



# TRADE CONFIDENCE INDEX

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**Global outlook according  
to Canada's exporters**

Export Development Canada's  
2025 year-end survey

March 2026

Canada



# ABOUT THE TRADE CONFIDENCE INDEX

- For more than 25 years, EDC's biannual *Trade Confidence Index* (TCI) has captured the perspectives of more than 1,200 Canadian exporters, revealing information not readily available in traditional trade statistics. The index showcases the concerns and expectations Canadian exporters have for the next six months, as well as their evolving international strategies.
- The index aggregates business expectations across five core dimensions: Domestic sales, export sales, domestic economic conditions, global economic conditions and international business opportunities. By capturing how firms assess both current conditions and the outlook ahead, the TCI provides a forward-looking gauge of trade confidence. Because it reflects exporters' expectations and risk perceptions—such as concerns related to global growth, trade policy uncertainty, tariffs and financing conditions—the index is particularly useful for identifying emerging pressures before they're fully reflected in trade volumes or investment data.
- The TCI serves as a practical tool for Canadian exporters to benchmark their own expectations against those of their peers, support strategic decisions around market entry, investment timing and risk management.

# KEY THEMES

1. Despite all the uncertainty, the **year-end TCI rose** four index points since the mid-year survey, settling at 69.7. The TCI remains **below its historical average**. Trade confidence is **recovering from the fourth-lowest score** in its history, but exporters are planning for uncertainty—not betting on stability.
  - Exporters are finding **pockets of growth and opportunity** where they can control outcomes such as refining sales strategies, targeting high-potential markets and building stronger partnerships. Sentiment is higher for export sales, domestic sales and international business opportunities.
  - Sentiments toward **domestic and global economic conditions (external factors)** rank lower than other drivers of trade confidence.
2. The majority of exporters **plan to enter new markets** in the next two years.
  - The share of companies that start exporting into multiple global markets **more than tripled in the last 10 years**.
3. The **U.S. continues** to serve as a primary market, but **Europe and the Asia-Pacific** are where exporters are placing their next bets.
  - Exporters have set their sites on Germany, France, the United Kingdom (U.K.), Australia, Japan and China.

# KEY THEMES

4. Growth is possible, but it depends on exporters overcoming **tariff pressures, financing constraints and the complex rules of trade.**

- Tariffs are the top concern, alongside difficulties in finding customers, navigating complex political and regulatory environments and securing reliable suppliers, partners and distributors.
- One-third of Canadian exporters will **require financing** in the next two years to fund their market diversification plans, but access to financing is a key barrier.
- **Free trade agreements (FTAs)** address key barriers for exporters, but remain underleveraged.

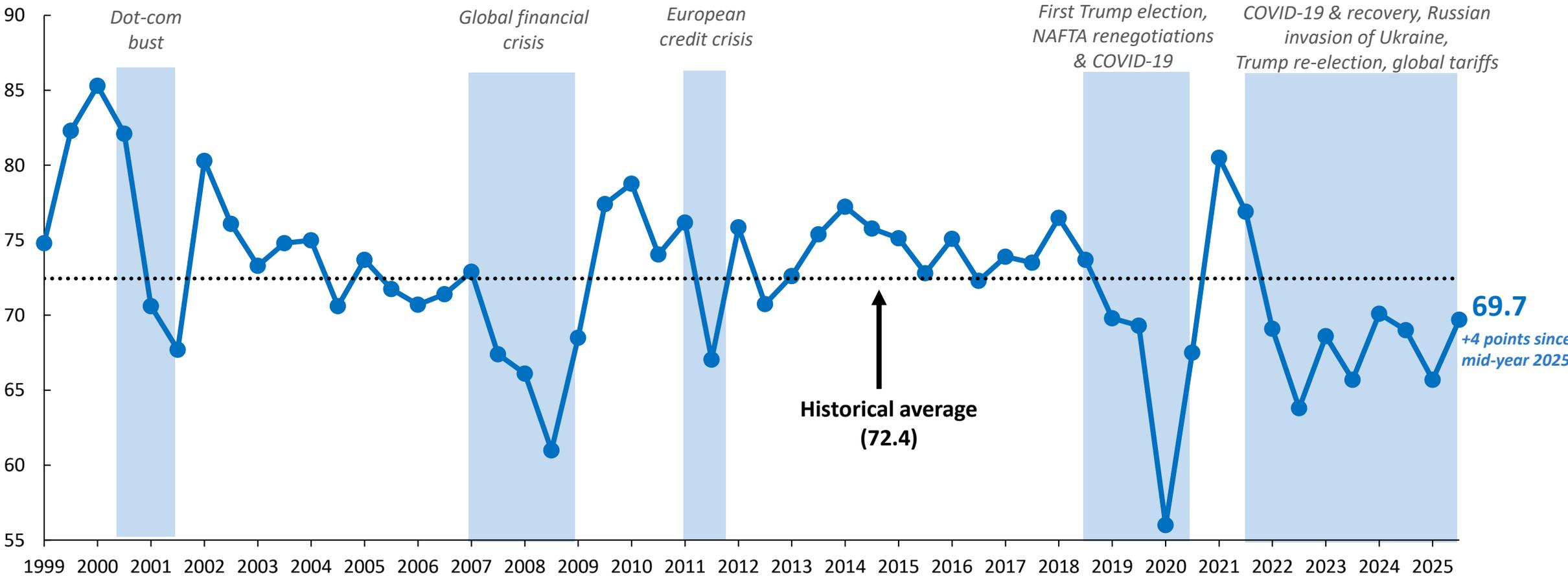
5. Exporters are **investing to remain competitive**—building capacity at home and a stronger presence abroad.

