

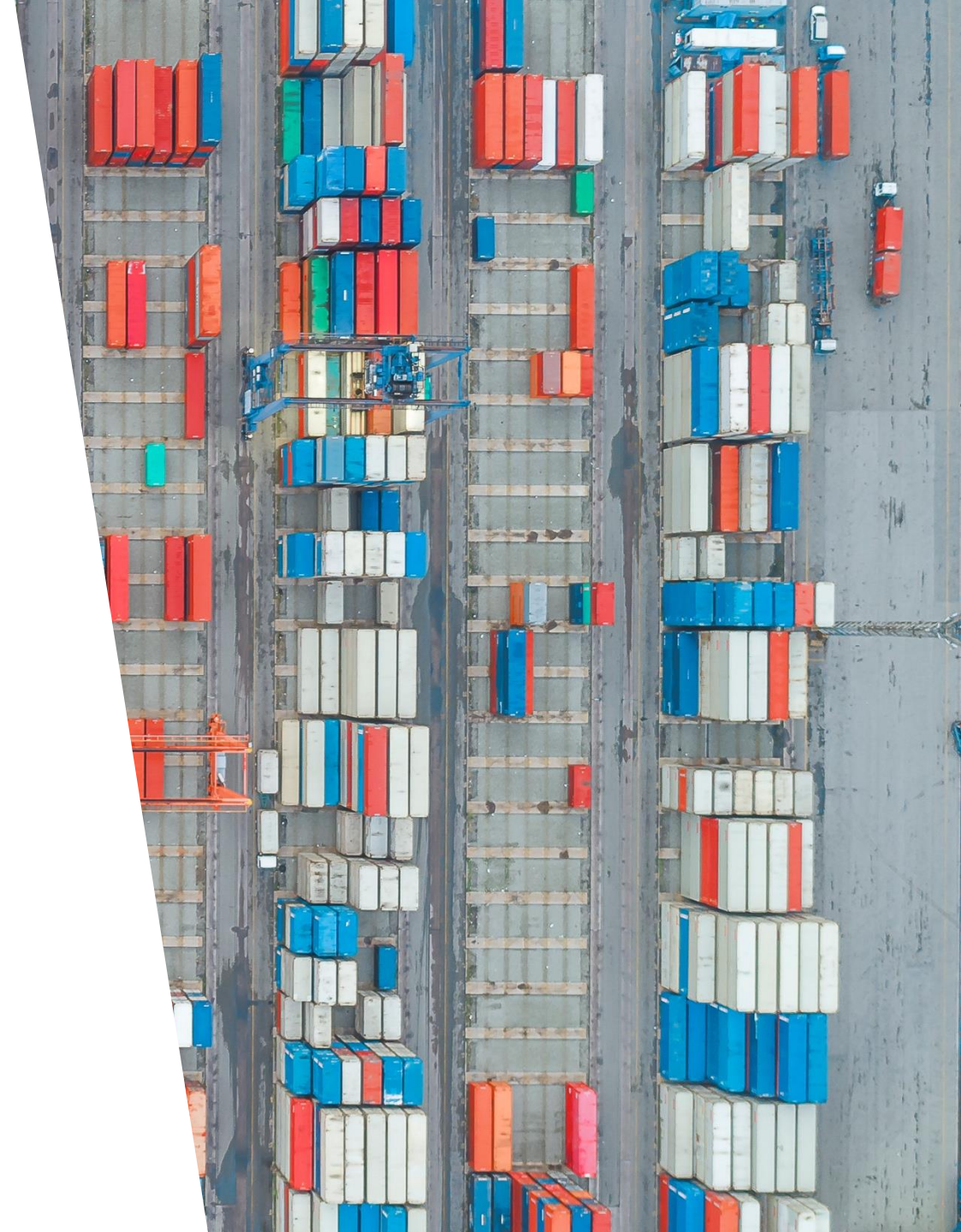


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MACROECONOMIC IMPACTS OF THE US- CANADA TRADE WAR

A report for the Union of BC
Municipalities

March 2025



Executive Summary

- The US-Canada trade war threatens to derail what has historically been a close economic relationship.
- To assess the potential impacts on the Canadian economy, we utilize Oxford Economics' proprietary Global Economic Model and Canadian Provincial-Territorial Model.
- We assume tariffs take effect as announced (as of mid-March 2025), with the US imposing 25% tariffs on non-energy imports (excluding the auto sector) and 10% tariffs on energy imports; Canada is assumed to retaliate with tariffs on roughly half its imports from the US.
- Our modelling suggests a peak impact in 2026, with GDP nationally falling 1.5% below a no-tariffs baseline, equivalent to nearly \$48 billion in 2024 prices and leading to a loss of nearly 250,000 jobs.
- Impacts are concentrated in the manufacturing sector, with metals, chemicals, and non-metallic mineral manufacturing seeing the largest impacts. The construction sector, though not tariffed, is also heavily impacted due to the decline in investment activity.
- British Columbia is less impacted than other regions of Canada, due to its relatively lower reliance on the US as an export destination, and due to the smaller share of economic activity driven by the hard-hit manufacturing sector. Overall, output in BC falls 1.3% below baseline in 2026 and peak job losses total almost 31,000.
- Responding with fiscal stimulus, allocated to housing and municipal infrastructure, could blunt some of the fallout from the trade war. Under our stimulus assumptions, GDP losses are reduced \$31 billion at 2024 prices, and peak job losses in 2026 are 25,000 lower than a no-stimulus case.
- BC sees among the largest gains from the assumed stimulus spending, with a cumulative increase of 0.2% in GDP (\$6 billion in 2024 prices) over the five-year forecast and a reduction in peak job losses of 4,600 jobs in 2026



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THE US-CANADA TRADE WAR

The US-Canada trade war

- From the first days of his second term, US President Donald Trump has been intent on using tariffs to correct what he argues are anti-competitive practices by US trade partners
- After several delays, tariffs on Canadian imports to the US, first announced on February 1, are set to go into effect on April 3. Canada, meanwhile, has responded to tariff threats by implementing retaliatory tariffs on imports of US goods, beginning with 25% tariffs on an estimated \$30 billion of imports taking effect on March 4, followed by a second round of tariffs on an additional \$30 billion in US imports taking effect on March 12. A third round of tariffs, targeting an estimated \$95 billion in US imports, is set to take effect on April 2.
- The trade war sparked by the Trump administration threatens to damage a key economic relationship between countries that have historically been close allies
- The Union of BC Municipalities commissioned Oxford Economics to quantify the potential costs of the trade war on the Canadian economy utilizing its proprietary Global Economic Model (GEM) and Canadian Provincial Territorial Model (CPTM)
- We model the scenario with and without fiscal stimulus to assess how stimulus may blunt the negative impacts of the conflict

About Oxford Economics

Oxford Economics is a world leader in global forecasting and quantitative analysis.

- Our worldwide client base comprises over 2,000 international corporations, financial institutions, government organizations and universities.
- Founded in 1981 as a commercial venture with Oxford University's business college, Oxford Economics is now a leading independent economic consultancy.
- Headquartered in Oxford, with offices around the world, we employ over 400 people, including some 250 economists.
- Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.



Modelling approach

To estimate the economic impacts of the trade war we utilize Oxford's Global Economic Model and Canadian Provincial-Territorial Model. The CPTM features a one-click integration with the GEM that can be used to set the global backdrop for a CPTM scenario, imposing assumptions for global demand (import volumes), commodity prices, and key financial variables (US equity market prices, interest rates, etc.)



