



2026 COMPASS REPORT

WESTAC: TRANSPORTATION LEADERS CATALYZING CHANGE

The Western Transportation Advisory Council (WESTAC) is a council of organizations in the transportation sector represented by senior decision-makers. WESTAC’s members span all aspects of freight transportation in Canada, including carriers and logistics providers, ports and terminals, shippers, labour unions, and the three levels of government. Members represent a significant share of the Western Canadian economy. We focus on critical issues affecting Western Canada’s freight transportation network to ensure it is safe, efficient, reliable, and competitive.

Our members work together to resolve the constraints and inefficiencies that undermine the performance of Western Canada’s supply chains and transportation sector. Trade continues to be a cornerstone of Canada’s economic growth. Getting goods to market reliably and competitively has never been more essential.

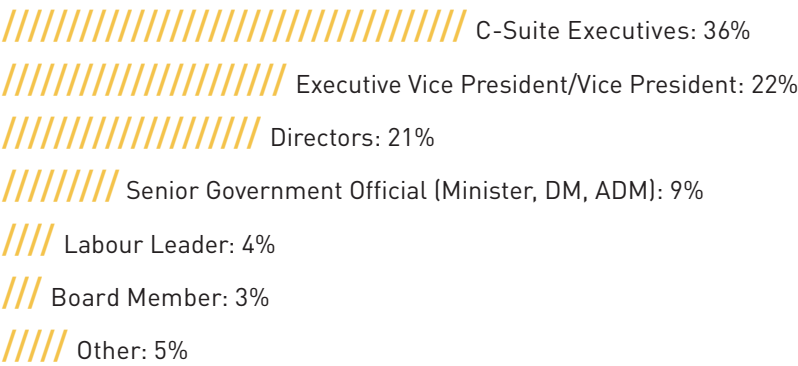
ABOUT COMPASS

The annual Compass Report is a unique WESTAC product that highlights the critical insights, expectations and plans articulated by executives in business, labour and government across Canada’s transportation industry. The survey is revised annually to reflect changing trends and events that impact the industry, which are showcased as spotlights.

The data in this report are identified by the year in which they were gathered. The data reported were collected from an online survey conducted from November 5 to December 1, 2025. Figures are rounded to the nearest digit. The 2026 Compass Report is the 9th annual report.

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WE HEARD FROM:



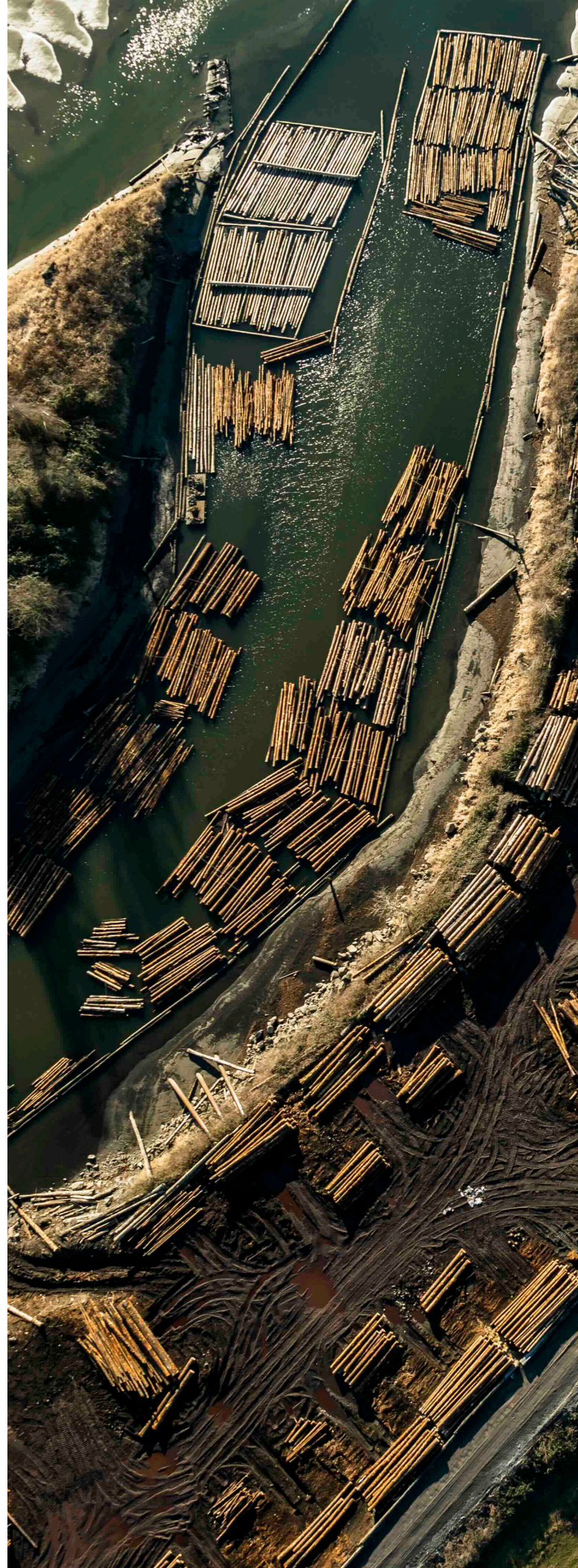
RESPONDENT PROFILES

- Association (9%)
- Carriers & Logistics (23%)
- Government (10%)
- Labour (8%)
- Ports & Terminals (22%)
- Shippers & Retailers (17%)
- Other (10%)

INTRODUCTION

Canada's freight transportation sector plays a central role in enabling trade, supporting economic activity, and connecting domestic and global markets. The annual WESTAC Compass Report is designed to provide a clear, evidence-based view of how the sector is evolving, drawing on perspectives from senior decision-makers across business, labour, and government. The 2026 edition reflects a period shaped by ongoing trade volatility, geopolitical uncertainty, economic pressures, and changing policy conditions, rather than the acute disruptions that defined the past few years.

This year's findings indicate a system that is operating more steadily than in recent years, but continues to face longer-term challenges around competitiveness, reliability, and resilience. The report highlights how transportation leaders are responding to sustained uncertainty—managing risk, adjusting expectations, and focusing on execution and system performance. The insights provide valuable context for policymakers, industry stakeholders, and researchers seeking to understand current conditions and the factors that will influence the sector's trajectory in the year ahead.





CONTEXT: INDUSTRY LANDSCAPE IN 2025

The operating environment for Western Canada's transportation and supply chain sector continued to evolve throughout 2025. Following several years marked by acute domestic disruptions, the year was defined less by crisis response and more by sustained uncertainty, driven primarily by external trade dynamics, shifting policy signals, and uneven global economic conditions. These conditions developed over the months leading up to the Compass Survey period, conducted from November 5 to December 1, 2025, and shaped the perspectives captured in this report.

External Trade Volatility

International trade conditions remained unsettled throughout the year. In the United States, the return of President Donald Trump to the White House reintroduced volatility into the Canada–U.S. trade relationship. Frequent and often unpredictable shifts in trade rhetoric and tariff policy heightened concerns about market access and long-term planning. For many organizations, the central challenge was not the immediate cost of tariffs but the difficulty of making investment and contracting decisions in an unpredictable policy environment. At the same time, additional tariffs imposed by China on Canadian agricultural products added pressure to key export sectors, underscoring Canada's exposure to trade actions beyond its traditional partners.

