View this email in your browser

Institut du vinyle du Canada
The Vinyl Institute of Canada

Regulatory, Market & Sustainability Monitor

Sector Briefing

SEPTEMBER 2026

EXECUTIVE SUMMARY

Tariffs, Fuel and Fragile Supply Chains: A Three-Front Squeeze on Canadian Manufacturing

September has delivered the most difficult operating environment Canadian manufacturers have faced in some time, and the vinyl sector sits squarely in its path. Three pressures are now converging.

First, the Canada–U.S. trade relationship broke down in late August: Washington imposed 50% tariffs on a broad list of Canadian goods that explicitly includes vinyl tile floor coverings and a range of plastic articles, Ottawa enacted counter-tariffs on more than 700 U.S. products (including plastics and moulds) from September 8, and the U.S. has since expanded its list and announced import bans on certain Canadian products that took effect September 29.

229,046
HOUSING STARTS (SAAR)
AUG 2026 (CMHC)

50%
U.S. TARIFF ON LISTED
CANADIAN GOODS (AUG 2026)

$2.75/L
RECORD NATIONAL AVG.
DIESEL PRICE (SEPT 2026)

Second, the conflict in the Middle East continues to hold crude oil near or above US$100 per barrel, pushing Canadian diesel to record highs and raising the cost of moving resin, additives and bulky finished products such as pipe, siding, and windows.

Third, supply chains remain strained, with Canadian manufacturers reporting lengthening delivery times and elevated input costs linked to tariffs, shipping disruptions, and product shortages.

There are some offsetting signals. Commodity resin prices have generally been trending flat to down amid ample inventories; the broad plasticizer price escalation of the spring has eased, although BASF has announced targeted increases effective October 1; and Canadian manufacturing activity was still expanding in August. Construction demand, however, is softening, particularly in Ontario. On the regulatory side, Ontario has removed the $1 million cap on administrative penalties across all of its producer responsibility regulations, and Ottawa has tabled Bill C-39 to accelerate major project approvals. This edition sets out what each development means for VIC members, and VIC will continue to track the trade file closely as it evolves.

1 Regulatory & Policy

HIGH IMPACT | CANADIAN | TRADE

Canada–U.S. Trade Rupture: 50% Tariffs, Counter-Tariffs and New Import Bans

This is a fast-moving situation. Product lists, rates and effective dates may change; members may wish to confirm details against the official sources linked below before making commercial decisions.

After bilateral trade talks collapsed in late August, the United States imposed 50% tariffs on approximately $28 billion of Canadian goods across three lists (dairy, alcoholic beverages, and a broad “motor vehicles” list that, despite its name, covers building materials, plastics and packaging, furniture, machinery inputs and many other products). Unlike earlier measures, these tariffs apply even to goods that comply with the Canada–United States–Mexico Agreement (CUSMA) and have no stated expiry date.

Canada responded on September 8 with “dollar-for-dollar” counter-tariffs of 15%, 25% and 50% on roughly $27.6 billion of U.S. imports covering more than 700 products, including steel and aluminum, appliances, electronics, and plastics. Canadian trade press reports that six U.S. plastics product lines are subject to the 50% rate and three categories of plastics moulds to 15%. The U.S. then announced a further round: additional products (including paper, steel and aluminum products, furniture and certain boats and small vehicles) became subject to the 50% tariff on September 15, and a complete U.S. import ban on selected Canadian products (motorcycles, certain dairy products and alcoholic beverages) took effect September 29. Ottawa has also announced a $7.5 billion support package for small and medium-sized businesses affected by the trade war and has expanded the Regional Tariff Response Initiative (RTRI).

The dispute sits against an uncertain backdrop for the trade agreement itself: at the CUSMA joint review in July 2026, Canada and Mexico sought renewal, but the United States declined, and Washington has since pursued separate bilateral talks with Mexico.

