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Tariffs, Trade Disruption, and the Fraser Valley Economy

Assessing the Economic Impact of U.S. Trade Policy on British Columbia's Most Export-Exposed Region

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EXECUTIVE SUMMARY

The Fraser Valley is not just exposed to the current trade war — it's ground zero. Abbotsford ranks 15th among Canada's 41 largest cities for U.S. tariff exposure, and Chilliwack is BC's second-most vulnerable economy. But exposure only tells part of the story. The real damage will be determined by how thin margins are, how quickly firms can adapt, and whether the region can turn a fragmented response into a coordinated strategy.

This report cuts through the noise. It breaks down the messy reality of overlapping tariffs and exemptions — because the 25% blanket tariff that dominated headlines is not the whole story. For CUSMA-compliant exporters, the actual immediate threat is the administrative burden of compliance and the uncertainty of future policy shifts. For the forestry sector, the threat is far more concrete: a staggering 45–57.6% combined border cost with no exemption available. These are different shocks requiring different responses.

The headline provincial numbers are sobering: the BC Ministry of Finance initially projected a $69 billion cumulative loss and 124,000 job losses under a sustained worst-case tariff scenario. The reality so far is more nuanced — partial exemptions and early trade reorientation have moderated the direct impact. But the indirect effects — administrative chaos, cancelled investment plans, and a household income squeeze worth roughly $2,500 per person — are doing quiet damage that doesn't show up in export flow data.

The Fraser Valley's path forward isn't about waiting for the U.S. election cycle to turn. It's about accelerating structural shifts that were overdue regardless of tariffs: deepening ties with the West Coast market, investing in value-added processing, and coordinating a regional response that matches the scale of the disruption. This report lays out how.

KEY FINDINGS AT A GLANCE

Note on the $69B and 124,000 Job Figures

These figures are from an early 2025 BC Ministry of Finance scenario modelling sustained 25% U.S. tariffs across all Canadian goods. They were designed to signal maximum-risk stakes to Ottawa. Subsequent CUSMA exemptions and policy shifts have moderated the direct tariff impact, though the indirect effects — administrative costs, investment uncertainty, and demand-side pressure from retaliation — remain significant. This report's own base-case scenario (Section 6) projects a slower bleed rather than a sudden collapse, which is more consistent with observed 2025–2026 economic data.

BC Economic Loss (Worst-Case) **$69 Billion**	Cumulative projected loss in economic activity 2025–2028 under sustained 25% tariff scenario — a worst-case political benchmark, not a base-case forecast (BC Ministry of Finance, 2025).
Projected Job Losses (Worst-Case) **124,000**	Estimated province-wide job losses by 2028 under the same sustained scenario, concentrated in natural-resource export industries (BC Ministry of Finance, 2025).
Abbotsford Tariff Exposure Rank **#15 of 41**	Ranked 15th most tariff-exposed of Canada's 41 largest cities; over 300 exporters, more than 90% with U.S. as primary market (Canadian Chamber of Commerce; Abbotsford Chamber, 2025).
Combined Lumber Border Cost **45–57.6%**	Countervailing duties plus 2025 tariffs stacked on BC softwood lumber — the steepest combined rate in the history of the Canada-U.S. softwood lumber dispute (Business in Vancouver, 2025).
BC Softwood Export Drop **35.7%**	Year-over-year decline in BC solid wood exports to the U.S. in November 2025, translating to an estimated loss of 1,500–2,000 truckloads per month across the Lower Mainland logistics network (CPABC, 2026).
Household Income Hit **$2,500/person**	Combined reduction in real annual income per Canadian from U.S. tariffs ($1,900) and retaliatory measures ($600) — a demand-side shock that ripples through every local business, not just exporters (Canadian Chamber of Commerce, 2025).

1. INTRODUCTION: WHY THE FRASER VALLEY IS IN THE BLAST ZONE

When the U.S. tariffs hit in March 2025, they landed on an economy already reeling from a decade of softwood lumber disputes. The result isn't a single, clean shock — it's a messy, multi-front trade war that is carving up British Columbia's economy unevenly. The Fraser Valley is right in the blast zone.