Beyond the U.S., broader geopolitical tensions continued to shape global trade conditions. Ongoing conflict in Ukraine, instability in the Middle East, and disruptions to major shipping routes through the Red Sea and Suez Canal contributed to fluctuations in energy markets, shipping costs, and transit times. While geographically distant from Western Canada, these developments reinforced awareness of systemic risk across global supply chains.

Domestic Political and Policy Shifts

Domestically, Canada's political environment remained fluid through 2025, shaped by a change in Liberal Party leadership and subsequent federal election. Under Prime Minister Mark Carney, federal priorities shifted toward economic competitiveness, accelerating major project delivery, and trade diversification, anchored by a goal of doubling exports to non-U.S. markets by 2035. This shift was reinforced by the federal government's announcement of a \$5 billion Trade Diversification Corridors Fund, intended to support investments in trade-enabling infrastructure and reduce reliance on a limited number of markets and corridors. Transportation leaders broadly interpreted this change as a pragmatic response to external unpredictability rather than a purely domestic policy reset.



Image courtesy of DP World Canada Inc.

Legislative developments further underscored this change in posture. The introduction of Bill C-5, the *Building Canada Act*, signalled recognition of long-standing industry concerns related to regulatory delays, fragmented approval processes, and coordination challenges across jurisdictions. Within this context, the establishment of a federal Major Projects Office was viewed as a practical step toward improving interdepartmental coordination and accelerating approvals for nationally significant infrastructure. While the practical impacts of these measures had yet to be realized during the survey period, they set expectations for a more execution-focused approach to infrastructure and project delivery.

Economic Conditions and Cost Pressures

Economic conditions remained uneven in 2025, following widespread early-year forecasts that Canada faced a heightened risk of recession. While the economy ultimately avoided a technical downturn, growth proved choppy and weak: real GDP increased by 0.5% in the first quarter, declined by 0.4% in the second quarter, and rose by 0.6% in the third quarter. This pattern reflected ongoing softness in exports and business investment linked to trade-related uncertainty, with reduced imports only partially offsetting weaker external demand. As a result, net trade continued to impede growth rather than contributing to it.

Business sentiment remained muted through the third quarter, with firms reporting weak domestic and export sales, as well as restrained investment and hiring intentions. Elevated operating costs associated with trade-related restructuring, tariffs, and labour pressures continued to weigh on margins, even as some cost pressures began to moderate. With excess supply and a softening labour market limiting growth, organizations focused on maintaining performance while limiting exposure to new uncertainty.

Fewer Disruptions, Ongoing Structural Constraints

Compared to prior years, large-scale domestic disruptions were less frequent in 2025. Labour-related interruptions eased, and system-wide shocks declined, contributing to greater operational stability and modest improvements in supply chain reliability. Seasonal wildfires, while more localized than in recent years, continued to disrupt specific corridors and underscored the growing role of climate-related risks in transportation planning. At the same time, long-standing structural constraints, including capacity limitations, aging infrastructure, reliability concerns, and corridor concentration, remained unresolved.

As a result, risk was increasingly viewed as persistent and diffuse rather than acute and episodic. For many transportation leaders, the central challenge had shifted from managing immediate crises to operating in an environment where uncertainty is a permanent feature of planning and decision-making.

KEY FINDINGS



A Sector Recalibrating Under Sustained Uncertainty

Western Canada's transportation sector is recalibrating rather than retreating. After several years defined by acute disruption, organizations are operating in a more considered and calculated manner, shaped by persistent trade volatility, geopolitical risk, and cost pressures, as well as by clearer priorities and tighter risk discipline. Neutral sentiment about the overall business environment reflects conscious restraint rather than deterioration, signalling resilience and continuity for many organizations operating with limited predictability.



Stability Is Holding, but Confidence Remains Selective

Despite elevated external risk, confidence has not eroded. Revenue expectations continue to improve, and fewer respondents report widespread disruption, indicating short-term stability. At the same time, optimism remains selective as organizations distinguish between manageable near-term operations and longer-term structural risks, helping explain why improving revenues have not yet translated into more substantial capital investment.



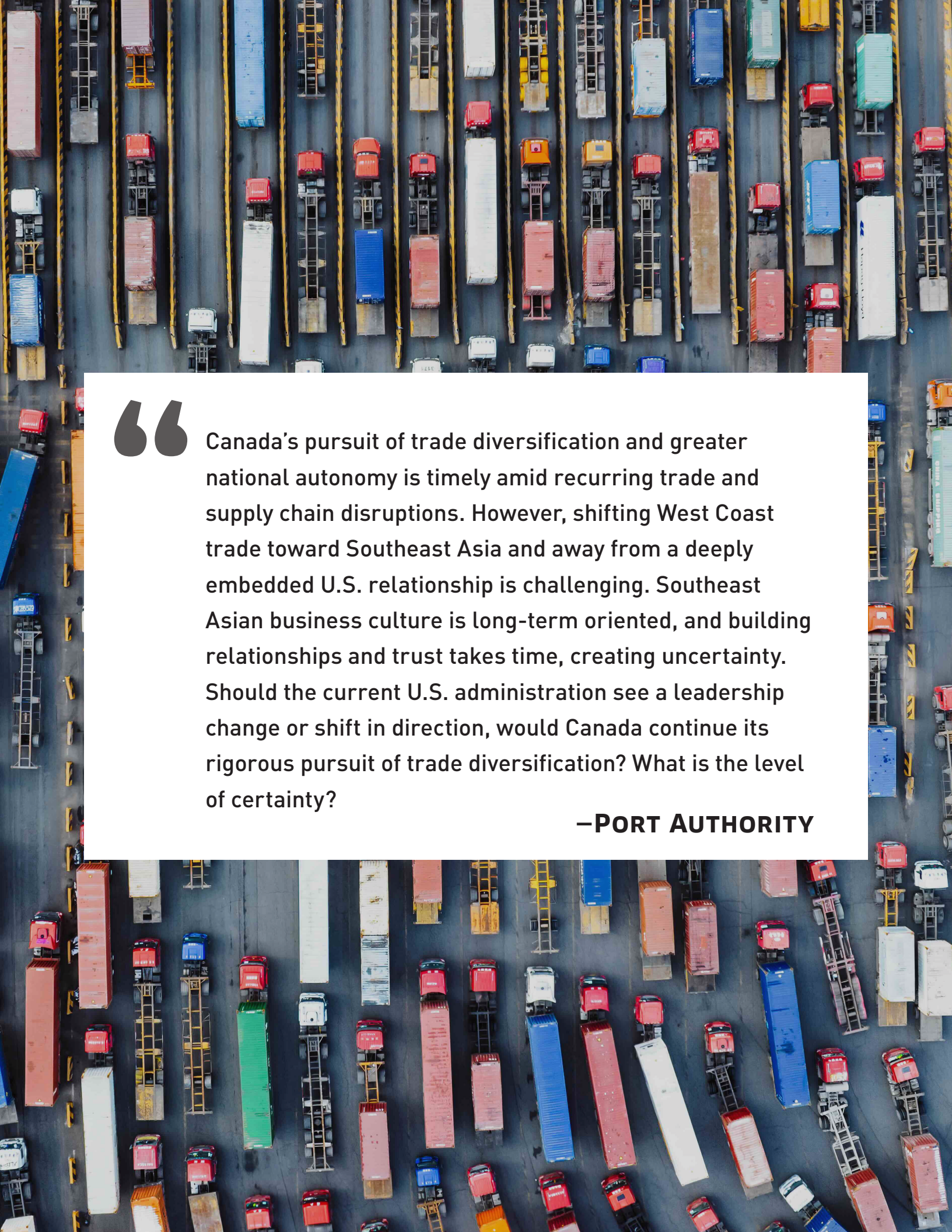
Regulatory and System Signals Are Moving in the Right Direction

