



The Chamber
The Winnipeg Chamber of Commerce

The Cost of Tariffs: How U.S. Trade Negotiations are Impacting Manitoba Businesses

February 2025

Thank you to the Chamber Network

The chamber network is committed to advocating for policies that support our business community.

In a united effort to represent businesses in ongoing discussions about tariffs and the Canada-U.S. trading relationship, Chambers across Manitoba asked for feedback from businesses like yours. This information helped us understand the real-world impact of ongoing tariff negotiations.

Originally developed by The Winnipeg Chamber, the survey will help shape our collective advocacy efforts and ensure policymakers have the insights needed to support affected businesses.

Thank you to the Chambers across Manitoba who came together to support local businesses.

Executive Summary

Manitoba businesses are navigating a period of heightened uncertainty as escalating trade tensions between the U.S. and Canada create financial and operational challenges. The Winnipeg Chamber of Commerce's Business Impact Survey – **How Are Tariffs Affecting Your Business?** confirms that these disruptions are already impacting businesses across sectors.

Key Findings:

- 62% of Manitoba businesses have already experienced or anticipate negative effects from U.S. tariffs.
- For most businesses, the financial burden is the primary concern with 72% expecting increased costs or reduced revenue
- 43% of businesses have yet to take action, citing uncertainty.
- Top business priorities include stronger advocacy (47%), faster dispute resolution (44%), and targeted tax relief (41%).

The survey found that 62% of Manitoba businesses have already experienced or anticipate negative effects from U.S. tariffs. Manufacturing, transportation, and wholesale/retail trade are among the most vulnerable industries, facing rising costs, supply chain disruptions, and shrinking market competitiveness.

72% of respondents expect increased costs or reduced revenue, 44% anticipate losing customers or competitiveness, and 35% foresee operational challenges such as supply chain delays. Workforce implications are also emerging, with 22% of businesses expecting layoffs or hiring freezes.

Executive Summary continued

Despite these challenges, 43% of businesses have yet to take action, largely due to uncertainty about how the trade landscape will evolve. Some companies are pivoting—34% are sourcing materials from non-U.S. suppliers, 25% are engaging in policy advocacy, and 17% are absorbing costs without operational changes—but many remain in a holding pattern.

The business community is calling for stronger advocacy with U.S. officials (47%), faster trade dispute resolution mechanisms (44%), and targeted tax relief for impacted industries (41%). Above all, Manitoba's economy needs stability, and clarity to ensure businesses can plan for growth, rather than disruption.

The Winnipeg Chamber of Commerce, alongside the Chamber network across Manitoba is committed to ensuring business voices are heard. As trade uncertainty continues, we must all work collaboratively—government, businesses, and industry partners—to support market diversification, implement effective policies, and create a resilient economy. A clear and forward-thinking trade strategy is essential for Manitoba's long-term economic resilience.

Survey Limitations

While the survey provides valuable insights into the impact of tariffs on Manitoba businesses, the results should be interpreted with caution due to certain limitations. The sample consists of 116 organizations, with a strong representation of small and medium-sized businesses and only two large businesses. The data spans ten industry sectors, but given the small number of respondents per sector, sector-specific findings should be viewed as indicative rather than definitive. Additionally, while the survey captures businesses engaged in U.S. trade, it does not reflect the full diversity of the provincial economy. These factors may limit the generalizability of the findings across the entire provincial economy.

Survey Overview: Business Demographics

Businesses across Manitoba were invited to complete the "Business Impact Survey – How are tariffs affecting your business?". The 116 organizations whose head office is in Manitoba were included in the analysis. Respondents without a Manitoba-based head office were excluded.

- 62% of surveyed businesses have been in operation for over 20 years.
- 88% have fewer than 100 employees; two large businesses (500+ employees) participated.
- The top four sectors represented:
 - Professional, scientific, or technical services (19%)
 - Manufacturing (15%)
 - Retail trade (10%)
 - Transportation and warehousing (3%)

