



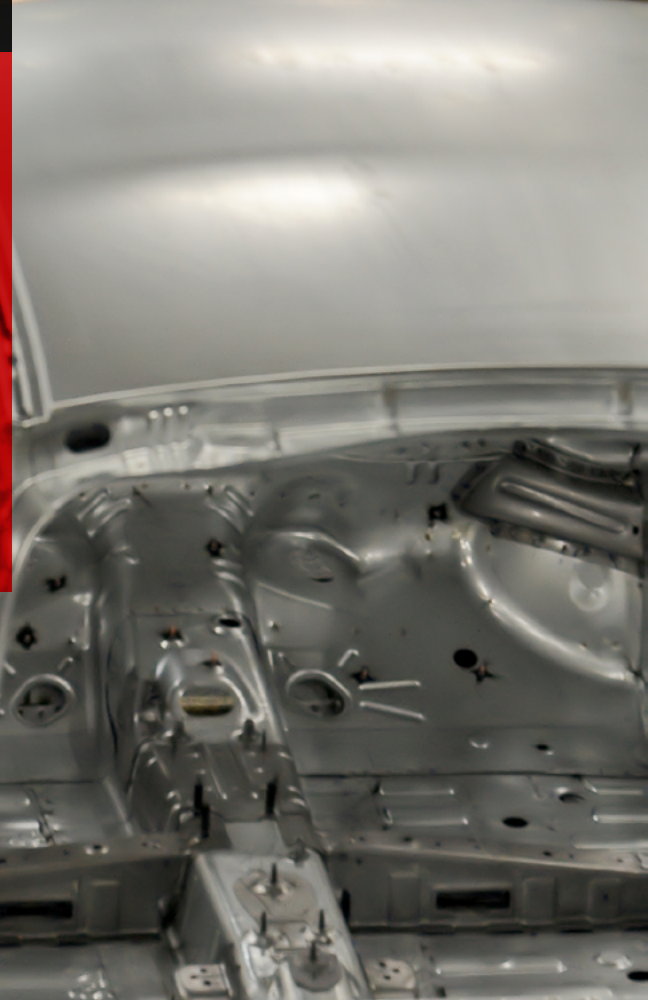
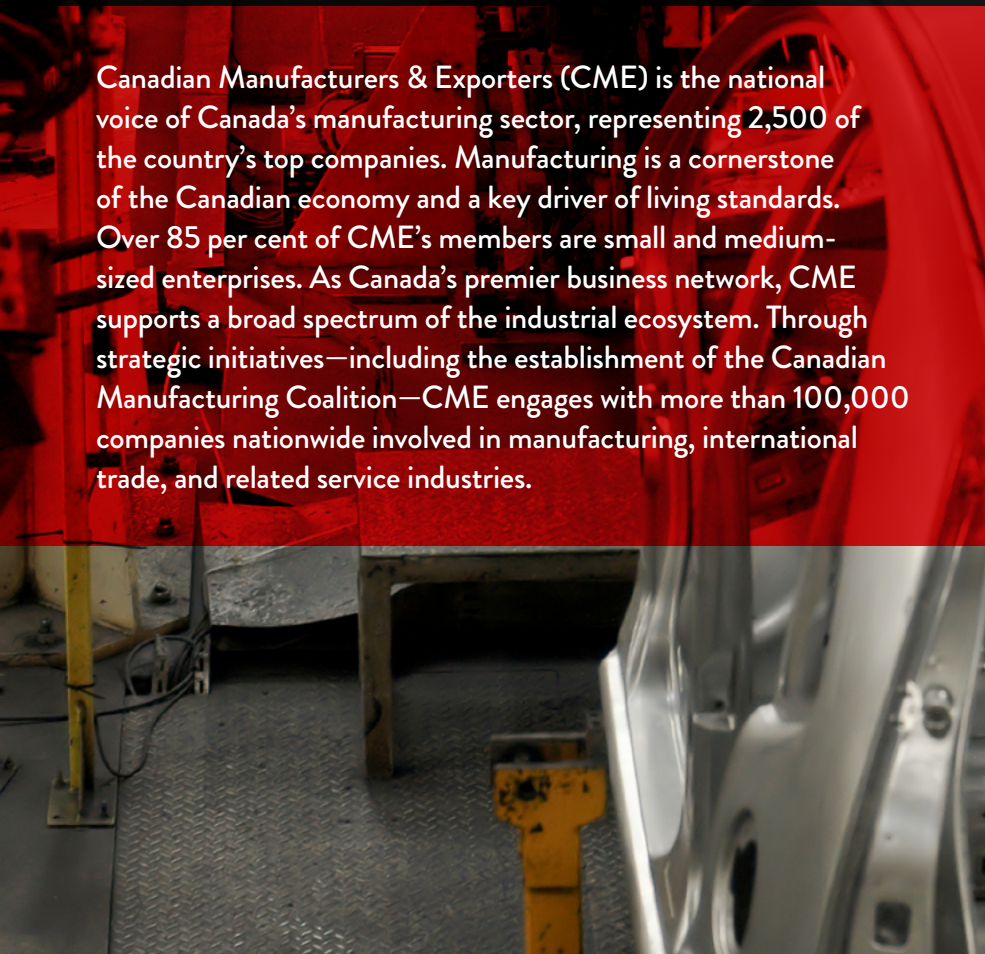
CANADIAN  
MANUFACTURERS  
& EXPORTERS

