



Business Council of
British Columbia
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Shaking Canada's Economic Foundations

B.C. Trucking Association
Conference & AGM

June 13, 2025

Dr. David Williams, Vice President of Policy



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HIGHLIGHTS

- Canada and B.C. economies already had home-grown challenges
- U.S. policies now a major threat to economic foundations & prosperity
- Risk is that companies redirect new investment and hiring to U.S.
 - Recession possible in 2025-26
 - Permanent reduction in living standards, with or without tariffs
- Policymakers should respond by looking at policies that would restore Canada/B.C. as an attractive place to base and build businesses relative to the U.S. and elsewhere

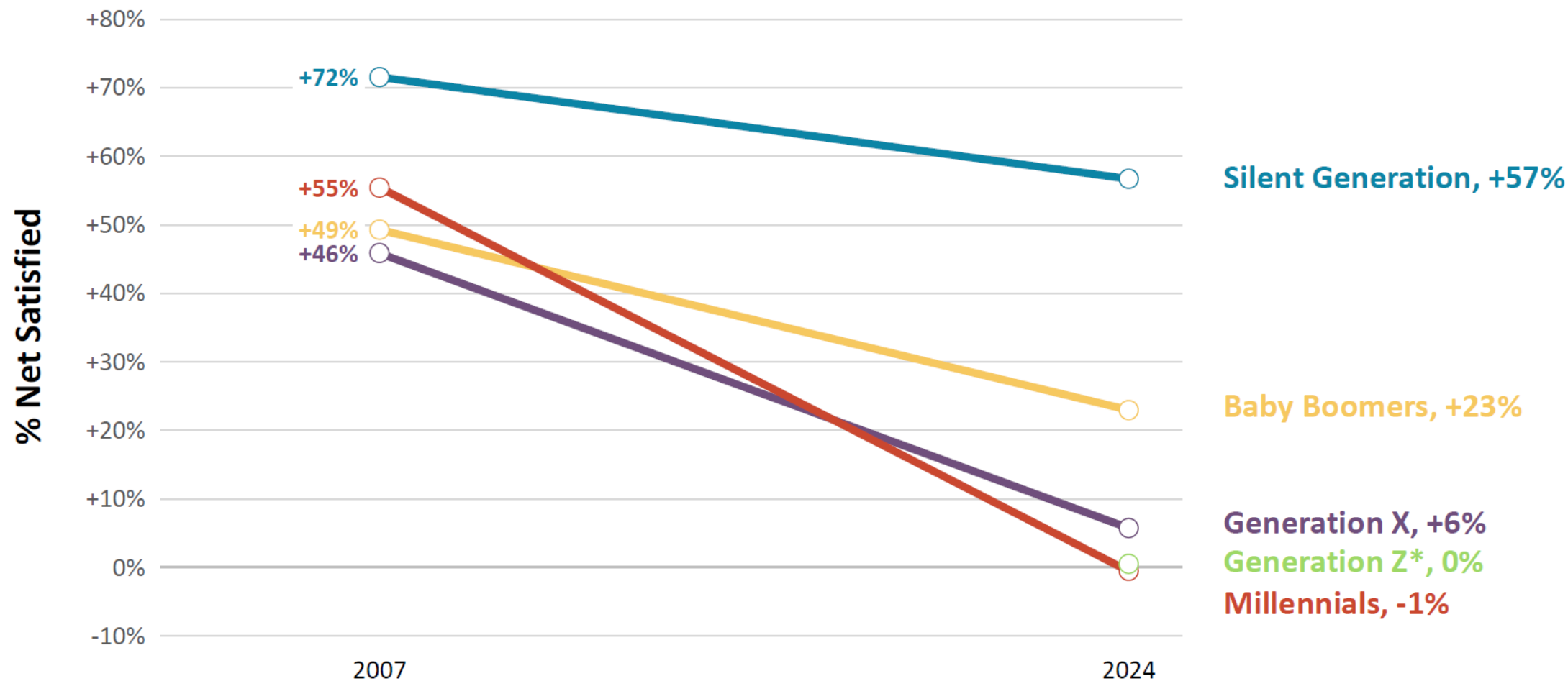
HOME-GROWN CHALLENGES

Satisfaction with Standard of Living Plummetts



How satisfied are you with your current standard of living?

[asked of all respondents, January 2024 n=1,500]



*The group was not included in the 2007 survey because respondents were under the age of 18.

Source: Greg Lyle, Innovative Research Group (2025)

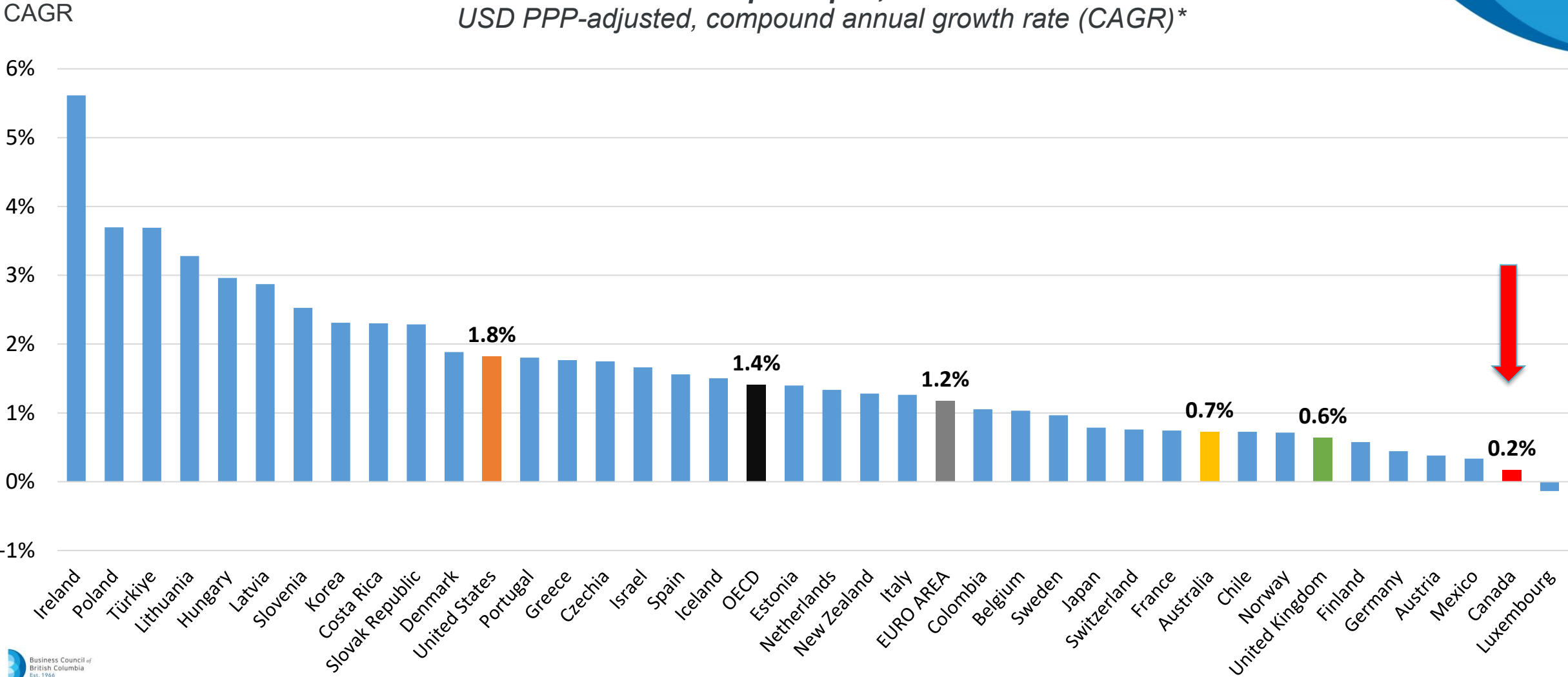
FOOD BANK VISITS HAVE NEARLY DOUBLED SINCE 2019

Monthly food bank visits, March 2024

	Canada	B.C.
Total visits	2,059,636	225,605
% with children	33%	31%
Change in total visits, 2019-24	90%	81%

CANADA SECOND-WEAKEST AMONG 38 OECD ECONOMIES OVER PAST DECADE

Real GDP per capita, 2014-2024
*USD PPP-adjusted, compound annual growth rate (CAGR)**



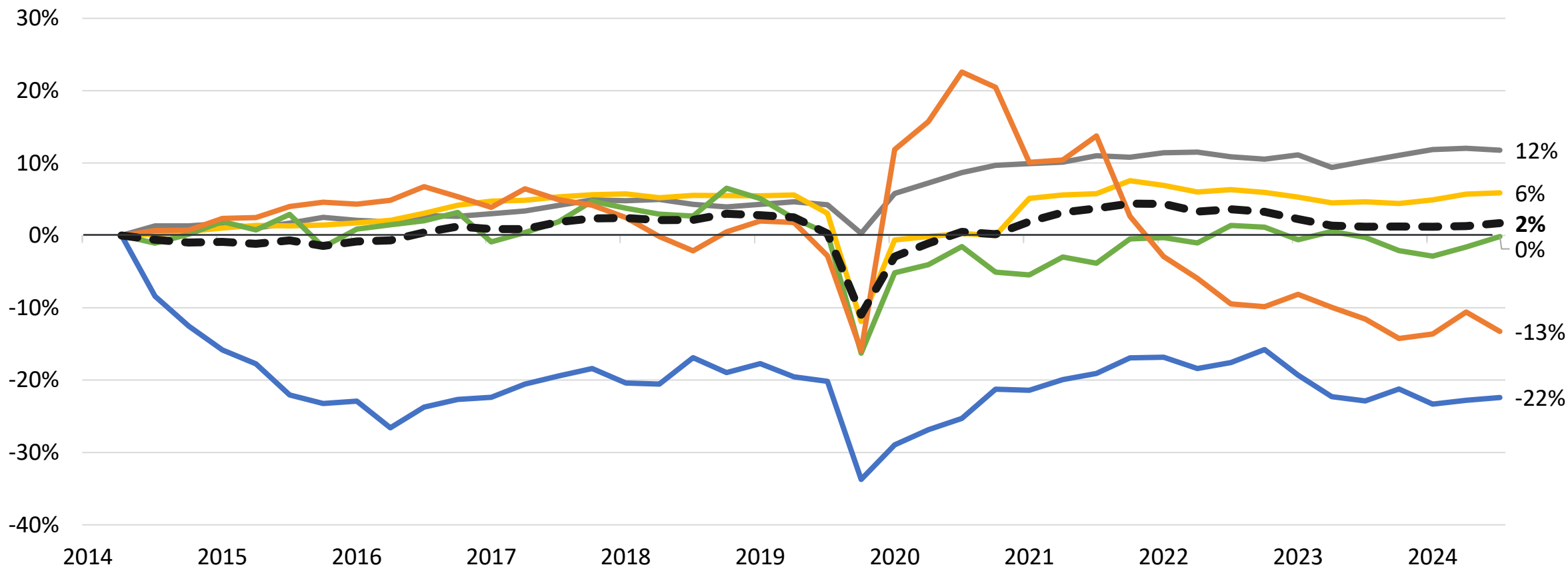
* Data for Korea and Turkey are 2014-2023; 2024 not yet available

