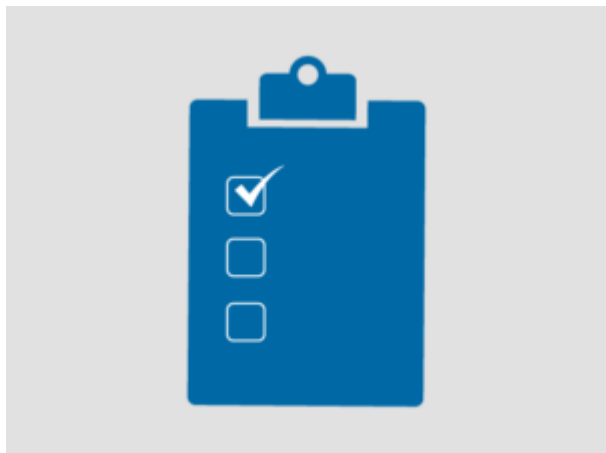


8 Things HR Directors Can Do to Help Their Company Survive U.S. Tariffs



The U.S.-Canada trade war is on. In September 2026, the U.S. imposed a 50% tariff on \$27.6 billion of Canadian goods. Canada responded in kind with additional tariffs on U.S. products. And you, the Canadian HR director, are caught right in the middle of the crossfire. While U.S. trade isn't an HR issue, it forces managers of Canadian companies to make tough decisions that directly impact staffing, work hours, recruitment, compensation, benefits, and other vital HR operations. Here are eight things you can do to insulate your company, employees, and HR program from tariff aftershock and disruption.

1. Minimize Temporary Layoff Liability Risk

Problem: Tariffs cause business slowdowns that put jobs in peril. One solution is to take advantage of employment standards "temporary layoff" rules allowing you to temporarily reduce hours or pay while still keeping employees formally employed. The problem is that calling an arrangement a temporary layoff doesn't necessarily make it one for employment standards purposes. To take advantage of temporary layoff leeway, you must meet the law's [strict requirements](#) governing when a temporary layoff is permitted, how long it can last, and what notice must be provided. Failure to comply with these rules exposes you to wrongful and constructive dismissal liability risk.

Solution: Before implementing tariff-related temporary layoffs, HR directors should, preferably with the a lawyer's help, vet the arrangement to determine whether it complies with [the temporary layoffs employment standards requirements of their province](#), as well as the applicable terms of the affected employee's contract or collective agreement. Document the expected duration, recall arrangements and treatment of benefits.

2. Consider EI Work Sharing Before Cutting Jobs

Problem: With skilled labour in short supply, permanently cutting ties with valued employees, even temporarily, is highly risky.

Solution: Companies contemplating temporary layoffs should [consider the Work Sharing alternative](#). Canada created the Employment Insurance (EI) Work Sharing Program to help companies experiencing significant decreases in normal work levels for reasons beyond their control avoid temporary layoffs. The program allows eligible employees

to reduce their working hours and receive EI Work-Sharing benefits for some of the lost income. In response to the U.S. tariffs the government substantially expanded access to Work Sharing, including for certain seasonal and cyclical employers. Work Sharing agreements can also last longer. These special measures will remain in effect until at least March 31, 2028. Employers with an approved Work Sharing arrangement may also be eligible for the new Worker Retention Grant to finance training for employees during their reduced working time.

3. Ensure Compliance with Group Termination Rules

Problem: A prolonged tariff squeeze could lead to larger workforce reductions than the individual layoffs HR departments normally handle. Closing plants, eliminating product lines, or moving operations may result in dozens or hundreds of employees losing their jobs at the same time. Companies who go down this road will have to comply with the special employment standards requirements for group or mass terminations, which may include, depending on the jurisdiction, providing additional notice payments or advance notification to affected employees, union representatives, and/or government authorities.

Solution: Treat planned workforce reductions as a group-termination project, not as a collection of individual terminations. Take steps to [comply with the group termination requirements](#) of your jurisdiction. Before making any announcements, determine whether the applicable group termination threshold has been reached, what notices to file, who must receive them, and when they must be given. If affected employees belong to a union, ensure that the group termination complies with any collective bargaining obligations that apply.