The region sits in a peculiar economic geography. Close enough to Metro Vancouver to benefit from its growth, but built its own economy on agriculture, manufacturing, and logistics. Abbotsford is home to over 300 exporters, and for more than 90 percent of them, the United States is their primary market (Abbotsford Chamber of Commerce, 2025). That's not just a statistic — it's a structural vulnerability that this report takes seriously. Chilliwack's 162 exporting companies make it the second-most tariff-exposed community in the province (Fraser Valley Current, 2025).

But exposure isn't the same as vulnerability — and this is a distinction that most economic assessments of the tariff shock have glossed over. A blueberry farmer selling fresh berries to a single U.S. distributor on a 3 percent margin is far more vulnerable than a specialty cabinet maker with a 15 percent margin, a unique product, and a loyal client base who will absorb a modest price increase. The mechanisms of vulnerability — margin depth, market concentration, input dependence, and the ability to pivot supply chains — matter as much as export volumes. This report analyses both dimensions.

It also looks at the transmission mechanisms that don't show up in trade data: the customs broker delays, the cancelled investment plans, the family budget squeezed by roughly $2,500 in higher costs from retaliatory tariffs. For the hardware store owner in Chilliwack or the restaurant supplier in Abbotsford who never exports a thing, the tariff shock arrives through these quieter channels. They matter, and they are underweighted in most regional economic assessments.

2. THE TARIFF REGIME: A LAYERED MESS

2.1 The Architecture of the Trade Shock

The current tariff environment is not a single policy — it's a stack of overlapping measures applied under different legal authorities, with different sector coverage, different exemption structures, and different effective dates. Understanding this architecture is essential because different parts of the Fraser Valley economy face entirely different cost structures.

The most visible element — the 25 percent blanket tariff imposed under the International Emergency Economic Powers Act (IEEPA) on March 4, 2025 — made headlines but was quickly rendered conditional. Goods compliant with the Canada-United States-Mexico Agreement (CUSMA) were granted an exemption. This created a two-tiered system: firms that can navigate CUSMA certification continue to trade largely unimpeded, while those that cannot — or those whose supply chains contain non-originating inputs — face the full 25 percent hit.

For many Fraser Valley exporters, the practical consequence of the CUSMA exemption is not relief but administrative burden. The exemption exists in principle; certifying it in practice requires documentation, compliance management, and customs broker expertise that small and medium-sized businesses often lack. Industry practitioners describe shipments delayed for weeks while certification status is resolved — a cash flow crisis that doesn't show up in tariff rate data but is very real on the ground.

The CUSMA Reality

The 25% blanket tariff is best understood as the threat environment, not the universal operating reality. For CUSMA-compliant trade — which covers the majority of Canada-U.S. manufactured goods exchange — the direct tariff impact is limited. The real cost for compliant exporters is the administrative burden of certification, the risk of border delays, and the persistent uncertainty about whether the exemption will be maintained. For non-compliant goods and for the forestry sector — which faces its own separate duty structure — the 25% rate is very much in effect.

The most severe impacts come from the separate, layered measures that preceded or were added alongside the IEEPA tariffs. Section 232 national security tariffs on steel (25%) and aluminum (25%) hit manufacturers directly. And the softwood lumber sector faces a burden that is in a category of its own: combined countervailing and anti-dumping duties of approximately 35 percent — the result of a decades-long trade dispute — stacked with an additional 10 percent tariff added in October 2025, for a combined border cost of 45 percent for most producers and as high as 57.6 percent for companies like Canfor Corp. (Business in Vancouver, 2025; Council of Forest Industries, 2025). At those levels, the U.S. market is effectively closed for many BC lumber producers.

