

## **Mayor's Economic Action Plan in Response to US Tariffs – Update to Council**

**Date:** July 14, 2025

**To:** Executive Committee

**From:** City Manager and General Manager, Economic Development and Culture

**Wards:** All

### **SUMMARY**

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The Mayor's Economic Action Plan in Response to US Tariffs (referred to as the 'Tariff Action Plan' hereafter), outlined actions the City is taking to protect Toronto workers, businesses and residents in response to US tariffs. The Tariff Action Plan, adopted at the March 26 City Council meeting, was developed in close collaboration with City divisions and agencies and the Mayor's Economic Action Team, and is consistent with the Council adopted *Sidewalks to Skylines: An Action Plan for Toronto's Economy (APTE)*.

Since the adoption of the Tariff Action Plan update by Toronto City Council on April 23, City staff across various divisions have been working to implement the actions, monitor the evolving US trade situation, and continue work with the Mayor's Economic Action Team on the next phase of City actions. Notably, as US trade policy and related Executive Orders from the White House continue to evolve, this report outlines the situation at the time of writing.

This purpose of this report is to provide further updates on the Tariff Action Plan for the ten short term actions and six longer term economic objectives. City staff have advanced work since the last report, with highlights including the full implementation of procurement changes to leverage the City's buying power to support Canadian businesses, a new trade diversification initiative (TradeTO), the success of the Love Local spotlight campaigns, and a 15% increase in registrations on the Social Procurement Supplier List.

This report recommends several actions to strengthen and advance the Tariff Action Plan, including, developing a strategy for advancing productivity and protection of manufacturing and industrial jobs, developing options for a time-limited enhancement to the Economic Development and Growth in Employment Incentive Program to incentivize near-term investments in job creation, prioritizing the review of industrial and manufacturing development applications, working with Toronto Hydro and the

Atmospheric Fund to advance electrification, and expanding the eligibility of the Industrial Property Tax Deferral Program to include all industrial properties. The report also provides additional updates on steps the City is taking to advance the six long-term economic objectives within the Tariff Action Plan.

Staff continue to closely monitor the evolving trade relationship with the United States and will report back on the progress of the implementation of the Mayor's Economic Action Plan in Response to US Tariffs in Q1 2026, as part of the Year 1 progress report of Sidewalks to Skyline: Action Plan for Toronto's Economy or before then, if and as necessary.

## **RECOMMENDATIONS**

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The City Manager and the General Manager, Economic Development and Culture, recommend that:

1. City Council direct the General Manager, Economic Development and Culture, in consultation with relevant City Divisions and Agencies, to develop a Strategy for Advancing the Productivity and Protection of Good Manufacturing and Industrial Jobs in the City of Toronto to stimulate new investment and employment intensification and report back to City Council by Q2 2026.
2. City Council direct the General Manager, Economic Development and Culture, in consultation with the Chief Planner and Executive Director, City Planning, and the Chief Financial Officer and Treasurer, to bring forward to the Planning and Housing Committee by Q4 2025, options to amend the City-Wide Community Improvement Plan for the Economic Development and Growth in Employment (EDGE) Incentive Program to create a time-limited enhancement to incentivize businesses to invest in job creation in the short-term, within the existing annual financial incentive cap for EDGE, by providing an enhanced grant for applications received by December 31, 2027, including assessing such program changes as the following:
  - a. Increasing the incentive level for applicants constructing new buildings or substantially renovating existing buildings in eligible sectors or uses (excluding Transformative Projects) by:
    - i. increasing the tax increment equivalent development grant to 100% of the cumulative municipal tax increment over a five-year period for applications submitted by December 31, 2027; or
    - ii. increasing the total amount of assistance to 100% of the municipal tax increment over a maximum seven-year period, or until all eligible remediation costs have been compensated through the program (whichever occurs first), when development grants are provided in conjunction with Brownfield Remediation Tax Assistance, for applications submitted by December 31, 2027;

- b. A sunset of this enhancement which returns the program to the current benefit levels and program design for applications received after December 31, 2027; and
  - c. Any other amendments, which are required to implement the above changes to the EDGE Incentive Program.
- 3. City Council request the Executive Director, Development Review, in consultation with the General Manager, Economic Development and Culture, to add industrial and manufacturing applications to the Priority Development Review Stream and provide a concierge-type service and expedited review of these applications, to advance implementation of Action 34 of the Action Plan for Toronto's Economy (2024.EC16.2) and include an update on details of this initiative with the next report of this plan.
- 4. City Council direct the City Manager and the Executive Director, Environment, Climate and Forestry, to work with Toronto Hydro and The Atmospheric Fund to engage key stakeholders in the development of a report on "The Electrification Advantage" that outlines the accelerated concrete actions to increase the deployment of local renewables and help achieve the goals of the TransformTO climate strategy, enhance energy security, strengthen the long-term financial and environmental sustainability of Toronto, encourage innovation and job creation, and address long term affordability concerns for Toronto residents and businesses.
- 5. City Council amend City of Toronto Municipal Code Chapter 767, Taxation, Property Tax to expand the eligibility criteria of the Industrial Property Tax Deferral Program to include industrial businesses with an ancillary use in a different tax class at the same property, subject to the satisfaction of the Executive Director, Finance Shared Services and General Manager, Economic Development and Culture that other uses are ancillary.
- 6. City Council direct the General Manager, Economic Development and Culture to continue to monitor the evolving trade relationship with the United States and report back on the progress of the implementation of the Mayor's Economic Action Plan in Response to US Tariffs in Q1 2026, as part of the Year 1 progress report of Sidewalks to Skyline: Action Plan for Toronto's Economy or before then, if and as necessary.

## **FINANCIAL IMPACT**

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### *Assessment of Possible EDGE Incentive Program Changes*

Economic Development and Growth in Employment (EDGE) Incentive Program grants are funded through foregone revenues from new municipal taxes generated by reassessment following construction of the new or upgraded building. While the City temporarily forgoes a portion of these incremental tax revenues during the grant period,

the City benefits from sustained increases in property tax revenue once the grant term concludes.