The Global Economic Model (GEM)

- The Oxford Economics Global Economic Model (GEM) is a large-scale, fully integrated model of the global economy
- The GEM covers 85 countries in detail (~98% of world GDP), with the rest of the world economy covered in regional blocs
- The broad structure of our models is similar across countries, with amendments to reflect country specific factors such as dependence on commodities, exchange rate regime, and flexibility of the labor market
- Country models are linked through trade, commodity prices, and global financial markets
- The GEM is used to model the impacts of the trade war on global demand, commodity prices, and financial markets



The Canadian Provincial-Territorial Model (CPTM)

- The Canadian Provincial-Territorial model (CPTM) is a detailed macro-econometric model of the Canadian economy
- The model is regionally bottom-up, with output driven by the aggregation of activity of the thirteen provinces and territories, and exchange rates, monetary policy, and (federal) fiscal policy determined at the national level
- Within each province, output is modelled at the aggregation of activity in 106 NAICS industries
- A recent enhancement to the CPTM allows modelling of bi-lateral tariffs between the US and Canada across 41 goods producing industries
- The CPTM is used to model the impacts of the trade war on Canada at the province and industry level



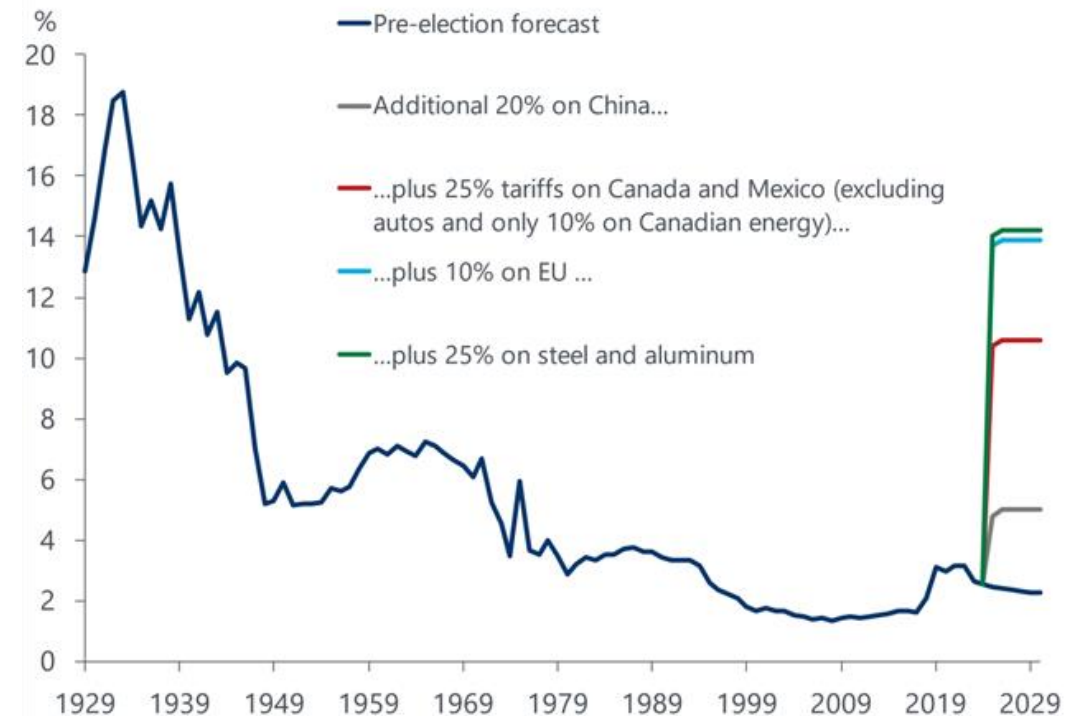
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SCENARIO ASSUMPTIONS

Scenario assumptions

- The US imposes tariffs of 25% on most imports from Canada and Mexico from April 2, with a lower 10% tariff on energy products and an exemption for transportation equipment
- In addition to the tariffs imposed on Canada and Mexico, we assume US tariffs on China and the EU, as well as a global 25% tariff on steel and aluminum.
- Canada responds with tariffs as announced i.e. 25% tariffs covering \$155 billion in US imports. Tariffs on \$30 billion in US imports take effect March 2, with an additional tranche of \$30 billion taking effect March 13, and the final \$95 billion being implemented April 2
- Tariffs between the US and Canada remain in place until mid-2026, when a new US-Mexico-Canada trade deal is anticipated to reverse most of the hikes. We assume lower 10% tariffs will remain in place bi-laterally on certain metals and agricultural goods even after the new agreement is reached

US: Effective tariff rate



US tariffs on Canadian imports by sector

NAICS	Desc	2-Apr-25	1-Jul-26
111	Crop Production	25.0	-
112	Animal Production and Aquaculture	25.0	0.1
113	Forestry and logging	25.0	-
114	Fishing, Hunting and Trapping	25.0	-
211	Oil and Gas Extraction	10.0	0.0
2121	Coal Mining	25.0	-
21221	Iron Ore Mining	25.0	10.0
21222	Gold Ore and Silver Ore Mining	25.0	0.6
21223	Copper, Nickel, Lead, and Zinc Mining	25.0	10.0
21229	Other Metal Ore Mining	25.0	10.0
2123	Nonmetallic Mineral Mining and Quarrying	25.0	0.3
311	Food Manufacturing	25.0	-
312	Beverage and Tobacco Product Manufacturing	25.0	0.0
31A	Textile and textile product mills	25.0	0.0
31B	Clothing and leather and allied product manufacturing	25.0	-
321	Wood Product Manufacturing	25.0	0.0
3221	Pulp, Paper, and Paperboard Mills	25.0	0.0
3222	Converted Paper Product Manufacturing	25.0	0.3
323	Printing and Related Support Activities	25.0	0.0
32411	Petroleum Refineries	10.0	0.0
3241A	Petroleum and Coal Products Manufacturing (except refining)	25.0	0.0
3251	Basic Chemical Manufacturing	25.0	0.0
3252, 3255-3259	Other Chemicals	25.0	-
3253	Pesticide, Fertilizer, and Other Agricultural Chemical Manufacturing	25.0	-
3254	Pharmaceutical and Medicine Manufacturing	25.0	-

NAICS	Desc	2-Apr-25	1-Jul-26
326	Plastics and Rubber Products Manufacturing	25.0	0.0
327A	All other non-metallic mineral product manufacturing	25.0	0.7
3273	Cement and Concrete Product Manufacturing	25.0	6.4
3311	Iron and Steel Mills and Ferroalloy Manufacturing	25.0	9.6
3312	Steel Product Manufacturing from Purchased Steel	25.0	9.9
3313	Alumina and Aluminum Production and Processing	25.0	9.8
3314	Nonferrous Metal (except Aluminum) Production and Processing	25.0	3.0
3315	Foundries	25.0	1.9
332	Fabricated Metal Product Manufacturing	25.0	3.2
333	Machinery Manufacturing	25.0	0.0
334	Computer and Electronic Product Manufacturing	25.0	0.0
335	Electrical Equipment, Appliance, and Component Manufacturing	25.0	0.3
3361, 3362, 3363	Motor vehicles, parts, bodies and trailers	-	0.1
3364, 3365, 3366, 3369	All other transportation equipment manufacturing	-	0.0
337	Furniture and Related Product Manufacturing	25.0	0.0
339	Miscellaneous Manufacturing	25.0	0.0
326	Plastics and Rubber Products Manufacturing	25.0	0.0
327A	All other non-metallica mineral product manufacturing	25.0	0.7
3273	Cement and Concrete Product Manufacturing	25.0	6.4
3311	Iron and Steel Mills and Ferroalloy Manufacturing	25.0	9.6
3312	Steel Product Manufacturing from Purchased Steel	25.0	9.9
3313	Alumina and Aluminum Production and Processing	25.0	9.8
3314	Nonferrous Metal (except Aluminum) Production and Processing	25.0	3.0
3315	Foundries	25.0	1.9
332	Fabricated Metal Product Manufacturing	25.0	3.2

