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Federal and Québec governments to adjust EV sales mandates: key developments and considerations

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Key Takeaways

- The federal government paused the 2026 zero-emission vehicle sales mandate due to economic pressures and slow EV market growth.
- Québec partially lifted its 2035 ban on gasoline vehicles, now targeting 90% ZEV sales by 2035 instead of 100%.
- Both federal and Québec regulations will undergo revisions to better align with industry feedback and market realities.
- Organizations in the automotive sector should monitor regulatory updates and adjust their compliance strategies accordingly.

Recent announcements by the federal and Québec governments signal a significant shift in Canada's electric vehicle (EV) policy landscape. The Canadian federal government has paused its 2026 zero-emission vehicle (ZEV) sales mandate, while Québec is partially lifting its 2035 ban on the sale of new internal combustion engine (ICE) vehicles and will revise its ZEV targets. These developments reflect a shift towards greater flexibility for the automotive sector in response to economic pressures from the current trade war, including U.S. tariffs, industry feedback, and evolving market realities.

Recent key developments

Federal pause on 2026 EV sales mandate

On September 5, 2025, Prime Minister Mark Carney announced a temporary one-year pause of the federal ZEV sales mandate for 2026 model year vehicles. The mandate, introduced by the previous federal government and more fully described in our January 2024 Update: Zero-emission vehicles regulation under the Canadian Environmental Protection Act, required that 20% of new light-duty vehicle sales be zero-emission by 2026, with targets escalating to 100% by 2035.

The federal government has also initiated a 60-day review of the Electric Vehicle Availability Standard (EVAS) to reassess the framework in light of mounting economic pressures, OSLER

increased U.S. tariffs, supply chain challenges affecting vehicle availability, and slower-than-expected EV market growth. The review will consider potential amendments to annual sales targets, such as adjusting the required percentages, the pace of increases, and providing more flexibility for manufacturers.

The federal government's stated objective is to ensure the EVAS reflects market realities, supports industry competitiveness, and does not impose undue burdens on manufacturers.

It is expected that the *Regulations Amending the Passenger Automobile and Light Truck Greenhouse Gas Emission Regulations* soon will be amended to reflect the announced changes and potentially other changes.

Québec lifts 2035 gasoline vehicle ban and revises ZEV targets

On September 26, 2025, Bernard Drainville, Québec's Minister of the Environment, the Fight Against Climate Change, Wildlife and Parks, announced the partial lifting of its planned 2035 ban on the sale of new ICE vehicles. Following consultation with manufacturers and car dealers, Québec has set a revised target for 90% of new vehicle sales to be ZEVs by 2035, replacing the previous 100% target, as explained in our February 2025 Update: Québec adopts its regulation prohibiting motor vehicles and internal combustion engines by 2035. Annual ZEV sales targets leading up to 2035 will be adjusted to reflect the new policy direction.

The Minister also announced that the definition of ZEV in Québec's *Regulation prescribing certain prohibitions as regards motor vehicles and internal combustion engines* [PDF] will be modified to include both electric and plug-in hybrid vehicles (PHEVs). This change will foster better alignment with the federal definition of ZEV which already includes PHEVs.

Strategic considerations and the future

The recent regulatory adjustments reflect a recalibration of Canada's and Québec's EV policies, balancing environmental objectives with challenging economic and industry conditions.

While the regulatory relief will be welcomed by the automotive sector, uncertainty remains. The ongoing federal review of the EVAS creates uncertainty that makes long-term planning difficult. Moreover, there continues to be concern about whether inadequate charging infrastructure, limited financial incentives for consumers, and flagging market demand will make achieving the new federal and updated Québec requirements unattainable.

Organizations in the automotive sector should remain vigilant in tracking regulatory updates, ensuring readiness for potential policy changes, and proactively adjusting their compliance strategies.