Restaurants Canada
The voice of foodservice | La voix des services alimentaires
restaurantscanada.org

July 22, 2025

The Honourable François-Philippe Champagne
Minister of Finance and National Revenue
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Minister,

On behalf of Canada's restaurant industry and its supply chain partners, we are writing to express our concerns regarding the implementation Customs Notice 25-19. **We urge your department to work with the Canada Border Services Agency (CBSA) to offer revised guidance that reflects the realities of our sector and ensures relief to the foodservice sector.**

The restaurant industry is a powerful economic engine in Canada. As the fourth largest private-sector employer in Canada, the industry directly employs more than 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. We do so while generating $28 billion in tax revenue annually and supporting an additional 287,000 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 agrifoods in Canada and when our industry suffers, so do our suppliers and so does Canada.

Restaurants across Canada continue to face significant cost pressures as they work to recover from the long-term impacts of the pandemic, adapt to labour shortages, and manage rising input costs. For many operators, these challenges are compounded by the sudden regulatory changes that affect cross-border supply chains in the restaurant and foodservice industry. Cost pressures have resulted in half of Canadian restaurants not making a profit.

The implementation of Customs Notice 25-19 has created unexpected financial burdens for tens of thousands of businesses in our industries that rely on cross-border trade. On May 20, 2025, because of mounting industry confusion, the CBSA provided revised guidance on the application of the Customs Notice which reduced the scope of various sections of the remissions order, notably excluding goods used in food preparation in retail and restaurants (i.e., foodservice). Likewise, packaged food products themselves, unless they meet separate requirements related to imports for goods used in manufacturing or processing, are ineligible for the automatic remissions process.

Scoping out the foodservice industry leaves restaurants and their importers of record (often food distributors) in a difficult predicament. Many in our industry, comprised 98% of small businesses, do not have the capacity to hire consultants and trade lawyers to navigate the complexities of the full remissions process, while those who can are faced with a several-months long process, incompatible with an industry were half of operators are either losing money or just breaking even. **The decision to specifically exclude the foodservice industry from much needed *temporary* relief is hurting tens of thousands of small businesses across the country and putting jobs at risk.**

Meanwhile, many restaurants across the country require specialized products which either can only be sourced from the United States or can only be source from that jurisdiction at an affordable price. While a juice bar can source citrus fruits and melons from Mexico and other countries, they’re often not available year-round and they often have a shorter shelf life, leading to unnecessary waste and added costs on businesses.

The time-limited remissions process, established by Customs Notice 25-19, is essential for our industry—one which relies on quality and consistency as the drivers of economic activity. A pizza restaurant using a California-based tomato sauce needs time to adjust their supply chains and recipes to adapt to the different flavour profile and significantly different texture. A major shift in taste and texture, without sufficient time to find new suppliers who can offer consistent tomatoes year-round and time to test new recipes, will leave a lasting impact on a business’ reputation and ability to succeed.

Attached to this letter is Appendix A, which details, in real numbers, the economic impact of these tariffs on several businesses within our industry. This is only a small sample of the many real-life stories which only reinforce the need for sector-wide relief.

As a result, operators are now facing steep cost increases they had no opportunity to plan for. **The impacts are felt across the supply chain, impacting suppliers, distributors, importers, operators, and most importantly, consumers.**

That is why we are writing to you to formally request that your department work in collaboration with the CBSA to offer further revisions to the guidance on the Application of Customs Notice 25-19, granting our industry access to the remissions process outlined within.

What our industry needs the most right now is time. Time for suppliers to build capacity, time for distributors to negotiate new contracts, and time for restaurants to adapt recipes and communicate changes to their customers.

We appreciate the federal government's past efforts to support our sector. We encourage continued collaboration to ensure that trade policy enables, not hinders, our collective recovery.

Thank you for your swift attention to this important matter. We remain available to meet with you to answer any questions and discuss potential solutions.

Sincerely,

Kelly Higginson
President and CEO

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Appendix A
Case Studies

Company 1

Company 1 is a chain, which operates in all provinces across Canada. This chain has worked to adjust their supply chains since the onset of the recent trade disruptions; however production and supply chain logistic constraints have delayed further adjustments. If the tariffs remain in place, additional costs will be passed on to operators, leading to increased prices for consumers. Given that consumers are already facing rising costs, further price hikes may reduce visits and sales, placing financial pressure on operators, franchisors, and importers.