Canadian tariffs on US imports by sector

NAICS	Desc	4-Mar-25	13-Mar-25	2-Apr-25	1-Jan-26	1-Jul-26
111	Crop Production	3.4	3.4	21.6	21.6	-
112	Animal Production and Aquaculture	0.1	0.1	24.9	24.9	2.3
113	Forestry and logging	-	-	25.0	25.0	-
114	Fishing, Hunting and Trapping	0.0	0.0	25.0	25.0	-
211	Oil and Gas Extraction	-	-	0.5	0.5	0.0
2121	Coal Mining	-	-	25.0	25.0	-
21221	Iron Ore Mining	-	-	25.0	25.0	10.0
21222	Gold Ore and Silver Ore Mining	-	18.4	25.0	25.0	2.7
21223	Copper, Nickel, Lead, and Zinc Mining	-	0.0	25.0	25.0	10.0
21229	Other Metal Ore Mining	-	-	25.0	25.0	10.0
2123	Nonmetallic Mineral Mining and Quarrying	12.2	12.2	12.8	12.8	1.2
311	Food Manufacturing	5.5	5.5	19.4	19.4	0.1
312	Beverage and Tobacco Product Manufacturing	17.8	17.8	17.8	17.8	0.0
31A	Textile and textile product mills	6.1	6.2	17.9	17.9	0.0
31B	Clothing and leather and allied product manufacturing	22.1	23.0	23.0	23.0	0.0
321	Wood Product Manufacturing	17.9	18.5	18.5	18.5	0.0
3221	Pulp, Paper, and Paperboard Mills	3.6	3.6	21.4	21.4	0.0
3222	Converted Paper Product Manufacturing	8.3	8.9	14.9	14.9	0.2
323	Printing and Related Support Activities	18.7	18.7	18.7	18.7	0.0
32411	Petroleum Refineries	-	-	5.8	5.8	0.0
3241A	Petroleum and Coal Products Manufacturing (except refining)	0.0	0.0	1.2	1.2	0.0
3251	Basic Chemical Manufacturing	0.1	0.1	5.4	5.4	0.0
3252, 3255-59	Other Chemicals	4.1	4.2	11.8	11.8	-
3253	Pesticide, Fertilizer, and Other Agricultural Chemical Manufacturing	0.0	0.0	14.6	14.6	-
3254	Pharmaceutical and Medicine Manufacturing	0.9	0.9	12.1	12.1	0.0

NAICS	Desc	4-Mar-25	13-Mar-25	2-Apr-25	1-Jan-26	1-Jul-26
326	Plastics and Rubber Products Manufacturing	5.5	5.6	13.9	13.9	0.0
327A	All other non-metallic mineral product manufacturing	0.7	2.0	21.1	21.1	0.8
3273	Cement and Concrete Product Manufacturing	1.1	1.3	18.0	18.0	3.7
3311	Iron and Steel Mills and Ferroalloy Manufacturing	0.0	23.0	24.6	24.6	9.5
3312	Steel Product Manufacturing from Purchased Steel	0.0	23.6	24.9	24.9	10.0
3313	Alumina and Aluminum Production and Processing	0.0	21.9	24.4	24.4	5.5
3314	Nonferrous Metal (except Aluminum) Production and Processing	1.3	13.2	20.6	20.6	3.2
3315	Foundries	0.8	22.6	22.6	22.6	8.7
332	Fabricated Metal Product Manufacturing	1.2	11.8	14.2	14.2	4.1
333	Machinery Manufacturing	1.4	2.6	13.1	13.1	0.2
334	Computer and Electronic Product Manufacturing	0.2	3.2	12.0	12.0	0.0
335	Electrical Equipment, Appliance, and Component Manufacturing	2.5	3.3	17.8	17.8	0.2
3361, 3362, 3363	Motor vehicles, parts, bodies and trailers	0.0	0.2	15.9	15.9	0.0
3364, 3365, 3366, 3369	All other transportation equipment manufacturing	0.5	0.6	7.0	7.0	0.0
337	Furniture and Related Product Manufacturing	18.0	24.1	24.1	24.1	0.1
339	Miscellaneous Manufacturing	2.4	4.5	4.5	4.5	0.0

Scenario assumptions – changes since mid-March

- There have been several changes to US tariff policies, and the timing of Canadian retaliation, since the scenario was run in mid-March
- We estimate the effective tariff on Canadian exports to the US, and those placed on US imports, to be slightly lower than modelled in the scenario
- Despite less severe bi-lateral tariffs, the escalation of tariffs on other US trade partners suggests weaker global growth overall, which we expect may worsen the outlook for Canada on balance compared to the simulation results

	US tariffs on Canadian imports	Canadian tariffs on US imports
Modelled assumption	<p>Tariffs:</p> <ul style="list-style-type: none"> • 25% across the board on imports from Canada • 10% on energy • Immediate exemption for transportation equipment <p>Timing:</p> <ul style="list-style-type: none"> • March 4 for USMCA non-compliant Canadian goods imports • April 2 for USMCA compliant Canadian goods imports 	<p>Tariffs and timing:</p> <ul style="list-style-type: none"> • March 4, 2025, 25% tariffs on C\$30bn of US goods imports • March 13, 25% tariffs on additional C\$29.8bn of US goods imports • April 2, 25% tariffs on C\$95bn of US goods imports (C\$155bn in total goods imports covered, including earlier actions)
Current expectation	<p>Tariffs:</p> <ul style="list-style-type: none"> • 25% on steel and aluminum • 25% on non-CUSMA compliant autos and key auto parts • 25% on the non-US content of CUSMA compliant autos and key auto parts • 10% on non-CUSMA compliant energy and potash, and 25% on all other non-CUSMA compliant products <p>Timing:</p> <ul style="list-style-type: none"> • March 7, 2025 for non-CUSMA compliant products • March 12, 2025 for steel and aluminum • April 3, 2025 for autos and key auto parts 	<p>Tariffs and timing:</p> <ul style="list-style-type: none"> • March 4, 2025, 25% tariffs on C\$30bn of US goods imports • March 13, 25% tariffs on additional C\$29.8bn of US goods imports (steel, aluminum, and other) • April 15, 2025, 25% tariffs on non-USMCA compliant autos, 25% tariffs on the US content of USMCA-compliant autos (C\$34.6bn of US auto imports)



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SCENARIO RESULTS

Tariff-only scenario

How do tariffs impact the economy?