- Almost one-third of exporters have investments outside of Canada.
- Slightly less than one-quarter of exporters are investing in trade-enabling productivity enhancement.

# Exporters are approaching the next six months with measured caution rather than outright confidence, clearly bracing for continued volatility.

## Trade Confidence Index score

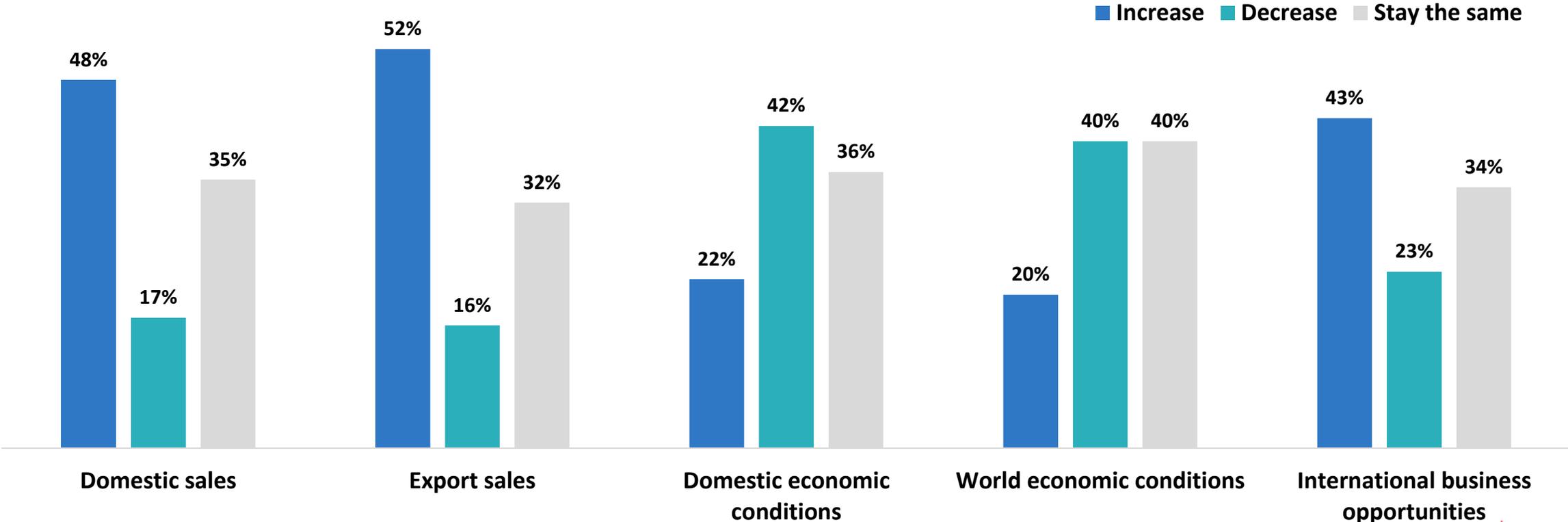
Index score—solid blue line; historical average score—dotted black line



**Exporters are uncovering pockets of growth where they can shape outcomes—from sharpening sales strategies to focusing on key markets and strengthening partnerships. Yet, economic headwinds and trade policy uncertainty, especially tariff risks, remain major obstacles that create doubt.**

**TCI COMPONENTS: Based on whether each is perceived to increase, decrease, or remain the same\***

% of exporters who completed all five TCI questions



6 Note: \* Perceptions are for the next six months



# Companies that export beyond the U.S. exhibit higher trade confidence and have a more positive outlook on global economic conditions, international business opportunities and export sales.



