



U.S. Tariffs: Impact on SMEs

Submission to:

- *Vermont House Committee on Commerce and Economic Development*
- *Vermont Senate Committee on Economic Development, Housing, and General Affairs*

April 9, 2025

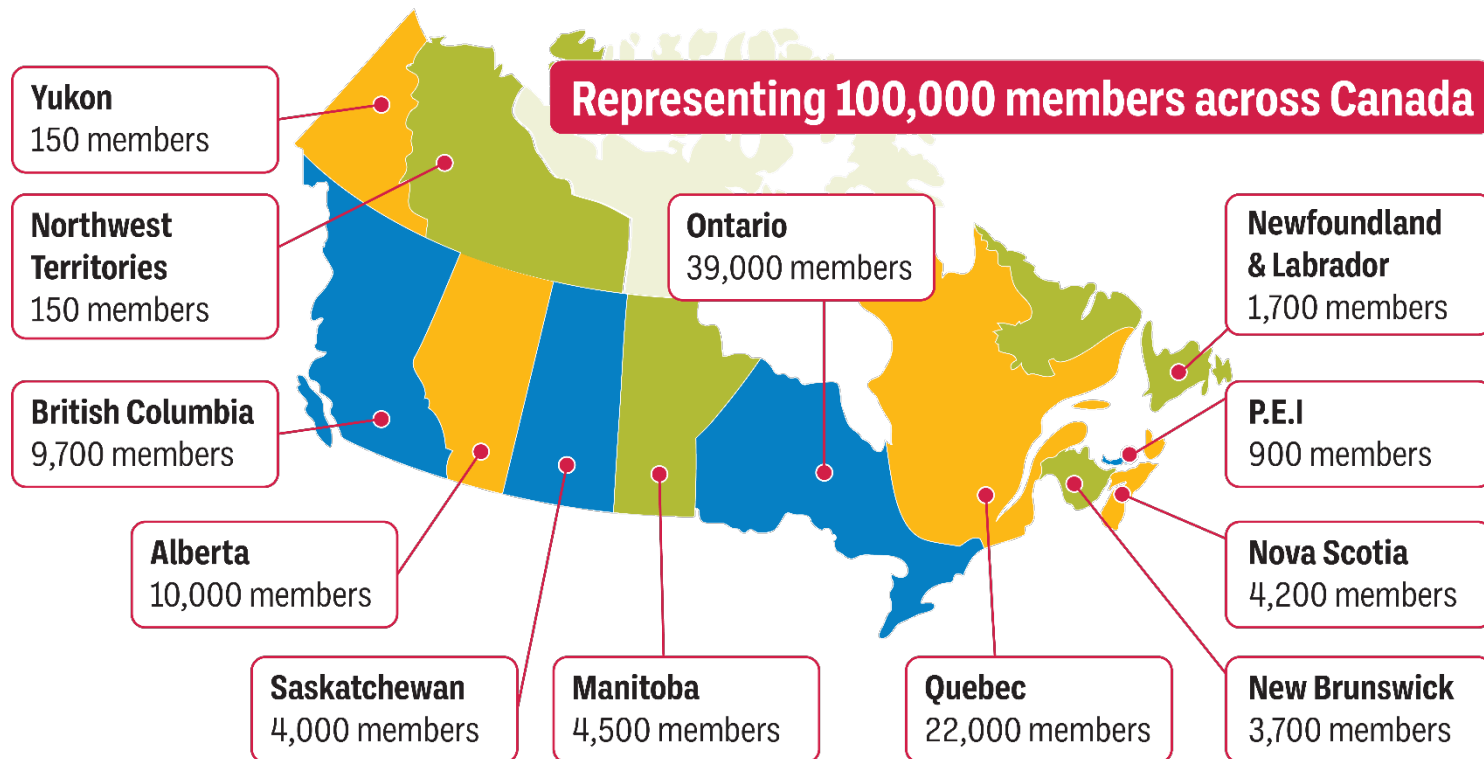
CFIB

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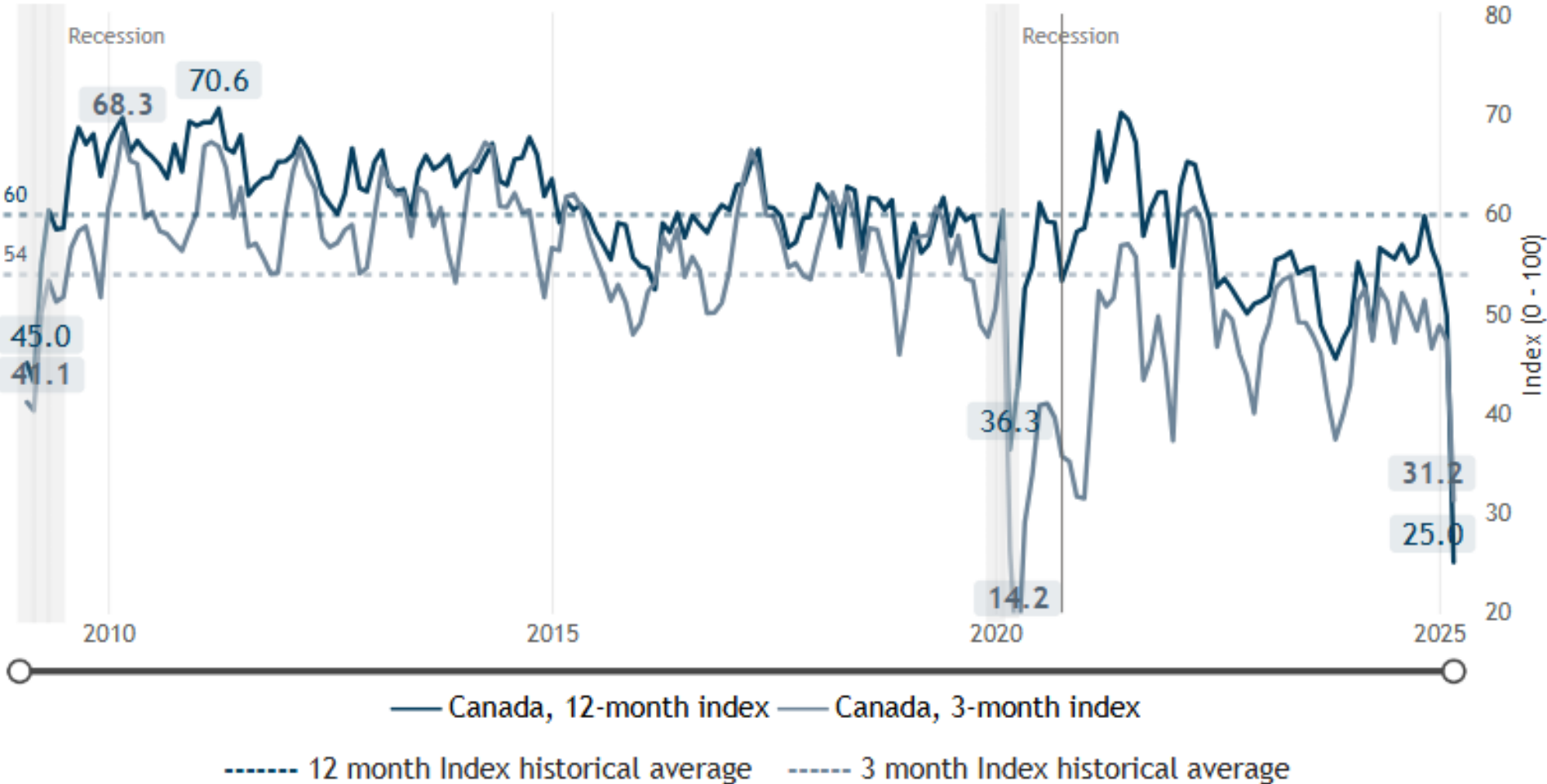
About CFIB

- Represents Canadian independent businesses
- 100,000 members across Canada
- Non-partisan, not-for-profit organization
- Deals with federal, provincial, municipal issues
- Represents all sectors, all regions
- Policy determined by member surveys



How are small businesses doing?

Business Barometer®: 12-month and 3-month small business confidence index, Canada



Survey questions: How do you expect your firm to be performing in 12 months compared to now? Allowing for normal seasonal influences, what are your business performance expectations for the next 3 or 4 months?

Source: CFIB, Monthly Business Barometer®, March 2025, final results, n = 1,065.