Policy	Transmission	Impacts on Canada
US tariffs on imports from Canada (and other trade partners)	<ul style="list-style-type: none">• Higher prices for imports in the US result in substitution to domestic goods• Higher prices for imported goods in the US drive inflation higher, reducing consumption• Higher prices for intermediate goods erode competitiveness of US firms and squeeze profit margins, reducing investment• A pause on US interest rate cuts due to inflation reduce demand and strengthen the USD	<ul style="list-style-type: none">• Lower US demand for imports reduces Canadian goods exports, reducing investment by Canadian firms and leads to job losses• CAD depreciation offsets some of the impact of tariffs on competitiveness of Canadian goods in US but lifts inflation• The external shock and resulting uncertainty weigh on consumer and business sentiment, exacerbating declines in consumption and investment
Canadian tariffs on imports from the US	<ul style="list-style-type: none">• Higher prices for imports to Canada drive inflation higher, reducing consumer demand• Higher input costs erode competitiveness of Canadian firms and squeeze profit margins• Depreciation of the Canadian dollar aggravates inflation in Canada but boosts the competitiveness of Canadian goods and services in the US market	<ul style="list-style-type: none">• Loss of demand and competitiveness further depressed investment• Higher prices for US imports lead to substitution to domestic suppliers, offsetting some, but not all, of the demand shock on Canadian producers• The shock to domestic inflation further weighs on sentiment, exacerbating declines in consumption and investment

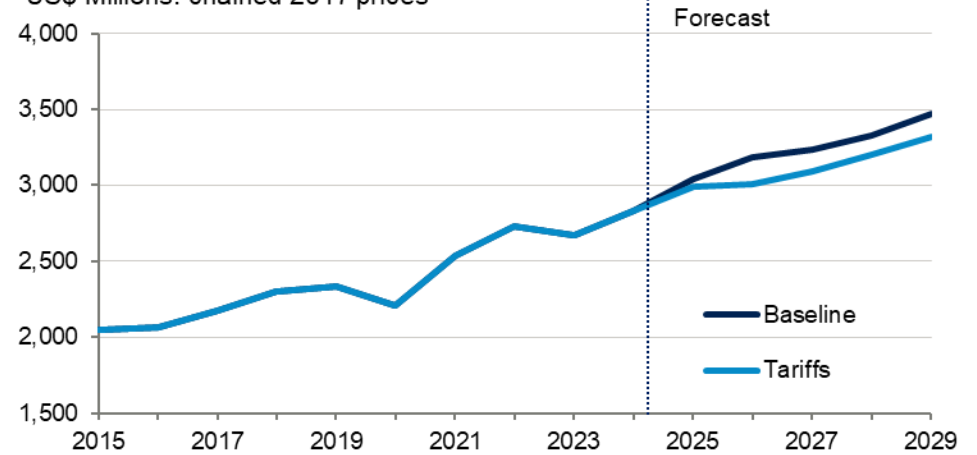
National impacts: trade

- Compared to a no-tariff baseline, US demand for imports from all trade partners falls 5.5% by 2026 in response to import tariffs. The decline reflects both declining US demand due to a decline in households' purchasing power (real income) and US business' competitiveness, as well as substitution away from imports
- The impacts of the shock to external demand on Canadian exports are concentrated in the manufacturing sector, which sees its exports fall 5.9% relative to the no-tariff case.
- Across all sectors, Canadian exports decline 3.2% against the baseline, with muted impacts in (lesser-tariffed) oil and gas, and the services sector aided by a lack of trade barriers and the depreciation of the Canadian dollar

Note: the charts on this slide and others show the impacts to the economy in "real" terms i.e. the *volume* of goods produced, consumed, and traded rather than their value. This is typically done by holding the price level constant, which makes the values consistent and comparable over time. Statistics Canada publishes data on the real economy in chained 2017 prices. This measure of the price level attempts to account for the changing composition of consumption or production over time that occur because of the changes in prices of goods relative to one another. This method is thought by economists to give a more accurate representation of volume of goods and services produced in the economy.

US: Imports, international, real

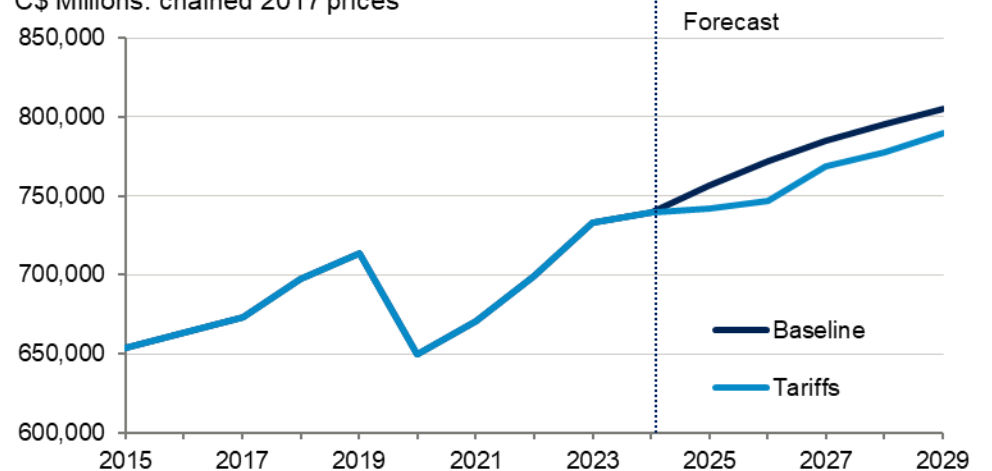
US\$ Millions: chained 2017 prices



Source: Oxford Economics

Canada: Exports, international, real

C\$ Millions: chained 2017 prices



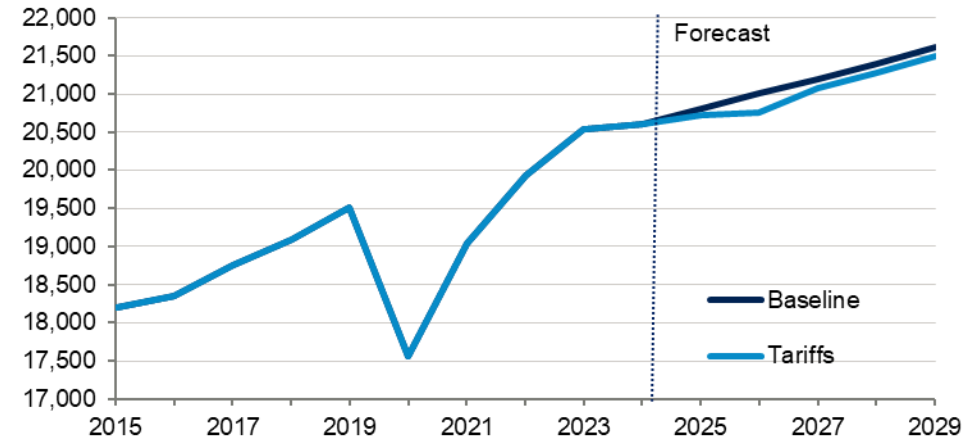
Source: Oxford Economics

National impacts: investment

- Though the direct impacts of the US tariffs are felt most in the manufacturing sector, the shock produces a broad decline in sentiment, reducing household consumption and business investment
- This is exacerbated by Canada's retaliatory tariffs, which lead to a spike in consumer prices, reducing Canadian households' purchasing power and consumption; firms respond with further reductions in investment and hiring
- As a result, private non-residential fixed investment* falls 5.4% compared to the baseline by 2026. Investment declines are broad-based, though manufacturing is the most impacted in relative terms, with its investment falling 9.8%
- Employment falls 1.2%, equivalent to nearly 250,000 jobs, against the baseline as firms adjust to changing demand and declining global competitiveness