Source: OECD Statistics; BCBC

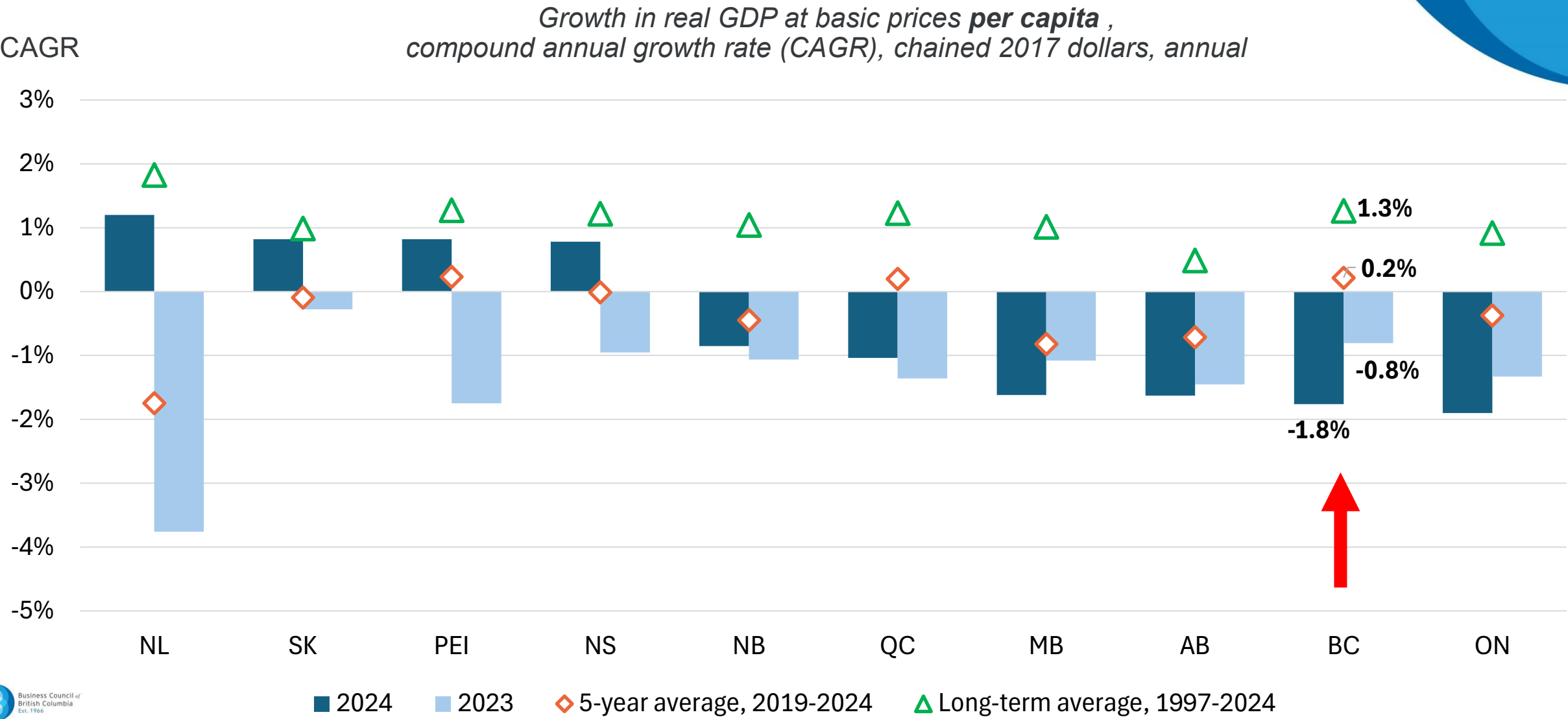
ADJUSTED FOR POPULATION, CANADA'S ECONOMY HAS BARELY GROWN IN A DECADE

Total growth since 2014Q4

*Real GDP per capita, Canada,
selected expenditure components, quarterly data*

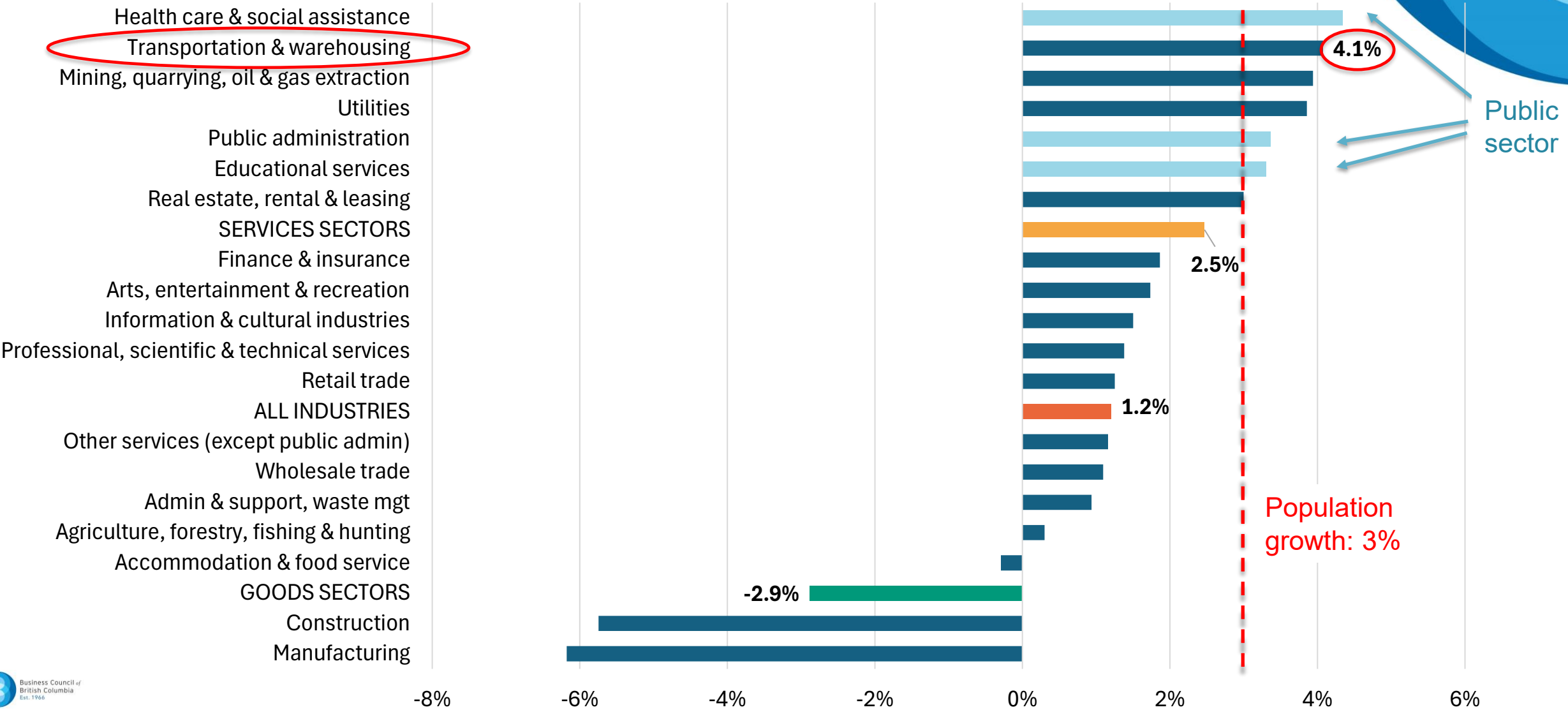


ADJUSTED FOR POPULATION, B.C.'S ECONOMY SHRANK IN 2023-24



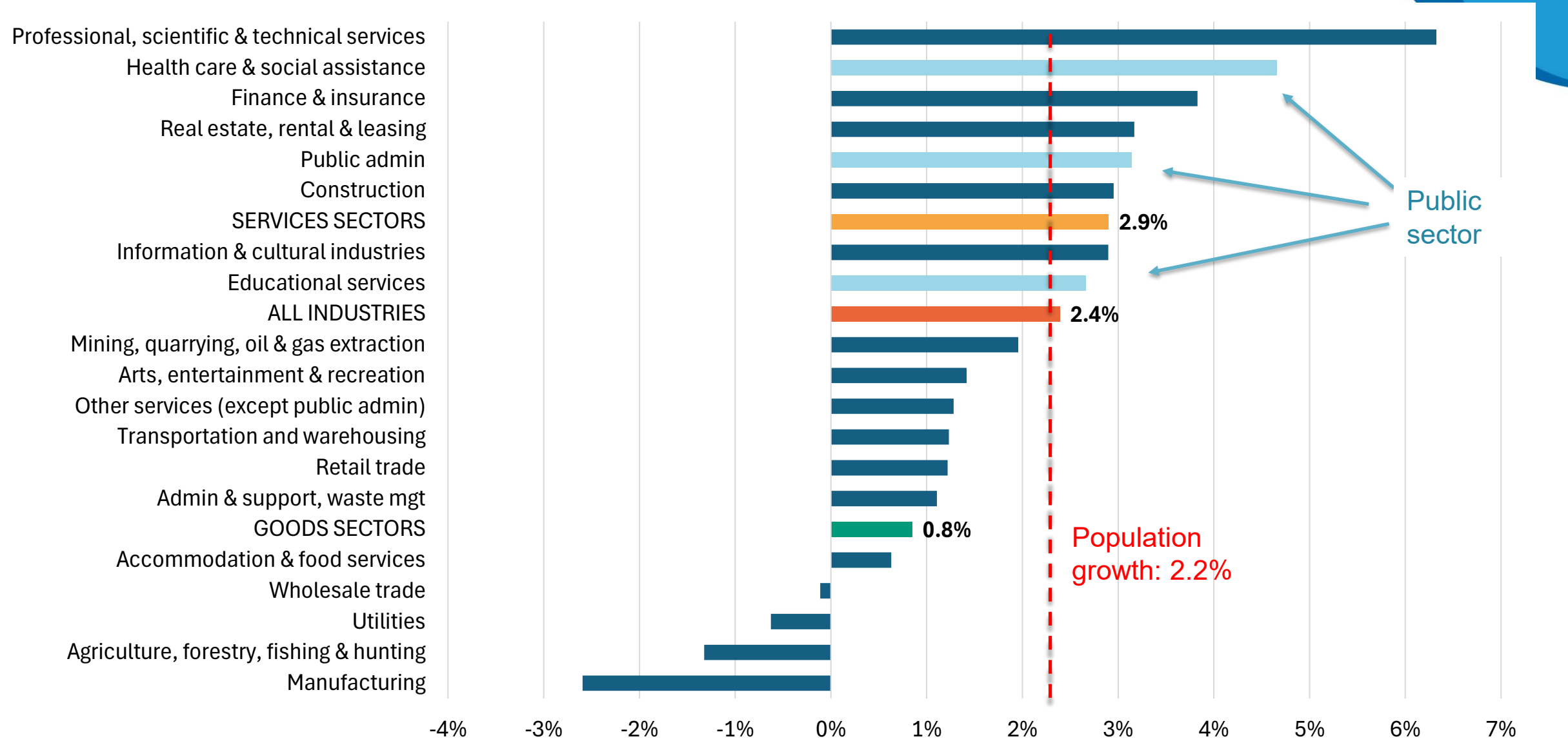
WHERE DID B.C.'S ECONOMY GROW/SHRINK IN 2024?

Growth in real GDP at basic prices, 2024, by industry



WHERE HAS B.C.'S ECONOMY GROWN/SHRUNK SINCE 2019?

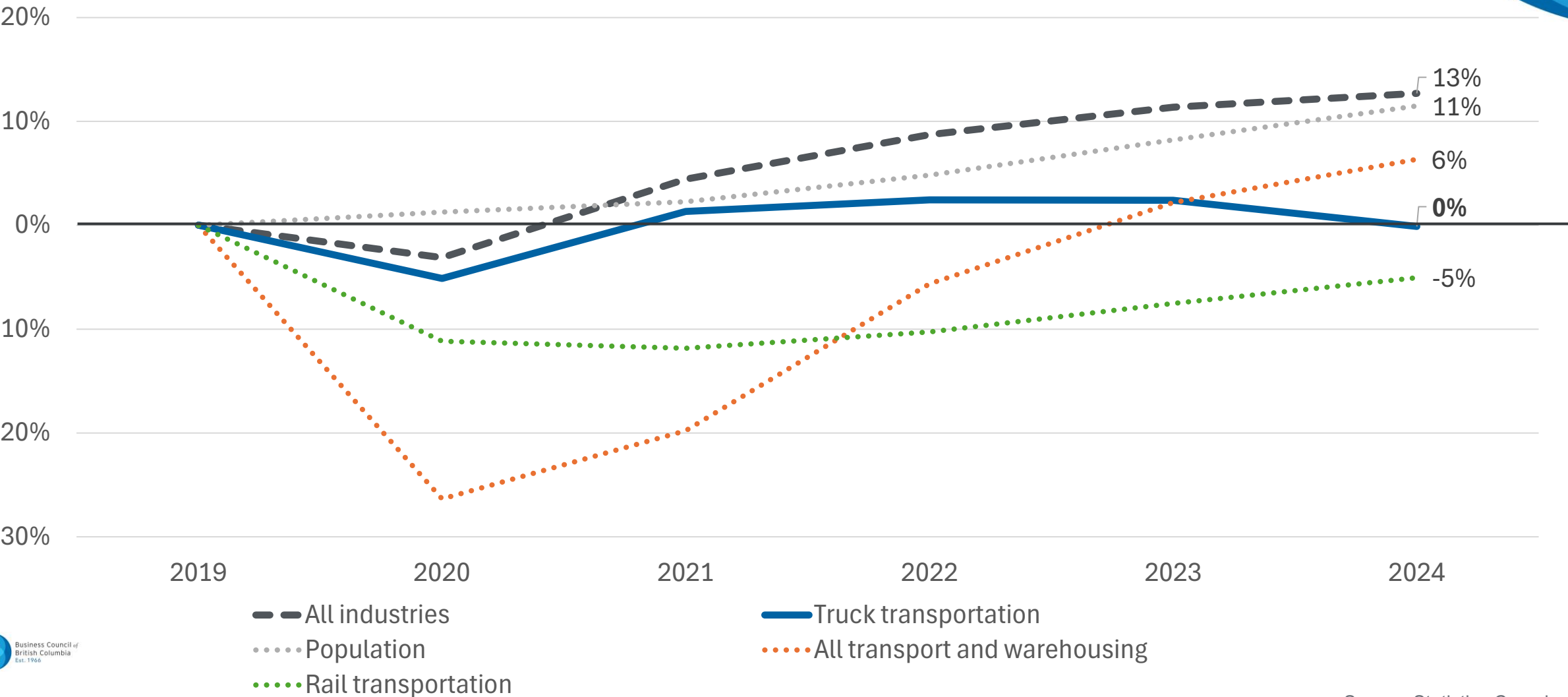
5-year CAGR growth in real GDP at basic prices, by industry



NO GROWTH IN TRUCK TRANSPORTATION GDP SINCE 2019

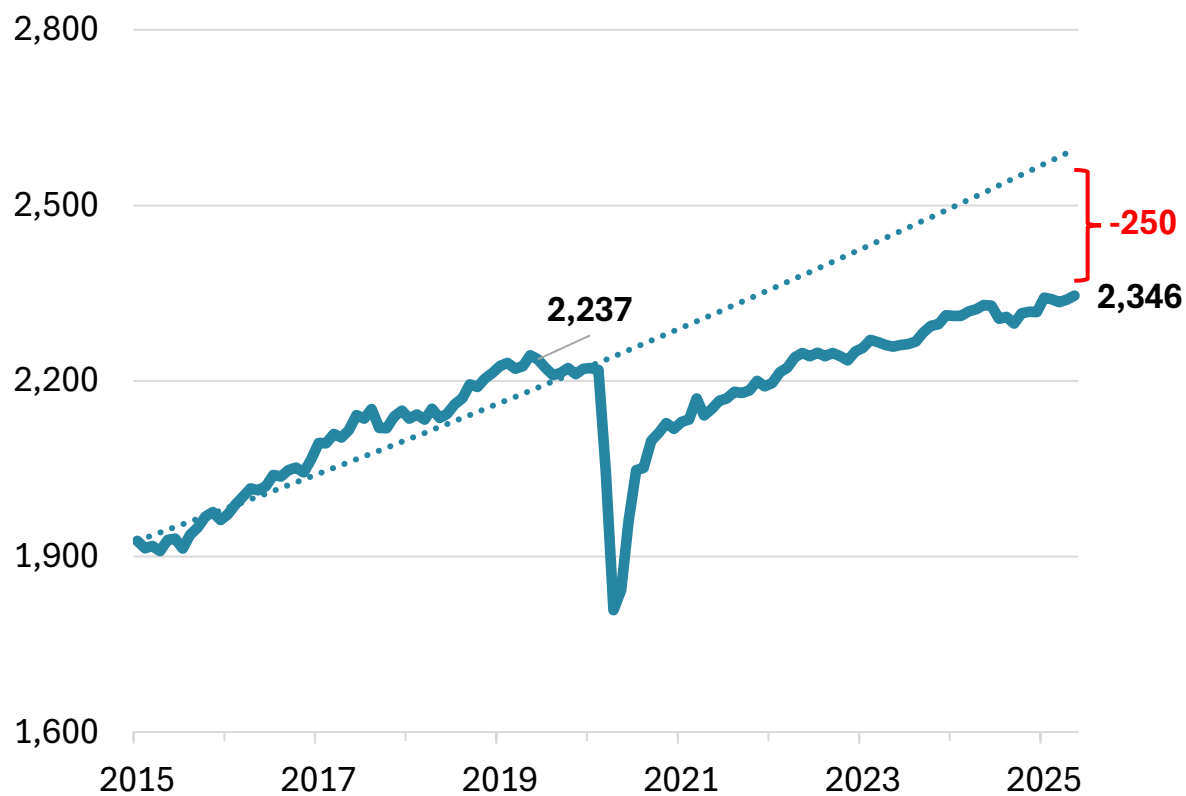
Total growth since 2019

Total growth in real GDP at basic prices, 2019-2024
Selected components of transportation and warehousing sector, B.C.



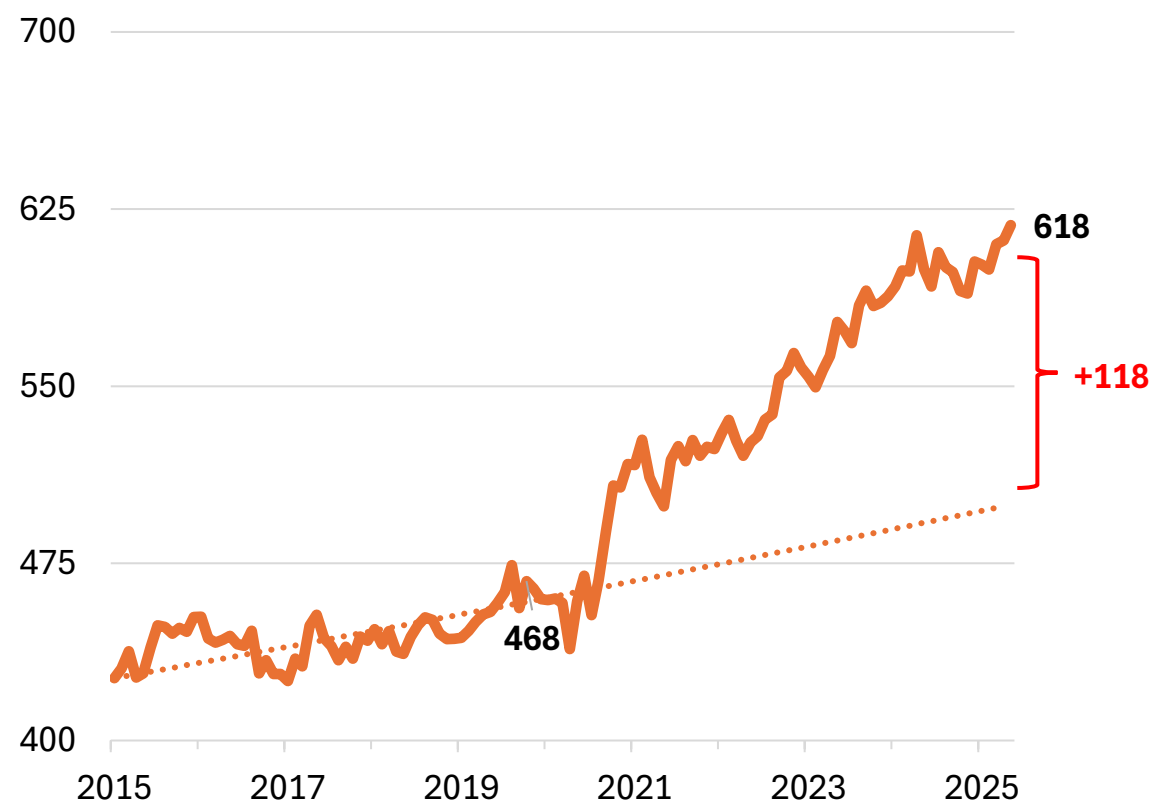
PRIVATE VS PUBLIC SECTOR EMPLOYMENT: 'A TALE OF TWO CITIES'

Private sector workers,
Thousands, Jan 2015 - May 2025



— Private sector workers Trend, 2015-2019

Public sector employees,
Thousands, Jan 2015 - May 2025

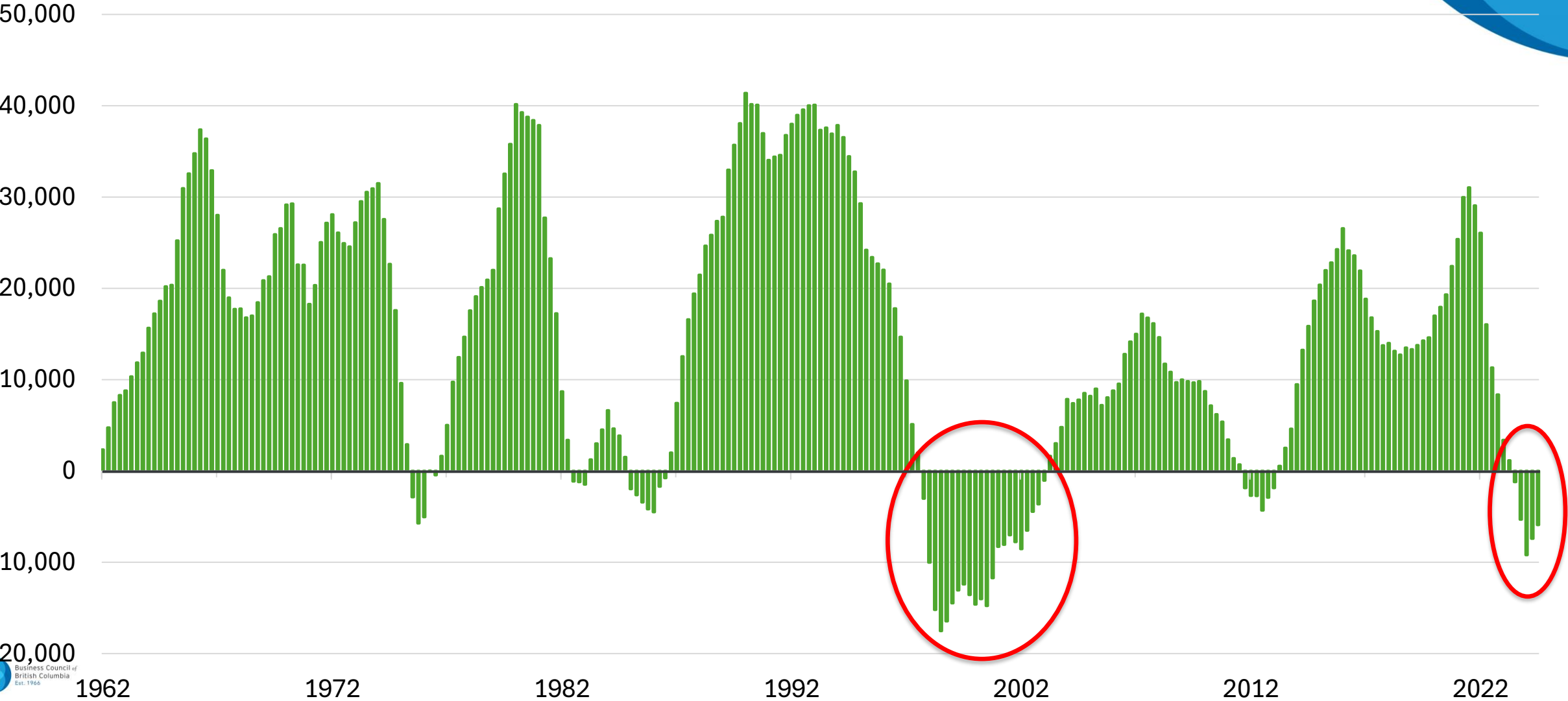


— Public sector employees Trend, 2015-2019

B.C. IS LOSING RESIDENTS TO OTHER PROVINCES

Persons

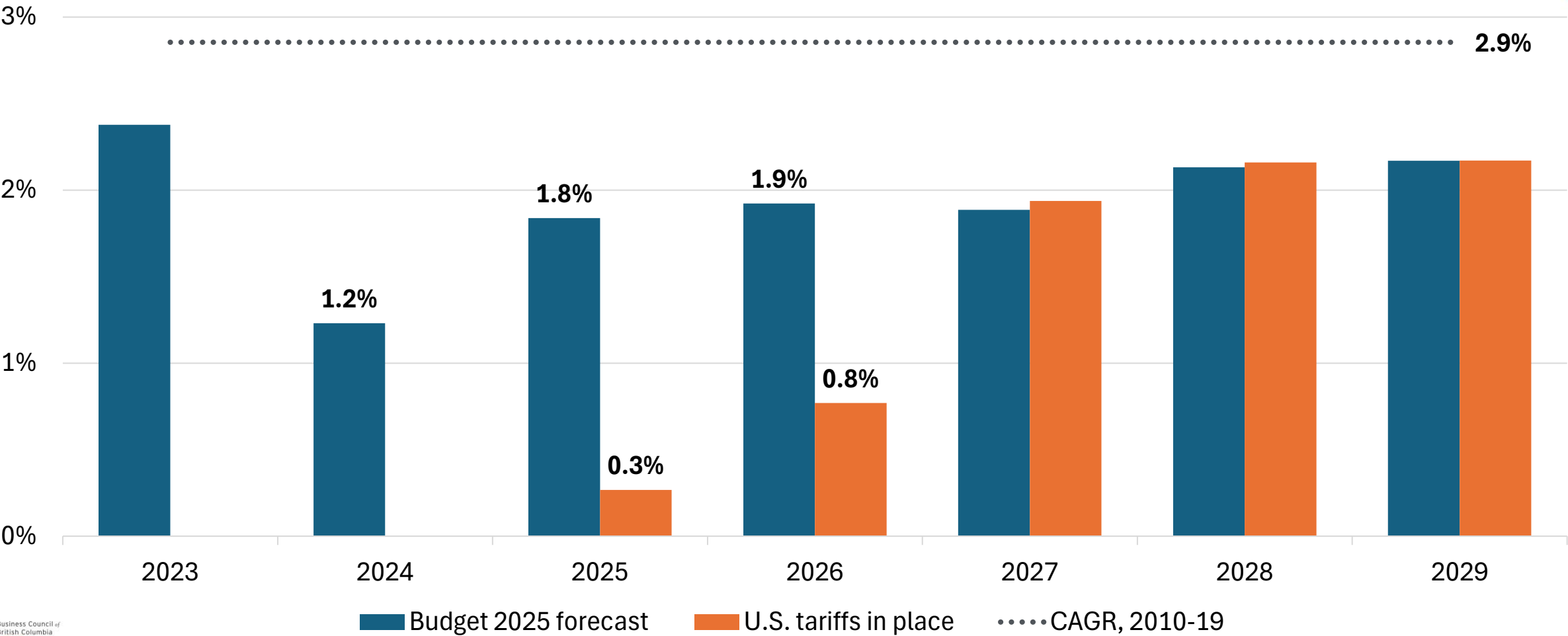
*Net interprovincial migration to B.C.
rolling annual total, quarterly data*



