



**Restaurants Canada submission to the Government of Canada's
Consultation on the Operation of the Canada-United States-
Mexico Agreement (CUSMA)**

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About Restaurants Canada

Restaurants Canada is a non-profit, member-based association, advancing the potential of Canada's diverse and dynamic foodservice industry through programs, research, and advocacy. We appreciate the Government of Canada undertaking a second round of consultations with Canadian industry surrounding the Canada-United States-Mexico Agreement (CUSMA), and value the opportunity to advocate on behalf of our members.

The restaurant industry is a powerful economic engine in Canada. As the fourth-largest private-sector employer in Canada, the industry directly employs nearly 1.2 million people – more Canadians than real estate, agriculture, forestry, mining and oil and gas extraction, utilities, and fishing **combined**.

We create jobs and play a key role in the economies of almost every community across the country – rural and urban. We do so while generating \$26 billion in tax revenue and supporting an additional 291,100 jobs indirectly across various other industries, including agriculture, retail trade, finance and real estate, transportation, and more. In many cases, we are the number one customer of agriculture and agrifood businesses in Canada, and when our industry suffers, so do our suppliers – and so does Canada.

Overview

The restaurant industry—an essential driver of \$26 billion in annual tax revenue, a major buyer of Canadian agricultural products, and a key contributor to employment, tourism, and community vitality—continues to face relentless financial pressures, including rising input costs, labour shortages, and supply chain disruptions. Today, 41% of restaurants are operating at a loss or barely breaking even.

These pressures have an outsized impact on our industry, which is exceptionally vulnerable to shifts in trade policy, input cost volatility, and supply chain disruptions due to the scale, sourcing needs, and high integration of cross-border supply chains in the food sector.

Throughout ongoing trade tensions between Canada and the United States, sparked by the imposition of President Trump's unjustified tariffs, many Canadian businesses and consumers have undergone transformational changes to source goods domestically, where possible.

Additionally, with millions of Canadians struggling to keep up with the rising cost of living, we urge the federal government to support measures that aid in addressing the national



food affordability crisis, while maintaining important programs to protect Canada's domestic food industry.

As Global Affairs Canada prepares for the 2026 Joint Review of the Canada-United States-Mexico Agreement ("CUSMA"), Restaurants Canada is pleased to submit the below recommendations, highlighting key challenges facing the industry and measures which would preserve competitiveness and consumer choice, while strengthening food security for Canadians.

Restaurants Canada continues to stand ready to work closely with the federal government in support of a coordinated Team Canada approach to the 2026 CUSMA Review.

Recommendations

The North American food chain is highly integrated. Recent trade tensions, in particular tariffs and retaliatory tariffs on food products, have deeply concerned the foodservice industry on both sides of the border. Food products are essential and should never be used as a bargaining chip. The 2026 Joint Review offers an ideal opportunity to address impediments to North American trade and reinforce measures that protect food affordability for all.

To that end, Restaurants Canada wishes to provide the following recommendations relating to Canada's priorities in the upcoming 2026 CUSMA Review.

Recommendations

- 1. Maintain existing rules of origin requirements as defined in the existing agreement**
- 2. Ensure that Canada's supply management system is fit for purpose**

Rationale

1. Restaurants Canada is in favour of maintaining the existing rules of origin regime within the CUSMA Agreement. The regime, as it stands, provides predictability and stability in cross-border supply chains while supporting the use of domestically and regionally sourced ingredients. By clearly defining how much of a product must originate within North America to qualify for preferential tariff treatment, these rules help Canadian foodservice operators access competitively priced inputs from Canada, the United States and Mexico without unexpected duties or disruptions. This is especially important for perishable goods and processed food products, where even small delays or added costs can affect menu pricing and supply reliability.



Moreover, Canada has some of the most advanced and rigorous food safety and inspection regulations in the world. These regulations are crucial to maintain to support ongoing trust between Canadian producers and consumers – especially considering the recent “Buy Canadian” movement. A stable rules of origin framework also reinforces investment certainty for suppliers and distributors who operate integrated North American networks, ensuring Canadian restaurants and foodservice businesses can continue to rely on efficient, tariff-free trade within the region.