Initial projections for the EDGE Incentive Program when it was approved in December 2024 estimated an average 5-year grant value of approximately \$1.9 million per approved project, resulting in a total of \$40.1 million in disbursements from 2025-2034. The applications received to-date have come in smaller than projected grant requests, at approximately \$1.0 million per 5-year grant, or roughly 53% of the projected amount. Based on the applications received to date and slower market interest, staff are observing a reduction in the number and scale of projects under discussion with interested businesses. Projects which have been put forward are smaller in scope, representing moderate expansions of existing facilities rather than new build investments. This is attributable, at least in part, to market uncertainty due to US economic policy and tariffs.

To incentivize near-term investments from industrial manufacturing businesses, this report recommends that City staff explore options for a time-limited enhancement of the EDGE grant, bringing a grant from 60% of incremental taxes over 5 years to 100% of incremental taxes over 5 years for grants approved by December 31, 2027.

Staff project, based on current modelling of interest and grant size, the enhanced EDGE Incentive Program option recommended in this report would increase the average program grant from the current level of \$1.0 million to \$1.7 million for a 5-year grant for those grants approved within the new enhanced time period of December 31, 2027. Under the proposed enhancements, grant expenditures are expected to start in 2027 at a cost of \$0.8 million, growing to \$4.3 million in 2034 in foregone revenues. These amounts will be accommodated within the established program annual budget cap of \$20 million.

The ultimate take-up, costs, and benefits of the proposed temporary enhancement to the EDGE Incentive Program will depend on prevailing market conditions and demand for new and upgraded employment space. The changes being proposed will be implemented within the program's approved annual budget cap of \$20 million. The City will benefit from sustained increases in property tax revenue from each property once its grant term concludes.

### *Industrial Property Tax Deferral Program*

The Industrial Property Tax Deferral Program is a targeted, temporary relief measure implemented in 2025 to support industrial properties impacted by recent U.S tariffs. The current program allows eligible industrial property tax payments for 2025 to be deferred from June 1 to November 30, 2025, without interest or penalties. The change of eligibility proposed in this report will add approximately 1,000 properties to the current 2,047 industrial properties eligible for the proposed Tax Deferral Program. There has been limited interest in the program to date and this change is anticipated to have limited financial impact to the City as it is anticipated to have a low participation rate based on the City's experience with this and other tax deferral programs.

All other staffing resources and expertise needed to support the actions identified in this report for the Mayor's Economic Action Plan in Response to US Tariffs will be accommodated within existing divisional operating budgets.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information presented in the Financial Impacts section.

## **DECISION HISTORY**

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At its meeting on May 21, 2025, City Council directed staff to establish and promote a Red Tape Reduction pilot program, for a period of four months, to allow Toronto businesses and entrepreneurs to report unnecessary or burdensome municipal rules, regulations, and permitting requirements.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.MM30.24>

At its meeting April 23, 2025, City Council adopted the Mayor's Economic Action Plan in response to US Tariffs – Update to Council. The report provided an update on the early implementation of the Mayor's Economic Action Plan in response to US tariffs and outlined six (6) long-term economic opportunities.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.EX22.9>

At its meeting March 26, 2025, City Council adopted the Mayor's Economic Action Plan in response to US Tariffs. The Plan details ten (10) immediate actions to be implemented over the following 30 days to ensure Toronto remains resilient amidst economic adversity while continuing to build a strong and diversified economy to enable growth with a commitment to return to Council with additional measures in future.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.EX21.2>

At its meeting February 11, 2025, City Council also directed the City Manager, as part of the forthcoming Toronto Action Plan, to develop a Resiliency Strategy to respond to the potential impacts of tariffs placed on Canadian goods and services by the United States, incorporating input from impacted sectors and the Mayor's Economic Action Team, in collaboration with the other orders of government.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.CC27.1>

At its meeting on February 5, 2025, City Council adopted the motion MM26.7, which requested the development of a comprehensive, multi-faceted "Buy Local, Buy Canadian" campaign in response to the potential twenty-five (25) percent tariff announced by the US administration.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.MM26.7>

On December 17 and 18, 2024, City Council adopted *Community Improvement Plan for the Economic Development and Growth in Employment (EDGE) Incentive Program*, the proposed EDGE program replaced the Imagination, Manufacturing, Innovation and Technology (IMIT) program to align with Council direction via the Long-Term Financial

Plan to redesign the incentive program for stronger alignment with City goals, predictability and affordability.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.PH17.1>

On November 13 and 14, 2024, City Council adopted *Sidewalks to Skylines: An Action Plan for Toronto's Economy (2025-2035)*, a comprehensive ten-year action plan that guides and shapes Toronto's economic development for the next decade, focusing on three priorities: Strong Main Streets, Quality Jobs, and Global Competitiveness, anchored by a foundational priority of Getting the Basics Right, focusing on key City levers that improve liveability and enable a business-friendly environment.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EC16.2>

## COMMENTS

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### Background

As of July 11, 2025, the following tariffs remain in effect for Canada:

**Automobile:** 25% tariffs on finished cars and light trucks went into effect on April 3 and apply where these products are shipped into the US and to imported parts that are assembled into cars at American auto plants. Auto parts manufactured in the US are exempted from the tariff.

**Steel and Aluminum:** 50% tariffs on steel and aluminum imports to the US which were imposed on March 12, 2025, at 25% and increased on June 4 to 50%.

**Energy and Potash:** 10% tariffs on energy or energy resources and potash imported from Canada and not qualifying as originating under Canada-United-States-Mexico-Agreement (CUSMA).

**Items not compliant with the Canada-United-States-Mexico Agreement (CUSMA):** 25% tariffs on non-CUSMA compliant goods and a 10% tariff on non-CUSMA compliant energy and potash. CUSMA compliant goods will continue to see a 0% tariff. It is estimated that 90% of Canadian exports to the US are CUSMA eligible, although compliance lags because manufacturers must complete a certification process. Certain goods, including those that use a high amount of materials imported from outside of North America, may not qualify under the Agreement.

