Special survey on the U.S.-Canada trade war

Impact on small businesses of Section 338 tariffs and retaliatory tariffs

Preliminary results as of August 31, 2026

CFIB

About this survey

Purpose and context:

The special Survey on the U.S.-Canada Trade War was launched to assess the impact of 50% U.S. tariffs on Canadian small businesses, as well as the potential effects of Canada's retaliatory tariffs. The findings, gathered directly from CFIB members, provide authentic, data-driven insights that help inform public policy and strengthen CFIB's advocacy on behalf of the small business community.

U.S.-Canada Trade War Survey

Survey type:
Controlled-access online CFIB survey.

Survey period:
August 28 - 31, 2026.

Sample:
Based on responses from 1,545 CFIB members who are business owners and key decision-makers of Canadian independent businesses, from all sectors and regions of the country. For comparison purposes, a probability sample with the same number of respondents would have a margin of error of +/- 2.49%, 19 times out of 20.

Notes:
In some instances, responses may not add up to 100% due to rounding or 'select all that apply' options.

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Summary

- **26%** of all businesses report **major negative impacts** from the new Section 338 U.S. tariffs and **28%** expect a major impact from Canadian retaliatory measures.
- **46%** of exporters and **49%** of importers are **directly affected**.
- Among all firms, those impacted face median monthly costs of **$65,000**.
- **18%** of affected exporters and **11%** of affected importers expect to stop being financially viable within **three months**.
- **42%** of all businesses will **absorb** most tariff costs; **41%** will **pass** them through.
- Firms are adjusting suppliers, spending, hiring, and investment plans.
- SMEs want **immediate relief** and a quick **return to negotiations**.

Explore more insights by region, sector and business size View Dashboard

The trade war expands

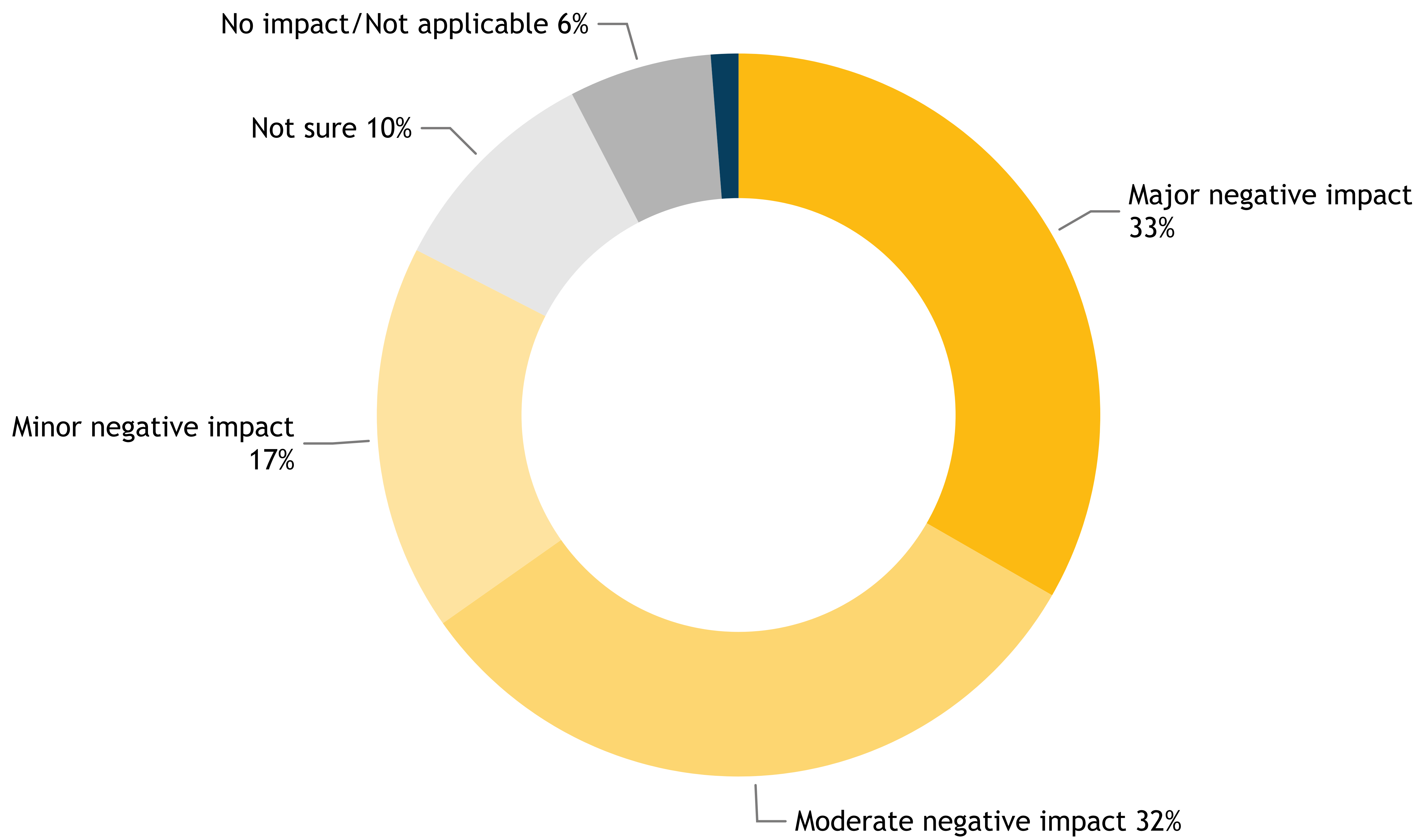
- The Canada-U.S. trade war broadened in August 2026, adding new tariff measures to an already extensive set of trade restrictions.
- Under Section 338 of the Tariff Act of 1930, the U.S. imposed 50% tariffs on $28 billion of Canadian goods (August 22, 2026). Tariffs apply regardless of CUSMA/USMCA compliance and have no specified end date.
- Canada responded with $28 billion in matching retaliatory tariffs (effective September 8, 2026).
- Other existing tariff measures, including on steel, aluminum and automobiles, remain in effect.
- With businesses now caught between U.S. tariffs and Canadian countermeasures, this survey measures the impact of the trade war on Canada's small business sector and the actions firms are taking to adapt.

Trade war impacts are widespread and significant

One-third of businesses report major negative impacts from the U.S.-Canada trade war, driven by broader economic uncertainty

Major impacts are no longer limited to businesses directly exposed to tariffs, suggesting that trade-related uncertainty is spreading through supply chains, costs, and investment decisions across the economy.

Broader economic effects of the U.S.-Canada trade war



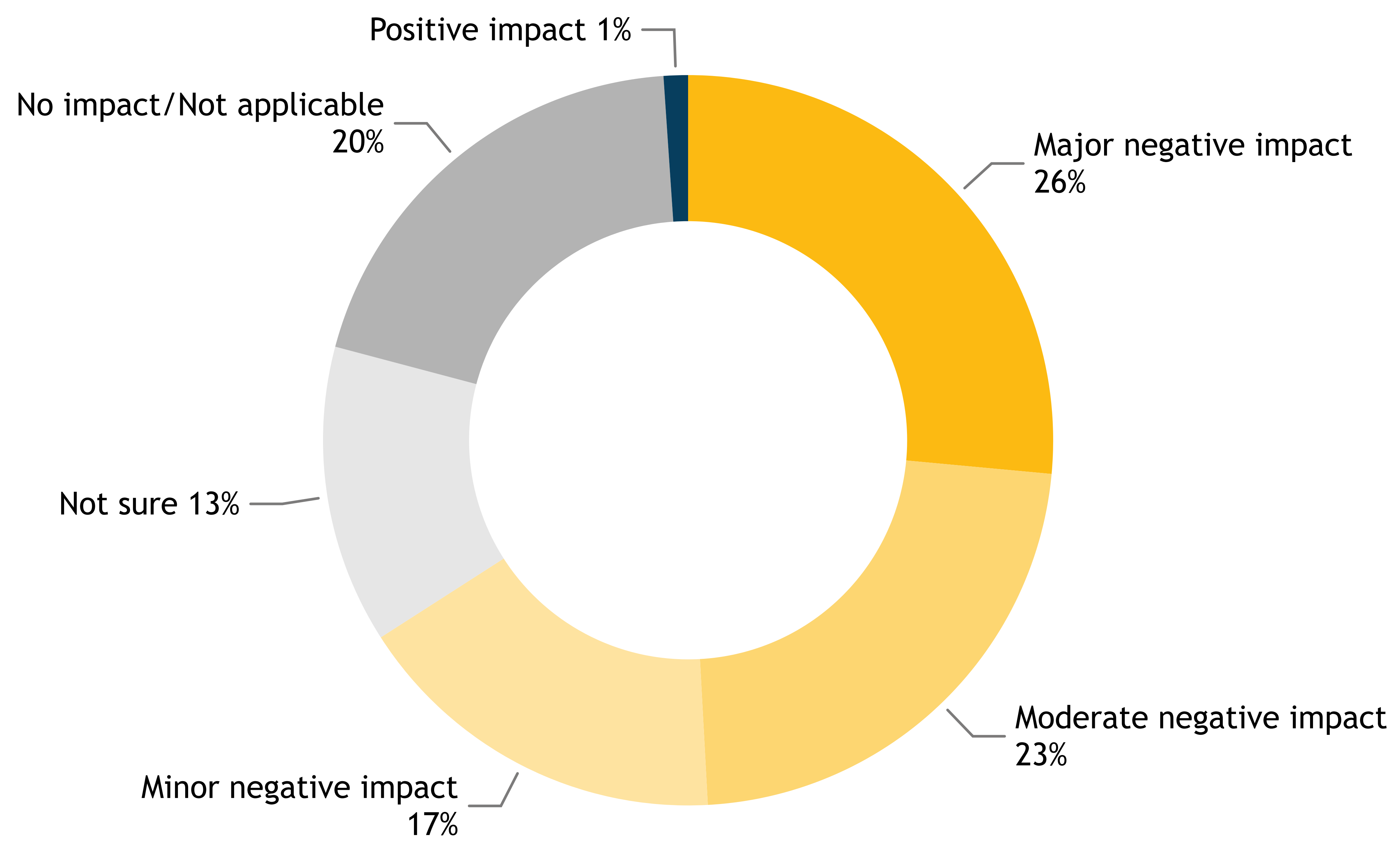
Question: Which of the following have had, or do you expect to have, a specific impact on your business? (Select one for each line)

Source: CFIB, U.S.-Canada Trade War: Impact on your Business – August 2026, August 28 - 31, 2026, preliminary results.

