



TORONTO  
REGION  
BOARD OF TRADE

# On Our Radar: Ramping up Electric Vehicle Uptake and Production (REV-UP)

AUGUST 5, 2025

# The One Big Beautiful Repeal

The 2025 One Big, Beautiful Bill Act (OBBBA) represents the most transformative moment for U.S. clean energy policy, specifically with respect to electric vehicle (EV) incentives and regulation, since the 2022 Inflation Reduction Act (IRA). The IRA introduced a range of incentives to support the adoption of clean transportation technologies, though eligibility was limited by factors such as income, battery sourcing, and North American assembly requirements. In contrast, the OBBBA accelerates the repeal of federal tax credits for new and used EVs, ending them for purchases after September 30, 2025 well ahead of the original 2032 sunset. These changes, summarized in the chart below, will reshape investment planning, consumer behavior across the continent, and slow the adoption of EVs with long-term implications for energy and supply chain competitiveness and infrastructure readiness.

INITIATIVE	IRA (2022)	OBBBA (2025)
<b>New Clean Vehicle Tax Credit</b>	Up to \$7,500 USD	Phased out effective September 30, 2025
<b>Used Clean Vehicle Tax Credit</b>	Up to \$4,000 USD	Phased out effective September 30, 2025
<b>Commercial Clean Vehicle Tax Credit</b>	Up to \$7,500 USD for vehicles under 14,000 pounds and up to \$40,000 for all other vehicles	Phased out effective September 30, 2025
<b>Alternative Fuel Vehicle Refueling Property Tax Credit</b>	Up to \$1,000 USD for individual/residential charging equipment, and up to \$100,000 per unit for commercial use cases	Terminated December 31, 2025
<b>Investment in fleet electrification and charging infrastructure</b>	\$3 Billion USD for the U.S. Postal Service	N/A
<b>Investment to replace class 6 and 7 heavy-duty vehicles and school buses with EVs</b>	\$1 Billion USD to states, municipalities, Indigenous communities, or non-profit school transportation associations	N/A
<b>Introduction of a new annual federal fee on current and future vehicle owners</b>	N/A	EV owners (\$250), Hybrid vehicle owners (\$100), came into effect from enactment

Table A



# Canada’s Evolving EV Landscape

Canada’s EV adoption strategy has long been anchored by demand side federal and provincial programs aimed at incentivizing consumer adoption of EVs. However recent changes from Canada’s federal government and largest provinces, summarized in the chart below, reflect a broader trend with Canadian governments viewing rebates as temporary tools to kickstart markets, not permanent subsidies. The removal of rebates (notably the federal, Quebec, Ontario, and BC programs) is expected to dampen EV sales, particularly among middle-income buyers.

PROGRAM	DETAILS
<b>Federal Incentives Zero-Emission Vehicles (iZEV) program</b>	Up to \$5,000 CAD for EVs and up to \$2,500 CAD for hybrids, expended all allocated funds by January 13, 2025 ahead of the March 31, 2025 sunset. Currently depleted of funds.
<b>Quebec’s Roulez Vert program</b>	Reducing it’s rebate from up to \$7,000 to up to \$4,000 in 2025, with phase out in 2027.
<b>Ontario’s Electric and Hydrogen Vehicle Incentive Program (EHVIP) and the Workplace Electric Vehicle Charging Incentive Program (WEVCIP)</b>	Up to \$14,000 for eligible EV purchases or leases. Discontinued in 2018.
<b>British Columbia’s Clean BC Go Electric rebate</b>	Up to \$4,000 CAD for EVs, program has been paused effective May 15, 2025, pending a review of the program’s impact.

