Ontario’s new trade fund: Everything you need to know

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On April 16, 2025, the Government of Ontario announced that it was launching the $50M Ontario Together Trade Fund (OTTF) to support Ontario’s small and medium businesses with near-term investments to better serve interprovincial customers, develop new interprovincial markets and reshore critical supply chains in response to U.S. tariffs. On April 23, 2025, the Government of Ontario published guidelines (the Guidelines) to assist applicants with submitting their application to the OTTF.

Purpose

The OTTF will fund projects that address the impacts of U.S. trade disruptions and align with Ontario’s key economic priorities, including:

- **Diversifying sales portfolios**: Expanding market reach to new markets with a focus on interprovincial trade;
- **Enhancing competitiveness**: Increasing manufacturing capacity and capabilities and increasing profitability through investments in advanced technology and innovative processes;
- **Contributing to regional and sectorial ecosystems:** Reshoring and efforts to procure more equipment and supplies from Ontario and Canada; and
- **Creating and/or retaining jobs**.

The Guidelines define reshoring as:

- a company bringing manufacturing (for example, a full line or components) in house that is currently manufactured/outsourced/subcontracted outside of Canada; and
- manufacturing a product/component in Ontario to supply a Canadian manufacturer that currently sources the component from outside of Canada.

Eligibility

i. Applicant eligibility

Funding may be available for Ontario businesses that meet the following requirements:

- Invest **$200,000** in *eligible project costs* such as;
  - Enhancing domestic competitiveness;
  - Building capacity and local supply chain in Ontario, including reshoring/replacing US based suppliers;
  - Pivoting operations to manufacture less trade exposed goods;
  - Creating and/or securing jobs in Ontario; and
  - Other activities required to diversify revenue streams.
- Located in Ontario during project period;
- Complete the project within two years; and
- Financing is secured before project start.

The OTTF supports for-profit businesses registered to carry out business in Ontario. As such, applicants must meet the following criteria to be eligible to apply for funding:

- Operate within Ontario;
- Have at least three years of financial statements;
- Have at least five full time equivalent active employees;
- Demonstrate any of the following impacts due to U.S. tariffs:
  - Operate in a sector extensively targeted by U.S. tariffs (*i.e.* steel, auto, aluminum);
  - Significant exposure to trade risk (*i.e.* revenue loss of 30 per cent or higher) or pivoting operations to supply customers looking to replace a current supplier due to tariffs.

The Government of Ontario will consider, on a case-by-case basis, applicants who do not meet the above requirements where they demonstrate exceptional benefit to Ontario and its priorities.

As explained above, only for-profit businesses are eligible and as such the following businesses are not eligible to apply for funding:

- Not-for-profit organizations;
- Sole proprietors;
- Retail;
- Construction companies providing primary construction (production of construction is however eligible);
- Personal service providers; and
- Consulting firms.

ii. Project eligibility

Eligible project activities include:

- Business development, such as market diversification and sales growth;
- Expanding capacity and creating or security jobs within Ontario;
- Procuring advanced equipment and modifying facilities to strengthen domestic manufacturing, support reshoring efforts and growing Ontario’s supply chain;

- Developing innovative technologies to enhance the competitiveness of Ontario's manufacturing and production sectors;
- Adapting products for new markets, such as covering costs for certification, legal requirements, labelling and testing;
- Modifying existing products to enter new industries (transitioning from automotive fasteners to construction fasteners); and
- Strengthening Ontario's economy in response to trade-related challenges, such as sourcing equipment and materials locally or targeting non-U.S. export markets

The OTTF will not cover projects such as:

- Ongoing operations;
- Refinancing of existing business;
- Acquisitions and buyout;
- Waste management and primary recycling;
- Restructuring or relocating to other jurisdictions within Ontario
- Electricity projects; and
- Hospitality projects.

The Guidelines clarify that *eligible project costs* must be directly attributable to the project and must be incurred and paid on or after the project start date and up to the project completion date, as specified in the funding agreement. Eligible project costs cannot include ongoing costs of production or operations. The Government of Ontario retains the final say in deciding expenditure eligibility and valuation.

The following table illustrates several project costs categories with examples of both *eligible* and *ineligible costs*. It is important to note that this list is for reference only the Ministry retains discretionary power to determine the eligibility of costs.

