

Tackling tariffs at the Region leans on some lessons learned over pandemic

The Region of York is looking at some lessons learned from the global pandemic to address uncertainty felt by the local business community in the face of Trump tariffs.

Regional Council received an update on the financial situation in York Region's nine municipalities last week through a tariff lens.

Jonathan Wheatle, the Region's Director of Economic Strategy, said York has a "strong, diverse community" of 57,000 business, but the impact of tariffs will be felt across the board.

Recognizing the COVID lesson that "businesses needed information quickly and from trusted sources," their first response was to "leverage our range of resources to get an understanding of the situation and the potential impact."

"The Region has a strong, diverse business community with 57,000 businesses. However, there are some exposures based on tariffs and counter tariffs that are being put in place," said Wheatle. "What you see here is the Region has the third largest manufacturing hub in Ontario, the second-largest food and beverage sector in the province as well as Canada's largest auto parts and electronics manufacturing cluster. What's also noticeable is that there are over 600 foreign-based companies in the Region, approximately 60 per cent of these are from the US.

"The President of the U.S. has stated his wish for these companies to start moving back to the U.S. That said, what we're seeing is the exposure will likely be first felt with exporters and importers."

Among York Region's 57,000 businesses, 2,900 are considered exporters. Broken down further, 2,400 of these 2,900 businesses export primarily to the United States.

"80 per cent of the value of all exports totalling nearly 12 billion is to the U.S.," said Wheatle. "In addition, nearly 82 per cent of all exports by value are from the manufacturing sector. Clearly our exporters and manufacturers have optimized their businesses to sell into the world's largest economy south of our border."

Transportation equipment, which includes the auto sector, accounts for the largest percentage of exports at 22 per cent, followed by plastics and rubber products at 10 per cent, fabricated metal goods at nine per cent.

Wholesale trade accounts for 76 per cent of imports, followed by manufacturing at 16 per cent, and retail at four per cent.

"Nearly 40 per cent of the imports are from the US, totalling \$17 billion. This is where counter tariffs are likely to have the biggest impact on our importers," he continued. "There is exposure for both exporters and importers and the longer this goes on the likelier it will spill over into the rest of the economy. Here in York Region, we've revived the Business Recovery Support Partnership or BRSP which is a collaboration of economic development stakeholders in the Region, working together to help the business community primarily during times of crisis. This includes all nine local municipalities, eight boards of trade and chambers of commerce, the workforce planning board, Venture Lab and post-secondary institutions."

These groups have been meeting to discuss approaches and actions that "could have meaningful local impacts" and they're developing short-, medium- and long-term ideas for consideration, along with research, business advocacy and communications.

Work includes efforts towards trade diversification.

"The bottom line is there is significant uncertainty and Council is committed to supporting our business community," said Wheatle.

Richmond Hill Mayor David West said there are "under-tapped" markets for the Region and, at a recent international trade

conference at which he represented the Region, "Canada was really seen as the adult in the room in many conversations we had."

"I think there is a real significant opportunity while President Trump continues to shoot himself in the foot that we can scoop up some of the fallout from that," said West.

Diversification and a focus on foreign direct investment also won the support of Newmarket Mayor John Taylor.

"I don't think we should double down on the United States; I think most economists agree no matter how things go in the next few months, if we don't continue to try and reshape and rebalance our trading partners, I think we have missed the opportunity that comes with the challenge," he said, adding that while it sounds like the Region is "doing everything" there should be "some level of focus."

"I don't mean abandoning the U.S. companies in its entirety, but I do think there is a recognition beyond global Toronto that we need to put a renewed focus on increasing our trading partnerships outside the U.S. and that requires a certain type of focus and re-thinking of our current approach."

By Brock Weir