Perceptions of Canada's regulatory environment have improved steadily, shifting away from frustration toward neutrality and, increasingly, to improvement. Respondents cited better alignment with Canadian economic priorities, a more development-oriented mindset, and improved government-industry engagement. In parallel, perceptions of supply chain reputation and competitiveness have stabilized, supported by fewer labour disruptions and enhanced coordination. While underlying resiliency challenges persist, these trends provide a more stable foundation for long-term planning.



Delivery Will Define the Next Phase

Across sectors, there is strong alignment on the infrastructure and system priorities needed to strengthen performance, including trade-enabling investments, corridor reliability, and chokepoint removal. What remains absent is a coherent, system-wide framework to coordinate priorities, funding, and roles across jurisdictions and modes. The central challenge is no longer identifying what needs to be done but executing under sustained uncertainty. Resilience will depend less on responding to individual shocks than on building systems that perform reliably over time, making execution, coordination, and predictability the decisive factors shaping Western Canada's competitiveness going forward.

An aerial photograph of a busy port terminal. The image shows a large number of semi-trucks parked in rows, many of which are loaded with shipping containers. The containers are in various colors, including red, blue, white, and green. The trucks are arranged in neat lines, and the overall scene depicts a highly organized and active logistics hub.

“ Canada’s pursuit of trade diversification and greater national autonomy is timely amid recurring trade and supply chain disruptions. However, shifting West Coast trade toward Southeast Asia and away from a deeply embedded U.S. relationship is challenging. Southeast Asian business culture is long-term oriented, and building relationships and trust takes time, creating uncertainty. Should the current U.S. administration see a leadership change or shift in direction, would Canada continue its rigorous pursuit of trade diversification? What is the level of certainty?

—PORT AUTHORITY

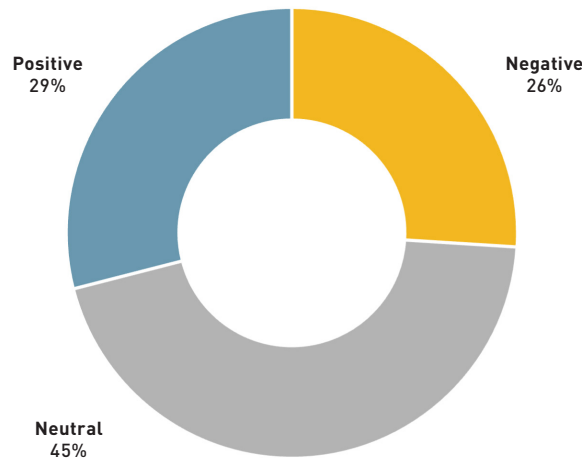
An aerial photograph of a large red and white cargo ship, the 'MAJIMA', navigating through a long, narrow canal lock. The ship is positioned in the center of the frame, moving towards the viewer. The lock is flanked by concrete walls and has a series of gates and locks along its length. In the background, there are industrial buildings, a bridge, and a body of water. The sky is clear and blue.

BUSINESS CONFIDENCE AND ECONOMIC OUTLOOK

Image courtesy of the St. Lawrence Seaway Management Corp.

This section presents survey findings on business confidence across the economic, investment, and regulatory environment facing Canada's transportation sector. Overall sentiment remains largely neutral, reflecting how organizations are responding to a more stable operating environment shaped by ongoing external risks. However, sentiment has not deteriorated. Improving revenue expectations, selective optimism tied to major projects, and gradual improvement in regulatory perceptions are helping offset uncertainty. Together, these factors point to a business environment that remains cautious but stable, with decision-making increasingly shaped by longer-term structural and policy considerations rather than short-term disruption.

NEUTRAL VIEWS REFLECT
CAUTIOUS BUSINESS CLIMATE



The outlook on the overall business environment for the next 12 months.

This year's survey suggests that transportation leaders in Western Canada are beginning 2026 with a similar cautious outlook to the one they held at the start of 2025. Most respondents described the business environment as essentially unchanged from last year, with neutral views continuing to dominate. Positive and negative outlooks remain relatively balanced, reinforcing the sense of stability rather than momentum in either direction.

Respondents with a more positive outlook cited strong federal leadership, major projects and infrastructure investment, and trade diversification as sources of cautious optimism. In contrast, negative sentiment is driven primarily by external factors, such as U.S. trade tariff volatility, geopolitical instability, and broader economic unpredictability, rather than domestic factors.

Drivers Shaping Current Business Sentiment

Overall sentiment reflects a complex environment shaped by three main themes:

- 1. Trade Policy and Geopolitics Drive High Uncertainty**
Business sentiment is dominated by uncertainty, mainly stemming from unpredictable U.S. trade policy, ongoing tariff impacts, and broader geopolitical tensions. Sectors such as forestry, agriculture, and manufacturing remain exposed to protectionism, Canada-United States-Mexico Agreement (CUSMA)-related risk, and shifting international trade dynamics. This lack of clarity makes forecasting difficult, discourages capital investment, and continues to weigh on confidence across Western Canada.



2. Cautious Optimism Around Designated Major Projects and Trade Diversification

There is guarded optimism that increased federal and provincial focus on major infrastructure, resource development, and export-oriented projects could support future growth. Initiatives aimed at streamlining approvals, reducing regulatory barriers, and diversifying trade beyond the U.S. are viewed positively. However, confidence is constrained by past experiences of project delays, cost overruns, labour challenges, and doubt about sustained political commitment and effective execution.

3. Uneven Sector Impacts and Weak Economic Outlook

The overall economic outlook is flat to weak, with growth expected to be modest over the next year. Impacts vary significantly by sector, with energy, critical minerals showing resilience or growth potential, while forestry and agriculture face ongoing pressure. Elevated costs, cautious business behaviour, and limited capital deployment are offset by stable inflation and resilient demand, helping avoid recession but restricting upside momentum.

“We have a more balanced federal government that is stick handling the economy while fending off our neighbours to the south.”

—LABOUR

“[There is] optimism around increased natural resource development and trade diversification, but it will take more than 12 months.”

—CARRIER

“The U.S and China effect will be there for the foreseeable future, and we will have to endure a tough year going forward.”

