



PRESENTATION TO PACIFIC NORTHWEST REGIONAL ECONOMIC CONFERENCE

British Columbia Economic Outlook

Chris Lawless | Mystic Vale Economics | May 21, 2025

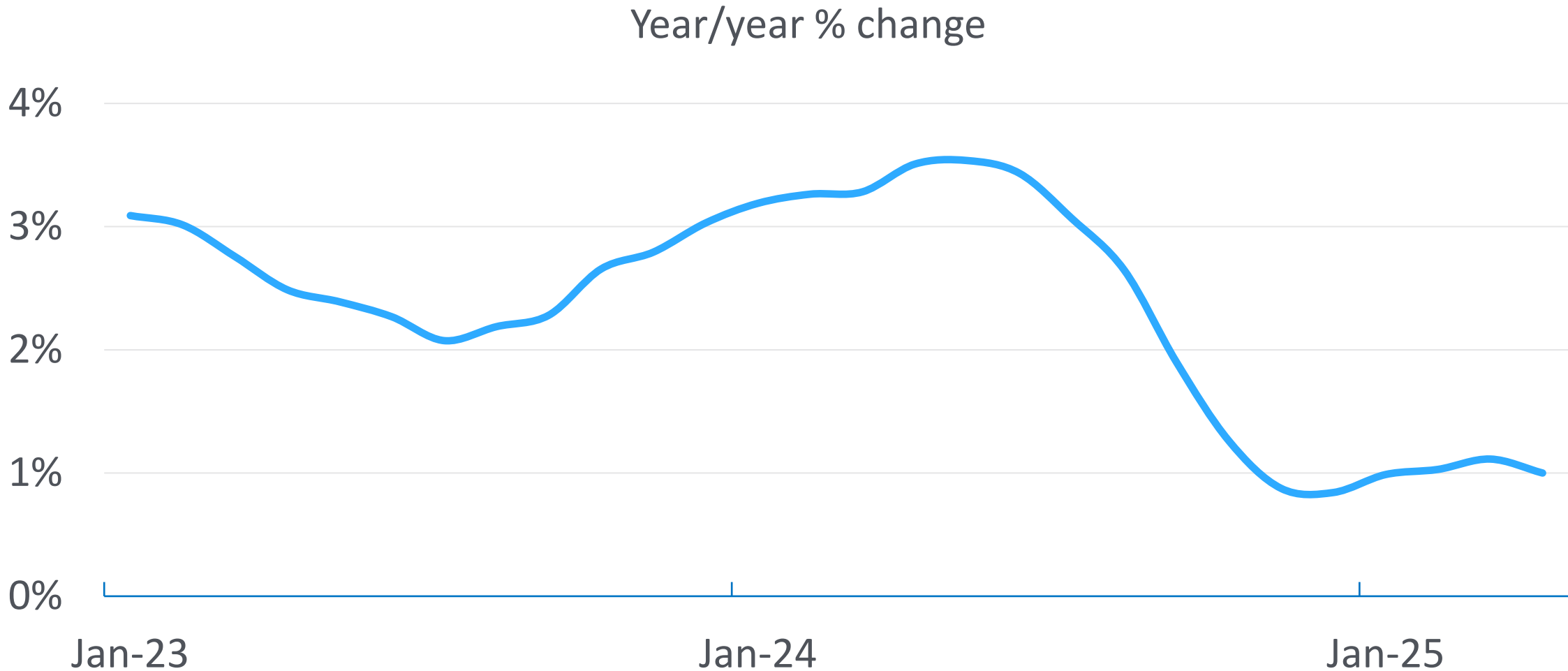
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Overview

