

Region of Peel monitoring economic implications of potential U.S. tariffs

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Region of Peel staff say potential U.S. tariffs would have significant impacts on Peel's economy and cause significant cost increases in Peel Region's operations and capital programs.

At Regional Council's February 13 meeting, a report from Region of Peel finance staff was submitted to Councillors for information. The report's intent was to provide a high-level overview of what tariffs would mean for Peel Region as a corporation, and the Region of Peel as a whole.

On February 4, the U.S. announced tariffs of 25 per cent on all Canadian goods except energy products ? a 10 per cent tariff was announced for these. Two days later, a 30-day delay on the tariffs was announced.

?As 39 per cent of Peel's Real GDP relates to trade, there would be significant risks to Peel's economy including slower business growth, job loss with unemployment rising up to double digits, and elevated unaffordability and food insecurity,? reads the report. ?The proposed tariffs would result in significant cost increases to Peel's operations and capital program.?

The report states service levels could be impacted if resources and supplies become scarce. Additionally, more services could be requested of Peel, which delivers health and human services, in the event of a recession.

A large amount of Peel's economic activity is centred around trade or trade-related activities like manufacturing, transportation, warehousing, and wholesale and retail trade. A total of 42 per cent of Peel's employment is related to trade, according to data Peel Region staff pulled from Statistics Canada and Conference Board of Canada for their report. Meanwhile, 34.4 per cent of Peel businesses are related to trade.

?Peel's large manufacturing sector would be impacted greatly given the integration of the sector with that of the United States. Tariffs on intermediate goods that cross the Canada/U.S. border several times (e.g. in the auto sector) will amplify the impacts of the tariff on production costs and prices,? reads the report. ?... the U.S. tariffs could result in tens of thousands of residents losing their jobs, and Peel's unemployment rate climbing into double digits. Many Peel residents are already facing challenges such as elevated unaffordability and food insecurity. Rising unemployment along with a tariff-induced acceleration in inflation would worsen these challenges. Some residents would be forced to seek social support and increase their demand for Regional services.?

For the Region of Peel itself, costs would increase in many areas, such as infrastructure development, due to the increased price of commodities. The Region could also see a loss of revenue from development charges if construction projects begin to be delayed.

?Staff will closely monitor any developments related to the potential tariffs and will report back to Council on a regular basis and, in the event that the tariffs are implemented, staff will report back to Council with recommendations to manage the economic, financial and service delivery risks,? reads the report.