Wholesale and manufacturing businesses are more affected by weaker demand due to trade exposure

In CFIB's special surveys on tariffs,[1] wholesale and manufacturing had the highest share of SMEs reporting lack of demand in March, at 49% and 48% respectively, both up from 35% in February (Table 4). These sectors also show a high concentration of importers and exporters.

Input costs remain a significant challenge in Q1 2025, particularly for hospitality (60%), agriculture (56%), manufacturing (56%), and wholesale (56%).[2] Agriculture, manufacturing, and wholesale firms face mounting pressures due to their strong ties to both exports and imports. Firms in hospitality are indirectly involved in international trade as nearly 58% of businesses purchase from importers, which impacts their costs.

With demand declining and costs rising, two-thirds of manufacturing and wholesale SMEs are now struggling to anticipate prices. Construction firms are also struggling, with 67% reporting difficulties, since 50% buy from importers, adding to pricing pressures.

Table 3 – Lower customer demand by sector (in %)

	March	M/M change
Wholesale	49	15
Manufacturing	48	13
Retail	38	9
Transportation	37	13
Enterprises & admin. mgmt.	36	10
Canada	**35**	**8**
Construction	32	9
Natural resources	28	0
Arts, recreation & information	28	10
Personal services	26	3
Finance, insurance, real estate & leasing	26	15
Professional services	26	7
Hospitality	25	4
Agriculture	21	8
Health, education	18	3

Note: Sorted by March data.

Sources

(1) CFIB, Special survey on the U.S.-Canada tariffs, February 6-13, 2025, n=2,510; and Special survey on the Impact of the U.S.-Canada- trade war, March 13-31, 2025, n=3,937.
(2) CFIB, Your Business Outlook Survey, January 2025-March 2025.

Businesses in agriculture, hospitality and arts, recreation and information are less able to pass on additional costs

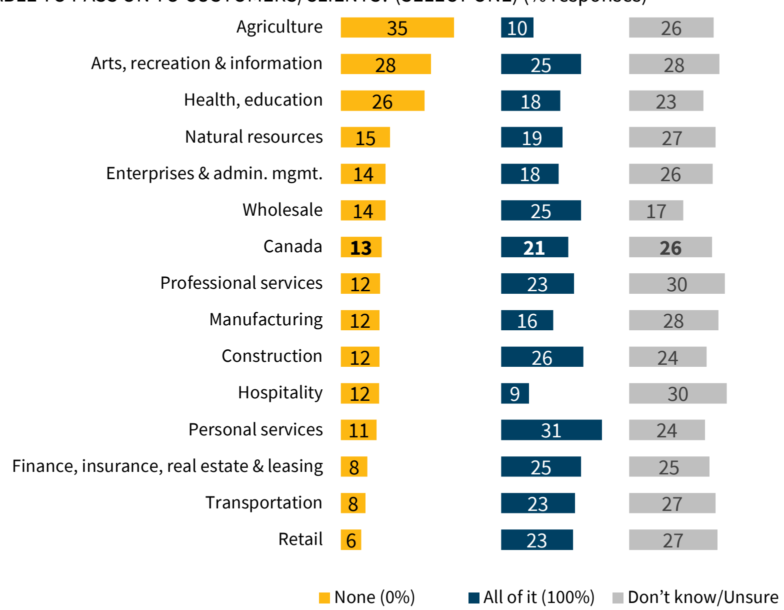
Even though manufacturing and wholesale businesses are more exposed to tariffs, most will absorb costs.[1]

Meanwhile, about 35% of agriculture businesses and 28% of arts, recreation and information businesses must absorb all additional costs. For the latter, the challenge is compounded by currency exchange rate volatility, with 59% expressing concern over its impact.

Similarly, only one-tenth of hospitality and agriculture businesses can fully pass on additional costs, underscoring their financial strain.[2]

Figure 7 – Agriculture firms are more likely to avoid passing on tariff-related costs

HOW MUCH OF THE ADDITIONAL TARIFF-RELATED COSTS WILL YOUR BUSINESS BE ABLE TO PASS ON TO CUSTOMERS/CLIENTS? (SELECT ONE) (% responses)[2]



Wholesale firms have already adjusted their prices, while firms in hospitality and construction are planning to do so

Wholesale businesses have already moved ahead with price adjustments, with 33% having increased prices.[1] At the other end of the spectrum, only 10% of arts, recreation, and information businesses have done so, though a much higher share (60%) plan to follow suit.

Hospitality and construction businesses, as indirect importers (the highest share of buyers to importers), are waiting for supplier prices to stabilize before making their own adjustments. While some (20% and 21%, respectively) have already raised prices, many more (66% and 60%, respectively) are considering it soon.

Health and education businesses, however, are less likely to raise prices. Only 7% have implemented price increases, while 24% do not plan to do so at all. Overall, the sector is less exposed to tariffs, so they are less concerned and are experiencing fewer changes in their operations.

Figure 8 – One-third of wholesale firms have already adjusted their prices, while two-thirds of hospitality and construction firms are planning to do so