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Sample Matters

The Business Monitor

Spring 2025 Edition

Trade Diversification and Multipolarity

Contents

Introduction

The Business Monitor has been tracking business leaders' views on trade diversification since well before Donald Trump started threatening tariffs. The findings presented are from the most recent Business Monitor – a monthly public opinion omnibus survey. In addition to client questions, this edition of the Public Monitor also features questions around the expected impact of Trump 2.0.

The Business Monitor

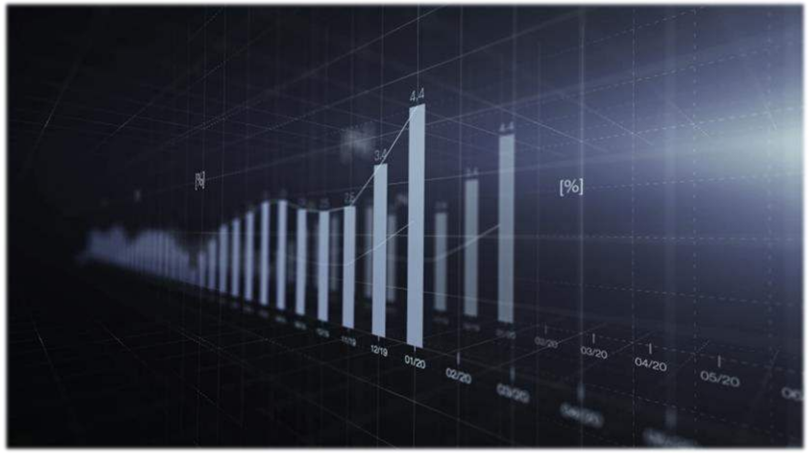
The Business Monitor is the voice of Canadian business. The Monitor runs quarterly and is powered by the Modus Business Panel – Canada's only purpose-built and probability-based B2B research panel. There is no need to compromise data quality when using an omnibus.

Benefits

- Known accuracy of a probability sample.
- Proprietary research findings at a fraction of the cost of a custom survey.
- Expert design advice for your proprietary questions.
- Extensive business demographic and profile data.
- Ongoing tracking for a range of important metrics – economic and business confidence.

Specifications

- Nationally representative sample of 600+ enterprises operating in Canada.
- Survey is conducted online and via mobile devices in French and English.
- 100% of the sample is based on random probability sampling, all respondents vetted by live in-house interviewers. No bots or survey fraudsters.



For scheduling and pricing, please reach out to:

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Methodology

The Business Monitor is powered by the Modus Business Panel –Canada's only purpose-built, *fully* probability-based research panel.

The survey was conducted online using both email and SMS invitations/reminders, and completed via desktops, laptops, tablets and mobile devices.

A total of 863 responses were gathered from Canadian managers and executives. As Modus Business Panel is 100% recruited using RDD probability-based telephone sampling, it is statistically valid to calculate the margin of error – it is plus or minus 3.4% at a 95% confidence interval.

The survey was conducted from March 6 to 23, 2025. We run surveys at the optimal timeframe for online surveys (~ two weeks) to avoid the early response bias of quick turnaround surveys.

The data have been weighted by region and enterprise size using the latest population data from Statistics Canada.

Notes on Reporting

Numbers in charts and tables may not always add up to 100 per cent due to rounding or the exclusion of non-response at times when it is minimal.

Data tables are shaded to denote statistically significant differences – green means the result is significantly higher than that for others in group, grey means it is significantly lower.

Scale aggregates are presented in parentheses on charts and tables, and are based on either a 5- or 7-point scale.