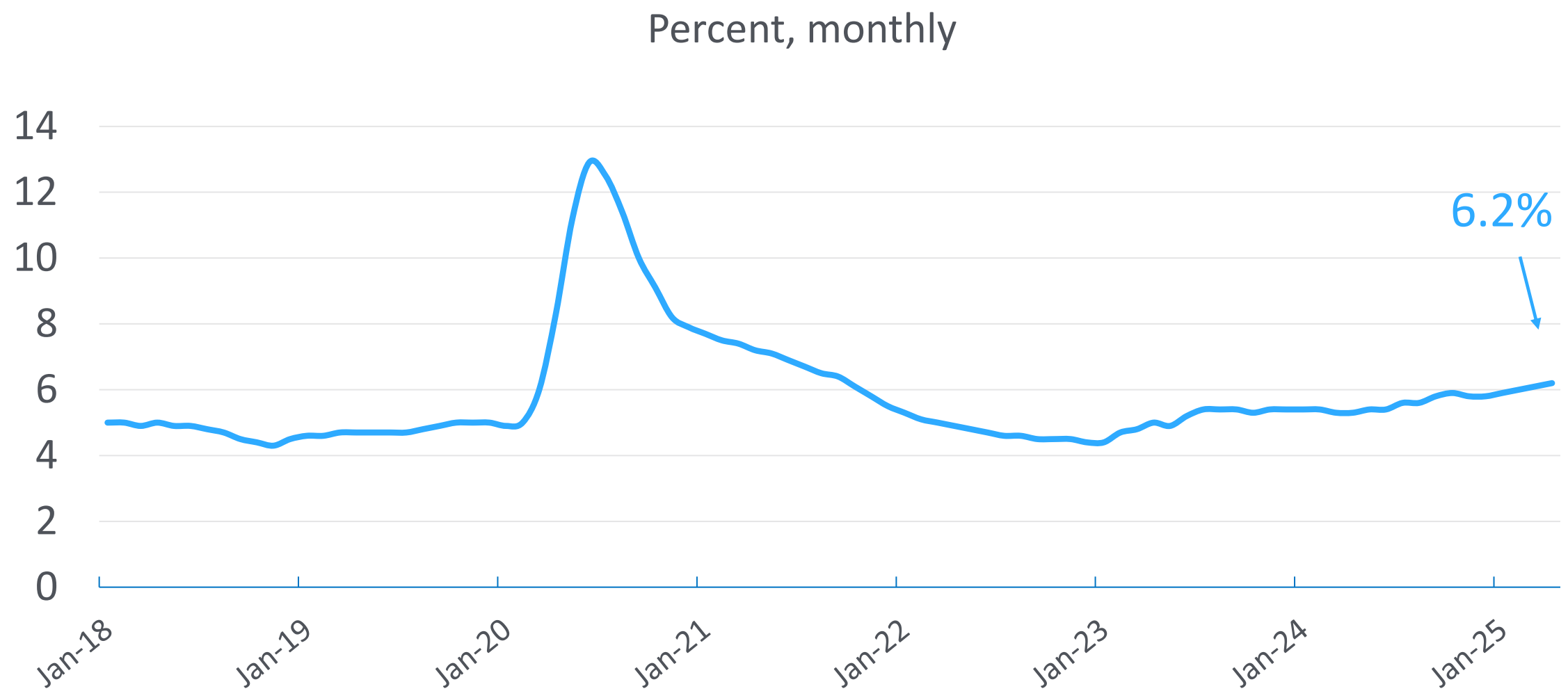
- Where we were at end of '24:
 - BC economic growth estimated at 1.2%
 - Affordable housing supply THE major policy issue
 - Followed by trade uncertainty from the US
- Early 2025:
 - Trump tariffs shocked markets & US friends
 - New Canadian political & economic landscape
 - B.C. finances: credit rating cut by S&P, Moody's