Trade Measure	Rate	Coverage	CUSMA Exemption?	Legal Authority
Broad Canada tariff	25%	All goods	Yes — if compliant	IEEPA
Softwood lumber duties (CVD+ADD)	~35%	Lumber only	No	Trade Act 1974
Additional lumber tariff (Oct 2025)	10%	Lumber only	No	Section 232
Steel & aluminum tariff	25%	Metals	Partial	Section 232
Canadian retaliation — Round 1	25%	Selected U.S. goods	N/A	Canada Trade Act
Canadian retaliation — Round 2	25%	Additional U.S. goods	N/A	Canada Trade Act

Sources: BC Stats (2026); BC Ministry of Finance (2025); Business in Vancouver (2025); Council of Forest Industries (2025).

2.2 Canada's Retaliatory Measures and the Household Impact

Canada's phased retaliatory response — an initial C$30 billion tranche targeting U.S. goods, followed by a second C$29.8 billion tranche — was designed to exert reciprocal pressure on U.S. exporters and their political constituencies. It is achieving that objective at a domestic cost that is less often discussed.

For Fraser Valley businesses that rely on U.S.-sourced inputs — agricultural machinery, fertilizers, building materials, electronic components — retaliatory tariffs raise the cost of production regardless of where the business sells. A greenhouse operation in Abbotsford that imports specialized packaging from Washington state, or a construction firm that sources certain fasteners from Oregon, faces direct cost increases that compress margins and constrain investment.

For households, the impact is quieter but cumulative. The Canadian Chamber of Commerce estimates that the combined effect of U.S. tariffs and Canadian retaliatory measures reduces real annual income by approximately C$2,500 per person — C$1,900 from the U.S. measures and a further C$600 from Canada's retaliation (Canadian Chamber of Commerce, 2025). For a Chilliwack family of four, that is C$10,000 in reduced purchasing power — an invisible tax that constrains spending at the local grocery store, the hardware store, the restaurant, and the auto mechanic. These businesses never export a thing, but they feel the tariff shock through reduced consumer demand.

This demand-side transmission mechanism is underweighted in most regional trade analyses. It is, in effect, a second channel through which the tariff shock reaches the local economy — one that operates through household balance sheets rather than trade flows, and that compounds the supply-side disruption faced by the Valley's exporters.

3. SECTORAL IMPACT ANALYSIS: EXPOSURE, VULNERABILITY, AND THE DIFFERENCE

The analytical distinction between exposure — the extent to which a sector trades with the U.S. — and vulnerability — the extent to which it can actually absorb a tariff-induced cost shock — is critical for understanding where the Fraser Valley economy faces genuine risk, and where the alarm may be overstated.

3.1 Agriculture and Agri-Food Processing: Thin Margins, Thick Problems

Agriculture is the Fraser Valley's economic anchor. Farm gate receipts across the FVRD have historically exceeded C$2.5 billion annually — though this baseline derives from 2012 survey data, and sector growth and inflation since then suggest the current value is substantially higher, making the region's exposure greater than the available baseline indicates (FVRD Agricultural Snapshot, 2012; BC Ministry of Agriculture). Abbotsford's agriculture sector alone supports approximately 11,300 full-time equivalent jobs and generates C$1.8 billion in annual local economic activity (BC Ministry of Agriculture, n.d.).

Tariffs create two distinct channels of risk, and the vulnerability depends heavily on what is grown and how it is sold.

Direct Export Exposure: Fresh produce is the most vulnerable category. A blueberry or raspberry farmer selling to a single U.S. distributor on a 3–5 percent operating margin cannot absorb a 25 percent cost increase — and if U.S. buyers can source from domestic or Mexican suppliers, they will. The exposure here is not just to tariff rates but to buyer substitution: the U.S. fresh produce market is competitive enough that Canadian suppliers face permanent market loss, not just a temporary price adjustment, if costs rise sharply. Processed or frozen agricultural products — frozen berries, packaged dairy products, specialty beverages — are more resilient. They have longer shelf lives, can be redirected to alternative markets, and often carry higher margins that create more room to absorb incremental costs.