3 Note: Index > 50 = more businesses expecting stronger performance than weaker performance.



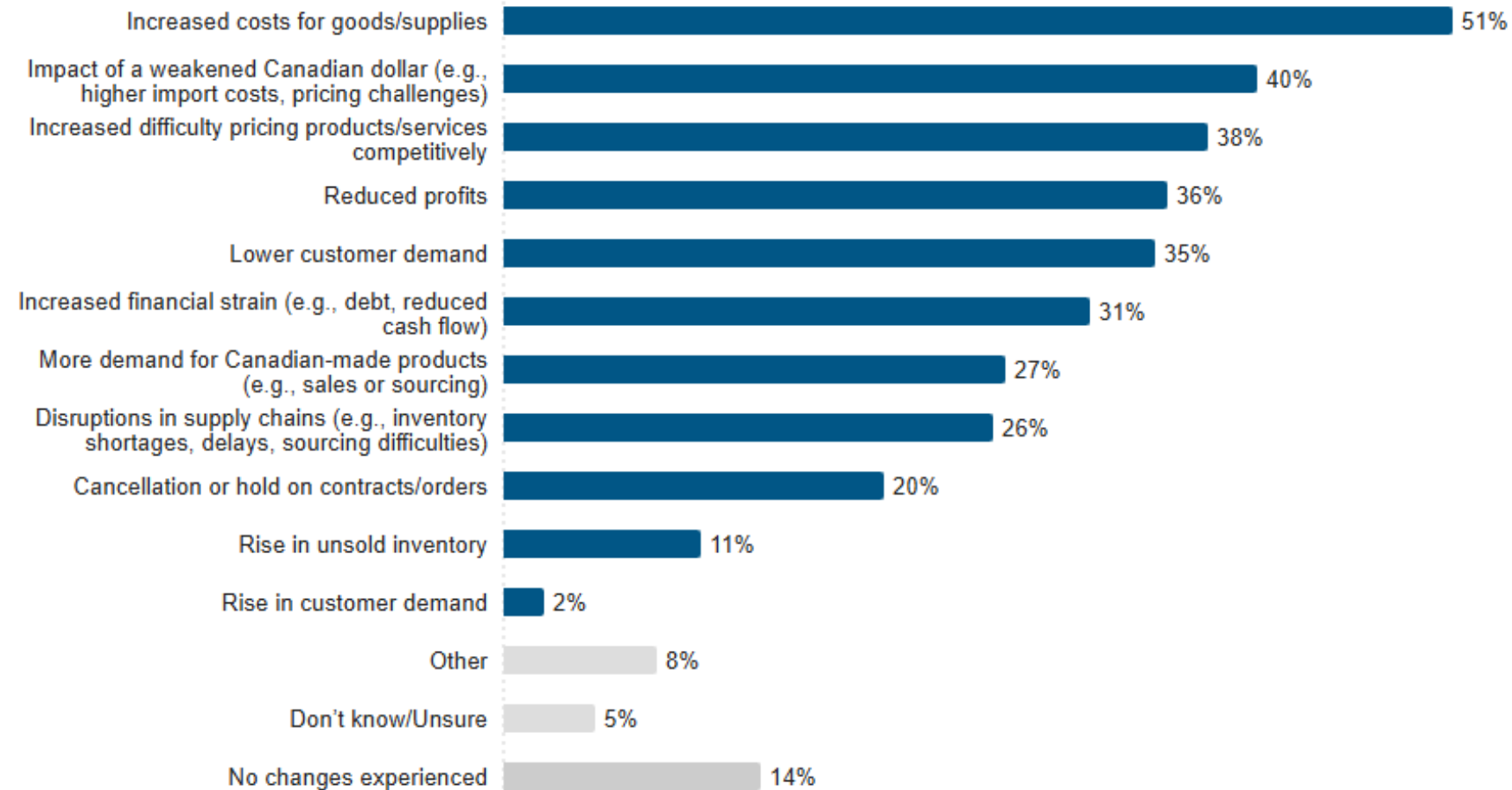
Tariff Impact

- 16% of Canadian SMEs export directly to the US
- 49% of Canadian SMEs import directly from the US
- Canada: Small business optimism plummeted to the lowest level CFIB has ever recorded - lower than following the 9/11 attack or during the 2008 financial crisis or 2020-22 pandemic.
- US: Small business optimism plummeted 16 points in March 2025 - the most since December 2020, according to the NFIB.

Key changes include higher costs, as weaker Canadian dollar, lower demand, pricing, and reduced profits.