B.C. BUDGET 2025 ECONOMIC FORECASTS

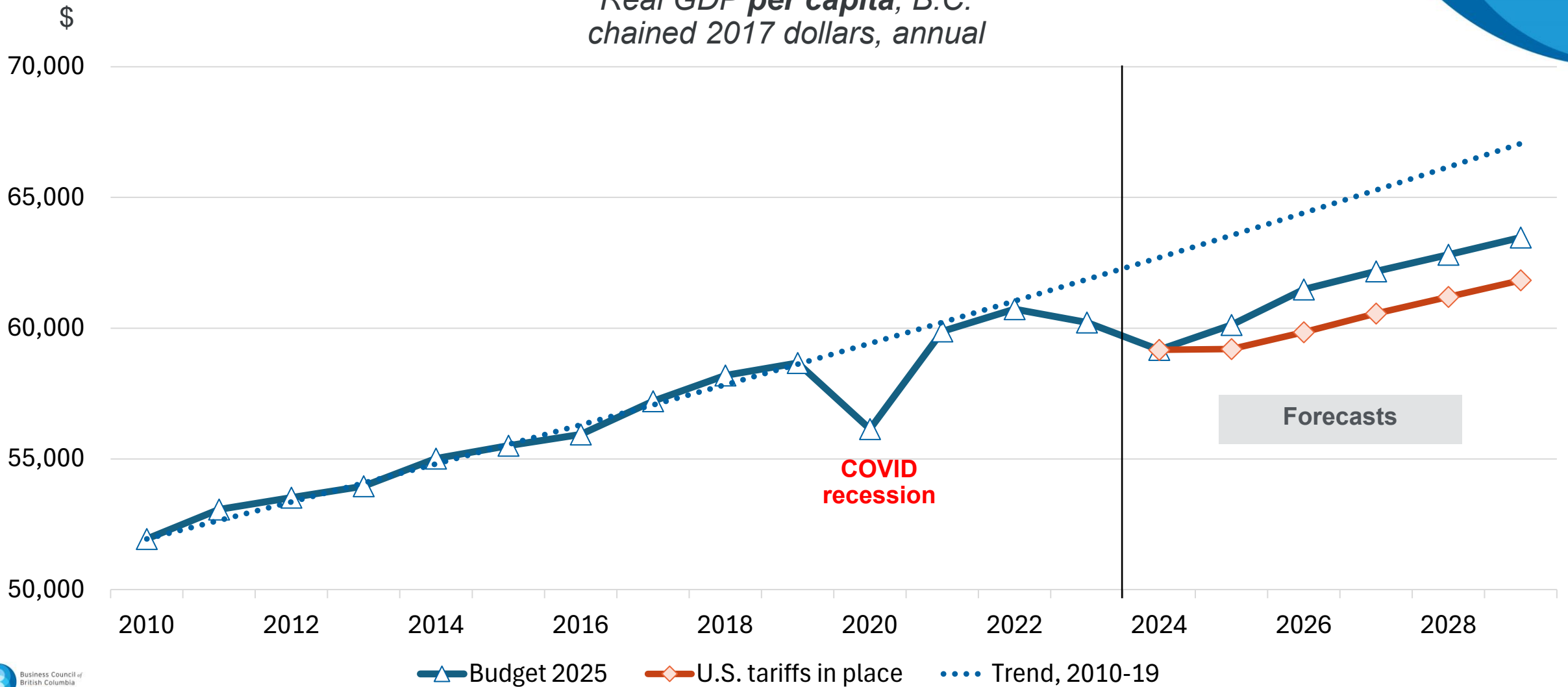
B.C. BUDGET FORECASTS WEAK GDP GROWTH, WITH OR WITHOUT U.S. TARIFFS

*Real GDP growth, B.C.
chained 2017 dollars, annual*



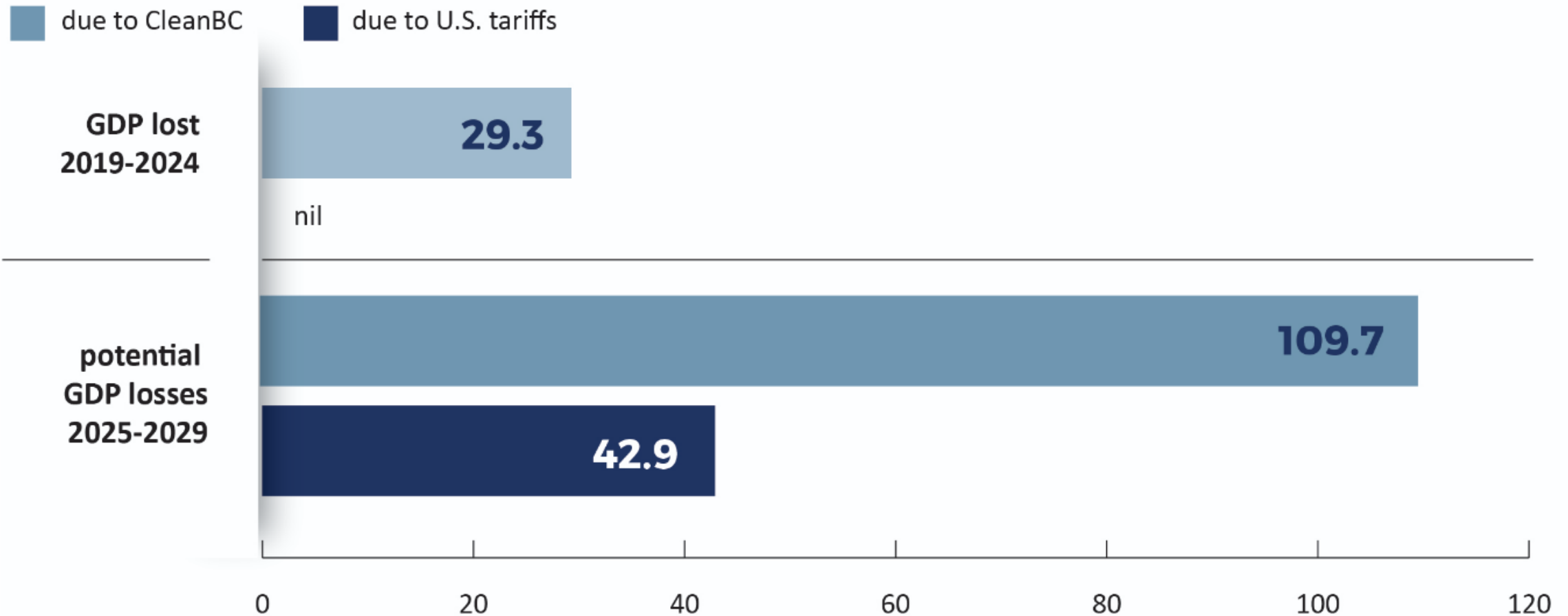
B.C. BUDGET FORECASTS PERMANENTLY LOWER LIVING STANDARDS, WITH OR WITHOUT U.S. TARIFFS

*Real GDP per capita, B.C.
chained 2017 dollars, annual*



GDP COST OF CLEANBC IS 2.5 TIMES U.S. TARIFF IMPACT

Cumulative GDP losses arising from CleanBC and from U.S. tariffs, \$ billions*

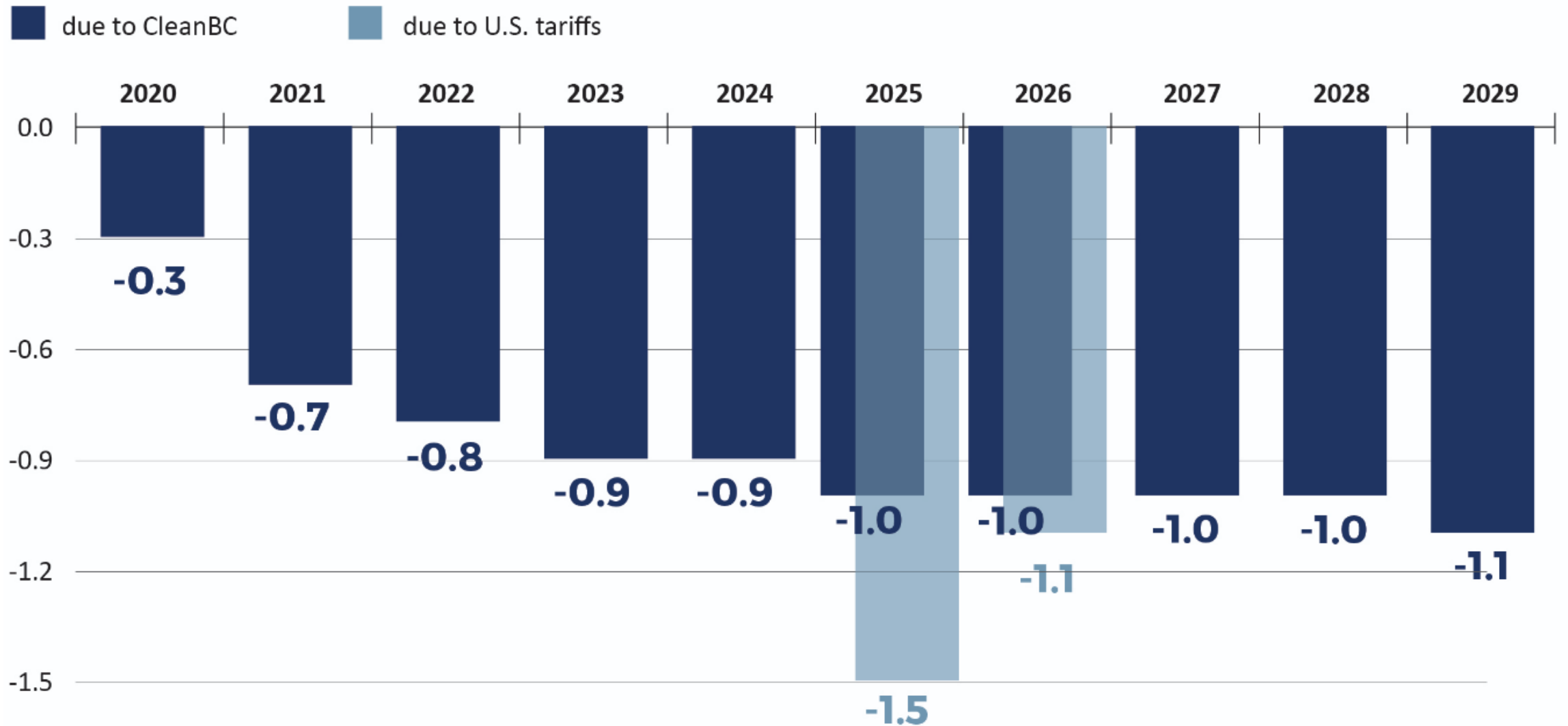


Source: BC Ministry Environment and Climate change modelling. *Provincial Forecast - past reports and data tables - Province of British Columbia*

Source: BC Budget 2025, BC Ministry of Finance, p 101. 2017 chained.

Source: [Finlayson and Peacock, 2025](#)

Reduction in B.C. GDP growth due to CleanBC and due to U.S. tariffs, percentage points



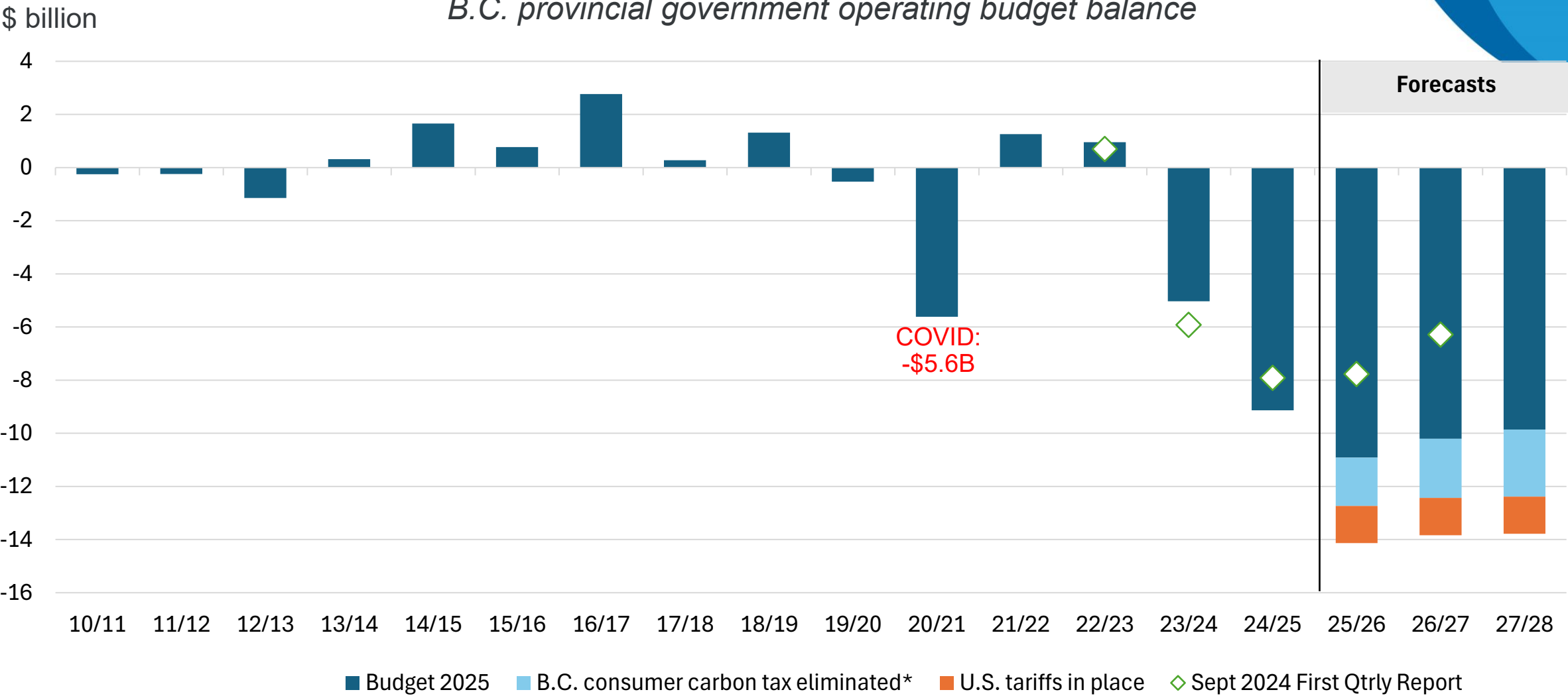
Source: BC Ministry Environment and Climate change modelling. *Provincial Forecast - past reports and data tables - Province of British Columbia*

Source: BC Budget 2025, BC Ministry of Finance, p 101. 2017 chained.