1,300 responses

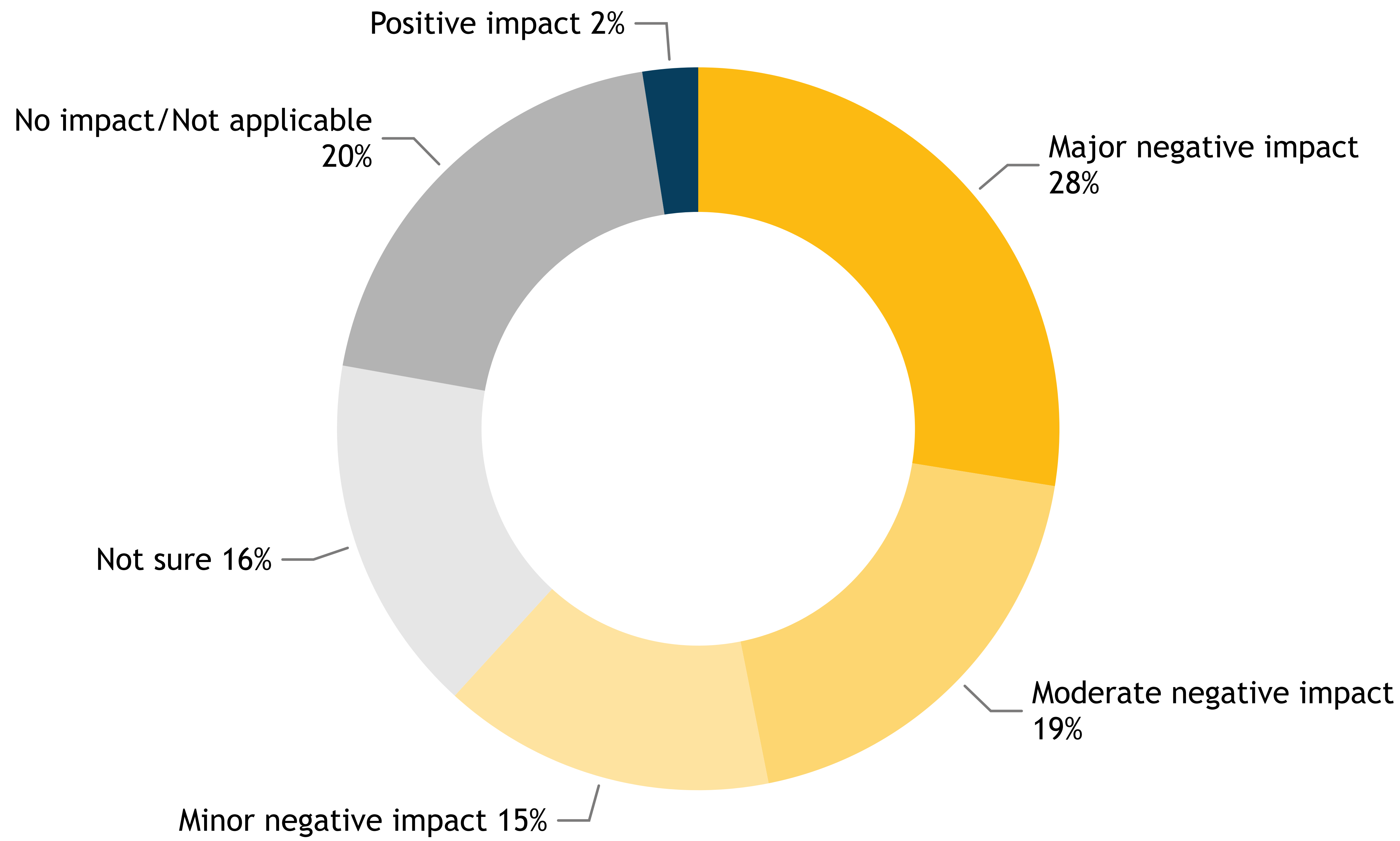
Over one-quarter of all business owners (26%) report major negative impacts from the new U.S. 50% tariffs, while a similar share (28%) expect Canadian counter-tariffs to have a major impact on them

NEW - 50% U.S. tariffs applied as of August 2026 (sect. 338)



1,394 responses

NEW - CAN tariffs on U.S. goods to be applied starting September 8, 2026



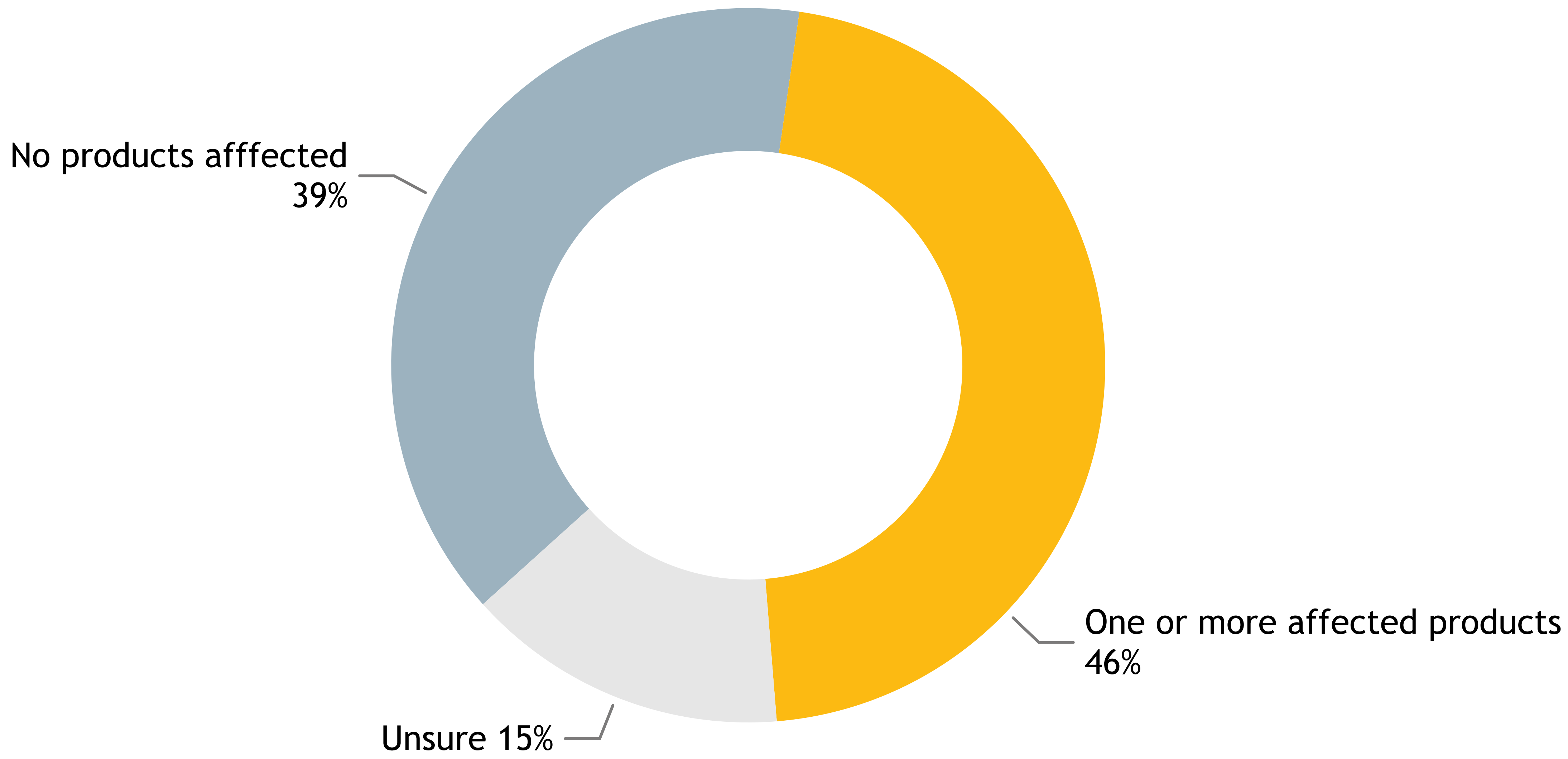
1,329 responses

Question: Which of the following have had, or do you expect to have, a specific impact on your business? (Select one for each line)

Source: CFIB, U.S.-Canada Trade War: Impact on your Business – August 2026, August 28 - 31, 2026, preliminary results.