● Trade Exposure of Manitoba Businesses

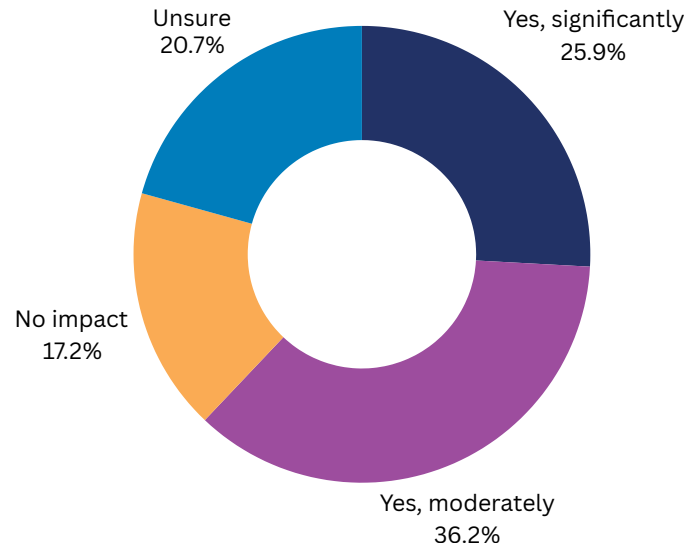
About 79% of businesses rely on imports from the U.S. for their operations. These include:

- Finished goods (59%) such as machinery, electronics, and automotive parts.
- Input goods (30%) like raw materials and semi-finished products used in Canadian manufacturing.
- Consumer-ready products (30%) including clothing, packaged food, and household goods.
- Professional services (29%) such as consulting, IT, and financial services.

While imports from the U.S. are widespread, fewer businesses engage in selling to the U.S. market. Only 31% report exporting goods or services to the U.S., with most of these exports being finished goods manufactured in Canada (56%). Other common exports include professional services (31%), consumer-ready products (19%), and input goods (8%) that are processed in the U.S. and re-imported to Canada.

Despite this trade relationship, U.S. sales make up a small share of revenue for most businesses. More than half (53%) report that less than 10% of their revenue comes from U.S. trade. However, a small but significant portion (12%) rely on the U.S. for more than half of their revenue.

● Business Perceptions of Tariff Impacts



- 62% of businesses report that U.S. tariffs have or will impact them, while 21% remain uncertain about the effects.
- Primary industries/utilities, transportation/warehousing, manufacturing, and retail trade report the strongest impact.
- Construction, accommodation, hospitality, and food services businesses are the most uncertain about how U.S. tariffs will affect them.

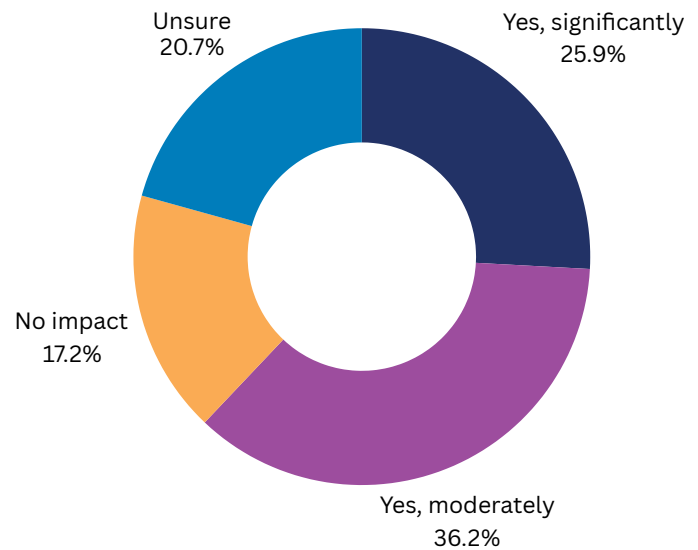
● Business Perceptions of Tariff Impacts

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Have the U.S. tariffs announced on February 1st already impacted your business, or do you anticipate an impact?

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Industries Reporting the Strongest Impact

- Businesses in primary industries and utilities (e.g., agriculture) and transportation/warehousing were unanimous in reporting that U.S. tariffs will affect them. Similarly, there was strong agreement among businesses in manufacturing and retail trade that tariffs will have an impact. These industries are particularly vulnerable due to their reliance on U.S. supply chains and export markets.

Differences by Business Size

- The level of impact also varies by business size. Medium-sized businesses (67%) were slightly more likely than small businesses (61%) to report an impact. Large businesses surveyed stated that tariffs have or will affect them.

