



Comments of the Digital Media Association (DIMA) Regarding the Operation of the Canada-United States-Mexico Agreement

The Digital Media Association (DIMA) offers the following comments in response to Global Affairs Canada's public consultation on the operation of the Canada–United States–Mexico Agreement (CUSMA).

DIMA represents the world's leading music streaming services (including Amazon, Apple Music, Spotify, and YouTube). Our members are the principal source of recorded-music revenue across North America and much of the world, helping drive the growth of Canada's cultural industries and digital economy. In Canada, streaming now accounts for nearly 80 percent of total recorded-music revenues, reflecting a profound transformation in how Canadians create, share, and enjoy music.

Music streaming services are not only powering the global and Canadian music industries — they are also significant contributors to the broader economy. According to industry analysis, for every dollar of economic value generated by streaming, related sectors such as technology, advertising, and telecommunications gain an additional \$1.65. Streaming sustains thousands of creative professionals and businesses, from artists, songwriters, and producers to record labels, publishers, and collective management organizations.

This shift has revitalized Canada's recorded-music industry, which now sees steady year-over-year revenue growth after years of decline caused by piracy and changing consumer habits. Listeners have embraced streaming: surveys consistently show that an overwhelming majority of Canadians are satisfied with their streaming services, and that engagement with streaming services is driving increased spending on recorded music.

DIMA's members operate globally and depend on integrated, cross-border supply chains that enable Canadian and international artists alike to reach audiences wherever they are. Streaming has broken down barriers that once limited creators to local markets defined by geography, language, or broadcast infrastructure. Today, Canadian artists can find fans in Mexico City, Los Angeles, or Tokyo as easily as they can in Montreal or Vancouver.

The success of the North American music industry depends on maintaining seamless cross-border access for audiences and creators. Streaming services do far more than distribute music. They provide the exposure, analytics, and market access that sustain creative careers. For artists and songwriters in Canada, the United States, and Mexico, these services are now the primary channels for building audiences, generating royalties, and participating in a shared North American cultural and economic space. Ensuring that this open flow of music and creative exchange remains unobstructed is essential to the vitality of Canada's creative economy and its role within CUSMA.

CUSMA Review

In responding to Global Affairs Canada's request for comments on the operation of the Canada–United States–Mexico Agreement (CUSMA), the Digital Media Association (DIMA) encourages Canada to reaffirm its commitment to the Agreement's core principles. At a fundamental level, CUSMA is designed to ensure that goods and services originating in each member country are



treated equally. The principles of non-discrimination, national treatment, and most-favoured-nation status are foundational to this goal and are reflected throughout the Agreement, including in the chapters on Digital Trade, Cross-Border Trade in Services, and Investment.

These disciplines are intended to maintain a predictable and non-discriminatory framework for digital products and services, and for the companies that provide them in regional markets. They are critical not only to the success of North America's digital and creative economies but also to Canada's broader economic competitiveness and technological leadership.

The principle of non-discrimination, and the removal of trade barriers and irritants, sits at the heart of the global music streaming industry. It has created enormous opportunities for music businesses both large and small to grow, innovate, and reach new audiences. Cross-border cooperation between Canada, the United States, and Mexico remains vital to the continued success of this sector. Sustained growth, strong economic outcomes, and future innovation will depend on a shared commitment to the rules-based framework that CUSMA provides.

This joint review presents an opportunity for Canada to demonstrate leadership in strengthening that framework—by identifying and addressing barriers where they exist and ensuring that domestic regulations align with the Agreement's intent.

DIMA welcomes Canada's ongoing cooperation with its North American partners and supports continued efforts to promote fair, transparent, and open digital markets. The Government of Canada's June 2025 decision to rescind the Digital Services Tax, effective June 29, 2025, is an important and positive step that reinforces Canada's commitment to a stable and forward-looking approach to digital trade.

Online Streaming Act Implementation

As noted above, non-discrimination in the online marketplace is a foundational element of CUSMA and is essential to maintaining a vibrant and competitive digital environment. However, certain elements of Canada's current digital policy framework risk undermining this principle by imposing differential treatment on international streaming services that operate in Canada. These concerns relate directly to CUSMA's principles of non-discrimination in Chapter 19 on Digital Trade¹, which calls on all Parties to ensure that foreign and domestic digital services are treated fairly.