B.C. BUDGET 2025 FISCAL PLAN

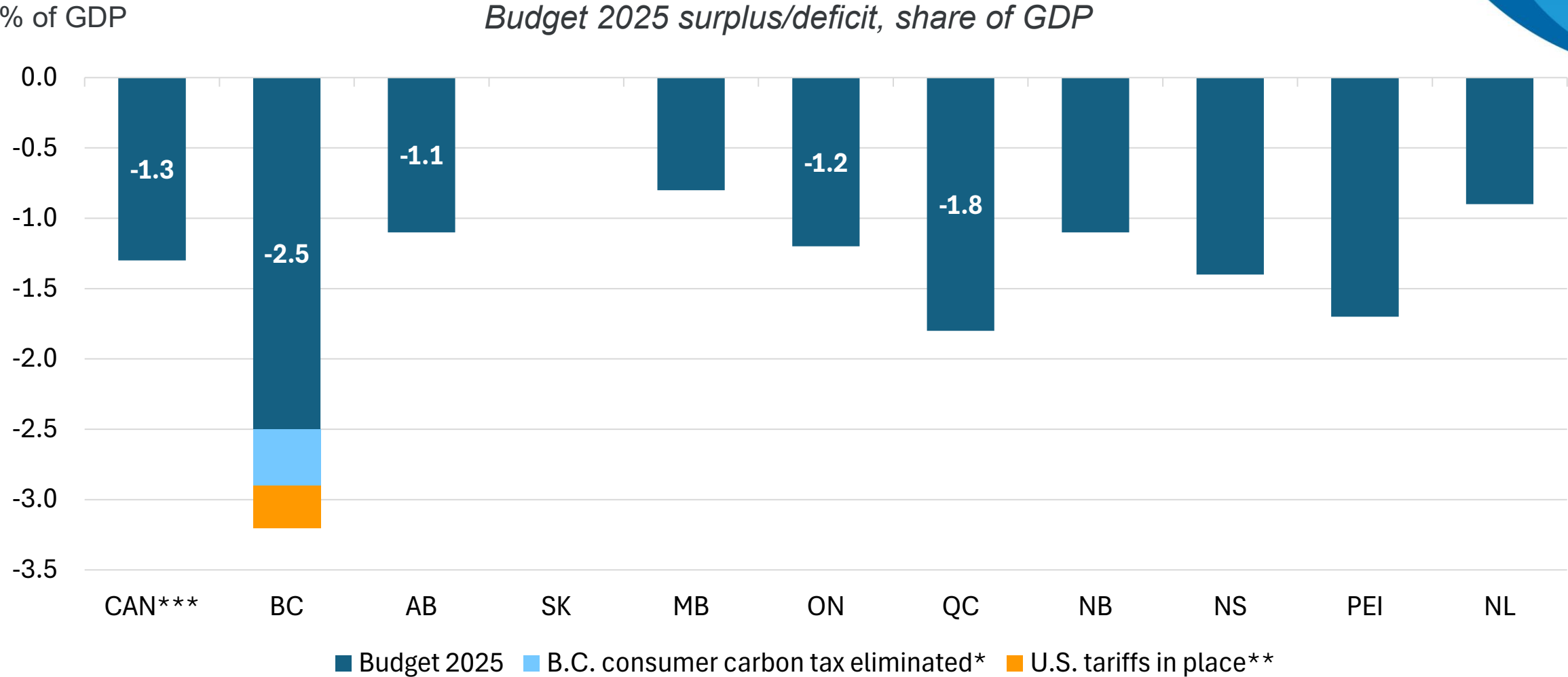
SHARP DETERIORATION IN PROVINCIAL FINANCES

B.C. provincial government operating budget balance



* Carbon tax revenues are \$3-4B. We assume the Climate Action Tax Credit (CATC), costing \$1.025m in 2025/26, is also eliminated, while the output-based pricing system (OBPS) carbon tax, generating \$199m in 2025/26, remains. CATC payments and OBPS revenues are indexed to the government's inflation forecast for future years.
** Budget 2025 assumes uncertainty about U.S. tariffs but not their imposition. U.S. tariffs were implemented on March 4

B.C. IS RUNNING (BY FAR) CANADA'S LARGEST BUDGET DEFICIT AS A SHARE OF ITS ECONOMY



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* B.C. carbon tax revenues are \$3-4B. We assume the Climate Action Tax Credit (CATC), costing \$1.025m in 2025/26, is also eliminated, while the output-based pricing system (OBPS) carbon tax, generating \$199m in 2025/26, remains. CATC payments and OBPS revenues are indexed to the government's inflation forecast for future years.

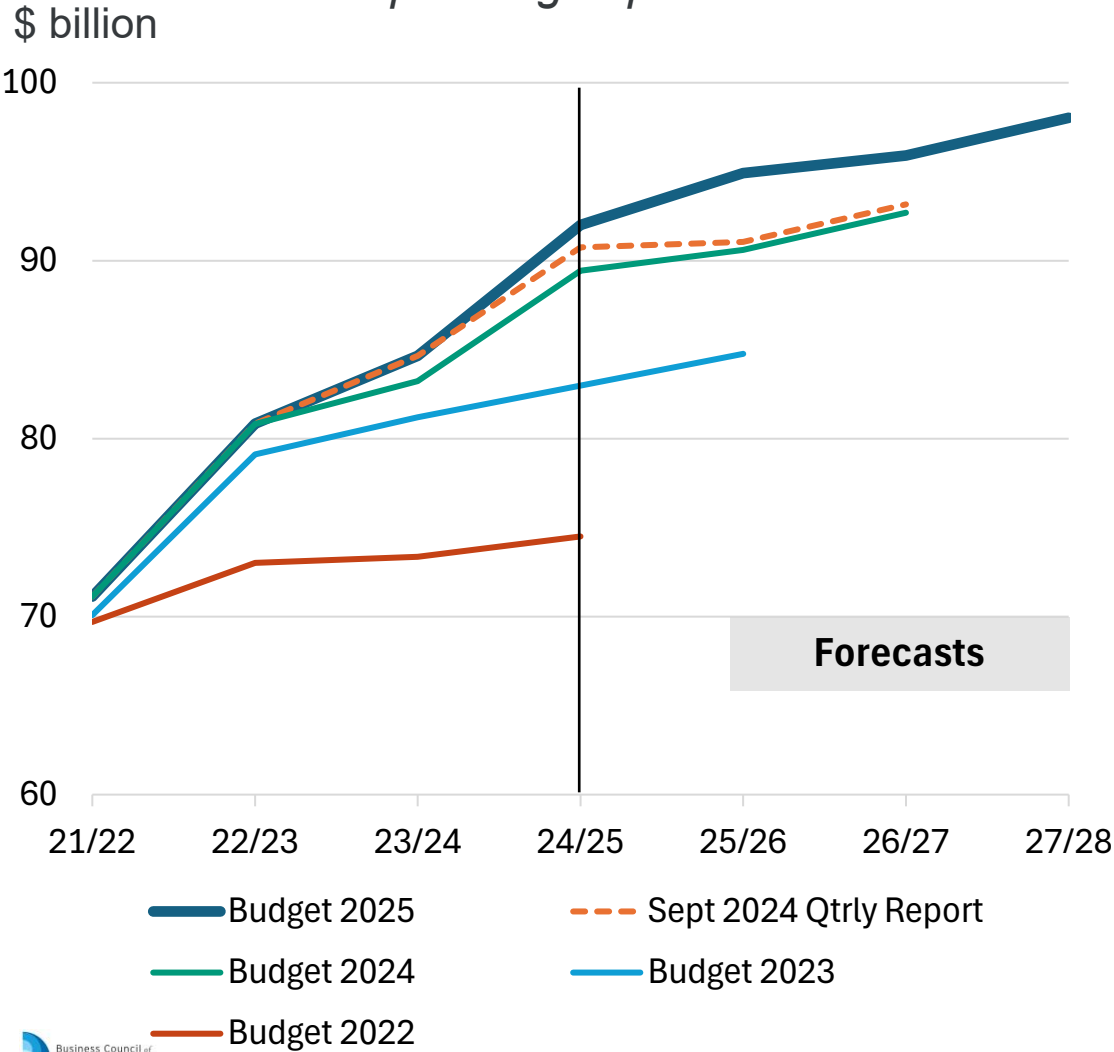
** B.C. Budget 2025 assumes uncertainty about U.S. tariffs but not their imposition. U.S. tariffs were implemented on March 4

*** As projected in Fall Economic Statement 2024. Federal government has not yet produced a budget for 2025/26.

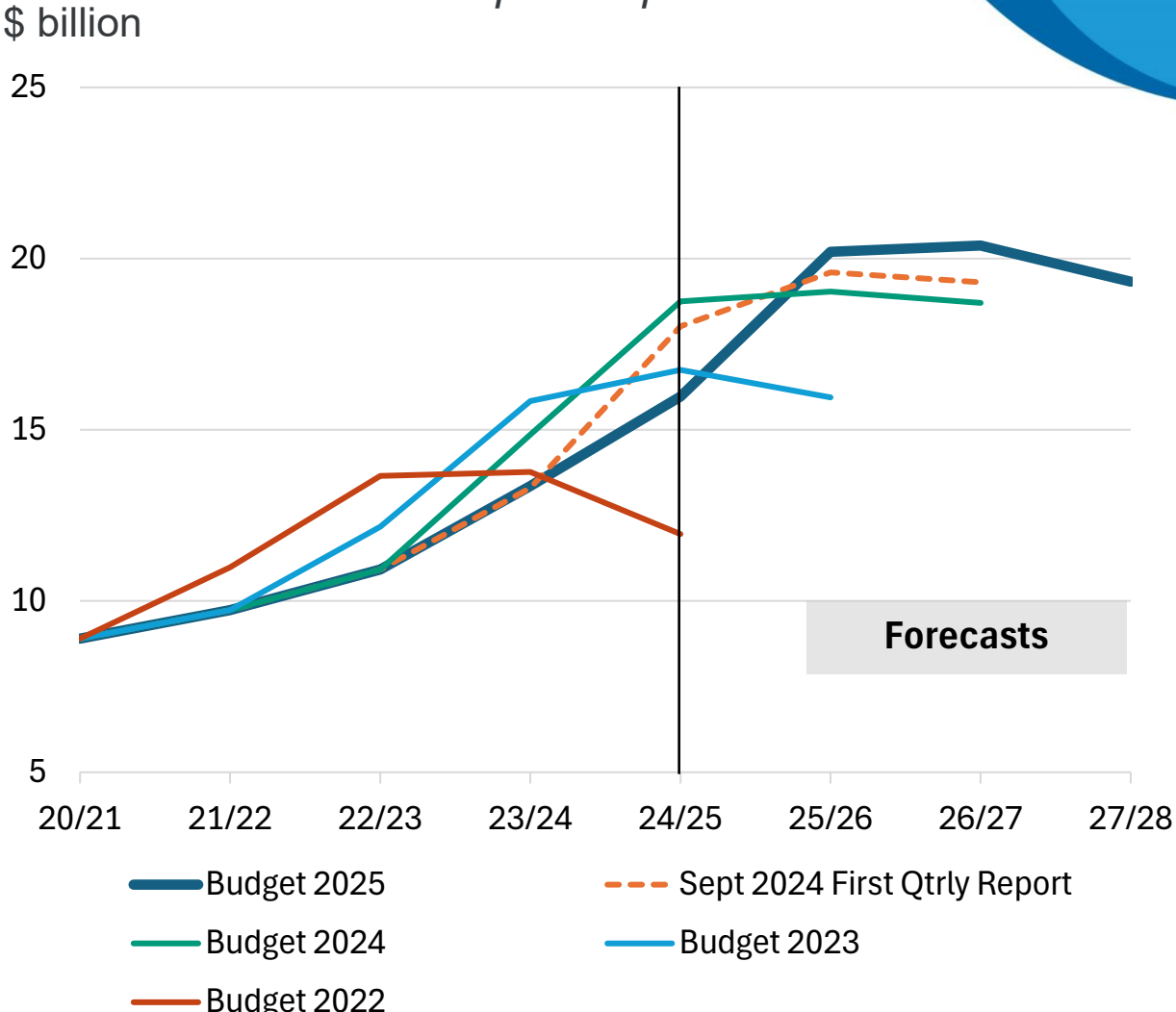
Source: Provincial Budgets, TD Economics, Fall Economic Statement, BCBC