On July 10, 2025, the US announced it will apply a tariff of 35% on all Canadian products sent into the US starting August 1, 2025, separate from all sectoral tariffs listed above. While the threats and impacts of tariffs continue to change, the broader market uncertainty they generate is delaying investment and hiring decisions. Businesses face pressure from direct tariffs, impacts to the global supply chain, threats of additional tariffs and other policy treatment from the US, leading to overall reduced business and

consumer confidence. There remains a strong need for continued consultation, monitoring, and action to support impacted businesses in Toronto.

### **Canadian Counter Tariffs and Government Support**

The federal government has recently made several announcements to mitigate the impacts on tariff affected sectors, create focus on a comprehensive new trade arrangement with the United States, and establish a timeline for such negotiations. On June 29, the federal government announced that Canada has rescinded the digital services tax to advance broader trade negotiations with the United States. This demonstrates that US economic policy objectives extend beyond tariff measures and may have wide ranging implications for Canadian policy and economic objectives in areas such as border security, cultural sovereignty and defence.

In response to the increase on steel and aluminum tariffs to 50%, it was announced by the federal government on June 19 that Canada will adjust its existing counter-tariffs on steel and aluminium products on July 21, to levels consistent with progress that has been made in the broader trading arrangement with the United States. Additionally, it was announced that effective June 30, the federal government will begin implementation of reciprocal procurement policies to limit access to federal procurements to suppliers from Canada and from our reliable trading partners that provide reciprocal access for Canadian suppliers through trade agreements. Finally, on June 19 it was announced that Canada will establish new tariff rate quotas of 100 per cent of 2024 levels on imports of steel products from non-free trade agreement partners to stabilize the domestic market and prevent harmful trade diversion (“dumping”) as the result of the US actions that are destabilizing markets. The quotas will be applied retroactively.

Early in the trade dispute, the Ontario government took retaliatory actions including removing US alcohol from distribution and banning US companies from procurement. To mitigate the impacts of US tariffs, on April 7, the Ontario government announced \$11 billion in new supports to industry including deferred taxes and rebates to businesses. The federal government announced several measures, including a \$10 billion Large Enterprise Tariff Loan facility, the redirection of collected tariffs to support impacted sectors, adjustments to Employment Insurance to support the retention of staff and deferral of corporate income tax payments and GST/HST remittances and launched a \$6.5 billion two-year initiative to support exporters and businesses impacted by the implementation of tariffs.

### **Efforts to Realign Canada’s Economy**

Both the federal and provincial governments have announced initiatives and funding to diversify markets, spur economic development and realign Canada and Ontario’s economies in response to the challenge of US tariffs. In the Speech from the Throne on May 27, the federal government announced several measures that align with the Mayor’s Economic Action Plan in Response to US Tariffs. These include investing in the growth of the prefabricated and modular housing industry, building an industrial strategy

that will make Canada more globally competitive, and building Canada into the world's leading hub for science and innovation.

On June 26, 2025 the federal government passed Bill C-5, intended to remove federal barriers to internal trade and labour mobility, and advance nation-building projects which the government identifies as crucial for driving Canadian productivity growth, energy security, and economic competitiveness. Ontario has also recently signed Memorandum of Understanding with the Provinces of Manitoba, Nova Scotia, New Brunswick, Saskatchewan, Alberta and Prince Edward Island to lower inter provincial trade barriers.

Export Development Canada has launched a \$5-billion program, which will include working capital solutions “to help companies manage existing contracts and to address the potential decreases in U.S. sales”.

To support retraining and reskilling efforts to drive economic growth, the Province announced \$1 billion for the Skills Development Fund (SDF), bringing the total funding commitment to \$2.5 billion. This includes \$100 million that was announced in January 2025 for the SDF Training Stream, plus \$705 million over the next three years.

## **Mayor's Economic Action Plan Implementation Updates**

The Tariff Action Plan, adopted at the March 26, 2025 City Council meeting, was developed in close collaboration with City divisions and agencies and the Mayor's Economic Action Team, and is consistent with the Council adopted 10-year economic action plan, APTE. The Tariff Action Plan outlined 10 initial actions the City is taking to protect Toronto workers, businesses and residents in response to US tariffs. The list below provides an update on its implementation.

As per Council direction in [2025.EX22.9](#), a sunset clause was introduced to allow for the removal of relevant recommended measures in the Tariff Action Plan. As part of the Chapter 195 – Procurement Bylaw, the relevant amendment will only remain in effect as long as Canada imposes retaliatory tariffs on US goods in response to the tariffs imposed by the US on Canadian goods, unless otherwise directed by the Government of Canada or the Province of Ontario, or both.

### **1. Procuring Canadian**

Since the adoption of the Tariff Action Plan, several actions have been taken to increase City procurement with Canadian and local companies and to limit procurement with US-based suppliers. New Council-approved definitions—Canadian Supplier, Canadian Business Subsidiary, Trade Partner Supplier, USA Based Supplier, and Non-American Business Subsidiary— have been incorporated into Chapter 195, Procurement. New Council-approved purchasing limitations for non-Canadian suppliers that align with trade agreement obligations applicable to Canadian municipalities have been implemented.

The City has also implemented process adjustments. These include: inserting tariff response language into all solicitation templates, introducing updates to the supplier



onboarding process to help build better data regarding the City's Canadian supplier market, updating procurement processes to require City Manager, or delegate, to review USA Based Supplier contracts, and a top-line review of divisional spend with USA Based Suppliers and meetings with divisions to identify sourcing strategies to redirect spend to Canadian and Trade Partner Suppliers. Additionally, direction has been issued to City staff to leverage Canadian suppliers for all low-value business and employee expenses (under \$3,000) unless a locally owned alternative does not exist. This has led to decreased spending with USA Based Suppliers in this spend category.

