Mandates Out, Emissions In: Carney Rewrites Canada's EV Playbook

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The fastest way to understand Canada's new auto strategy is to notice what it drops: the 100% EV sales mandate—because policy is rarely reversed with fanfare until the political math changes and the press release starts reading like a confession.

That, in essence, is what Peter Clausi, a director at the Critical Minerals Institute (CMI), heard in the document that emerged from Prime Minister Mark Carney's office in the first week of February: a national auto strategy that quietly swaps a blunt, electrify-everything mandate for something more survivable—emissions standards, incentives, and a longer runway for industry to catch its breath.

Clausi put it plainly to **InvestorNews.com** host Tracy Hughes: "There were federal mandates that 100% of all cars in Canada had to be EV by a certain date. Now, those of us in the industry always knew that was untouchable. It wasn't a question of if it was going to be changed. It was when and how." In Carney's new framing, he said, Ottawa has "change[d] that—from a mandatory hard sales mandate to emissions standards." The policy shift is consistent with public reporting that Canada is scrapping its national EV sales mandate and moving toward stricter emissions standards over upcoming model years.

Hughes, reading the numbers, noticed the state's telltale sign of seriousness: money. The strategy points to **$3 billion** from the Strategic Response Fund and **up to $100 million** from the Regional Tariff Response Initiative—capital framed as part of a

broader effort to protect jobs, expand capacity, and reposition Canada in next-generation vehicle manufacturing. Hughes asked what that kind of investment actually *does*. Clausi answered by reaching back to the first infrastructure race of the automotive age.

“When cars first came out—combustion engines first came out—you needed gas stations to have gas and oil available to fuel the cars,” he said. Distribution came to define winners. “Esso (Standard Oil) grew because it had its own oil and it had its own distribution network through its own chain of gas stations. It integrated its supply chain long before it was a sexy thing to do.” In Clausi’s telling, Ottawa is now trying to engineer the electric equivalent: “The federal government is now incentivizing people to roll out EV chargers across Canada… But there is infrastructure money available from the federal government for this.”

Even in an era of industrial policy, Clausi kept returning to a phrase that should probably be printed on every government “strategy” cover page: “Well, the devil’s in the details.” Who owns the future charging network—Ottawa, oil-and-gas retailers, or a private-equity-backed builder—is, for now, unanswered. “I can’t tell from the policy itself whether it’s the government that wants to roll out the charging stations, or they want to incentivize a private equity third party to roll out charging stations across Canada,” he said. “The end goal, though, is to get more charging stations across Canada.”

Then comes the fine print that turns national ambition into a consumer decision. Clausi highlighted a constraint Hughes immediately recognized as a real-world speed bump: incentives apply only to vehicles that are EV or partial EV, priced under $50,000, and manufactured in Canada. “Now the word manufactured is interesting,” Clausi said, because parts come from everywhere

and “the final assembly is done in Canada.” The policy’s premise is that assembly—and eventually more of the parts—can become a Canadian jobs machine: “This will create jobs in Canada. It will create new skilled jobs. We’ll need training and we need people to do these jobs… This will have a lasting multi-year impact on the Canadian economy.”

Hughes, speaking like a shopper instead of a policy analyst, asked the question many buyers will ask first: “How can I buy a hybrid for under 50 grand, Peter?” Clausi didn’t sugarcoat it. “There are currently two for sale in Canada for less than $50,000.”

The gap between political targets and showroom reality is where strategies go to die—or evolve. In Clausi’s view, Carney is attempting evolution. The strategy’s trade logic, he said, has two parts: sovereignty and resilience. “Canada has its own policy. We are our own nation. We’re not simply going to parrot what other countries are doing,” he said. And second: “This allows Canada to pivot from being dependent upon parts coming up through CUSMA… This is an east-west policy decision allowing for the importation of more parts to be assembled in Canada, decreasing our reliance on one or two other countries.”

Hughes pressed the comparison everyone is already making. Carney’s own words, she noted, sounded like a North American echo of the new protectionist age: “Canada’s new government is fundamentally transforming our economy from one reliant on a single trade partner to one that is stronger, more independent, and more resilient to global shocks… where Canadian workers build the cars of the future.” Was this Canada copying Trump?

“No,” Clausi replied. Not because Canada rejects nationalism, but because Canada cannot complete the supply chain alone—not yet. “We don’t have in Canada all of the parts or all of the

technology to make the parts to be assembling cars in Canada," he said. "So, we need trading partners who have those parts—whether they're the rare earth magnets, the horn, the airbags, whatever. Canada doesn't make them all, but we're very good at assembling them all." In that sentence is the strategic tension Canada is trying to manage: diversify trade without pretending to be self-sufficient.

For workers, the promise is large and the pathway is still vague. The strategy's labor language—reskilling supports for up to **66,000 workers**—prompted Hughes to ask where a young person would even begin. Clausi's answer was strikingly analog in a document filled with modernization talk. "Well, if it were me, I would call General Motors," he said. "I'd go hang out in Windsor—go to the car manufacturing centers of Canada—and get jobs within that industry." The application mechanics, he noted, don't yet exist in policy form: "There's no policy yet on how to apply to the federal government for these jobs, how to find these jobs."

And then Clausi widened the lens to geography and physics—two forces that don't negotiate with ministers. "The green revolution is inevitable," he said. "How big it is is still up for grabs." Canada will electrify faster in cities than in remote corridors. "You'll never see 100% EV in Canada," he argued. "The distances in some places are too remote. The weather's too cold. The batteries won't function well. You'll need combustion engines." But in dense urban Canada, he allowed, "you could see going 100% EV in a relatively short period of time."

Asked what comes next, Clausi predicted the quieter fight: harmonizing federal and provincial rules so automakers aren't trapped between conflicting targets. "I think you're going to see provincial changes as well," he said. "The provincial

mandates will have to scale back to more or less fall in line with the federal government.”

To access the document issued by the Prime Minister of Canada titled “*Prime Minister Carney launches new strategy to transform Canada’s auto industry*,” click here.

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