Input Cost Exposure: Retaliatory Canadian tariffs on U.S. agricultural machinery, fertilizers, and packaging materials raise the cost of production for all operators, regardless of where they sell. A greenhouse operation that imports starter plant propagation material from Oregon or specialized growing media from Washington faces direct cost increases that reduce the viability of operations already running on thin margins. The BC Agriculture Council has noted that producers are actively reviewing their supply chains and input sourcing in response to these pressures (BC Agriculture Council, via Fraser Valley Current, 2025).

The Diversification Trap

"Sell more in Canada" is the right strategic direction but the wrong tactical advice for fresh produce. A blueberry farmer in Abbotsford faces a one-hour truck ride to sell in Washington State and a well-established supply relationship. Selling to a distributor in Ontario means a 4,000-kilometre journey, a completely different distribution network, and a perishable product that doesn't travel well without processing. The real opportunity is not 'Canada writ large' but the immediate West Coast market: BC, Alberta, and — for CUSMA-compliant goods — the U.S. Pacific Northwest, which remains accessible. For fresh produce that cannot survive the journey east, the better strategic response is investment in processing capacity to convert perishable volume into shelf-stable exports.

3.2 Forestry and Wood Products: A Slow-Burning Crisis Without Exemption

BC's forestry sector entered the current tariff environment from a position of pre-existing structural weakness. Softwood lumber exports from BC to the U.S. had already declined 42 percent between 2016 and 2024 — driven by declining U.S. housing starts, rising stumpage costs, and regulatory complexity that pre-dates and is independent of the 2025 tariff escalation (IndexBox, 2026). Importantly, this decline was specific to BC; in other Canadian provinces, softwood exports to the U.S. had been increasing until the 2025 measures took effect.

Against this backdrop, the 2025 tariff escalation is unambiguously catastrophic for the sector, and crucially, it carries no CUSMA exemption. The combined CVD/ADD duties (approximately 35 percent) and the additional 10 percent October 2025 tariff give most BC lumber producers an effective border cost of 45 percent — a level the Council of Forest Industries' chief economist described as "unprecedented at the level we're at right now" (Business in Vancouver, 2025). Canfor Corp. faces 57.6 percent. At those rates, the U.S. market is not just expensive to access — it is economically closed for many producers.

Indicator	Value	Period	Source
BC solid wood exports to U.S. (YoY)	-35.7%	November 2025	CPABC BC Check-Up Q1 2026
BC softwood export decline since 2016 (pre-tariff)	-42%	2016–2024	IndexBox (2026)
Additional export decline from 2025 tariffs	-14%	2025	IndexBox (2026)

BC solid wood exports to non-U.S. (YTD)	+6.4%	Jan–Nov 2025	CPABC Q1 2026
Forestry & logging employment change	-4%	Jan–Sep 2025	RBC Economics (2025)
Combined lumber border cost (most producers)	~45%	As of Oct 2025	Business in Vancouver (2025)
Combined lumber border cost (Canfor)	57.6%	As of Oct 2025	Business in Vancouver (2025)

Note: YoY = year-over-year; YTD = year-to-date.

For the Fraser Valley, the direct forestry production impact is limited — the region is not a major lumber-producing area. But its role as a logistics and processing hub means the downstream effects are significant. Secondary wood product manufacturers — cabinet makers, furniture producers, engineered wood fabricators in Langley and Abbotsford — face a 25 percent tariff that is lower than the combined lumber duty but still material for businesses operating on typical manufacturing margins of 10–15 percent.

The logistics impact warrants specific quantification. A 35.7 percent year-over-year decline in BC softwood lumber exports in November 2025 translates to an estimated loss of approximately 1,500–2,000 truckloads per month across BC's Lower Mainland logistics network. This is a back-of-the-envelope estimate based on typical lumber load volumes and the magnitude of the export decline, but it gives concrete shape to an impact that is often described vaguely as "indirect." Fraser Valley-based carriers, freight brokers, and logistics operators feel this directly.