> ▶ **Vinyl relevance:** The U.S. 50% list names **vinyl tile floor coverings** (U.S. Harmonized Tariff Schedule (HTS) 3918.10.10) directly, along with other lines relevant to members, such as self-adhesive plastic sheets and film (3919), non-flexible plastic sheet (3921.90.50), surfacing preparations for walls and floors (3214.90.50) and the catch-all “other articles of plastic” (3926.90.99). Members exporting vinyl products to the U.S. may wish to confirm their exact codes against the official annex rather than relying on summaries. On the import side, Canadian counter-tariffs raise costs for members sourcing U.S. plastics products and moulds; Finance Canada’s remission process allows businesses to request relief for goods not reasonably available from other sources. This builds on VIC’s August Alert listing the PVC and vinyl product codes affected.

Sources: CFIB, Canada–U.S. Trade War tracker (updated Sept. 9, 2026); White House, Annex I (product list); Canadian Plastics, Sept. 2026; Al Jazeera, Aug. 25, 2026; Congressional Research Service, U.S.–Canada Trade Relations; Finance Canada, remission process; ISED, Regional Tariff Response Initiative.
Note: HTS codes are the U.S. extension of the international Harmonized System (HS); Canada’s Customs Tariff uses the same six-digit HS base but different eight- and ten-digit extensions, so codes do not always match one-to-one across the border.

WATCH ITEM | CANADIAN | INFRASTRUCTURE

Ottawa Tables Bill C-39, Building on Last Year’s Building Canada Act

On September 21, 2026, the federal government introduced Bill C-39, the *Building Canada Strong Act*, which it describes as bringing greater speed, certainty and predictability to reviews of major projects. The government’s central commitment is that federal reviews and decisions be completed within one year of a proponent submitting a comprehensive application. Second-reading debate in the House of Commons began on September 23.

The bill follows directly from legislation passed last year. Bill C-5, the *One Canadian Economy Act*, received Royal Assent on June 26, 2025 and enacted the *Building Canada Act*, which allows cabinet to designate projects as being in the national interest and consolidates the required federal approvals into a single set of conditions, with the aim of completing federal review within two years. Bill C-39 would amend the *Building Canada Act*, the *Impact Assessment Act* and the *Canadian Energy Regulator Act*, among other statutes, and would extend the approach from individual projects to designated Regions of National Interest, such as energy corridors, transportation corridors and industrial regions. It also includes measures on national trade corridors, port governance and labour dispute processes. Opposition parties and environmental groups have criticized the bill, although the government has the votes in its own caucus to pass it in the House.

> ▶ **Vinyl relevance:** Faster approvals for pipelines, water and wastewater systems, transmission and trade-enabling transportation infrastructure would support demand for PVC pipe, conduit, wire and cable insulation and related products at a time when U.S. market access is under pressure. The trade corridor, port governance and labour dispute provisions are also relevant to members’ supply chains, given the disruption that rail and port stoppages have caused in recent years. The bill is at an early stage and may be amended as it moves through Parliament; VIC is monitoring its progress.

Sources: Government of Canada, news release, Sept. 21, 2026; LEGISinfo, Bill C-39; Government of Canada, Implementation of Bill C-5, June 2025; McMillan LLP, Sept. 2026; CBC News, Sept. 21, 2026.

2 Sustainability & Environment

HIGH IMPACT | CANADIAN | PRODUCER RESPONSIBILITY

Ontario Finalizes Producer Responsibility Amendments and Removes $1 Million Penalty Cap

Ontario’s Ministry of the Environment, Conservation and Parks (MECP) has finalized amendments to its producer responsibility framework, prompted by disruptions in the province’s tire collection system. Under the Tires Regulation, the producer management target rises from 65% to 80% for 2026 and each year after, and the number of required tire collection sites increases from about 4,300 to about 6,500 starting in 2027 (220 of the additional sites in northern Ontario). New rules also address producer responsibility organization (PRO) network reporting, site-sharing and performance-credit trading.

Two changes reach well beyond tires. First, the Administrative Penalties Regulation no longer caps the maximum administrative penalty at $1 million; this applies to violations of all five of Ontario’s producer responsibility regulations, so that regulated parties cannot gain a financial benefit from non-compliance. Second, PROs must now provide financial reporting across all five regulations (for example, the cost to collect and manage material), which the ministry will use to calculate avoided costs when setting penalties. A one-time interim report covering 2023–2025 data is due in December 2026, with ongoing financial reporting in annual reports from 2027.