# SECURING CANADA'S ECONOMIC FUTURE

## A Blueprint to Strengthen Canadian Manufacturing

**APRIL 2025**

Canadian Manufacturers & Exporters (CME) is the national voice of Canada's manufacturing sector, representing 2,500 of the country's top companies. Manufacturing is a cornerstone of the Canadian economy and a key driver of living standards. Over 85 per cent of CME's members are small and medium-sized enterprises. As Canada's premier business network, CME supports a broad spectrum of the industrial ecosystem. Through strategic initiatives—including the establishment of the Canadian Manufacturing Coalition—CME engages with more than 100,000 companies nationwide involved in manufacturing, international trade, and related service industries.



# SECURING CANADA'S ECONOMIC FUTURE

## A BLUEPRINT TO STRENGTHEN CANADIAN MANUFACTURING

Canada's economy is facing danger from the United States' escalating protectionist actions — actions that are threatening the very foundation of our manufacturing sector and the millions of workers and families it supports. This new threat comes on the heels of the COVID-19 pandemic and a series of labour-related supply chain disruptions that have already taken a significant toll on the sector.

In 2024, manufacturers contributed \$214 billion in real GDP, employed 1.85 million Canadians, and exported \$467 billion in goods. As the country's second-largest industry, it makes up 9.5 per cent of real GDP, 9 per cent of all jobs, and 60 per cent of merchandise exports. When you factor in supply chains and employee spending, manufacturing drives \$583 billion in economic activity — more than a quarter of Canada's GDP. It also supports an additional 3.43 million jobs, bringing total employment tied to the sector to 5.28 million — over one in four Canadian workers.

In the face of tariff threats and trade uncertainty, the next federal government must act decisively to protect Canada's industrial economy. In January 2025, CME issued an [open letter](#) to all federal party leaders, outlining specific short-term emergency measures needed to help manufacturers absorb the initial impact of tariffs, sustain operations, and retain workers amid severe market disruptions. That was followed by [another letter](#) in March requesting an accelerated remission process to support those most directly impacted by Canadian counter tariffs.

In addition to emergency measures, the current crisis has made it clear that Canada must urgently proceed with significant structural policy reforms to strengthen our economic resilience. Even prior to the unjustified U.S. trade actions, investment in the sector was persistently weak. Manufacturing investment per worker in the U.S. is more than three times higher than in Canada, exposing a major gap in equipping employees with advanced tools and technology. Over the past two decades, investment levels have not kept pace with the depreciation of plant and machinery, leading to a declining capital stock — a serious threat to Canada's long-term industrial competitiveness.



