AMO Association of Municipalities of Ontario

BACKGROUNDER

August 2026

Tariffs and Trade

AMO Position

- Tariffs and trade disruptions harm Ontario's economy, causing major short- and long-term impacts on communities. AMO and its members applaud provincial and federal governments' economic and international relations leadership during these uncertain times.
- Ontario's municipalities want to do their part. Ontario municipalities own and operate about $1 trillion of public infrastructure. And, they are planning more than $250 billion in capital investments over the next decade, with $100 billion of that related to growth.
- Municipalities invest $68 billion annually in the provincial and local economies, and $25 billion procuring other related goods and services.
- Municipalities are core partners in re-orienting our economy by leveraging their purchasing power to support Ontario and Canadian firms, help attract new investment, and support local businesses to access new opportunities.

Overview

- Ontario's economic landscape continues to face significant uncertainty as Canada and the United States navigate ongoing trade and tariff negotiations.
- Continued tariff threats, public sector procurement restrictions, and broader trade disruptions present opportunities for Ontario municipalities, businesses, workers, and residents to strengthen local supply chains and economic resilience.
- Municipal finances will not be spared. They are expected to face continued pressure from lower revenues and higher costs from tariffs and the associated economic downturn.
- In times of economic uncertainty, AMO is committed to helping protect and grow Ontario's economy through procurement spending, including supporting efforts to source more Ontario and Canadian manufactured goods and services.[3]
    - Through Bill 72, the *Buy Ontario Act*, the province aims to support Ontario's economy by leveraging public sector procurement as a means of promoting, protecting and building Ontario's economy and businesses and safeguarding its supply chains.[4]
- This work will help alleviate some of the impact of tariffs on businesses, communities, and workers. And it will help re-orient Ontario's economy over the longer-term by using municipal purchasing power to support Canadian business, attract investment, and build the infrastructure needed to make our economy more productive and resilient.
- AMO and municipalities are supporting Ontario's generational energy investments as part of the province's broader economic growth strategy, working in partnership to enable the energy infrastructure needed to support housing, growth, and long-term economic competitiveness.

Key Facts

- International trade is a key driver of the Ontario economy, accounting for about half of GDP. The three largest export categories are motor vehicles and parts, precious metals, and stones as well as mechanical equipment.[5]
- Municipalities spend over $17 billion annually to procure non-construction related goods and services, of this amount, 98% non-construction procurement is already from Canadian vendors.
- In 2024, the sector invested $12.2 billion in infrastructure. Municipalities have continued to fund a greater share of municipal infrastructure costs, driven by unchanged federal and provincial funding levels and rising construction costs.
- Municipalities are planning $51 billion in capital spending by March 2027, representing more than 27,000 infrastructure projects and over 19,000 new social housing units, helping underscore the sector's major role in delivering infrastructure and supporting economic activity across Ontario.

Other Resources and Reports

- Tariff Impacts on Ontario Municipal Capital Expenditure
- AMO's 2026 Pre-Budget Submission
- Macroeconomic Impacts of the US-Canada Trade War on Ontario
- Municipal Procurement Survey Summary – Impacts of US Procurement Ban
- AMO's Report on Community Housing as a Response to Tariffs
- Letter from AMO President Jones to Premier Ford on Trade and Tariffs – March 2025
- Letter from AMO to the Ontario Government on Procurement – February 2025
- AMO Board Statement – January 2025
- Building Ontario's Economy With Flexible Municipal Procurement – AMO's Submission on the *Buy Ontario Act*

For more information: Contact the AMO Media Team at media@amo.on.ca

[1] Oxford Economics, 2025, Macroeconomic Impacts of the US-Canada Trade War on Ontario
[2] AMO, 2025, Premier Ford announces $1.6 billion funding boost for municipal infrastructure at 2025 AMO Conference
[3] AMO, 2026, Building Ontario's Economy with Flexible Municipal Procurement
[4] Legislative Assembly of Ontario, 2025, Bill 72 Buy Ontario Act
[5] Government of Ontario, 2026, Ontario's population, labour market, economy and trade fact sheet
[6] Ontario Ministry of Municipal Affairs and Housing, 2023, FIR by Year and Municipality
[7] AMO, 2025, Municipal Procurement Impacts of US Procurement Ban