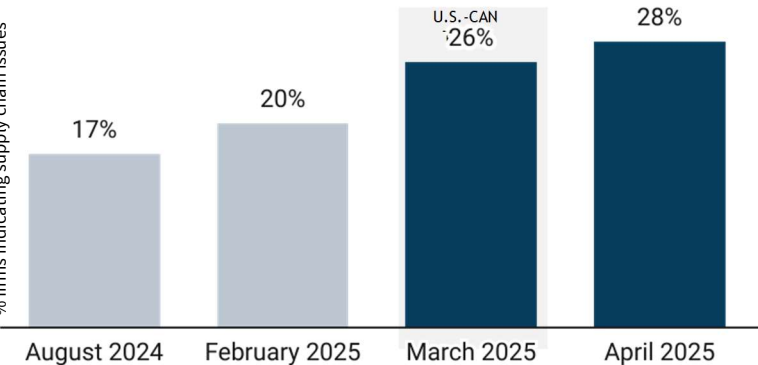


Rising supply chain disruptions for Canadian SMEs

Canada–U.S. trade tensions are causing high uncertainty and disrupting cross-border trade. Statistics Canada reports that nearly half (48%) of businesses experienced supply chain disruptions over the past three months, and 64% expect conditions to worsen.<sup>1</sup> Between August 2024 and April 2025, the share of firms identifying supply chains as one of their top concerns increased from 17% to 28% (Figure 4). While many factors cause supply issues (e.g., strikes and work stoppages), we focus on the Canada–U.S. border as a key bottleneck. Delays at the border<sup>2</sup> due to added administrative formalities have become a key issue. By May, 35% of SMEs reported delays, with those affected spending a median of two extra hours at the border compared to pre-tariff periods.<sup>2</sup>

Figure 4 – More firms are affected by supply chain challenges since the introduction of tariffs in March 2025<sup>3</sup>

What are the biggest challenges your business is facing right now? (Supply chain challenges)



Sources

- (1) Statistics Canada, [Canadian Survey on Business Conditions](#) – Q2 2025.
- (2) CFIB, Your Voice – May 2025 survey, May 6–June 2, 2025.
- (3) CFIB, Your Voice – August 2024, February, March, April 2025.
- (4) CFIB, Survey on the impact of U.S.-Canada trade war, March 13–31, 2025.

The share of firms indicating border delays is significant in many sectors

Wholesale and manufacturing—the sectors most dependent on goods—report the highest impact from Canada–U.S. border delays, at 42% and 40% respectively. They rely on just-in-time shipments of inputs and equipment, which makes them especially vulnerable. A proportion of 39% of firms in personal services also report disruption, largely due to delays affecting repair shops for vehicles, household and commercial goods. Significant shares of businesses operating in retail (36%) and construction (35%) report border delays, showing that supply chain bottlenecks affect both distribution networks and project-based work. In contrast, service-oriented sectors report fewer disruptions as they rely less on cross-border logistics.

Table 3 – SMEs in trade-heavy sectors report more border delays<sup>2</sup>

In the past 3 months, has your business experienced more delays than usual at the border when importing from or exporting to the U.S.?

Sectors	Share of SMEs experiencing delay at the U.S.-CAN border (% responses)
Wholesale	42
Manufacturing	40
Personal services	39
Arts, recreation & information*	38
Health and education*	38
Enterprises & admin. mgmt.*	37
Retail	36
Construction	35
Professional services	27
Agriculture and natural resources	26
Transportation*	25
Hospitality	19

\*Low responses (fewer than 40)

SMEs brace for long-term supply chain disruptions

Facing growing tariff-related pressures at the Canada–U.S. border, 62% of SMEs have shifted to domestic markets.<sup>4</sup> Yet, supply chain disruptions remain widespread, revealing that the problem is not limited to international trade, but affecting internal logistics as well.

Uncertainty looms large—50% of SMEs sourcing from abroad and 44% sourcing within Canada do not know for how long disruptions will persist.<sup>1</sup> Among those who could offer a timeline, 27% (international) and 32% (domestic) expect disruptions to last a year or more, signaling that many firms now see these challenges as structural rather than short-term. One way to alleviate these pressures would be to improve interprovincial trade. Half of firms report that would reduce the blow from U.S. trade-related impacts.<sup>4</sup>

Figure 5 – Most SMEs expect long-term supply chain disruptions, abroad and domestically

How long does this business or organization expect the following to continue to be an obstacle? (Difficulty acquiring inputs, products or supplies within Canada/from abroad, % responses)