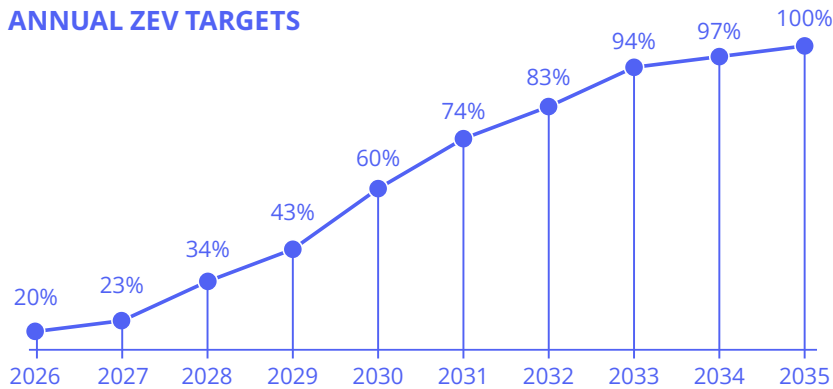
Table B

Moreover, and as a critical enabler of EV adoption, Canada’s charging network remains underdeveloped, with public stations concentrated in urban centers. The changes in federal and provincial rebates coincides with slowed infrastructure investments, further eroding consumer confidence. At a macro level, consumer resistance to EV adoption is also a challenge across the continent, with Hertz [recently announcing](#) a decision to sell 20,000 EVs and replace them with conventional combustion vehicles due to low consumer demand and unexpectedly high maintenance costs.

# Stretch Goals: Canada's Current EV Mandate

Initially announced in 2022 and finalized in 2023, the federal government's current Zero-Emission Vehicle (ZEV) mandate set ZEV sales targets for automotive manufacturers and importers of 20% by 2026, rising to 60% by 2030 and 100% by 2035.

## ANNUAL ZEV TARGETS



Source: [Government of Canada](#)

If a company exceeds their targets, it earns a compliance 'credit' which could be used or traded to offset a deficit prior to 2035. If a company misses its ZEV targets, a compliance 'deficit' is required by regulation to be satisfied either through the purchase of credits from other companies or by creating credits through a financial contribution to EV charging infrastructure between 2024 and 2027 on a 1 credit: \$20,000 CAD basis. The mandate, formally called the Electric Vehicle Availability Standard, exists as a function of regulation-making authorities under the *Passenger Automobile and Light Truck Greenhouse Gas Emission Regulations* found within subsection 93(1) and sections 160, 162, and 326 of the *Canadian Environmental Protection Act, 1999*.

During consultations to develop the regulations, manufacturers and importers generally opposed the regulated ZEV targets, advocating for stronger supports for the ZEV transition such as investment in charging infrastructure and demand side incentives. Notably, the Canadian Vehicle Manufacturers' Association and the Automotive Parts Manufacturers' Association are currently publicly advocating for a change to, or repeal of, the federal government's ZEV mandate.



# Impact on Ontario's EV Supply Chain Ambitions

Amidst this evolving context and tariff-based protectionism creating uncertainty in traditional economic relationships, the sweeping changes enacted by OBBBA in the U.S. will inevitably ripple across North America and will impact Ontario's ambitions to capture market share as part of the continent's EV supply and value chain. Canadian automakers and parts suppliers, many of whom are deeply integrated into cross-border manufacturing networks, are anticipated to struggle to focus on EV output as both federal and U.S. support diminishes. Following initial traction in investment attraction from EV battery manufacturers, several companies have postponed or are reviewing investment decisions citing evolving market conditions. Current findings are summarized in the chart below:

PROJECT PROPONENT	LOCATION	SCALE OF INVESTMENT AND GOVERNMENT INCENTIVES	ESTIMATED JOB CREATION	PROJECT TIMELINES
<b>Honda Canada</b>	Alliston, Ontario	\$15 billion CAD, including a combined \$5 billion CAD in federal and provincial incentives	Secures 4,200 jobs, and estimated to create 1,000 new jobs	Announced 2024, Postponed 2025.
<b>Umicore Precious Metals Canada Inc.</b>	Loyalist Township, Ontario	\$2.76 billion CAD, including combined \$1 billion CAD in federal and provincial incentives	Estimated to create 600 construction jobs, 700 co-op jobs, and sustain hundreds of operational roles	Announced 2023, Postponed 2025
<b>NextStar Energy (Stellantis and LG Energy Solutions Joint Venture)</b>	Windsor, Ontario	\$5 billion CAD, with an additional combined \$15 billion CAD in federal and provincial incentives	Estimated to create 2,500 direct jobs, and 1,960 spin off jobs in the region and related supply chain	Announced 2023, Anticipated completion 2025
<b>Volkswagen</b>	St. Thomas, Ontario	\$7 billion CAD, with an additional combined \$8-13 billion CAD in federal and provincial production support incentives	Estimated to create 3,000 direct jobs	Announced 2023, Anticipated completion 2027

Table C

While it is notable that the NextStar and Volkswagen EV battery projects are currently anticipated to progress as planned, the Honda Canada and Umicore EV battery projects have been postponed citing a significant slowing of the growth of the electric vehicle market, making it difficult to anticipate further progress on large-scale investments in Canada. This dynamic intensifies the imperative for the Canadian and Ontario governments to consider expanding its own suite of measures to support EV innovation, production, and adoption to retain its strategic role in North American automotive supply chains.