3.3 Manufacturing and Logistics: Compliance Costs and Quiet Exposure

The Fraser Valley's manufacturing sector spans food processing, metal fabrication, plastics, printing, construction materials, and aerospace components. Langley hosts a significant advanced manufacturing base. Vulnerability across this sector varies considerably — and the key variable is CUSMA compliance.

CUSMA-compliant manufacturers are largely exempt from the 25 percent blanket tariff. But "largely" is doing real work in that sentence. The administrative burden of certifying CUSMA compliance — managing origin documentation, engaging customs brokers, managing the risk of border delays — is a real cost that falls disproportionately on smaller firms. A mid-size Langley manufacturer whose U.S. supply chain involves components from a third country may find that CUSMA certification is either unavailable or prohibitively complex to maintain. For these firms, the tariff environment is effectively a 25 percent cost shock, not a paper exemption.

Greater Langley Chamber of Commerce CEO Cory Redekop captured the operational reality: food manufacturing and processing are of particular concern given margins that cannot absorb a 25 percent cost increase (Fraser Valley Current, 2025). For these firms, the question is not whether they are technically exempt but whether they can manage compliance in practice.

Statistics Canada January 2026 labour data presents a mixed picture. Abbotsford added approximately 1,700 jobs month-over-month, with unemployment dipping from 6.8 percent in December 2025 to 6.3 percent in January. However, on a year-over-year basis, Abbotsford's unemployment rate is up 0.8 percentage points and Chilliwack's by 0.4 percentage points. While a direct provincial comparison for the same period is not available in the source data, these year-over-year increases in two of BC's most export-exposed communities — occurring simultaneously with the tariff escalation — are consistent with a regional economy underperforming the broader provincial labour market trajectory (Statistics Canada, via Fraser Valley Today, 2026).

4. BC'S PROVINCIAL RESPONSE AND ITS IMPLICATIONS FOR THE FRASER VALLEY

4.1 The Provincial Economic Assessment: Reading Between the Lines

The BC Ministry of Finance's early 2025 assessment — a cumulative C$69 billion loss and 124,000 job losses by 2028 under sustained 25 percent U.S. tariffs — was a useful political document. It was designed to signal the stakes to Ottawa, mobilise federal attention, and justify provincial advocacy. As an economic forecast, it needs to be read critically.

The scenario assumed a sustained 25 percent tariff across all Canadian goods with full retaliatory escalation — a worst-case environment that subsequent CUSMA exemptions, tariff adjustments, and legal challenges have partially moderated. The province's own Q1 2026 update reflects a more moderate trajectory: sub-trend growth of 1.3 percent real GDP and a C$13.3 billion deficit — a slow bleed, not a sudden collapse (Daily Hive, 2026; BC Ministry of Finance, 2026). This is broadly consistent with this report's base-case scenario in Section 6, which projects 1.0–1.5 percent growth rather than the contraction the $69 billion figure implies.

The honest reading of where we are: the worst-case provincial numbers were always more warning shot than baseline forecast. The actual damage so far is slower, more uneven, and more insidious — a persistent drag on investment, a sector-by-sector contraction in forestry and some agricultural subsectors, and a quiet household income squeeze. That's a harder story to tell than a single dramatic number, but it's the accurate one.

4.2 Trade Diversification: The Asia-Pacific Pivot and Its Limits for the Fraser Valley

The provincial government's trade diversification push — missions to Malaysia, South Korea, and Japan, a lumber MOU with China, and the structural shift represented by LNG Canada's exports — makes sense at the macro level. Each tanker from LNG Canada represents approximately US$150 million in new Asian revenue (BCBusiness, 2025), and the aggregate provincial data shows non-U.S. exports up 2.8 percent year-over-year as of November 2025, against a 2.7 percent decline in U.S.-bound exports (CPABC, 2026).