Canada: Employment

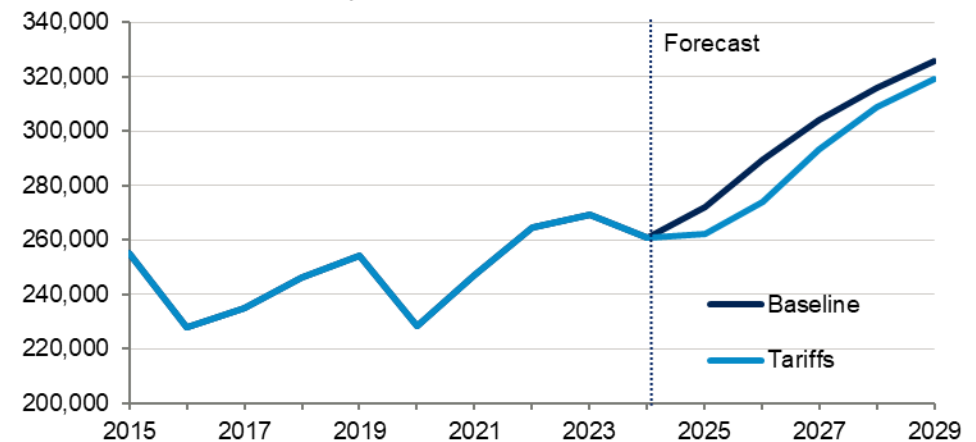
Persons , thousands



Source: Oxford Economics

Canada: Investment, private, non-residential, real

C\$ Millions: chained 2017 prices



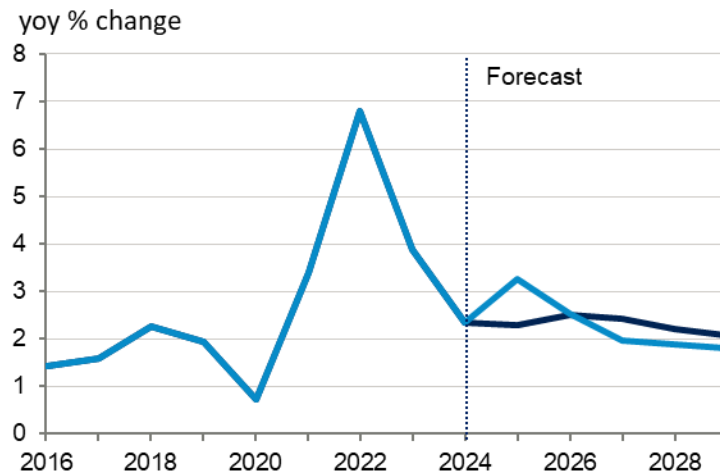
Source: Oxford Economics

*Fixed investment excluding investments in residential structures and by government

National impacts: household consumption

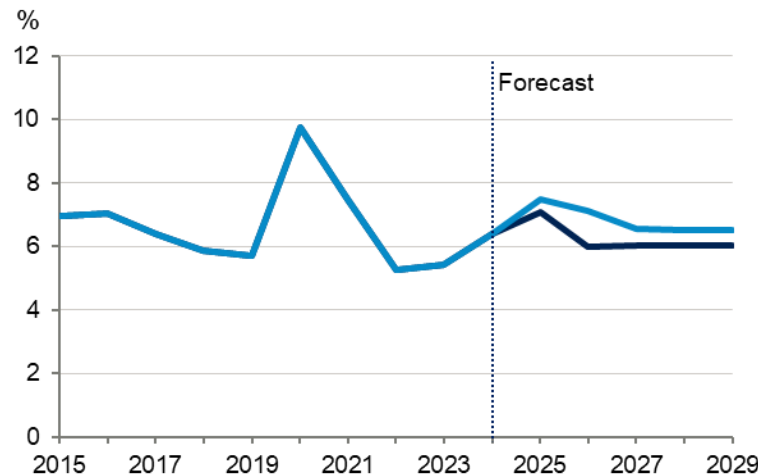
- Households are hit hard by both the US tariffs, which lead to downsizing by Canadian firms, and Canadian retaliation, which lifts inflation
- Inflation rises 1 percentage point in 2025 as Canadian tariffs come into effect, eroding purchasing power at a time where unemployment is rising
- The result is a 1.2% decline in real income by 2026, equivalent to nearly \$21 billion in 2024 prices or roughly \$1,770 per household
- When combined with declining sentiment, this leads to a 2.0% decline in household consumption, equivalent to nearly \$35 billion in 2024 prices, or \$2,000 per household

Canada: Consumer price index



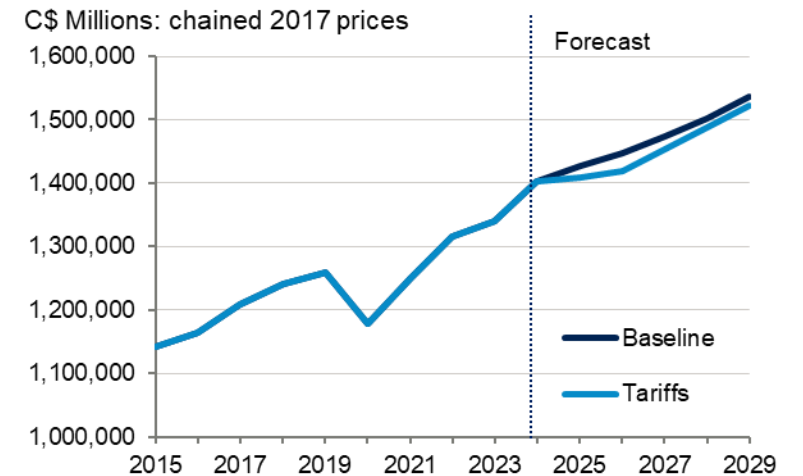
Source: Oxford Economics

Canada: Unemployment rate



Source: Oxford Economics

Canada: Consumption, private, real



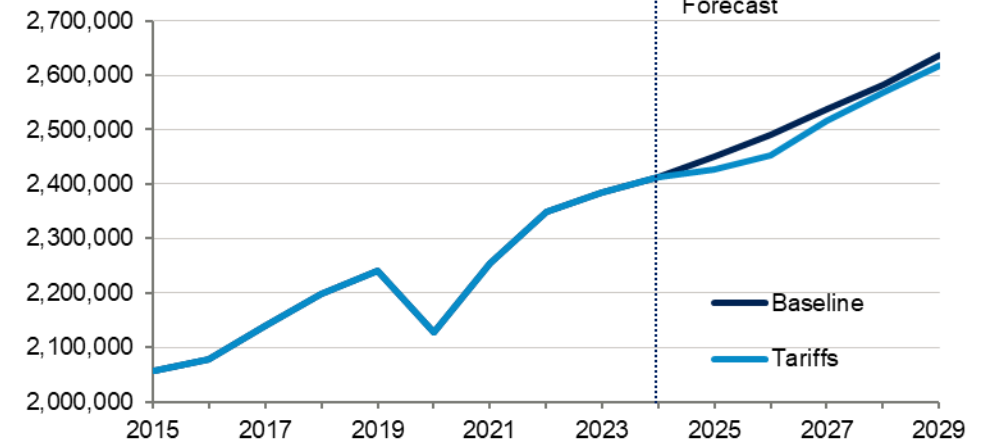
Source: Oxford Economics

National impacts: GDP

- In total, GDP is 1.5% below baseline by 2026
- As renegotiation of the USCMA in mid -2026 sets the stage for a recovery, but even by 2029 GDP is below baseline, reflecting some lingering scarring, as well as the impacts of trade barriers that remain in place
- By region, Ontario and Quebec are among the hardest hit, due to the strong commercial ties with the US and the concentration of GDP in industries targeted by tariffs
- The Northwest Territories are also impacted more than the country as a whole, due to the importance of the mining sector to the regional economy
- Conversely, regions with more diversity in trade partners, or regions where the industrial composition of GDP implies a lower effective tariff rate, tend to fare better