Tracking Trade Diversification

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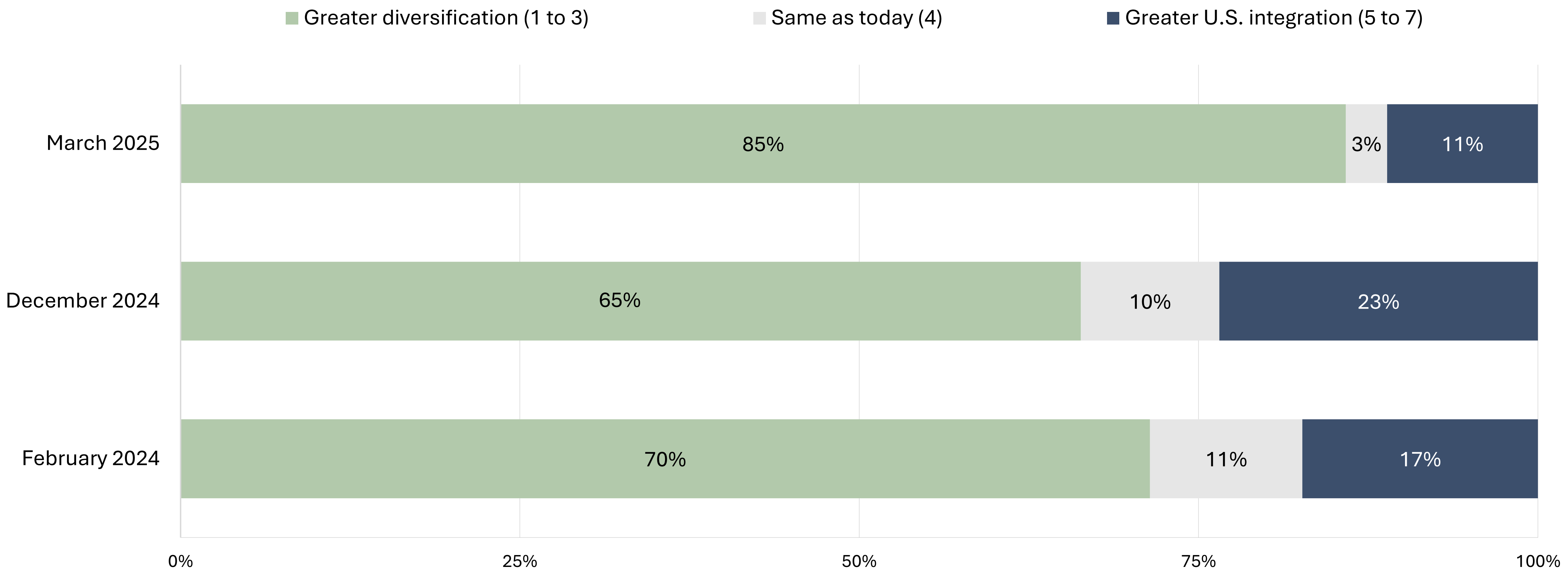
There has been a big jump in the number of Canadian businesses who want greater diversification of international trade

While this was already at high level prior to the US election and threats of tariffs, the increase is substantial. Relatively few think greater integration with the US should be on the menu.

Q All things considered, what is in the best interest of Canada over the long-term - greater integration with the US economy or greater diversification of trade outside the U.S.? Base: Canadian enterprises, n=863



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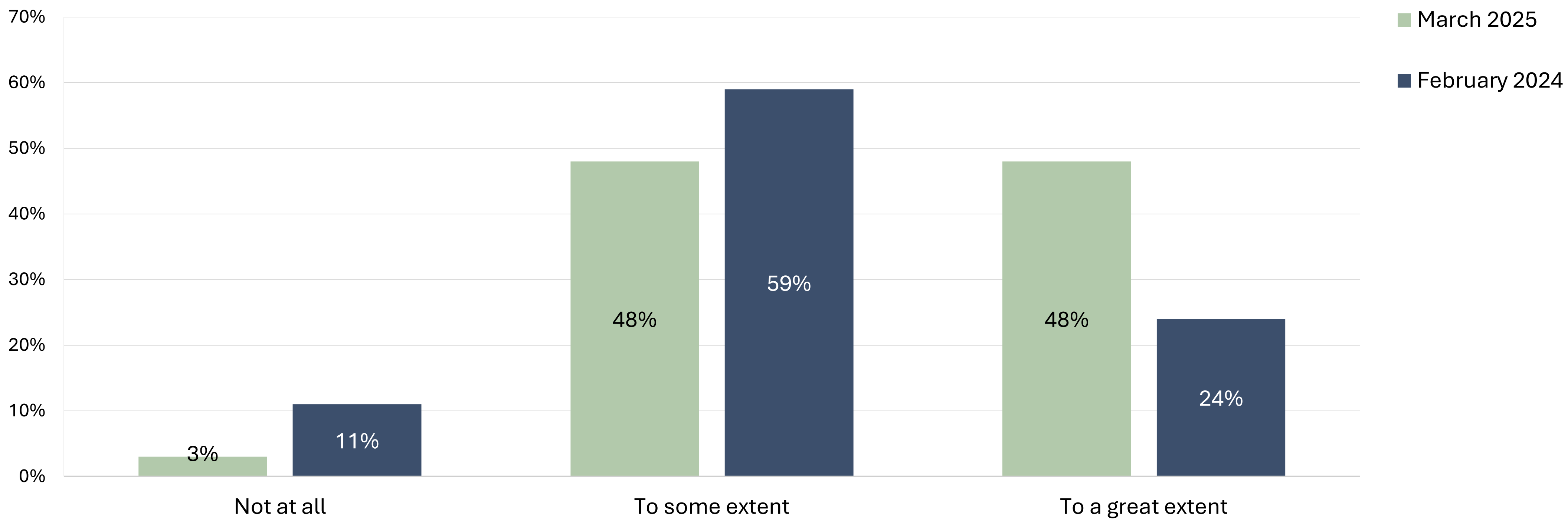
Over the past year, there has also been a big shift in the number who believe Canada can diversify its international trade

