

March 18, 2025

As the U.S. Presidential election of November 5, 2024, approached, many Canadians were wary of Donald Trump's nationalist approach to foreign policy and his "America First" economic agenda, including pro tariff rhetoric. Despite the previews, it came as a shock to all of us that one of Trump's first priorities as the 47<sup>th</sup> President would be the pursuit of aggressive tariffs against Canada and the assertion of economic dominance with a stated objective of making Canada "51<sup>st</sup> American state".

Now, having absorbed the initial shock of Trump's attacks, Canadians from coast to coast and north to south are fighting back, and fighting back hard. We are at war, albeit a trade war, for the first time on Canadian soil since 1812, and Canadian patriotism is shining through in a way not seen since World War II.

This moment in our history must be non-partisan. We must galvanize as a nation behind the leaders who have demonstrated the ability to meet the moment. Wisely, our leaders have embraced a Team Canada approach. We can be proud of the leadership demonstrated by Justin Trudeau and his team during the final weeks of his time as Prime Minister. Premier Doug Ford has been particularly impressive, in his plain spoken and authentic way, taking on the role of Captain Canada. And it is our hope and expectation that Prime Minister Mark Carney will exhibit the strong and smart leadership he displayed as Governor of the Bank of Canada during the 2008 financial crisis and as Governor of the Bank of England during Brexit. We can be emboldened by their collective strength and assurance that Canada will not back down, and that Canadian sovereignty will be protected.

There is no question, however, that for as long as tariffs and Trump's chaos continue, Canada's economy, including the construction industry, will face big challenges. While it is estimated that more than 33% of Canada's GDP comes from exports to other countries, about 75% of our international trade is with one customer: the United States. Faced with this reality, the construction sector will confront major cost pressures as materials from the U.S. become more expensive and supply chains are strained. In turn, existing contracts and pricing will be under scrutiny and new bids will be faced with an uncertain risk profile.

COCA is advocating strongly on your behalf to help ensure that our sector remains strong, and these uncertainties are addressed. In particular, we are carefully watching the impact tariffs will have on contractors and subcontractors unexpectedly facing tariff induced pricing increases, particularly as they relate to public sector work. COCA will strongly advocate to all governments that tariff pricing risks must be allocated to public sector owners who have control over procurement timelines, funding sources and policy decisions. In the context of a trade war with the United States, governments must step up to support the construction industry by proactively committing to assuming tariff pricing risks under existing contracts and new bids.

Tariff costs are entirely beyond the control of contractors and subcontractors and are unforeseeable and unmanageable, particularly in the face of existing fixed-price contracts. Therefore, COCA will also watch closely for the development of any disputes over existing contract language about entitlements of contractors to increased payments. If the imposition of tariffs widens and a trade war expands, we anticipate that existing standard form contract terms could be tested. While these contracts do refer to “taxes” and “duties”, they do not expressly refer to tariffs. Most of us would readily conclude tariffs include taxes and duties. However, in the absence of the specific reference to tariffs, the case may not be so straightforward. If tariff costs escalate going forward, these standard form provisions may be put to the test. Should they arise, such disputes will only cause division and disruption at a time when the industry, contractors, subcontractors and owners, must be united. COCA will monitor this situation closely and is dedicated to supporting the resolution of any such disputes to ensure the industry is united in support of the broader trade war.

Our economic relationship with the United States will never be the same. Even if the trade war with Trump is immediately resolved, trust has been broken, perhaps irreparably. Canada’s business community and governments understand this and are already responding with great strength and urgency. Businesses are cultivating new markets and trading partners. The federal and provincial governments have committed to removing internal trade barriers, including labour mobility barriers. Governments and business are renewing a focus on “nation building” projects like east-to-west pipelines and the focused and expeditious mineral development of the Ring of Fire. Tellingly, Prime Minister Carney’s first international trip is not to the United States, but to the United Kingdom and France. COCA supports and will advocate strongly for urgent action on these and other initiatives

focused on enhancing Canada's economic productivity and renewing Canada's position as a critical economic force in the world, well beyond our relationship with the United States.

While Canada will face economic challenges and some difficult times as this trade war with the United States continues, we are a strong and resilient sovereign nation. We will prevail and ultimately prosper. So too will Ontario's construction sector. COCA will continue to support and advocate strongly on behalf of all of you to ensure that the sector is protected, continues to grow, and ultimately emerges stronger.

Sincerely,



Ian Cunningham  
President