The company is working with their importers of record to consider applying to the full remission program; however, guidance and government communications have left the company uncertain on if their tariff-impacted items would qualify.

The tariff-impacted goods purchased by Company 1 include:

- Packaging served to customers
- Pork products such as sausage patties and sausage mixtures
- Pickles
- Sauces and liquid products

Product	**Projected Cost (March to October)**
Packaging	$29,148,942
Pork Products	$4,613,142
Pickles	$678,660
Sauces & Liquids	$964,339
Total Projected Costs (8 months)	$35,387,083
Total Projected Monthly Cost	**$4,423,385**

Company 2

Company 2 is a supply chain partner. Their operations, as well as the operations of their customers, have been greatly impacted by the tariffs.

The company has explored the full remissions process as a way of providing market certainty, however as the remissions process is lengthy and negotiations continue, the company is conscious that further price increases may be felt. For example, as steel and aluminum tariffs are passed in phases and have not fully hit yet, projected costs will increase into 2025/2026 if new domestic sourcing or industry relief is not secured.

They note that the key products affected by the tariffs include:

- Cups
- Cartons/Containers
- Bags
- Chemicals

	- Pickles - Beverages (Cans) - Restaurant Equipment - Building Materials	
	Total Projected Costs (8 Months – March to October)	**$3,000,000**
	Total Projected Monthly Costs	**$375,000**
Company 3	Company 3 is a supply chain partner. Through their work, they have found that most impacted product category is take-out packaging as there is insufficient Canadian capacity to produce this packaging and meet industry demand. In the meantime, the foodservice industry would benefit from having these products included in the automatic remissions process. They also highlight that the impact on ingredients will affect certain restaurants more than others, as sourcing alternatives can be more complex for some restaurants than others.	
	Total Projected Annual Cost	**$96,000,000**
	Total Projected Monthly Cost	**$8,000,000**
Company 4	Company 4 is a large chain which operates in every province. The tariff-impacted goods purchased by the company are vast, however the four most impacted are: - Coffee - Sausage - Tomatoes - Plastics Packaging The company is making efforts to adjust their supply chains and secure local sourcing whenever possible. They have already secured contracts to increase their procurement of tomatoes and potato products locally but have yet to be able to secure local sourcing to meet 100% of demand. Due to the scale of their operations and the expectation of consistency across locations (both within a province and across provinces), the company would benefit greatly from a lengthened runway to make the necessary procurement adjustments and work with Canadian companies to procure Canadian products. They have explored applying for remissions under the full remission program, however are concerned by the lengthy process, which will undergo months of review before many applications, particularly from non-targeted sectors, will be processed.	
	Total Projected Monthly Cost	**$3,000,000**
Company 5	Company 5 is a large chain, operating in all provinces across the country. The key products which continue to be affected by the tariffs in their business include: - Packaging - Certain Produce	

- Cereals
- Condiments/Liquids

The company is considering applying to the full remission program, however is concerned by the implications of the decision to single out the restaurant and foodservice industry in the way guidance to Customs Notice 25-19 was drafted.

Total Projected Monthly Cost	**$3,000,000**

Company 6

Company 6 has worked closely with supply chain partners to procure Canadian products, with nearly 90% of all goods made in Canada. However, due to limited capacity and supply chain limitations, there continues to be products which must continue to be sourced in the United States for the near future.

Company 6 is constantly working to continue developing strategic vendor partnerships to further mitigate impacts and procure Canadian products, however time is required to establish the necessary production capacity and develop these strategic partnerships.

Examples of their most tariff-impacted items includes:

- Coffee
- Cups/Lids
- Foil Containers
- Tableware
- Restaurant Equipment

Product	**Projected Impact (8 months)**
Coffee (Foil packaging related)	$35,000
Kids Cup / Lid	$27,000
Foil Containers	$100,000
Tableware	$41,000
New Restaurant Equipment Package (Per Restaurant)	$62,500
Total Projected Cost (8 months)	**$203,000 + $62,500 (one-time) per new restaurant equipment package**
Total Projected Monthly Cost	**$25,375 + $62,500 (one-time) per new restaurant equipment package**