RESCON MEMBER BRIEFING

Canadian Counter-Tariffs Now in Effect: Impact on Ontario Construction Costs and Market

Issued: Thursday, September 10, 2026 • Two days after the Sept. 8 surtax entered into force

$27.6B	629	50%	179
U.S. imports now covered by surtax	Tariff line items across 15/25/50% tiers	Rate on primary steel, aluminum, plywood, gypsum	Steel-mill carve-outs for items not made in Canada

BOTTOM LINE

Canada's dollar-for-dollar counter-tariffs entered into force at 12:01 a.m. on Monday, September 8, 2026, applying 15%, 25% or 50% surtaxes to 629 U.S.-origin tariff items covering $27.6 billion of imports (Department of Finance Canada). For Ontario builders, the practical effect is a decisive step-change in the delivered cost of residential inputs sourced from the United States — particularly primary steel, aluminum, plywood, gypsum board, appliances, HVAC and elevator/electrical components.

Critically, Finance Canada has confirmed the new tariffs are not intended to stack on the existing 25% counter-surtax on U.S. steel and aluminum — that rate has instead been raised to match the U.S. Section 338 rate at 50% (Blakes; Dentons). This removes the worst-case downside we were modelling before the surtax order was published, but it locks in a materially higher steady-state cost stack that Canadian producers will price against.

RESCON's updated central estimate: the September 8 measures add $9,000–$14,000 to the cost of a typical Ontario single-detached home and $18,000–$28,000 to a mid-rise unit above pre-Sept-8 exposure, phased over 2026 Q4 through 2027 Q2 as inventory turns and repriced supply contracts flow through. That is in addition to the $15,000–$25,000 pre-Sept-8 tariff load Ontario homes were already carrying from the March 2025 measures.

COUNTER-TARIFF STRUCTURE — CONSTRUCTION INPUTS IN SCOPE

The Sept. 8 surtax mirrors the U.S. Section 338 rate on the matching HS line. Rates are applied on U.S.-origin goods only; CUSMA marking rules govern origin. Goods in transit on Sept. 8 are excluded.

Rate	Category (HS)	Construction relevance
50%	**Primary steel and iron (HS 72–73)**	Structural steel, rebar, joist hangers, plate, tube, pipe, fasteners, nails, screws, bolts — replacing the previous 25% rate; not stacked.
50%	**Primary aluminum (HS 76)**	Unwrought aluminum, extrusions, plate, foil, tubes, structural components — including doors, windows and frames under HS 7610 (aluminum architectural).
50%	**Plywood, veneered panels, LVL (HS 4412)**	Sheathing and engineered panel products; direct hit to framing packages and mid-rise construction.
50%	**Gypsum / plaster board (HS 6809)**	Board, sheets, panels faced or reinforced with paper — first-time inclusion; direct hit on drywall supply.
50%	**Plastics articles and floor coverings (HS 3918–3924)**	PVC flooring, vinyl products, plastic wall coverings, plastic tableware/bags — finishing packages.
50%	**Copper wire (HS 7408)**	Wiring — direct electrical package impact.

