


A “Canadian Content” Approach to building a North American Electric Vehicle Supply Chain

The global rise of industrial policy creates both opportunities and challenges for Canada to secure long-term prosperity in net zero mobility. We must respond with our own strategy that advances our economic and geopolitical interests, as well as our emissions reduction goals. To inform this, Accelerate undertook a policy consultation this summer with Canada’s broad EV industry ecosystem to identify core initiatives that could inform such a strategy.

Four themes emerged:

 <p>We need a more active and coordinated EV industrial approach</p>	<p>Why? Despite large investments in the EV and battery sectors, Canada’s current approach:</p> <ul style="list-style-type: none"> » disperses investment across many sectors » rolls-out public policies and regulations through departmental silos » uses targets that provide little information on the structural changes needed to achieve climate goals 	<p>What we heard To address this, Canada must:</p> <ul style="list-style-type: none"> » prioritize top economic opportunities where we have comparative advantages and can produce high value-added goods on a large scale » coordinate climate, economic and trade policies more systematically to build specific sectors in the EV industry » introduce production targets to activate the private sector in prioritized economic areas, including critical minerals » prioritize the development of a robust midstream in the EV supply chain, while stimulating EV deployment and supporting small-medium enterprises integration » use a combination of tariffs, content requirements and procurement tools to build domestic capabilities in strategic EV segments
 <p>More active investment strategies into EV supply chains are needed</p>	<p>Why? Seizing economic opportunities will require removing key barriers to private investment, which include:</p> <ul style="list-style-type: none"> » volatile prices for critical minerals » lack of financial incentives to transform Canadian critical minerals into battery materials » gaps in the EV supply chain and of funds to scale-up homegrown innovations 	<p>What we heard To address these challenges, government should:</p> <ul style="list-style-type: none"> » deploy mechanisms (such as price floors and strategic reserves of critical minerals) to provide stable and adequately priced critical minerals to Canadian producers » introduce financial incentives for battery materials, with content requirements for critical minerals manufactured in Canada » create net zero mobility hubs to coordinate public and private investments in a way that responds to business needs and harnesses local strengths
 <p>We need to build the green economy faster and smarter</p>	<p>Why? Canada faces a number of barriers that slow down the growth of a Canadian EV supply chain, including:</p> <ul style="list-style-type: none"> » lengthy approval processes for major projects, in particular in the mining sector » regulatory uncertainty regarding permitting processes » lack of a clear vision on how Canada intends to reduce permitting process in the coming decades » uncertain social acceptability around industrial and mining projects 	<p>What we heard To address these challenges:</p> <ul style="list-style-type: none"> » introduce a fast-track permitting process for priority projects that advance Canada’s net-zero economic interests and national security » introduce maximum permitting delays with leverage mechanisms to provide greater predictability to private investors » develop a roadmap outlining how the federal government plans to achieve its objectives of reducing the time it takes to open a new mine » the private sector should work from start to finish with local communities to create conditions conducive to social acceptability around their projects
 <p>We should leverage ESG as an economic development tool</p>	<p>Why? Canadian companies must compete in a global economy where many foreign competitors:</p> <ul style="list-style-type: none"> » face lower environmental standards than in Canada » benefit economically from weak labour and social regulations » don’t pay for human right violations 	<p>What we heard To address these challenges:</p> <ul style="list-style-type: none"> » use trade policies as a leverage to drive ESG practices in EV and battery markets » develop traceability mechanisms throughout the entire EV and battery value chain to demonstrate the ESG performance of Canadian products » create public-private partnerships with the mission of advancing a mandatory EV battery passport