—TERMINAL OPERATOR

TOP 5 BUSINESS CHALLENGES

- 1 **U.S. TRADE TARIFFS AND PROTECTIONISM** (66%)
- 2 **GEOPOLITICAL RISKS AND UNCERTAINTY** (48%)
- 3 **ECONOMIC SLOWDOWN** (36%)
- 4 **COST COMPETITIVENESS** (35%)
- 5 **OBTAINING APPROVAL FOR PROJECTS** (33%)

The 2025 Compass Survey signals a notable shift in the risk environment facing Western Canada's transportation sector. Compared to recent years marked by acute domestic disruptions, leaders are now more preoccupied with an operating context defined by external unpredictability, rising costs, and limited strategic flexibility. When asked to identify their most significant business challenges for the coming year from a list of approximately 20 options, respondents consistently converged on factors that reduce planning certainty, delay decisions, and constrain longer-term strategic choices.

United States trade tariffs, protectionism, and policy changes are viewed as the most significant business challenge facing transportation leaders over the next 12 months, cited by 66% of respondents. Many stressed that the core issue is less the direct cost of tariffs than the unpredictability of policy changes—this year's CUSMA review included—which complicates planning, investment, and long-term contracting. This uncertainty is seen as a systemic threat for export-oriented businesses in Western Canada, rippling across supply chains and affecting demand forecasts and sourcing decisions.

Geopolitical risk and uncertainty ranked among the top business challenges, reflecting leaders' concern about a more unstable global environment. Rather than focusing on specific conflicts or regions, respondents noted that geopolitical shifts serve as a persistent backdrop, increasing uncertainty across shipping routes, insurance costs, energy markets, and global demand. Respondents indicated that geopolitical risk compounds other challenges by increasing volatility and reducing visibility. In an already constrained system, even indirect geopolitical effects can disrupt planning and erode margins, reinforcing cautious business behaviour.

Concerns about an **economic slowdown** remain elevated, but have decreased significantly from the peak of 61% in 2022. Respondents pointed to soft or uncertain demand alongside rising costs, leaving little margin for error. Although most do not view conditions as recessionary, growth is widely described as weak or uneven, making even modest disruptions more impactful and reinforcing cautious approaches to investment, hiring, and expansion.

While **cost competitiveness** has long been a challenge for Canada's transportation sector, it has entered the top five for the first time this year, driven by rising labour costs, regulatory compliance burdens, and gateway-related fees. Respondents warn that sustained cost pressures risk permanently diverting volumes to lower-cost or more predictable jurisdictions, noting that once cost disadvantages are embedded in supply chains, they are difficult to reverse.

Respondents who ranked regulatory and **project approval delays** as their top challenge expressed concern about the system's ability to respond in a rapidly changing environment. Lengthy and unpredictable approval processes limit how quickly infrastructure, capacity, and routing can adapt to changing trade conditions, amplifying exposure to tariffs and geopolitical instability. While the introduction of the *Building Canada Act* (Bill C-5) is viewed as an acknowledgment of this issue, leaders noted that confidence will depend on whether approval timelines become faster and more predictable in practice.

Together, these challenges define a year marked by heightened external pressures and tighter operating conditions. Trade and geopolitical risks, weak growth, rising costs, and slow approval processes are reinforcing caution around investment and expansion, while limiting the sector's capacity to adjust as conditions evolve. In this environment, responsiveness and predictability, rather than stability alone, will be critical to navigating the year ahead.

REVENUE CONDITIONS CONTINUE TO IMPROVE

Despite neutral assessments of the broader business environment, revenue expectations tell a more nuanced story. Transportation leaders are feeling optimistic about 2026, with nearly half (48%) anticipating revenue growth over the next 12 months, and fewer reporting decreases in 2025 than in 2024. This marks the second consecutive year that the ratio of revenue increases to decreases has improved. Much of this revenue growth is likely tied to existing demand (contracted volumes, pricing realization, and near-term throughput) rather than new capacity or long-term expansion.

At the same time, most organizations continue to expect stability or incremental improvement rather than rapid growth. Optimism is strongest in the port and terminal sectors, with 68% anticipating revenue growth. However, improving revenue expectations have not translated into stronger investment confidence, reflecting the continued influence of policy issues, regulatory constraints, and external risk.



AltaGas' Ridley Island Propane Export Terminal (RIPET) in Prince Rupert.

Labour Conditions and Workforce Expectations

Labour shortages remain prevalent in 2025, with 60% reporting challenges recruiting workers, particularly in operational roles and skilled trades. These continued workforce constraints may remain a challenge for the nation's productivity. Overall, most transportation leaders expect their workforce size to remain stable over the next year, with only 1 in 5 respondents anticipating either growth or contraction. Expectations for workforce expansion have moderated in recent years, with the share of planned increases trending downward since 2022, while expectations of workforce reductions have gradually risen.

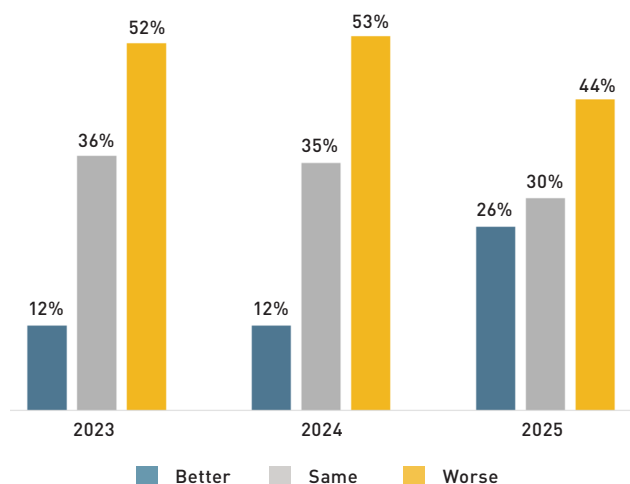
Although more than one-third of transportation leaders continue to rate the investment environment as poor, the 2025 results mark a clear inflection point. The proportion who reported a worsening investment climate has notably declined from the prior two years, while those indicating conditions have improved have more than doubled compared to both 2023 and 2024. This shift suggests that sentiment, while still cautious, is beginning to move in a more constructive direction after two years of deterioration.

That said, overall confidence remains fragile. Continued uncertainty related to U.S. trade policy, tariff volatility, and unresolved domestic policy and regulatory issues continues to influence investment decisions. Federal government proposals to fund or accelerate timelines for trade-enabling projects have yet to take effect, leaving many of these challenges unaddressed and reinforcing a "wait-and-see" approach among investors. As a result, transportation leaders are managing for risk and complexity rather than positioning for growth. Plans for capital investment over the next 12 months remain restrained, with 43% planning to maintain current levels. This measured approach to investment reflects not only external trade and policy risk, but also the same approval timelines and coordination gaps identified earlier, which continue to limit confidence in the pace and predictability of project delivery.

“There is a lot of hesitation around financial investment in projects or capital spending due to tariffs and the current U.S. administration.”