To support Canadian and local businesses in accessing the City's procurement, the City has continued hosting regular information sessions to educate businesses on how to do business with the City. Purchasing & Materials Management Division (PMMD) will continue to host monthly sessions, while Economic Development and Culture (EDC) and PMMD will continue to co-host quarterly sessions including a focus on the City's tariff response. The supplier registration portal has been updated to allow suppliers to self-identify according to the new definitions, enhancing targeted communication for procurement opportunities, particularly those under the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) threshold. PMMD has engaged City agencies and corporations to encourage adoption of similar procurement policies and is collaborating with business organizations to establish a clear definition of local business.

## **2. Deferring property tax payments to provide cashflow support to industrial property owners**

The City launched an online application to the program which provides relief to eligible industrial property owners facing financial hardship due to US-imposed tariffs. The program allows for a waiver of interest and late payment penalties on overdue property taxes from June 1 to November 30, 2025. Applications received by July 31, 2025, will qualify for the full six-month deferral, while those submitted afterward may receive relief from the date of approval up to November 30, 2025.

The online application portal launched on April 14, 2025. Notice of the program was included in the BusinessTO newsletter, and in outreach to impacted industry clients and government partners by EDC staff. An additional mailing was sent to all industrial property owners in mid-June.

There has been limited uptake of the program to date. This result accords with other relevant data points, such as manufacturing employment levels and the results of EDC's business sentiment survey, which indicate that, in many cases, manufacturing firms have found ways to weather the current trade disruption without significant cash conservation strategies like large scale layoffs. However, an analysis of applications reveals that some affected businesses operate in properties with mixed property type classifications, rendering them ineligible. This report recommends an expansion to the eligibility criteria of the Industrial Property Tax Deferral Program to include industrial businesses with an ancillary use in a different tax class at the same property to consider potential applicants who are experiencing financial hardship due to tariffs and operating in a property with mixed property types where the primary use is industrial. This change

is anticipated to have limited financial impact to the City and a high number of applicants is not anticipated based on the trends to date.

### **3. Supporting local and Canadian businesses through a “Love Local” campaign**

Beginning in March, 25, 2025 large Love Local signs were installed with red lighting and maple leaf decals. Twenty-two thousand window decals have been distributed to City Councillors and forwarded to all 86 Business Improvement Areas (BIAs) for distribution to their member businesses. A Love Local booth was set up at public markets city-wide throughout the summer and was heavily promoted during Public Markets Week in June. Most of the large signs have been de-installed, after being up for more than 6 weeks at each location. Several marquees will remain up through the summer. BIAs and other organizations have the opportunity to rent the marquees should they wish to extend the activation.

The first phase of the promotional campaign featuring print and digital transit shelter ads, posters, paid and organic social media posts is currently in market. The information was highlighted in existing City newsletters and Councillor distributions. The response to the campaign by participating BIAs and member businesses has been very positive.

The Love Local marketing campaign, which features both main street businesses and the City’s manufacturing sector, has garnered over 335,000 impressions. Businesses had the opportunity to apply to be featured through the campaign. A portable Love Local sign was located at five events including the St. Lawrence Market North Market Opening and 2025 Public Markets Week celebrations reaching more than 10,000 residents. The Love Local social media content has reached over 275,000 people and generated over 28,500 engagements. The newsletters have performed well, with over 45,000 unique opens and over 6,300 link clicks. The campaign received widespread media attention, with over 4,000 mentions and a total reach of 4.3 billion impressions, and the dedicated City webpage on US economic policy impacts has been performing well, attracting over 12,000 views and more than 9,200 unique visitors.

### **4. Providing dedicated supports and launching a promotional campaign for Toronto’s manufacturing and industrial sector**

A promotional campaign for Toronto’s manufacturing and industrial sector has been launched, which has become a stream of engagement under the “Love Local” campaign. The promotional campaign has included business site visits by Mayor Chow to local manufacturers, such as Ya YA Foods Corp. in Etobicoke, Armstrong Fluid Technology in Scarborough, and Plastics Plus in North York. A “Love Local Manufacturing” social media storytelling campaign, active in market now, will further highlight Toronto’s manufacturing sector.

### **5. Partnering with Toronto region municipalities and the Province to reduce reliance on US-based suppliers**

PMMD continues to meet regularly with a group of Toronto-region municipalities, which has recently expanded to include many municipalities and regions in the Greater

Toronto and Hamilton Area. A survey was completed with the group to identify shared commodities with high spend with USA Based Suppliers to prioritize cooperative purchasing processes to explore alternatives. The City is working with Toronto-region municipal partners to select and plan the first cooperative procurement.

PMMD continues to engage with Supply Ontario to receive updates on the Province's work and to identify areas for the City and Province to collaborate.

## **6. Expanding global markets for Toronto businesses, working with industry and partners**

The City is making significant efforts with industry and government partners to establish Toronto as a globally recognized export hub beyond the US by empowering small and medium enterprises (SMEs) to successfully access and compete in diverse international markets beyond the United States.

In May 2025, the City promoted Toronto businesses on the global stage through the Consensus Conference, a delegation to Web Summit Vancouver, and hosting a Canada-United Kingdom (UK) Export Roadshow and supported engagement at the Mayoral Latin America Roundtable. This was followed in June by a delegation to the Conference of Montreal and a City-hosted market information session to promote export and trade in the European Union (EU) market through Canada-European Union Comprehensive Economic and Trade Agreement (CETA).

In addition, EDC led a July 7-11, 2025 trade mission to Dublin and London with Mayor Chow to promote co-production, service production, and animation with Toronto-based companies. The outcome will be enhanced awareness of Toronto as a desirable production jurisdiction and expanded business opportunities for Toronto-based businesses in this industry; context is the threat of film sector tariffs.

On June 11, EDC launched Toronto's Trade Diversification Initiative, TradeTO - a comprehensive engagement program designed to equip Toronto businesses with the knowledge, connections, and tools needed to succeed in global markets beyond the U.S.