4. Ensure Compliance with Termination Notice Requirements

Problem: Companies facing tough times often assume that lack of available work and difficult economic conditions are just cause to terminate. Courts have made it clear this is **not** the case. While no longer needing a position may be grounds for eliminating it, it's not just cause for terminating the employee that occupies that position now. Bottom Line: Terminating employees due solely to the economic impact of tariffs will likely be deemed without cause termination triggering the duty to provide notice or wages in lieu of notice and other payments required under employment standards and other laws.

Solution: Implement [a legally sound game plan for ensuring compliance with the termination notice requirements](#) of your jurisdiction. Build a termination-cost analysis before implementing tariff-related reductions. Identify statutory minimums, contractual entitlements, potential common-law exposure, benefit continuation, accrued vacation, and other amounts owing.

5. Avoid Constructive Dismissal When Restructuring & Downsizing

Problem: Instead of cutting jobs, management may seek to mitigate tariff-related losses by cutting compensation, eliminating bonuses, transferring employees, reorganizing positions, modifying work schedules, or making other substantial changes to where, how, and when work is performed. But there's no guarantees that affected employees will accept these changes. And if they're unhappy enough, they may leave the company and sue for constructive dismissal, i.e., a form of wrongful termination that occurs when an employer unilaterally imposes changes that fundamentally breach

the employment relationship.

Solution: It's imperative for companies undergoing restructuring or downsizing to [recognize the potential constructive dismissal pitfalls and how to avoid them](#). With the help of legal counsel, HR directors should review significant changes before they're announced and make an informed determination about whether those changes cross the constructive dismissal line. Another effective way to avoid constructive dismissal liability is to secure the employee's consent to the proposed via a written agreement or amendment to the current contract. Either way, ensure that the employee gets "consideration," that is, something of value that the employee didn't already have—keeping the job isn't enough—in exchange for accepting the change.

6. Keep Compensation/Benefits/Payroll in Line with Changes to Hours & Jobs

Problem: Each action that companies take to cut labour costs has particular compliance ramifications. Examples:

- Reduced hours may affect statutory wages and overtime calculations.
- Changes to compensation may conflict with employment contracts or incentive-plan terms.
- Work hour or employment status changes, such as full- to part-time, may impact benefit eligibility.

These issues become particularly complicated when an employer makes different arrangements for different groups of employees.

Solution: Require HR/payroll review before implementing significant compensation or scheduling changes. Map the proposed change against employment standards requirements, employment contracts, benefit-plan documents, collective agreements, and payroll rules.

7. Don't Turn "Buy Canadian" into a Hiring Rule

Problem: Tariffs and the political tensions they generate produce pressure to "buy Canadian" or otherwise favour Canadian interests. While acceptable as a trade or business policy, in the context of employment, favouring Canadians or any nationality at the expense of another is a form of discrimination banned by human rights laws. Accordingly, turning "buy Canadian" into a recruitment or hiring policy or requiring employees to have [Canadian citizenship](#) is illegal.*

Solution: Review your recruiting instructions, job advertisements, interview scripts, candidate-screening practices, and [nondiscrimination policy](#) to ensure they focus on legitimate job requirements and qualifications and contain no form of nationality bias. If you currently have any Americans on your payroll, be sensitive to how tariff backlash may lead to workplace harassment and bullying and ensure you have a robust [harassment prevention program](#) in place that includes mechanisms for reporting and [investigating](#) complaints.

8. Protect Employees from Mental Stress & Burnout

Problem: Tariffs have made these times extremely stressful for companies and their employees. More people are afraid of losing their jobs. Employees who avoid layoffs are being asked to work longer, harder, and more productively for the same or lower pay.

Solution: Take proactive measures to prevent [workplace stress](#) and support the mental health of your employees, starting with the implementation of an effective workplace [Mental Health Policy](#) and [Work-Related Stress Policy](#). You should also be aware of the [workers' comp coverage of mental stress claims](#) rules in your province or territory.

Takeaway for HR Directors

The HR challenge created by tariffs is not simply deciding who stays and who goes. It's managing the legal consequences of everything the employer does between those two points. For some employers, the appropriate response is reduced hours or Work-Sharing. For others, it's restructuring, relocation, temporary layoffs, or permanent workforce reductions. Each approach carries a different set of employment-law obligations.

The one fixed factor in all of this is the importance of making HR part of the tariff-response team with input into the proposed decisions before they're made. before management finalizes its workforce strategy. Companies that exclude HR from the decision-making process are more likely to run into compliance and HR operational problems that become much more difficult to fix once the measure is already announced and implemented.