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CHILD CARE OPERATORS BRACING FOR IMPACT OF US/CANADA TARIFF DISPUTE

For Immediate Release

February 28, 2025—Earlier this month, Canada’s oldest child care operators association, the Association of Day Care Operators of Ontario (ADCO), warned federal and provincial officials about the potentially devastating impact of a Canada/US tariff dispute on Canada’s licensed child care sector. “Widespread layoffs due to US tariffs combined with higher operating costs due to Canada’s planned retaliatory measures could mean numerous centre closures,” says Andrea Hannen, ADCO’s executive director. “Policymakers appear to be taking these warnings seriously and we’ve had some productive meetings, but we still haven’t seen a comprehensive plan from either the federal government or the Province of Ontario to ensure the continuity of all licensed child care services.”

When parents get laid off, they often pull their children from child care as a means of saving money, which means revenue losses for centres. At the same time, the Government of Canada’s [proposed list](#) of US products subject to 25 per cent tariffs includes many of the items required to deliver licensed child care services. Foods, hygiene products and appliances are just a few of them. In instances where suitable, comparably priced alternatives from elsewhere aren’t readily available, child care centres could be left paying more for essentials.

Child care centres in some of Ontario’s northern regions are reporting that public health departments have already started working with them on developing contingency plans to deal with anticipated shortages in certain foods. Licensed centres have been encouraged to stockpile certain dry goods and to prepare and freeze fresh produce to ensure that the meals served to children will still meet all appropriate nutritional standards if Canada’s planned retaliatory tariffs result in shortages of certain foods.

The combination of lost revenue and higher purchasing costs also has child care operators concerned about retaining qualified staff and maintaining service levels. “Even if a centre has a lengthy waitlist, it can still take some time to fill a vacant space,” says Hannen. “In the meantime, the centre is losing money. Unless policymakers come up with a plan to offset the financial impact of a US/Canada tariff dispute on the licensed child care sector, it is likely that some centres will be forced to close.”

Most of Ontario’s licensed child care centres have very little ability to absorb vacant spaces or unplanned cost increases. Those enrolled in the Canada-Wide Early Learning and Child Care program are dealing with strict, government-imposed limitations on their allowable expenses. Many of the centres that aren’t enrolled in the federal program had all of their Provincial funding cut as of January 1. “There isn’t much runway before any centre could be forced to close,” says Hannen. “Ensuring that all of the licensed spaces Ontario currently has will still be available once these trade disputes get resolved will require swift action from government,” says Hannen. “ADCO will help in any way it can.”

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Established in 1981, ADCO is the industry association for Ontario’s independent licensed child care centres, both commercial and not-for-profit. Independent licensed child care centres are those that are not run by public sector entities such as municipalities or school boards, or by large multi-service agencies such as YMCAs. Most are small businesses, owned and operated by women. For further information, please contact: the Association of Day Care Operators of Ontario (ADCO) at admin@adco-o.on.ca or Andrea Hannen at 1-877-685-4288, ext. 1.