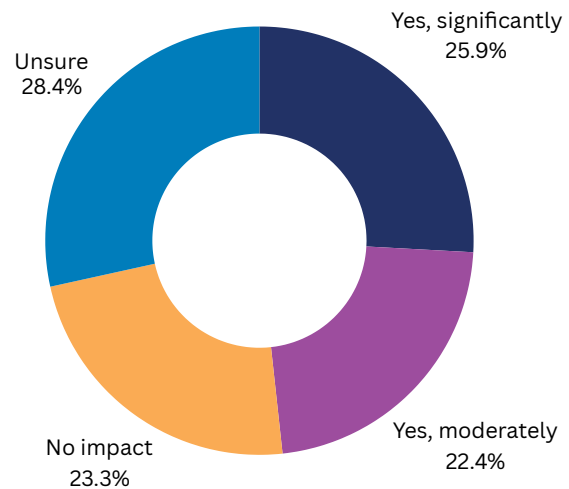
Industries with the Most Uncertainty

- Some sectors were less certain about how tariffs would impact them. Businesses in construction and accommodation, hospitality, and food services were the most unsure about the potential effects. This could be due to indirect exposure to U.S. trade policies or a lack of immediate tariff-related costs in their operations.
- These findings highlight that while many businesses anticipate challenges from U.S. tariffs, the level of concern varies by industry and business size, with some sectors feeling the impact more directly than others.

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Business Perceptions of Tariff Impacts

Have Canada's counter tariffs announced on February 1 already impacted your business, or do you anticipate an impact?



- 48% of businesses report that Canadian counter tariffs have or will impact them, while 28% remain uncertain.
- Industries most affected include primary industries (e.g., agriculture), transportation/warehousing, wholesale trade, and retail trade, which anticipate significant challenges.
- Most businesses feel U.S. tariffs will have a greater impact, except in wholesale trade and construction, where businesses are more concerned about Canada's countermeasures.

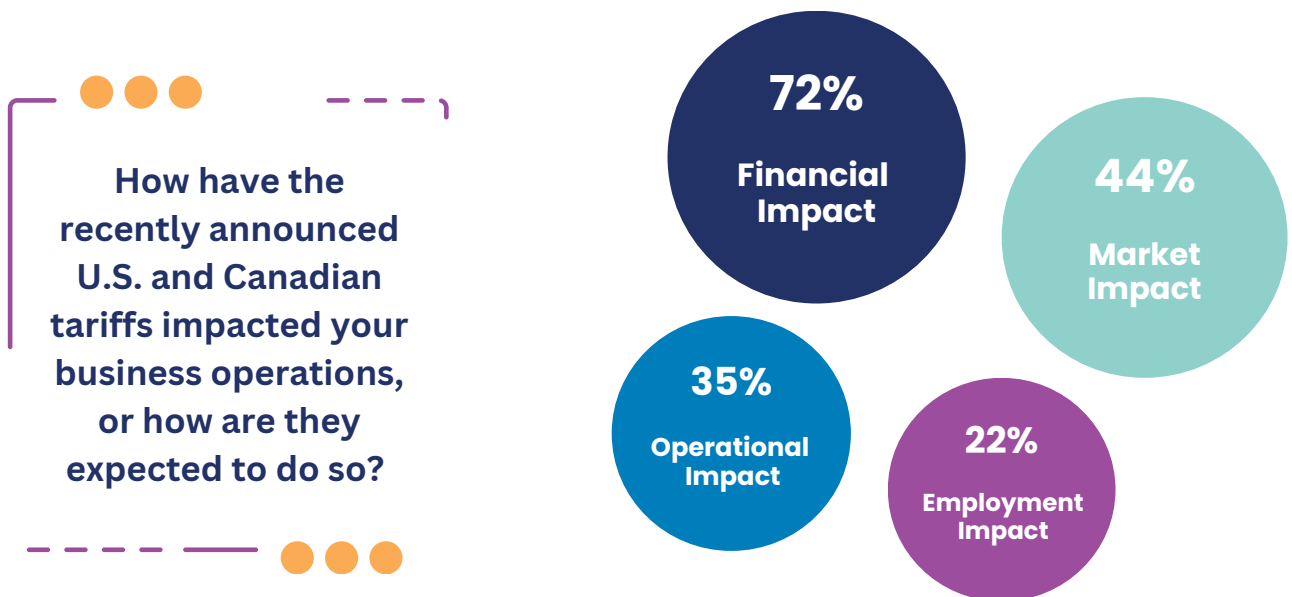
The impact of counter tariffs varies by business size. Small (50%) and medium-sized (47%) businesses report similar concerns about being affected, while large businesses anticipate experiencing an impact.

Certain industries are expected to feel the effects more significantly. All businesses in the primary industry/utilities sector anticipate being impacted, alongside strong agreement in the transportation/warehousing, wholesale trade, and retail trade sectors. These industries are highly integrated into supply chains and international markets, making them more vulnerable to tariff-related disruptions.