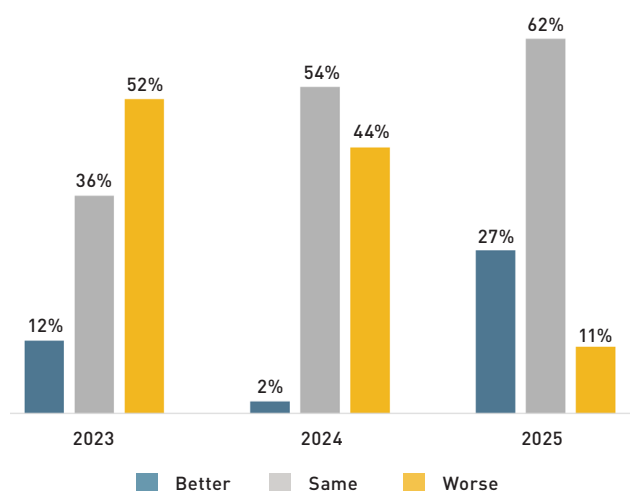
—EXPORTER

INVESTMENT CLIMATE REMAINS CONSTRAINED



Change in perception of Canada's business investment climate in the past three years.

GRADUAL IMPROVEMENT IN CANADA'S REGULATORY ENVIRONMENT



Change in perceptions of Canada's regulatory environment over the past three years.

Responses indicate that perceptions of Canada's regulatory environment in 2025 remain largely neutral, with most respondents reporting no change over the past year. However, this apparent stability masks an important positive shift over time. Since 2023, sentiment has steadily moved away from negative assessments toward neutrality and improvement, culminating in 2025 with a marked increase in those who believe the regulatory environment has improved and a sharp decline in those who feel it has worsened. For many transportation leaders, this signals growing confidence driven less by sweeping reform than by a gradual easing of long-standing frustrations.

At the same time, respondents are conscious about the limits of this progress. The improvement reflects changes in tone, alignment, and engagement more than tangible shifts in approval speed, coordination across jurisdictions, or delivery timelines, which are widely seen as unchanged. As a result, confidence in the regulatory environment is rising faster than material policy changes, raising expectations and making follow-through and delivery critical to sustaining these gains.

What's Changed?

- **Stronger focus on Canadian priorities (76%):** Respondents noted greater alignment between regulatory decisions and domestic economic and transportation needs.
- **More development-friendly regulatory mindset (62%):** Regulations are increasingly perceived as enabling growth rather than constraining it.
- **Improved government–industry collaboration (55%):** More constructive engagement and dialogue have increased confidence and predictability.
- **Better harmonization across jurisdictions (34%):** Increased consistency across regulatory regimes has reduced complexity and friction for operators.

Survey data describe a transportation sector operating in a cautious yet steady position. External risks tied to trade policy, geopolitics, and economic uncertainty continue to influence confidence and restrain investment, even as revenue conditions show improvement. However, a more constructive regulatory environment is beginning to provide greater alignment, predictability, and confidence for long-term planning. While these shifts have not yet translated into stronger capital deployment, they are helping stabilize sentiment and support operational performance as organizations manage risk and position selectively for future opportunities.

“There is a stronger federal signal on economic priorities, but the regulatory system itself is not fixed.”

—EXPORTER

“Rather than focusing on a specific project list, priority should be given to improving and streamlining regulatory processes for all projects, providing greater certainty and reducing risk for capital invested in Canada.”

—TERMINAL OPERATOR

WESTERN CANADA'S TRANSPORTATION SYSTEM PERFORMANCE

Image of CPKC's Vaughan intermodal yard in Kleinburg, ON.

Respondents were asked to identify the transportation challenges they expect to face over the next two years, providing insight into how risk is currently perceived across the system.

TOP 5 TRANSPORTATION CHALLENGES

- 1 **UNCERTAIN TRADE ENVIRONMENT WITH THE U.S.** (46%)
- 2 **LACK OF COORDINATED LONG-TERM INFRASTRUCTURE PLAN** (42%)
- 3 **DISRUPTION** (41%)
- 4 **LACK OF RELIABILITY LINKED TO RAIL, TRUCKS OR VESSELS** (33%)
- 5 **DECLINING COST COMPETITIVENESS** (30%)
- 5a **UNCERTAIN TRADE ENVIRONMENT WITH OTHER COUNTRIES** (30%)

Unsurprisingly, an **uncertain trade environment with the U.S.** was the top-ranked challenge for both overall business and the transportation sector, with 46% citing it as a primary concern. This overlap reflects continued concern about policy volatility and its implications for planning and investment. As noted previously, respondents highlighted that the issue is less about current tariffs than about the unpredictability and frequency of policy signals, including the risk of sudden tariff changes, exemptions, or retaliatory measures. This uncertainty complicates contract negotiations, routing decisions, and long-term investment planning, particularly for organizations heavily dependent on cross-border flows, where the indispensability of the U.S. market magnifies both operational and financial impacts.

Closely following was the **lack of coordinated long-term infrastructure planning** (42%), underscoring enduring frustration with fragmented planning and execution across jurisdictions. Respondents focus less on funding levels and more on the absence of clear

prioritization and sequencing, citing misalignment among federal, provincial, and municipal timelines, limited visibility into how projects align with broader trade corridor strategies, and uncertainty about which system constraints will be addressed first. Together, these two top-ranked challenges point to structural vulnerabilities that continue to constrain confidence and adaptability across Western Canada’s freight transportation system.

Concern about **supply chain disruption** remains high but has eased noticeably compared to last year, with 41% of respondents identifying it as a top challenge, down from 64% in 2024, reflecting fewer system-wide shocks in 2025. Respondents pointed to improved coordination and fewer prolonged disruptions, while noting that disruption has become more episodic, with labour disruptions, extreme weather, and infrastructure failures still posing high-impact risks across corridors and modes. Even so, this reduction has supported greater operational stability and modest improvements in supply chain reputation without translating into stronger perceptions of competitiveness, which remain largely unchanged. This pattern reinforces the view that reliability gains alone are no longer sufficient to materially improve Canada’s competitive position, as persistent cost pressures, infrastructure constraints, and coordination challenges now limit performance.

Stability Is Not The Same As Competitiveness

Fewer disruptions have helped stabilize operations, but they have not strengthened Canada’s competitive position. The binding constraints are now cost, capacity, and coordination—areas where delivery matters more than recovery. Overseas customers have long memories and will need to see ongoing reliability to overcome negative perceptions arising from frequent disruptions in prior years.

Reliability across rail, trucking, and marine services remains a significant operational concern, driven by inconsistent transit times, congestion at critical points, and variability in service performance. Even intermittent reliability issues undermine planning, increase inventory and contingency costs, and weaken shipper confidence, reinforcing broader concerns about supply chain reputation and resilience.

Declining cost competitiveness continues to constrain the transportation system, driven by rising labour, fuel, and regulatory compliance costs, as well as congestion and system inefficiencies. While individual pressures are often manageable, their cumulative effect is increasingly influencing routing decisions and eroding the attractiveness of Canadian gateways relative to lower-cost alternatives. Respondents noted that once volumes shift in response to embedded cost disadvantages, they are difficult to recover, reinforcing longer-term competitiveness concerns.