Changes experienced due to the U.S.-Canada trade war

2960 Responses



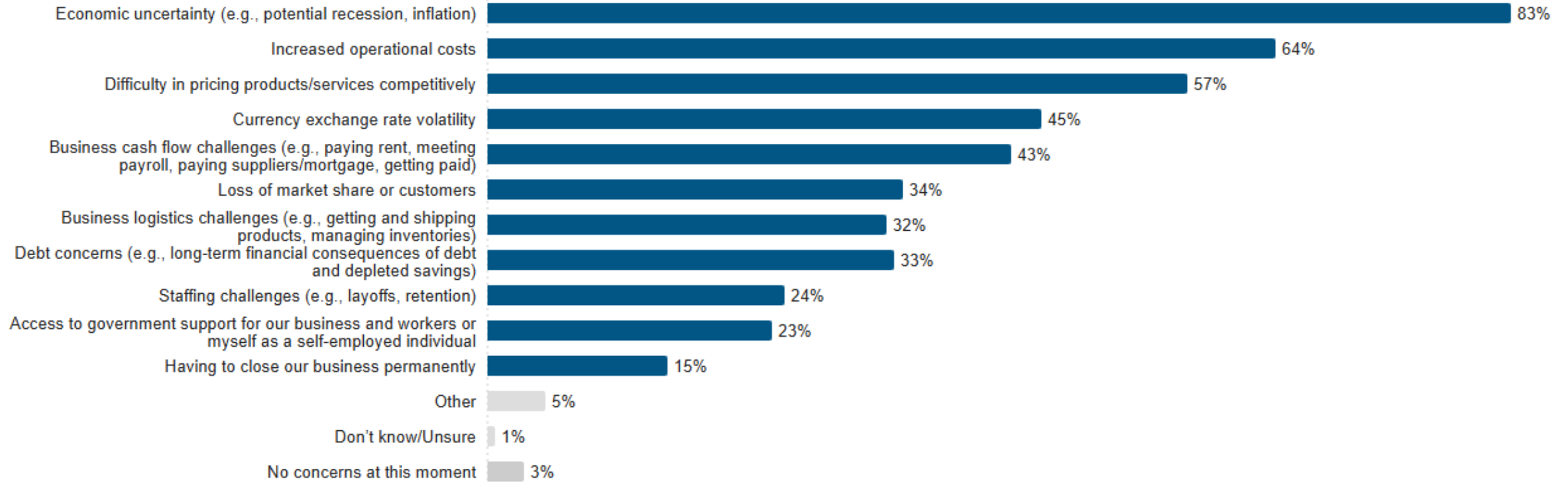
Source: CFIB, Survey on the impact of U.S.-Canada trade war, March 13 - March 20, 2025, preliminary results.

Question: What changes has your business experienced due to the U.S.-Canada trade war? (Select all that apply)

Nearly all businesses owners show concerns about the U.S.-Can trade war, with their main worries being economic uncertainty and rising operational costs.