For the Fraser Valley's farmers and small manufacturers, however, the Asia-Pacific pivot is a long-term play that doesn't solve the immediate problem. Redirecting fresh berries to Seoul requires cold-chain logistics, regulatory certification, and established distribution relationships that take years to build. Processed, shelf-stable, or high-value specialty agricultural products are more immediately amenable to Asian market development — but they represent a smaller share of the region's current production mix. The more immediately accessible opportunity is the domestic West Coast market and, for CUSMA-compliant goods, the U.S. Pacific Northwest.

4.3 The Fiscal Constraint: No Cavalry Coming

With a projected deficit of C$13.3 billion for 2026/27 and debt servicing costs of C$4.4 billion in 2024–25 — equivalent to C$2,064 per person (Fraser Institute, via BCBusiness, 2026) — the province has essentially no fiscal room for large-scale targeted business support programmes. The Abbotsford Chamber of Commerce's response to BC Budget 2026 was measured but pointed: directionally positive measures on capital investment and infrastructure goods movement are welcome, but they do not constitute a comprehensive regional growth strategy (Abbotsford Chamber of Commerce, 2026).

Regional actors — chambers of commerce, regional districts, and economic development offices — cannot wait for provincial cavalry that is unlikely to arrive at scale. The response to the tariff shock will need to be regionally coordinated and largely self-organised, leveraging existing federal programmes (Trade Commissioner Services, Export Development Canada, the Business Navigator network) and post-secondary capacity (UFV) rather than new provincial spending.

5. RESILIENCE PATHWAYS: CONCRETE OPTIONS FOR THE FRASER VALLEY

So what do we do about it? The Fraser Valley cannot wait for the political winds in Washington to shift. These pathways reflect what is realistically achievable in the near-to-medium term for this specific regional economy — not generic textbook responses but options calibrated to the Fraser Valley's actual geography, sector mix, and institutional capacity.

5.1 Focus on the West Coast Market, Not 'Canada'

"Sell more in Canada" is the right direction but wrong framing. The relevant domestic market for most Fraser Valley producers is not a national market — it's a West Coast market: BC, Alberta, and for CUSMA-compliant goods, the U.S. Pacific Northwest, which remains accessible at reduced or zero tariff rates and is geographically proximate.

A blueberry farmer in Abbotsford can serve the Seattle and Portland markets in a single truck run. Serving Toronto means a 4,000-kilometre journey and a fundamentally different cold-chain logistics operation. For fresh produce, the West Coast market — not interprovincial trade to Ontario — is the realistic diversification opportunity. For processed agricultural products, the interprovincial opportunity is real and should be pursued, particularly given federal legislation in June 2025 removing 53 exemptions to the Canada Free Trade Agreement (BCBusiness, 2025). But the transaction costs of reaching eastern Canadian markets need to be factored into the analysis, not glossed over with the aspiration of "selling more in Canada."

5.2 Double Down on Value-Added Processing

Raw commodity exports are tariff-bait. Processed goods carry lower effective tariff burdens, higher margins, and greater supply chain optionality. A lumber producer selling raw dimension lumber bears the full 45 percent combined border cost. A manufacturer selling finished engineered wood flooring or cabinetry faces 25 percent — still painful, but with more pricing flexibility and a value proposition that U.S. buyers are less likely to abandon entirely.

The same logic applies to agriculture. Fresh produce has limited market diversification optionality. Frozen, dried, packaged, or craft-processed products — think Fraser Valley frozen berries, packaged specialty dairy, small-batch craft beverages — can reach a wider range of markets and command premiums that absorb tariff costs more readily. The region's existing agri-food processing cluster is a genuine foundation for this shift. The policy priority should be reducing barriers to capital investment in processing facilities, including accelerated permitting and targeted financing access through EDC.

5.3 Coordinate the Regional Response

You can't solve a region-wide problem with a city-by-city approach. The tariff shock is hitting Abbotsford's blueberry farmers, Langley's cabinet makers, and Chilliwack's trucking firms simultaneously. A siloed municipal response will miss the opportunity to build a genuinely regional strategy — shared market intelligence, coordinated advocacy to federal and provincial governments, pooled support for export market development, and common messaging to investment attraction prospects.

