

Memorandum

CL-C 21-2025

Subject: United States Tariffs Update

Date: Thursday, February 20, 2025

To: Regional Council

From: George Spezza, Director Economic Development

The United States (US) is set to implement a 25% tariff on all Canadian goods, excluding energy exports, which will be subject to a 10% tariff starting March 4, 2025. Additionally, the US intends to impose a 25% tariff on all steel and aluminum imports, including those from Canada on March 12, 2025.

If these tariffs are enacted, Canada is expected to retaliate by imposing tariffs of 25% on \$125 billion (CAD) worth of goods imported from the US, effective March 25, 2025.

Niagara's economy is closely tied to that of the US. In 2023, Niagara businesses exported \$6 billion worth of goods to the US, representing 72% of total exports. Conversely, Niagara also imported \$2 billion worth of goods from the US, which accounts for 54% of total imports. Over 29,000 jobs in Niagara rely on cross-border trade with the US.

Both the tariffs on exports and retaliatory import tariffs could severely impact Niagara's economy. Niagara Economic Development (NED) is preparing for the potential disruptions these tariffs may cause through the following actions:

Team Niagara, consisting of Niagara Economic Development and local economic development officers, along with the Greater Niagara Chamber of Commerce (GNCC), the South Niagara Chambers of Commerce (SNCC), and the Niagara Industrial Association (NIA), have been holding weekly meetings to assess the tariff situation and discuss strategies and resources to support local businesses and discuss advocacy efforts should tariffs be implemented.

The Niagara Region has been actively working with the Federation of Canadian Municipalities (FCM), the Association of Municipalities of Ontario (AMO), and the Mayors and Regional Chairs of Ontario (MARCO). They will continue to update Team Niagara on any initiatives/ actions as information becomes available.

Niagara Economic Development has also engaged with Provincial and Federal counterparts to advocate for Niagara businesses' concerns, as well as to stay informed on the outcomes of diplomatic efforts. Should government support resources become available, Niagara Economic Development will facilitate the dissemination of this information to businesses in need.

In addition, Niagara Economic Development has developed a bulletin to guide businesses to available resources, including government support programs, Foreign Trade Zone (FTZ) benefits, and trade diversification initiatives such as the Trade Accelerator Program. This bulletin has been shared with Regional Council, Team Niagara and available on the Niagara Economic Development website.

Niagara Region is preparing a "Buy Local Support Local Business" campaign to encourage residents and businesses to support regional industry to further bolster the local economy.

Finally, the Ontario Chamber of Commerce has launched the 2025 Tariff Impact Survey to assess the potential effects of the tariffs on Ontario-based businesses. This survey has been widely distributed to local businesses through the Chamber networks and Team Niagara to encourage feedback on the potential impacts of tariffs on local businesses. Results will be published after the survey closes on February 23, 2025. This information will help to inform strategies to support local businesses.

Niagara Economic Development will continue to monitor the situation closely, providing regular updates as required and act as a key conduit for information as this fluid situation continues to evolve. It is important to note that there is ongoing advocacy taking place at all levels of government and trust in the diplomatic process to achieve successful outcomes that benefit both Canada and the United States as vital trading partners.

Respectfully submitted and signed by

George Spezza, Ec.D., CEcD.
Director Economic Development