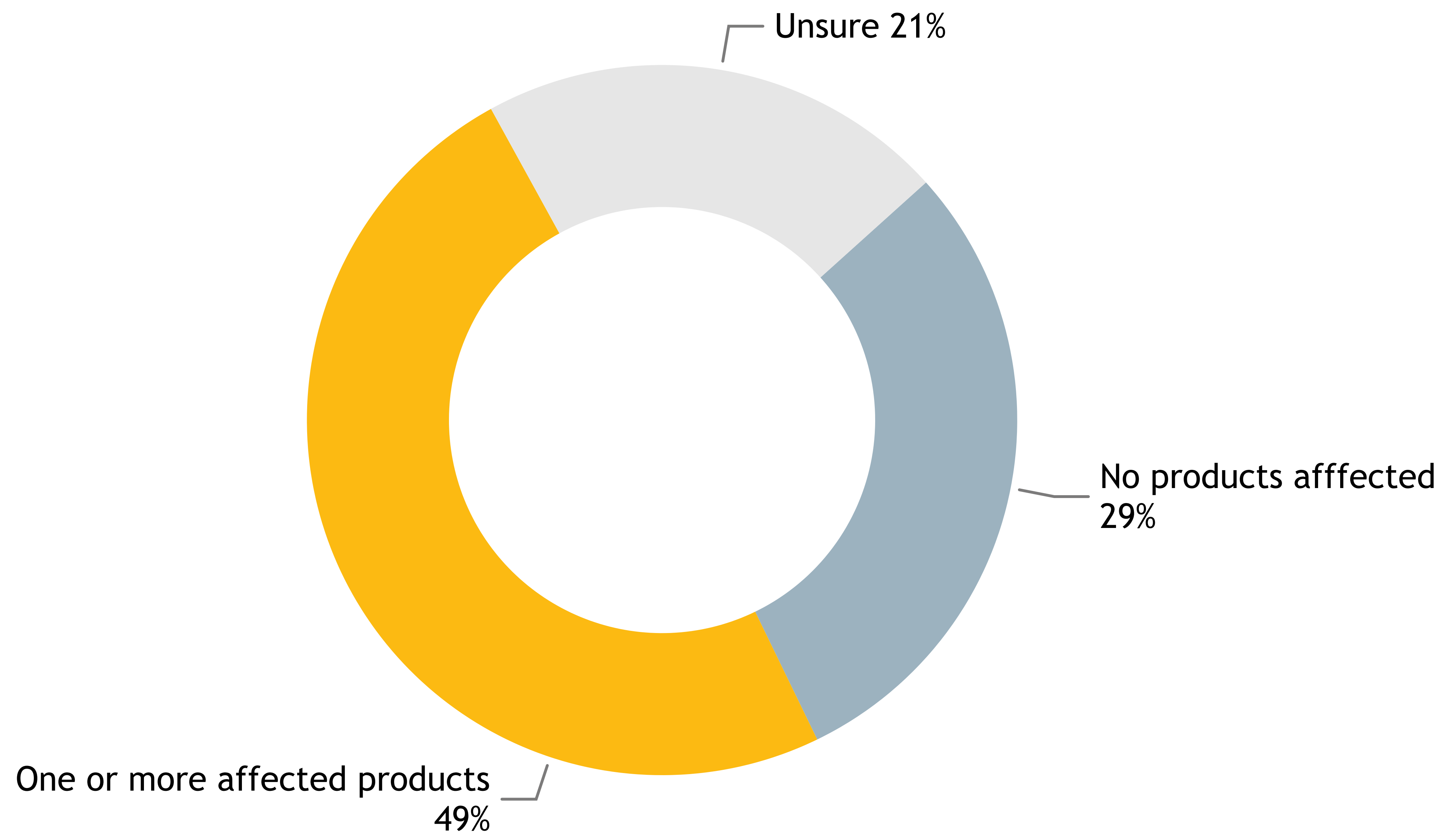
Nearly half (46%) of exporters to the U.S. are exposed to the new U.S. tariffs; A similar share (49%) of Canadian importers from the U.S. are exposed to Canadian retaliatory tariffs

Exposure to U.S. tariffs among Canadian exporters to the U.S.



308 responses

Exposure to Canadian retaliatory tariffs among Canadian importers from the U.S.



811 responses

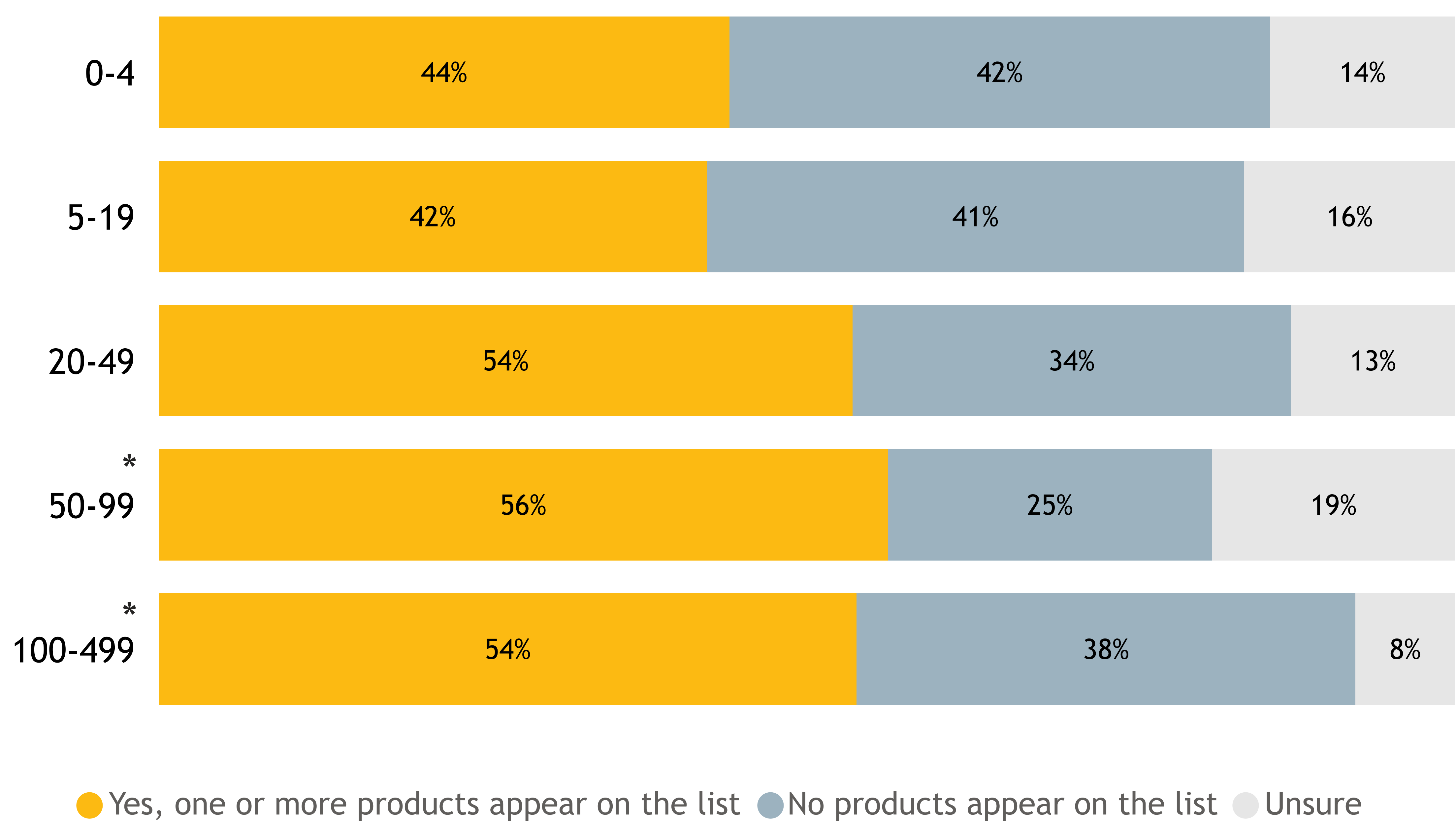
Question: Do any products that your business exports to the U.S. appear on the tariff list above? (Select one)

Question: Do any products that your business imports from the U.S. appear on the tariff list above? (Select one)

Source: CFIB, U.S.-Canada Trade War: Impact on your Business – August 2026, August 28 - 31, 2026, preliminary results.

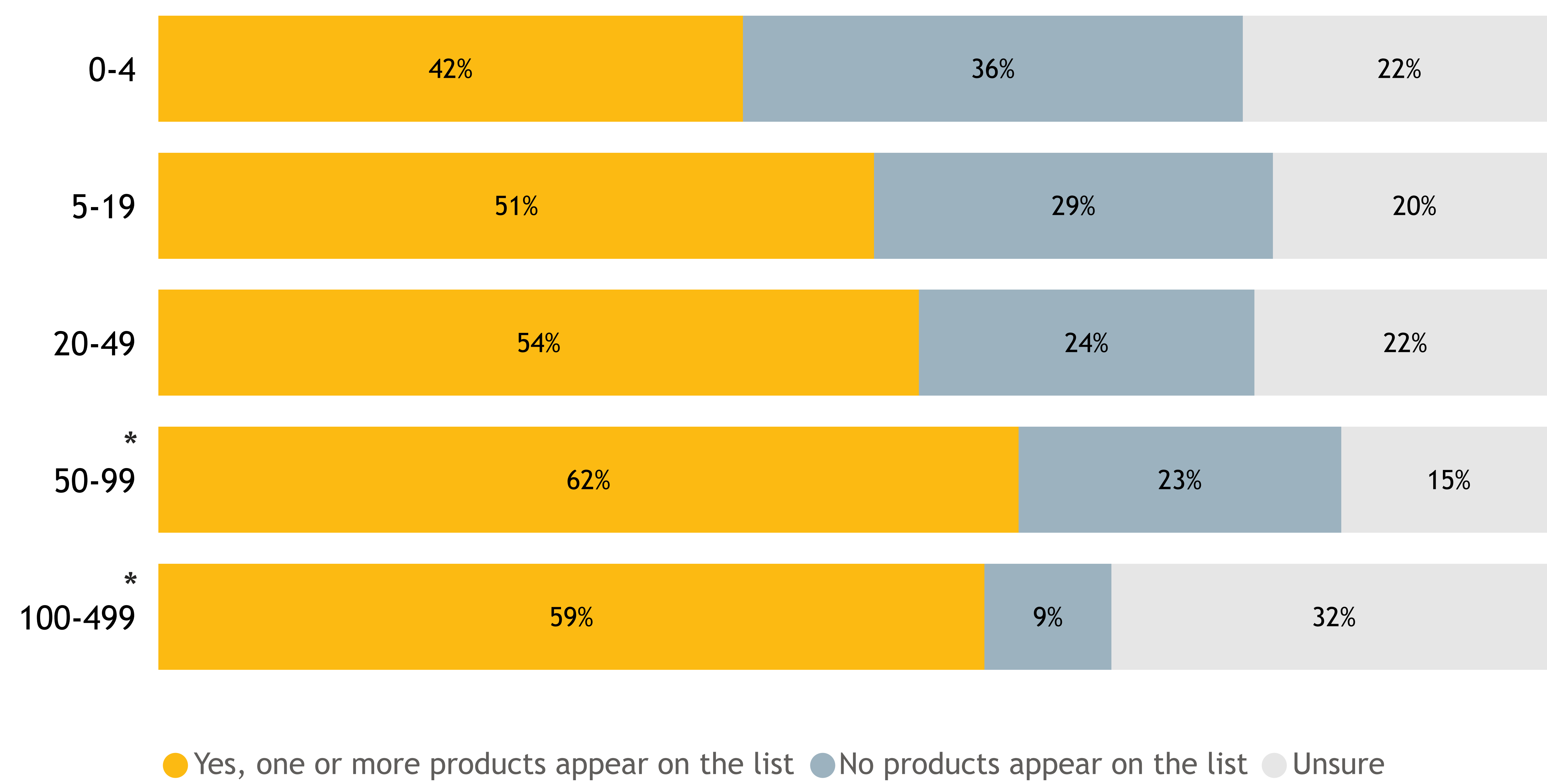
Exposure to U.S. and Canadian tariff measures rises with business size, peaking among mid-sized exporters and importers

Exposure to U.S. tariffs among Canadian exporters to the U.S.