> ▶ **Vinyl relevance:** Members that are obligated producers under Ontario’s Blue Box (packaging), electrical and electronic equipment, batteries or hazardous and special products regulations now face materially higher enforcement exposure, since penalties can be scaled to the financial benefit of non-compliance. The new PRO cost reporting will also bring greater transparency to the costs that ultimately flow back to producers through fees. More broadly, the amendments show Ontario is prepared to tighten targets and enforcement when a program underperforms, which is relevant as members plan for extended producer responsibility (EPR) obligations on packaging and other vinyl-containing products.

Sources: Environmental Registry of Ontario, notice 026-0218 (final decision); MECP Resource Recovery Policy Branch, stakeholder notice, Sept. 23, 2026.

3 Global Market & Industry Perspectives

HIGH IMPACT | ENERGY & FREIGHT

Record Diesel Prices Ripple Through the Supply Chain

The national average diesel price in Canada reached a record of about $2.75 per litre in mid-September, more than a dollar higher than a year earlier and above the 2022 peak. Crude oil has traded around or above US$100 per barrel amid continued instability in the Middle East, where the conflict that began in late February has disrupted pipelines, refineries and shipping through the Strait of Hormuz. Diesel has been hit harder than crude: Ukrainian strikes on Russian refineries and Russian export restrictions have tightened global diesel supply, pushing refining margins to record levels in some markets.

Relief is not expected quickly. The U.S. Energy Information Administration’s September outlook assumes that some constraints on Middle East oil exports will persist through the end of 2026, keeping regional crude production below pre-conflict levels until the second quarter of 2027. Seasonal demand for heating fuel later in the year could add further pressure on distillates.

> ▶ **Vinyl relevance:** Freight is a significant cost for the vinyl value chain: resin and additives move by rail and truck, and finished products such as pipe, siding, windows and fencing are bulky relative to their value. Fuel surcharges are likely to feed into carrier rates and, in turn, the delivered cost of products over the coming months. North American PVC is produced largely from natural gas liquids (ethane) rather than crude oil, so resin prices have not tracked crude one-for-one; the more immediate exposure for most members is logistics, energy and petroleum-derived additives.

Sources: CP24 / Canadian Press, Sept. 17, 2026; CBC News, Sept. 13, 2026; U.S. EIA, Short-Term Energy Outlook, Sept. 9, 2026.

CANADIAN | MANUFACTURING

Canadian Factories Still Growing, but Supply Chain Strain Is Building

The S&P Global Canada Manufacturing Purchasing Managers’ Index (PMI) eased to 53.0 in August from 53.5 in July, its fifth consecutive month above the 50 threshold that separates expansion from contraction. Output, new orders and employment all rose. However, S&P Global cautioned that the survey was largely conducted before trade talks with the U.S. collapsed, and that August may represent a “high-water mark” for growth. Firms reported that tariffs and the Middle East conflict’s effect on shipping routes lengthened supplier delivery times considerably, and some inventory building reflected pre-purchasing of inputs amid volatile prices and availability.

Input cost inflation eased to a four-month low but remained historically elevated, with firms pointing to U.S. tariffs, global supply shortages and higher prices for fuel and metals. Business confidence nonetheless improved, with the survey’s measure of expected future output rising to its highest level since December 2024.

> ▶ **Vinyl relevance:** Many VIC members are manufacturers, and the conditions reported here (longer lead times, elevated input costs and pre-buying of inputs) mirror pressures likely to be felt across vinyl compounding and processing. The September and October PMI readings will be the first to capture the post-August tariff escalation and could indicate whether the expansion is holding. Members may wish to consider whether inventory buffers for critical inputs with long or uncertain lead times remain adequate, balanced against the working capital that additional stock ties up.

Sources: The Globe and Mail, Sept. 2026; S&P Global Canada Manufacturing PMI, August 2026.

CANADIAN | HOUSING & INTEREST RATES

Housing Starts Soften as Interest Rate Relief Stays Off the Table

CMHC reported that housing starts were essentially flat in August at a seasonally adjusted annual rate of 229,046 units, while the six-month trend declined 1.3% to 244,149 units. Year-to-date actual starts in centres with a population of 10,000 or more were down 4% from the same period in 2025. Ontario was the notable weak spot, with actual urban starts down 22% from August 2025, while Quebec and Alberta posted modest gains.