*In the face of external trade shocks and internal policy weaknesses, CME will be working with the next federal government to advance a series of measures which are necessary to support Canadian manufacturers and workers and secure our economic future.*

# POLICY MEASURES

## 1 BREAK THE REGULATORY GRIDLOCK STIFLING OUR ECONOMY

Canada must shift — rapidly and meaningfully — from a high friction economy to one that makes it easier to invest, build, and grow. The 2024 CME report ***Regulate Better, Grow Faster*** highlights how the ever-increasing regulatory burden in Canada is weighing down our manufacturing sector and calls on the government to take urgent action to reverse this trend.

Statistics Canada recently found that federal regulatory requirements have increased 2.1 per cent a year from 2006 to 2021. This regulatory expansion has reduced business sector investment by an estimated 9 per cent, GDP by 1.7 per cent, employment growth by 1.3 per cent, and labour productivity by 0.4 per cent.

Current federal methods of developing, implementing, and enforcing regulations is preventing manufacturers from reaching their full potential. Regulatory reform was necessary before the threat of U.S. tariffs — now, it is urgent.

**CME will be working with the next government to advance the following priorities:**

1. **Make red tape reduction a national priority** by establishing a dedicated minister for regulatory oversight to lead a coordinated, government-wide effort to streamline processes, cut unnecessary burden, and ensure clear accountability for results.
2. **Mandate economic growth as a core objective for all federal regulators** so that they give appropriate consideration to the growth impacts of their decisions, ensuring that competitiveness and investment are factored in alongside existing responsibilities.
3. **Strengthen the analysis that underpins new regulations** by creating an independent Regulatory Credibility Committee, made up of private sector and academic experts, to review regulatory cost-benefit proposals, ensuring they are evidence-based, transparent, and informed by meaningful industry consultation before implementation.
4. **Foster a more integrated and competitive national economy** by using financial or other incentives to encourage provinces and territories to eliminate or reduce interprovincial trade barriers through mutual recognition.
5. **Boost Canada's global competitiveness** by fast-tracking regulatory approvals for high-impact private and public sector infrastructure projects — prioritizing those that enhance productivity, strengthen supply chains, and deliver significant economic benefits.

## 2 ACCELERATE INNOVATION, INVESTMENT, AND THE ADOPTION OF ADVANCED TECHNOLOGIES

Canada continues to lag other industrialized countries in business investment, research and development, digitalization, and the adoption of advanced technologies. These persistent gaps are limiting our ability to grow the economy, boost productivity, and create high paying jobs.

To build a more dynamic and resilient economy — especially in the face of escalating global trade threats and competitive investment pressures — the next federal government must take bold and coordinated action. This includes reforming government procurement and R&D programs to better catalyze innovation, investing strategically in trade-enabling transportation infrastructure, and enacting pro-growth tax reforms that stimulate private sector investment.

**CME will be working with the next government to advance the following priorities:**

- 1. Strengthen Canada's tax competitiveness relative to the U.S.** by proactively responding to upcoming U.S. tax changes with a bold reform package that incentivizes investment. Key measures should include:
  - A 10 per cent refundable manufacturing investment tax credit for new buildings, machinery, equipment, and software by expanding the Atlantic Investment Tax Credit nationwide.
  - A permanent extension of the Accelerated Investment Incentive, allowing manufacturers to immediately deduct the full cost of machinery and equipment.
- 2. Stimulate domestic manufacturing** by implementing a “Buy-Canadian Strategy” that prioritizes Canadian-made goods in federal procurement. This approach should align increased defence spending — necessary to meet NATO's two per cent of GDP target — with domestic industrial capabilities, positioning Canadian manufacturers at the centre of fulfilling Canada's international commitments.
- 3. Unlock innovation and stimulate new research and development activity** by accelerating reforms to the Scientific Research and Experimental Development (SR&ED) program and introducing a complementary patent box regime. These changes would be aimed at reversing Canada's chronically low levels of business R&D investment and drive stronger innovation and commercialization performance.
- 4. Enhance trade diversification and economic resilience** by developing a national transportation infrastructure plan that will enable goods to move more efficiently across Canada and to global markets. This should include a national linear infrastructure strategy to fast-track critical east-west projects — such as pipelines, powerlines, transportation corridors, and digital infrastructure — essential to Canada's long-term growth.