308 responses

Exposure to Canadian retaliatory tariffs among Canadian importers from the U.S.



811 responses

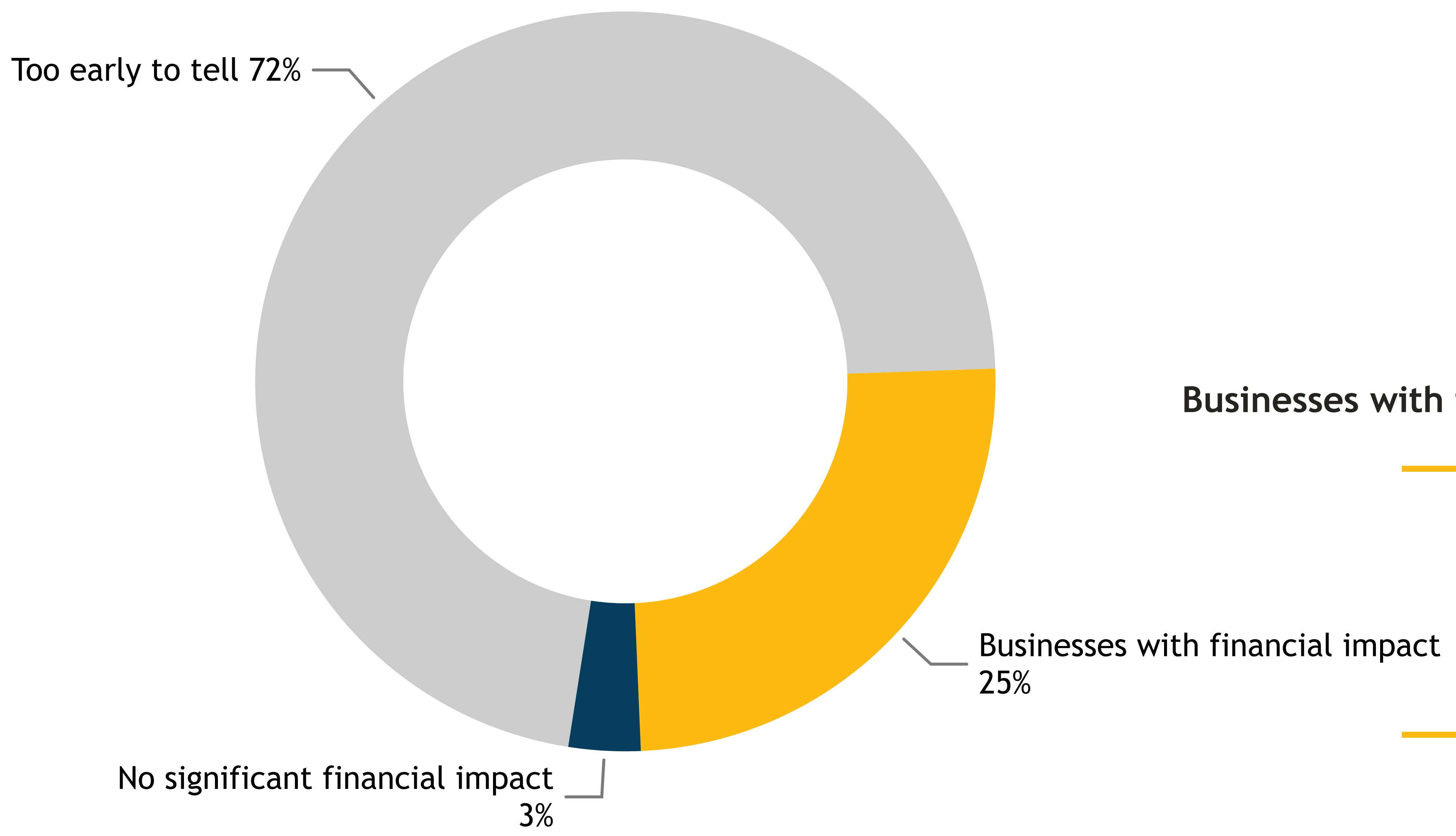
Question: Do any products that your business exports to the U.S. appear on the tariff list above? (Select one)

Question: Do any products that your business imports from the U.S. appear on the tariff list above? (Select one)

Source: CFIB, U.S.-Canada Trade War: Impact on your Business – August 2026, August 28 - 31, 2026, preliminary

Note: *Small sample size (<40).

While most businesses say it is too early to quantify the financial impact of the trade war, those already and likely to be affected (25%) report substantial costs, with median monthly losses of $65,000



Businesses with financial impact

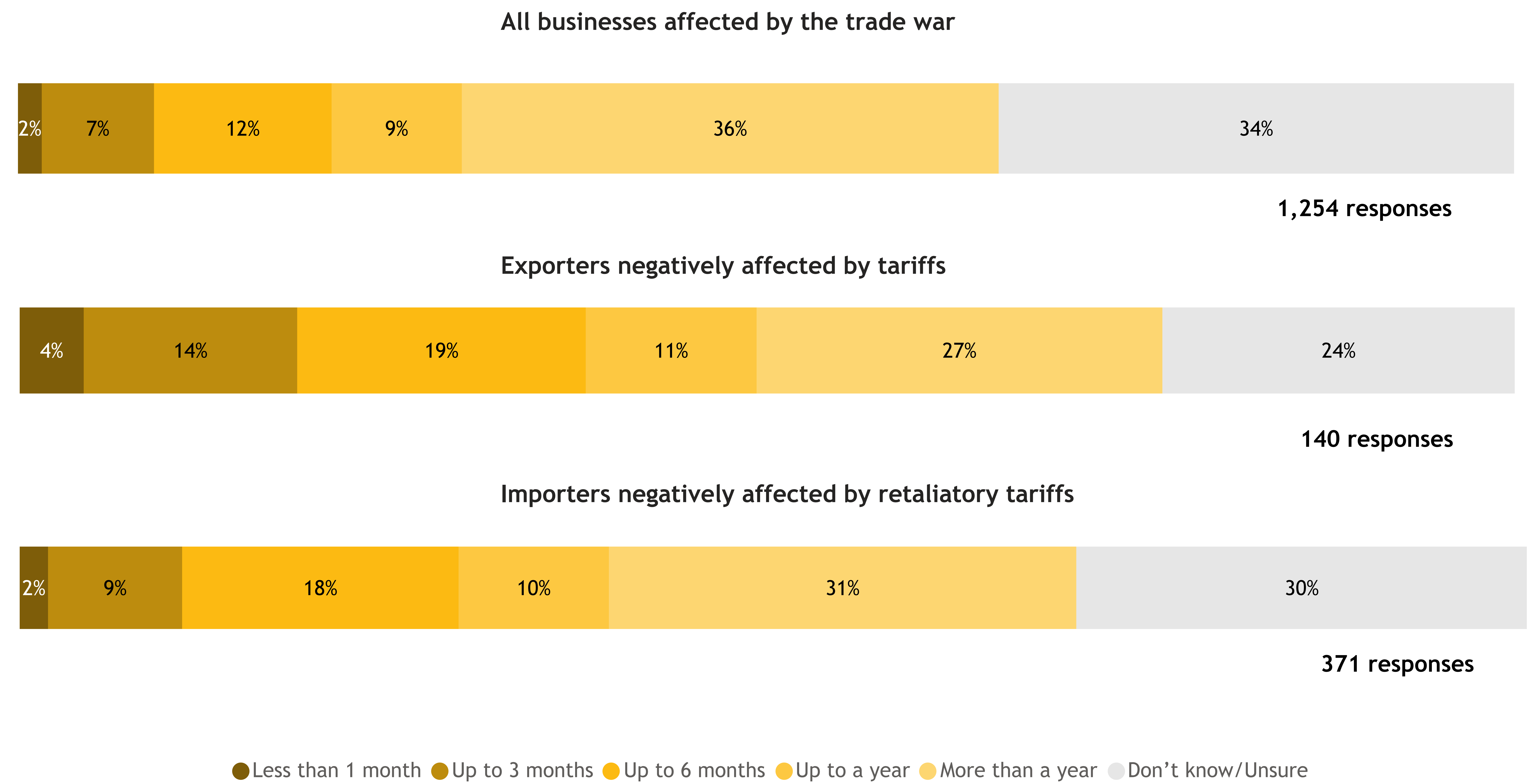
Overall median monthly cost	*Median monthly cost for affected exporters*	*Median monthly cost for affected importers*
Median **$ 65,000**	Median **$ 200,000**	Median **$ 55,000**
110 responses	**55 responses**	**80 responses**

Question: Assuming no deal is reached, approximatively what do you estimate will be the net monthly financial impact of the new 50% U.S. tariffs and equivalent Canadian retaliatory tariffs on your business? Please consider any potential revenue losses, increased costs, reduced profits, etc. in your estimate.

Source: CFIB, U.S.-Canada Trade War: Impact on your Business – August 2026, August 28 - 31, 2026, preliminary results.

Note: The number of respondents in each category (55+80) exceeds the total (110) since some businesses are affected on both exported and imported products.

