isn't worth the paper it's printed on without meaningful compliance and enforcement."

However, Canadian policies such as Bill C-11, the proposed DST, and AIDA have the potential to complicate this review. Some parties will look at measures that appear to violate Canada's commitments under CUSMA and will see the review as an opportunity to bring pressure to bear. I explained earlier how these measures erode Canada's competitiveness and impose costs on its industry and citizens, and how they may introduce additional risk in the 2026 CUSMA review and may in that context ultimately impose more substantial costs.

Beyond compliance, as the three governments look for improvements, count on the Chamber and the American business community as constructive stakeholders. We encourage all three governments to use the trade agreement committee review process, which was designed to facilitate government-to-government exchanges, to increase engagement with the business community and other stakeholders. We strongly encourage the creation of regular and routine mechanisms to solicit the views of all stakeholders and to update stakeholders. We strongly encourage leveraging CUSMA institutions like the Trade Facilitation Committee, the SME committee, the Competitiveness Committee, and the subcommittee on trilateral emergency protocol, among others. Regular and transparent communication with traders is crucial to enhance regulatory compliance and reduce costs.

Conclusion

The Chamber stands ready to work with our partners in Canada to continue to build a stronger North American partnership. Thank you for the opportunity to share our views in this important hearing.