The Fraser Valley Economic Summit (May 2026, UFV Abbotsford, hosted by the Fraser Valley Business Coalition and RBC) is exactly the kind of convening function this moment demands. It should be used not just as a networking forum but as a platform to develop and commit to a coordinated regional economic resilience strategy — one that the FVRD, regional municipalities, and chambers of commerce can jointly implement.

5.4 Address CUSMA Compliance as an Immediate Priority

For manufacturing exporters who are currently paying the 25 percent blanket tariff but whose products may qualify for CUSMA exemption, compliance certification is the single highest-return immediate action available. The tariff is not inevitable for most manufactured goods — it is avoidable for CUSMA-compliant trade. The barriers are administrative, not economic: understanding the origin rules, managing the documentation, and engaging qualified customs brokers.

Regional chambers of commerce and Trade Commissioner Services offices should jointly offer CUSMA compliance workshops and one-on-one advisory sessions for the Valley's export-dependent manufacturers. The cost of compliance support is trivial relative to the 25 percent tariff cost it can eliminate.

5.5 Invest in Workforce Adaptation

Trade disruption sheds workers in contracting sectors and creates demand in growing ones. In the current BC environment, the sectors most insulated from U.S. tariff exposure — professional services, healthcare, technology, and domestic construction — are also the most skills-intensive. Investment in retraining and skills upgrading, including through UFV's expanded programming in agriculture technology, trades, and health sciences, positions the Fraser Valley workforce for the demand profile of the post-disruption economy rather than the pre-disruption one.

6. ECONOMIC OUTLOOK FOR THE FRASER VALLEY: SCENARIOS

The trajectory of the Fraser Valley economy through 2026 and 2027 depends heavily on the evolution of U.S. trade policy. The following three scenarios bracket the realistic range of outcomes.

Scenario	Key Assumption	Fraser Valley Impact	Probability
Base Case	CUSMA exemptions maintained; current tariff levels persist through 2026	Sub-trend growth 1.0–1.5%; unemployment elevated 0.5–1.0 pp above pre-tariff baseline; forestry and some agricultural sub-sectors contract; construction and services provide partial offset	~60%
Downside	CUSMA renegotiation fails; tariff escalation; retaliation expands	Recession conditions in forestry and manufacturing; unemployment rises 1.5–2.0 pp; significant business closures in most-exposed export industries	~25%
Recovery	U.S. tariff rollback; CUSMA renewal stabilises trade; lumber duties reduced	Export recovery; investment returns; GDP growth returns to trend (2.0%+) by 2027	~15%

Note on Scenario Probabilities

The probability assessments above (60%, 25%, 15%) are derived from a qualitative synthesis of the range of public forecasts from TD Economics, RBC, and the BC Ministry of Finance, cross-referenced with the author's assessment of political and legal constraints on U.S. trade policy as of March 2026, including the U.S. Supreme Court ruling on IEEPA authorities and the CUSMA review timeline. They are not derived from a formal quantitative model; they represent a reasoned judgment of the range of plausible outcomes, offered in the interest of transparency about the analytical process.

The base case is consistent with BC's provincial economic consensus forecast of 1.3 percent real GDP growth in 2026 (BC Ministry of Finance; TD Economics; RBC Economics). The Fraser Valley's specific trajectory may be modestly weaker than the provincial average given its higher U.S. export concentration, though its economic diversity — agriculture, healthcare, education, domestic services — provides partial insulation that more forestry-dependent interior communities do not have.

7. POLICY RECOMMENDATIONS

The Fraser Valley cannot afford to wait for the political winds in Washington to shift. Here is what regional governments, businesses, and the province should prioritise right now — organised by actor.