On the other hand, businesses in accommodation, hospitality, and food services, as well as those in professional, scientific, and technical services, were the least certain about how these tariffs would affect their operations. This could indicate indirect exposure to tariffed goods or uncertainty about long-term economic effects.

A notable distinction is that wholesale trade and construction businesses were more likely to say Canadian tariffs would impact them more than U.S. tariffs. In contrast, most other sectors reported that U.S. tariffs would have a greater impact. However, all businesses in the primary industry/utilities sector expect to be affected by tariffs from both countries.

● Operational and Financial Implications of Tariffs



- 72% of businesses expect the greatest impact to be financial, including higher costs and lower revenue.
- Market (44%), operational (35%), and employment (22%) impacts are expected to be less severe overall.
- Primary industries/utilities (>67%) and manufacturing (>64%) anticipate widespread disruptions across multiple areas.

Across nearly all business sizes and sectors, the financial impact is the primary concern. The only exception is transportation and warehousing, where the effects are expected to be more varied.

For small businesses, employment is least affected, with only 18% expecting layoffs or hiring freezes. Medium-sized businesses face broader challenges, with 59% citing concerns across financial, market, operational, and employment areas.

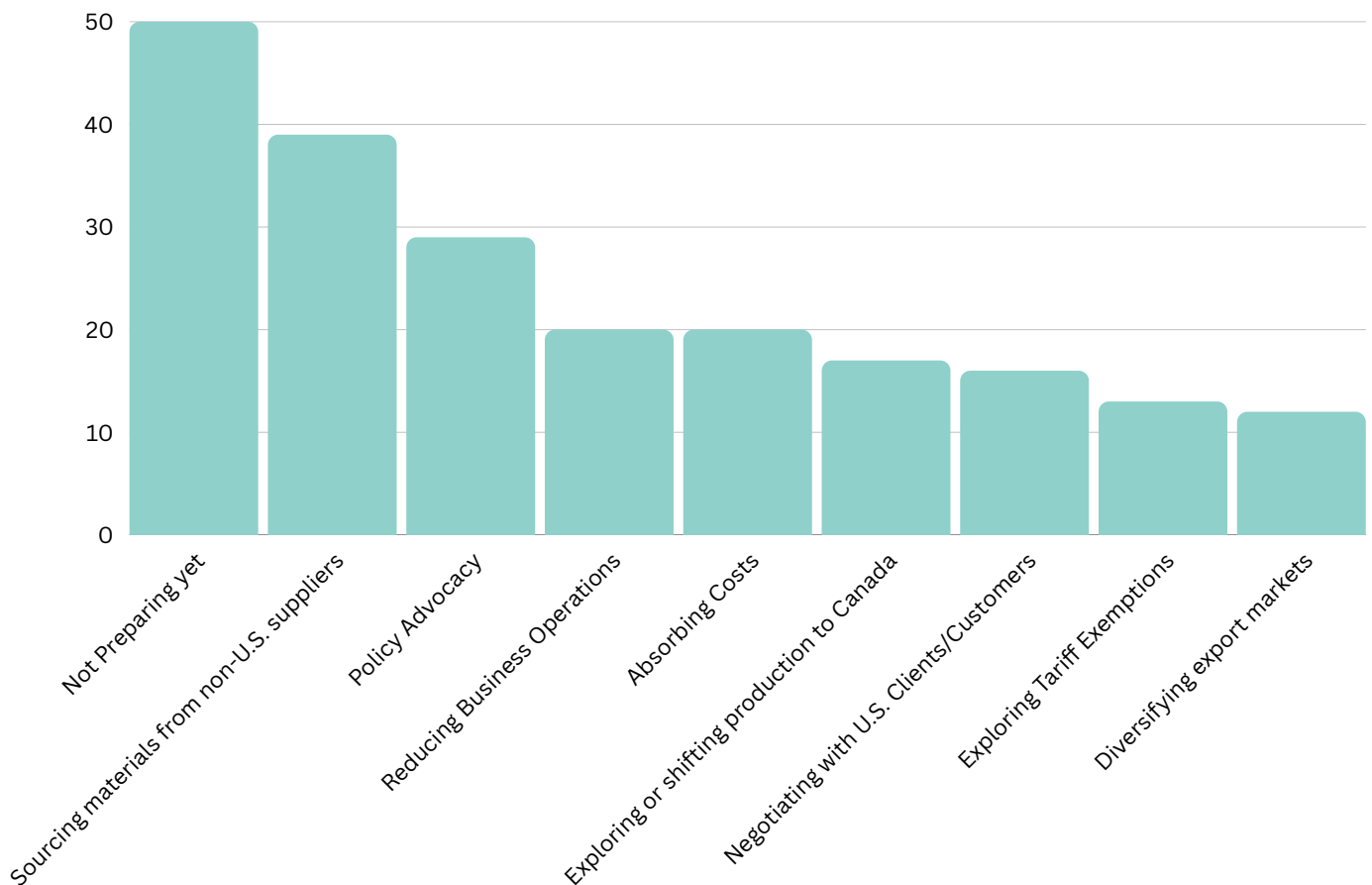
Primary industries/utilities are highly vulnerable, with over 67% expecting impacts in all four areas. Similarly, 64% of manufacturing businesses anticipate major effects in at least three.