Top worries about the U.S.-Canada trade war

2953 Responses

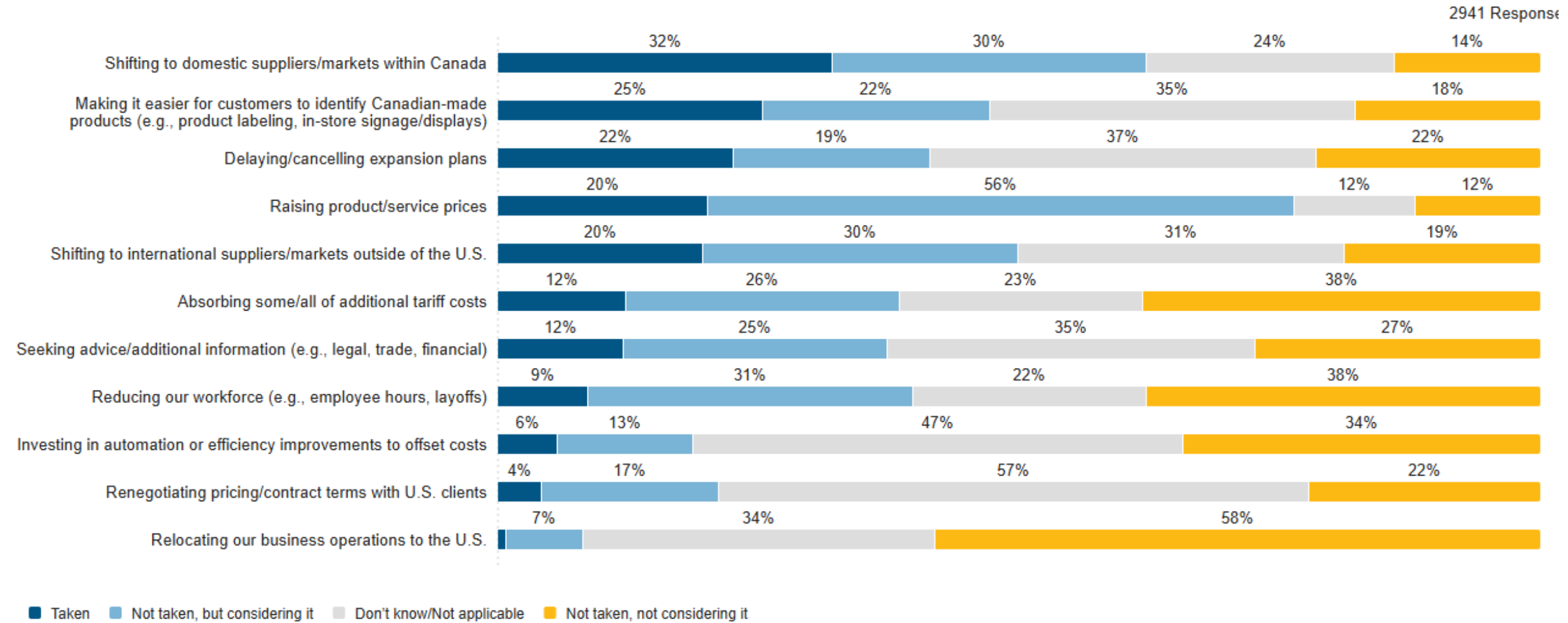


Source: CFIB, Survey on the impact of U.S.-Canada trade war, March 13 - March 20, 2025, preliminary results.

Question: What are you most worried about with respect to the U.S.-Canada trade war? (Select all that apply)

Key actions businesses are taking include shifting to domestic markets, promoting Canadian-made products, delaying expansion, raising prices, exploring non-U.S. markets and reducing workforce

Small businesses actions as a result of U.S.-Canada trade war



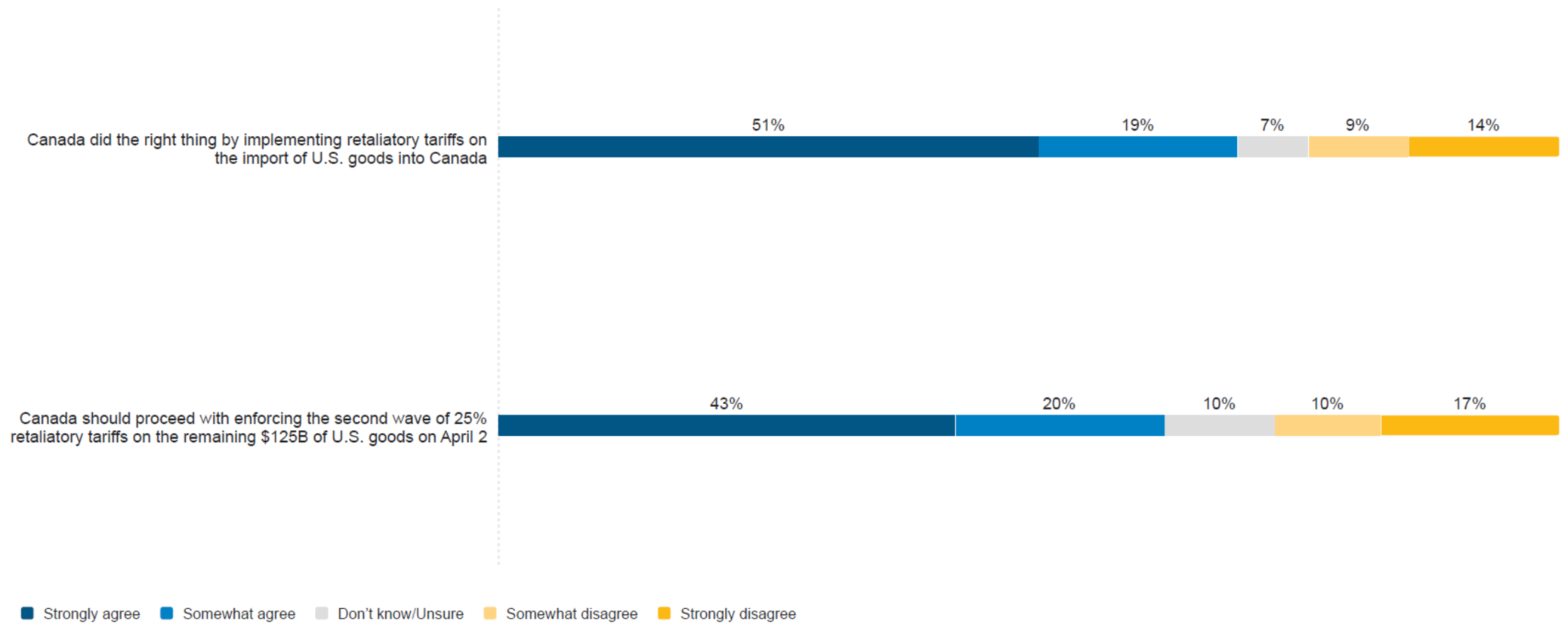
Source: CFIB, Survey on the impact of U.S.-Canada trade war, March 13 - March 20, 2025, preliminary results.