TradeTO is aimed at equipping Toronto business to expand exports to key markets through capacity building and targeted trade promotion. TradeTO will feature expert-led panels, interactive forums, and high-profile speakers addressing a range of topics, including:

- Navigating strategic international markets
- Leveraging Canada's foreign trade agreements and tariff relief programs
- Export financing and risk management
- Scaling globally through public and private sector resources

Completed and planned activations for 2025 include:

- Mayoral Latin American Roundtable - May 6, 2025
- Consensus Conference Toronto – May 14-16, 2025
- Web Summit Vancouver, May 27-30, 2025

- Canada-UK Export Roadshow – May 27, 2025
- Conference of Montreal – June 9-10, 2025
- Uncovering the CETA Opportunity – June 11, 2025
- TradeTO – Trade Diversification Webinar Series – September to November
- Promoting Export and Trade in the Latin American Market – October 15-17, 2025
- Small Business Forum – October 29, 2025
- Web Summit Portugal – November 10-13, 2025
- Promoting Export and Trade in the CPTPP and ASEAN Market – December 2025
- Conference of Paris – December 16-17, 2025

The success of City efforts is being tracked across several metrics, including growth in SME exports to non-US markets, number SMEs participating in trade readiness programs, number of international missions and partnerships, and direct-to-business satisfaction and confidence scores as measured in readiness surveys. After a recent CETA and the EU market training event attended by 110 individuals, all attendees reported in a survey a moderate to significant increase in their knowledge of this trade agreement.

## **7. Working with industry, workers and training partners to increase the adoption of new technology by Toronto businesses to increase competitiveness**

The City is building on existing work and relationships with Digital Main Street (DMS) to provide enhanced services to assist small retail businesses grow through adoption of digital tools, AI and other digital services.

Over 300 businesses signed up for a new AI training course from DMS in partnership with Google: “AI Essentials” and “Prompting Essentials” Courses. DMS is collaborating with strategic partners to host an AI Webinar Series in the coming months.

DMS has also surveyed over 850 businesses and found that more than 55% intend to use AI within the next six months, while 20% are already using AI. The City will continue to work with DMS to support businesses to increase their economic productivity by adapting new tools.

The City is working actively to increase the adoption of AI and new technology, which is detailed below in the Long-Term Economic Opportunity #2, “Accelerate adoption of technology, with a focus on AI to support the competitiveness of local firms and the upskilling for Toronto workers to boost productivity”.

## **8. Increasing purchasing opportunities with Indigenous, Black and diverse suppliers and social enterprises**

Inclusion efforts continue to be integrated into the City’s procurement activities through new and ongoing supplier training, including outreach targeted at Indigenous, Black, and diverse suppliers and social enterprises.

On June 6, 2025, EDC and PMMD co-hosted a Supplier Day, which invited Indigenous, Black and diverse suppliers, social enterprises and local businesses to learn how to do business with the City and to network with City staff. The focus of the Supplier Day was key goods and services with historically high spend with USA Based Suppliers. The recent Supplier Days session had over 230 attendees, including over 175 confirmed Indigenous, Black, Diverse, and Social Enterprises.

PMMD has analyzed Divisional Purchase Order data and compared commodities with high spend with USA Based Suppliers with the Social Procurement Supplier List. Analysis identified 55 suppliers registered on the City's Social Procurement Supplier List who can provide these commodities which have previously been sourced from USA Based Suppliers. This analysis of Divisional Purchase Order data will be used to tailor outreach efforts to Indigenous, Black and diverse suppliers and social enterprises in support of the City's US tariff response and to encourage an increase in supplier registrations.

In the past 6 months, PMMD has seen a 15% increase in registrations on the Social Procurement Supplier List. PMMD regularly reviews the Social Procurement Supplier List to identify gaps and conducts outreach through certification bodies and identity-based business organizations to expand participation. Since the release of the Tariff Action Plan, PMMD has gained 25 diverse suppliers across Ontario.

## **9. Partnering with business to prepare for tech and tariff disruptions that will impact our local workforce**

While it is still early, data assembled by EDC shows resilience in the industrial workforce. Since the inauguration of the new American administration in January 2025, Toronto has seen growth in overall employment and growth in employment in the industrial sectors. While the local unemployment level has increased to 9%, these changes are primarily driven by employment levels in the retail and construction sectors, while manufacturing employment appears to be more stable. This accords with information collected in EDC's survey of manufacturers where firms appear to be pursuing other cash conservation strategies before any immediate need to move to lay-offs. The City continues to monitor the situation and will be ready to collaborate with universities, colleges, and training partners to develop reskilling and upskilling programs in the event of changes in the circumstances.

## **10. Directing day-to-day spending by City staff to Canadian owned and local choices**

PMMD reports on the City's spending with USA Based Suppliers and tracking will continue to inform future direction to staff, as required. Data collected to date shows that City staff have reduced spending on US-based goods and services. These measures reflect a broader commitment to redirect day-to-day operational spending toward Canadian and Toronto-based providers.

## **How the Circular Procurement Framework Supports Proposed Actions within the Mayor's Economic Action Plan**

In March 2025, City Council requested that the implementation update on the Tariff Action Plan review how the City's [Circular Procurement Framework](#) (see also [2019 update to Council](#)) can support the City's proposed actions to address the United States-Canada trade related economic uncertainties. This section provides an overview of how the City's Circular Procurement Framework supports the action plan.

Circular procurement is an approach to purchasing products and services that focuses on keeping materials in use for longer by purchasing products and services that will allow for, or are designed for, repair, reuse, or recycling; opting for sharing and/or leasing rather than ownership; incorporating provisions related to durability and longevity; and including higher expectations around end-of-life/end-of-use obligations for suppliers.