Conversely, professional, financial, and administrative services expect fewer disruptions, with less than half reporting concerns in any area. Overall, while financial strain is the dominant issue, industries with complex supply chains or cross-border dependencies face broader disruptions.

● Business Response Strategies to Tariffs

How is your company preparing to respond to the tariffs?

- 43% of businesses are not yet preparing, waiting for more clarity on the tariffs.
- Sourcing materials from non-U.S. suppliers (34%) is the most common action, followed by policy advocacy (25%) and reducing business operations or absorbing costs (both 17%).
- Responses vary by business size and sector, with some industries focusing on supply chain shifts, while others prioritize advocacy or operational adjustments.



● Business Response Strategies to Tariffs

Continued

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Differences by Business Size

Preparation strategies differ depending on company size:

- Small businesses are primarily focusing on sourcing from non-U.S. suppliers (31%), policy advocacy (24%), and absorbing costs without operational changes (19%).
- Medium-sized businesses are more likely to be proactive, with 42% sourcing from non-U.S. suppliers, 33% engaging in policy advocacy, and 33% negotiating pricing structures with U.S. clients/customers.

Sector-Specific Approaches

Most sectors report waiting for clarity as a common response, except for those in accommodation, hospitality, and food services, which are more likely to have taken action.

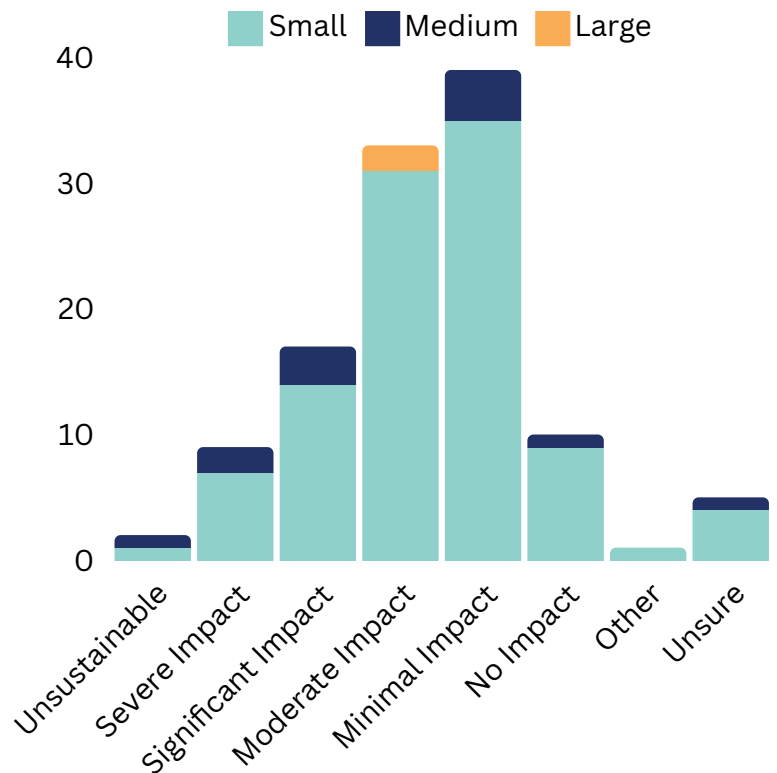
Different industries have distinct priorities:

- Sourcing from non-U.S. suppliers is the top strategy in five sectors.
- Reducing business operations (e.g., scaling back production, layoffs) is the primary response in manufacturing and transportation/warehousing.
- Policy advocacy is the most common action in professional, scientific, and technical services, as well as not-for-profits.
- Negotiating pricing with U.S. clients/customers is the top approach in primary industries/utilities.

