



## BC BUDGET BACKGROUNDERS CANADIAN MANUFACTURERS & EXPORTERS

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### *Economic Outlook:*

The BC Provincial budget paints a bleak economic picture in the face of tariffs from the United States and broader, more global economic uncertainty. The economic projection for the next four years would be

- GDP growth over the next four years to decline to 0.3%
- Real GDP in 2024 is \$337.2B and only expected to grow to \$362.5B by 2029. This would be \$9.6B lower than the non-tariff scenario.
- Corporate profits expected to be significantly lower, particularly in manufacturing and resource spaces.
- 45,000 fewer jobs by 2029 than in the non-tariff scenario.

### *Fiscal Outlook:*

The Provincial government plans to increase spending significantly in response to the economic challenge posed by the new US tariffs. Although this, in and of itself is not an unfair response, it is now built upon deficits of previous years. Unfortunately, this is the rainy day we should have been saving for.

- Government expenses set to increase from \$92B in this fiscal year to \$98B by the end of fiscal 2028
- Government deficit expected to increase from \$9.1B this fiscal year to \$10.9B next year and expected to decline to \$9.8B by fiscal 2028.
- Total debt is expected to increase from \$133B this year to \$208.8B by fiscal 2028.
- The debt to GDP ratio increases significantly from 22.9% to 34.4% with interest becoming nearly seven cents of every dollar raised by government.

### *Tariff Response:*

The provincial budget highlighted a number of planned responses to new tariffs to try and support the BC economy. CME believes these measures will have a positive impact, but most of these are already under way, were previously announced, or are not yet funded. They include:



- Reducing internal trade barriers
- Speeding up major projects
- The Integrated Marketplace Initiative
- Trade Diversification Programs
- The BC Manufacturing Jobs Fund

#### Program Announcements:

There are unfortunately no new announcements that directly support manufacturing. There is no new funding yet announced for the BC Manufacturing Jobs Fund, Trade Diversification Programs. Other potential responses also seem to be unfunded. They include a commitment to purchase more BC and Canadian made goods and a program to support, market and brand BC made goods. CME will continue to pressure government to be more supportive of manufacturing in its response to tariffs.

#### Contact

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Source: Canadian Manufacturers & Exporters