The following list outlines how circular considerations to procurement practices can align with several actions under the Tariff Action Plan:

- **Action #1 - Procuring Canadian** - One of the approaches of circular procurement is to minimize the impact of consumption, which can be achieved both by sourcing local materials and by sourcing from local suppliers who can apply circular strategies (e.g. reuse, repair, remanufacture, and recover) in their products. These approaches complement the City's goal of increasing local and Canadian procurement and can help to reduce Canada's reliance on imported goods. PMMD will be reporting in Q3 2025 with an update on sustainable procurement through the work of the City's Sustainable Procurement Governance Table, led by PMMD in coordination with divisional partners.
- **Action #7 - Working with industry, workers and training partners to increase the adoption of new technology by Toronto businesses to increase competitiveness** - Circular procurement represents an opportunity for adoption of new technologies and innovations tied to rethinking how Toronto procures, utilizes, and optimizes infrastructure, products and services. Incorporating higher ambitions around end-of-life/end-of-use obligations for suppliers can contribute to the adoption of new technologies and offer job creation opportunities given that repairability and other service guarantees typically require more labour than "linear" approaches (e.g. disposal and replacement).
- **Action #8 - Increasing purchasing opportunities with Indigenous, Black and diverse suppliers and social enterprises** - Through the broader circular economy program, City staff are working to identify what resources and capacity building efforts are necessary to ensure all diverse populations in Toronto can take advantage of the benefits of participating in a circular economy.

City staff are currently developing a 10-year strategy and implementation plan to guide Toronto's transition to a circular economy. The strategy – which seeks to reduce waste and increase sustainable consumption through the recovery, reuse, and recirculation of resources in the local economy – may create opportunities to help local industries and increase the competitiveness of locally sourced, re-manufactured resources. City staff

will report to Council by Q1 2026 with both a Circular Economy Road Map and corresponding implementation plan for further consideration.

## **Long-term Economic Opportunities**

Drawing on the advice of the Mayor's Economic Action Team to think boldly, invest in growth, and set an optimistic vision for Toronto's future economy, six opportunities were identified to be explored further as part of the next phase of the Tariff Action Plan. Updates on these six opportunities are provided below:

### **1. Enhancing Toronto's business environment to drive new investment, employment growth and economic resilience**

City Staff are working to bring forward options to Council, informed by business and labour stakeholders, to reduce regulatory burden without compromising social, environmental and employee safeguards, including:

#### *Red Tape Reduction*

At its meeting on May 21, 2025 ([2025.MM30.24](#)), City Council directed staff to establish and promote a Red Tape Reduction pilot program, for a period of four months, to allow Toronto businesses and entrepreneurs to report unnecessary or burdensome municipal rules, regulations, and permitting requirements. Staff are currently developing a Red Tape Reduction Initiative, with an online form expected to launch to the public in Q3 2025 and a report back on the results and recommendations by Q1 2026.

#### *Business Licence and Permit Applications Action Plan: Chapter 545, Licensing (2025 to 2029)*

Staff are reporting to Council in July 2025 with a Business Licence and Permit Applications Action Plan, a multi-year major strategic initiative. The City regulates 61 types of businesses and trades in Toronto through Chapter 545, Licensing. To improve the business licensing and permitting experience, the City continues to update the Licensing Bylaw, the licence/permit administration and enforcement process, as well as technologies that enable online and in-person applications and renewals. The Business Licence and Permit Applications Action Plan aligns with the objectives of the Tariff Action Plan in response to US Tariffs and is aligned with several actions to create a competitive business environment, including The Red Tape Reduction pilot program.

#### *Options to Incentivize Near-term Industrial Investment Through Enhanced EDGE Program*

US trade policy is creating market uncertainty with reduced business confidence leading to delayed business investment decisions. To incentivize investment in the near-term in Toronto to create new jobs and grow GDP, staff propose to evaluate options for a time-limited enhancement to the City's Economic Development and Growth in Employment (EDGE) Incentive Program. The EDGE program was adopted by Council to support the

growth of high-quality jobs and economic opportunities, and this enhancement responds to the increased challenges faced by businesses due to US trade policy.

Since the implementation of the EDGE Incentive Program in January 2025, staff have engaged with 10 companies interested in the program. However, since the introduction of US tariffs, companies have raised concerns about the uncertainties in the market, as well as competing opportunities in other jurisdictions, particularly the US. To support the growth of good jobs in Toronto and Canada, staff are recommending the following temporary enhancement to the EDGE Incentive Program designed to encourage applicants facing these uncertainties to proceed with their investments in Toronto and retain or grow investment and employment opportunities in key sectors. Staff will prepare options for consideration by Council that may include an amendment to the Community Improvement Plan (CIP) that governs the Program (1386-2024) that includes the following changes:

1. For companies committing to invest in Toronto in the near-term, they will receive an enhanced development grant of 100 percent of the cumulative municipal property tax increment, as defined in the CIP, over a five-year period if they apply by December 31, 2027. This represents an increase from the current development grant amount of 60 percent of the cumulative municipal tax increment.
2. The enhanced development grant will not be available to Transformative Projects as defined by the CIP. These projects have more extensive planning and development needs and would not likely have the same short term capital considerations as standard expansions, renovations and new builds.
3. This enhanced development grant will only be available to applicants within an approximately two-year period ending December 31, 2027. After December 31, 2027, new applicants will be subject to the original program parameters and grant maximums. This will encourage businesses to commit to investing in the near-term.
4. All other EDGE Incentive Program eligibility requirements will remain unchanged, including Brownfield Remediation Tax Assistance program requirements.

If adopted by City Council, these temporary changes to the program will be considered within the approved annual budget cap for EDGE of \$20 million. Further analysis will be completed in conjunction with the amendments to the CIP to estimate the total impact in the form of foregone revenue based on the design parameters. Where grants go to support investments that would not otherwise have happened, the grant will result in net property tax revenue increases after the 5-year granting window.

### *Manufacturing and Industrial Priority Development Review*

Improving the timeframe for review of development applications supports job creation and investment. As part of APTE, the City committed to better facilitate high impact non-residential development and expansion with strong potential to grow Toronto's economy and create good jobs. In light of the challenges introduced by the tariff situation in the US, staff are recommending the City now expedite this work by requesting the Executive Director, Development Review, in consultation with the General Manager,



Economic Development and Culture, to add industrial and manufacturing applications to the Priority Development Review Stream. This provides a concierge-type service and expedited review of these applications and advances the implementation of the APTE Recommendation #34.

### *Examining Water Efficiency for Business Programs*

There are currently three [Water Efficiency for Business Programs](#): Capacity Buyback Program, Industrial Water Rate Program, and Sewer Surcharge Rebate Program.