Nearly one in five (18%) exporters and 11% of importers affected by the Canada-U.S. trade war say they would stop being financially viable if the trade war lasts three months or more



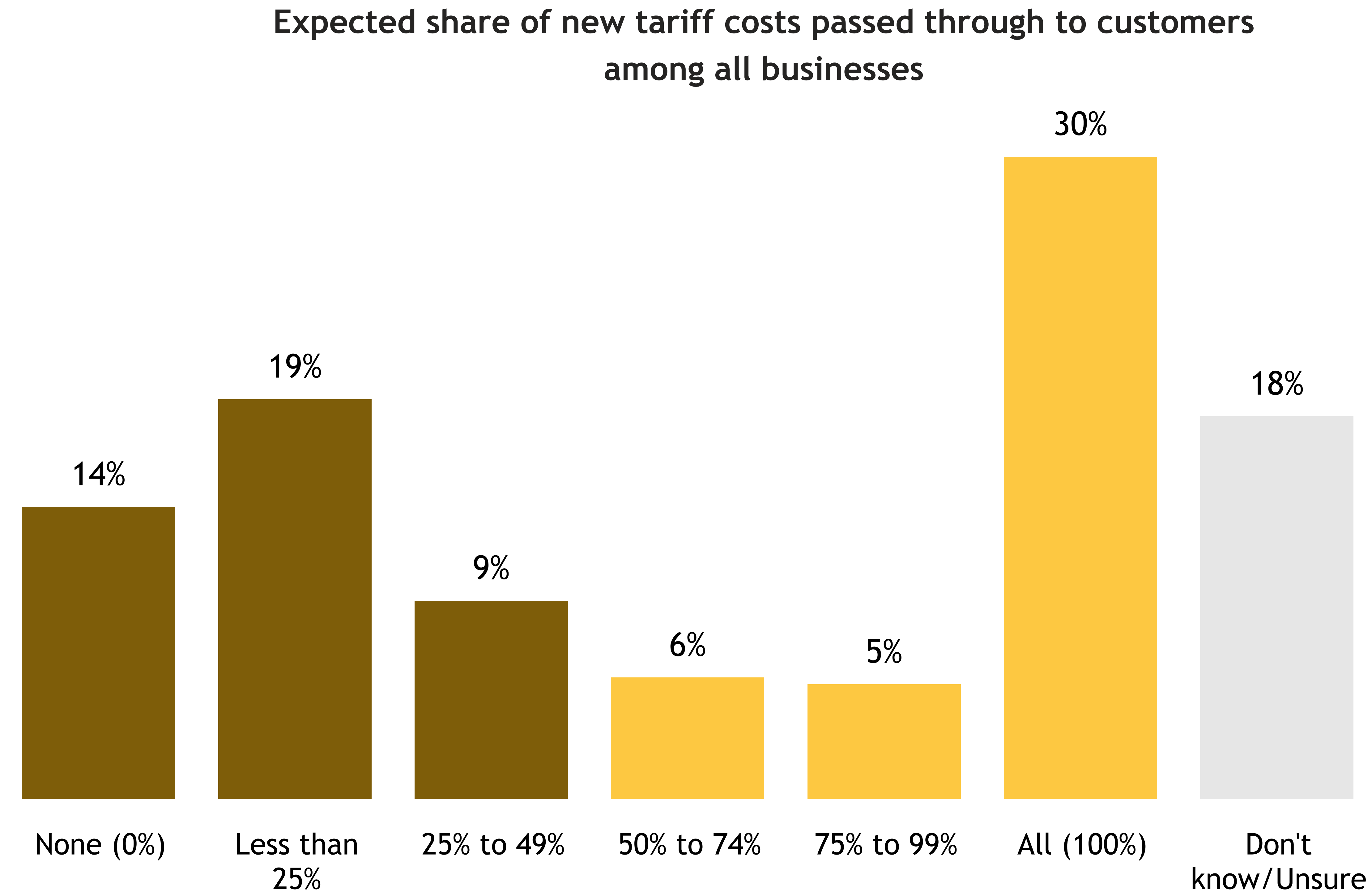
Question: If current tariff-related conditions persist, how long could your business remain financially viable before requiring further financial support? (Select one)

Source: CFIB, U.S.-Canada Trade War: Impact on your Business – August 2026, August 28 - 31, 2026, preliminary results.

Businesses are adjusting prices and operations

42% of businesses expect to absorb most of the new tariff costs, and 41% expect to pass through most of them

- Business responses are highly varied due to varying pricing power, with 42% expecting to absorb most of the new tariff costs, and 41% expected to pass through most of them.
- Tariff-related pressures are likely to contribute to a higher financial burden on several firms, higher prices for consumers and inflationary pressure across the economy.



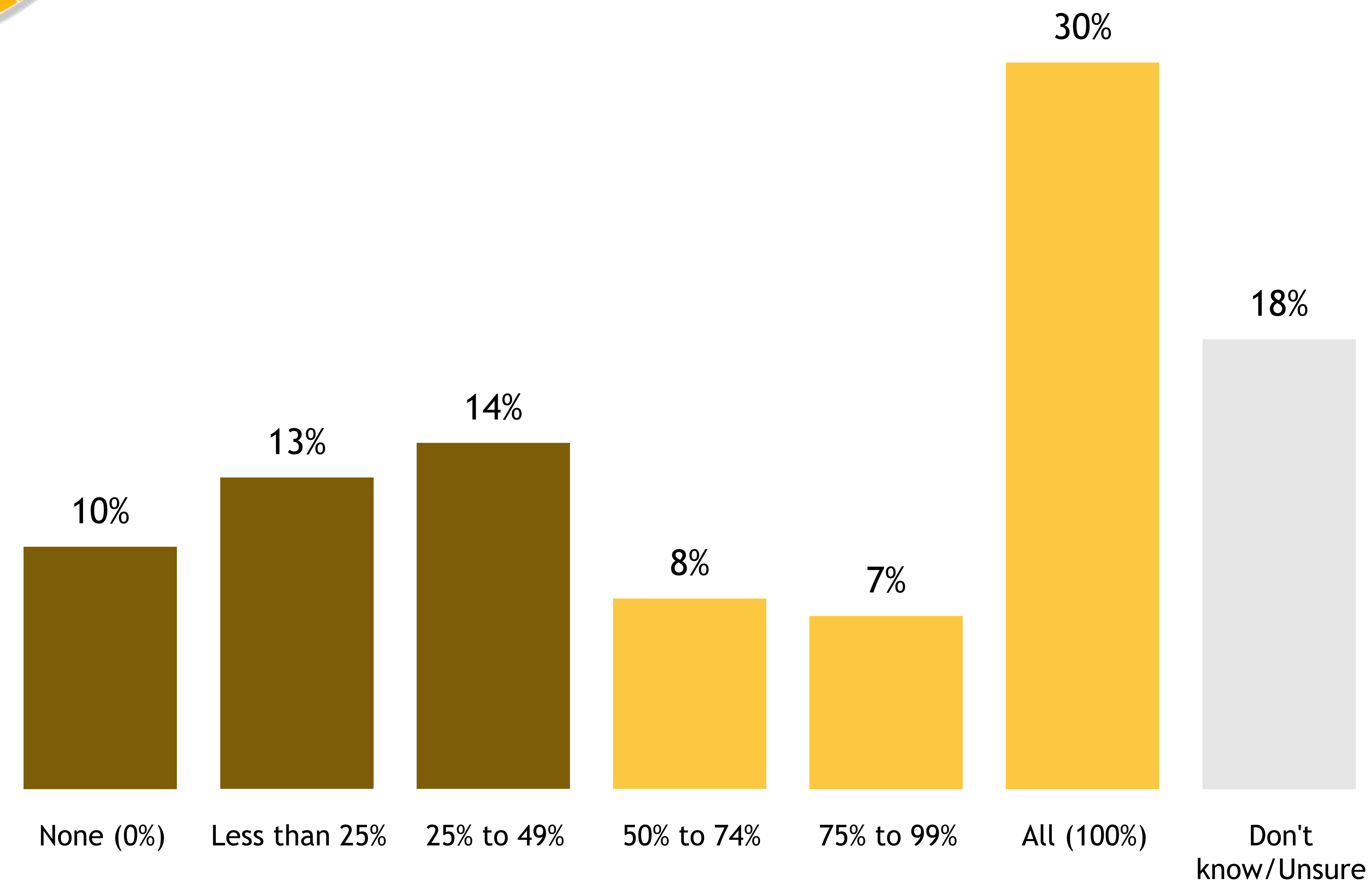
Question: Approximately what share of the additional tariff-related costs does your business expect to pass on to customers through higher prices in response to the August 2026 U.S. tariffs or the corresponding September 2026 Canadian retaliatory tariffs? (Select one)

1,259 responses

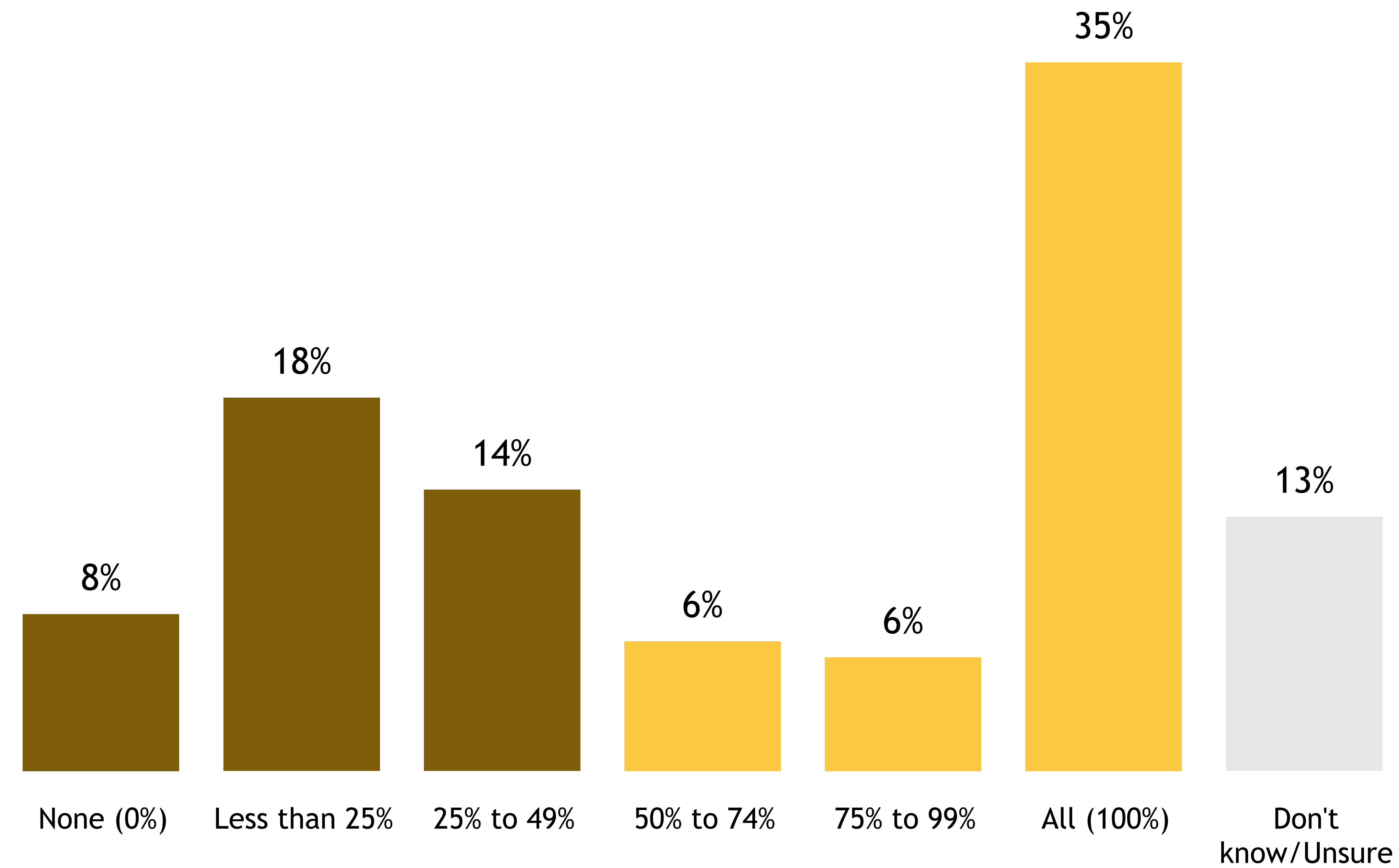
Source: CFIB, U.S.-Canada Trade War: Impact on your Business – August 2026, August 28 - 31, 2026, preliminary results.