The number of business leaders who say Canada has strong potential to diversify has doubled over the past year.

- This shift is particularly pronounced in Quebec where one quarter said it was not possible for Canada to diversify back in 2024 – a view now held by just 3% in this province.

Q In your view, to what extent is it possible for Canada to diversify its international trade outside of the United States?
Base: Canadian enterprises, n=863



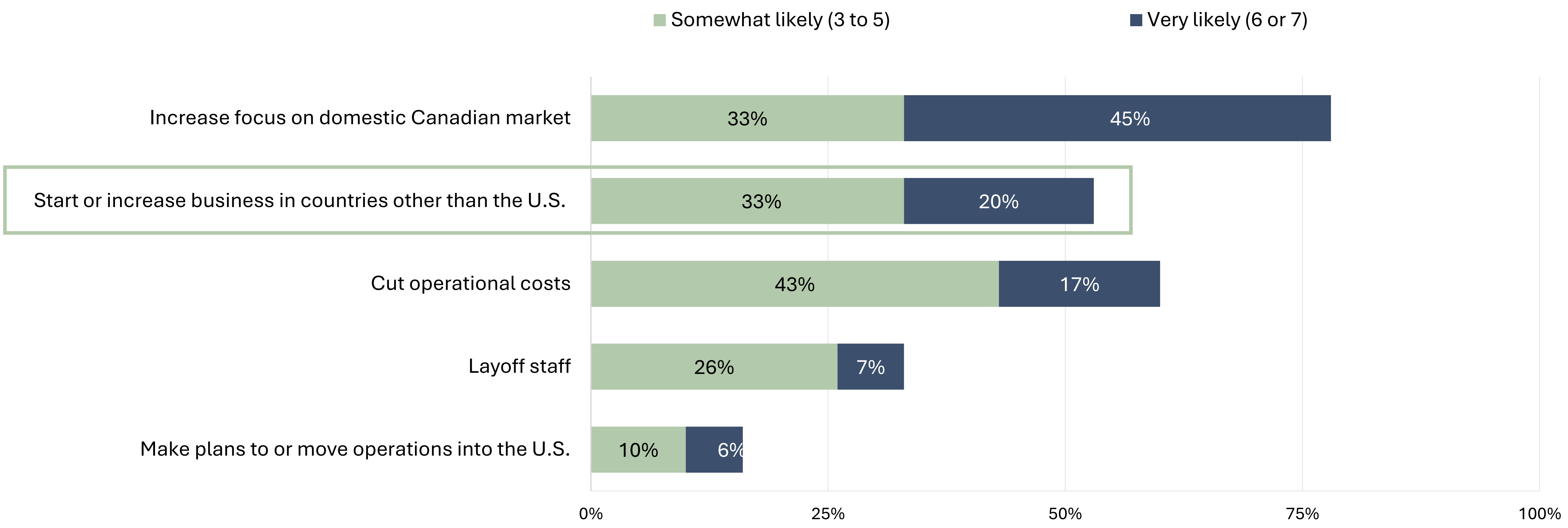
Just 20% of Canadian businesses are likely to diversify internationally

The most popular response is to increase focus on the Canadian market.

- Few expect to layoff staff or to follow Trump's idea of forcing companies to more operations to the U.S..

Q Given the nascent trade war and the potential for it to last for some time, how likely is it that your business will do each of the following in response to this trade war over the next year?

