



The Corporation of the  
City of Sault Ste. Marie  
**COUNCIL REPORT**

March 17, 2025

TO: Mayor Matthew Shoemaker and Members of City Council  
AUTHOR: Brent Lamming, Deputy CAO Community Development and  
Enterprise Services  
DEPARTMENT: Community Development and Enterprise Services  
RE: Buy Canadian

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**Purpose**

The purpose of this report is to provide Council information as to how local and Canadian businesses are being supported in accordance with the recently approved resolution concerning US/Canadian trade.

**Background**

At the February 3, 2025 Council meeting, Council passed the following resolution:

Whereas United States President Donald Trump may impose 25% tariffs on Canadian goods; and

Whereas tariffs could lead to a halt of the supply chain and create economic uncertainty in municipalities of all sizes with special concern here in Sault Ste. Marie on the potential for significant disruption within the steel industry; and

Whereas municipalities are the foundation on which the Canadian economy is built, and as such should offer our support for a Team Canada united response; and

Whereas municipalities have significant purchasing power through capital and infrastructure programs, with Sault Ste Marie's capital program for 2025 being \$45 million alone, while the Association of Municipalities of Ontario cite that infrastructure spending across Ontario in the next 10 years is expected to exceed \$250 billion; and

Whereas municipalities have traditionally been prevented by trade agreements from giving preference to Buy Canadian; and  
Whereas Federal and Provincial leaders are encouraging all Canadians to Buy Canadian;

Now Therefore Be It Resolved that Sault Ste Marie Council effective the date of any implemented tariffs:

- Stand with Team Canada on the message that tariffs are not in the best interests of Canadian or American consumers and businesses; and
- Call on the Federal and Provincial governments to work with municipalities on measures to protect Canadian consumers and businesses; and
- Call on the Federal and Provincial governments to remove all barriers to municipalities preferring Canadian companies in procurement for capital projects and supplies as well as those that prevent municipalities from preferring Canadian companies for projects and supplies; and
- Call on the Federal and Provincial government to remove all trade barriers between provinces; and
- Endorse the Federal and Provincial call for Buy Canadian and encourage Saultites to Buy Canadian whenever possible.

Ontario Premier Doug Ford has announced a series of retaliatory measures in response to new U.S. tariffs, [including removing American alcohol from the LCBO](#), cancelled a contract with Starlink, imposing surcharges on electricity and potentially imposing surcharges on critical minerals exported to the United States.

Ford also announced a sweeping ban on U.S.-based companies participating in government procurement. Ontario and its agencies spend approximately \$30 billion annually on procurement, a revenue stream American firms will now be cut off from. “U.S.-based businesses will now lose out on tens of billions of dollars in revenues,” Ford said. He also called on all 444 municipalities across Ontario to follow suit and implement similar bans at the local level. <https://www.ctvnews.ca/toronto/article/here-is-a-full-list-of-retaliatory-actions-ontario-has-promised-to-take-amid-tariffs/>

The Association of Municipalities of Ontario (AMO) has also provided an update (Appendix A) with a focus on continuing to highlight to federal and provincial governments the desire for Ontario municipalities to take action.

### **Analysis**

The City of Sault Ste. Marie is continuing to monitor the trade tariff situation closely and is actioning appropriate mitigation strategies to:

- Work with vendors and buying groups to try to mitigate tariff impacts;
- Continue to encourage local vendors to bid on City procurements;
- Aligning with other levels of government and municipalities once initiatives are approved by the Province, ensuring that municipalities can comply with standing trade agreements.

Staff are reviewing procurement for goods and services in conjunction with existing contracts.

An example of this review is for Community Development and Enterprise Services (CDES) with respect to the procurement of food and beverage items. The Arenas Division does not order anything directly from the USA.

Gordon Food Supply (GFS) supplies 80 to 90% of food items (canola oil, french fries – McCain, nachos etc.) to purchase in bulk quantities, given the Arenas volume requirements for most items. This is a North American Company with a separate Canadian division. GFS is a large food distribution company that sources its goods and products from a wide network of suppliers.

Here are some key aspects of their sourcing strategy:

**1. Global and Local Sourcing:**

- GFS sources products globally from a variety of countries, aiming to meet diverse customer needs.
- They also focus on local sourcing to support regional suppliers and meet demand for local products.

**2. Supplier Partnerships:**

- GFS partners with a multitude of suppliers ranging from small local producers to large international manufacturing companies.
- These partnerships help ensure a consistent supply of high-quality products.

**3. Product Range:**

- Their products include fresh produce, meats, seafood, dairy, and restaurant supplies, among others.
- The sourcing for each category involves different suppliers, with meats and produce often sourced through regional farmers and ranchers.

**4. Distribution Centers:**

- GFS operates multiple distribution centers across North America, which helps manage the supply chain efficiently and ensure timely deliveries.

**5. Sustainability and Quality:**

- The company emphasizes sustainability in its sourcing practices, opting for products with certifications like organic or sustainably harvested.

At times, the City has also used Sysco Canada, which again is a North American company with a Canadian division.

Milk and ice cream is purchased locally from Lock City Dairy. Lock City Dairy sources most of its milk from farms in the Algoma and Northshore regions.

The City purchases coffee from Mother Parkers. The head office is in Mississauga, and supply for Sault Ste. Marie is procured out of an Elliot Lake warehouse. Mother Parkers Coffee is a well-known Canadian coffee manufacturer that sources its

coffee from various regions around the world, though specific sourcing details such as the countries or farms are typically proprietary.