Canada: GDP, real

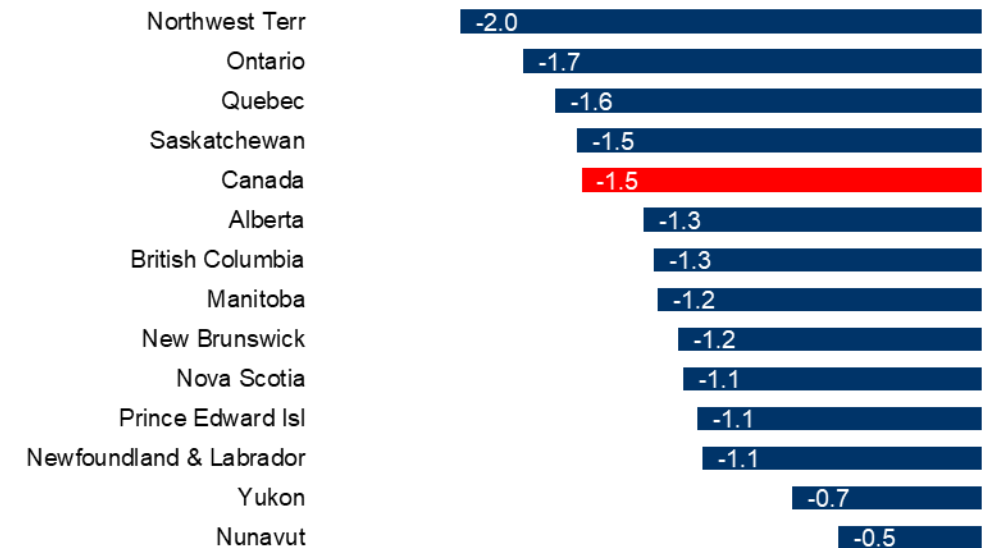
C\$ Millions: chained 2017 prices



Source: Oxford Economics

GDP by region, 2026

% change from baseline



Source: Oxford Economics

National impacts: by industry

- Industry-level impacts reflect a combination of:
 - How high the US tariffs are on the industry's output and how much of that output is exported to the US
 - How much the Canadian retaliatory tariffs raise the cost of the industry's inputs
 - The extent to which demand for their outputs is linked to fixed investment in structures and machinery
- Metals production sees the largest declines in output, reflecting both high US tariffs as well as a significant decline in domestic demand as investment declines
- Non-metallic minerals and chemicals face similar pressures, with a substantial share of their output typically exported to the US
- The construction sector, though not tariffed, sees its output fall more than twice that of GDP overall due to the pull back in domestic investment

GDP by industry, 2026 (top 20)

% change from baseline



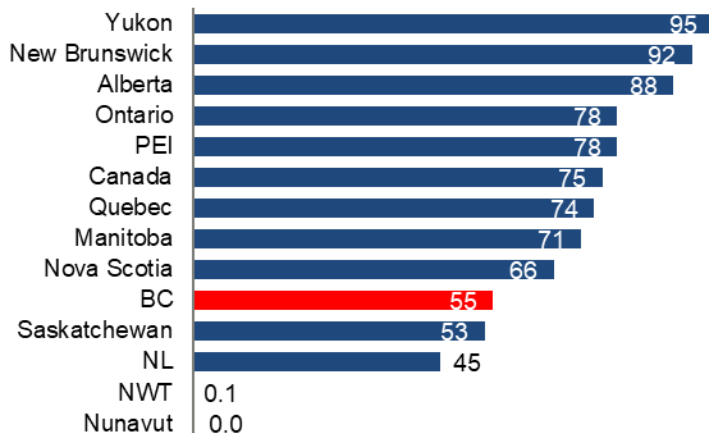
Source: Oxford Economics

BC macroeconomic impacts

- British Columbia is less severely impacted than most other regions, due to relatively lower dependence on the US as an export destination, as well as is less manufacturing-dependent economy overall.
- A bit more than half of BC's goods exports have gone to the US over the last 5 years, substantially lower than the rest of Canada.
- Meanwhile, BC's economy is less reliant on manufacturing, where we see the most severe fallout from the trade war. Manufacturing accounts for just 5% of BCs GDP, the second-lowest share of any province. Similarly, manufacturing investment accounts for just 5.3% of private, non-residential fixed investment, less than half the national average of 11.3%

