

In Focus: Rising Fuel Costs are Squeezing SMEs' Margins



Higher fuel prices are another dimension of high business costs across provinces and industries

In addition to the tariff costs and uncertainty introduced by the trade war, **fuel cost pressures have become significantly more widespread among SMEs in 2026** (Table 2). After remaining relatively stable through 2024 and 2025, the share of businesses reporting substantial fuel cost pressures increased sharply beginning in Q1 2026, reaching its highest level since the indicator was introduced (Figure 3). This trend aligns with rising gasoline and diesel prices and suggests that fuel has become a growing source of cost pressure for many businesses.

Despite these additional pressures, about 70% of small businesses expect to pass on to customers only a very small part of their higher fuel costs (Figure 4). On average, businesses expect to pass on to customers only about one-fifth (21%) of these higher costs through price increases³. One-third do not expect to be able to pass anything to customers, and another third expect to pass on only a very small part. At the opposite end, a very small minority expect to fully pass these additional costs on to customers.

Sources

(1) CFIB, Your Business Outlook Survey, January 2024-September 2026. Quarterly data. For more details, please visit [Monthly Business Barometer](#).
(2) Statistics Canada, [Table 18-10-0001-01](#), Monthly average retail prices for gasoline and fuel oil, by geography. The chart shows average quarterly costs for diesel fuel, and for regular unleaded gasoline at self service filling station.
(3) The average pass through was calculated by applying the midpoint of each response range and weighting it by the proportion of businesses selecting that option.

Figure 3 – The share of SMEs reporting fuel costs pressures has increased drastically since Q1 2026^{1,2}

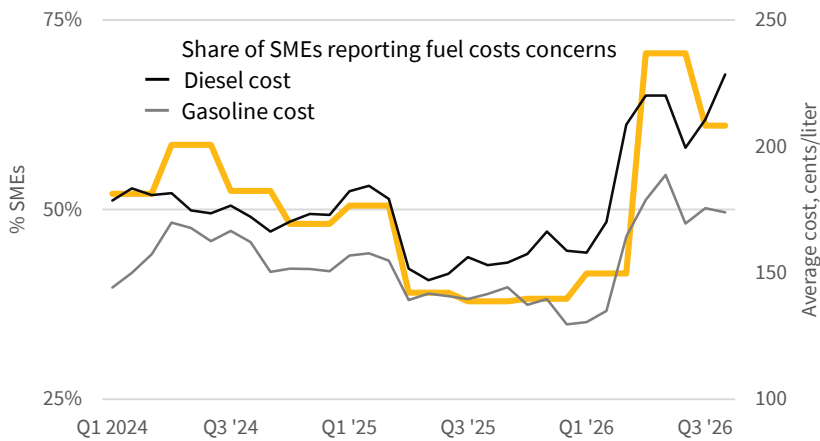
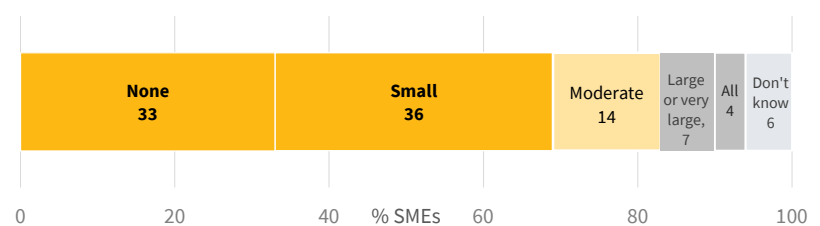


Figure 4 – About 70% of small businesses expect to pass on less than half of the higher fuel costs to customers¹



Note:
Small part represents 1% but less than 25% of the costs. Moderate represents 25% to 49%. Large represents 50% to 74% of the fuel costs. Very large represents 75% to about 99%. And all represents 100% of the fuel costs. The question offered 'not applicable' as answer choice, but it gathered no responses.

Table 2 – Fuel costs burden businesses across the country¹

	Share of Businesses (%) identifying fuel costs causing difficulty	y/y change
Canada	64	+30
Newfoundland & Labrador*	85	+5
Alberta	67	+28
Ontario	67	+32
Manitoba	66	+27
British Columbia	65	+35
New Brunswick	63	+21
Saskatchewan	62	+25
Prince Edward Island	62	+25
Nova Scotia	59	+15
Quebec	54	+27
Natural Resources*	88	+56
Transportation	84	+17
Construction	83	+27
Agriculture	80	+30
Hospitality	69	+43
Manufacturing	68	+39
Wholesale	67	+35
Arts & Info	64	+28
Retail	62	+29
Admin & Management	61	+30
Personal Services	59	+25
FIRE	54	+15
Health and education	42	+20
Professional Services	36	+18

Note: * denotes a small number of responses.