2. Restaurants Canada accepts the rationale behind Canada’s domestic supply management system and is not advocating for its dismantling. However, we call on the Government of Canada to make Canada’s supply management system fit for purpose in the following three ways:
 - a. First, while our members are proud to source many of their dairy products domestically, they must at times depend on imported supply-managed goods. These products, due to the nature of the system and its administrative burden, lead to increased costs for food service operators, and in turn, Canadian consumers. We therefore call on the Government of Canada to undertake reforms to the CUSMA dairy TRQs that would increase competition and bring a greater diversity of products for consumers.
 - b. Second, we call on the Government of Canada to use the 2026 Review to adjust the access quantities for the CUSMA Chicken TRQ and ensure that they correspond to product demand (which in turn, keeps product affordable). Indeed, as part of the CUSMA FTA, Canada committed to initially granting 47,000 metric tons increasing to 57,000 metric tons by 2026, growing one percent for an additional 10 years, in addition to access granted under the World Trade Organization TRQs. Unfortunately, this access does not match the scale of growth of demand for affordable chicken products – and access that has come online since then has not provided relief (i.e., CPTPP TRQs) due to mismatched quality.
 - c. Lastly, we encourage the federal government to use this generational moment to work with the provinces and re-evaluate measures to increase transparency with respect to the poultry pricing formula. Transparency around the poultry pricing formula within Canada’s supply management system is increasingly important for downstream agri-food industries akin to the foodservice industry, particularly against the backdrop of the ongoing trade and tariff tensions between Canada and the United States. While this responsibility ultimately rests with the provinces, we encourage the federal government to work with their counterparts. Indeed, as trade dynamics shift and retaliatory measures affect a range of agricultural and processed food products,



restaurants and distributors face added uncertainty in both cost and supply. Clearer insight into how domestic poultry prices are determined would help businesses navigate this volatile environment, allowing them to plan more effectively, manage risk, and make strategic sourcing decisions – all which benefit Canadian consumers, and the stability of Canadian businesses.

For consideration

While the Government of Canada works towards renewing this historic trade agreement, Restaurants Canada would like to respectfully provide some insight into CUSMA-adjacent, trade-related issues that our members are currently facing. We hope that these challenges will be considered in the larger framework of Canada's domestic and international supply chains.

Reducing red tape around packaging regulations to support strong supply chains

Reducing regulatory barriers around food packaging can have a direct and measurable impact on costs throughout the food supply chain. Currently, complex and restrictive packaging regulations can limit the range of international suppliers eligible to sell into the Canadian market – as well as Canadian producers' ability to export internationally; which not only drives up costs but reduces competition and constrains operators' ability to pivot quickly when disruptions occur.

In the broader context of ongoing trade disputes, the CUSMA Review, and affordability challenges for Canadians, regulatory flexibility regarding food-safe packaging is a practical step the federal government can undertake to strengthen Canada's food supply chains and lower food costs for Canadians. These measures would diversify market access, reduce exposure to potential future tariff-related price shocks, and promote greater competition in the food industry.

Moreover, harmonizing packaging regulations with trusted trading partners would allow our suppliers to increase exports internationally – and provide the world with some of the best that Canada has to offer.

Introducing manufacturing credits to scale up domestic food packaging operations

Food-safe packaging and cleaning supplies are essential products to the foodservice industry, yet Canada currently lacks sufficient domestic capacity to produce these items at scale needed to supply domestic needs. To that end, Restaurants Canada has called on the federal government to introduce manufacturing credits to scale up domestic food packaging operations.



These incentives would attract investment in Canadian manufacturing facilities, offsetting high capital costs and increasing the viability for companies to establish or relocate production to within Canada.

Additional competition, particularly within the domestic market, will drive down prices and onshore the production of goods necessary for Canada’s essential food supply chains. This will lead to a reduced dependence on imports and help Canadian industry avoid the associated vulnerabilities from trade disruptions as experienced in the ongoing trade dispute with the United States.

Likewise, a renewed Canadian manufacturing industry would increase competition, promote innovation within the sector, and create many good paying jobs for Canadians. Given the federal government’s renewed focus on “Buy Canadian”, these manufacturing credits represent a strategic opportunity to stabilize food prices amidst trade uncertainty, enhance food security, and make Canada’s essential food supply chain more resilient amidst global uncertainty.

Conclusion

Restaurants Canada understands the challenges faced by Canadians throughout this trade turbulence and appreciates the work the Government of Canada is doing to ensure that Canadian voices are heard as we approach the 2026 Joint Review. For an industry that relies on stability, the sanctity of dependable supply chains is of the utmost importance. It is imperative that any changes made to the framework of this agreement, or subsequent regulations, be made in close consultation with industry partners and stakeholders. The interconnectedness of the agri-food supply chain cannot be understated, our recommendations therefore seek to reflect an industry-wide call for stability, transparency, and flexibility to be prioritized in this upcoming review, and peripheral discussions.

Through the trade disruptions of the last several months, Restaurants Canada has been a proud partner of the federal government, supporting a nuanced approach to mitigate the impacts of trade disruptions on Canadians’ food prices.

Through continued collaboration, Canada’s foodservice industry has the potential to continue ongoing momentum and serve as a vital anchor in communities nationwide. By supporting these recommendations, the federal government can strengthen Canada’s vital foodservice industry, while ensuring Canadian consumers have access to high quality food products, year-round.