The Cultural Policy Hub at OCAD University

Submission to Global Affairs Canada regarding views on the operation of the Canada-United States-Mexico Agreement (CUSMA)

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About OCAD University

OCAD U is Canada's oldest, largest and leading art and design university, located in downtown Toronto since 1876. Over 4,500 students attend one of our 17 undergraduate and seven graduate programs. We are a leading hub of art, design, digital media, research and innovation, and our classes are taught by some of the top experts in their fields. Students benefit from hands-on studio learning in small classrooms and have access to state-of-the-art shops and studios.

Our students gain in-demand, employable skills and go on to work in every imaginable sector, including animation, design, film, illustration, publishing, urban planning, and visual arts. OCAD U teaches students to innovate and solve the big problems of our time. Our graduates bridge the skills gap in many different sectors including manufacturing, finance, automotive, creative industries and technology. We give them the real-world transferable skills, innovation and creativity demanded by today's high-tech, fast-evolving economy.

About the Cultural Policy Hub

The Cultural Policy Hub at OCAD University is a partnership that facilitates and expands the arts and cultural sector's capacity in policymaking, research, data analysis, program innovation, and knowledge mobilization and exchange. The Hub is a national, bilingual platform that builds communities of practice among researchers, policymakers, artists, and creators from across Canada's academic, government, non-profit and private spheres. It supports cultural policy decision-making from the local to the national levels and is a partner in public policy issues to which cultural sectors contribute.

Executive Summary

In this consultation submission, the Cultural Policy Hub at OCAD University outlines considerations for Canada's 2026 review of the Canada–United States–Mexico Agreement (CUSMA), emphasizing the protection of Canadian cultural sovereignty and the creative economy. NAFTA and CUSMA both protected and exempted arts and culture, and it is critical that this exception continue in future agreements.

Arts and culture are vital to Canada's economy, identity and global presence. Cultural sovereignty must remain a core principle in the trade review to ensure Canadian stories and values continue to thrive. The submission responds to rising U.S. protectionism, including tariffs on foreign films and the removal of duty-free thresholds, which threaten Canada's cultural exports. It calls for a creator-centric approach to trade policy that reflects Canada's values and economic priorities.

Key recommendations include:

1. **Cultural Sovereignty:** Maintain and strengthen the cultural exception to protect Canadian identity and creative industries.
2. **Digital Alignment:** Expand digital trade provisions to include protections for creators and ensure no loopholes undermine cultural policy.

Introduction

Arts, culture and creative industries deliver significant economic impact across Canada and in each province. According to an *Artworks* report published by the Canadian Chamber of Commerce and Business/Arts, culture and creative industries contributed $65 billion (approximately 2%) to Canada's Gross Domestic Product (GDP) in 2024 alone. Hill Strategies demonstrates that culture is a major export for many Canadians: in 2022, Canada's cultural exports reached $24.5 billion. Key sub-domains such as visual and applied arts ($10.3 billion) and audio-visual and interactive media ($7.9 billion) accounted for 74% of cultural exports that single year. Written and published works, live performance and audio-visual/interactive media remain top categories. Canada's Creative Export Strategy (2024) provides a frame to ensure that these Canadian products—including film, television, media and creative productions—are part of the country's overall export strategy.

There is concern among trade policy experts and political analysts that the North American tariffs will harm arts and culture and Canada's economy; one such example is the threat made in May 2025 by the United States to impose a 100% tariff on "any and all" movies produced in "foreign lands." In addition, the recent elimination of the U.S. *de minimis* exception by the U.S. administration affects Canadian exporters: shipments from Canada to the U.S. valued under USD $800 are no longer duty- and tariff-free. Canadian exports no longer hold Most Favoured Nation status with the U.S. under agreements with the World Trade Organization, which will impact the selection of Canadian content in U.S. markets. U.S. tariffs will also impact Canada's economy: earlier this year, the Canadian Chamber of Commerce predicted that the imposition of 25% tariffs could send Canada into a recession and cost households up to $1,900 per year. To date, tariffs have risen to 35%, and retaliatory tariffs have been withdrawn.

