



October 31, 2025

CUSMA Consultations
Global Affairs Canada
Trade Negotiations – North America, John G. Diefenbaker Building,
111 Sussex Drive Ottawa, Ontario K1N 1J1

Email: CUSMA-Consultations-ACEUM@international.gc.ca

Re: Second Phase Public Consultations on the Canada-US-Mexico Agreement (CUSMA)

On behalf of the Canadian Canola Growers Association (CCGA) and the Canola Council of Canada (CCC), we are writing to Global Affairs Canada in response to its second phase consultation on the Canada-U.S.-Mexico Agreement (CUSMA). By way of background, the CCGA and CCC, collectively represent all links of the canola value chain including Canada's 40,000 canola farmers, exporters, life science companies, and value-added processing facilities. The value of canola to the Canadian economy has more than doubled in the past decade and now generates an average of \$43.7 billion annually in direct, indirect and induced activity. The canola sector supports an average of 206,000 jobs and \$16.3 billion in wages for Canadians from coast to coast.

Importance of the U.S. and Mexico to the Canadian canola industry

The U.S. is the most important market for Canadian canola and canola products, with exports reaching a total value of \$7.7 billion in 2024. For canola oil exports, the U.S. has long been the primary destination, as it is valued as a heart healthy oil for use in cooking and food processing and, more recently, for its use as a low carbon feedstock in the production of biofuel. In 2024, canola oil exports represented \$5.6 billion in total value.

The biofuel industry in the U.S. represents a significant market development opportunity for canola oil, one that the industry has been accessing and drawing value from since the U.S. Environmental Protection Agency approved the pathway for canola oil use in advanced biofuels in December of 2022. We see this potential continuing to grow and provide value creation for the canola industry. This market opportunity, together with developments in Canadian biofuels, was a significant catalyst for the expansion of canola processing capacity in Canada, valued at over \$2.0 billion in capital investments.

Canola meal is also a preferred protein ingredient for the U.S. dairy herd, with significant value placed on the product by dairy producers in several states due to its undisputed ability to

support milk production. These exports have remained consistent, averaging 3.4 million metric tonnes over the past five years, and growing to 3.8 million metric tonnes, valued at \$1.8 billion in 2024.

Mexico is also a long-standing customer of Canadian canola, with Mexican processors purchasing an average of 1.0 million metric tonnes of seed in each of the last 5 years and smaller but still significant volumes of canola oil. This market was worth \$559 million to the Canadian canola industry in 2024 and has been significantly higher in previous years.

Together, these two markets made up over 57% of the value of all canola exports in 2024. Canadian industry relies on these trading relationships and the CUSMA to ensure the crop they grow and the products it produces has consistent, high value customers, here in North America.

Positive outcomes of the agreement thus far

Canadian farmers and the broader canola industry have continued to value the open trading relationship resulting from the former North American Free Trade Agreement and the renegotiated CUSMA. This has allowed canola seed, oil and meal to continue to be exported tariff free, while also allowing for the import of critical inputs to the industry. The CUSMA agreement contains a dispute settlement mechanism that has been utilized since CUSMA came into force in 2020. An example of its effectiveness and relevance is the recent dispute between the U.S. and Mexico regarding Mexico's decree to ban the import of genetically modified corn for use in human food, which Canada joined as a third party. The issue was concerning for our industry as the vast majority of Canadian canola is genetically modified. We were pleased to see that the dispute was resolved and sound science prevailed, further highlighting the effectiveness of this mechanism. The dispute settlement mechanism helps to ensure all countries abide by the terms of the agreement and uphold its ambitious standards, including on biotechnology. Without a functioning appellate body at the World Trade Organization, the dispute settlement mechanism built into CUSMA takes on even more importance and is something that Canada must work to maintain.

The sanitary and phytosanitary (SPS) language that exists in Chapter 3 of CUSMA is strong and supportive of innovation. While the current text may continue to need evolution, it is ambitious and provides a benchmark for SPS chapters in other FTAs. This chapter provides a critical framework to advance science-based trade policy in North America and should be used as an example for future trade agreements. All parties to CUSMA have an obligation to ensure that regulatory measures are developed and implemented in accordance with the SPS obligations of the agreement. These SPS measures must be aligned with scientific and risk-based principles, relevant international standards, and not create unnecessary barriers to trade. Such provisions are critically important as we anticipate that innovation (e.g. new plant breeding innovations) will be of critical importance to the future growth and success of the Canadian canola industry, with the implication that CUSMA (and other trade agreements) must maintain strong provisions that enable this and other innovations.

It is also important to note that the CUSMA brought about several other improvements for the Canadian agriculture sector, including the formalization of the consultative committees on agriculture and a new chapter on competitiveness. The continued maintenance of and operationalization of these elements in CUSMA will be vital as we look to deepen cooperation and engagement with our North American partners.

One area that could enhance the current CUSMA is the formalization of the Canada-U.S. Regulatory Cooperation Council (RCC) within the agreement. This important initiative currently lives outside of the CUSMA structure and would benefit greatly from a more robust governance structure and a more predictable cadence of operations to ensure its workplans lead to concrete results for farmers, workers, and businesses. Including the RCC within CUSMA will ensure that this important regulatory harmonization mechanism receives the attention and resourcing it deserves on both sides of the border.

Possible changes to CUSMA

Given the integrated nature of the North American canola industry, the predictability and continuity of CUSMA is essential. We recognize that senior officials in the U.S. Administration have stated their desire to renegotiate CUSMA given current trade and geopolitical dynamics. Should this be the outcome, Canada will need to be prepared to once again to negotiate for positive outcomes for Canadians amid a more protectionist and volatile trade environment. Of critical importance to the Canadian canola industry is the need to maintain tariff-free trade in CUSMA and to keep the agreement as a trilateral deal between Canada, the U.S. and Mexico. A common set of rules governing continental trade will provide farmers and businesses with the predictability they need to support trade with these key markets.

To improve the likelihood of renewal, we must be careful not to create new irritants in the relationship with the US as we approach the CUSMA review. Ahead of the review and possible renegotiation of CUSMA, we encourage the federal government to consider how it will engage and solicit input from stakeholders, including the canola industry, throughout this process. Formal, structured engagement will be required to ensure stakeholders have opportunity to engage directly with federal negotiators on issues of interest to our respective industries. Canadian canola farmers and the broader industry value chain urge the government to recognize the value that CUSMA brings to our industry and to consider the best interests of Canada as a whole when at the negotiating table.

Sincerely,

Original Signed by:

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President and CEO
CCGA

Chris Davison
President and CEO
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