SERIAL UPWARD REVISIONS IN PROVINCIAL GOVT EXPENSES

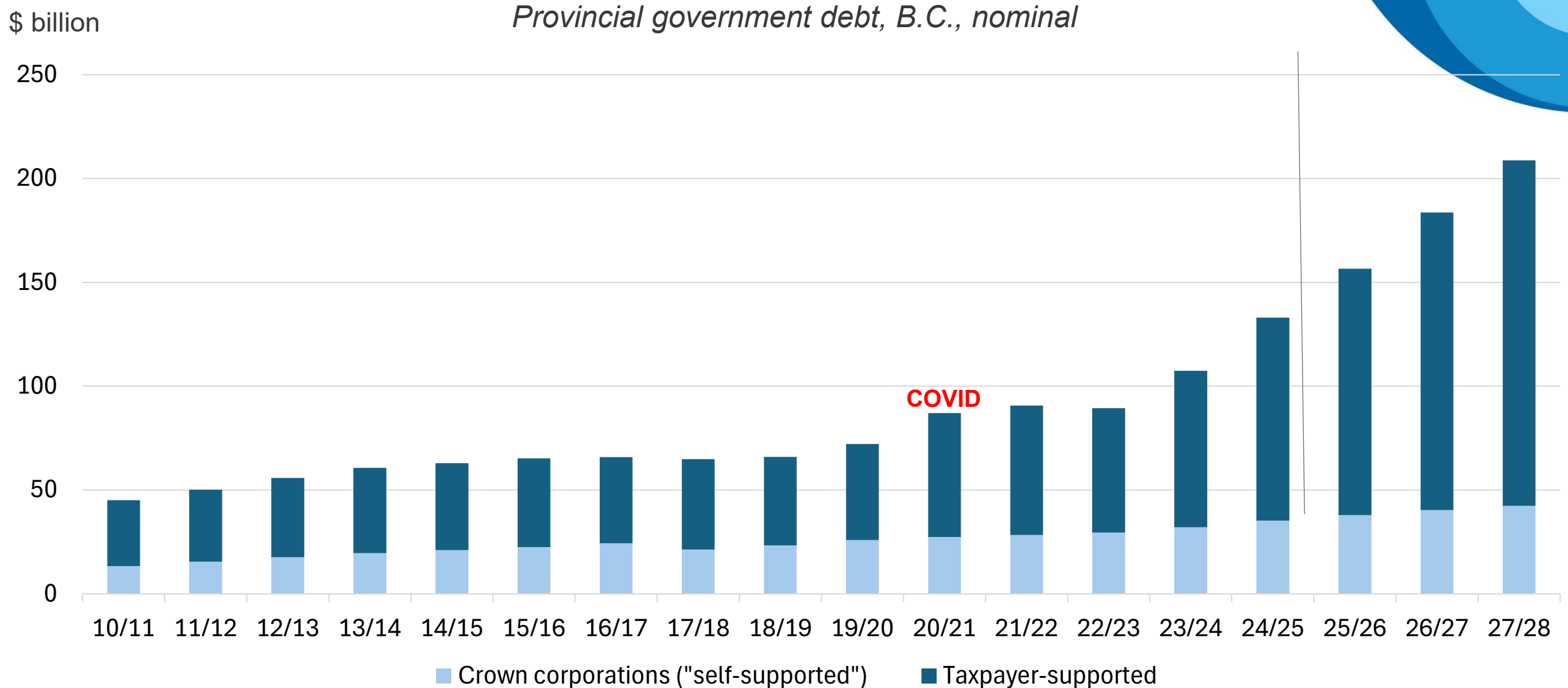
Operating expenditures



Capital expenditures

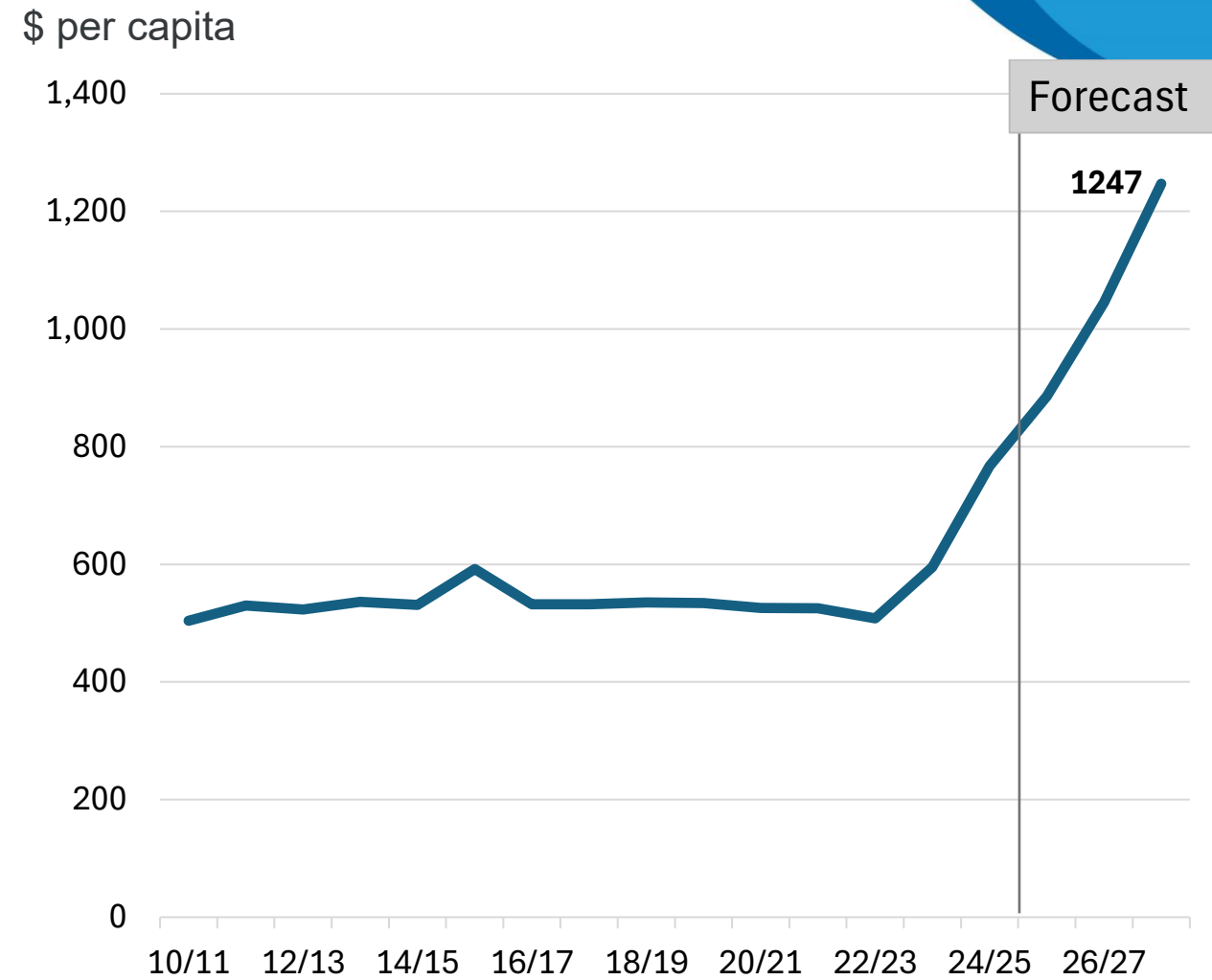
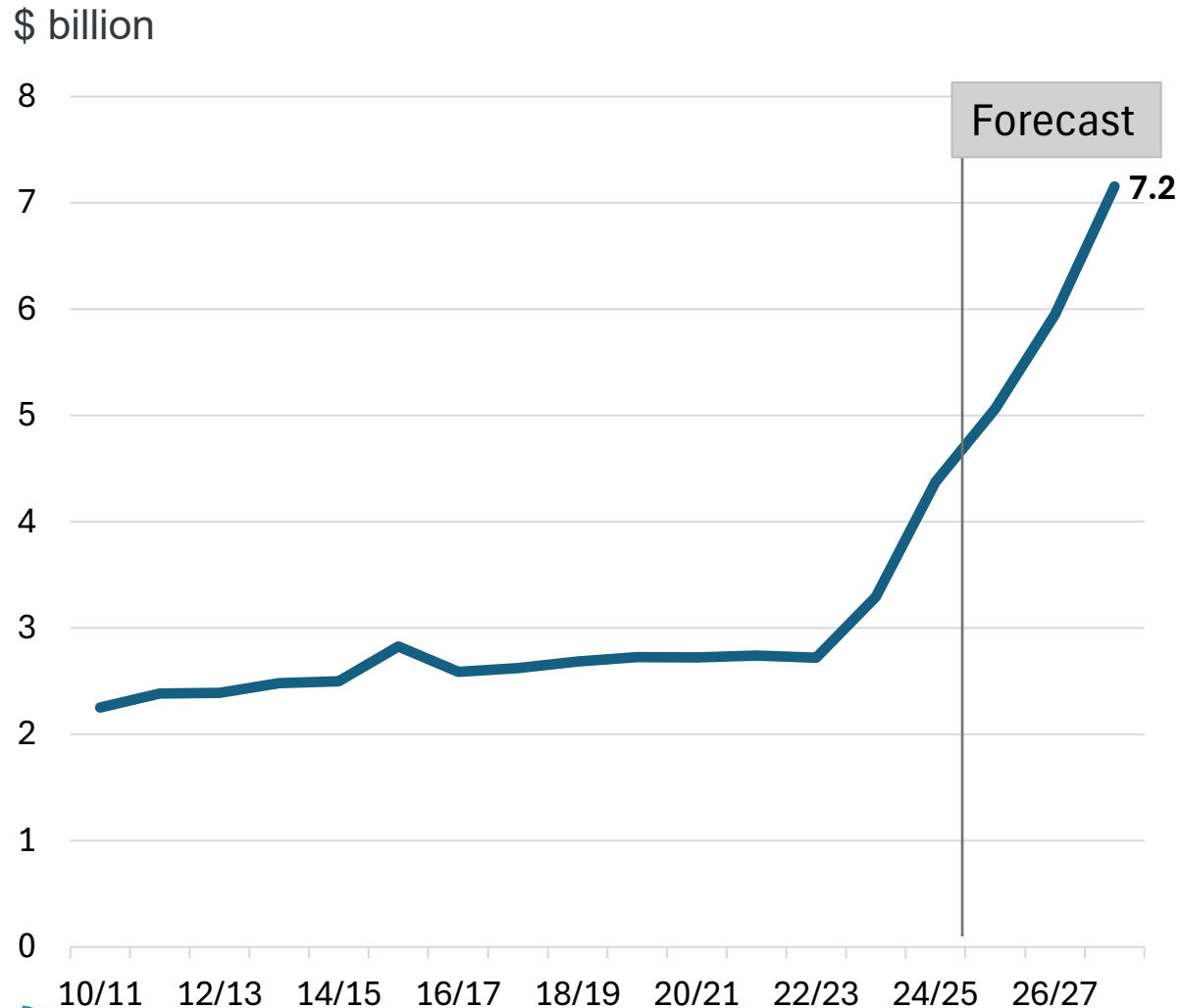


PROVINCIAL INDEBTEDNESS INCREASES SHARPLY



PROVINCIAL DEBT SERVICING COSTS SURGE

Provincial government debt servicing costs



BUDGET 2025 RESULTED IN B.C.'S FOURTH S&P CREDIT RATING DOWNGRADE IN FOUR YEARS

S&P Global: AA- to A+ (outlook negative)

“We believe the province is at a turning point with respect to the management of its finances”

“B.C.’s budgetary performance will be the weakest of its peers, both domestically and internationally”

Moody’s: Aa1 to Aa2 (outlook negative)

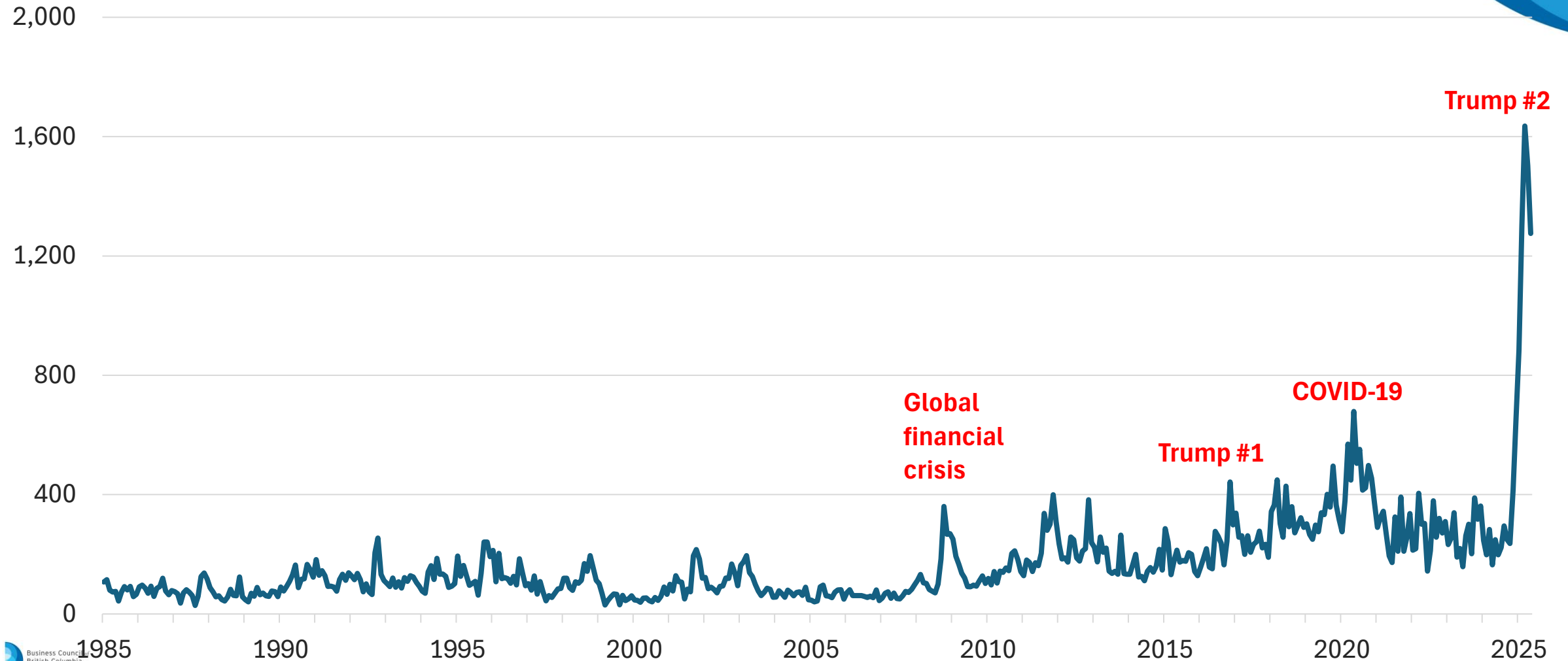
*“The increase in deficits and rising debt **largely stems from provincial policy choices**, which we view as evidence of a continued weakening in governance and fiscal and debt management, from high standings”*



TRUMPIAN CHALLENGES

ECONOMIC POLICY UNCERTAINTY AT ALL-TIME HIGH

Canada News-Based Policy Uncertainty Index, monthly

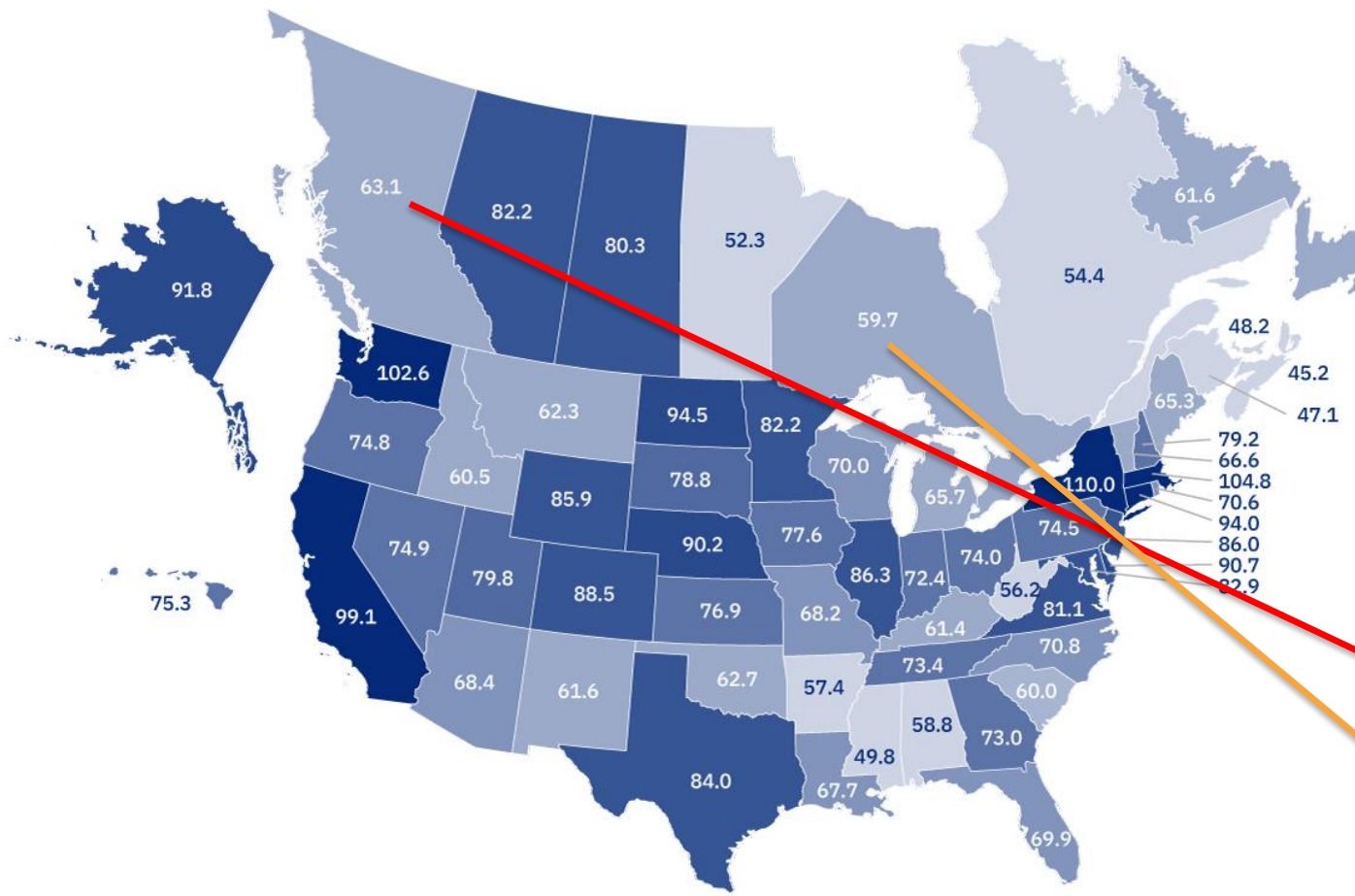


U.S. TARIFF MOTIVATIONS

- ☐ Fentanyl & human trafficking
- ☐ Fund extension of 2018 Tax Cut and Jobs Act (TCJA)
- ☐ Reshore manufacturing & industrial capacity to U.S.
- ☐ Fund U.S. defence umbrella
- ☐ Reduce U.S. trade deficit
- ☐ Pressure on China
- ☐ Reciprocate other countries' tariff and non-tariff barriers
- ☐ Realign global supply chains
- ☐ 'Soften the ground' ahead of realignment of USD as global reserve currency
- ☐ Canada becomes 51st state

B.C. RANKS 43RD/60 CANADIAN PROVINCES & U.S. STATES

GDP per Capita in 2023 (000s USD PPP)

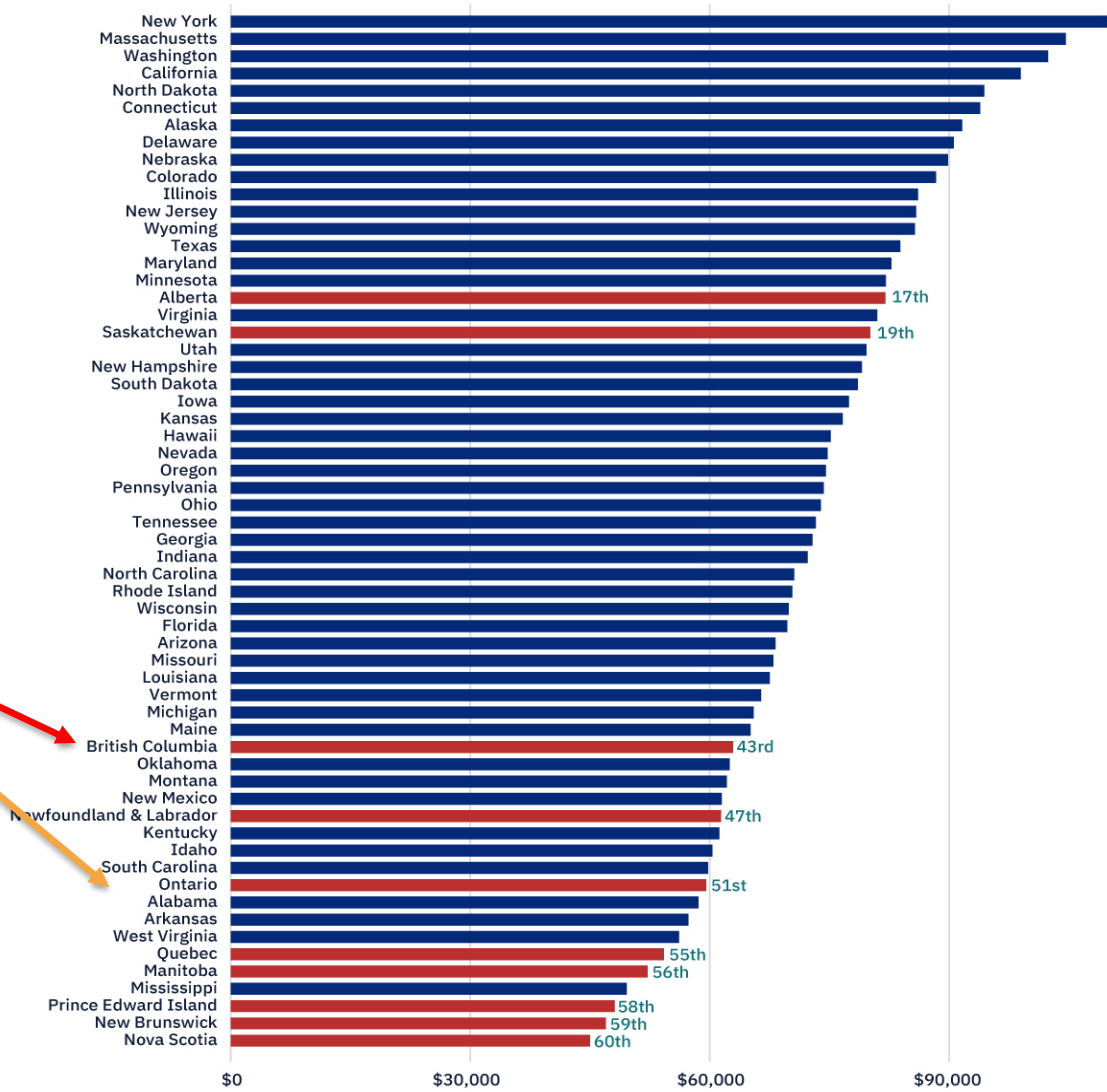


Note: Own calculations using data from Statistics Canada data table 36-10-0222, RBC June 2024 forecast, and the US BEA. All values are in real PPP-adjusted based on the OECD PPP for Canada of 1.17 in 2023.



Source: [Trevor Tombe \(2024\)](#)

GDP per Capita in 2023 (000s USD, Purchasing Power Adj.)