37% of affected exporters and 40% of afffected importers will absorb most of the tariff-related costs

Expected share of new tariff costs passed through to customers among exporters affected by Section 338 U.S. tariffs



Expected share of new tariff costs passed through to customers among importers affected by Canadian retaliatory tariffs



76 responses

308 responses

Question: Approximately what share of the additional tariff-related costs does your business expect to pass on to customers through higher prices in response to the August 2026 U.S. tariffs or the corresponding September 2026 Canadian retaliatory tariffs? (Select one)

Source: CFIB, U.S.-Canada Trade War: Impact on your Business – August 2026, August 28 - 31, 2026, preliminary results.

Small businesses are adapting to tariff pressures by adjusting sourcing, purchases, hiring and investment plans, with exporters focused on workforce and investment changes and importers on supply chain adjustments

Non-price measures taken or considered by small businesses in response to tariffs

Category	%
Reduce purchases or imports affected by the tariffs	32%
Switch suppliers or sourcing locations	31%
Delay or freeze hiring plans	24%
Delay or cancel investments	24%
Seek advice or additional information regarding the tariffs	20%
Accelerate shipments or build inventory before the tariffs take effect	17%
Apply for tariff remission, exemptions, or duty relief programs	16%
Reduce employee hours	15%
Renegotiate contracts with customers or suppliers	15%
Seek additional financing/take on more debt	15%
Consider closing, selling, or winding down the business	14%
Pause or delay shipments	14%

Category	%
Layoff employees	13%
Redirect U.S. sales to Canadian markets	11%
Reduce exports or sales affected by the tariffs	10%
Redirect U.S. sales to other international markets	8%
Temporarily remove/delist affected products from U.S. sales channels or websites	8%
Scale back production	7%
Review or change product classifications/HS codes where permitted	6%
Modify products, packaging or production processes to reduce tariff exposure	6%
Relocate some or all business operations to the U.S.	5%
Other	5%
Don’t know/Unsure	14%
Not applicable - No specific action taken or planned	24%

Question: Beyond price adjustments, what other measures has your business taken OR does it plan to take in response to the August 2026 U.S. tariffs or the corresponding September 2026 Canadian retaliatory tariffs? (Select all that apply)

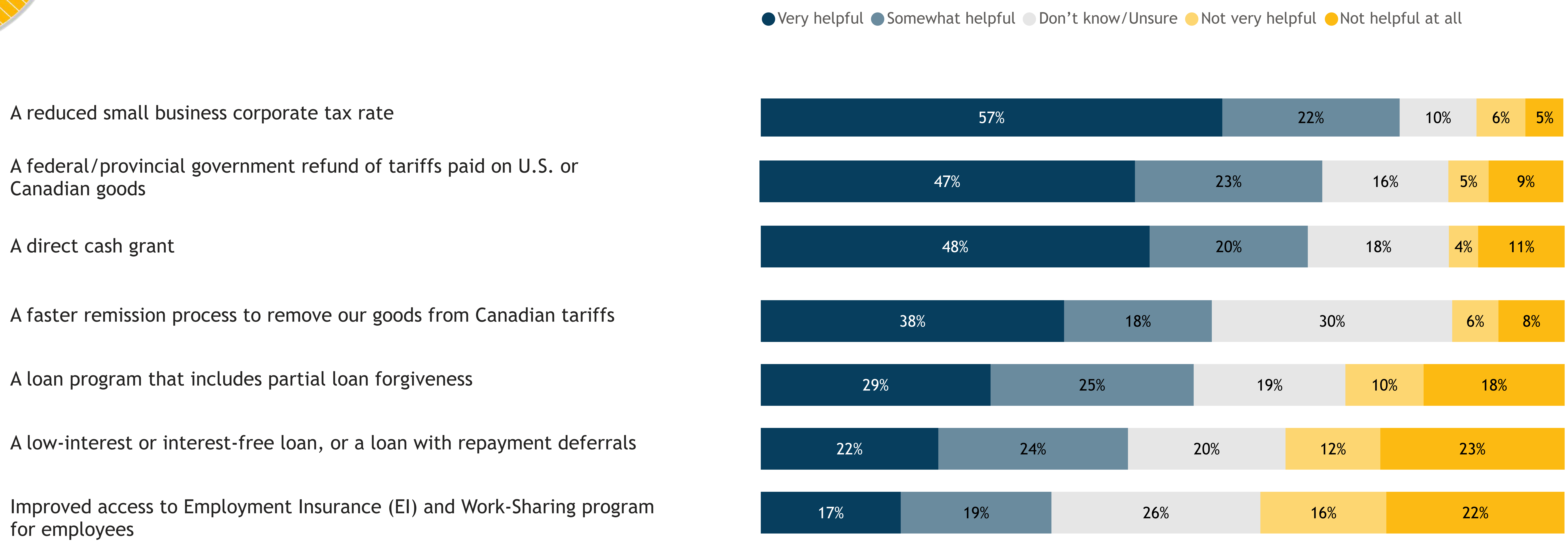
1,251 responses

Source: CFIB, U.S.-Canada Trade War: Impact on your Business – August 2026, August 28 - 31, 2026, preliminary results.

Small businesses want relief and a return to negotiations

Overall, business owners prioritize immediate cost relief, with tax cuts and grants viewed as most helpful

Overall views of all businesses owners



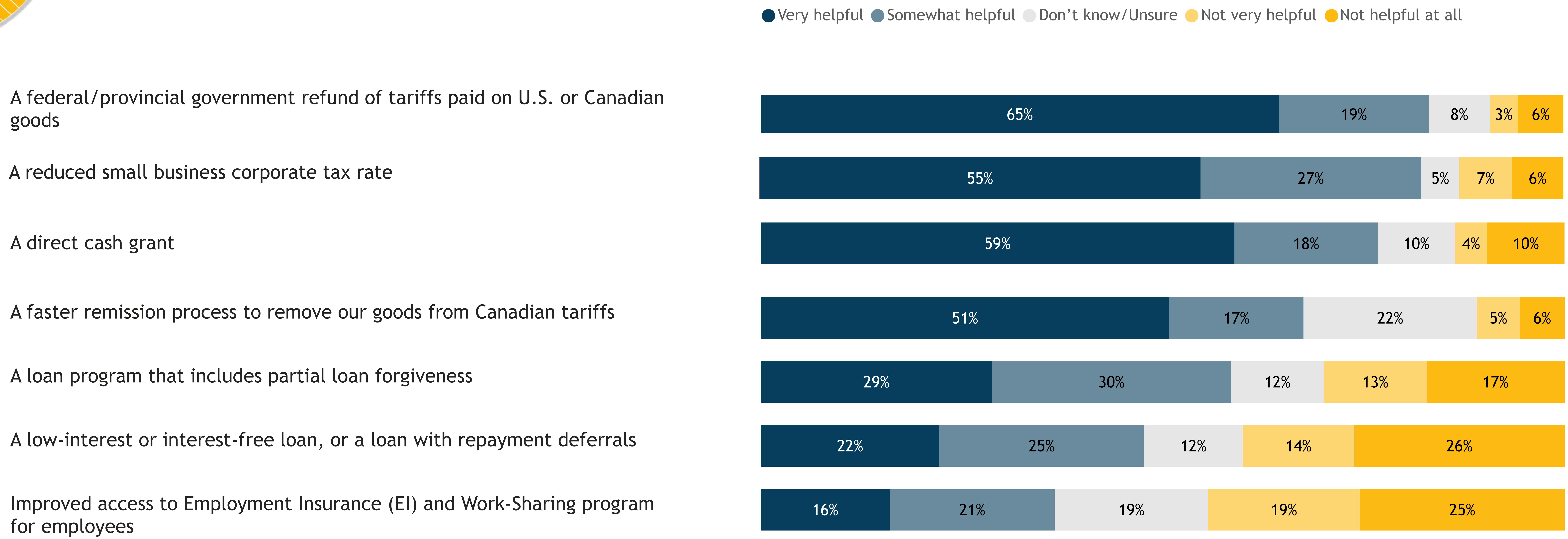
Question: How helpful would the following governments measures be to your business to deal with the tariff-related costs? (Select one for each line)

1,247 responses

Source: CFIB, U.S.-Canada Trade War: Impact on your Business – August 2026, August 28 - 31, 2026, preliminary results.