These findings suggest that while many businesses are in a wait-and-see mode, others are proactively adjusting their supply chains, engaging in advocacy, or making operational changes to navigate the uncertainty of tariffs.

● Business Resilience and Ability to Withstand a Trade Dispute

Considering the recently announced U.S. tariffs and Canada's retaliatory tariffs, how would you assess your company's ability to withstand this trade dispute?

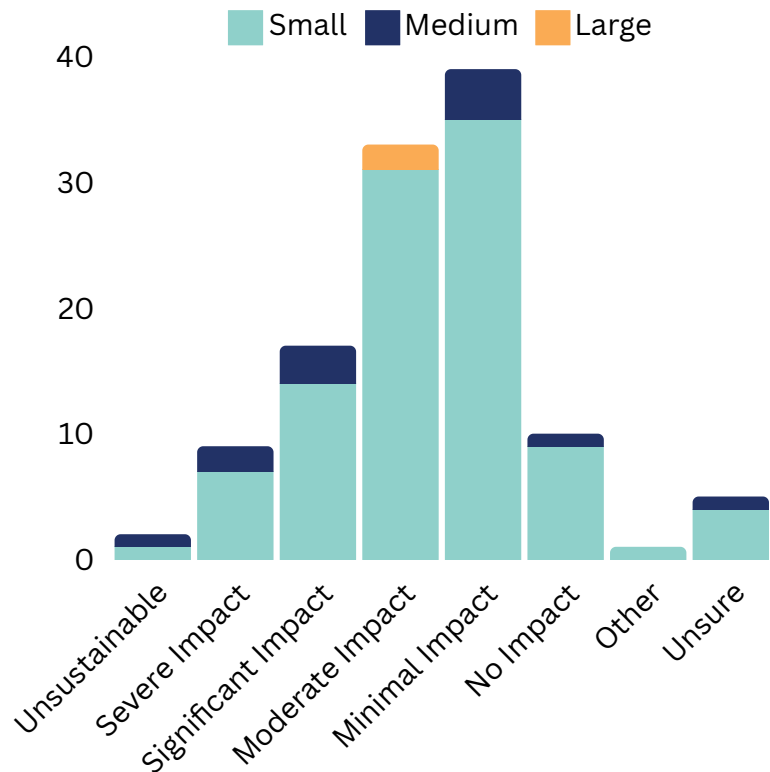


- 24% of businesses expect to feel the impact within the first 12 months, while 28% believe they can withstand it for up to 18 months.
- 42% of businesses estimate they can sustain operations for more than 18 months despite the tariffs.
- Sector and business size influence resilience, with primary industries/utilities expecting shorter endurance, while small businesses and large businesses report stronger long-term stability.

● Business Resilience and Ability to Withstand a Trade Dispute

Continued

Considering the recently announced U.S. tariffs and Canada's retaliatory tariffs, how would you assess your company's ability to withstand this trade dispute?



Differences by Business Size


- Medium-sized businesses are divided, with 50% expecting challenges within 12 months, while 42% believe they can endure beyond 18 months.
- Small businesses show more confidence in long-term resilience, with 43% saying they can withstand more than 18 months, compared to 30% for 12-18 months and 22% for under a year.
- Large businesses report they can sustain operations for 12-18 months without experiencing major financial or operational strain.

Sector-Specific Resilience


- Organizations facing immediate risk due to tariffs are not-for-profits.
- Businesses in primary industries/utilities were more likely to report a 6-12-month window before experiencing significant challenges.
- In most industries, the most common response was an ability to withstand the trade dispute for at least 12-18 months or longer.

These findings suggest that while many businesses expect to navigate the tariffs for at least a year, some sectors and company sizes remain more vulnerable to prolonged trade disruptions.

Business Resilience and Ability to Withstand a Trade Dispute



If the trade dispute escalates further, with additional tariffs or trade barriers imposed beyond those already announced, how would this affect your company's ability to sustain operations compared to the current scenario?



- 53% of businesses expect no impact or only a minor impact on their ability to sustain operations.
- 16% of businesses say their viability would be at serious risk, while 32% anticipate a significant decline in their ability to operate.
- Manufacturing, retail/wholesale trade, primary industries/utilities, and transportation/warehousing are most vulnerable, while not-for-profits are least concerned about further escalation.

Differences by Business Size

- Medium-sized businesses are more vulnerable, with 33% expecting severe impacts, compared to 14% of small businesses.
- Large businesses predict moderate effects, with both reporting a decline in operational sustainability but not an immediate crisis.