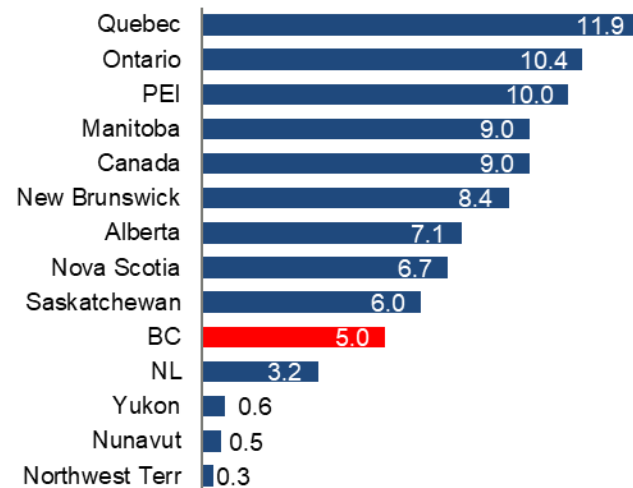
US export share, 2019-24

% of total merchandise exports



Source: Oxford Economics

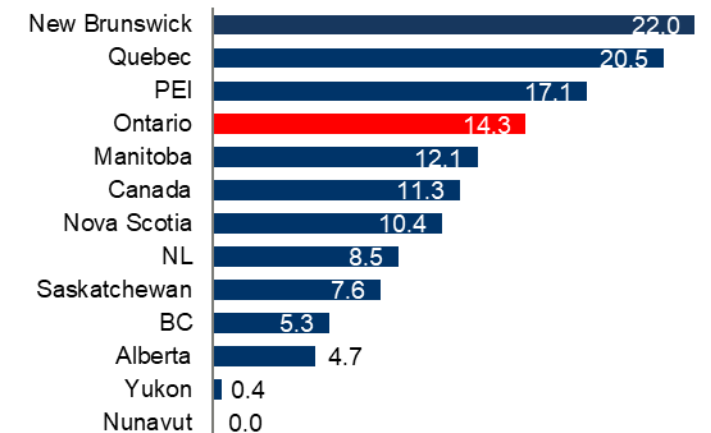
Manufacturing share of GDP, 2023



Source: Oxford Economics

Manufacturing investment, 2023

% of private, non-residential investment

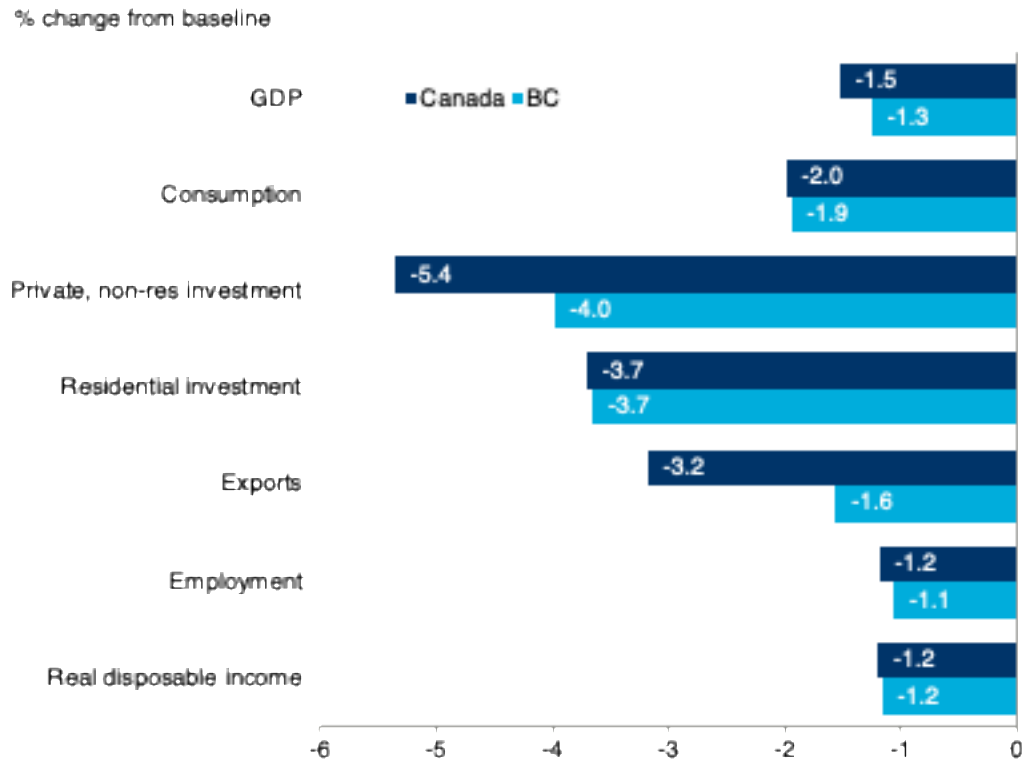


Source: Oxford Economics

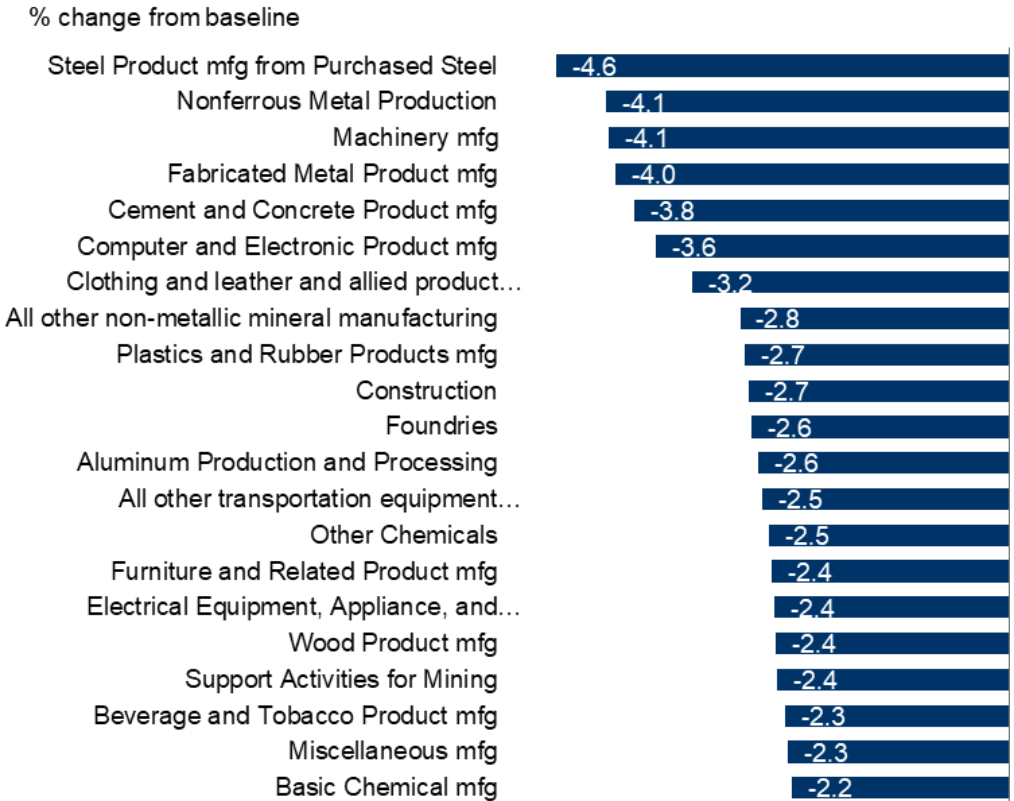
BC macroeconomic impacts

- Given its relatively lower exposure to US tariffs, it is perhaps unsurprising that BC sees smaller declines in exports, investment, employment, and GDP

BC macroeconomic impacts, 2026



GDP by industry, BC, 2026 (top 20)



Source: Oxford Economics



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SCENARIO RESULTS

Stimulus scenario

Stimulus scenario

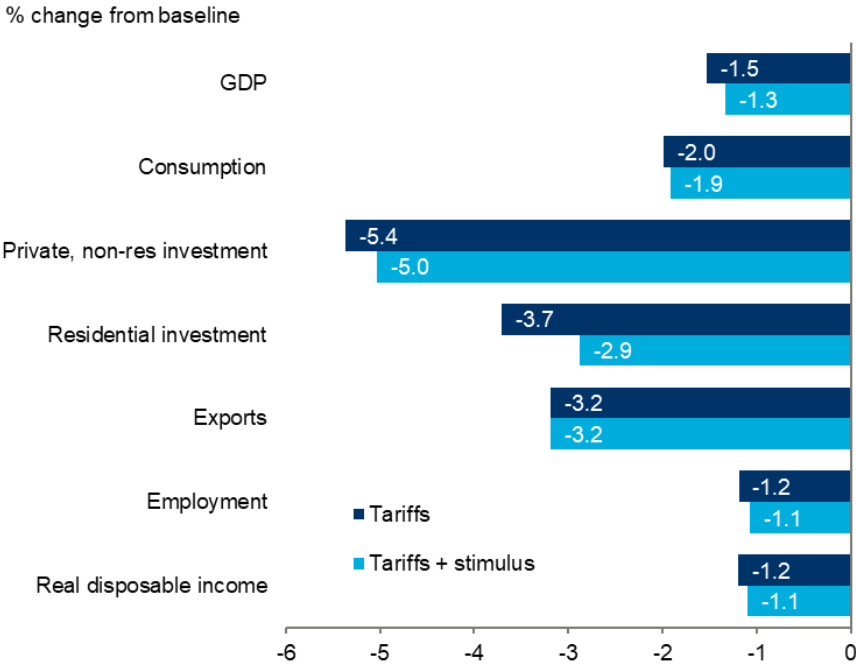
- We run a variant of our tariff scenario in which we include fiscal stimulus to blunt some of the fallout from the trade war:
- We assume national investments in social housing of \$9.75 billion over the next five years
- Further, we assume an additional \$12.6 billion of incremental investment via the Canada Community Building Fund (CCBF)
- For Ontario, we assume an additional \$1.2 billion annually is spent on municipal infrastructure, in line with the government's "Protect Ontario" plan; for BC, we assume an additional \$3.25 billion in investments in local government infrastructure over five years

Stimulus by province <i>C\$ millions, current prices</i>	2025	2026	2027	2028	2029	TOTAL
Alberta	508	510	523	524	526	2,590
British Columbia	1,218	1,230	1,256	1,270	1,284	6,258
Manitoba	152	152	156	155	155	771
New Brunswick	91	91	93	93	93	460
Newfoundland & Labrador	59	59	60	60	59	297
Nova Scotia	114	114	117	117	117	578
Ontario	2,853	2,853	2,890	2,890	2,890	14,376
Prince Edward Island	27	27	28	28	28	139
Quebec	980	977	998	996	994	4,944
Saskatchewan	128	128	131	131	131	649
Northwest Territories	21	21	22	22	22	107
Nunavut	21	21	21	21	21	106
Yukon	21	21	22	22	22	107
TOTAL	6,192	6,204	6,316	6,329	6,342	31,383