50%	**Telecom electronics (HS 8517)**	Switching, routing, smart-home network equipment for Code-compliant residential systems.
50%	**Lighting fixtures (HS 9405)**	LED chandeliers, ceiling and wall fittings, spotlights.
25%	**Softwood lumber (HS 4407)**	Sawn coniferous wood > 6 mm — U.S.-origin dimensional lumber, S-P-F, hem-fir.
25%	**Steel derivative household articles (HS 7321–7324)**	Stoves, ranges, radiators, sanitary ware, sinks, wash basins — builder-programme appliance and fixture exposure.
25%	**Washing machines, dryers, dishwasher parts (HS 8450–8451)**	Standard $4k–$8k builder appliance packages face direct rate increase.
25%	**Refrigerators and freezers (HS 8418)**	Kitchen package cost driver — no domestic substitute at scale.
25%	**Small electric appliances (HS 8509, 8516)**	Range hoods, small kitchen appliances, water heaters, toaster ovens.
25%	**Power tools (HS 8467)**	Direct cost to trades — jobsite tooling.
25%	**Hardware and base-metal mountings (HS 8302)**	Hinges, locksets, door and window hardware, cabinet hardware.
25%	**Pumps and compressors (HS 8415, non-15% items)**	Heat-pump and HVAC compressors outside the 15% subheadings.
25%	**Carpets and textile floor coverings (HS 5701–5705)**	All flooring textile categories.
25%	**Furniture (HS 9401, 9403)**	Built-in and free-standing bedroom, wooden domestic, metal, plastic furniture.
15%	**Air-conditioning machines (HS 8415.10/.81/.82)**	Split systems, heat pumps, air conditioners and specified chassis parts (HS 8415.90.30).
15%	**Forklifts and industrial handling equipment (HS 8427)**	Jobsite material-handling; parts for these units under HS 8431.
15%	**Industrial moulds (HS 8480.49/.71/.79)**	Concrete forming systems, moulds for plastics — precast and finishing lines.
15%	**Agricultural machinery parts (HS 8433)**	Marginal residential relevance; site-clearing equipment parts.

REFINED COST IMPACT — PER UNIT

The clarified non-stacking rule and the 179-item carve-out for steel-mill products not produced in Canada narrow the range from pre-Sept-8 estimates. RESCON's refined bottom-up build uses category weights typical of Ontario production:

Product type	Category driver	Added cost per unit
Single-detached (~2,400 sf, $600k–$750k)	Steel/rebar/hangers (2.5% of hard cost, 50% surtax on ~40% U.S.-share)	$1,800–$2,600
	Aluminum windows/doors (3–4% of hard cost, 50% surtax on ~50% U.S.-share)	$2,400–$3,900
	Plywood/OSB sheathing (2% of hard cost, 50% surtax on ~35% U.S.-share)	$900–$1,400
	Gypsum board (1.5% of hard cost, 50% surtax on ~40% U.S.-share)	$700–$1,100
	Appliances/HVAC/lighting (4% of hard cost, 25–50% on 50% U.S.-share)	$2,400–$3,800
	Hardware/finishing/electrical (5%, blended 25–50% on 40% U.S.-	$800–$1,200

	share)	
Single-detached subtotal		**$9,000–$14,000**
Mid-rise unit (~900 sf, $450k–$550k hard cost)	Structural steel + envelope aluminum dominate — 50% rate applies	$12,000–$18,000
	Elevators/mechanical/controls (25–50% on higher U.S.-share)	$3,000–$5,000
	Appliance and finishing packages	$3,000–$5,000
Mid-rise unit subtotal		**$18,000–$28,000**
Highrise unit (~750 sf)	**Structural + curtain wall + elevator load; highest steel/aluminum intensity**	**$22,000–$34,000**

