

www.startupcan.ca hello@startupcan.ca



# STARTUP CANADA SURVEY SUMMARY

# IMPACT OF TARIFFS ON CANADIAN ENTREPRENEURS

**FEBRUARY 21, 2025** 





# **Startup Canada Survey | Impact of Tariffs on Canadian Entrepreneurs**

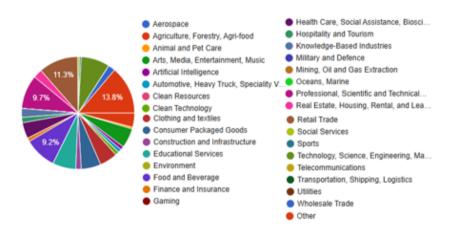
To best serve its community and the ecosystem that supports Canadian entrepreneurs, Startup Canada initiated a national survey to identify the primary challenges and needs of Canadian entrepreneurs in response to impending U.S. tariffs and corresponding Canadian countermeasures. The following summary reviews the feedback received, trade involvement, and key demographic insights from **195 Canadian entrepreneurs** who responded to the survey.

# **Survey Respondent Demographics**

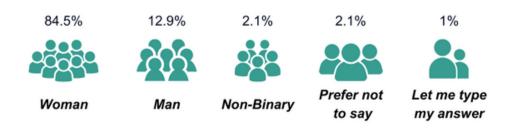
Survey participants represented over 20 industries, with the top three industries being Retail Trade (11.3%), Professional, Scientific, and Technical Services (9.7%), and Food & Beverage (9.2%)

Startup Canada received survey responses from nine provinces across Canada, with the highest responses hailing from British Columbia (50.3%), Ontario (21.5%), and Saskatchewan (17.4%). Over 84% of respondents identified as women.

#### What industry is your business classified under?



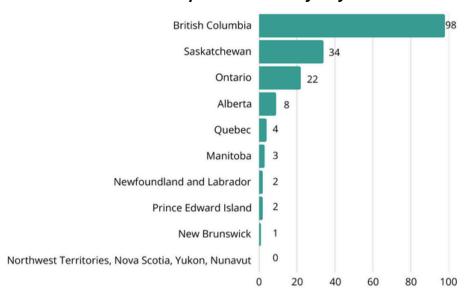
#### Which most accurately describes you?





# **Survey Responses By Province and Territory**

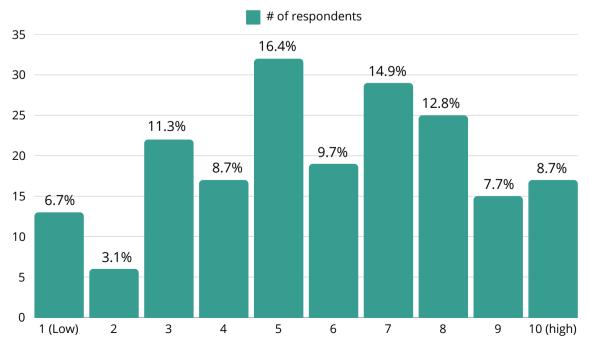
#### Which province/territory do you live in?



# **Survey Respondent Optimism**

Startup Canada measured the optimism of survey respondents' business future with the pending 25% tariffs. Of the respondents, **29.8%** ranked their **optimism** for their business' future **at** or **below a 4 out of 10**, while **44.1%** of respondents rated their **optimism at a 7** or **higher out of 10**.

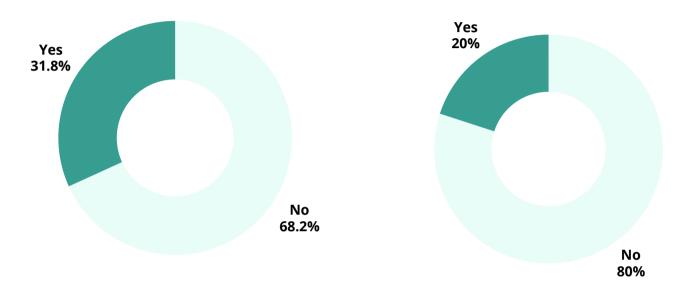
On a scale of 1 to 10 (1 being low, 10 being high), how optimistic are you about your business' future, in light of the 25% tariffs to be imposed?





# **International Trade Involvement of Survey Respondents**

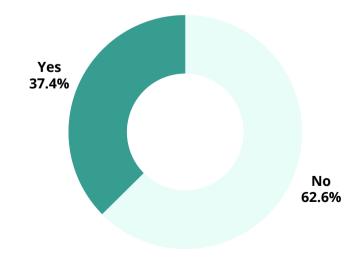
Of the survey responses, 31.8% reported that their businesses export to the United States. Additionally, 20% of participants indicated that their business exports to countries outside the United States. For those who export to destinations outside the United States, the top regions included European countries (27%), the United Kingdom (29.7%), and Australia (24.3%).



Does your business export to the US?

Does your business export to other countries?

Among the survey participants, 37.4% indicated that their businesses depend on imports from the United States. The most commonly cited U.S. imports were raw materials and manufacturing components, consumer goods, food and beverages, technology and software, and packaging materials.



Does your business' supply chain rely on US imports?



# **Survey Respondent Feedback | Open Questions**

Startup Canada asked three open questions to better understand the perceived impact of the impending tariffs, the support needs of Canadian entrepreneurs, and how respondents are currently sourcing information and support.

What do you believe will be the biggest impact, either short term or long term, to your business if the newly proposed tariffs are implemented?