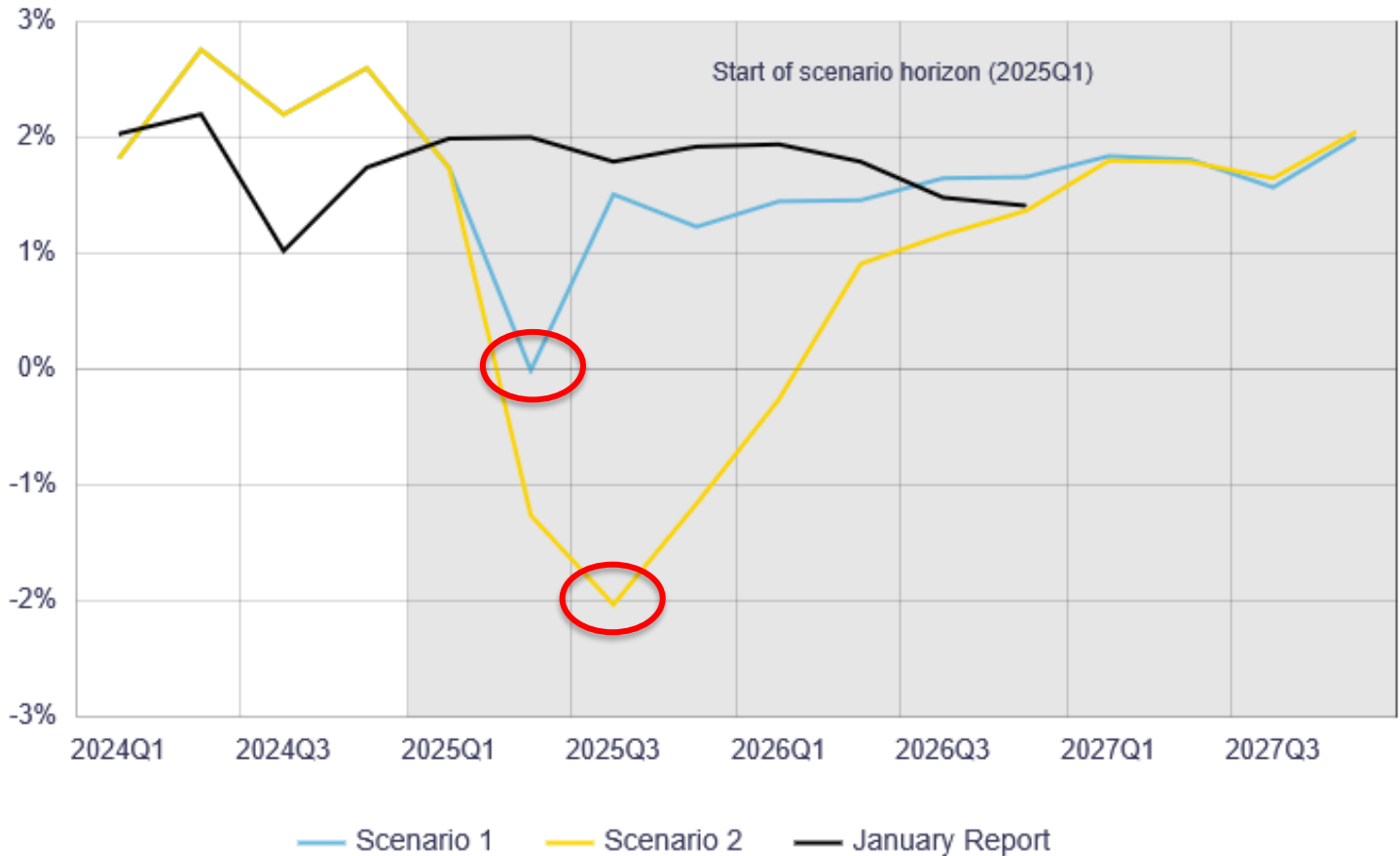


Note: Own calculations using data from Statistics Canada data table 36-10-0222, RBC June 2024 forecast, and the US BEA. All values are in real PPP-adjusted based on the OECD PPP for Canada of 1.17 in 2023.

BOC EXPECTS CANADA'S ECONOMY WILL STALL IN 2025 (BEST CASE) OR ENTER A DEEP RECESSION (WORST CASE)

Chart 15: GDP contracts over the remainder of 2025 in Scenario 2

Quarter-over-quarter percentage change at annual rates, quarterly data



Note: The assumptions and scenarios were finalized on April 11, 2025.
Sources: Statistics Canada and Bank of Canada calculations and estimates
Last data plotted: 2027Q4

POLICY RECOMMENDATIONS

BCBC FEDERAL POLICY RECOMMENDATIONS

1. Abandon proposed oil and gas emissions cap

- Cap could undermine economic growth and global emissions reduction goals

2. Improve tax competitiveness

- Improve depreciation allowances for capital assets
- Reduce top personal income tax rates or expand tax brackets

3. Streamline regulatory processes

- Ensure high standards at minimum possible burden

Open Letter to Canada's New Parliament from the Western Business Coalition

20 May 2025

Dear Members of Parliament,

On behalf of the Western Business Coalition, comprised of the Business Councils of British Columbia, Alberta, and Manitoba, and the Saskatchewan Chamber of Commerce, we would like to congratulate you on your election to Canada's 45th Parliament. As the first session gets underway, we ask you to bring an urgent focus on restoring Canada as an attractive place to base and build businesses. Put simply, if private sector economic activity remains weak, or if parts of our industrial base downsize or relocate to the U.S., Canadians will face a lower standard of living.

Canada's Home-Grown and External Economic Challenges

Adjusted for population, our economy has barely grown over the past decade. Canada had the second-weakest GDP per capita growth out of 38 advanced countries over 2014-2024 (Figure 1). In GDP per capita terms, the country has been in recession for the past two and a half years. Moreover, the OECD projects Canada will have the lowest per capita economic growth of any advanced country over 2020-30 and 2030-60 (Williams, 2021). We need to change this trajectory. The acute strain on people's living standards can be seen in the data on monthly food bank visits, which reached 2.1 million in March 2024, the highest in history, and up 90% from 2019 (Table 1).

The composition of economic activity has also shifted. The public sector has expanded greatly while the private sector has stagnated or declined (Figure 2). Over 2014-2024, per capita government spending grew by 11%, roughly twice the rate of per person household spending (6%). Meanwhile, again using per capita figures over 2014-2024, exports shrank by 2%, and capital investment in businesses and residential structures fell by around 22% and 11%, respectively.

Employment data confirm the same pattern. Public sector employment has grown by 23% since January 2019 compared to growth of only 10% in private sector jobs, while self-employment has shrunk by 1% (Figure 3). Ultimately, as the private sector generates the income growth and tax base to fund the public sector, Canada's growth pattern over the past decade is unsustainable and incompatible with rising living standards.

Compounding our home-grown challenges, U.S. President Trump's tariff policies now present a seismic shock to global trade. They are also a threat to Canada's industrial base given the prospect that companies may respond by relocating capacity from Canada to the U.S. Existing operations here may be starved for new capital investment or new hiring. Some may be wound down.

BCBC PROVINCIAL POLICY RECOMMENDATIONS

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1. Restore fiscal stability and tax competitiveness

- i. Stabilise provincial finances
- ii. Exempt capital inputs from PST
- iii. Reduce top PIT rate to no more than 49.9%

2. Grow the economy while reducing global emissions

- iv. Global vs domestic approach to emissions
- v. Reform B.C.'s output-based emissions pricing system
- vi. Announce Round #2 of fast-tracked project approvals

3. Encourage an open-for-business mentality

- vii. Open-for-business message
- viii. Recognise other provinces' regulatory standards
- ix. Conditional regulatory approach
- x. Reform ALR policies

Strengthening B.C.'s Economy Amid U.S. Tariff Threats

British Columbia's government has a three-pronged approach to the threat of U.S. tariffs: **respond** to the threat; **strengthen** the economy; and **diversify** export markets. Strengthening the economy is critical but will be difficult as uncertainty over tariffs adds to existing challenges: an economy growing well-below its long-run average rate, record fiscal deficits, mega capital projects completed, and stagnation in living standards.

Against this backdrop, BCBC has published a prioritized list of policy ideas to consider in three key areas:

- 1. Restoring fiscal stability and tax competitiveness
- 2. Growing the economy while reducing global emissions
- 3. Encouraging an open-for-business mentality

The recommendations focus on policies with the greatest potential to boost the economy, many of which have no significant fiscal cost. Each recommendation is supported by a clear rationale. While these measures are expected to set the province on a better path, turning the economy around and creating an environment that is attractive for business investment will require ongoing commitment and focus—messages that will be important for the business community to hear consistently from political leaders.

BCBC will also be publishing a list of policy recommendations for the federal government, which will emphasize the need for federal-provincial collaboration to ensure Canada presents a clear, consistent value proposition for businesses and investors considering capital deployment.



CONCLUSION

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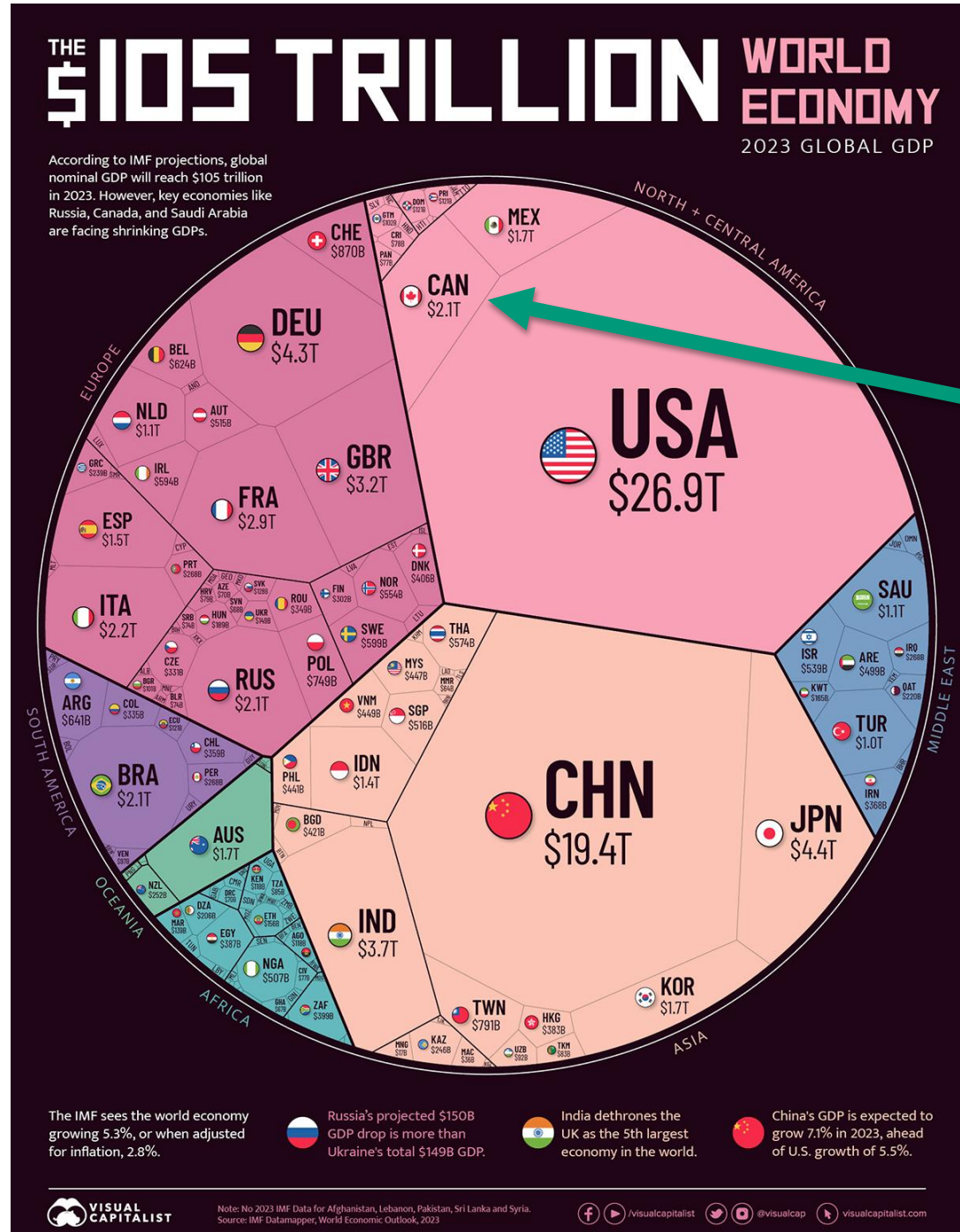
- Canada and B.C. economies were already facing home-grown challenges
- Compounding them, U.S. policies now a major threat to our industrial base
- Risk is that companies redirect new investment & hiring to U.S.
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- Policymakers should respond by looking at policies that would position Canada/B.C. as an attractive place to base and build businesses relative to the U.S. and elsewhere

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Q&A

EXTRA SLIDES

VISUALISING THE \$US 105 TRILLION WORLD ECONOMY IN ONE CHART



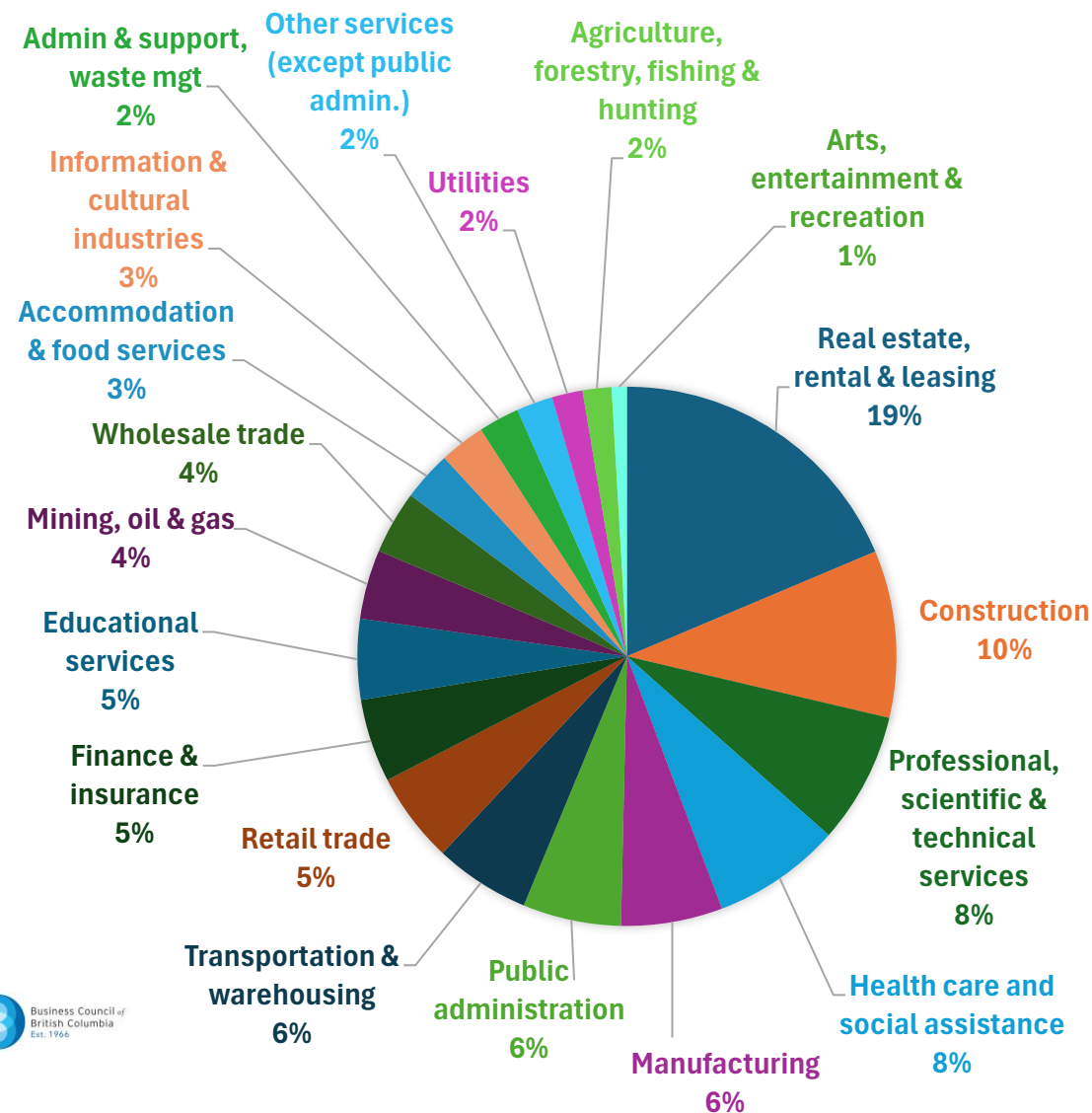
Canada is 2.0% of the world GDP

B.C. is 14% of Canada, so 0.3% of world GDP

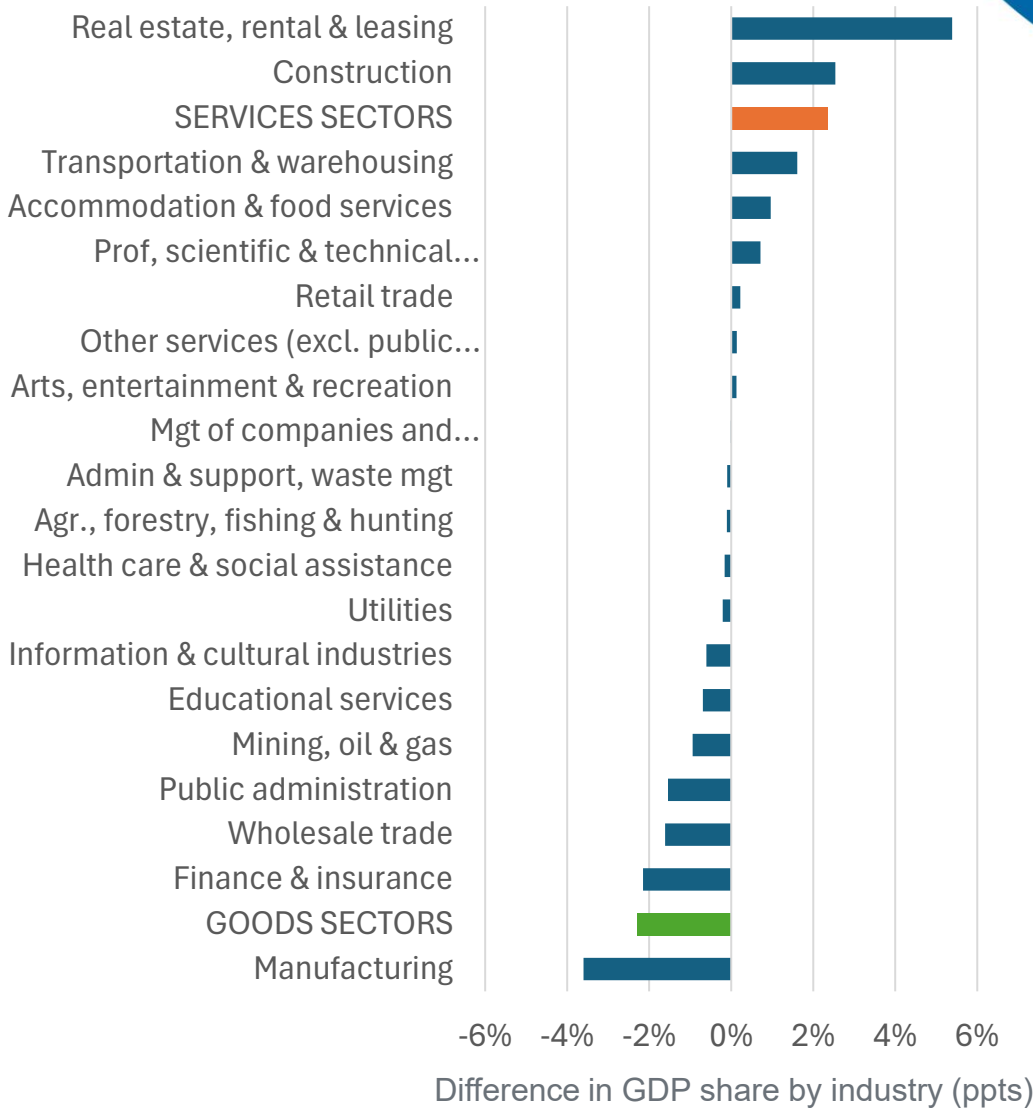
B.C.'S ECONOMY IS INDUSTRIALLY DIVERSIFIED