The Industrial Water Rate Program was last updated in 2016 and there are currently 136 businesses participating in the program to receive a discounted water rate. Given the impacts of tariffs and related uncertainty on industrial businesses, the General Manager of Toronto Water has asked staff to examine the Water Efficiency for Business Programs to identify opportunities and options to adjust the program eligibility criteria, and design to enhance business competitiveness and reduce regulatory burden. Progress on this will be provided in a future update report.

### *Supporting Employment Lands Productivity and Investment*

In response to provincial policy changes, City Council recently adopted [Official Plan Amendment \(OPA\) 804](#) which amends the Official Plan to ensure alignment with the new “area of employment” *Planning Act* definition and Provincial Planning Statement 2024 policies. Business investment strategies are sensitive to macro-economic pressures and consider a wide array of investment conditions when they decide to locate or grow in any market. Land use certainty is a critical component of maintaining Toronto’s economic competitiveness.

To advance the protection and productivity of employment lands, this report recommends City Council direct staff to develop a Strategy for Advancing the Productivity and Protection of Good Manufacturing and Industrial Sector Jobs in the City of Toronto to stimulate new investment and employment intensification in Toronto and to report back by Q2 2026. The strategy will take in to account the changing policy context, the operational trends of Toronto’s globally competitive sectors, and the shifting trade landscape to provide focused direction on the City’s ability to support business growth and intensification. The development of the strategy will include engagement with relevant industry and association stakeholders.

EDC will also be hosting a workshop in the coming months with industry and municipal partners on the contribution of employment lands as generators of business activity, good jobs, and areas enabling a broad range of employment space for business.

### *Mobility of People and Goods*

As part of the March adoption of the Tariff Action Plan, Council directed staff to address within the action plan the “Mobility of People and Goods” to support the improvement of the mobility of goods connected with the economy. APTE identified “Tackling congestion head on” as a priority action. In April 2025, City Council adopted a new plan

([IE20.3](#)) to ease Toronto congestion, including the creation of a Chief Congestion Officer anticipated to be appointed by Fall 2025, using new technology to move people more efficiently, increasing on-the-ground traffic management at specific intersections, implementing a strategy for traffic around special events and planning and co-ordinating city-wide construction projects. In addition, the City's new Road Closure Fees (RoDARS Fees) are intended to incentivize contractors to find safe and efficient ways to minimize the amount of time on the right-of-way for construction activities.

## **2. Accelerate adoption of technology, with a focus on AI to support the competitiveness of local firms and the upskilling for Toronto workers to boost productivity**

The City will take a leadership role by developing an AI Economic Development Strategy to advance the global competitiveness of local researchers, start-ups and industry-leading firms. This strategic approach will foster a more inclusive economy where all businesses - regardless of size - have the tools to compete and grow in the age of AI. The City has established a roundtable of industry experts to advise on the development of an economic development strategy, while continuing to collaborate with the Toronto Region Board of Trade on aligned initiatives.

In related efforts, the City will work to promote Toronto as a key global hub of AI development to support local business development, foreign investment and talent attraction and retention. With the federal government signalling a new strategy and investment structure to promote Canada as a global AI leader, the City will lead the development and execution of a marketing campaign focused on promoting Toronto's value proposition and raising awareness of the sector's foundational strengths in AI, including world-leading talent.

To this end, the City is working closely with the Toronto Inc. Partnership of the Toronto Region Board of Trade, Toronto Global and Destination Toronto to promote Toronto's foundational advantages as a global AI hub, for business growth, investment and talent attraction. The City is a founding partner in the inaugural Toronto Tech Week June 23-27 which provides a network and platform to amplify key messages for tech adoption, with City seed funding of \$200K having been matched by both Google Cloud and Shopify. The City also supported the presence of Toronto AI businesses at key platforms with international visibility such as Consensus and Web Summit Vancouver in May, as well as Video Games Month in June.

It is also important for the City to lead by example and staff will be exploring options on how the City can leverage its own services to serve the dual objectives of improving services to residents and helping local AI innovators to access City procurement to get traction and scale. This builds on work where the City has already launched pilot programs using AI, including the Transportation Services work through the Congestion Management Plan and there will be future opportunities for the City through exploring these technologies.

As part of APTE, Council directed staff to develop an Artificial Intelligence (AI) assessment framework. The framework will ensure that AI technologies used or procured by the City are safe, secure, ethical and legally compliant, supporting innovation and collaboration with Toronto's technology sector to improve public service delivery.

Further, City Council, through [GG20.14](#), established the "Mayor's Awards for Artificial Intelligence Innovation" within City Divisions, Agencies, and Boards to support the adoption of AI innovation within the City's business practices. Per the adoption of the motion at the April 2025 session of Council, City staff will report back at an appropriate time in the development.

### **3. Accelerate housing innovations to deliver more homes and accelerate local innovation with the promise to scale globally**

The City of Toronto is increasing its efforts to support innovative housing options and creating the successful conditions for a thriving and exportable industry within Toronto through a stream of work for accelerating housing innovation. The City will be taking new actions, including:

- Increasing efforts to attract and secure new capital investment in modular housing development and manufacturing of innovative housing technologies within Toronto.
- Establishing a staff working group to advance both the economic development and ease of construction of innovating housing solutions. The working group will consist of staff from City Planning, Toronto Building, Development Review, Housing Secretariat, Economic Development and Culture, and Procurement Materials Management Division, and will examine potential engagement opportunities with industry stakeholders.
- Establishing a new website with consolidated resources and contact information for businesses interested in establishing factories for innovative housing technologies or developing innovative housing sites to contact the City.
- Exploring opportunities to align the City's procurement policies to allow the City to leverage innovative housing construction technologies.

The renewed investment in housing by all orders of government and institutional investors can also be leveraged to scale up construction, through investment in these technologies. Strengthening the local capacity to leverage these innovative approaches will in turn reduce reliance on foreign suppliers.

