September 11, 2026

The Honourable François-Philippe Champagne, P.C., M.P.
Minister of Finance and National Revenue
Department of Finance Canada
Government of Canada

Sent via email: fin.minfinance-financemin.fin@canada.ca

RE: COUNTER-TARIFFS ON CONSTRUCTION INPUTS COST CANADA MORE THAN THEY COST THE UNITED STATES

Dear Minister Champagne,

On behalf of the more than 6,000 construction and resource companies that make up the Independent Contractors and Businesses Association (ICBA), Canada's largest construction association, I am writing about the counter-tariffs that took effect September 8, 2026, and what they will do to the cost of building in British Columbia and Alberta.

ICBA supports Canada responding firmly and intelligently to the punitive and unjustified tariff barrage imposed by the Trump Administration. But levying tariffs on the materials and machines our members rely on to build amounts to a tax paid by Canadians, and the policy will cost us more than it costs the Americans.

ICBA Supports Canada: That Is Why We Are Writing

No one in our industry disputes where this trade conflict started. It began with President Trump's tariffs on Canadian exports of steel, aluminum and motor vehicles last year. It then migrated to lumber, where existing countervailing and anti-dumping duties on Canadian softwood exports were further increased by the Trump Administration. On August 22, 2026, the United States put a 50 percent tariff on Canadian goods under Section 338, with no exemption for CUSMA-compliant products, weeks after it refused to extend CUSMA at the July 1 joint review. Your August 25 announcement of counter-tariffs on Cdn$27.6 billion of U.S. imports was a measured answer to an unreasonable act. ICBA members will carry their share of the cost of defending Canadian sovereignty.

But retaliation has to be smart. A counter-tariff policy works when it costs an American exporter a sale and costs a Canadian buyer nothing, because a Canadian or overseas supplier can quickly fill the gap. It fails when there is no other supplier, or when finding an alternative source takes many months or longer. Then the American producer keeps the sale, the Canadian importer pays 25 or 50 percent more, and Ottawa collects the difference. For a long list of construction inputs on the September 8 schedule, that is exactly the situation. By our count, roughly 400 of the product lines on the schedule can be classified as construction inputs.

Who Pays a Tariff on Construction Inputs

In construction, the cost path of a tariff is short, and it ends in the same place every time. A supplier pays the duty at the border and adds it to the invoice. The subcontractor passes it to the general contractor. The general contractor passes it to the owner. The owner is a family buying a home, a taxpayer funding a school or a hospital, or an investor deciding whether an industrial project goes ahead at all. The tariff never lands on an American.

A 100-person mechanical contracting company based in the Lower Mainland, with a growing book of work in the Edmonton area, described it to us plainly last week. The company has not yet seen the increases in its supply chain.

When they arrive, it will pass them straight through. Its real worry is whether higher delivered costs push owners – that is, its actual or potential customers – to delay final investment decisions. That last point is the one we ask your department to weigh most carefully: a tariff that stalls a project does far more economic damage than a tariff that adds a few percent to a project that still proceeds.

ICBA Chief Economist Jock Finlayson said it this way when the list came out: "Canadian retaliation will lead to higher costs for our firms and consumers, put additional strain on integrated North American supply chains, and slow overall economic growth on our side of the border."

Housing: Higher Costs on Top of a Market Already at Historic Lows

ICBA's analysis finds that the Canadian counter-tariffs land disproportionately on the things Canada builds with. Of the U.S. goods covered by the September 8 measures, roughly 400 tariff lines are construction-relevant – about $22 billion in annual imports, based on ICBA's matching of the September 8 list to Statistics Canada 2025 U.S. import values, gross of remission. That implies $8.8 billion in gross duty a year, of which $6.6 billion would ultimately be carried by Canadian purchasers once prices fully adjust, based on the Bank of Canada's assumption that three-quarters of tariff costs reach prices within six quarters.

Before this latest round, Cushman & Wakefield estimated that existing retaliatory tariffs had already pushed Canadian construction materials costs up by 9.2 percent and called it "a new cost baseline." Builders report total project costs up 8 to 12 percent, depending on material mix. CMHC's summer housing outlook forecasts national housing starts falling to about 241,400 this year from about 259,000 in 2025, and says "historically low levels of construction will be most visible in Ontario and British Columbia, particularly in the condominium market." CMHC's explanation is unsold inventory and "high construction costs." Metro Vancouver starts are forecast to slide from 27,185 in 2025 to between 20,500 and 22,000 by 2028. Put simply, the Canadian counter-tariffs, as now designed, will put more upward pressure on residential building costs, further slow the pace of home-building, and ultimately aggravate the long-term affordability challenges facing some regional housing markets.

The federal government is spending billions of dollars in a bid to bring building costs down, including the $3.2-billion commitment British Columbia is using to cut development fees. A 25 to 50 percent tariff on lumber, plywood, engineered wood products, fasteners, HVAC units, windows and doors pushes those costs back up. That is not a housing strategy; it is the government taxing with one hand what it funds with the other.