In contrast to the United States, Canada and Mexico continue to have a strong diplomatic and trade relationship, highlighted by the signing of a new Canada-Mexico bi-lateral agreement, and the Trade Commissioner's preparations for a trade mission and the Canadian Chamber of Commerce's upcoming business delegation (February 2026). As Canada's third-largest merchandise trading partner, and with a population exceeding 132 million people, the opportunities for growing the creative economy with Mexico could be more fully realized.

Over the past several months, the Cultural Policy Hub has monitored current events and signals of change related to tariffs and trade. The Canada-United States-Mexico Agreement (CUSMA), the tri-lateral North American free trade agreement between these three nations, has provided long-term certainty for creative businesses and artisans. Prior consultation by Global Affairs Canada from August 17 to October 31, 2024, confirmed that the preservation of predictable, tariff-free market access that enables trilateral co-operation is essential for creative interest holders.

This submission consolidates the publicly available perspectives from the arts, culture and heritage sector and creative industries on North American trade and related foreign policy. It is offered as a contribution towards the first joint review of the functioning, implementation and outcomes of the Canada-United States-Mexico Agreement (CUSMA; beginning in 2026). This upcoming joint review is an opportunity to: address current shortcomings related to economic development and work standards; to explore issues not currently covered by CUSMA; and to ensure the success and resilience of arts, culture, and creative industries.

Protecting Canadian Culture

Culture is widely recognized as an essential component of sustainable development, a concept reinforced across numerous frameworks and calls to action released following the 2025 MONDIACULT summit in Barcelona. The arts play a critical role in improving quality of life in Canada: 95% of Canadians agree the arts make their community a better place to live, and culture-goers consistently report a strong sense of national identity and belonging. Protecting Canadian cultural sovereignty is a critical step in supporting cultural expression, which in turn enriches life for Canadians and supports social cohesion.

As explained by the Canada Media Fund (CMF), cultural sovereignty refers to the nation's right to define, protect and promote its own values, traditions, languages and forms of artistic expression, free from outside interference: "Cultural sovereignty also means not allowing foreign cultural enterprises to monopolize the film, music and performing arts sectors on our own territory." It involves clear commitments to arts, culture and heritage to enable Canadians to tell our own stories accurately and to empower local cultures to reflect their own narratives.

Cultural sovereignty counterbalances American hegemony and market dominance. At a recent creative industries roundtable focused on the future of AI and hosted by TIFF and the Cultural Policy Hub, senior creative industries executives and public sector leaders remarked that the current moment of economic, technological and geopolitical change is the right time for Canada to be ambitious about its creative economy. Adjustments to existing trade agreements are needed to make sure creators and their companies benefit from support as cultural engines, creators of high-quality content and as a rapidly growing industrial sector. To accomplish this, the following issues should be addressed in the 2026 joint review of CUSMA:

1. Maintain the culture exception
2. Expand coverage of digital activities, goods, products, and services

Cultural Exception

Recommendation: Maintain Chapter 32: Exceptions and General Provisions for culture

Since 1989, there has been an exception for "cultural industries" (publishing, film production, music distribution and radio and television broadcasting) on duties and tariffs for cultural goods, products and expressions. The provisions outlined in *Chapter 32: Exceptions and General Provisions* counterbalance the dominance of American cultural expressions in Canadian media and protect Canadian cultural sovereignty. The culture exception allows Canada to take measures to support and protect its cultural industries, without contravening the spirit and terms of the overall trade agreement. UNESCO has praised this exception as a longstanding approach in Canada's trade negotiations, as it provides adaptability over time to protect policy in both analog and digital environments. The culture exception is aligned with UN Sustainable Development Goals for decent work and economic growth (SDG 8), reduced inequalities (SDG 10) and partnerships for the goals' completion (SDG 17).

Analysis from the Canadian Centre for Policy Alternatives (CCPA) suggests the Government of Canada could strengthen the culture exception by:

- Addressing digital production and streaming and cloud storage;
- Including the exception in all trade agreements (rather than as a reference to prior documents or as an appendix);
- Broadening the definition "cultural industries" to include other creative disciplines, such as the performing arts, visual arts and crafts; and
- Updating language to enable application to emerging technologies and new media.