Interest rates are a key driver of housing activity. On September 2, the Bank of Canada held its policy interest rate at 2.25%, its seventh consecutive hold since the last cut in October 2025. The policy rate (formally, the target for the overnight rate) is the rate at which major financial institutions borrow and lend one-day funds among themselves. Changes to it flow through to the prime rate, and from there to variable-rate mortgages and business lines of credit; it also influences fixed mortgage rates indirectly. In holding, the Bank flagged stronger upside risks to inflation from the Middle East conflict and the renewed U.S. tariffs. Market pricing and major bank forecasts now point to a hold for the rest of 2026, and the debate has shifted from whether the Bank will cut further to whether its next move, possibly in 2027, could be an increase. The next decision is October 28.

> ▶ **Vinyl relevance:** Residential construction is one of the largest end markets for Canadian vinyl products, including siding, windows, pipe, flooring, and wire and cable. With Ontario starts falling and borrowing costs unlikely to ease in the near term, the outlook for demand tied to new construction remains subdued. Renovation activity, which depends less on new starts, may carry more weight in near-term demand. CMHC’s September data (October 16) and the Bank of Canada’s October 28 decision will be the next indicators to watch.

Sources: CMHC, Sept. 16, 2026; Alberta Tribune (CMHC provincial data); Bank of Canada, Sept. 2, 2026; nesto, Bank of Canada rate outlook, Sept. 2026.

RESIN & ADDITIVES

Resin Prices Soften While BASF Raises Select Plasticizer Prices

After a broad, feedstock-driven surge in the spring, when the outbreak of the Middle East conflict put upward pressure on virtually every major resin, commodity resin prices have generally been trending flat to down heading into the fourth quarter, with buyers facing an inventory surplus.

The picture for additives is more mixed. BASF has notified customers of off-list and distributor price increases on two plasticizers for shipments dated on or after October 1, 2026: Palatinol 911P (+5¢/lb) and Palatinol 111P-I (+3¢/lb), applied as individual agreements allow. BASF cites ongoing volatility in raw material, transportation, energy and other supply-chain input costs. This follows a broader wave of plasticizer increases in the spring (for example, Eastman raised several North American plasticizer grades by 5¢/lb effective April 1). Since then, however, the U.S. plasticizer market has moved away from rapid escalation, with general-purpose grades such as DINP, DIDP and DPHP softening as feedstock costs eased, although a BASF force majeure at Ludwigshafen in July affected European DINP and DPHP availability.

> ▶ **Vinyl relevance:** The BASF increase appears targeted at specific specialty phthalate grades rather than signalling a new sector-wide plasticizer wave, but it confirms that suppliers are passing through energy and freight costs where they can. Flexible PVC compounders and processors using these grades may wish to review how the increase applies under their existing agreements. Follow-on announcements from other plasticizer suppliers are also worth watching, particularly if diesel and energy costs remain elevated into the winter.

Sources: PlasticsToday, resin pricing coverage, Aug.–Sept. 2026; Plastics Technology, resin pricing, Sept. 2026; BASF customer notice, Plasticizers & Oxo-C5 Alcohols, Sept. 2026; Eastman, March 2026; ResourceWise, Aug. 4, 2026.

TIN & STABILIZERS

Tin Falls Below US$52,000/t as Indonesia Prepares to Shift Export Trading

According to the International Tin Association (ITA), tin prices fell below US$52,000 per tonne in mid-September for the first time since mid-July, weighed down by renewed Middle East hostilities (including escalating Houthi attacks in the Red Sea), the U.S. Federal Reserve’s first rate hike since 2023, and a semiconductor equity sell-off. London Metal Exchange (LME) inventories are declining again, but physical market conditions are described as relatively comfortable, with Indonesian supply recovering from disruption in the second quarter.

Looking ahead, tin is expected to be the first commodity traded on Indonesia’s new Mineral and Strategic Commodity Exchange, with trading scheduled to begin January 4, 2027, shifting refined tin export trade away from the exchanges used since 2013. The ITA expects Indonesian refined tin output to fall about 10% year over year in 2026, to 51,700 tonnes, owing to regulatory disruption, but anticipates that the effects of the exchange transition will be largely confined to Indonesia’s own market.