Sector-Specific Risks

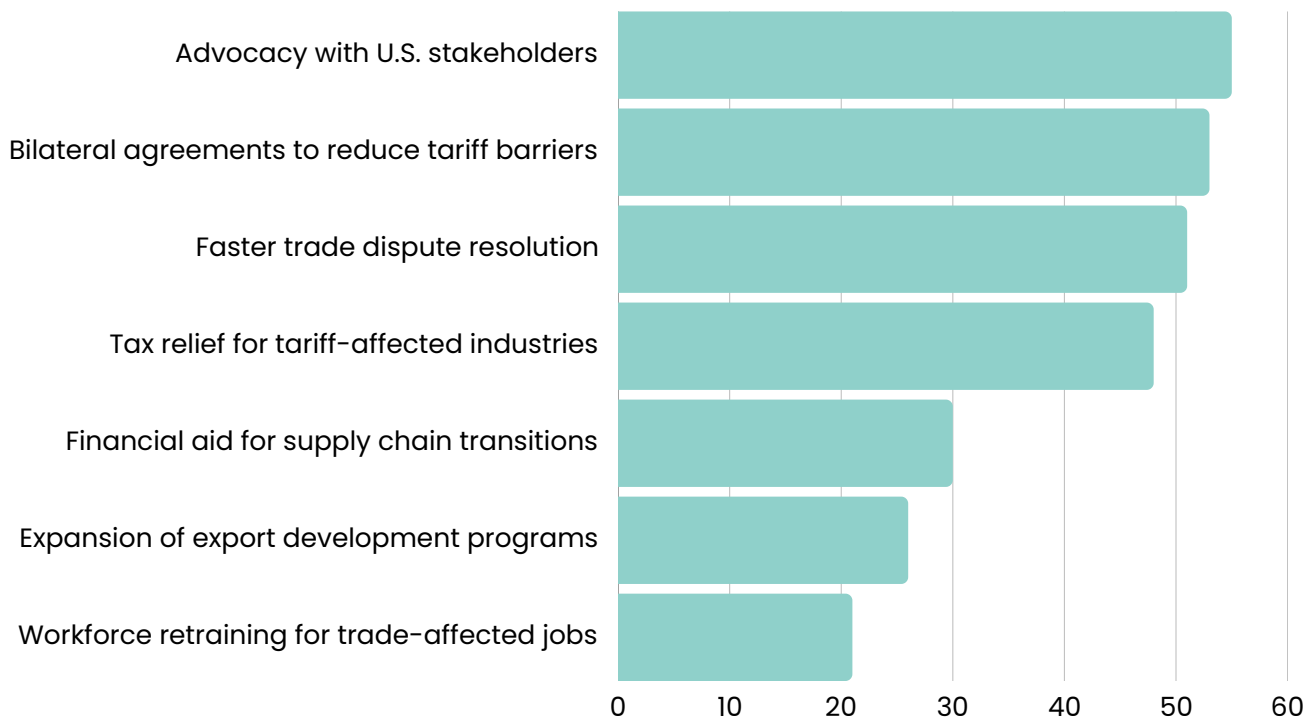
- Businesses in manufacturing, retail and wholesale trade, primary industries/utilities, and transportation/warehousing are most at risk, expecting moderate to severe impacts if the dispute escalates.
- Sectors such as professional, scientific, and technical services, as well as accommodation, hospitality, and food services, are less likely to experience severe effects.
- Not-for-profits were the most likely to indicate that an escalating trade dispute would not impact their ability to sustain operations.

These findings suggest that while many businesses may endure an escalating trade dispute with minimal disruption, certain industries—particularly those reliant on cross-border trade and supply chains—are at higher risk of financial and operational strain.

● Business Needs for Support & Resources

What types of support or resources would be most helpful for your business in mitigating the impact of U.S. tariffs and Canada's retaliatory tariffs?

- 47% of businesses want stronger advocacy with U.S. stakeholders and policymakers to ease trade tensions, followed closely by negotiating bilateral agreements (46%) and faster dispute resolution (44%).
- Small businesses prioritized support in the same order as the overall results, while medium-sized businesses (58%) ranked bilateral agreements as their top priority.
- Sector preferences vary, with different industries emphasizing advocacy, trade agreements, dispute resolution, and tax relief based on their specific challenges.