40

B.C. GDP by industry, 2023

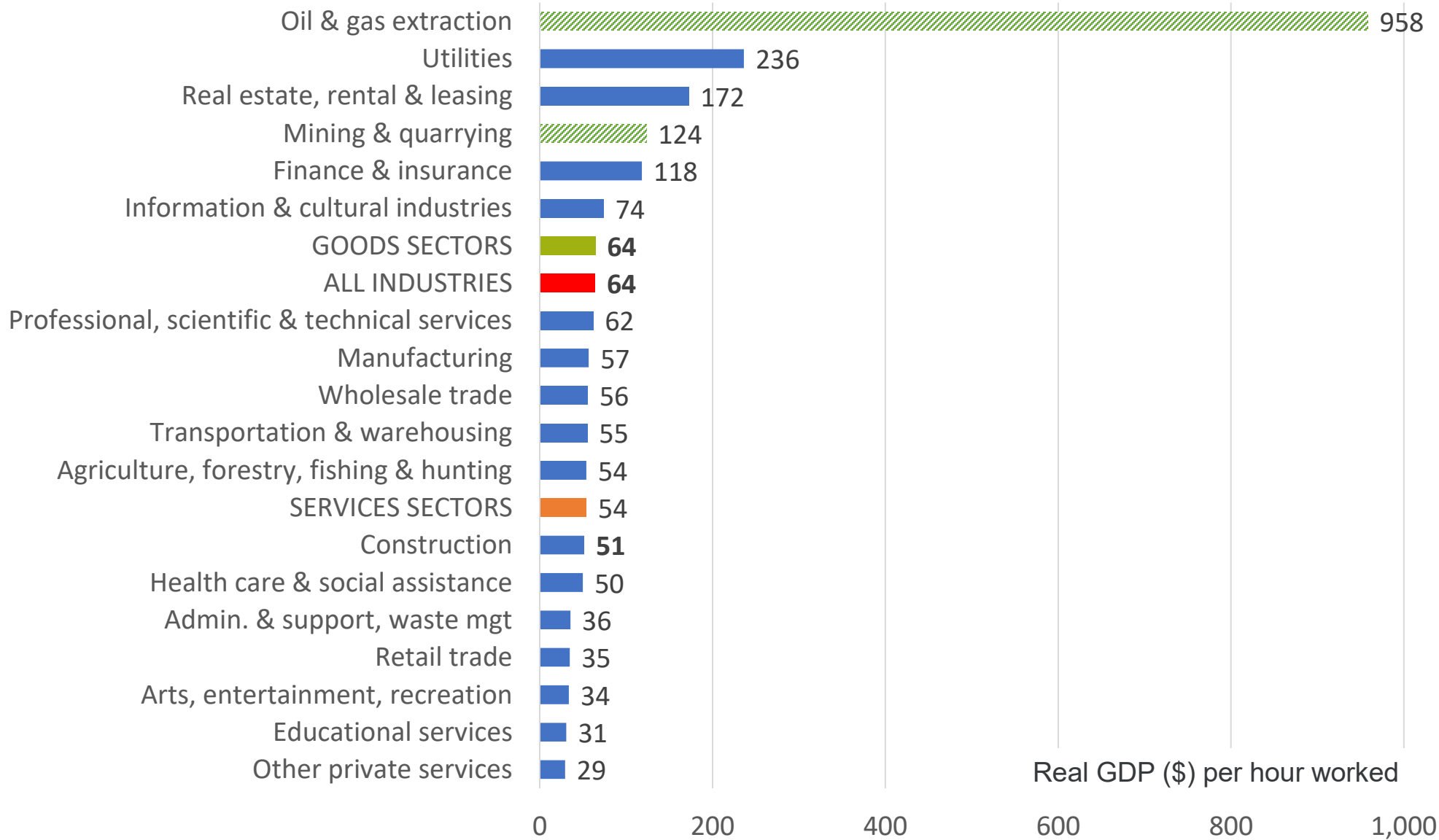


GDP share relative to Canada, 2023

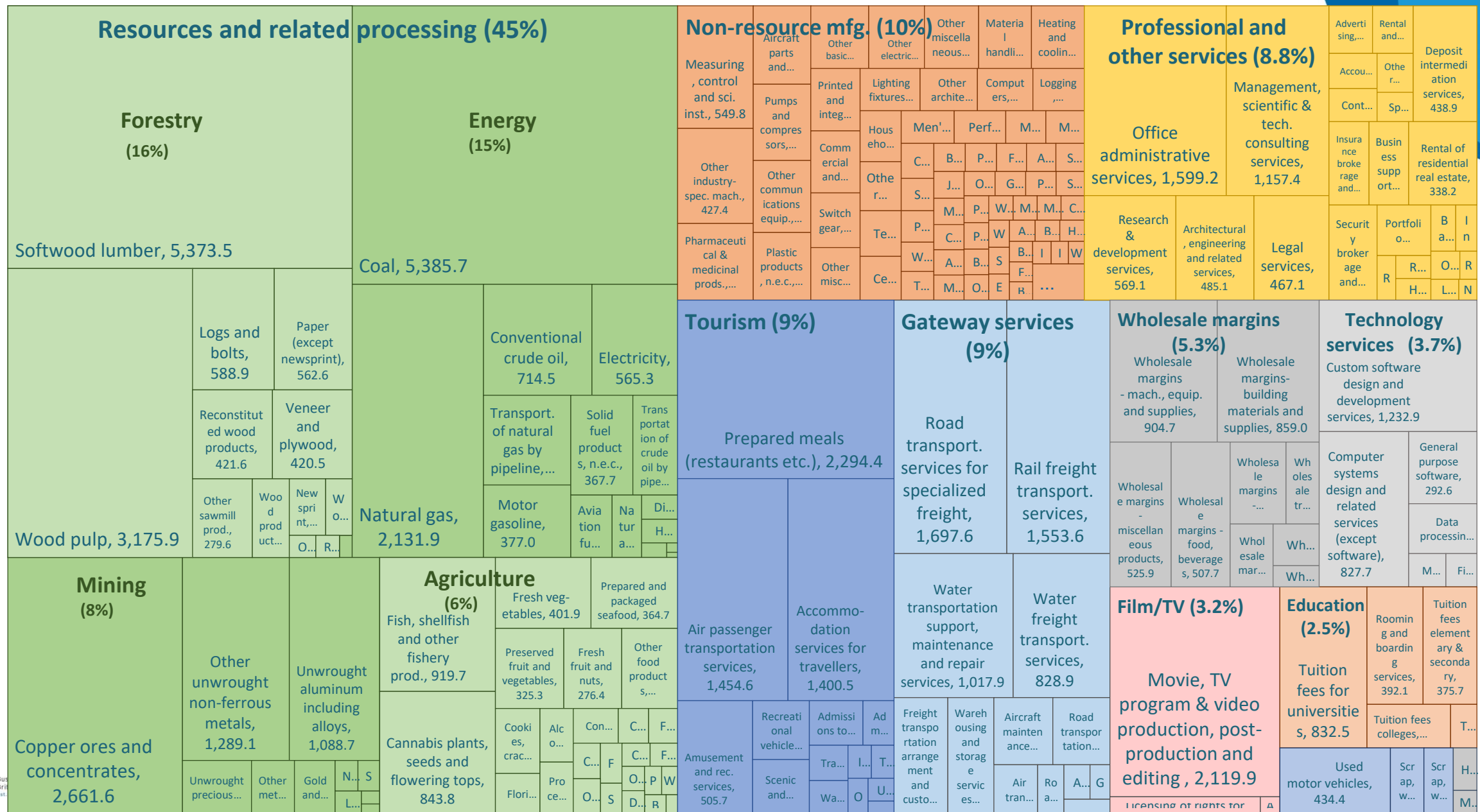


WHICH INDUSTRIES “PAY THE BILLS”?

Labour productivity, business sector industries, 2023, B.C.

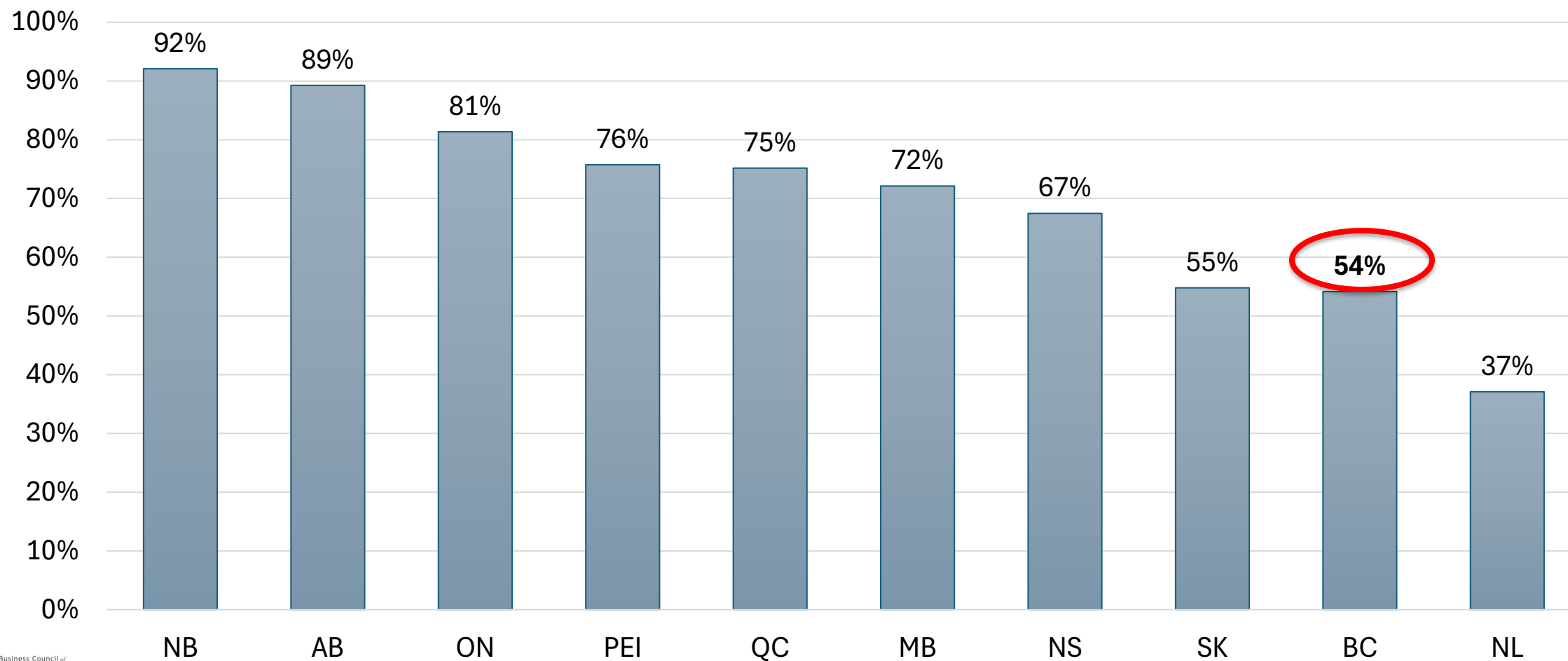


B.C. international goods & services exports, \$mllions (share of total exports %)



B.C. HAS THE SECOND-LOWEST DIRECT RELIANCE ON U.S. MARKETS AMONG THE PROVINCES

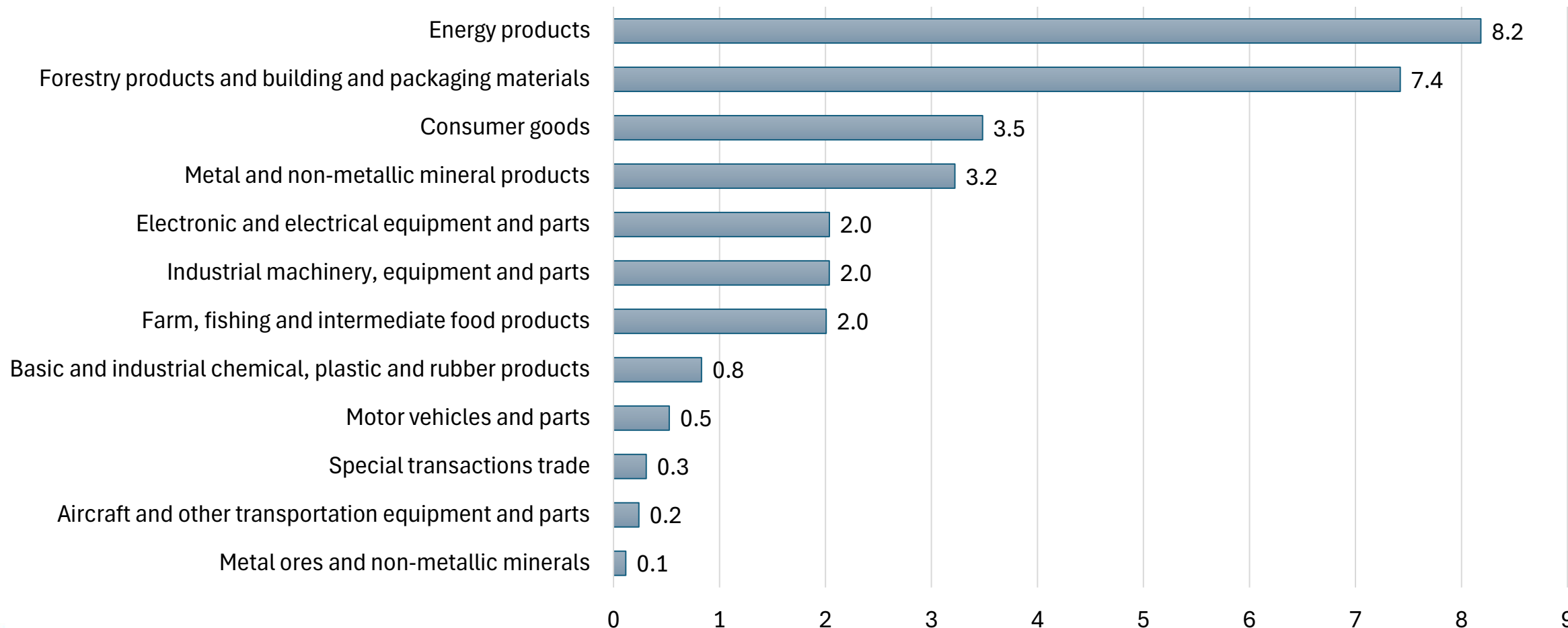
Share of merchandise exports going to the US, by province, 2023



NATURAL RESOURCES COMPRISE \$7 OF EVERY \$10 OF B.C. EXPORTS TO U.S.

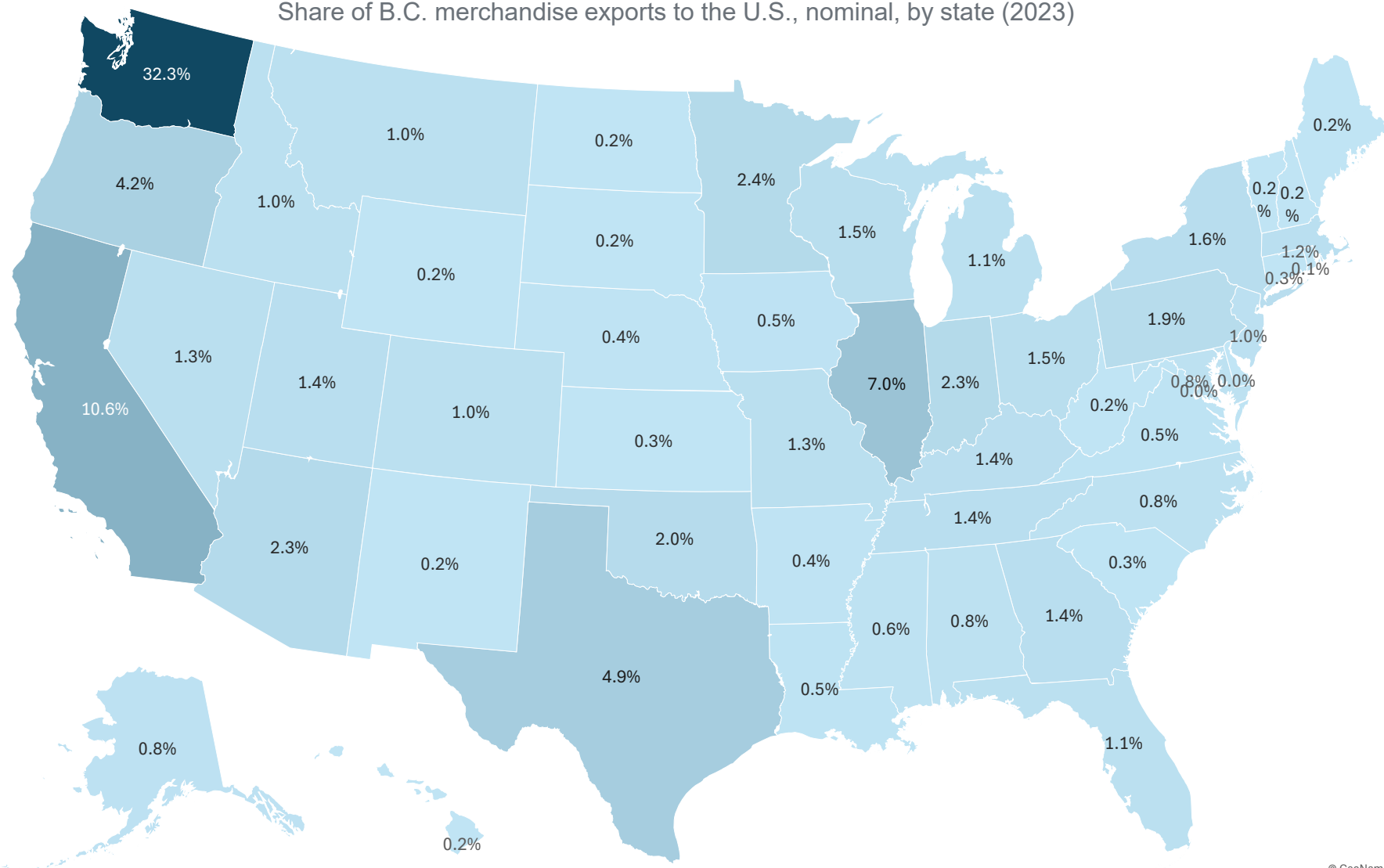
44

B.C.'s exports to the U.S. by commodity, 2023 (\$billions)



