

Stelco Layoffs: Protect Canadian Steel Workers from US Tariffs



As the threat of tariffs materialize across sectors that share cross-border value, workers are concerned about their jobs and employers are concerned about profits. On September 30, 2026, the owner of Cleveland-Cliffs, the parent company of Hamilton's historical Stelco steel plant, idled production because of the trade war, resulting in around 500 layoffs. Hamilton, colloquially referred to as "Steel Town", reacted immediately and passionately to Cleveland-Cliffs CEO Lourenco Gonclaves' sinister decision and lack of remorse – quickly reaching Prime Minister Mark Carney's desk.

["We will use all powers that we have", Carney commented, "to pursue the company to the fullest extent of the law."](#)

Hamilton Mayor Andrea Horwath had a more succinct comment: ["I am furious."](#)

Gonclaves was quoted as saying, "I would not have acquired the Stelco if I knew that Canada and the United States would become what they became – enemies in trade." While the sentiment is becoming all-too-familiar, it is salt in the wound for hardworking Hamiltonians and displays a quality of non-conviction that good worksite managers and employers should avoid embodying.

Mayor Horwath pointed out that Cleveland-Cliffs' \$3.4 billion acquisition of Stelco was contingent on a five-year-long promise to maintain the same number of unionized employees at the time of the deal – 2024.

While government officials all the way up to Prime Minister Carney express frustration, disappointment, and a feeling of betrayal that many Ontario employees currently echo, it is important that employers, company owners, and HR directors alike are aware of what they can do to survive U.S. tariffs while protecting the roles and wellness of their employees.

Minimize Temporary Layoff Liability Risk

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.

Consider EI Work Sharing Before Cutting Jobs

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.

Ensure Compliance with Group Termination Rules

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.

Ensure Compliance with Termination Notice Requirements

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.

Avoid Constructive Dismissal When Restructuring & Downsizing

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.

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

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.

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

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.

Protect Employees from Mental Stress & Burnout

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' compensation coverage of mental stress claims](#) rules in your province or territory.

Read more about surviving the trade war [here](#).