Base: Canadian enterprises, n=863



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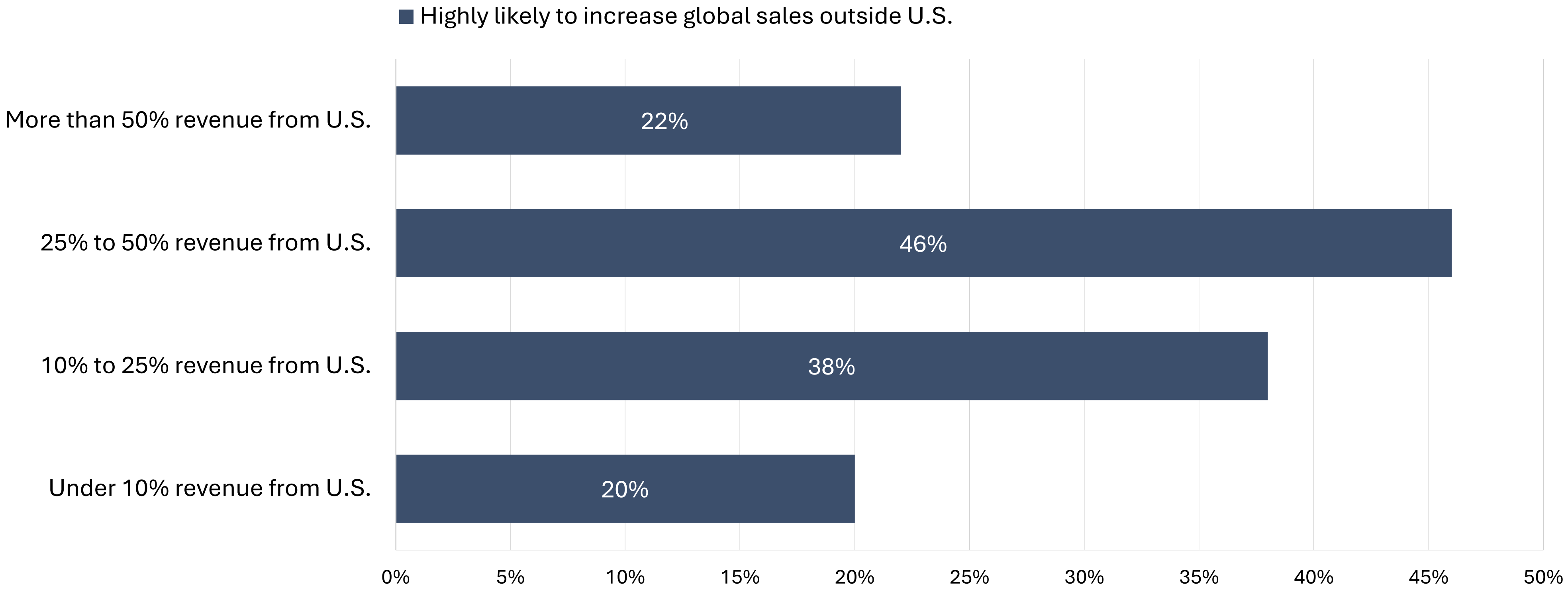
Mid-level U.S. exporters (10% to 50% of sales) are much more likely to diversify trade beyond the U.S.

Those most dependent and least dependent on U.S. sales are much less likely to diversify.

Q Given the nascent trade war and the potential for it to last for some time, how likely is it that your business will do each of the following in response to this trade war over the next year?