B.C. employment

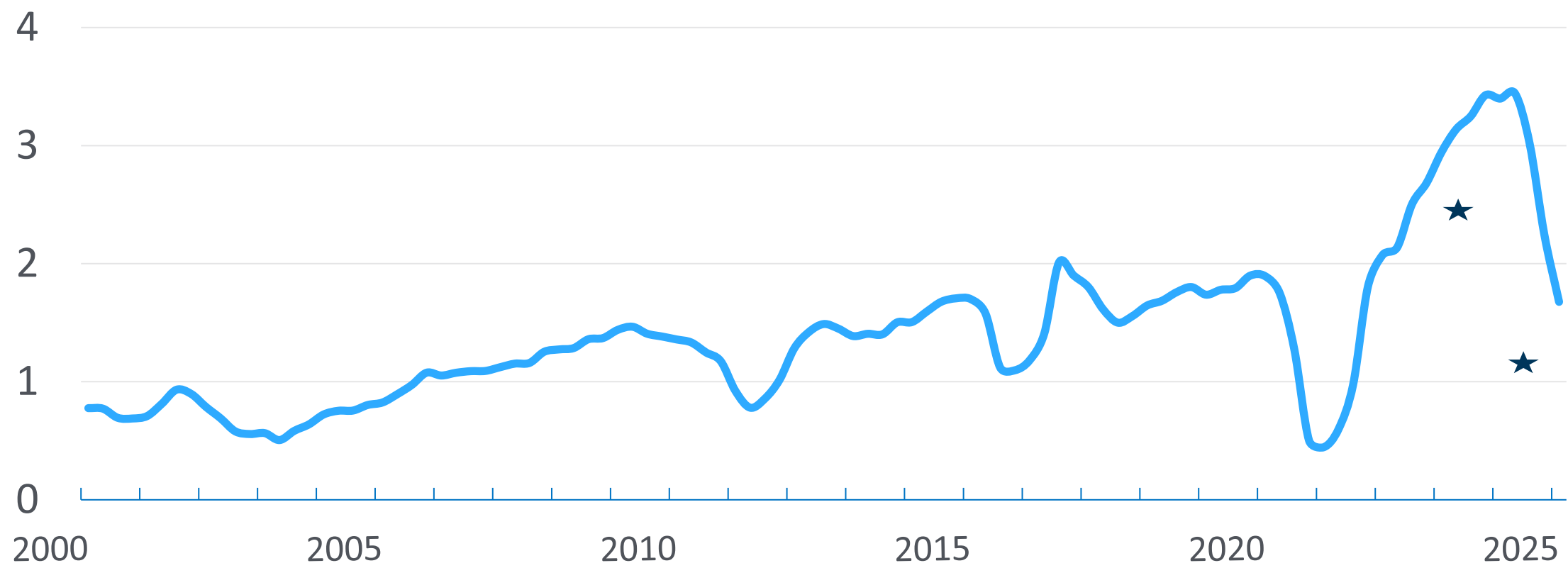


B.C. unemployment rate



Population grew faster than