The most popular relief measure options among impacted exporters/importers is a tariff refund by governments (83% support), followed by a reduced small business tax rate (82%) and a direct cash grant (77%)

Views of affected exporters + importers



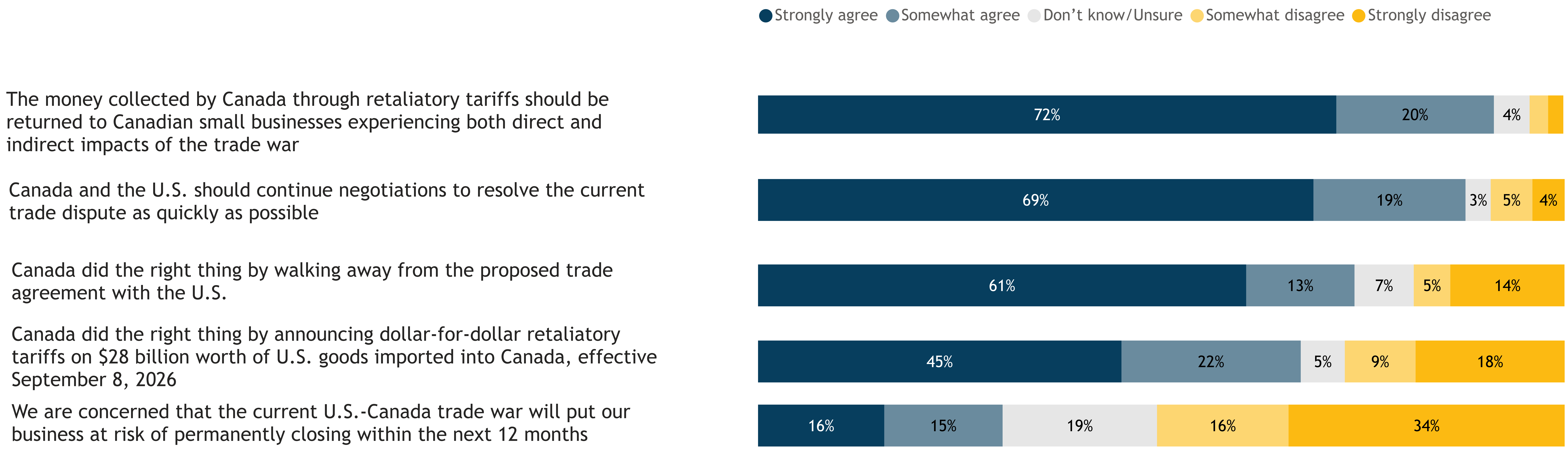
Question: How helpful would the following governments measures be to your business to deal with the tariff-related costs? (Select one for each line)

446 responses

Source: CFIB, U.S.-Canada Trade War: Impact on your Business – August 2026, August 28 - 31, 2026, preliminary results.

Business owners support Canada's negotiating stance and retaliatory measures, but overwhelmingly want negotiations to resume quickly to restore certainty and reduce economic disruption

Overall views of all businesses owners



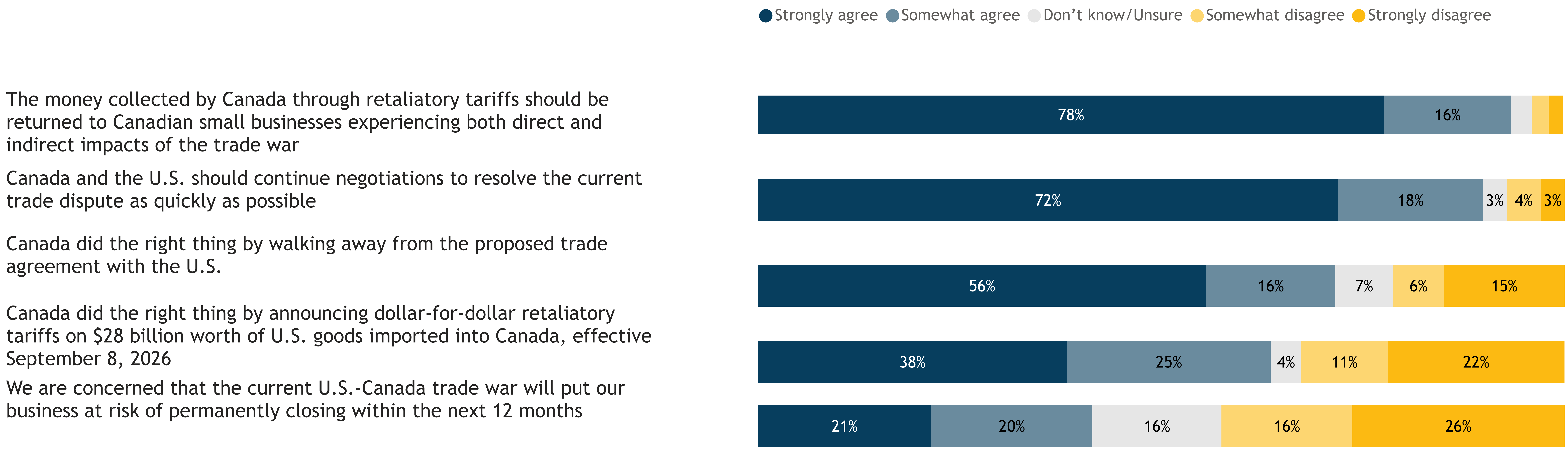
Question: To what extent do you agree or disagree with the following statements about tariffs? (Select one for each line)

1,542 responses

Source: CFIB, U.S.-Canada Trade War: Impact on your Business – August 2026, August 28 - 31, 2026, preliminary results.

Impacted exporters and importers overwhelmingly want Canada and the U.S. to reach a negotiated resolution quickly and are deeply concerned about the threat to their survival

Views of affected exporters + importers



Question: To what extent do you agree or disagree with the following statements about tariffs? (Select one for each line)

476 responses

Source: CFIB, U.S.-Canada Trade War: Impact on your Business – August 2026, August 28 - 31, 2026, preliminary results.

Business Owners' Voices

Tariffs passed on as businesses struggle to find alternatives

Certain products and supplies only come from the US. Our current procurement process is streamlined to be efficient. The amount of time and energy needed to find alternate options with no guarantee of competitive pricing makes it easier to just pay the tariff and hope for the best. So I have to raise prices with no added benefit to the consumer.

Wholesale, MB, 0-4 employees

Rising costs, limited pricing power

As a custom home builder they could increase our input costs. We are not in a position to increase prices and recover any of these increases due to the current soft housing market.

Construction, ON, 0-4 employees

Fixed-price contracts force construction firms to absorb tariff costs

As a construction company, we work with many products imported from the US and around the world. Signed contracts cannot be changed and we will have to swallow the excess costs due to tariff. Costs will go up significantly so work coming in will slow and we will have to lay off staff or just close permanently.

Construction, ON, 5-19 employees

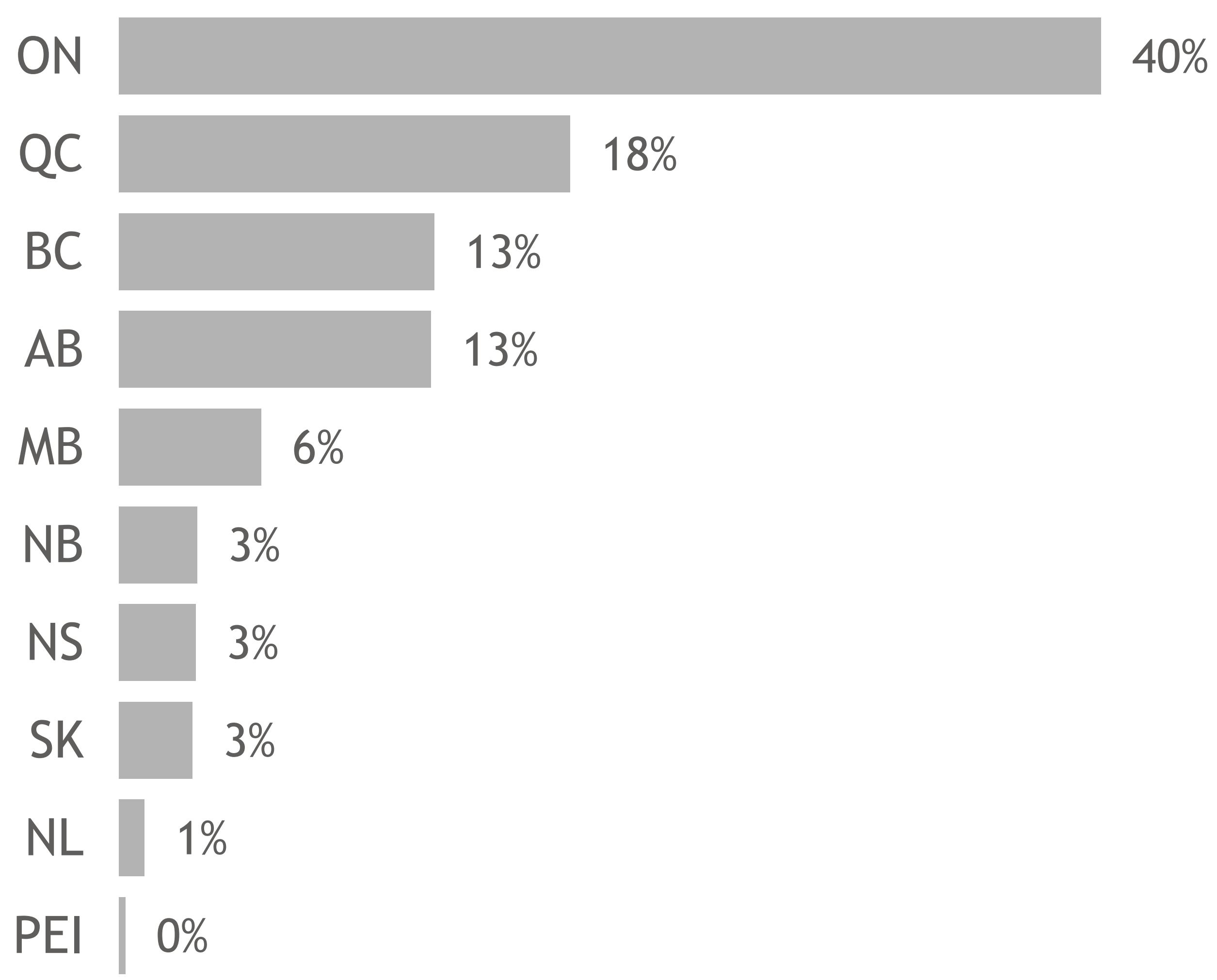
Uncertainty weighs on financial planning

In the financial services industry we will primarily impacted by uncertainty and market volatility. A secondary impact will be clients saving behavior and potential loss of employment income disrupting their long term wealth accumulation plans.

