SHERRARD KUZZ LLP
Employment & Labour Lawyers

250 Yonge Street, Suite 3300
Toronto, Ontario, Canada M5B 2L7
Tel 416.603.0700
Fax 416.603.6035
24 Hour 416.420.0738
www.sherrardkuzz.com

Canada Responds to Massive U.S. Tariffs
Support Available for Canadian Businesses

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On August 25, 2026, the Canadian government announced new and enhanced measures to support Canadian businesses affected by the recently escalated U.S. tariffs. The measures include liquidity support, diversification funding, and employment insurance ("EI") supports.

Regional Tariff Response Initiative

Effective September 2026, the federal government increased funding for the Regional Tariff Response Initiative by $1.5 billion. The initiative will help small and medium-sized enterprises respond to tariff-related pressure. The cap on non-repayable contributions increased from $1 million to $3 million, and support may now include up to $2 million for demonstrated liquidity needs.

Business Development Bank "Pivot to Grow" Program

The Business Development Bank of Canada Pivot to Grow program will implement a second $500 million liquidity stream to provide working capital to small and medium-sized businesses experiencing cash-flow shortfalls as a result of U.S. tariffs. An eligible business may apply for a loan ranging from $250,000 to $5 million, with interest-only payments for 36 months. Eligibility will be broadened by lowering the annual revenue requirement to $1 million.

Canada Strong Diversification Fund

A new $2 billion Canada Strong Diversification Fund will support tariff-impacted companies with "shovel-ready" projects that support ongoing capital maintenance. The government has indicated it will implement a fast-track, one-step project review and approval process.

Large Enterprise Tariff Loan ("LETL") Facility

The federal government launched the LETL facility in March 2025 to provide financing support for large Canadian enterprises affected by U.S. tariffs and countermeasures. Now, the government has announced it will increase the (a) amount of liquidity supports from 24 to 36 months of company liquidity needs and (b) maximum loan term from 10 to 15 years.

Rapid Response Supports for Workers and Employers

The federal government will provide $3.5 billion in Rapid Response Supports for Workers and Employers through new and extended EI measures.

Workers

The following EI benefit measures have been extended:

- The one-week EI benefit waiting period will be waived for an additional year
- A worker's "separation earnings" (*e.g.,* severance pay, pay in lieu of notice) will not be deducted from EI benefits for an additional year
- The availability of an extra 20 weeks of EI benefits for a long-tenured worker will be extended by eight months.

The government will also introduce a new one-year temporary measure allowing a worker who voluntarily left a job in recent months to access EI, as long as their most recent job loss is through no fault of their own.

Employers

A new Workforce Retention and Retraining Program will be established, combining the existing EI Work-Sharing program and Worker Retention Grant into a single, streamlined program designed to be more accessible and generous. Employers will also be eligible for additional funds to cover training and administrative costs (up to $1,000 per participant).

Employer Considerations

The ongoing trade war will not be easy for many Canadian businesses, and cost-saving measures will undoubtedly be necessary.[1] Before taking steps to downsize, layoff, dismiss or reorganize your workplace, it is important to understand your rights, employment related obligations, and potential liability. The Sherrard Kuzz LLP team is here to help.

For assistance assessing eligibility for tariff-related supports or managing related workforce issues, contact your Sherrard Kuzz LLP lawyer or info@sherrardkuzz.com.

Chambers Ranked

[1] For more details, see our briefing note *Trump's Tariffs Have Landed – How Can Canadian Employers Pivot? Layoffs, Terminations, Work Share and Other Options*.