real GDP post-pandemic

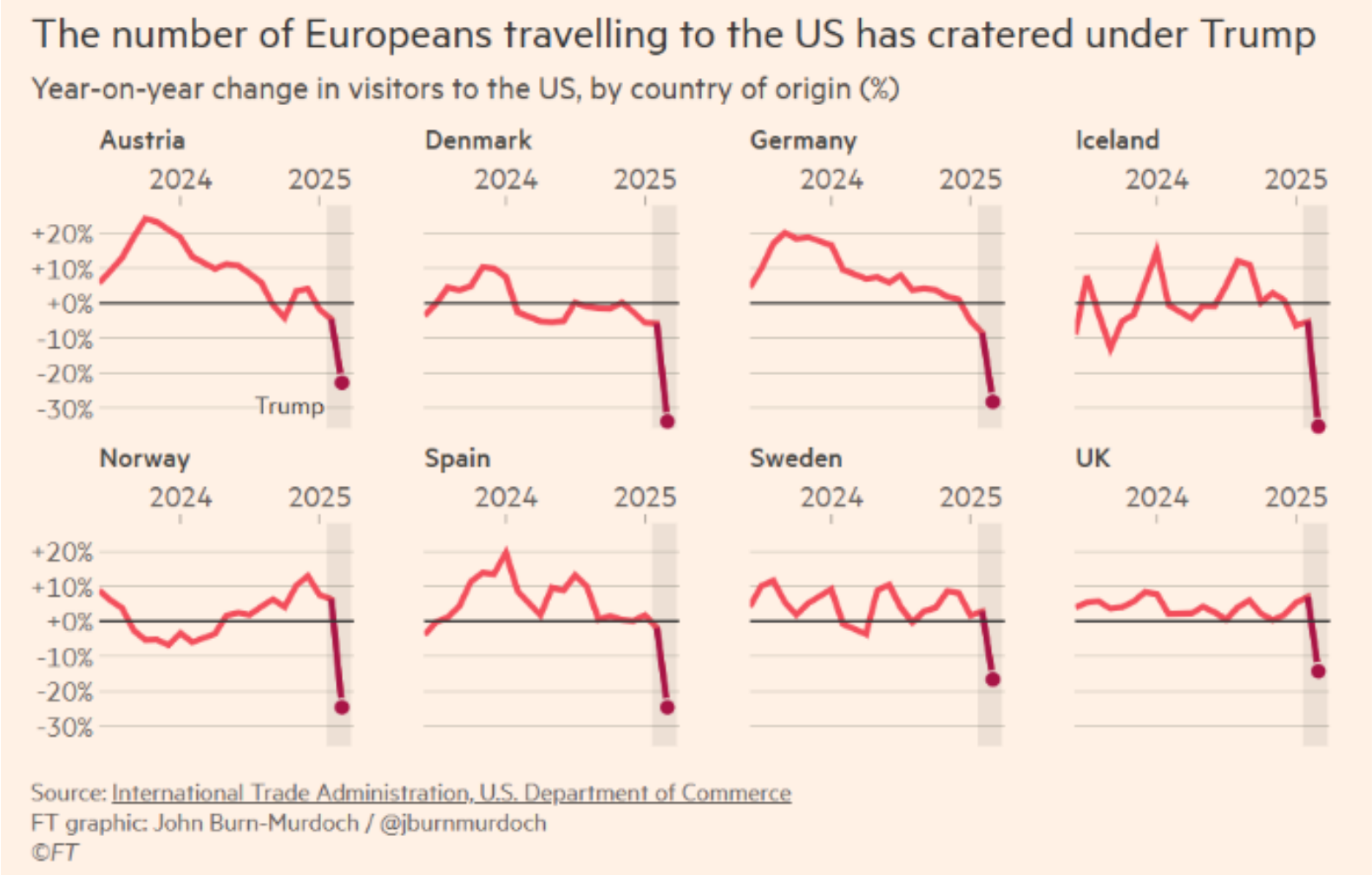
B.C population, year/year % change, quarterly