Under the current culture exception, Canada retains the ability to implement policies like broadcasting quotas, funding programs and regulations to support Canadian artists and creators without restrictions from Mexico and the United States. A poll by the Canadian Media Producers Association (CMPA) shows that 91 percent of all Canadians want to protect their country's culture and national identity from U.S. influence. Losing the exception for cultural industries in a new round of negotiations would have debilitating consequences for the creative industries, for the artists and creators who work in them and for Canada's cultural sovereignty.

Digital Goods and Media

Recommendation: Expand Chapter 19: Digital Trade to the benefit of creators and artists

Significant review, discussion and amendment regarding digital creations is required to reflect rapid development and use of artificial intelligence, quantum computing and advanced technologies. The 2024 trade review suggested the harmonization and alignment of cybersecurity policies, intellectual property (IP) policies and telecommunication policies—as well as the creation of a sectorial annex for advanced technology—could all contribute to strategic digital alignment across Canada, Mexico and the United States.

The government should seek to keep pace with technological developments with respect to AI, interoperability and regulatory convergence in these areas. However, as advocated by CDCE, it is important that no loopholes to the culture exception are created through provisions on digital trade or AI. Further, the current definition of the culture exception is antiquated in its reference to contemporary and future digital technologies and cloud computing, so ideally the exception could be updated to include digital activities, goods, products and services.

While there is not industry consensus on this issue, the Cultural Policy Hub's engagement with its research network has revealed strong support among creators and cultural sector representatives for regulatory protections over digital activities, goods and services, especially as they relate to the emergence of new AI tools and technologies. *Chapter 19: Digital Trade* must ensure that Canadian creators can take advantage of online commercial opportunities, while also encouraging an online environment that builds consumer confidence and trust. The CUSMA review should support and align with ongoing reform of the *Broadcasting Act* and legislative intents to "ensure Canadian stories and music are widely available on streaming platforms to the benefit of future generations of artists and creators in Canada."

Socio-economic disparities can be addressed by disrupting patterns of Indigenous exclusion. The Government of Canada should seek to rebalance uneven access to North American markets by Indigenous MSMEs. Consideration of Indigenous economic principles focused on mutual benefit should be included and elevated during the review. Canada's First Nations, Métis and Inuit peoples produce much more than arts, crafts and cultural goods and deserve to be invited into the joint review.

Summary and Conclusion

This submission outlines the critical role of arts, culture and creative industries in Canada's economy and identity formation, emphasizing their contribution of 2% ($65 billion) to GDP and $24.5 billion in cultural exports. It draws attention growing concerns over recent U.S. trade policies—including increased tariffs and the elimination of the *de minimis* exemption—that threaten Canada's cultural sovereignty and economic stability. In this respect, cultural sovereignty is important; it represents Canada's right to promote and protect its own cultural expressions, especially in the face of American market dominance and emerging technologies like AI.

Canada stands at a pivotal moment to reaffirm its commitment to cultural sovereignty and the creative economy. The upcoming CUSMA review presents a strategic opportunity to modernize trade provisions, protect Canadian creators and ensure equitable access to North American markets (including Mexico). By maintaining the culture exception, expanding digital protections, strengthening IP rights and supporting MSMEs and Indigenous creators, Canada can foster a resilient, inclusive and globally competitive creative sector.