In 2023, Parliament adopted the Online Streaming Act to modernize the Broadcasting Act for the digital era. The Government of Canada's stated goal—to support Canadian cultural industries and ensure that Canadian content remains visible and accessible—is one DIMA fully shares. However, the design and implementation of the Act have raised significant concerns for both domestic and international stakeholders.

In practice, the Act and its early regulatory framework have introduced new obligations that fall primarily on foreign streaming services, requiring them to make financial contributions to Canadian content funds to which they have no access. This approach creates a two-tiered system

¹CUSMA, Chapter 19 - Digital Trade, available at: <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cusma-aceum/text-texte/19.aspx?lang=eng>



that distinguishes between domestic and international services, placing the latter at a structural disadvantage within the Canadian marketplace.

Applying legacy broadcasting rules to global, on-demand music streaming services risks constraining innovation and limiting investment in Canadian artists and cultural production. The online streaming sector does not operate through spectrum scarcity or traditional programming models; instead, it thrives through openness, data-driven discoverability, and global collaboration.

Concerns about the implementation of the Online Streaming Act have been echoed within Canada's creative and business communities and noted by international partners. These concerns are not about cultural protection, but about regulatory design—ensuring that measures intended to promote Canadian content do not unintentionally restrict investment, reduce choice for consumers, or conflict with Canada's commitments under CUSMA. Coordinating federal and provincial frameworks would help ensure policy coherence and support Canada's cultural objectives.

The international response to the Online Streaming Act has underscored the importance of ensuring that Canada's digital regulatory framework remains aligned with its trade obligations. The Act has drawn close attention from policymakers and industry stakeholders across North America, reflecting concern that its design may introduce unnecessary barriers to digital trade. On July 31, 2025, a bipartisan group of members of the U.S. House Ways and Means Committee sent a letter to senior U.S. officials raising questions about whether elements of Canada's streaming framework could affect the broader trade relationship between Canada and the United States.²³⁴

This reaction demonstrates that Canada's domestic digital policies can have direct implications for its international economic relationships. If left unaddressed, the perception that Canada's framework imposes disproportionate or discriminatory obligations on foreign digital services could create friction in the Canada–U.S. trade relationship and weaken confidence in the predictability of Canada's regulatory environment.

By taking steps to clarify and refine the implementation of the Online Streaming Act, Canada has an opportunity to strengthen confidence among its North American partners, maintain its reputation as a fair and open trading nation, and reinforce its leadership in advancing balanced, forward-looking digital policies under CUSMA.

For the reasons outlined below, DIMA believes that certain aspects of the Online Streaming Act and its implementation represent a significant departure from the principles, and in some cases the practical intent, of the Canada–United States–Mexico Agreement (CUSMA). At the time of its passage, a number of Canadian and international observers cautioned that elements of the legislation could create trade and market access challenges by treating domestic and international digital services differently.

² [U.S. Congress Republicans Pressure Canadian Government to Suspend 'Discriminatory' Online Streaming Act](#)

³ ['Major threat' to trade: U.S. Congress Republicans call for Canada to rescind Online Streaming Act](#)

⁴ [Members of Congress say Canada's online streaming act discriminates against Americans](#)



While the objectives of the Act are legitimate and widely supported, several of its provisions and related regulatory measures risk introducing forms of discrimination that are inconsistent with CUSMA's commitments to open and fair treatment for all service providers.

Specific areas of concern within the Act include, but are not limited to:

Section 3(1)f(i):

each foreign online undertaking shall make the greatest practicable use of Canadian creative and other human resources, and shall contribute in an equitable manner to strongly support the creation, production and presentation of Canadian programming, taking into account the linguistic duality of the market they serve;

Section 3(1)r:

Online undertaking shall clearly promote and recommend Canadian programming, in both official languages as well as in Indigenous languages, and ensure that any means of control of the programming generates results allowing its discovery

Implementation of the Online Streaming Act has brought these concerns into sharper focus. On June 4, 2024, the Canadian Radio-television and Telecommunications Commission (CRTC) issued its first major decision under Bill C-11.