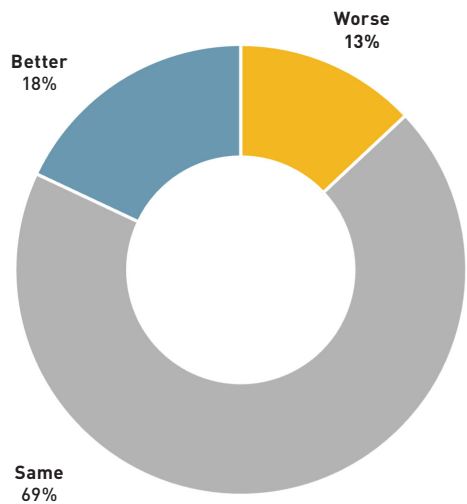
Uncertainty in trade with countries beyond the U.S. is tied for the fifth most significant transportation challenge, as volatile tariff actions and shifting trade policies among major global partners heighten planning and market-access risks, particularly for exporters seeking to diversify. China is frequently cited, with respondents noting that retaliatory tariffs imposed in 2025 on Canadian exports (canola, peas, and aquatic and pork products)—following Canada’s duties on Chinese electric vehicles, steel, and aluminum—have complicated long-term contracting, increased risk premiums, and weakened confidence in markets once viewed as stable alternatives to the U.S.

Overall, the findings point to a freight transportation system facing fewer acute disruptions but growing exposure to structural and policy-related uncertainty. Trade volatility, coordination gaps, and rising costs are increasingly shaping decision-making, constraining long-term planning, and testing the system’s resilience and competitiveness in an evolving global environment.

WESTERN CANADA’S SUPPLY CHAIN OUTLOOK

This section summarizes how transportation and supply chain leaders currently assess Western Canada’s supply chains across three core dimensions: reputation, competitiveness, and resiliency. The findings reflect respondents’ prevailing views of system performance and risk, based on their operational experience and market conditions. These perspectives provide insight into how the supply chain is functioning currently and where stakeholders perceive relative strengths and vulnerabilities.

REPUTATION OF CANADA’S SUPPLY CHAINS SHOWS STABILITY



Change in perceived reputation of Western Canada’s supply chains in the last 12 months.

Most transportation leaders reported no material change in the reputation of Western Canada’s supply chains over the past year, with nearly seven in ten respondents (69%) indicating that reputation has remained about the same in 2025, representing a substantial increase from 2024 (35%). At the same time, reputation sentiment remains mixed. Among

shippers, 65% continue to rate the reputation of Western Canada's supply chains as poor, underscoring that stability does not yet signal a strong positive assessment. However, the overall balance of opinion is beginning to shift, with positive views increasing by 14 percentage points and negative perceptions declining sharply from 61%. Respondents commonly attributed this improvement to fewer labour disruptions compared to the previous year, as labour-related issues are cited less frequently as a driver of reputational decline. Overall, the results point to growing stability in how Western Canada's supply chains are viewed, alongside early signs of reputational recovery.

Impacts of Poor Supply Chain Reputation

Respondents highlighted some material impacts associated with a continually poor reputation for Western Canada's supply chains:

- **Reduced competitiveness:** If perceptions of unreliability outweigh cost advantages, Canadian exporters face barriers securing contracts and maintaining global market share. Over time, this limits export growth and reduces the competitiveness of Canadian goods in international markets.
- **Erosion of global confidence:** As global partners diversify away from Canada, the country risks a long-term decline in its role within global supply chains. Once trade patterns shift, they are difficult to reverse, creating lasting economic consequences beyond short-term disruptions.

“Main buyers worldwide have made specific comments about Canada being unreliable, and we have to take notice.”

—GOVERNMENT

“It has become tougher to secure new business on cost alone when reliability remains a concern.”

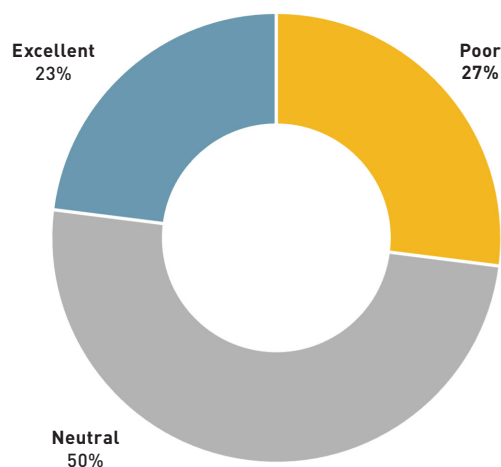
—EXPORTER

“Canada is slowly eroding its reputation as a reliable source.”

—TERMINAL OPERATOR



SUPPLY CHAIN **COMPETITIVENESS** REMAINS STABLE



Perception of overall competitiveness of Western Canada's supply chains.

Survey results indicate that views on the overall competitiveness of Western Canada's supply chains in 2025 remain largely neutral, with poor ratings decreasing significantly (27% in 2025, down from 42% in 2024). Most respondents see little change compared to last year, with smaller groups pointing to either improvement or decline. Those reporting improved competitiveness often cited increased supply chain resiliency, shifting global trade dynamics that have benefited Western Canada, and targeted infrastructure improvements. Among those who feel competitiveness has weakened, concerns tend to centre on disruption risk—particularly related to job action—along with regulatory changes, broader supply chain pressures, and uncertainty tied to the U.S. trade and policy environment.

RESILIENCY HOLDS, BUT WEAKNESSES PERSIST

Perceived resiliency of Western Canada's supply chains has generally remained stable year over year, with 59% of respondents viewing the system as somewhat resilient. At the same time, a sizable minority (40%) still view supply chains as not very resilient, underscoring structural vulnerabilities rather than short-term disruptions. While these vulnerabilities do not appear to be undermining day-to-day operations, they continue to constrain efficiency, reliability, and cost performance, helping explain why perceptions of competitiveness have not improved.

Respondents identified several key barriers to supply chain resiliency, including labour instability, aging and capacity-constrained infrastructure, and over-reliance on a limited number of gateways and corridors.

How to Improve Resiliency?

Respondents suggested the following as the most important actions for improving supply chain resiliency:

- **Strategic Infrastructure Investment**
Transportation leaders emphasized that supply chain resiliency in Western Canada depends on sustained, long-term infrastructure investment that expands both capacity and redundancy across rail, ports, highways, and first- and last-mile connections. Much of the network is viewed as operating at or beyond design limits, leaving it highly vulnerable to extreme weather, and demand surges, and allowing localized failures to cascade nationally. Respondents stressed that resiliency cannot be achieved solely through policy measures; it requires reliable, well-maintained infrastructure and deliberate diversification of corridors and gateways. Investments in additional rail crossings, inland ports, alternative routes, and new options to tidewater would reduce over-reliance on a small number of gateways, particularly in B.C.'s Lower Mainland, while strengthening long-term trade competitiveness.

- **Increased Collaboration and Partnerships with Key Stakeholders**

A call for increased collaboration and partnerships reflects frustration with fragmented decision-making across governments, regulators, infrastructure owners, and supply chain operators. Respondents cited persistent silos across modes, jurisdictions, and sectors that limit data-sharing, slow disruption response, and hinder system-wide optimization. Many emphasized that supply chain resiliency depends not only on physical infrastructure, but on how effectively stakeholders coordinate planning, align policy objectives, manage labour stability, and establish clear accountability to support reliable and efficient operations.