● Business Needs for Support & Resources

Continued

Businesses identified a range of support measures that would help them mitigate the impact of U.S. tariffs and Canada's counter tariffs. The most requested supports include:

- Stronger advocacy with U.S. stakeholders and policymakers to ease trade tensions (47%).
- Negotiation of bilateral agreements to reduce or eliminate tariff-related barriers (46%).
- Faster and more efficient trade dispute resolution mechanisms (44%).
- Targeted tax relief for industries affected by tariffs (41%).
- Financial support to help companies transition to alternative supply chains (26%).
- Expansion of export development programs to open new international markets (24%).
- Workforce support programs to retrain or upskill workers affected by trade shifts (18%).

Differences by Business Size

- Small businesses ranked the supports in the same order as the overall results.
- Medium-sized businesses (58%) placed the highest priority on negotiating bilateral agreements to remove trade barriers.

Sector-Specific Priorities

- Not-for-profits and construction businesses prioritized stronger advocacy efforts with U.S. policymakers.
- Primary industries/utilities and transportation/warehousing ranked bilateral trade agreements as the most important measure.
- Retail trade and professional, scientific, and technical services businesses most wanted faster trade dispute resolution mechanisms.
- Accommodation, hospitality, and food services businesses emphasized targeted tax relief for affected industries.
- Manufacturing, wholesale trade, and administrative/professional services sectors had several supports tied for the top priority, highlighting diverse needs within these industries.

These findings suggest that while most businesses seek advocacy and trade agreements as primary solutions, the specific support needed varies by industry and company size. Addressing these priorities could help businesses better navigate the ongoing trade challenges.

● Conclusion & Recommendations

The survey highlights the significant impact of U.S. and Canadian tariffs on Manitoba businesses, particularly in terms of rising costs and operational uncertainty. While some businesses are adapting by diversifying suppliers or engaging in policy advocacy, many remain unsure of the long-term effects. To support resilience and competitiveness, targeted policy measures and strategic business adaptations are essential.

Recommendations

Strengthened Advocacy with U.S. Stakeholders

The Government of Canada, in partnership with business organizations such as The Winnipeg Chamber of Commerce, must intensify advocacy efforts with U.S. policymakers to ease trade tensions. Continuous engagement with U.S. stakeholders is essential to reducing uncertainty and fostering a stable trade environment.

Negotiation of Bilateral Agreements

Pursuing bilateral trade agreements that minimize tariff-related barriers should be a key priority. Trade agreements that facilitate smoother cross-border commerce will enhance business confidence and create a predictable trading environment for Manitoba companies.

Efficient Trade Dispute Resolution Mechanisms

The federal government should work to expedite trade dispute resolution processes to ensure businesses can adapt swiftly to changing trade policies. A more responsive dispute resolution system will provide businesses with the clarity they need to make informed decisions.

Support AI and Automation Adoption to Enhance Productivity

Prioritize policies and incentives that support businesses in adopting AI and automation to mitigate the financial strain of tariffs. Targeted funding, tax incentives, and training programs can help businesses integrate AI-driven solutions into supply chain management, operations, and market expansion efforts. AI adoption can enhance productivity, strengthen competitiveness, and improve long-term economic resilience in a shifting trade landscape.

● Conclusion & Recommendations

Continued

Targeted Tax Relief and Financial Assistance

Businesses affected by tariffs require financial relief measures to offset increased costs and sustain operations. The introduction of targeted tax breaks, subsidies, or grants for impacted sectors can provide critical support, particularly for small and medium-sized enterprises.

Supply Chain Diversification Support

Programs that assist businesses in transitioning to alternative supply chains, including incentives for sourcing materials from non-U.S. suppliers, can help mitigate risks associated with reliance on U.S. trade. Financial assistance in this area will enable businesses to establish more resilient operations.

Expansion of Export Development Initiatives

Manitoba businesses require greater support in accessing new international markets beyond the US. Expanding export development programs and trade missions will help businesses diversify their revenue streams and reduce vulnerability to future trade disruptions.

Workforce Adaptation and Retraining Programs

Given the potential for layoffs and hiring freezes, workforce support programs should be introduced to upskill and retrain workers affected by trade shifts. This will help businesses retain valuable talent and pivot toward new market opportunities.

The resilience of Manitoba's business community is evident in the proactive strategies already being explored. However, the ongoing trade dispute necessitates swift and targeted action from both businesses and government. By implementing these recommendations, Manitoba businesses will be better equipped to withstand current trade uncertainties and emerge stronger in the long term. The Winnipeg Chamber of Commerce will continue to advocate for policies that support economic stability and ensure that businesses across the province have the tools they need to succeed.