

Member's Quarterly

Fall 2025 Edition

Feature

Tariffs, Trade Wars and Temporary Relief

How Work-Sharing Saved Canadian Jobs

In the wake of the ever-escalating “trade war” between the United States and Canada, Canadian industries are facing mounting economic pressures. This is largely due to the tariffs that were imposed by the Trump administration in early 2025. The imposition of these tariffs highlights the vulnerability of Canadian workers to trade policy and the direct impact of these tariffs on everyday working Canadians. As a response, one of the countermeasures imposed by the Canadian government was an expansion of the federal Work-Sharing Program (the “Program”) under the Employment Insurance Act, which is aimed at avoiding layoffs, while finding the balance between employer needs and employee rights.



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Work-Sharing as a Legal Alternative to Layoffs

The Work-Sharing Program provides employers and employees with a mechanism to avoid layoffs when the decrease in the normal level of business activity is beyond their control. For context, the Work-Sharing Program has historically been used during wildfires and COVID-19.

Specifically, the Work-Sharing Program offers employers with a lawful means of reducing working hours across their workforce without the need of terminating employment contracts, while allowing for employees that experience a temporarily reduced work week to receive income support through Employment Insurance.

For employees to be eligible for income support, they must have experienced a minimum 10% reduction to their normal weekly earnings under a Work-Sharing Agreement (“Agreement”). Employees that are party to an Agreement must agree to a reduced schedule of work, and to share the available work equally over the term of the Agreement. Employers, employees and unions (if applicable) who want to be part of the Program must apply to Service Canada at least ten days prior to the start of the Agreement.

Employers are eligible to implement a Work-Sharing Program if they are operating in Canada for a minimum of one year, and have a minimum of two Employment Insurance eligible employees who agree to the reduction in hours and to share any available work.

Work-Sharing Program Benefit Payment

Under the Work-Sharing Program, the employer pays the employee their regular wages for the hours worked, while Employment Insurance covers all or part of the lost wages due to reduced hours. For example, if an employee works four days instead of their usual five, Employment Insurance may cover the shortfall. The formula used by Service Canada to determine how much the Employment Insurance benefit amount is depends on:

- i. The number of hours worked by the employee;
- ii. The employee’s standard Employment Insurance insurable weekly earnings, up to a maximum of \$695/week); and
- iii. The number of hours the employee would have worked if not in the Work-Sharing Program.

Special Measures Announced by Canadian Federal Government

On March 7, 2025, in response to the Trump tariffs, the federal government amended the Work-Sharing Program.

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Key changes include:

- **Extended Duration:** The maximum length of a Work-Sharing Agreement was doubled from 38 to 76 weeks. Under the special measures, the Agreement must be a minimum duration of six weeks.
- **Broadened Eligibility of Employers:** Eligible employers have been updated to now include non-profit and charitable organizations that are experiencing a reduction in revenue due to the tariffs, cyclical/seasonal employers, and employers experiencing a decrease in work activity in the last six months less than 10% (which is a change from the general eligibility requirement mentioned above of at least 10% in the last six months).
- **Broadened Eligibility of Employees:** The special measures remove the requirement that employees be year-round, permanent, full-time, or part-time employees to participate in a Work-Sharing Program. Cyclical and seasonal employees are now included, as well as employees assisting the employer recovery efforts (i.e., senior management, sales employees, etc.)

The special measures have been announced to be in place until at least March 6, 2026.

Unionized Workplaces and Collective Agreements: For employers in a unionized environment, it is important to note that a Work-Sharing Agreement must be consistent with the collective agreement. Employers cannot unilaterally alter hours of work and/or wages without union consent. The union plays a key role in shaping the terms of any application to Service Canada for the Work-Sharing Program.

Conclusion

Given the uncertainty regarding the tariffs, the expansion of the Work-Sharing Program provides a sound legal alternative to layoffs, while promoting job preservation and workforce stability.

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