Engineered wood shows how arbitrary the current list is. Laminated veneer lumber (LVL) is a structural product used in the floor and roof framing of most new wood-frame homes. Canada does not make enough of it to meet its own needs. Every other form of structural composite lumber – I-joists, parallel strand lumber, laminated strand lumber – is classified under HS 4418 and does not appear on the September 8 list. LVL sits under HS 4412 beside plywood and carries a 50 percent tariff. Same job, same builders, same shortage of Canadian supply; one product tariffed and three not, because of a classification decision. At least one of our members applied for remission on LVL in the last round and is still waiting for an answer.

Industrial, Commercial and Institutional Projects: Where the Real Damage Is

The larger effect of the retaliatory tariffs is on industrial, commercial, institutional, and civil construction, where the inputs are metal-intensive and, in the case of heavy equipment, almost entirely American. This shows up starkly in municipal capital budgets: the City of Calgary estimates the tariffs could add between $315 million and $466 million to its capital project costs.

The schedule explains why. Counter-tariffs on U.S. steel and aluminum have doubled from 25 to 50 percent, covering structural shapes, bar and rod, plate, tube and pipe, wire and mesh, fasteners, and aluminum doors, windows and frames. Cranes, hoists and lifting equipment, HVAC and air-conditioning units, and parts for construction machinery carry 15 to 25 percent. Hand and power tools carry 25 to 50 percent. A hospital, a school, a water treatment plant, a warehouse or a processing facility is built almost entirely from that list. Cushman & Wakefield's 9.2 percent figure was calculated when steel and aluminum sat at 25 percent; those rates have now doubled. Steel and aluminum alone account for almost $12 billion in import exposure and $5.9 billion in gross duty — more than half of the construction-relevant imports ICBA identified in the Statistics Canada data.

Civil and heavy-civil contractors have flagged machinery as their single largest exposure. Excavators, loaders, dozers, cranes and their parts come overwhelmingly from U.S. plants, and there is no Canadian manufacturer to switch to. A tariff on that equipment does not move a single order to a Canadian firm. It risks raising the cost of every kilometre of highway, every bridge and every site in Western Canada.

Alberta feels this keenly. The federal government has signed an agreement-in-principle with Alberta to speed major industrial and infrastructure projects and has moved the West Coast Oil Pipeline into the Major Projects Office. Those projects are being priced right now. Every 10 percent added to steel, machinery and mechanical systems makes a final investment decision harder, and some projects will not proceed. Nation-building projects need materials at world prices, not at world prices plus 50.

Remission Is Not a Substitute for Getting the List Right

Your August 25 statement notes that "Canada's tariff remission framework also remains available to assess requests for exceptional relief." We have urged every affected ICBA member to use it, and asked them to copy ICBA so your officials see the individual cases and the pattern together. But the framework was built for exceptions, and construction is not an exception. It is one of the largest categories of goods on the list. It is also a big industry accounting for about 8 per cent of national GDP and employing more than 1.5 million Canadians.

Three problems. Speed: remission requests from the last round remain undecided months later, while contractors price work today under fixed-price contracts they signed before August 25. Burden: the process asks each company for eight-digit tariff codes, import volumes, sourcing evidence, cost breakdowns, end-product pricing and employment analysis – a fair ask of a large importer, a real barrier for a 20-person subcontractor. Scope: remission is decided product by product and company by company, but the problem is a category.

ICBA Recommendations

1. To the extent possible, exempt construction materials and equipment from the September 8 schedule. Remove, or issue a blanket remission order for, construction inputs that cannot be sourced in Canada or from non-U.S. suppliers at commercial volumes in the near term: engineered wood, structural steel and rebar shapes not produced in Western Canada, heavy construction machinery and parts, and HVAC and mechanical equipment.

2. Fix the LVL classification now. Exempt tariff items 4412.41, 4412.42, 4412.49 and 4412.99 so LVL is treated the same way as the other structural composite lumber products under HS 4418.

3. Protect contracts signed before August 25. Extend the in-transit exemption to goods bought under fixed-price contracts executed before the counter-tariffs were announced. A contractor cannot reprice a signed bid.

4. Put a service standard on remission. Decide requests within 30 days, publish decisions so similar importers can rely on them, and let industry associations file category-level requests on behalf of members.

5. Aim retaliation at finished goods with substitutes, not at crucial business inputs. Where Canada must add to the list, choose consumer products a Canadian or overseas supplier can replace. Leave alone the materials that build homes, hospitals and pipelines.

ICBA members build the homes, hospitals, schools, roads, bridges, industrial plants and energy infrastructure that Canadians depend on. Our members are ready to pay a price in this fight, but a tariff Americans never feel doesn't make sense. We should not be adding more tax and cost to building in Canada.

Sincerely,
INDEPENDENT CONTRACTORS AND BUSINESSES ASSOCIATION

Chris Gardner
President and CEO

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