Popcorn is purchased from Poppa Corn from Elliot Lake Warehouse via head office with primary operations in Mississauga, Ontario.

The pouring rights contract is with Molson Coors Beverage Company o/a Molson Canada 2005. Under that contract, the City can sell up to 15% local, which the team uses to its full potential with Northern Superior, Outspoken, and Soo Falls breweries here in Sault Ste. Marie. The beverage contract is held with PepsiCo Beverages Canada.

All other products are sourced locally for items such as tomatoes and lettuce due to risk of spoilage. Those purchases are from National Grocers, which is a Division of Loblaws Canada.

The integration and complexity of supply chains makes it difficult to determine the financial impact to the City from tariffs. For instance, a transmission module for auto parts begins as scrap metal in Guelph and then crosses the Canada, USA and Mexico borders seven times before it becomes an automatic transmission for a vehicle. (Trump tariffs: How one car piece crosses Canada, U.S. Mexico borders 7 times, The London Free Press, Norman De Bono, March 4, 2025).

An AMO Policy update from March 4, 2025 provided that Oxford Economics estimates that tariffs could increase infrastructure costs over \$1 billion on nearly \$50 billion in planned expenditures over the next two years. This would result in an estimated municipal capital cost increase of 2.1% in upcoming contracts. The majority of City procurements are from Canadian companies, but the supply chain for any products or the hosting of data (in the case of software solutions), may be in the USA.

Many vendor contracts, such as those for transit fleet procurements, include language stating that adjustments may need to be made to current contracts in response to US tariffs. Staff will continue to work with vendors and buying groups to mitigate the impact of tariffs. If a contract is determined to be unaffordable, it will be reviewed for termination provisions. Some procurements have a limited vendor pool, making it difficult to seek alternative sources.

Staff will review and determine if by-law or policy amendments are required pending provincial changes to procurement protocols and trade agreements.

From an economic development perspective, staff have established regular communication with major employers. Discussions focus on addressing pressing issues and exploring collaborative opportunities.

Additionally, staff have reached out to secondary industries within the City to assess the potential effects of impending tariffs. Should these tariffs persist, businesses closely related to steel and forest-dependent industries will face significant impacts. Staff are closely monitoring the daily updates and changes in this volatile situation.

Staff are launching a new landing page to highlight available support for affected businesses and individuals. This page will feature links to current programs and will be updated with any changes at the provincial and federal levels. Furthermore, the Millworks Centre for Entrepreneurship will utilize social media to promote its services, ensuring that those impacted know the resources available to assist them in starting a business within the community. Information will include links to tariffs and counter-tariffs and a link to the Trade Commissioner Service (TCS), who provide support such as Assessment, Market Diversification, Networking and partnerships related to the tariffs. Among the TCS resources available are Self-Help Tools, Export Diversification guidance and Partner Support. Links will also be provided to the Business Development Bank of Canada (BDC) who have a special tariff program in place.

Staff also will provide a link to the Tariff Playbook produced by the World Trade Centre Toronto, which focuses on strategies for small and medium-sized businesses and how they can adapt to the U.S. imposed tariffs. Staff are also in touch with ONEDC (North Bay, Sudbury, Timmins, Thunder Bay) counterparts to share and follow any best practices.

Staff have engaged in discussions with the Chamber of Commerce and the Community Development Corporation (CDC) to enhance awareness of the "buy local" initiative and explore future projects.

City staff will continue to explore every opportunity to support local, Canadian, and non-American goods.

On March 11, 2025, President Trump posted on social media that the United States would add an additional 25% tariff on all steel and aluminum, raising the total to 50%. He also threatened to substantially increase tariffs on cars entering the United States. These measures are in response to the charges Ontario is imposing on electricity going to the United States. In this same post, President Trump indicated, "The only thing that makes sense is for Canada to become our cherished Fifty First State. This would make all Tariffs, and everything else, totally disappear."

In light of the escalating actions of the government of the United States against Canada, governments in Canada are placed in a difficult position and need to respond to these unjustified and damaging tariffs.

It is also important to amplify facts about trade relations between our the United States and Canada, including:

- The United States has a trade in goods deficit with Canada, which amounted to US\$64 billion in 2023 (using U.S. data). However, when energy imports are excluded, the United States has a goods and services trade *surplus* with Canada of US\$52 billion.
- In 2023, the U.S. goods trade deficit with Canada was entirely driven by energy products. The U.S. has trade *surpluses* with Canada in both merchandise excluding energy (US\$29 billion) and services (US\$32 billion).
- Canada buys more U.S. goods than China, Japan, France, and the United Kingdom combined.
- Canada is the largest export market for 36 states, and top three for 46 states; 43 states export over US\$1 billion to Canada in 2023.

Trade deficits are often balanced by a surplus in foreign direct investment. Canada's level of investment in the United States (US\$671 billion) significantly exceeded U.S. investment flows into Canada (US\$452 billion) in 2023

### **Financial Implications**

There is no impact on the operating budget.

### **Strategic Plan / Policy Impact / Climate Impact**

This approach supports community development by promoting economic activity and supporting the growth of a diversified economy. Namely, it ensures we are attracting new businesses while supporting existing entrepreneurs.

- Fiscal responsibility, we will manage municipal finances in a responsible and prudent manner.
- Under Community Partnerships
  - Facilitate collaboration with neighbouring communities and community groups to achieve shared goals

### **Recommendation**

It is therefore recommended that Council take the following action:

Resolved that the report of the Deputy CAO Community Development and Enterprise Services dated March 17, 2025 concerning Buy Canadian be received as information.

Respectfully submitted,

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