Question: Has your business taken the following actions because of the U.S.- Canada trade war? (Select one for each line)

7 in 10 businesses support Canada's retaliatory tariffs, with slightly lower backing for the second wave.

Business support for Canada's retaliatory tariffs on U.S. goods

2934 Responses



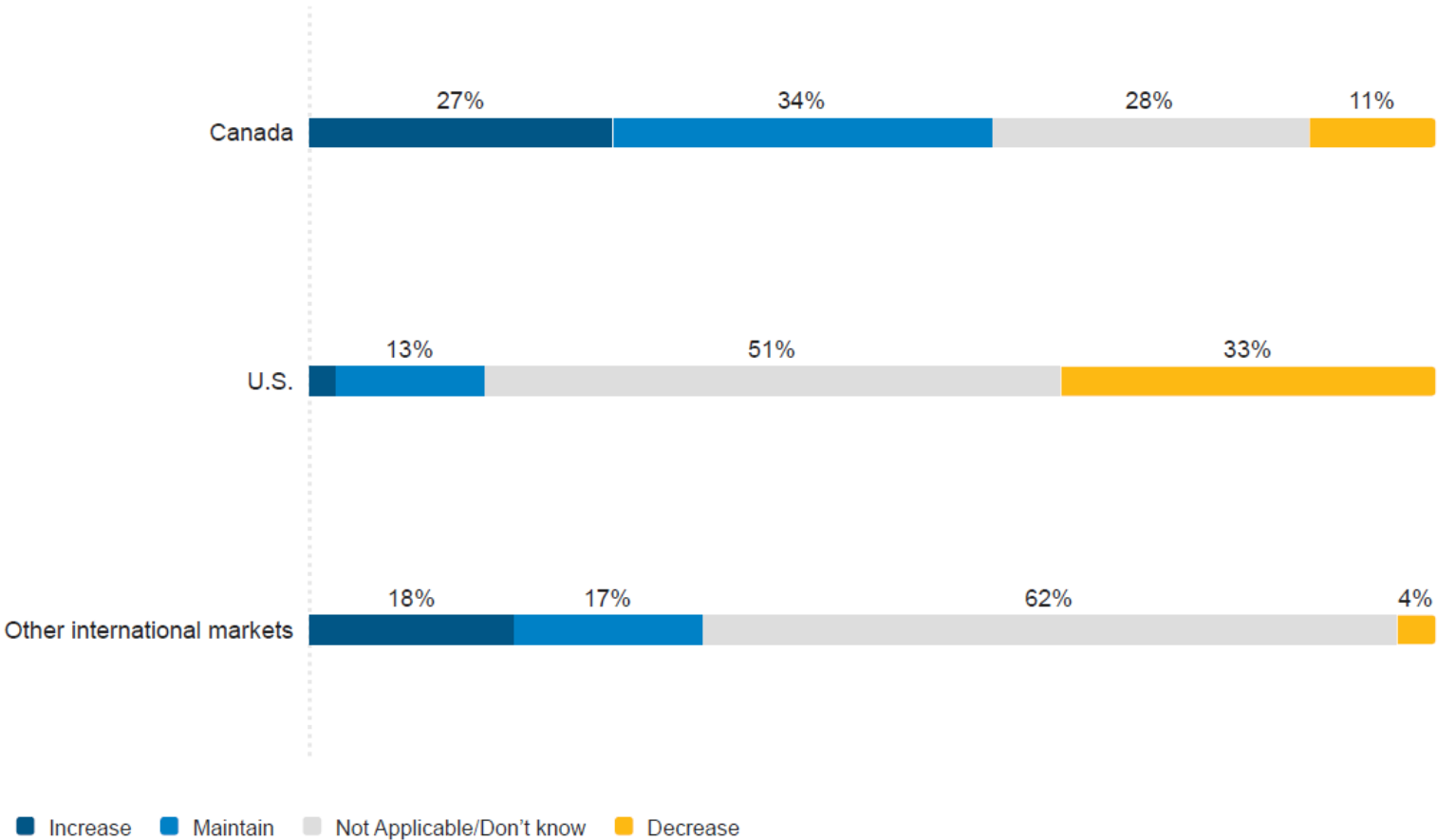
Source: CFIB, Survey on the impact of U.S.-Canada trade war, March 13 - 19, 2025, preliminary results.