### **4. Reduce reliance on US energy and support sustainability through the advancement of electrification**

As the City's climate action has accelerated over the past decade with the adoption of [TransformTO](#), so too has its collaboration with Toronto Hydro deepened and expanded, including efforts at electrification. These efforts are also addressing industry concerns regarding grid integrity and reliable access to power, especially for large scale advanced manufacturers.

To further support the Tariff Action Plan and strengthen collaboration between the City and Toronto Hydro to accelerate electrification and renewables deployment, staff are working closely together on the development of a joint report, “The Electrification Advantage”, with the following shared objectives:

- **Creating Shareholder Value:** Investment in the City-owned utility means value growth for the City of Toronto as sole shareholder, creating shareholder value through the net-zero energy transition.
- **Enabling City Building:** With Toronto’s electricity demand set to double by 2050, driven by economic and population growth, the City and Toronto Hydro must work together on electricity infrastructure and related energy projects in ways that respond to local needs, including for more housing (that is increasingly electrified), and build capacity to connect new businesses (that are often power-intensive such as data centres or power-sensitive such as advanced manufacturing, medicine and research).

In the coming months, together with key stakeholders, these objectives, and a detailed action plan in the joint report to support their achievement, will be further developed, and include additional subthemes such as:

- **Enhancing affordability**
  - Pursuing cost-effective solutions.
  - Reviewing and refreshing the City’s grant and loan programs for environmental and economic development projects.
- **Strengthening energy security and reliability**
  - Protecting consumers through the increased deployment of local renewable generation, energy storage, electric vehicles and heat pumps thereby reducing reliance on US-based energy.
  - Reaffirming the climate adaptation resilience of the grid.
- **Supporting residents and business with an orderly energy transition**
  - Ensuring grid connection and renewable generation connection processes that can provide high quality performance amid growing demand.
  - Offering enhanced services such as one-window, concierge support.
- **Expediting cost-effective electrification project delivery**
  - Medium and long-term planning expectations and requirements for large neighbourhood redevelopments (e.g. Port Lands, East Harbour, Downsview, Golden Mile).
  - Coordinating infrastructure investments.
- **Growing value for the City as shareholder**
  - Investments in critical infrastructure that generates a return for the City as Toronto Hydro’s shareholder.
  - Confirmation on non-financial value expectations.
- **Stimulating economic growth**
  - Recognizing the role of Toronto Hydro in connecting customers, expanding access to energy, and enhancing opportunities for residents and businesses to participate in existing and evolving energy markets.

Many stakeholders play an important role in electrification and renewables deployment. City of Toronto and Toronto Hydro will work with The Atmospheric Fund to leverage their expertise and ensure engagement with key stakeholders through discussions.

## **5. Strengthen Toronto's industrial port**

The City is currently working in partnership with PortsToronto to invest in key maintenance and rehabilitation projects including bridge work (Unwin Avenue Bailey Bridge replacement and Cherry Street Strauss Trunnion Bascule Bridge repairs) and dock wall repairs. This moment offers an opportunity to build on that momentum and to continue modernizing the industrial port to maximize economic benefits and to support climate goals. The City may request support for these and other infrastructure improvements from the federal government.

As part of the Tariff Action Plan, collaboration should continue with partners, including CreateTO, PortsToronto, and engagement with port industries. Staff will undertake a comprehensive review of existing successful small ports in North America, including a local jurisdictional scan of the market position of the Hamilton-Oshawa Port Authority (HOPA Ports).

## **6. Support tariff-resilient sectors able to drive long-term economic growth and job creation**

Two sectors were initially identified for exploration as resilient sectors: creative industries and the visitor economy.

On May 4, 2025, President Trump proposed tariffs on films produced outside the US, including Canada. Although it is unknown as to whether tariffs could be implemented the President's intent to retain production in the US is taken seriously by producers, unions, and trade associations in the US and around the world. There may also be a desire among large, vertically integrated entertainment companies to be seen to comply, at least somewhat, with the President's intent.

At the May 22, 2025, City Council meeting Council adopted ([MM30.39](#)) a series of requests to support the sector directed at the provincial and federal governments.

A working group of film and television industry stakeholders will continue to meet to monitor and respond to any additional pressures from the US on the industry.

A second resilient sector is Toronto's visitor economy. After a soft start to the year, tourism and major meetings project to be a significant driver of new export revenue for Canada and specifically Toronto over the balance of this year and potentially for some years ahead.

Many travelers from Canada and key overseas countries are pulling back from travel to the US over fears of entry requirements and a sense of unease. Forecasters predict a 10% decline in travel to the US from markets including Canada and Europe. At the same time, advance hotel bookings for Toronto for June through September 2025 are

currently pacing 5% ahead of the same time last year. Destination Toronto has opened new offices in Mexico, the U.K. and Germany to seize the opportunity to raise Toronto's profile and attract more visitors from these strategic markets, as well as activated marketing campaigns in Canada and the U.S.

A similar trend is emerging in major meetings and business events. Through the first half of this year, Destination Toronto has confirmed 21 future citywide meetings for the city, compared with 11 at the same time last year. Eleven of the twenty-one future meetings are begin organized by international groups, including US-based organizations, illustrating the sustained demand for welcoming and inclusive destinations such as Toronto that can also meet the logistical needs of large and complex events.

Finally, in 2026 Toronto, along with 15 other cities across the US, Canada, and Mexico, will host the international football tournament, FIFA World Cup. Hosting this large event will bring investment and tourism to the city.

## **Next Steps**

The City will continue to implement the Tariff Action Plan and set up working groups among key City Divisions, Agencies and external partners to advance the six opportunities outlined above and will continue to leverage the expertise of the Mayor's Economic Action Team.

The Mayor's Economic Action Team will be convened over the coming months and as necessary to advise on the evolving situation. City staff continue to support the implementation of the action plan, including tracking the impacts on Toronto's businesses, workers and residents. Staff are closely monitoring the evolving trade relationship with the United States and will report back as necessary, and no later than Q1 2026, with any directions to advance the Tariff Action Plan in to support businesses and residents in Toronto and ensure the pursuit of the long-term economic opportunities within the plan

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