B.C. housing supply running below requirements



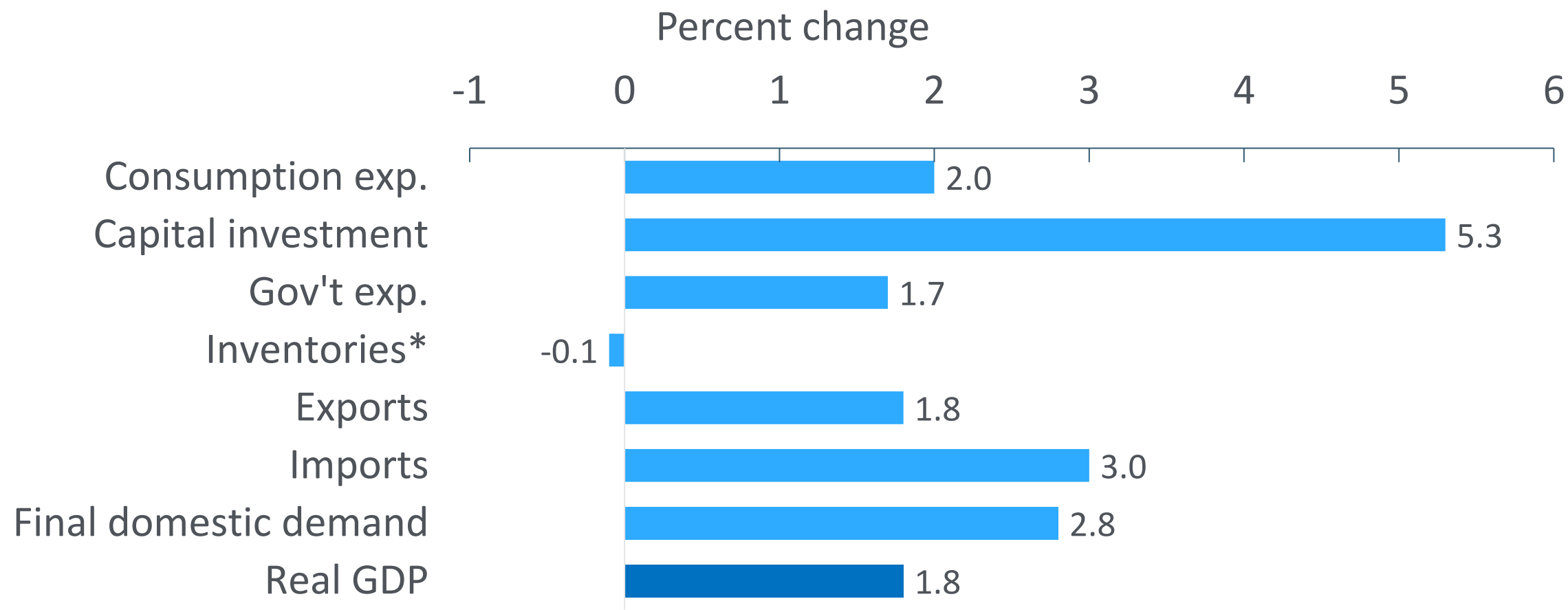
Travel to U.S. down



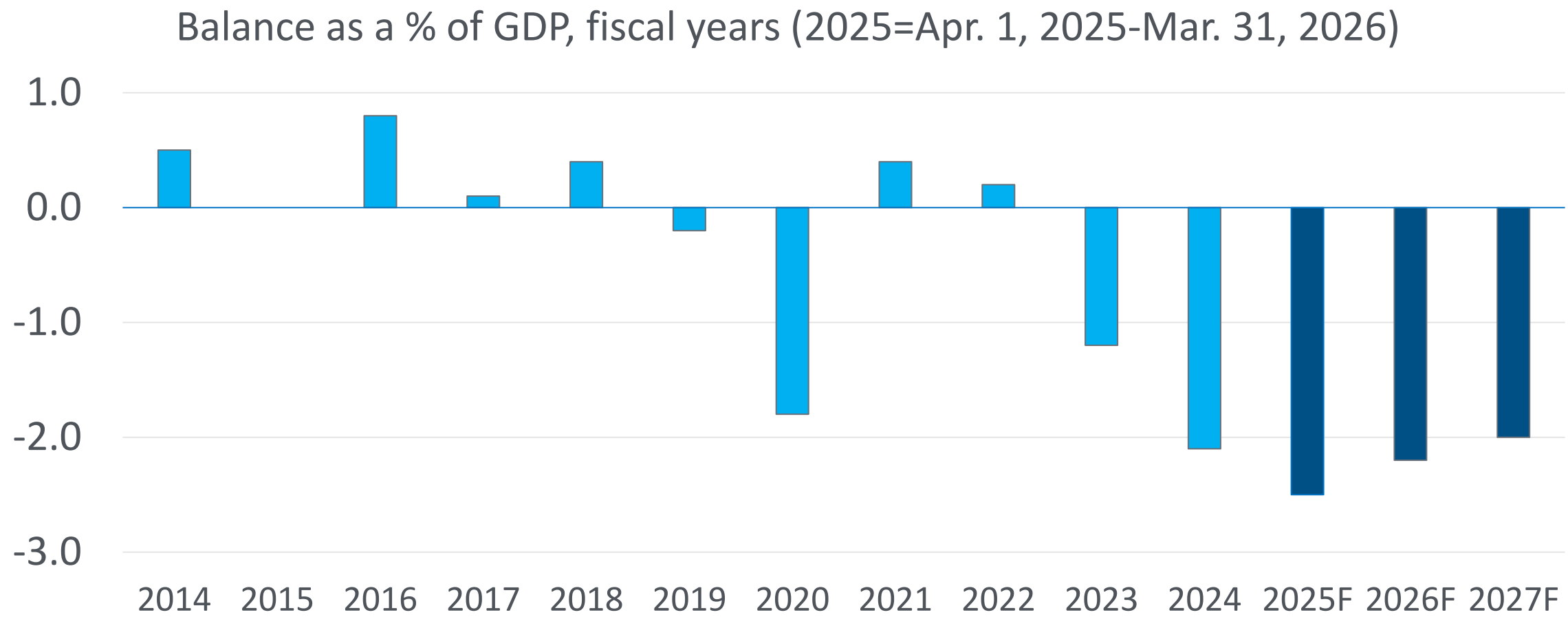
British Columbia – key indicators

	Month	Year-to-date % change
Employment	April	+1.0
Unemployment rate	April	+0.7
Housing starts	March	-16.1
Retail sales	February	+6.9
Restaurant & bar sales	February	+5.0
Manufacturing sales	February	+3.7
Export value	March	+3.9
Average hourly earnings	April	+3.3