Question: To what extent do you agree or disagree with the following statements about the U.S.-Canada trade war? (Select one for each line)

The trade war is prompting Canadian business owners to shift their investments from the U.S. to Canadian and international markets over the next six months.

Business adjustments in investment over the next six months

2927 Responses



Compared to the national average, exporters are more likely to invest in Canada (68% increase/maintain) and international markets (50%), while importers are more focused on international markets (37%).

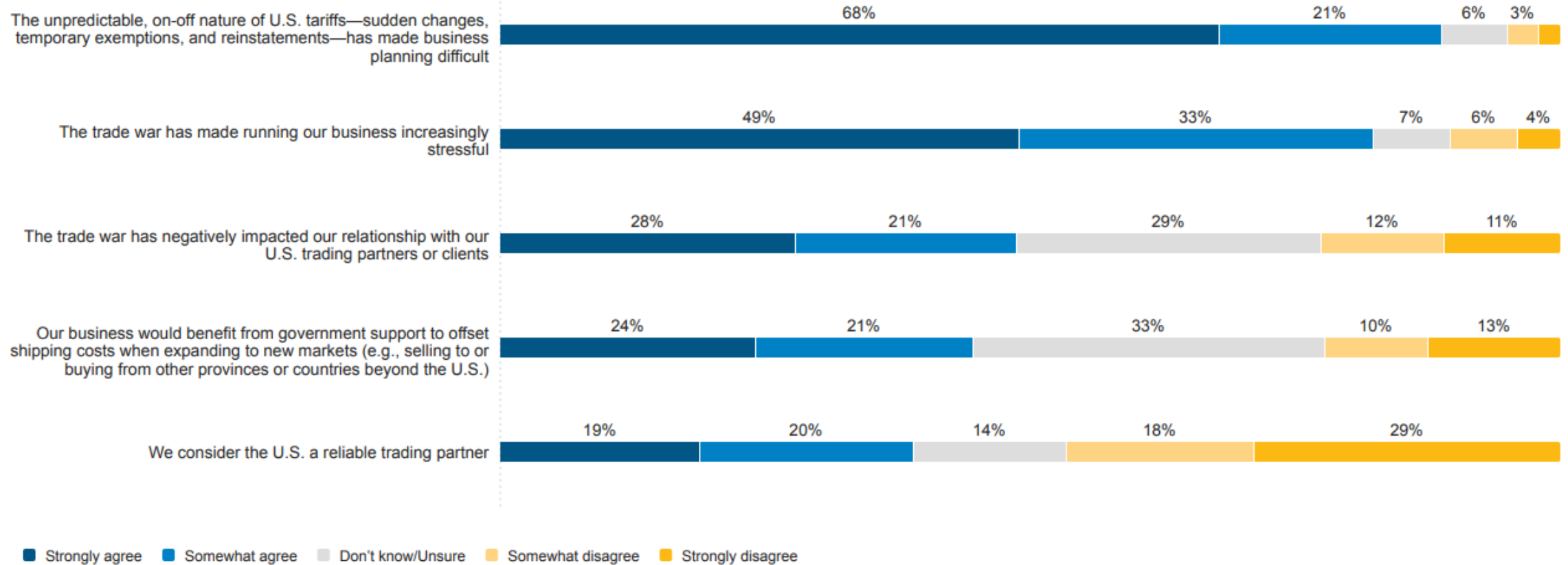
Source: CFIB, Survey on the impact of U.S.-Canada trade war, March 13 - 19, 2025, preliminary results.