7.1 For Regional Governments

- **Vulnerability mapping:** Commission a Fraser Valley Tariff Vulnerability Inventory — not just a list of exporters, but a firm-level mapping of actual risk: which businesses have thin margins, which have concentrated U.S. buyer relationships, which are most exposed to input cost increases from retaliation. Exposure rankings by city are a starting point; vulnerability analysis by firm is what drives useful policy.
- **Business retention:** Prioritise business retention outreach to export-exposed firms, connecting businesses with federal Trade Commissioner Services, Export Development Canada financing, and BC's Business Navigator support programmes. The emphasis should be on CUSMA compliance support — the immediate, highest-return intervention.
- **Regional advocacy:** Advocate for region-specific manufacturing competitiveness support: accelerated permitting for value-added processing investment, enhanced workforce training funding through UFV, and infrastructure investment in the logistics corridor supporting interprovincial and intra-provincial trade.

7.2 For Businesses

- **Check CUSMA compliance first:** If you're paying the 25% blanket tariff and your product is manufactured in Canada, get a CUSMA compliance assessment immediately. For many manufacturers, the tariff is avoidable — the barrier is administrative, not structural.
- **Conduct an export market audit:** Use Trade Commissioner Services to conduct an export market audit. Identify your five largest U.S. buyers, assess their substitution options, and determine which relationships are at genuine risk. Then identify the one or two alternative markets — most likely BC, Alberta, or the U.S. Pacific Northwest — where you can redirect volume with the least logistical friction.
- **Value chain analysis:** Analyse your value chain for tariff reclassification opportunities. A product facing 45% as a raw commodity may face 25% as a processed good. That difference is worth a thorough analysis of what value-added steps are feasible within your existing operation.

7.3 For the Provincial Government

- **Make internal trade real:** Invest in making internal trade liberalisation real, not just legislated. Harmonised professional licensing, procurement reciprocity, and logistics infrastructure supporting interprovincial trade are durable economic dividends that outlast any trade war.
- **Targeted workforce transition:** Target workforce transition programming specifically to the communities most affected — Abbotsford, Langley, Chilliwack — rather than relying on province-wide programmes that are not regionally calibrated. UFV is the natural delivery mechanism.

8. CONCLUSION

The 2025–2026 U.S. tariff shock is the most significant external disruption to the Fraser Valley economy since the 2008–09 financial crisis. The region's high concentration of U.S.-exposed exporters, the staggering lumber duty burden, the administrative complexity of CUSMA compliance, and the constrained provincial fiscal environment are creating genuine, compounding stress.

But the analysis in this report counsels against both panic and complacency. The worst-case provincial scenario — C$69 billion in losses, 124,000 jobs eliminated — was always more political signal than economic baseline. The actual trajectory is a slower, more uneven deterioration: forestry and some agricultural sub-sectors contracting, investment delayed, household incomes squeezed — a persistent drag rather than a sudden collapse. That's harder to communicate but more accurate, and it demands a sustained strategic response rather than emergency measures.

The most consequential insight from this analysis is the distinction between exposure and vulnerability. The Fraser Valley is highly exposed to U.S. tariffs by almost any measure. But vulnerability — the actual capacity to absorb the shock — varies enormously by sector, by firm size, by margin depth, and by the availability of CUSMA exemptions. Policy and business strategy should be calibrated to this heterogeneity, not to an aggregate exposure ranking.

The Fraser Valley's path forward runs through three priorities: accelerating the West Coast market strategy that is immediately accessible for many producers; investing in value-added processing that shifts products into lower-tariff categories and more diversifiable market positions; and building the regional coordination infrastructure — through the FVRD, chambers of commerce, and institutions like UFV — that allows the Valley to respond to trade disruption at the scale of the problem rather than one municipality at a time.

This report is a contribution to that effort — a more rigorous, honest baseline assessment of where the Fraser Valley stands and a more concrete map of where it needs to go.

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About the Author

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About Streetwise Economics

Streetwise Economics produces applied economic research, policy analysis, and strategic advisory services for regional governments, community organizations, and private sector clients in British Columbia and beyond. Our work is data-driven, independently produced, and designed to support evidence-based decision-making at the community and regional level.

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