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AMO Policy Update – Communities Brace for Tariff Impact

US President Trump Makes Good on Tariff Threats

US tariffs became a reality as of 12:01 a.m. today, initiating a trade war between our countries.

The US imposed a 25 per cent levy on Canadian and Mexican goods, with a lower 10 per cent levy on energy and critical minerals. The Canadian government has responded with counter-tariffs on \$30 billion of US goods, which will rise to \$155 billion in 21 days. Ontario is advancing and considering its own retaliatory measures, including some that could significantly impact municipalities. These may include:

- Banning US companies from procurement contracts. It is unclear if any procurement restrictions would apply to municipalities
- Halting export of nickel and critical minerals, impacting local industry
- Implementing a 25 per cent tax on electricity exports when the legislature returns and potentially cutting off the flow entirely. Ontario's consumers and municipalities could see increased rates resulting from the revenue loss

- Cancelling its Starlink contract, which was going to provide high-speed internet access to rural and northern Ontarians starting this June.

These new tariff rates and additional US “reciprocal tariffs” said to be implemented in April could have substantial impacts on Ontario, especially in the most trade-exposed communities that produce automobiles and parts, steel, copper and other items.

AMO's Action

AMO continues to highlight to federal and provincial governments’ Ontario municipalities’ desire to take action. Yesterday, AMO President Robin Jones wrote to the Premier to highlight municipal procurement, economic development functions, and infrastructure investment as key tools to deploy in support of communities and the economy at this critical time.

To ensure municipalities receive the most relevant news on tariff and trade actions, AMO has launched a new web page to centralize our resources. Here, members can find:

- Tariff impacts on planned municipal infrastructure expenditures. With input from municipal staff across the province, Oxford Economics estimates that tariffs could increase infrastructure costs over \$1 billion on nearly \$50 billion in planned expenditures over the next two years. Municipalities can use the 2.1% municipal capital cost increase to help inform decisions on upcoming contracts.
- Updates on any “Buy Canadian” initiatives so that municipalities can comply with standing trade agreements while supporting their local, Ontario and Canadian economies. To date, AMO has not received a response to its February letter to the Ontario Secretary of Cabinet with respect to the importance of collaborating with municipalities around procurement policies and strategies.
- Upcoming tools to estimate the impacts of trade and tariff measures on municipal expenditures and revenues including property taxes to ensure municipalities understand the changing fiscal environment.

AMO will continue to work with our partners in the business community as well as residential and civil construction industries to make the case for investing in municipal services such as social housing and local infrastructure as a stimulus measure. Infrastructure investments pay dividends in both the

short and long term, as employing workers contributes to GDP growth and productivity.

This policy update is also available on [AMO's Website](#).

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