# 3 EXPAND AND UPSKILL THE MANUFACTURING WORKFORCE

While U.S. tariffs pose an immediate threat, securing workers with the right skills remains a persistent and long-term challenge for Canadian manufacturers. The sector's workforce is aging rapidly -25.5 per cent of workers are aged 55 and older, compared to 21.2 per cent across all industries — signaling recruitment challenges in the years ahead that will continue to constrain growth and competitiveness.

Manufacturers need an immigration system that is better optimized to meet the short and long-term needs of Canada's industrial economy.

**CME will be working with the next government to advance the following priorities:**

- 1. Grow the domestic talent pipeline and expand access to manufacturing careers — particularly for job seekers and underrepresented groups** — by increasing funding for training and development programs and introducing a 50 per cent employer tax credit to cover half the cost of employee training.
- 2. Align immigration policy with the workforce needs of manufacturers** by revising and expanding Canada's immigration point system to better reflect labour market demand across all skill levels.
- 3. Address immediate labour market demands** by reforming the Temporary Foreign Worker (TFW) Program to enhance its responsiveness and ensure it reliably meets seasonal and short-term workforce needs.
- 4. Deliver short-term support for in-demand occupations** by renewing and strengthening targeted immigration pathways — including initiatives such as the Rural Immigration Pilot, Francophone Community Immigration Pilot, and Economic Mobility Pathways Pilot.

# 4 REALIZE CANADA'S ENERGY POTENTIAL

With the right policies in place, Canada's clean technology and resource-based manufacturers can lead the global effort to reduce emissions while fueling economic growth and creating high-quality, well-paying jobs here at home.

As the U.S. signals a possible retreat from clean energy investments under the Inflation Reduction Act, Canada has a critical window to gain a competitive edge in low-carbon manufacturing by producing goods with lower embodied carbon than anywhere else in North America. To seize this opportunity, Canada must streamline its overly restrictive project approval processes and respond more swiftly to increasing global demand for responsibly produced energy and critical minerals.

**CME will be working with the next government to advance the following priorities:**

- 1. Strengthen government-industry collaboration on energy policy** by pausing scheduled increases to the federal fuel charge and OBPS stringency to allow for input on the optimal price point, the ability to trade credits in all provinces, and a Border Carbon Adjustment (BCA) mechanism that levels the playing field with firms in more carbon-intensive jurisdictions.
- 2. End discriminatory treatment of Canada's oil and gas sector** by rescinding the proposed oil and gas sector greenhouse gas emissions cap, as it unfairly and disproportionately targets one industry and region.
- 3. Restore the principle of evidence-based energy regulations** by withdrawing and revising the flawed Regulatory Impact Assessment (RIA) for the proposed methane reduction rules. The revised assessment should incorporate the latest economic data, an updated competitiveness assessment, and meaningful consultation with affected stakeholders.
- 4. Streamline energy project approvals** by adhering to a "one project, one assessment" model for projects that advance national priorities, including achieving net-zero targets, increasing energy exports, and promoting cross-sector investment.
- 5. Help small manufacturers to lower their environmental impact** by developing a net-zero transition strategy for SMEs. This should include education and awareness campaigns, operational assessments, funding for Environmental Product Declarations, strategic business planning support, and initiatives to boost global supply chain competitiveness.