- **Improved Regulatory Framework**

Respondents consistently identified lengthy, complex, and unpredictable regulatory and approval processes as barriers to timely infrastructure investment, capacity expansion, and innovation. Regulatory delays were seen as compounding supply chain vulnerability by slowing projects intended to address known bottlenecks, aging assets, and resiliency gaps. At the same time, inconsistent application across jurisdictions and uncertain timelines discourage private investment and undermine long-term planning. An improved regulatory framework focused on clarity, coordination, and predictability was viewed as essential to enabling infrastructure delivery, supporting collaboration, and accelerating the development of new routes and options needed for a more resilient supply chain.

“Stronger collaboration is needed between supply chain partners. Data sharing is a necessary piece of improving the fluidity of our supply chains and remaining competitive.”

—TERMINAL OPERATOR



Image courtesy of Canpotex.

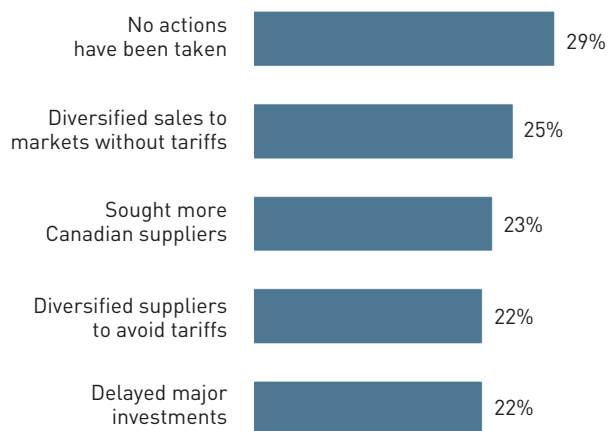
SPOTLIGHT: TRADE UNCERTAINTY AND TARIFFS – WHAT THE DATA SIGNALS BEYOND THE HEADLINES

The survey results confirm that trade uncertainty is a defining feature of the operating environment for Canada's transportation sector, while also revealing limits to adaptation and resiliency. Rather than reflecting a single shock, uncertainty has become a structural condition shaping behaviour, constraining investment, and limiting confidence.

While a majority of respondents (59%) report adverse effects from U.S. tariffs, impacts vary across the system. Carriers are more likely to experience direct pressure, while ports and terminals more often report limited or no immediate effects, reflecting differences in contractual exposure, pricing flexibility, and supply chain position. The impacts of Canadian counter-tariffs appear more diffuse, with nearly half of organizations (47%) reporting no significant impact, which suggests domestic responses may be less operationally disruptive, even as they add to overall uncertainty.

In this context, the most striking finding is not the range of actions taken to manage trade uncertainty, but the prevalence of inaction. Nearly three in ten organizations report taking no steps to address tariff-related risk, despite widespread recognition of trade volatility as a top business challenge.

UNCERTAINTY IS DRIVING STRATEGIC CAUTION

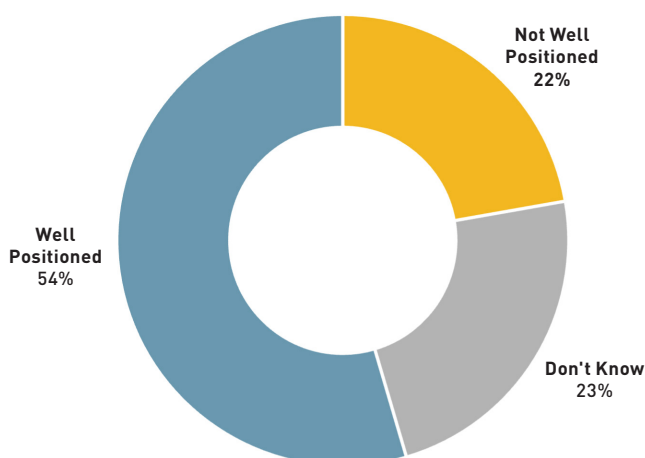


Top 5 actions taken to manage tariffs and trade uncertainty.

The data suggest that where action has been taken, responses tend to be incremental (diversifying suppliers or markets, or delaying investments) rather than transformative. This pattern reflects deliberate caution, with leaders reluctant to commit in an unpredictable policy environment.

Even so, a slim majority believe they could withstand additional tariffs, pointing to near-term resilience without confidence in longer-term adaptability.

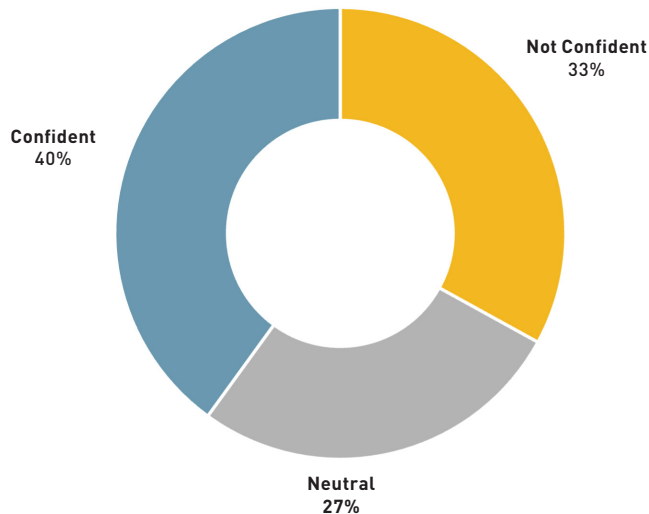
ABSORBING **RISK**, NOT ELIMINATING IT



Perceived readiness to address additional tariffs.

Beyond the U.S., respondents pointed to broader global trade volatility as an added constraint. Unresolved tensions with China, uncertainty across key Asian markets, and heightened geopolitical risk are complicating efforts to establish stable, long-term trade relationships. For many organizations, diversification beyond the U.S. is redistributing risk rather than eliminating it.

DIVERSIFICATION LACKS CONVICTION



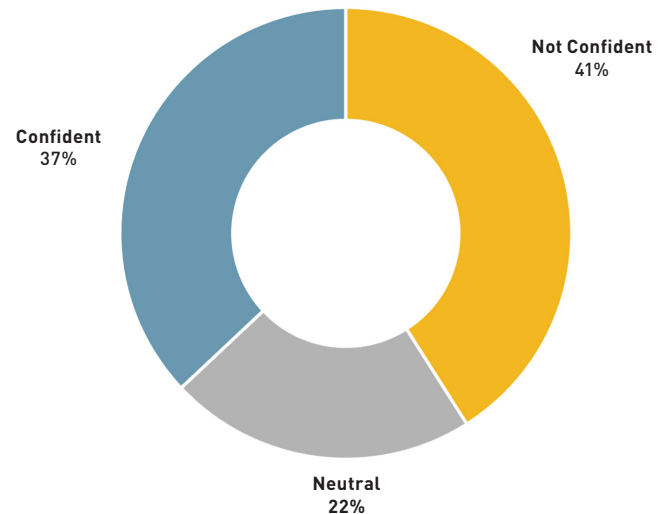
Confidence in Canada's ability to diversify export markets.