2025 B.C. Budget real GDP outlook



B.C. provincial fiscal balance



Consumer carbon tax eliminated after B.C. budget

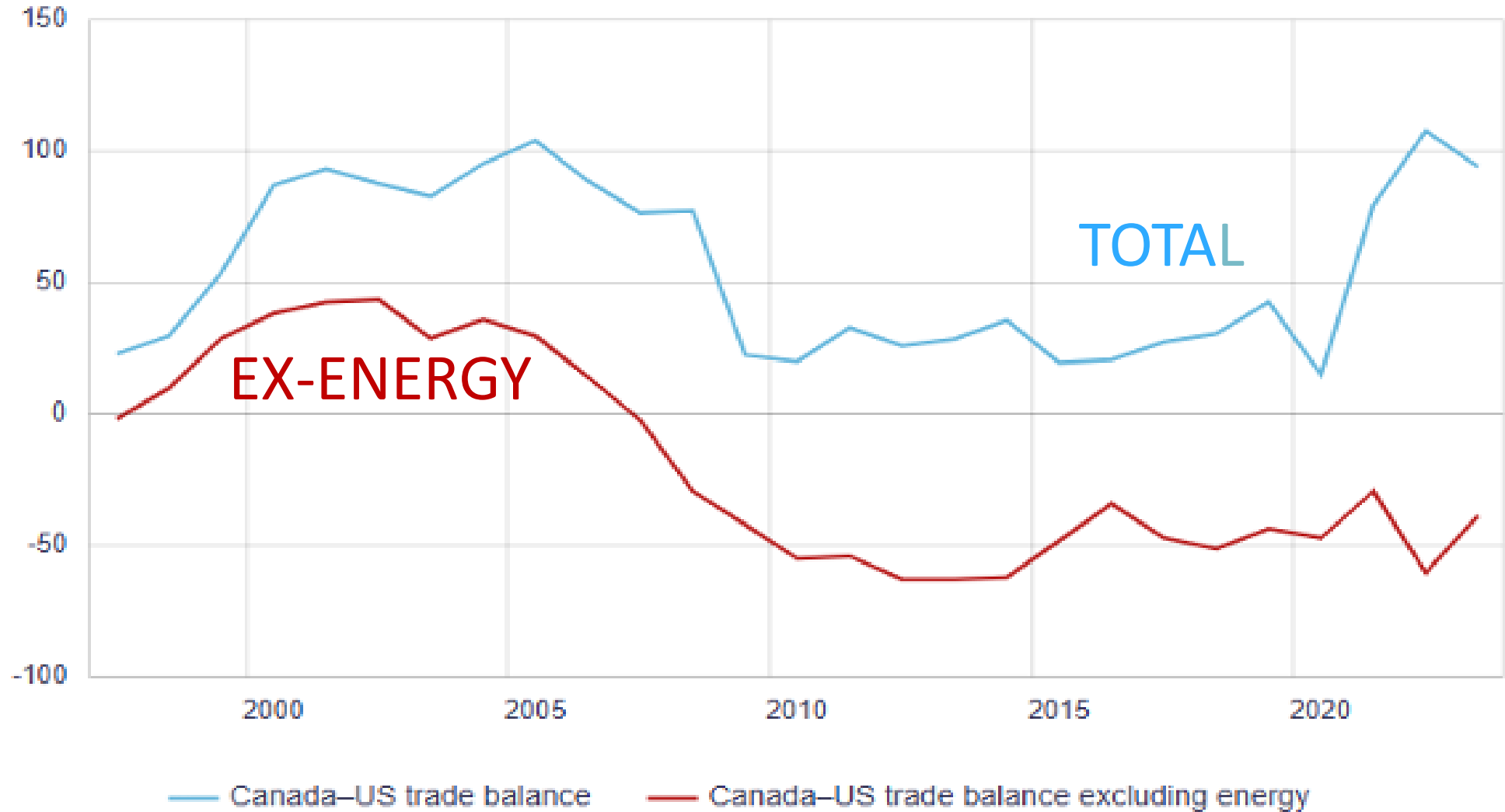
- Federal and B.C. consumer carbon taxes eliminated April 1, 2025
- B.C.'s carbon tax began July 1, 2008:
 - \$80/tonne to April 1, 2025; was to increase \$15 every year until it hit \$170 per tonne in 2030
 - 17.61 cents/litre of gasoline – about 47 US cents/US gallon
 - 15.25 cents/M³ of natural gas
- 80% of consumers received larger carbon tax rebates than they paid in tax
- Emissions pricing scheme for large industrial emitters continues

U.S. April 2-9 tariffs on Canada

- 25% tariffs on steel and aluminum
- 25% tariffs on non-CUSMA compliant goods for US national emergency reasons
- ~12.5% tariffs on autos (on ~50% of non-US content in Canadian-built vehicles)
- Tariffs on pharmaceuticals, big increases on lumber (14.4% > 34.5%)
- Avoided 10% minimum tariff and far higher tariffs applied to many other countries
- Uncertainty about the tariff landscape when latest 90-day US 'pause' ends...