MARKET EFFECTS — WHAT TO WATCH IN Q4 2026

- **Domestic pricing power for Canadian mills and mould shops.** With the 25% → 50% step-up on U.S.-origin primary steel and aluminum, Canadian mills gain effective 40–50 cent pricing headroom. Expect domestic list prices to rise 8–12% over the next two quarters even where no U.S. product is being purchased — the classic import-competition price umbrella. Watch spot rebar and coil quotes: they typically lead by 30–45 days.
- **Supply reallocation of Canadian softwood.** With U.S. tariffs stacking on Canadian softwood exports (~24% combined burden), Canadian mills will divert supply domestically. Framing lumber prices for Canadian jobs may soften 5–10% in Q4 2026 — a partial hedge against the appliance and finishing tariff hits. This is the closest thing to good news in the current environment.
- **Appliance and fixture repricing hits hardest in single-detached.** Builder-programme kitchen packages (fridge + range + dishwasher + laundry) are heavily U.S.-sourced. Members should expect 15–25% list-price increases from Whirlpool, GE, Frigidaire product lines by November 2026 as inventory turns. KR/EU brand substitution takes 4–6 months and comes with delivery-time risk.
- **Cabinet and finishing squeeze continues.** The July 31, 2025 25% global safeguard on U.S.-origin wood cabinets and vanities remains in force and is unchanged by the Sept. 8 measures. The Sept. 8 order does not appear to cover HS 9403.40 finished cabinets directly, but plywood at 50% flows through cabinet manufacturing cost.
- **Housing starts pressure.** AMO/Oxford Economics' pre-escalation modelling put the Ontario hit at −$2.6B GDP and 14,000 construction jobs in 2026. That estimate did not price in the Sept. 8 escalation. RESCON is refining a new provincial model; a preliminary read suggests full-year 2027 Ontario starts could run 8,000–12,000 units below the current CMHC baseline if no residential remission is granted.
- **Contract exposure — force majeure and cost-escalation.** New APS templates and trade contracts signed after Sept. 8 should include tariff-specific escalation clauses. Fixed-price contracts signed pre-Aug 22 without such clauses carry the largest single-point exposure; members with active exposure should begin documenting audited HS-code cost increases now for change-order support.
- **No residential-inputs remission order yet.** Finance Canada announced a $7.5B support package covering regional loans, EI flexibility, BDC liquidity and a Large Enterprise Tariff Loan facility (Canadian Construction Association bulletin). None of these are a targeted residential-construction remission order. RESCON's Sept. 8 one-page ask list remains the active advocacy position.

INDUSTRY POSITIONING

RESCON (Richard Lyall, President). Position on file: the tariffs will worsen the housing affordability crisis in both countries, drive builder input costs and be passed to buyers, and further slow residential construction activity. RESCON's Sept. 8 one-page ask list to Finance Canada, PMO and Ontario MMAH remains the active advocacy vehicle.

Canadian Home Builders' Association (Kevin Lee, CEO). Position: the No. 1 recommendation to the federal government has been to avoid tariffs on construction materials; higher input prices delay housing starts, hurt supply and raise long-term prices. CHBA acknowledges retaliation is politically necessary but continues to press for targeted exclusions.

Canadian Construction Association. Released the "This list hits hard" bulletin (August 26, 2026) flagging structural and derivative steel, aluminum, plywood, LVL, sawn wood, fasteners, HVAC, scaffolding, doors and windows, and lifting machinery as the segments hit hardest. Welcomed the 179-item steel-mill carve-out and the $7.5B support package but flagged that neither addresses residential input costs directly.

Ontario Home Builders' Association. Has aligned with CHBA's position and is coordinating with RESCON on Ontario-specific submissions to MMAH regarding development-charge offsets where builders can demonstrate audited tariff-driven cost increases per unit.

RESCON ACTION TRACKS — UPDATED SEPT. 10

- **Advocacy.** Continue pressing Finance Canada for a Residential Construction Remission Order mirroring the auto/aerospace precedent. Extend the 179-item steel-mill carve-out mechanism to cover residential-specific HS lines with no domestic substitute (particularly HS 7610 architectural aluminum, HS 8418 refrigeration, HS 8517 telecom).
- **Member intelligence.** New reporting template will collect per-unit exposure by product category and HS line for members' September–November purchase orders. First aggregate submission to Finance Canada scheduled for October 15.
- **Contract practice.** Board-approved APS addendum language for tariff-escalation clauses circulated Sept. 10 (see legal update). Members should review Tarion disclosure obligations for pre-Sept-8 contracts still in agreement-of-purchase stage.
- **Coalitions.** Joint residential-inputs remission letter with OHBA, CHBA, CCA and the Canada-U.S. Trade Council targeting the November fall economic statement. RESCON leading the drafting.
- **Member communications.** Next update: RESCON will refresh this analysis when StatCan releases Q3 2026 BCPI in late October — the first quarter that will begin to capture Sept. 8 pass-through — and again after the January Q4 2026 release.

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