# Protect our Economy by Repealing the Federal EV Mandate and Re-Introducing Demand Side Incentives

In light of the rapid transformation to meet softening consumer demand for EVs, compliance with new regulations, and shifting demand side incentives, automotive manufacturers and impacted stakeholders across the Toronto region will need to shape investment decisions to capture value and optimize competitiveness in a closely integrated continental supply chain.

Considering that EVs accounted for 8.7% of all new vehicles sold in Q1 2025, a drop from 19% in the fourth quarter of 2024, and significantly below the 20% initial ZEV target set for 2026, **repealing the federal ZEV mandate** will enable the automotive sector to be more nimble in pivoting to address market challenges and opportunities, and ensure overall competitiveness is maintained. Conversely, implementing this ZEV mandate, at a time when the sector is already facing an uncertain investment climate with recent U.S. policy shifts as expressed in OBBBA and elongated cross-border trade negotiations including a 35% tariff on Canadian goods (effective August 1, 2025), would be harmful to our economy, jobs, and our ability to grow.



Table D below leverages Statistics Canada new vehicle registrations data to compare a forecasted scenario for Q1 2026 (first year of the proposed implementation of the ZEV mandate), against a baseline scenario with the actual registrations from Q1 2025. Assuming current consumer behavior prevails in the absence of a re-capitalized federal ZEV incentive program the supply side impact of the implementation of an unmodified ZEV mandate could result in a direct cost to the automotive sector of *nearly \$1 billion CAD in Q1 2026*.

SUPPLY SIDE (ZEV MANDATE)		
	Q1 2025 (Actual Registrations)	Q1 2026 (Forecasted with inclusion of the ZEV Mandate)
Total Vehicles Sold	426,872	426,872
ZEVs Sold	37,229	37,229
ZEV %	8.7%	8.7%
ZEV Mandate %	N/A	20%
Compliance Surplus (Deficit) in Number of Vehicles	N/A	$(85,374 - 20\%) - (37,229) = 48,145$ vehicles
Cost to the Sector of Compliance (If credits purchased)	N/A	$= 48,145 * \$20,000 = (\$962,900,000)$

Table D, Source: [Statistics Canada](#)

To support the EV transition, targeted investments in public **fleet electrification**, **demand side consumer incentives for domestically produced vehicles**, and the **build out of charging infrastructure** will help boost EV and low emissions vehicle adoption. Specifically, the Government of Canada should explore policy options to stimulate consumer spending for Made-in-Canada products – bolstering demand for domestic products is critical for sustaining production levels, securing jobs, and ensuring supply chain resilience.

Federal Environment Minister the Hon. Julie Dabrusin in [public remarks from June 2025](#), referenced the possibility of a re-introduction of a variation of the former federal iZEV consumer incentive program. While encouraging, in the absence of certainty of program design, timeline, and the scope and criteria of the proposed rebates, consumer confidence in EV adoption continues to lag. Table E below leverages Statistics Canada new vehicle registrations data to compare a forecasted scenario for Q1 2026 (first year of the proposed implementation of the ZEV mandate), against a baseline scenario with the actual registrations from Q1 2025.

Assuming consumer behavior reverts to similar registrations as from Q4 2024 when the federal iZEV program was operating at full capacity, this forecast measures a scenario where with renewed demand side incentives consumer confidence to purchase domestically produced ZEVs is bolstered. The direct cost to the automotive sector of compliance deficit credits is reduced to approximately \$83 million, with the federal program costs estimated to be \$400 million, taken together it is significantly more economical and commercially viable than the Table D direct costs to industry.

Repealing the ZEV mandate together with a federal commitment to re-capitalize a demand side consumer incentive program would be sensible public policy to elevate consumer confidence and purchasing power for domestically produced EVs, and help to secure jobs and protect a sector vital to our economy.