Stimulus scenario: national impacts

- The stimulus lifts investment spending nationally, offsetting to a small extent the negative investment effects triggered by the trade war and lifting GDP roughly 0.2% (over \$31 billion in 2024 prices) compared to the no-stimulus case over the five-year forecast horizon.
- This impact reduces peak job losses in 2026 by more than 25,000 jobs
- By industry, Construction and its supplying sectors are the largest beneficiaries of the additional public investment

Canada: macroeconomic impacts, 2026



Source: Oxford Economics

GDP by industry, 2026 (top 20)

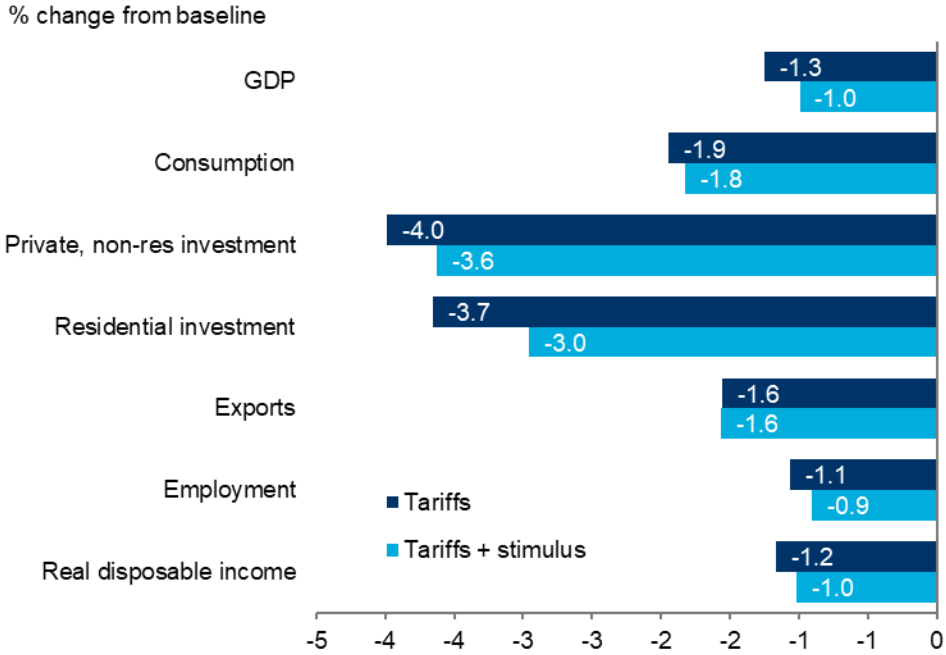


Source: Oxford Economics

Stimulus scenario: BC impacts

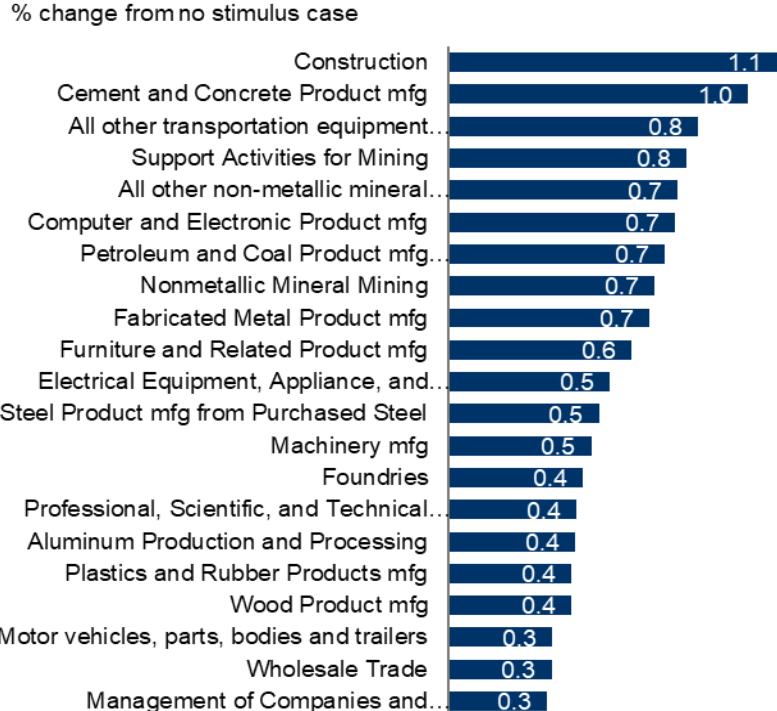
- BC (along with Ontario) see the largest gains from the assumed stimulus spending, with an increase of 0.2% in GDP (~\$6 billion in 2024 prices) over the five-year forecast horizon. This impact reduces peak job losses by 4,600 jobs.
- As in the national results, the Construction sector benefits the most from the incremental investment. Stimulus would reduce job losses by more than 2,500 jobs and increase the industry’s output by 1% in real terms (over five years compared to the no-stimulus case).

BC macroeconomic impacts, 2026



Source: Oxford Economics

GDP by industry, BC, 2026 (top 20)



Source: Oxford Economics

APPENDIX

Canada: macroeconomic impacts

% change from baseline	Tariffs only					Tariffs + stimulus				
	2025	2026	2027	2028	2029	2025	2026	2027	2028	2029
GDP	-0.9	-1.5	-0.8	-0.6	-0.7	-0.7	-1.4	-0.6	-0.4	-0.5
Consumption	-1.2	-2.0	-1.4	-1.0	-1.0	-1.2	-1.9	-1.3	-0.9	-0.9
Private non-res fixed investment	-3.5	-5.4	-3.6	-2.3	-2.1	-3.3	-5.1	-3.4	-2.0	-1.8
Residential fixed investment	-1.0	-3.7	-1.4	-1.3	-1.2	-0.2	-2.9	-0.7	-0.6	-0.5
Exports	-1.9	-3.2	-2.1	-2.2	-2.0	-1.9	-3.2	-2.1	-2.2	-2.0
Imports	-2.9	-4.4	-3.1	-2.3	-2.0	-2.8	-4.3	-2.9	-2.1	-1.8
CPI	0.9	1.0	0.5	0.2	-0.1	0.9	1.0	0.5	0.2	0.0
Payroll employment	-0.4	-1.2	-0.6	-0.5	-0.5	-0.3	-1.1	-0.5	-0.4	-0.4
Unemployment rate	0.4	1.1	0.6	0.5	0.5	0.3	1.0	0.4	0.4	0.4

BC: macroeconomic impacts

% change from baseline	Tariffs only					Tariffs + stimulus				
	2025	2026	2027	2028	2029	2025	2026	2027	2028	2029
GDP	-0.8	-1.3	-0.6	-0.5	-0.5	-0.5	-1.0	-0.3	-0.2	-0.2
Consumption	-1.3	-1.9	-1.2	-0.9	-0.9	-1.2	-1.8	-1.0	-0.7	-0.7
Private non-res fixed investment	-2.8	-4.0	-3.0	-2.4	-1.1	-2.6	-3.6	-2.6	-2.0	-0.8
Residential fixed investment	-1.0	-3.7	-1.3	-1.2	-1.1	-0.3	-3.0	-0.7	-0.6	-0.5
Exports	-1.2	-2.3	-1.6	-0.8	-0.5	3.5	3.2	4.4	5.3	5.7
Imports	-1.2	-1.6	-1.6	-1.8	-0.7	-1.2	-1.6	-1.7	-1.8	-0.7
CPI	1.0	1.0	0.5	0.2	0.0	1.0	1.1	0.6	0.3	0.1
Payroll employment	-0.4	-1.1	-0.5	-0.4	-0.4	-0.3	-0.9	-0.3	-0.2	-0.2
Unemployment rate	0.4	1.0	0.4	0.4	0.4	0.2	0.9	0.3	0.2	0.2