In that decision, the CRTC required online streaming services with annual Canadian revenues exceeding \$25 million to contribute 5 percent of their gross revenues to a series of Canadian cultural and content funds, such as the Indigenous Music Office and the Community Radio Fund of Canada. These funds are intended to support Canadian or Indigenous content, including Canadian events and artists. While DIMA supports the goal of strengthening Canada's cultural industries, the design and application of this contribution requirement create several challenges for the digital sector and for Canada's obligations under CUSMA.

First, the contribution applies primarily to international streaming services, while exempting competitors affiliated with Canadian broadcasters. This structure establishes two distinct regulatory regimes, one for domestic firms and another for global digital platforms. Second, the framework prevents the contributing services from accessing the very funds they are required to support, which further compounds the imbalance.

Third, the decision also requires music streaming services to allocate 1.5 percent of their mandatory 5 percent contribution to subsidize local broadcast radio news production. This obligation is unrelated to the operations of music streaming services, which are not active in the news business, and effectively redirects resources from digital innovation toward legacy media operations.

Finally, applying the contribution to gross revenues, rather than profits, imposes an undue economic and competitive burden on streaming services. The economics of the music streaming market are distinct from those of traditional broadcasting: approximately two-thirds of streaming revenues already flow to rights holders in royalties and licensing payments. A contribution on gross revenue therefore results in a disproportionate impact on digital services compared to traditional broadcasters. The framework operates, in effect, as a market access fee for participation in the Canadian market, and one borne largely by international providers.



This approach is particularly concerning because streaming services are already the primary driver of Canada's recorded music industry, accounting for nearly 80 percent of total revenues. No comparable obligations exist in other major music markets, making Canada's approach commercially unbalanced and internationally inconsistent.

The CRTC's process also raises questions of timing and policy coherence. The Commission's June 2024 decision imposed the 5 percent contribution before finalizing a definition of Canadian content for audio services. That definition is now under consultation, creating uncertainty about how streaming services will be assessed and what outcomes the policy is intended to achieve. On the radio side, Canadian content definitions are used to set quotas that prioritize domestic recordings. Applying similar mechanisms to on-demand streaming could inadvertently reduce royalties to international artists, including Canadian collaborators working with them.

Ongoing consultations may lead to new discoverability and local content requirements, or additional spending obligations, layered on top of the existing 5 percent contribution. These potential measures do not reflect the economics of music streaming services, which already devote approximately 70 percent of their revenues to music licensing. This is more than eight times the share allocated by traditional radio.

The imposition of traditional "CanCon" rules on modern, data-driven digital services also overlooks how today's music ecosystem functions. By privileging narrowly defined Canadian works, the framework could discourage cross-border collaboration between Canadian and international artists, producers, and songwriters. This would not only limit creative partnerships but also reduce opportunities for Canadian talent to reach global audiences.

The implementation of the Online Streaming Act has also inspired related proposals at the provincial level. On May 21, 2025, Quebec's Minister of Culture and Communications introduced Bill 109, which would amend the province's Charter of Human Rights and Freedoms to establish a right for Quebecers to access French-language content on music and video streaming services, as well as on connected devices. The bill would allow the government to define French-language content, impose quotas, and set requirements for how such content must be made available. It would also empower a new oversight office to investigate and levy fines.

While promoting French-language and cultural diversity is a shared national goal, the approach taken in Bill 109 risks creating inconsistencies between federal and provincial digital frameworks. It could also introduce obligations that differentiate between domestic and international services, creating compliance complexity and legal uncertainty that may conflict with Canada's commitments under CUSMA.

Taken together, the current implementation of the Online Streaming Act and emerging provincial initiatives risk creating a patchwork of digital obligations that penalize international services and complicate the operations of Canada's own creative ecosystem. These developments underline the need for a clear, coordinated national approach to digital regulation. One that supports Canadian cultural objectives while remaining consistent with the principles of openness, fairness, and non-discrimination that underpin CUSMA.

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DIMA appreciates the Government of Canada's consideration of these comments.