Base: Canadian enterprises, n=863



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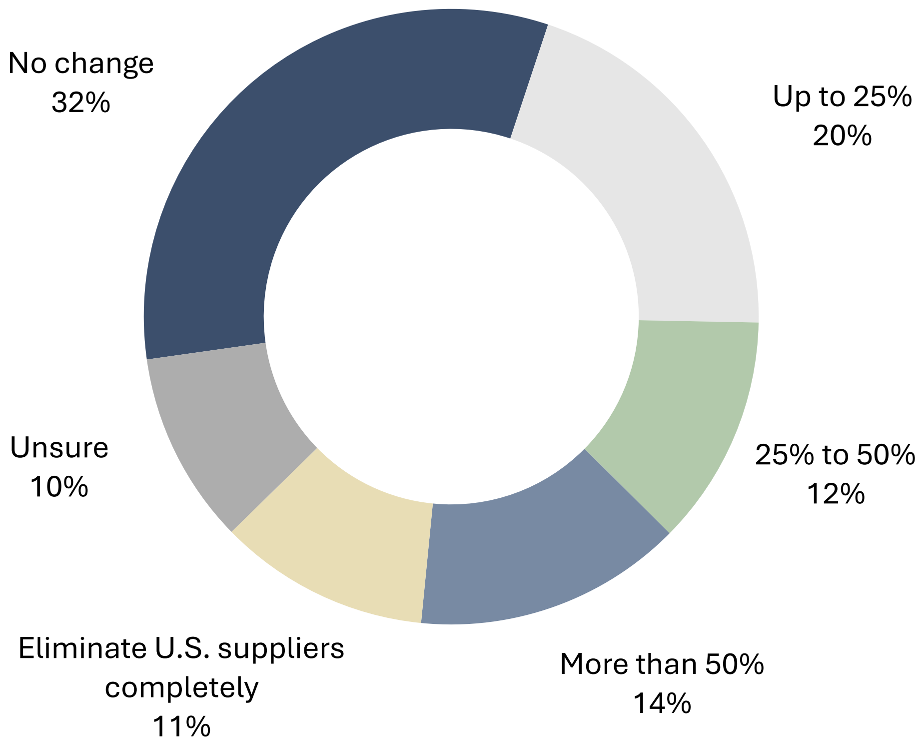
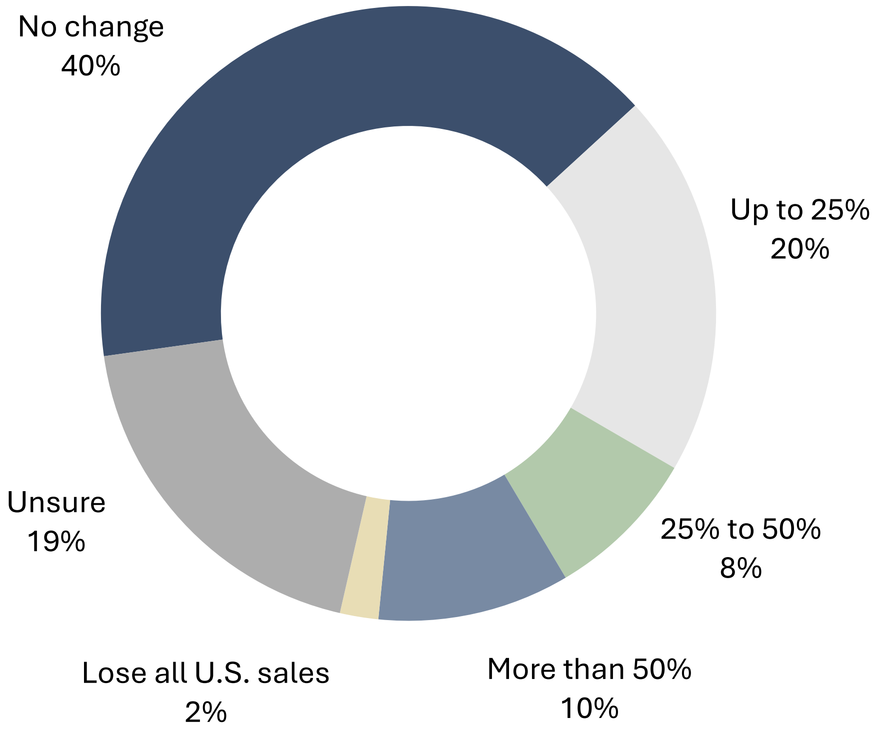
Expected Change to U.S. Trade

Both U.S. importers and exporters expect significant change to their level of trade with U.S.

Q Relative to what you were expecting over the next year, by roughly what percentage, if at all, do you foresee a reduction in your firm's purchasing activity with US providers? Base: U.S. importers, n=456



Q Relative to what you were expecting over the next year, by roughly what percentage, if at all, do you foresee a reduction in your firm's sales to US customers? Base: U.S. exporters, n=271



Discussion

Discussion

Over the past few decades, Canada has become increasingly dependent on the US for its international trade. Donald Trump's trade war has exposed a major economic vulnerability for Canada.

A large majority recognized this before the trade war and it is now nearly universally recognized. Yet Canada is not in a great position to diversify its international trade; only 1 in 5 business say they will expand globally.

Clearly, experience with US trade provides critical groundwork for companies to expand globally. What can be done to move other companies into international waters? The Business Monitor will continue to explore this issue over the coming months.

- Modus staff are members of AAPOR
- We adhere to AAPOR's stringent Code of Professional Ethics and Practices
- Globally, AAPOR is one of the rare survey research organizations that maintains strict standards on probability sampling, including explicit restrictions for reporting non-probability samples.

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