

November 3, 2025



Growing Together

The Honourable Dominic LeBlanc, P.C., M.P.  
President of the King's Privy Council for Canada and  
Minister responsible for Canada-U.S. Trade,  
Intergovernmental Affairs and One Canadian Economy  
House of Commons  
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VIA EMAIL

**Re: Canada-United States-Mexico Free Trade Agreement Re-Negotiation**

Dear Minister LeBlanc,

As the voice of the franchise community in Canada, I appreciate the opportunity to contribute to your government's consultation ahead of the 2026 renegotiation of the Canada–United States–Mexico Agreement (CUSMA). Members of the Canadian Franchise Association (CFA) recognize the enduring value of our trade relationship with the United States and are deeply concerned about the potential consequences of a prolonged trade dispute. Such disruptions risk undermining the stability of local economies and small businesses, including franchised small businesses, that operate in communities across Canada. Ensuring a fair and predictable trade environment is essential to safeguarding jobs, investment, and consumer choice nationwide.

Franchising is a unique licensing model that gives everyday Canadians interested in owning their own business the chance to do so with the support of an established franchise system. Most franchise networks were started by small business owners, "franchisors," who decided to expand their operations by licensing other entrepreneurs, "franchisees," to operate branded locations using the franchisor's trademarks and system. These franchisees invariably live in, work in, and contribute to the communities they serve.

Franchised business owners are small business owners who are in business for themselves, but not by themselves. By buying a franchise, the local franchisee (who is, and will remain, an independent small business owner) gains access to a proven business concept, brand, and processes while running their own small business. Franchisors offer mentorship, operational guidance, and brand resources to support their franchisees' success. This franchisor-franchisee relationship forms the foundation of the franchise business model and is essential to its long-term success.

Franchised small businesses, like other small businesses across Canada, have been built on the economic strength of the North American trade relationship held over the past forty years. When the United States imposes or increases tariffs on Canadian goods and services, the effects are felt far beyond typical export industries. The immediate impact of tariffs on Canadian exports is to make domestically produced goods and services less competitive in the U.S. market. In a June speech to the St. John's Board of Trade, Bank of Canada Governor, Tiff Macklem, highlighted that in April 2025, Canadian exports to the U.S. declined by over 15%, with particularly steep drops in steel (-11%) and aluminum (-25%). These reductions cascade through supply chains, limiting production, dampening investment, and straining employment in trade-exposed regions such as Ontario, Quebec, and Alberta. This reduces the overall demand of the good or service in the U.S. market, leading to lower production levels in Canadian businesses if alternative markets are not immediately available. The reduced production levels lead to stalled, if not decreased, employment in trade-sensitive industries, which eventually spills over into other areas of the economy. In 2025 so far, Statistics Canada has reported that employment growth has only increased by 22,000 (.01%), while in 2024, there were nearly 217,000 jobs created during the same period. Over this same period, the unemployment rate rose by .5%, to 7.1%, marking the highest rate

since March 2016, excluding the pandemic. While layoffs have not been prevalent so far, according to Statistics Canada's Canadian Survey on Business Conditions for the third quarter, **only 51.6% of** Canadian businesses anticipate being able to maintain current staffing levels over the next year if the current tariff environment continues. As the long-term effects of the trade dispute work its way through the broader economy, it will result in a decrease in household incomes, directly affecting the level of non-essential spending in local communities. This will trigger difficult times for small businesses who are the backbone of local communities across the country.

The United States' August 2025 decision to permanently eliminate the US\$800 de minimis threshold for low-value shipments is equally concerning. This threshold previously allowed Canadian small businesses to ship goods under \$800 to U.S. customers duty-free and with minimal paperwork. Its removal has introduced costly administrative burdens, including increased customs documentation, inspection delays, and brokerage fees. These costs ultimately flow through the supply chain to franchise systems and local customers, eroding competitiveness and raising consumer prices. The added administrative complexity also discourages small-scale exporters from entering or maintaining U.S. trade relationships, further weakening North American supply-chain integration.

During the upcoming CUSMA renegotiations, Canada should advocate for the reinstatement of the de minimis threshold or a reciprocal arrangement that supports efficient low-value trade. Such a measure is vital for maintaining the competitiveness of Canadian small businesses and franchise systems in the North American market.

Preserving a fair and predictable North American trade environment is essential to the health of Canada's franchise sector, which employs nearly two million Canadians and contributes \$133 billion annually to our economy. A balanced approach to tariffs and low-value trade thresholds will help protect Canadian jobs, consumer choice, and local investment across the country.

I would welcome the opportunity to engage further on these issues and provide insights from the franchise sector as Canada prepares its negotiating position. We look forward to working collaboratively with your office to ensure that the voices of small businesses remain central to Canada's trade agenda.

Please reach out to the CFA's Head of Government Relations & Strategic Partnership, Derek Robertson, at [drobertson@cfa.ca](mailto:drobertson@cfa.ca), who will assist you.

Sincerely,



Sherry McNeil  
President & CEO  
Canadian Franchise Association

## **About the Canadian Franchise Association**

The Canadian Franchise Association (CFA) is the national, not-for-profit association of more than 600 corporate members representing over 40,000 franchise small business owners of nearly 68,000 franchise establishments.

The CFA is the voice of the franchise community and the recognized authority on franchising in Canada. The CFA represents an industry that impacts the lives of every Canadian in every community across the country.

Canadian franchises contribute almost \$133 billion per year to the Canadian economy and create jobs for nearly 2 million Canadians. They enable 78,000 Canadians to be their own boss as the owner of their own franchised small business location, serving their neighbours in communities from coast to coast to coast. These enterprises contribute over \$33.4 billion in federal and provincial taxation revenue and pay nearly \$70 billion in wages each year.

CFA members represent a diverse cross-section of businesses and over 60 sectors in Canada. Our members range from large, established franchise systems, to smaller or emerging franchise brands. Members share the conviction that their commitment to excellence improves franchising for everyone involved, including franchisors, franchisees, suppliers, and everyday Canadians.