Trade confidence when exporting to the **U.S. only**

*Trade confidence for U.S.-only exporters is 3.9 points below the overall average.*

**65.8**



Trade confidence when exporting to the **U.S. and other countries**

*Trade confidence is 0.7 points higher among companies that export to the U.S. and other countries.*

**70.4**



Trade confidence when exporting to countries **excluding the U.S.**

*Trade confidence is 3.3 points higher among companies that export exclusively outside the U.S.*

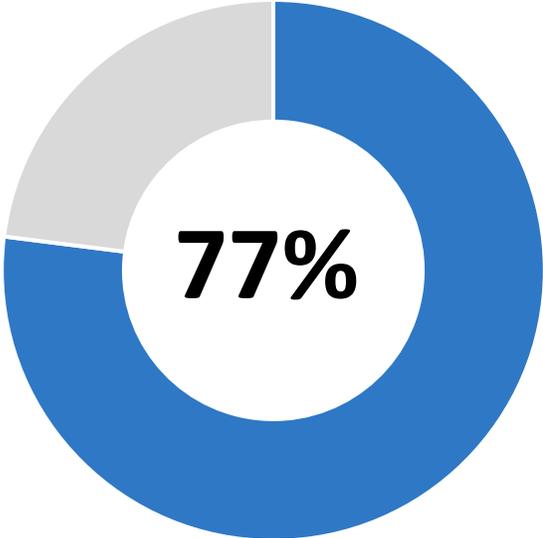
**73**

Trade confidence overall (baseline for all exporters)

**69.7**

# More than three-quarters of exporters cite the U.S. as their primary market, underscoring continued dependencies. However, they're also demonstrating a strong preference for Europe and Asia-Pacific.

This distribution highlights a strong reliance on the U.S. alongside relatively lower penetration into other global markets.



**of exporting respondents are active in the U.S.**

## TOP CURRENT EXPORT REGIONS OUTSIDE THE U.S.

% of exporters

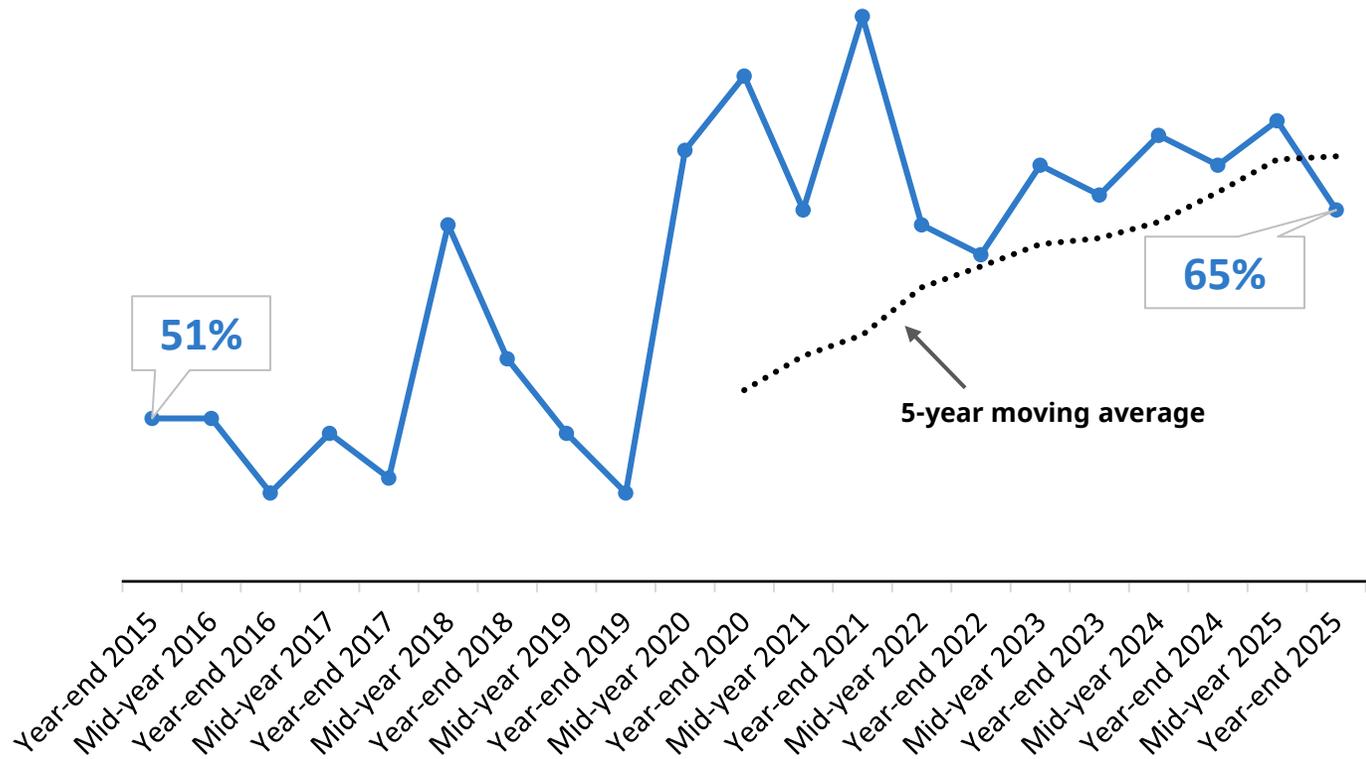
- 1. Europe (45%)
- 2. Asia-Pacific (30%)
- 3. Latin America and the Caribbean (20%)
- 4. Mexico (18%)
- 5. Middle East and Africa (17%)