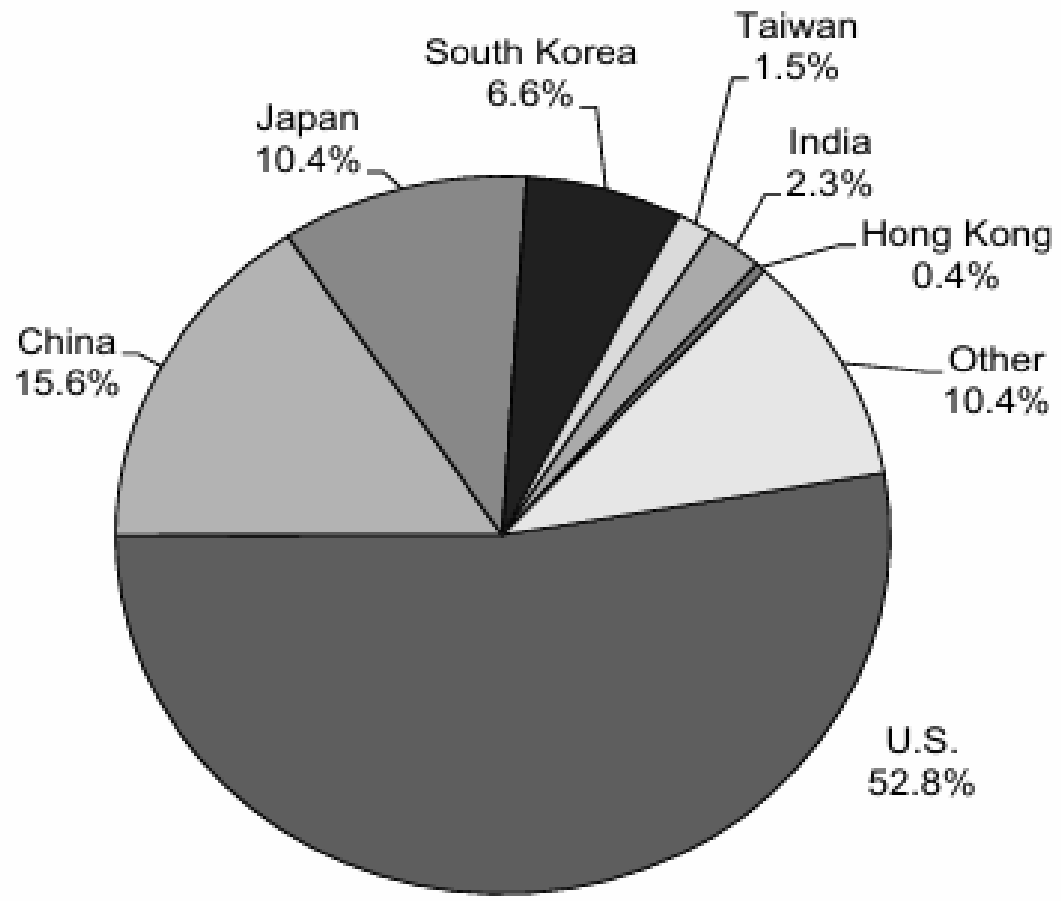
Trade deficit with U.S. is NOT '\$350 bn.' or even '\$200 bn.'

Canada–US trade balance in Can\$ billions, annual data



B.C. export markets more diversified than rest of Canada

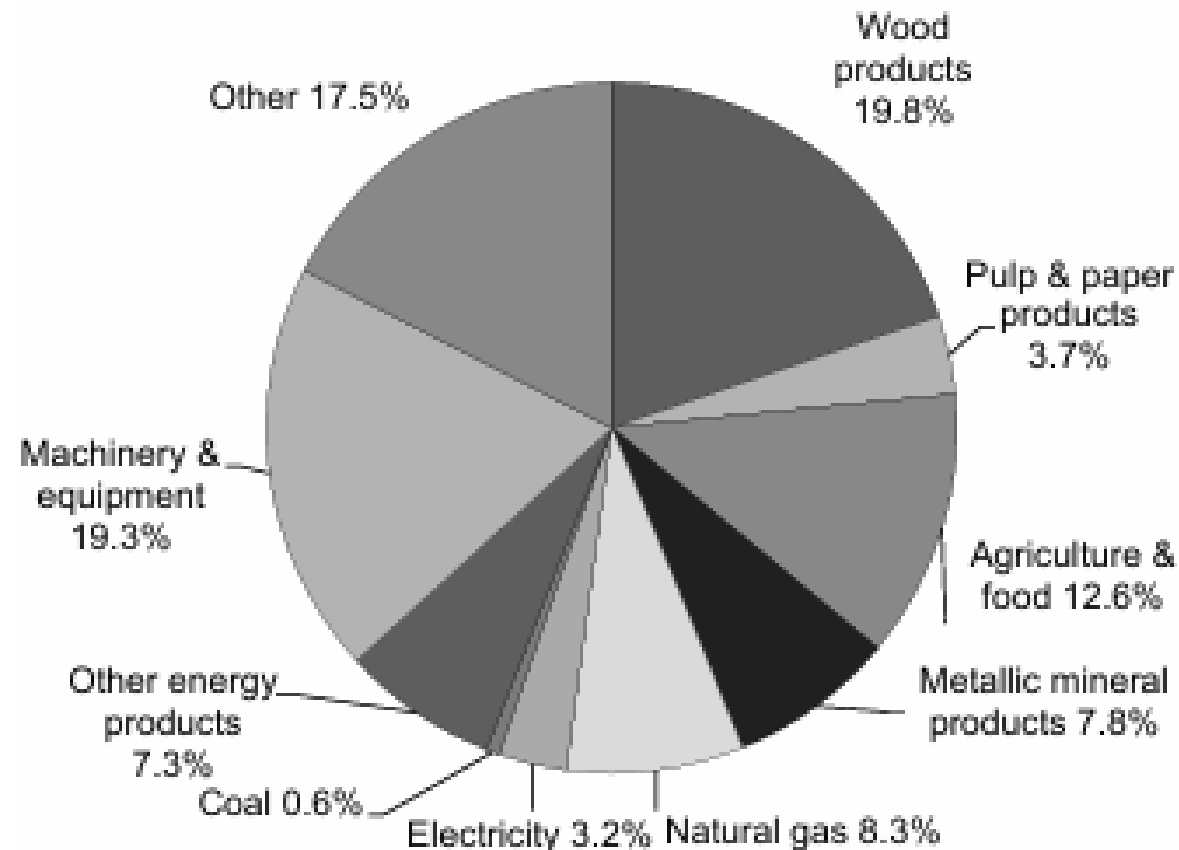
**B.C. share of goods exports
by destination, 2024**