Project Costs Category	**Eligible Costs**	**Ineligible Costs**
Facilities and Infrastructure	• Construction and project facility modifications or updates • Site servicing, power service upgrades • Relocation or expansion costs (only the increase in square footage is eligible)	• Land or building purchases • Landscaping and staff parking lot costs
Equipment and Machinery	• Equipment and machinery necessary for project completion including advanced technology or maintenance equipment associated with new technologies	• Purchase/lease or operation of vehicles or off-site equipment

Labour	• One-time labour directly related to project costs (cost to set-up new equipment, technologies, etc.) • Incremental specialized labour directly related to the project (*i.e.* a new business development manager) is eligible for up to a maximum of 2 years Direct salary, wages, benefits are included	• Ongoing operational and production labour costs • Brokers, agents, and consultants
Materials	• Costs of direct materials necessary for project completion, including materials used for: o Configuring and testing productions processes; o Training employees; o Prototypes; and o Other materials directly related to the project.	• Materials used for regular production of saleable items
Specialized Expertise	• Costs of specialized expertise required for the project, including third party-engineering services, software development, management, etc.	N/A
Training and Talent Costs	• Skills training, including employer-provided training related to the project • Costs to provide training • Training infrastructure • Third party costs related to training for owners and or management to address specific	• Training costs supported by the Ministry of Labour, Immigration, Training and Skills Development • Wages of staff for the time they are receiving the training

	business needs (with limits) • Costs to hire external expertise related to the development of a human resource strategy and/or succession planning	
Permit and Fees	• Costs incurred by the recipient for permits, inspections and other fees directly attributable to the project	• Fees attributable to ongoing operations
New Market Access	• Procurement of market research reports that provide guidance on how to access and sell to new markets, except the US • Registration and booth costs of exhibiting trade shows held outside Ontario and the U.S. • Developing localized marketing and packaging materials • Extending e-commerce to reach new markets, other than the U.S. • Certification of made in Ontario products and production facilities to meet regulatory/compliance requirements in new markets outside Ontario and the U.S. • Costs of extending existing patents to local markets (patents must belong and continue to belong to Ontario applicants for the project duration)	• Travel and accommodation costs • Meal per diems, hospitality • Shipping costs for marketing materials and samples • Travel insurance • Marketing costs

Consult the Guidelines for an in-depth look at all types of eligible and ineligible costs and contact an Ontario Advisor with eligibility questions.

Funding

The Government of Ontario may cover up to 75 per cent of eligible project costs, to a maximum of $5 million, through either a grant or loan. Funding is based on an assessment of the project impact. Applications opened on April 23, 2025, and will be assessed on a rolling basis.

Note that projects will only receive up to 75 per cent funding if the project can demonstrate exceptional benefit to Ontario and is aligned with government priorities.

Funding provided through loans will be interest free for the duration of the project (up to two years) and will generally need to be repaid over a four-year period. Applicants that meet their investment and job creation targets may be eligible for loan forgiveness of up to 30 per cent, up to a maximum of $1.5 million. All applicants are required to enter into loan agreements with the Government of Ontario and provide acceptable collateral.

Application

Applicants can submit their applications at any time and no end date has been specified as of yet. Applicants must register with Transfer Payment Ontario (TPON) to receive funding.

Applicants should use the mandatory online self-assessment tool to determine whether they are eligible to apply to the OTTF. Once eligibility is confirmed, applicants will be required to communicate with an Ontario Advisor to discuss project specifics and will be provided with a link to submit a full application through TPON. Applicants will be required to submit supporting documentation including articles of incorporation, corporate family trees (if applicable) and financial statements from the last three fiscal years plus year-to--date financials.

Assessment

Projects will be assessed based on alignment with provincial priorities such as:

- Creating and retaining jobs in Ontario
- Building local supply chain capacity in Ontario, including reshoring production to Ontario
- Diversification of market reach beyond the U.S., with an emphasis on expanding revenue streams to new markets, particularly through inter-provincial trade
- Manufacturing capacity expansion and investment in new technologies
- Training
- Increased innovation (*i.e.* introducing new products or processed to the province/country/industry, resulting in new IP)
- Project risks (*i.e.* management, financial and market risks)

The Government of Ontario will evaluate applications based on the information included in each applicant's submissions; therefore, applicants should ensure their submissions are thorough and accurate.

Note that if a project is not approved following the assessment phase, the business will not be permitted to reapply with the same project.

Applicants should be aware that the Ministry of Economic Development, Job Creation and Trade is bound by the *Freedom of Information and Protection of Privacy Act* (FIPPA) which allows individuals to assess, subject to limited exemptions, information in custody or under the control of the Government of Ontario. Applicants should clearly mark any confidential information clearly, as it may be subject to disclosure under FIPPA.

If you have questions about your eligibility for the OTTF or require assistance with preparing a strong application, BLG is here to help. We have experience advising clients on government funding programs and can guide you through the process to ensure your application is clear, complete, and compelling. Don't hesitate to reach out to the BLG team for support.

By

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