PACIFIC NORTHWEST IS A KEY DESTINATION FOR B.C. EXPORTS

Share of B.C. merchandise exports to the U.S., nominal, by state (2023)

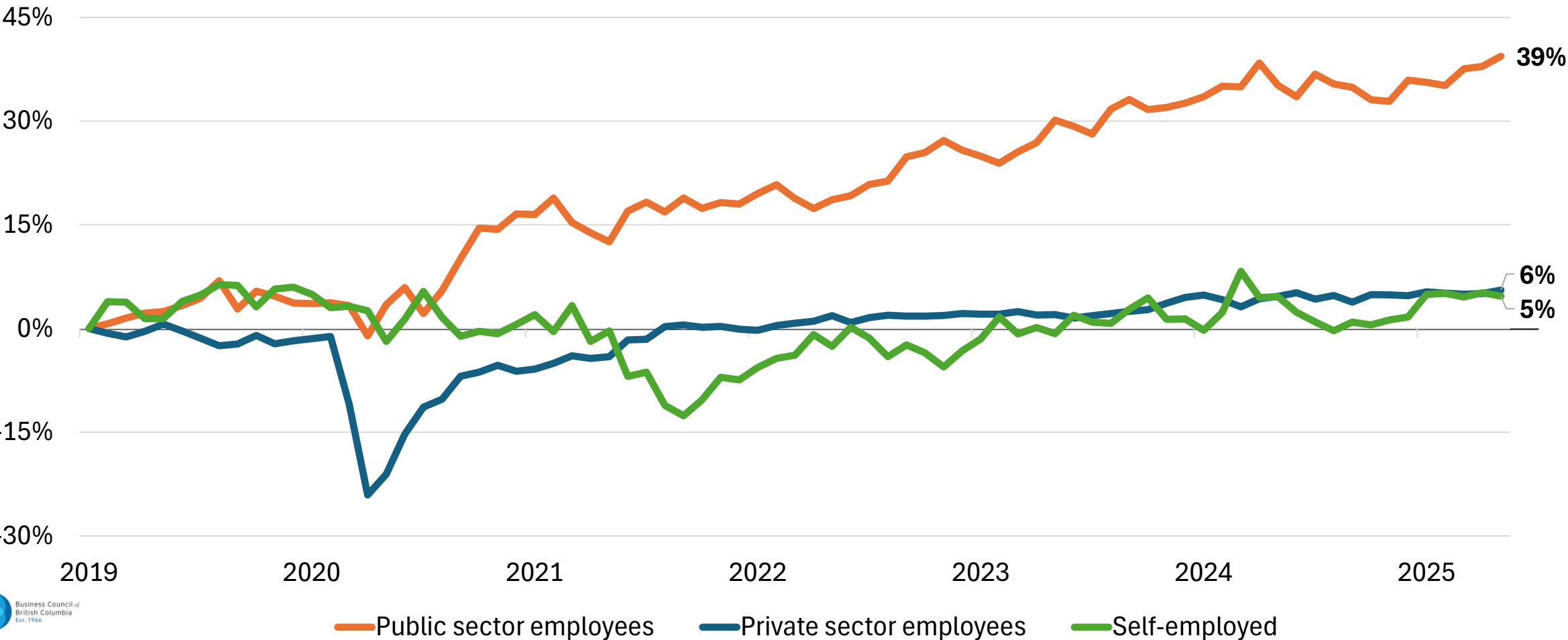


B.C. PRIVATE VS PUBLIC SECTOR EMPLOYMENT GROWTH

46

Change since
Jan 2019

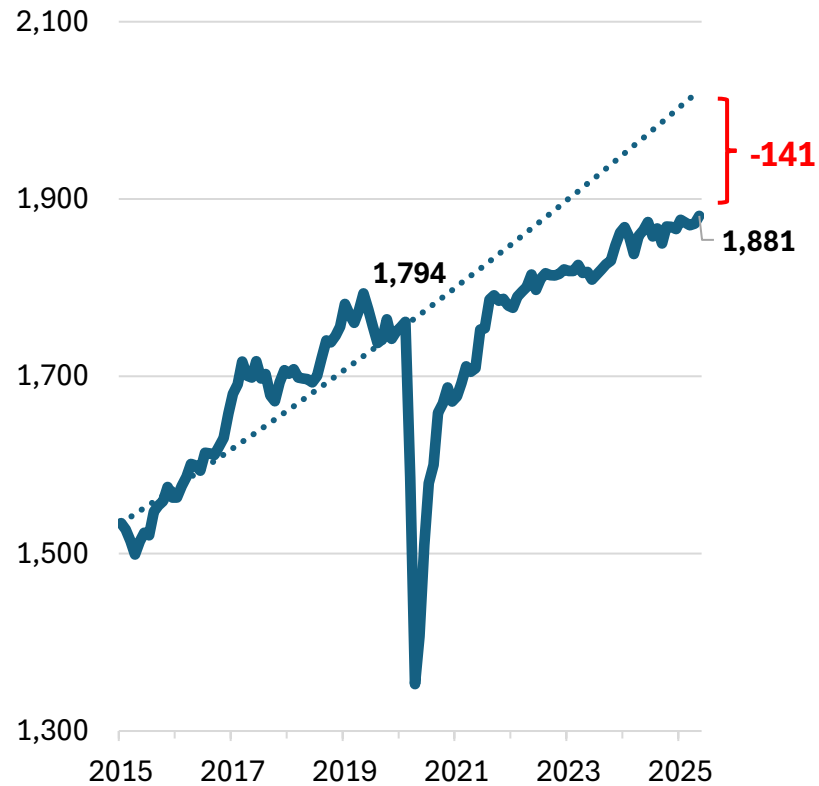
Total growth in employment by class of worker,
Jan 2019 to May 2025, seasonally adjusted, monthly



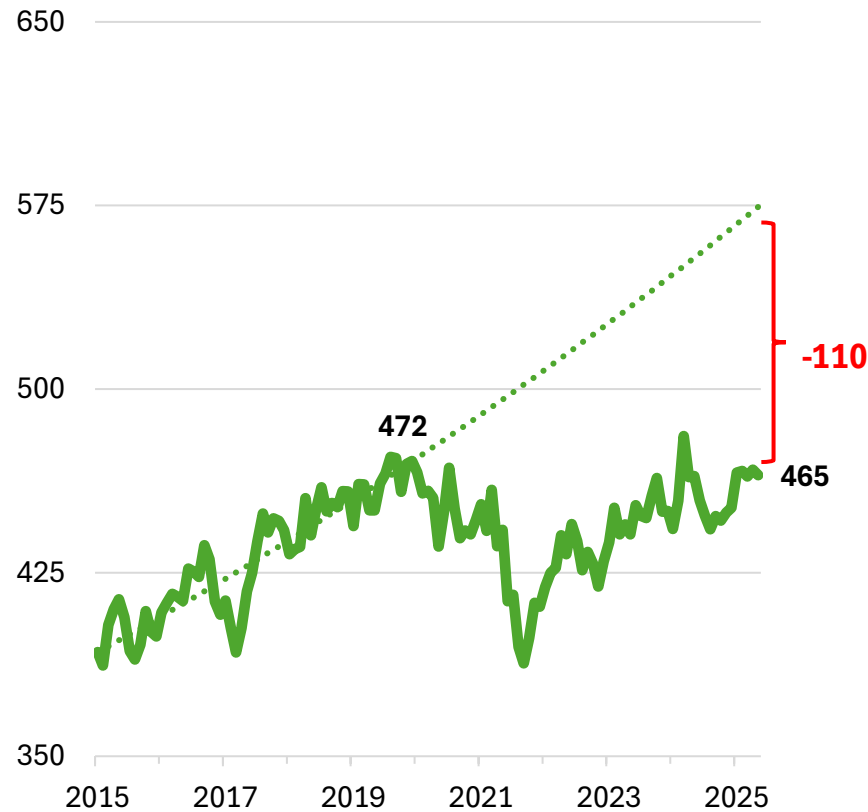
PRIVATE VS PUBLIC SECTOR EMPLOYMENT LEVEL

47

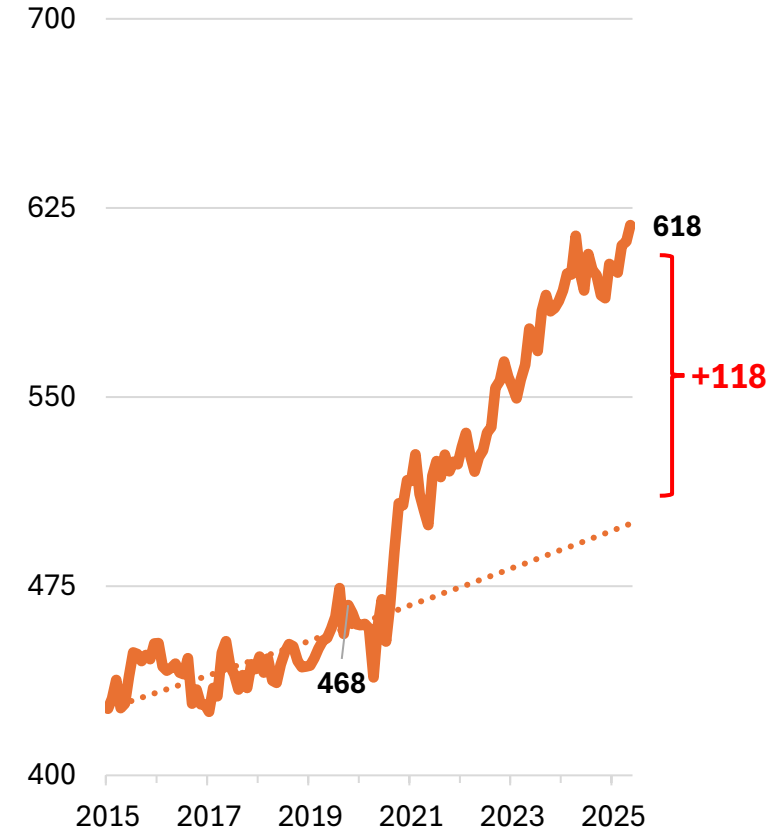
Private sector employees,
Thousands, Jan 2015 - May 2025



Self-employed workers,
Thousands, Jan 2015 - May 2025



Public sector employees,
Thousands, Jan 2015 - May 2025



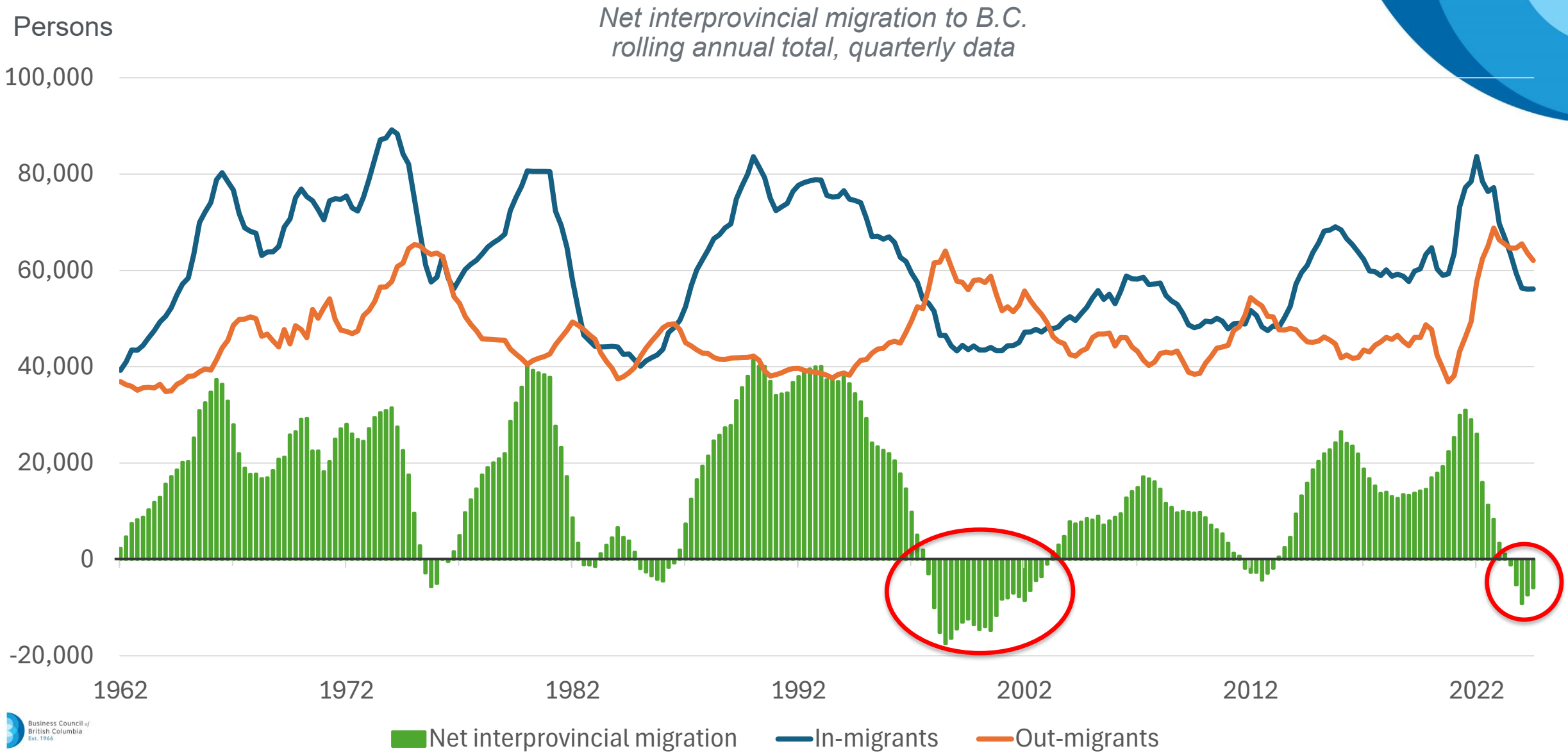
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Private sector employees Trend, 2015-2019

Self-employed Trend, 2015-2019

Public sector employees Trend, 2015-2019

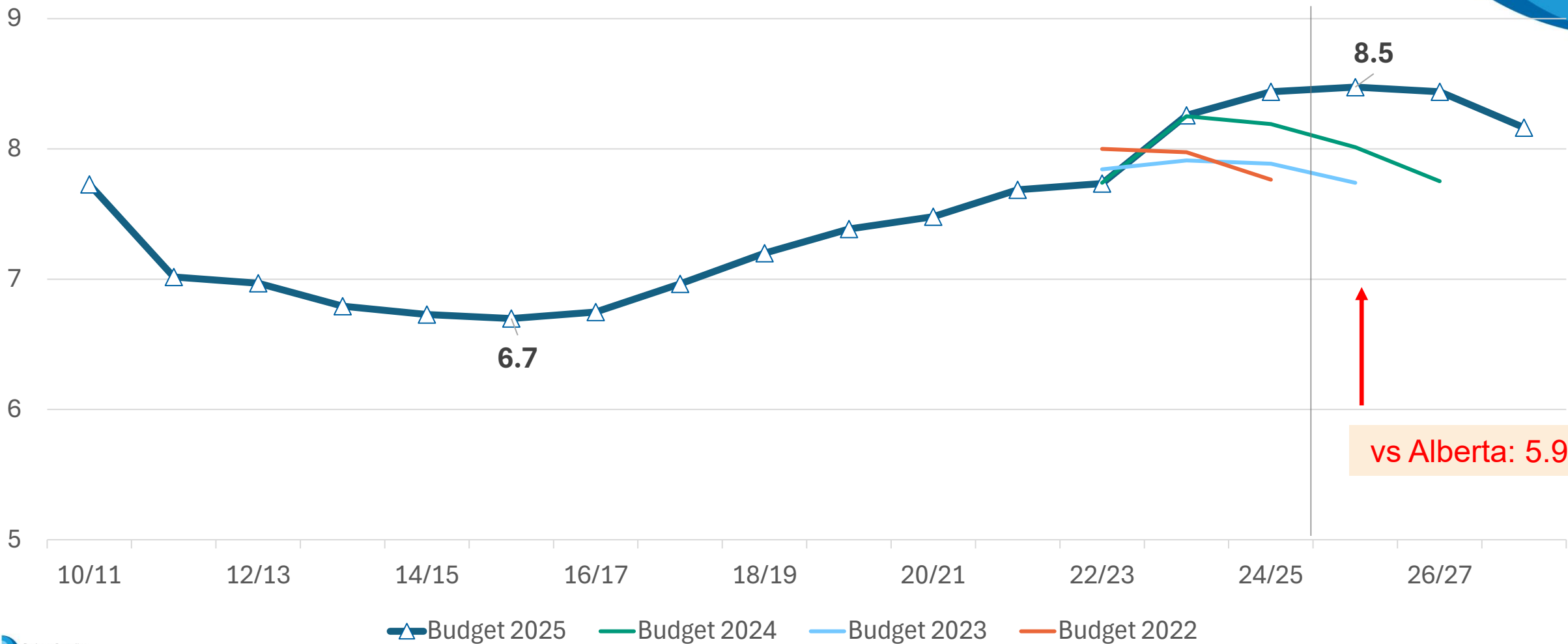
B.C. IS LOSING RESIDENTS TO OTHER PROVINCES



26% MORE BUREAUCRATS PER HEAD OF B.C. POPULATION

Staff per 1,000 population

Provincial government staff per 1,000 B.C. population*
(excludes education and health sector workers)



vs Alberta: 5.9

* Includes staff in ministries, special offices, service delivery agencies