Note: Totals don't add up to 100% because multiple responses are permitted.

# U.S. dependency is strong—but so are plans to diversify. Most Canadians exporters (65%) are planning to enter new markets, including those that have historically relied on the U.S.

## PLANNED INTENTIONS TO DIVERSIFY

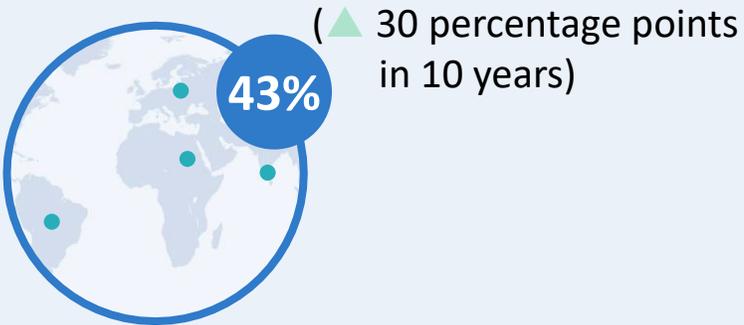
% exporters



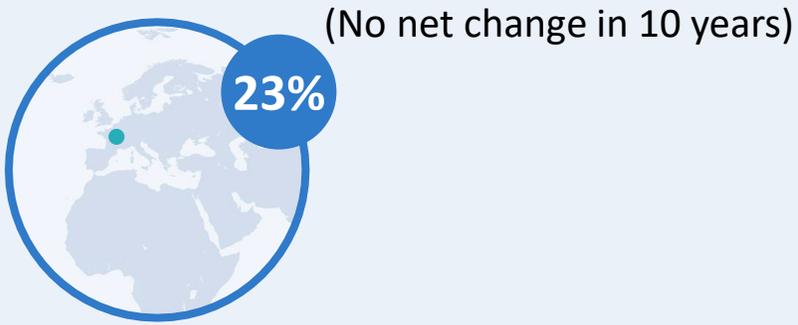
- Intentions to diversify are stabilizing after years of fluctuation, due to changing global economic conditions, government incentives and increased costs and competition in the U.S.
- Despite a drop from mid-year to year-end 2025, the trendline shows that plans to enter new markets are reaching a new post-COVID-19 normal.

An increasing number of companies are diversifying or launching their export journey beyond the U.S., signalling a significant long-term shift in market entry strategies. Rather than treating the U.S. only as a first step, businesses are increasingly adopting a global-first approach.