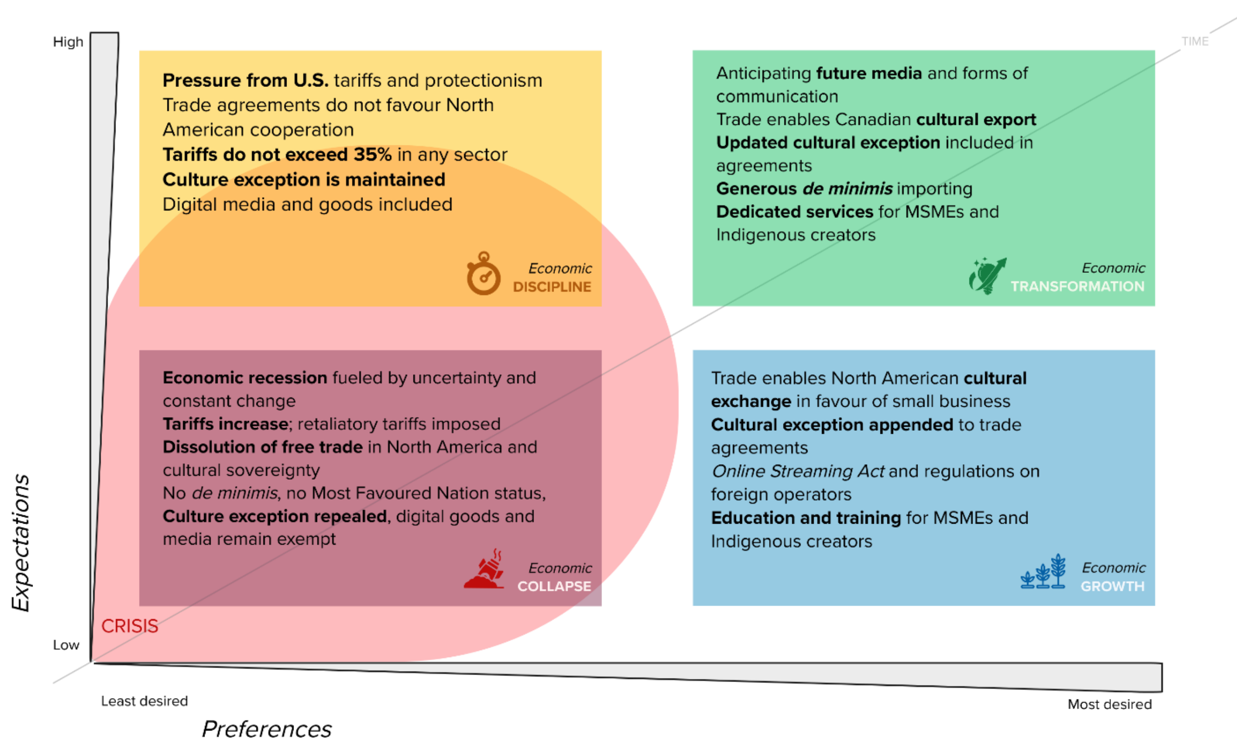
Appendix: Future Scenarios for Change

The present rupture in North American free trade is generating high uncertainty across many political and economic domains; cultural domains have not been immune. As stated by the Observatory of Public Sector Innovation, governments need to urgently reinvent how they make strategic and policy decisions. The [Canada School of Public Service] emphasizes foresight as new, core competency for public servants. As an academic discipline, strategic foresight constitutes a range of techniques used to established shared understanding of forces shaping the future and long-term decision-making (Stein and Goodman, 2007; Policy Horizons Canada, 2016). At OCAD University, strategic foresight methods are taught and used to make sense of complexity and prepare for uncertainty.

The following diagram applies strategic foresight to think about North American trade as it relates to futures for creative industries, cultural expression and Canadian identity and heritage. This creative inclusion is meant to identify arts, culture and heritage interest holders' priorities for CUSMA negotiations by illustrating expected and preferable scenarios. This diagram also identifies the components of current agreements and policies that enable the most desirable future outcomes and opportunities.

What economic circumstances and CUSMA instruments support free and open North American trade among the arts, culture and heritage sector and creative industries in Canada?

Figure 1: CUSMA x Culture Scenarios for Trade Negotiations



These potential future states use economic circumstances (collapse, discipline, growth and transformation) to envision possible scenarios for the upcoming CUSMA review. These scenarios are prioritized as either desired, preferred, expected or crisis outcomes. We share this creative inclusion to acknowledge that collapse and discipline scenarios seem like likely futures at this point.

Each scenario describes the trade instruments in place that make the various scenarios possible. Taken together, these scenarios describe a continuum of approaches for implementing the recommendations made in this submission. Cultural sovereignty must be protected in all scenarios, and this is achieved by defending and strengthening the cultural exception. This exception is beneficial to all three parties to CUSMA.

Only under growth or transformation conditions can Canada hold its position as a global leader in artificial intelligence, software and digital industries.

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