

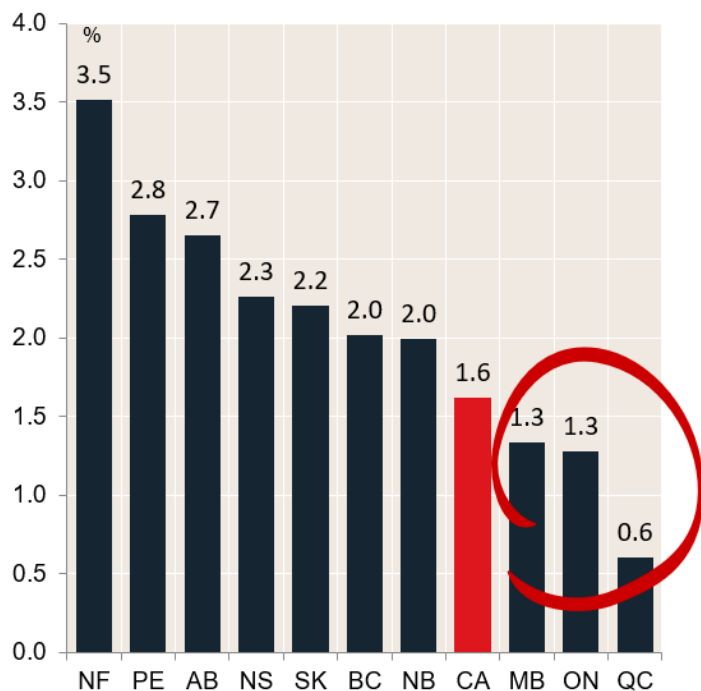
Canada Watch

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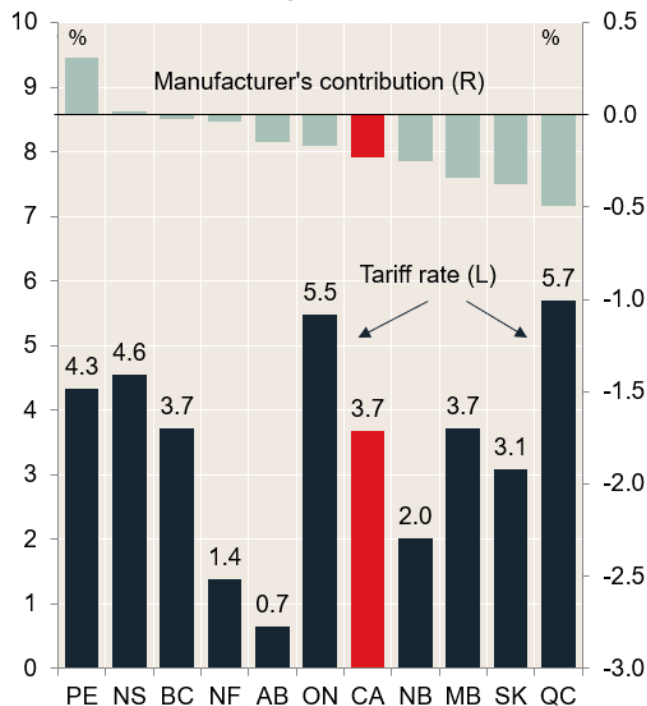
While tracking the Canadian economy as a whole is made easier by a steady stream of data, the same cannot be said for analyzing growth at the provincial level. Last week, Statistics Canada provided an overview of 2025 by releasing the first GDP estimates by province, which is industry-based. There is no doubt that the trade conflict with the United States was the event that most shaped economic backdrop in 2025, widening performance gaps between regions. The three provinces with the lowest growth rates—Quebec (0.6%), Ontario (1.3%), and Manitoba (1.3%) compared to 1.6% for the country—all share a manufacturing sector that accounts for a larger share of their economies than the national average. As today's *Hot Chart* shows, this sector contributed negatively to economic growth in each of these provinces, due to tariffs higher than the Canadian average. Quebec was the hardest hit by the weakness of the manufacturing sector, having faced the highest tariffs in the country. In Ontario, the negative impact of the manufacturing sector was more limited, despite tariffs that were nearly as high (the second highest in Canada). This did not, however, prevent the Ontario economy from underperforming, due in particular to lower-than-usual population growth (0.3% versus 0.6% for the country as a whole). While the economy in 2025 was marked by trade conflict and demographic dynamics, these two factors will also continue to influence performance for the current year (see the latest provincial forecasts [here](#)).

Canada: Manufacturing, the Achilles' heel of provincial growth

Year-over-year change (%) in real GDP



Manufacturing sector's contribution to GDP growth in 2025 and average tariff rate for the year



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