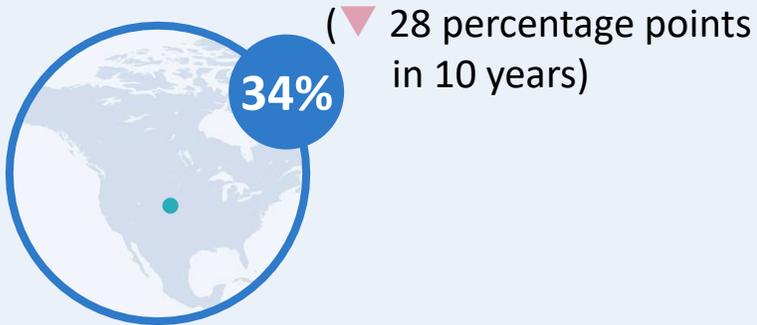
### MARKET ENTRY PATTERNS HAVE CHANGED SINCE 2015



Started with multiple global markets



Started with one market outside the U.S.



Started in the U.S.

10 Note: Percentage points measure the absolute change between two percentages.

# Exporters tend to pursue market diversification incrementally, starting with low-barrier actions that help validate opportunities before committing resources. The steps a company will take vary based on global footprint.

A company's approach to market diversification is shaped by their growth strategy, confidence and exposure to global markets.



## U.S.-ONLY EXPORTERS

Exporters only exporting to the U.S

### Top market diversification actions:

- Securing new partners
- Seeking government grants and incentives
- Obtaining export financing



## OTHER MARKETS ONLY

Exporters operating exclusively outside the U.S.

### Top market diversification actions:

- Participating in international trade shows or virtual expos
- Hiring local representatives or distributors in target markets
- Researching their competitive advantage



## U.S. & OTHER MARKETS

Exporters active in the U.S. and other markets

### Top market diversification actions:

- Participating in international trade shows or virtual expos
- Securing new international suppliers or partners
- Hiring local representatives or distributors in target markets

**Diversification isn't concentrated in a single "next best" region but spread across multiple options. Europe and the Asia-Pacific are the Top 2 regions cited for near-term expansion. Many companies are still pursuing incremental growth in familiar, nearby markets.**

### **TOP PLANNED EXPORT REGIONS IN THE NEXT TWO YEARS**

% of exporters

**1. Europe (28%)**

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**2. Asia-Pacific (19%)**

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**3. Middle East and Africa (16%)**

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**4. U.S. (16%)**

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**5. Latin America and the Caribbean (15%)**

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**6. Mexico (13%)**

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### **TOP PLANNED EXPORT MARKETS IN THE NEXT TWO YEARS**

% of exporters

**1. Germany (13%)**

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**2. France (12%)**

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**3. United Kingdom (U.K.) (12%)**

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**4. Australia (8%)**

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**5. Japan (7%)**

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**6. China (7%)**

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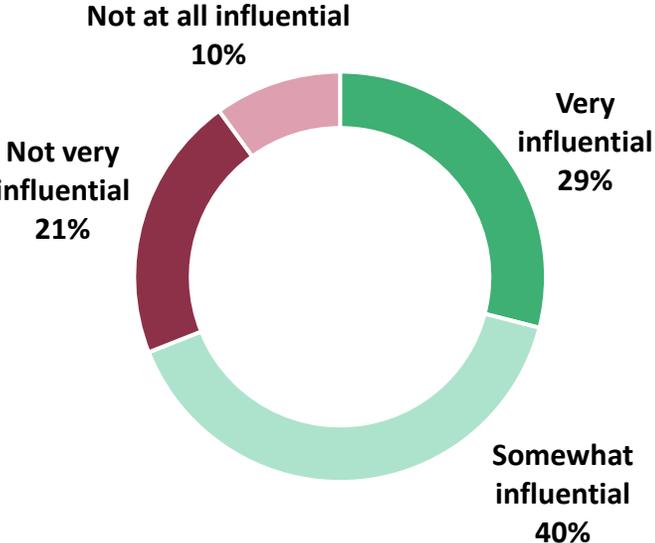
# Most exporters (69%) say FTAs are somewhat influential when choosing where to do business, underscoring their role as a key enabler of market entry and diversification.

Free trade agreements (FTAs) reduce or eliminate tariffs on goods, giving Canadian exporters a competitive edge. For service providers, FTAs make it easier for people to cross borders. Canada has 15 FTAs with 51 countries, providing access to more than 1.5 billion global consumers. **Most exporters use some form of trade agreement**, with CUSMA cited most often.