Question: How do you plan to adjust your investments (e.g., capital/operational expenditures, research and development, market expansion) in the following markets over the next six months? (Select one for each line)

Business owners are struggling to plan ahead amid the trade war, with many supporting Canada's retaliatory tariffs but finding the uncertainty stressful. Additionally, half of businesses do not consider the U.S. a reliable trading partner.

Perspectives on US- Canada trade war

2955 Responses

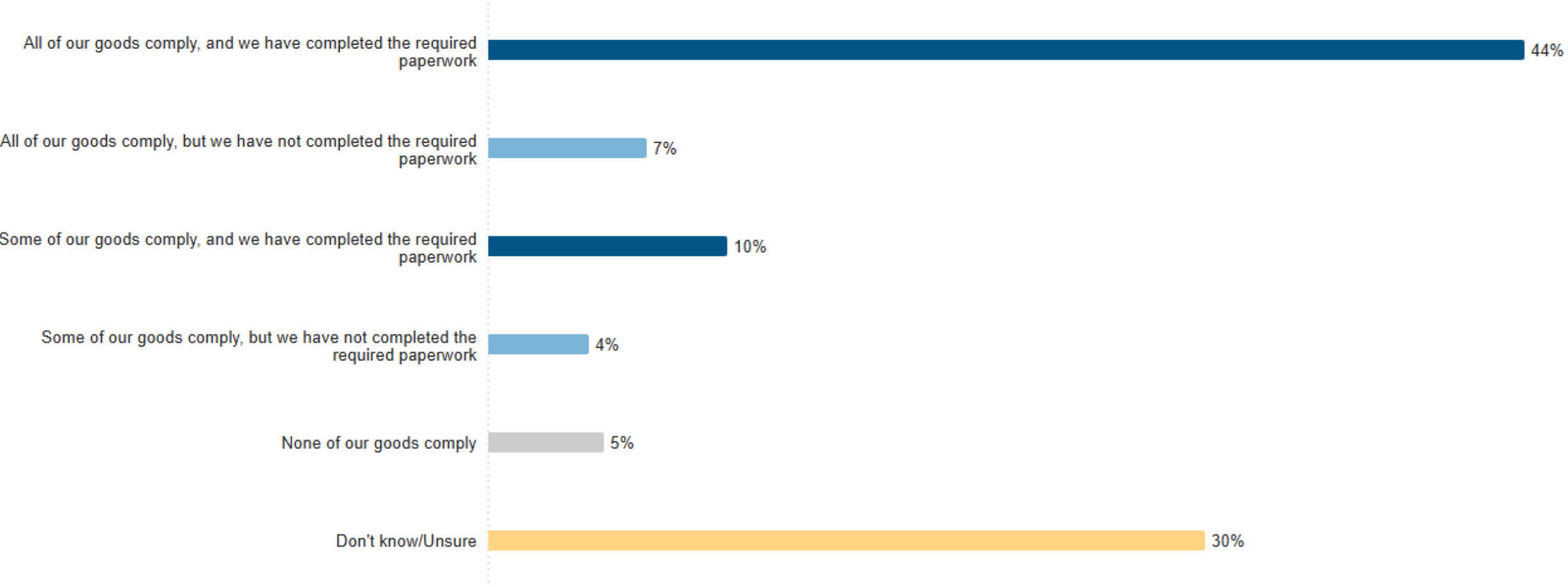


Source: CFIB, Survey on the impact of U.S.-Canada trade war, March 13 - 31, 2025, final results.

Question: To what extent do you agree or disagree with the following statements about the U.S.-Canada trade war? (Select one for each line)

More than half of business exporting to the U.S. have CUSMA-Compliant goods and have completed the required paperwork.

614 Responses



Source: CFIB, Survey on the impact of U.S.-Canada trade war, March 13 - March 20, 2025, preliminary results.
Question: What best describes your business's compliance with CUSMA regulations for goods exported to the U.S.? (Select one)



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