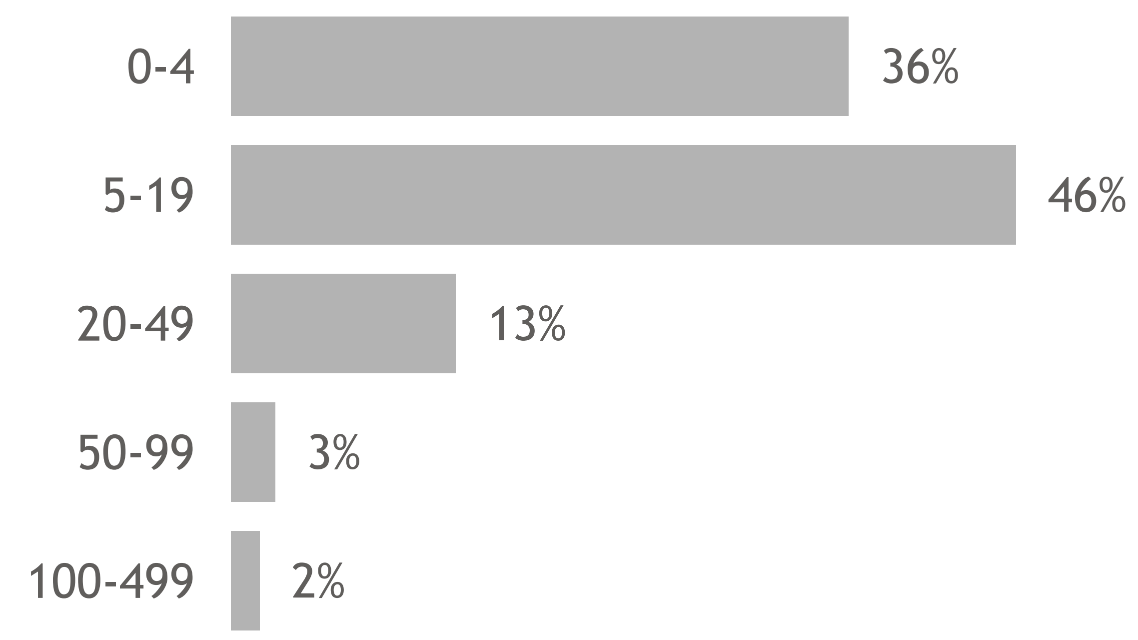
Finance, Insurance, Real Estate & Leasing, ON, 0-4 employees

Sample distribution

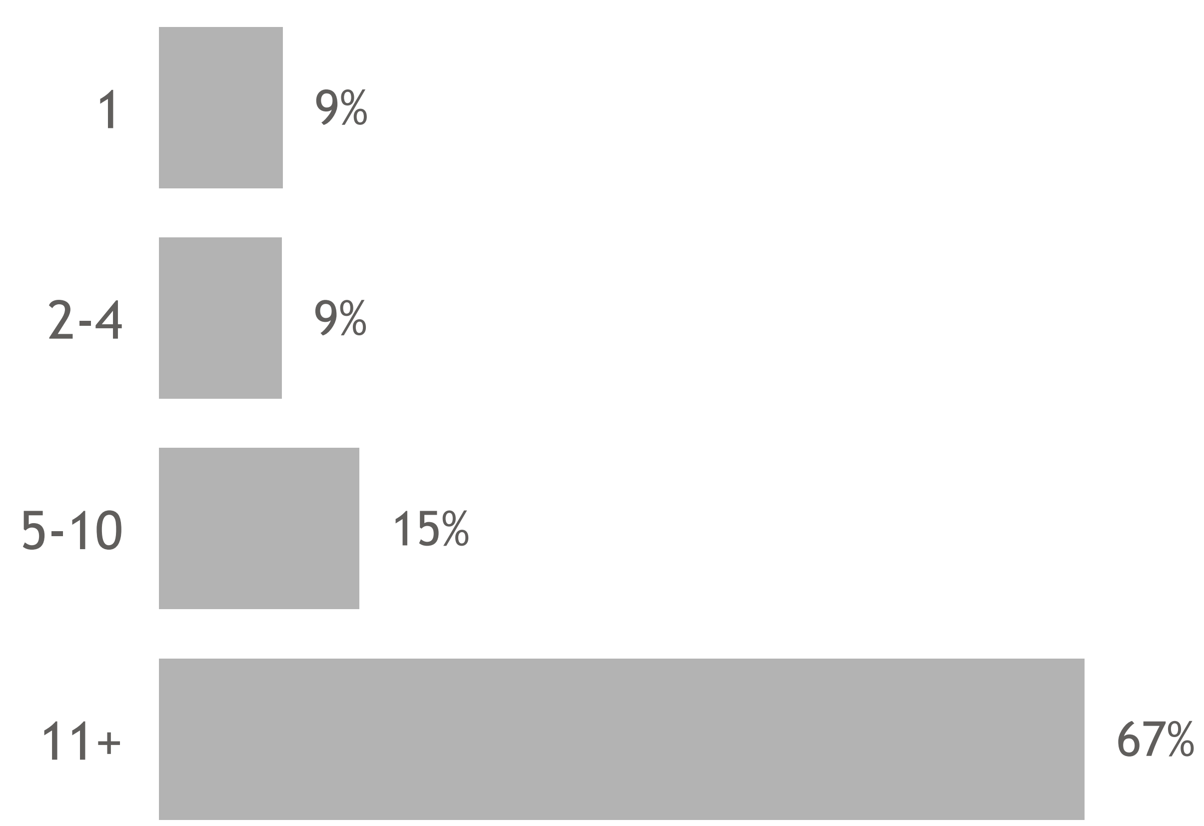
By location of the business



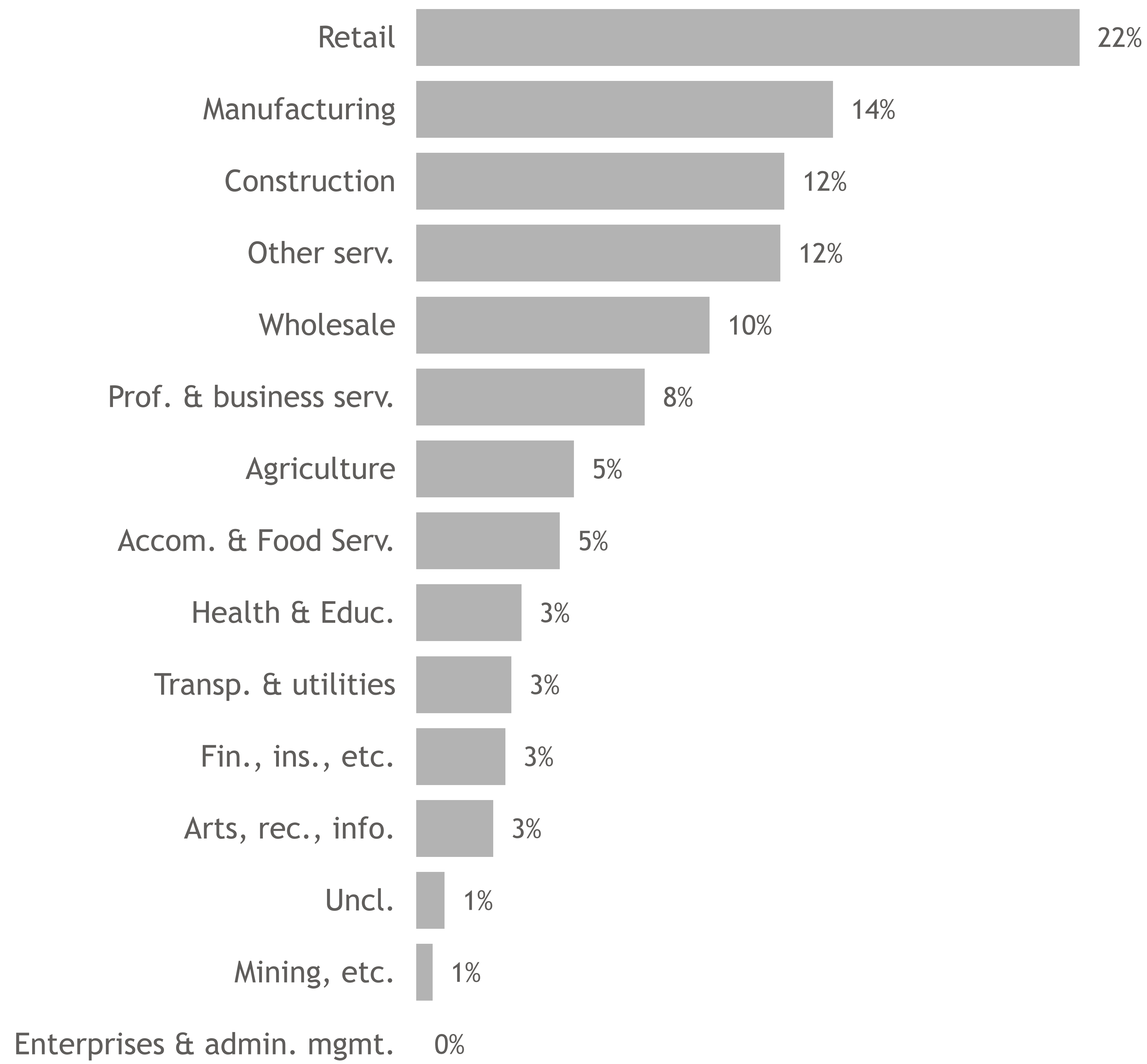
By number of employees



By years in business



By industry



Source: CFIB, U.S.-Canada Trade War: Impact on your Business – August 2026, August 28 - 31, 2026, preliminary results.

CFIB Research Publications and Business Stats

[Monthly Business Barometer®]

Our monthly survey tracks small business confidence, expectations and operating conditions in Canada.

[Enterprise Pulse]

Overview of self-employed, businesses with employees, entries/exits, and insolvencies.

[Impact of the U.S.-Canada trade war on businesses]

CFIB is examining the impact of the U.S.-Canada trade war on small businesses through insights gathered directly from its members via surveys.

About Our Research

CFIB's research delivers timely, relevant and actionable insights to help small businesses navigate challenge and seize opportunities.

For additional information or to contact us

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