FTAs help reduce the barriers exporters find most difficult to overcome, including tariffs, trade friction and regulatory complexity. **Still, 29% of eligible exporters aren't using FTAs, despite their role in reducing trade barriers.**

## HOW INFLUENTIAL ARE FTAs

% exporters



## FTAs BEING USED

% exporters

- 64%** of eligible exporters currently selling to the U.S. use CUSMA  
Canada-United States-Mexico Agreement
- 50%** of eligible exporters currently selling to the European Union use CETA  
Comprehensive Economic and Trade Agreement. Only ratified countries are included, excluding Estonia, Lithuania, Luxembourg and Malta.
- 24%** of eligible exporters currently selling to the Asia-Pacific use CPTPP  
Comprehensive and Progressive Agreement for Trans-Pacific Partnership. Only ratified countries included, excluding Chile and Peru.
- 29%** of eligible exporters don't use any FTA

# Canadian exporters are being squeezed from both sides: Financial pressure is rising while non-financial barriers make it challenging to execute and scale internationally.

An unpredictable trade environment is driving higher operating costs, straining profitability and squeezing cash flow.

## EXPORTERS' FINANCIAL CHALLENGES

% of exporters

 **Rising business expenses** **33%**

 **Maintaining profitability** **31%**

 **Maintaining sufficient cash flow** **30%**

 **A volatile Canadian dollar** **22%**

 **Getting paid** **20%**

Tariffs remain the top concern for Canadian exporters, who also face challenges with global economic conditions and finding customers.

## EXPORTERS' NON-FINANCIAL CHALLENGES

% of exporters

 **Foreign tariffs** **30%**

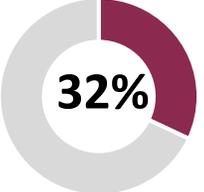
 **Global economic conditions** **26%**

 **Identifying and connecting with potential customers** **24%**

 **Political/business climate risks** **23%**

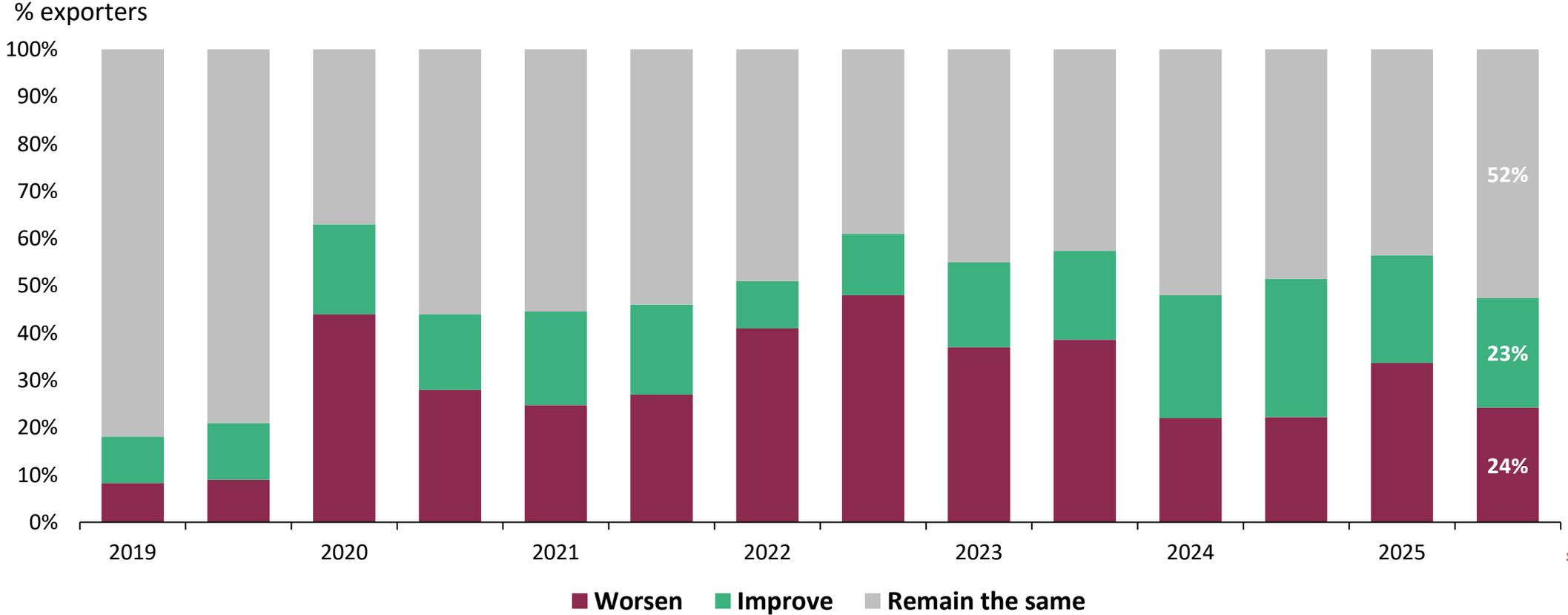
 **Identifying and connecting with potential suppliers/partners/distributors** **21%**