*U.S. ~75%
of exports of
rest of Canada*

....B.C. exports to U.S. are resource-oriented

B.C. share of goods exports to the U.S. by commodity, 2024

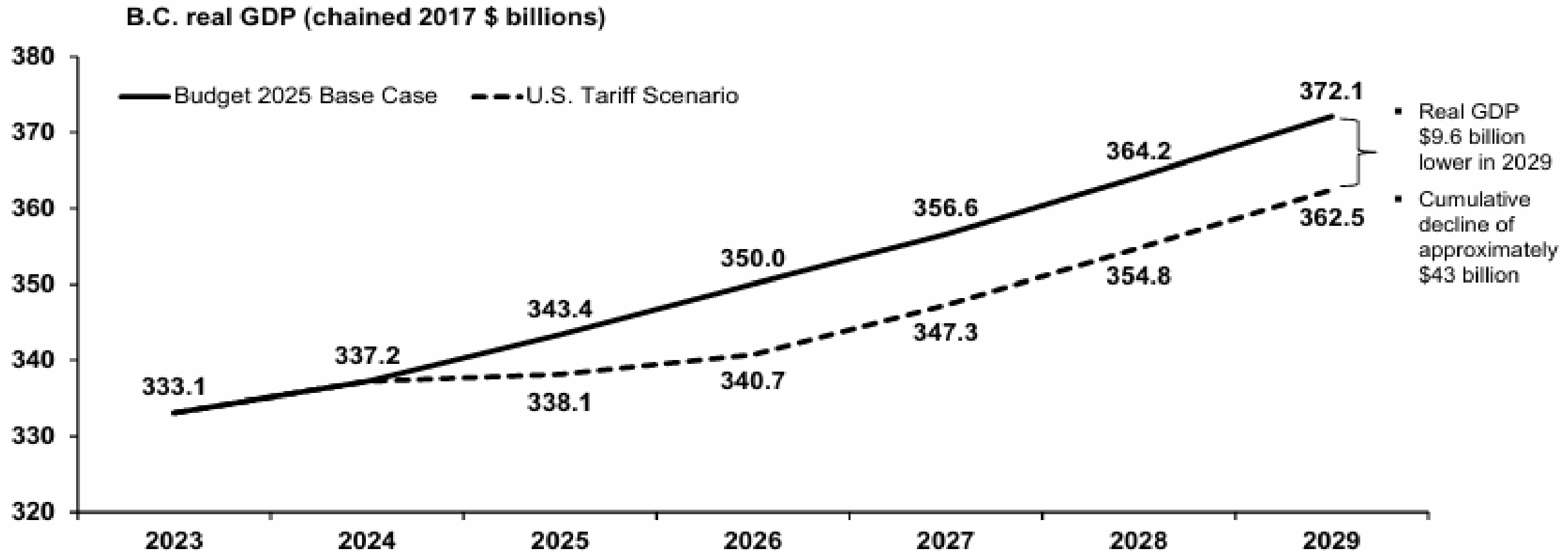


Range of tariff impacts on B.C.

- Real GDP: -1.2% to -2.6% by 2028/29
- Employment: -1.5% to -4.1% by 2028/29
- Unemployment rate: +0.7% to +1.7% in 2026
- Corporate profits: -10% to -15% annually
- Provincial gov't revenue: -1.7% to -3.4% annually

NOTE: Compares to MoF budget base case. Analysis from March does not match evolving U.S. tariffs or Canadian response.

Tariff impacts on British Columbia GDP



Prime Minister Mark Carney:

“Canada’s old relationship with the United States – based on deepening integration of our economies and tight security and military co-operation – is over.”