> ▶ **Vinyl relevance:** Tin is the basis of the organotin heat stabilizers widely used in rigid PVC applications such as pipe, siding and window profiles. Softer tin prices may ease stabilizer cost pressure in the near term, while the Indonesian exchange transition in January is a potential source of short-term supply friction for one of the world’s largest tin exporters.

Source: International Tin Association, Tin in the News, Sept. 17, 2026.

WATCH ITEM | TRADE INVESTIGATIONS

EU Opens Anti-Dumping Investigation into PVC from China, South Korea, Mexico and Taiwan

The European Commission has launched an anti-dumping investigation into imports of suspension and bulk (mass) PVC from China, South Korea, Mexico and Taiwan, following a complaint from European producers. Emulsion (paste) PVC is excluded. The investigation period runs from April 1, 2025 to March 31, 2026; provisional duties, if any, could come in spring 2027, with definitive measures by late 2027, and the Commission has signalled early registration of imports, which would allow any duties to reach back to registered shipments. The case is part of a wider pattern: the United Kingdom and South Korea have also opened PVC trade remedy cases this year as Chinese overcapacity seeks outlets.

> ▶ **Vinyl relevance:** As major markets close to low-priced PVC, the risk rises that surplus resin and finished vinyl goods are redirected toward markets with fewer barriers. Combined with reduced access to the U.S. for Canadian products, this could increase import competition in Canada.

Sources: ChemAnalyst, Sept. 2026; MLex, Sept. 24, 2026.

4 Technology & Innovation

INTERNATIONAL | PROCESS INNOVATION

New Tools to Improve Tin Recovery and Ore Processing

The International Tin Association highlighted two recent process innovations upstream in the tin supply chain. Yunnan Tin Group has developed an artificial intelligence model that estimates the tin content of smelter slag from live furnace data, giving operators faster insight into how much tin is being lost to slag. Separately, GRS and Germany’s Fraunhofer IIS are applying dual-energy X-ray sorting to cassiterite (tin ore), a technique designed to separate ore from waste rock before it enters energy-intensive downstream processing.

> ▶ **Vinyl relevance:** Efficiency gains in tin mining and smelting support a more resilient and lower-impact supply of the raw material behind organotin stabilizers used in rigid vinyl products. They also illustrate the type of digital and sensor-based process control that is increasingly being applied across the materials value chain, including in plastics compounding and recycling.

Source: International Tin Association, Tin in the News, Sept. 17, 2026 (items dated Sept. 4 and Sept. 15, 2026).

5 Events & Key Dates

PLAN AHEAD

Key Dates: September to October 2026

September 29, 2026
U.S. Import Ban on Selected Canadian Products Took Effect. Covers motorcycles, certain dairy products and alcoholic beverages.

October 1, 2026
BASF Plasticizer Price Increases Take Effect. Applies to Palatinol 911P and Palatinol 111P-I, as individual agreements allow.

October 2026
ECCC Information Sessions on CMP 2026 Section 71 Notices. Details were provided in VIC’s September Regulatory News missive. The Phase 1 reporting deadline is March 3, 2027.

October 16, 2026
CMHC Releases September 2026 Housing Starts Data. The next indicator of whether Ontario’s slowdown in new construction is deepening.

October 27, 2026
Tutorials on Vinyl with Environment and Climate Change Canada (ECCC). Hosted by the Vinyl Institute of Canada at ECCC offices in Gatineau, Quebec.

October 28, 2026
Bank of Canada Interest Rate Announcement and Monetary Policy Report. Includes the Bank’s updated economic and inflation outlook.

October 28, 2026
Vinyl Institute of Canada 2026 Fall Board Meeting. At Hilton Lac-Leamy in Gatineau, Quebec.

Ongoing
Canada–U.S. Tariff Developments. Members affected by U.S. tariffs or Canadian counter-tariffs can review support through the Regional Tariff Response Initiative and Finance Canada’s tariff remission process.

VIC Sector Briefing · September 2026
The Vinyl Institute of Canada

The VIC Sector Briefing is provided for informational purposes only and does not constitute legal, financial or other professional advice. Content reflects the most recent information available at the time of publication; many of the topics covered are evolving and subject to change.

Have comments or feedback? We would love to hear from you at info@vinylinstituteofcanada.com.