**One-third of exporters will require financing in the next two years to fund their international diversification plans. However, most are expecting that terms and conditions will continue to be a barrier.**

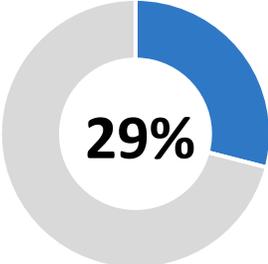


**of exporters indicate they need financing in the next two years to execute their diversification plans**

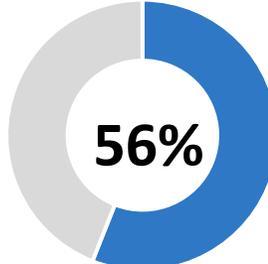
**EXPECTATIONS OF FINANCING TERMS AND CONDITIONS OVER THE NEXT SIX MONTHS**



# Exporters are using investments to offset risks and market demand.



Close to one-third (29%) of exporters currently have foreign investments (up slightly from mid-year 2025, which was 27%).



56% of exporters with existing foreign investments (29%) plan to increase them in the next six months.

## MARKETS WHERE EXPORTERS PLAN TO INCREASE INVESTMENTS

1. U.S.



2. Mexico



3. U.K.



4. China



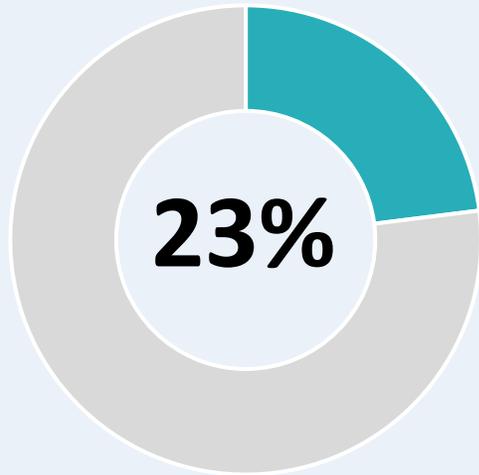
5. Germany



6. Australia



**Canadian exporters aren't only investing in international markets for the benefit of Canada; they're investing in Canada to enable trade.**



**of Canadian exporters invest in trade-enabling productivity enhancements (telecoms, utilities, data farms, etc.)**

# Methodology

- EDC's ***Trade Confidence Index (TCI)*** is a composite score derived from responses to five forward-looking questions about global and domestic economic conditions and trade opportunities.
- The **five elements assess expectations for** export sales, domestic sales, world economic conditions, domestic economic conditions and international business opportunities.
- **Respondents:** Decision-makers, influencers and financial product administrators with knowledge of their company's export activities. Only direct exporters and companies ready to export were included in the survey.
- **Sample size:** 1,326 total respondents, with 872 completing all five TCI questions used to calculate the overall index score.
- **Survey methodology:** Online survey conducted in English or French, based on respondent preference.
- **Data collection:** Dec. 4, 2025, to Jan. 15, 2026

# Methodology continued

- **Sampling approach:** Convenience sample drawn from EDC databases and an external sample partner (1,100 completes). EDC's sample excluded current net promoter score (NPS) invitees and recent participants in other EDC research within the last 30 days.
- **Weighting:** Responses were weighted based on company size, region and trade status of EDC's total addressable market (TAM) of direct exporters and ready-to-export companies.
- **Note:** "Don't know" responses were excluded from calculations where indicated.
- **Contact:** For more information, please contact Jennifer Topping at [JTopping@edc.ca](mailto:JTopping@edc.ca) or 613-598-2992.

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**THE WORLD**



# DISCLOSURE

Ce document est également disponible en français.

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