

Ontario Layoffs Follow New U.S. Tariffs: Employment Lawyers Outline Worker Rights

U.S. tariffs on Canadian steel and aluminum lead to mass layoffs in Ontario, leaving workers unsure about severance, termination rights, & disability benefits.

TORONTO, CANADA, March 28, 2025 /EINPresswire.com/ -- Recent U.S. tariffs on Canadian steel and aluminum have led to a wave of layoffs across Ontario, particularly within the manufacturing, construction, and supply sectors. The new 25% tariff has reignited economic tensions and is being compared to the 2018 tariffs, which reduced Canadian steel exports by 38%. As a result, workers in affected industries are experiencing significant financial and legal uncertainty. Employment law professionals in Ontario are emphasizing the importance of understanding one's legal protections when faced with termination or changes to employment conditions.



Canada and US flag

According to Toronto-based employment lawyers, the Employment Standards Act (ESA) provides clear guidelines regarding termination without cause. While employers may legally terminate employees without cause, they must provide appropriate notice or pay in lieu of notice. In many cases, the statutory minimums set by the ESA are just the beginning—common law entitlements often go much further and can significantly increase an employee's compensation package.

Factors such as length of service, position held, age, and the time it may reasonably take to secure a comparable role all play into the amount of notice or severance pay owed. However, it is not uncommon for employers to offer less than what is fair or legally appropriate. Legal experts urge employees to have their severance packages reviewed before accepting any offer.

"Many employees mistakenly assume that the first severance offer they receive is non-negotiable," said a spokesperson for Lecker & Associates, an employment law firm in Ontario. "In reality, employers are often trying to minimize payouts, and many workers are entitled to significantly more than they're initially offered."

In some cases, layoffs may be framed as temporary, but not all temporary layoffs are legal under the ESA. If the employee's contract does not specifically permit temporary layoffs, such an action may constitute constructive dismissal. This occurs when an employer makes a fundamental change to the terms of employment, such as reducing hours, pay, or responsibilities, without the employee's consent.

Employees who believe they have experienced constructive dismissal may be entitled to full severance compensation, even if their employer labels the situation as a temporary layoff or internal restructuring. Documenting any such changes and seeking legal advice early is strongly recommended.

The challenges facing laid-off workers extend beyond severance. For employees who are currently receiving long-term disability (LTD) benefits, job termination can trigger additional concerns. While many assume [LTD benefits](#) will continue regardless of employment status, the reality is more complex.

In Ontario, whether an employee continues to receive LTD benefits after being terminated depends largely on the terms of the group insurance policy. Some policies terminate coverage immediately upon dismissal, while others may offer continued support. Without access to the full insurance policy documentation, which is not always provided upfront, many employees are left unsure of their rights.

Disability lawyers in Toronto note that employees terminated while on LTD leave may have grounds to challenge the termination, especially if the employer fails to follow appropriate procedures or appears to be discriminating based on disability. In certain situations, legal action may help secure continued access to [disability benefits](#), pursue damages for wrongful dismissal, or seek remedies under Ontario's Human Rights Code.

As job instability continues to ripple through Ontario's industrial sectors, legal professionals advise employees to take proactive steps when faced with changes in employment status:

- Review all employment contracts and note any mention of temporary layoffs or severance terms;
- Avoid signing severance agreements prematurely, particularly those with tight deadlines or waiver clauses;
- Request access to the group disability policy if receiving or applying for LTD benefits.
- Keep a record of job duties, hours, and any recent changes that could indicate constructive dismissal;
- Consult with legal counsel to understand all entitlements before taking action.

These steps are especially important given the broader economic consequences of the new tariffs. Layoffs in the steel and manufacturing industries have a domino effect, impacting

transportation, warehousing, and smaller suppliers. As the effects spread, workers in adjacent sectors may also face termination or reductions in hours.

Legal professionals note that the rules surrounding termination and severance entitlements can vary significantly depending on individual circumstances, such as job position, contract terms, and medical considerations. Understanding these nuances can help employees make informed decisions and avoid outcomes that may affect their legal rights.

“As employment conditions shift across various sectors, it’s important that workers understand how the law applies to their specific situation,” added the spokesperson. “Reviewing employment terms, severance packages, and available benefits in advance can help clarify options and reduce the risk of unnecessary hardship.”

About Lecker & Associates:

Lecker & Associates is a Toronto-based employment and disability law firm with more than 35 years of experience representing employees in matters related to severance, wrongful dismissal, disability benefits, and human rights in the workplace.

For additional information on employment standards, severance entitlements, constructive dismissal, or long-term disability claims in Ontario, contact:

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