A significant percentage of survey respondents (73.3%) expect reduced sales and profit margins due to rising material costs, tariffs, and customer resistance to higher prices. In the wake of added tariffs, 42% are contemplating downsizing, closures, or scaling back operations in response to economic uncertainty, with concerns about broader impacts on Canadian industries. Additionally, 31.3% are concerned with supply chain disruptions and challenges in diversifying markets and are exploring shifting manufacturing to the U.S. to mitigate these challenges.

#### 1. **Economic Impacts Leading to Reduced Sales and Profit Margins** (73.3% of respondents)

- Higher costs for materials, production, and imported goods
- Lower profit margins due to absorbing higher costs
- U.S. customers unwilling to pay tariffs, reducing demand
- Uncertainty about pricing strategies

#### 2. Business Viability, Downsizing, and Closures (42% of respondents)

- Businesses considering closure due to complexity and financial strain
- Downsizing or laying off employees
- Businesses reducing product offerings and scaling back expansion plans
- Concerns about economic slowdown affecting discretionary spending
- Risk of entire industries within Canada being heavily impacted

#### 3. **Supply Chain Disruptions and Market Diversification Challenges** (31.3% of respondents)

- Difficulties in securing alternative suppliers
- Increased costs due to logistics and import challenges
- Considerations to shifting manufacturing into the U.S.
- Challenges in expanding to other markets, including interprovincial trade barriers
- Delays in production due to material shortages



# **Survey Respondent Feedback | Open Questions**

What are the *top 3 supports* you require to help your business in navigating the impact of the proposed tariffs?

The most requested support identified by survey respondents is financial assistance (42.5%), followed by access to clear, timely, and accurate information (31.8%), and help with market diversification and supply chain strategies (24.1%). Respondents called out the need to stabilize cash flow, adapt to new trade realities, and mitigate risks associated with the proposed tariffs.

#### 1. Financial Support (Grants, Subsidies, and Tax Breaks (42.5% of respondents)

- Businesses overwhelmingly request government grants, subsidies, and tax relief to offset increased costs
- Other requests include low-interest loans, emergency relief funds, and cost-offsetting programs similar to COVID-19 support measures
- Many also request tax breaks for small businesses and exporters to help manage cash flow and sustain operations

# 2. Access to Clear and Timely Information on Tariffs and Business Strategies (31.8% of respondents)

- Entrepreneurs need real-time, accurate updates on tariff regulations and trade policies
- Many requested a centralized government or business association resource to provide clear guidance on how tariffs apply, how to pay them, and how to report them
- Businesses also want educational resources such as webinars, advisory services, and legal guidance on tariff implications

#### 3. **Support for Market Diversification and Supply Chain Solutions** (24.1% of respondents)

- Many businesses are seeking support in finding alternative suppliers, both domestically and internationally
- Need for government-backed trade programs to help Canadian businesses expand into new markets beyond the U.S.
- Support in navigating interprovincial trade barriers, as well as financial incentives to encourage domestic trade and production



# **Survey Respondent Feedback | Open Questions**

Where are you currently sourcing support and information for your business?

The most common sources of support and information for survey respondents navigating the upcoming imposed tariffs are government agencies (31.8%), news media (31.6%), and industry networking groups (24.6%). Online research (21.0%) and business advisors/financial institutions (14.8%) were also identified as forms of sourcing new information.

#### 1. **Government Agencies and Trade Organizations** (31.8% of respondents)

- Entrepreneurs are turning to the agencies below for guidance on trade regulations, funding programs, and export assistance.
  - Trade Commissioner Service (TCS)
  - Export Development Canada (EDC)
  - o Business Development Bank of Canada (BDC)
  - Canada's Chamber of Commerce and regional board of trade
- 2. **News Media** (Traditional and Online) (27.7% of respondents)
- Many businesses rely on mainstream news outlets to stay informed on economic policies and trade developments
- Some also follow business and industry-specific publications, newsletters, and Substack articles for insights
- 3. **Networking Organizations** (Industry Groups, Personal Networks, and Accelerators) (24.6% of respondents)
- Entrepreneurs seek support through national and regional entrepreneurial ecosystem supporters, accelerators, and incubators. Ecosystem support groups identified by respondents included Startup Canada, The Forum, Women's Enterprise Organizations (WeBC, AWE, WESK), and Community Futures.
- Peer-to-peer learning through business groups, trade associations, and LinkedIn.



#### Thank You to Our Partners

The Startup Canada U.S. Tariff Impact Survey has been developed in partnership with the Startup Global program.

Thank you to Startup Canada's 2025 Startup Global program partners!

# **Presenting Partners**





# **Program Partner**



# **Community & Ecosystem Partners**













# The Gateway to Canada's **Entrepreneurial Ecosystem**

# **About Startup Canada**

Startup Canada is the gateway to Canada's entrepreneurial ecosystem. As a national non-profit, we're here to connect entrepreneurs with the support, community, and tools they need to build a successful business in Canada.

Since its inception in 2012, Startup Canada has established itself as the nation's premier, trusted, and award-winning national support system for entrepreneurs. We connect local entrepreneurial ecosystems from coast to coast to coast, empower women to catalyze change, support exporters with global goals, and bridge the gap between entrepreneurs and the Private Sector, and Government of Canada..We move fast to go far as we scale our impact.

As the premier convenor of our nation's entrepreneur support ecosystem,, Startup Canada's work delivers invaluable access to industry leaders, mentors, investors, resources, and an inspiring community of entrepreneurs and support partners. Early stage founders rely on Startup Canada to expand their skills and knowledge, make impactful connections, and develop practical strategies to accelerate their startup's growth.



# **Our Mission**

To connect Canada's entrepreneurs with the tools, community, and support they need to start and build their businesses.



# **Our Vision**

To make Canada the best place in the world to start and operate a business.