DEMAND SIDE – RECAPITALIZING THE IZEV REBATE PROGRAM		
	Q1 2025 (Actual)	Q1 2026 (Forecasted)
Total Vehicles Sold	426,872	426,872
ZEVs Sold	37,229	81,216 (Q4 2024)
ZEV %	8.7%	19%
ZEV Mandate %	N/A	20%
Compliance Surplus (Deficit) in Number of Vehicles	N/A	$(85,374 - 20\%) - (81,216) = 4,158$ vehicles
Cost to the Sector of Compliance (If credits purchased)	N/A	$= 4,158 * \$20,000 = (\$83,160,000)$
Cost to the Federal Government	N/A	$= 81,216 * \$5,000 = \$406,080,000$

Table E, Source [Statistics Canada](#) (vehicle registration data), Compliance Costs (\$20,000) / Rebate (\$5,000) - [Regulations](#).

The threat of tariffs and the dismantling of EV incentives and regulations has created an uncertain investment climate for the auto sector, with a recent [report](#) by the Canadian Federation for Independent Business indicating that 49% of businesses in Ontario’s automotive sector, including Tier 2 and 3 suppliers, are postponing or cancelling new investments while experiencing a double-digit decline in sales. Uncertainty, market volatility and increased costs are forcing auto business owners to make difficult decisions to keep their doors open.

As the Federal Government considers the design and launch of a revitalized iZEV consumer incentive program, policy makers should seize the opportunity to introduce a comprehensive suite of policy levers which would provide long term stability to bolster consumer and investor confidence, and secure the investments committed in the sector. These should include incentives for consumers and commercial fleet operators on a sliding scale to incentivize domestic production, battery sourcing, and supply chain localization.

DEMAND SIDE INCENTIVES	PERSONAL USE CASE	COMMERCIAL USE CASE (FLEET MANAGEMENT)
EV (Final Assembly in Ontario)	Up to \$15,000	Up to \$30,000
Plug-In Hybrid Electric (Final Assembly in Ontario)	Up to \$15,000	Up to \$30,000
EV (Battery Sourced in Ontario)	\$7,500	Up to \$15,000
Plug-In Hybrid Electric (Battery Sourced in Ontario)	\$7,500	Up to \$15,000
EV (at least 30% component parts made-in-Ontario)	\$3,000	Up to \$10,000
Plug-In Hybrid Electric (at least 30% component parts made-in-Ontario)	\$3,000	Up to \$10,000

*\*\*The above chart is proposed for illustration purposes only. The figures represent an estimate of the weightings which may be applied based on criteria for domestic final assembly, battery sourcing, or supply chain localization and component parts thresholds.*

The proposed weightings of incentives towards those vehicles domestically produced, or manufactured with domestically sourced component parts, would shape consumer, fleet manager, and investor behavior and bolster Ontario’s domestic demand for EVs and plug-in hybrid electric vehicles, therefore securing jobs and investment at this crucial time.

With the U.S. Administration offering 100% bonus depreciation for qualified investments in new factories and renovations, full expensing for domestic R&D, and openly referencing the possibility of a 15% corporate tax rate for companies who manufacture their products in America, Canada risks falling behind. The federal and provincial governments should proactively consider a suite of measures that improves Canada’s tax competitiveness and would anchor industrial activity at home, including a lower combined federal and provincial corporate tax rate for qualified domestic manufacturers; enhancing cost recovery, expensing and accelerated depreciation; and full deduction for expenditures such as manufacturing equipment, in order to improve the tax treatment of capital. These measures would enhance Canada’s competitiveness, provide stability amidst increased competition south of the border, and signal to markets that Canada is a jurisdiction prepared to act decisively and effectively to protect jobs, secure investment, and grow our economy with a long-term horizon extending beyond short term market and political cycles.



## Calls to Action

It is imperative that governments **signal stability in EV policy** with long-term horizons to shape investment attraction and planning, and establish a **fast-track approval process for major investments** in domestic content, battery sourcing, and supply chain localization, consistent with a recommendation in the **Board's Spotlight of Ontario's Automotive Sector**. Within the seismic shifts in the EV landscape, competitive edge and add-value supply chain opportunities exist within a market which is growing, albeit slower than forecasted. **Repealing the federal ZEV mandate**, together with targeted investments in **demand side consumer incentives for EV and Plug-In Hybrid Electric vehicles**, and the build out of **charging infrastructure** will all provide the **stable long term policy outlook** that would bolster investor and consumer confidence, and protect our economy, secure jobs, and unlock economic growth.



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