This broader risk environment helps explain why confidence in Canada's ability to diversify export markets remains mixed, even as the federal government has set an ambitious target to double non-U.S. exports by 2035. While diversification is widely viewed as necessary, fewer respondents believe it can be achieved at scale in the near term. Structural constraints, market access challenges, and uncertainty in alternative trade relationships continue to temper expectations. Notably, ports and terminals stand out as the most confident stakeholders, reflecting their direct exposure to emerging trade corridors and infrastructure-enabled diversification opportunities.

“ Federal policies present a positive narrative, but follow-through will be the true determinant. **”**

—PORT AUTHORITY

LONG-TERM CAPACITY REMAINS IN QUESTION



Confidence in the long-term readiness of Western Canada's trade corridors.

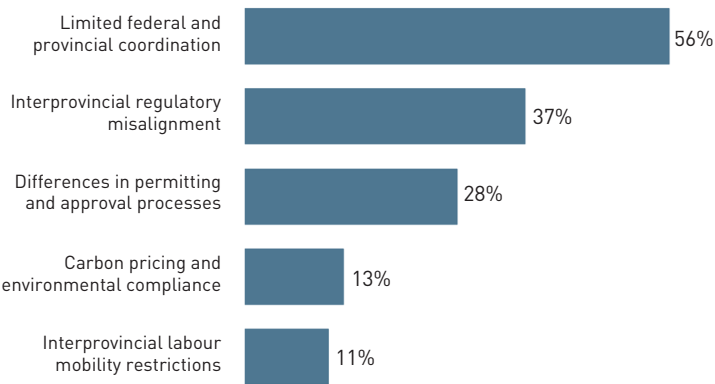
Concerns intensify when attention shifts from markets to the systems that support trade. While confidence varies across the system, carriers emerge as the most optimistic, with 60% expressing confidence in the long-term readiness of Western Canada's trade corridors, compared with just 28% of shippers reporting similar confidence. Generally, perceptions about the ability to meet long-term demand remain uneven, reflecting ongoing challenges with infrastructure capacity, cross-jurisdictional coordination and project execution. These constraints help explain why uncertainty continues to undermine confidence even as acute disruptions have eased.

Trade uncertainty is no longer viewed as temporary, but as a lasting operating reality. The central challenge for the sector is less about responding to individual policy changes and more about building the infrastructure, coordination, and governance frameworks needed to operate under prolonged uncertainty. In this context, resiliency depends not only on diversification but on whether Canada's trade corridors can provide the consistency, capacity and confidence required for long-term decision-making.

INTERPROVINCIAL TRADE BARRIERS AND THE ROLE OF GOVERNMENT ACTION

While international tariffs and trade uncertainty dominate near-term risk, respondents also highlighted domestic barriers that continue to limit efficiency and competitiveness within Canada. Despite recent announcements aimed at reducing interprovincial trade frictions, many organizations report little practical improvement. These internal constraints remain challenging as businesses seek greater flexibility and resilience.

DOMESTIC COORDINATION REMAINS A CONSTRAINT



Barriers to interprovincial trade.

Survey results indicate that coordination and regulatory alignment, rather than labour mobility or procurement rules, remain the most significant obstacles to interprovincial trade. Limited coordination across provinces and between provincial and federal governments is the most frequently cited barrier, followed by interprovincial regulatory misalignment and differences in permitting and approval processes. These findings point to fragmentation and inconsistent execution as the primary sources of friction, adding cost, delay, and uncertainty for organizations operating across multiple jurisdictions.

These domestic barriers are viewed as compounding external trade risk. At a time when businesses are attempting to diversify markets and supply chains, internal inefficiencies reduce Canada’s ability to respond quickly and cohesively, weakening the benefits of scale and undermining confidence in the long-term performance of the system.

GOVERNMENT ACTION TO REDUCE TRADE-RELATED RISKS

Across both international and domestic dimensions of trade uncertainty, responses outlined a common set of government actions that would materially reduce risk:

1. **Investing in trade-enabling infrastructure** was seen as the single most impactful lever, reflecting the importance of capacity, reliability, and connectivity across ports, rail, highways, and digital systems. (76%)
2. **Supporting expansion into new international markets** ranked highly, underscoring the role of government in helping businesses navigate market access, regulatory complexity, and risk as they diversify beyond traditional partners. (42%)
3. **Negotiating new trade agreements** remains a priority, particularly as organizations seek greater certainty and stability in an increasingly fragmented global trade environment. (41%)
4. **Improving consultation with industry** before trade policy changes is viewed as essential to reducing unintended consequences and improving predictability for investment and planning. (27%)

These responses suggest that transportation leaders are less focused on short-term policy adjustments and more concerned with execution, coordination, and delivery. Improving interprovincial alignment and advancing infrastructure projects are seen as foundational steps that would reduce risk across the system, regardless of whether pressures originate domestically or internationally.

INFRASTRUCTURE, TRADE CORRIDORS AND INVESTMENT PRIORITIES



CROSS-SECTOR CONVERGENCE ON TRADE-ENABLING INFRASTRUCTURE

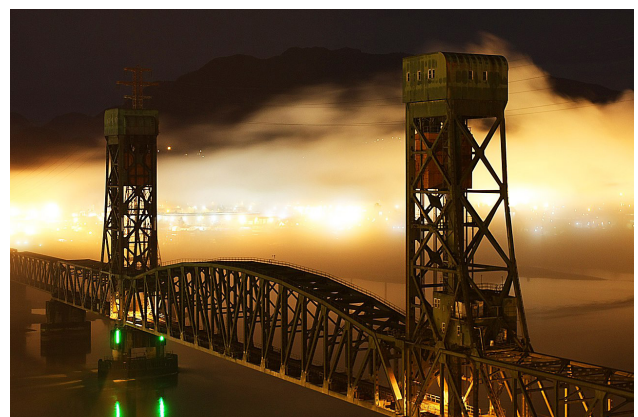
Respondents were asked to identify which projects or project types should be prioritized under the *Building Canada Act* and considered to be in the national interest. Responses show strong convergence around a relatively small set of system-critical, trade-enabling infrastructure, with stakeholders consistently pointing to known bottlenecks rather than new or speculative initiatives.

Across sectors, the strongest alignment centres on **rail capacity and chokepoint removal**, particularly investments that address constraints in high-volume trade corridors. Respondents repeatedly emphasized that rail reliability underpins the performance of the entire goods-movement system, and that unresolved chokepoints represent national trade risks rather than regional challenges. Projects most frequently cited include the replacement or upgrading of key rail bridges in the Vancouver region—most notably the **New Westminster Rail Bridge and the Second Narrows Rail Bridge**—which are widely viewed as nationally significant vulnerabilities within Canada's trade network.

Port gateway capacity and inland connectivity also emerged as a core priority, particularly within the Vancouver gateway. Respondents highlighted projects such as **Roberts Bank Terminal 2, Deltaport Berth 4, and dredging in Burrard Inlet** as critical to maintaining export capacity, improving system reliability, and supporting long-term trade growth. Beyond the West Coast, several respondents pointed to the **Port of Churchill**, currently under review by the Major Projects Office, as a strategic asset with national trade significance and diversification potential.

A third area of alignment relates to **energy and bulk export enabling infrastructure**, reflecting the role of trade corridors in supporting both export diversification and domestic supply. Respondents cited priorities including an additional oil pipeline to British Columbia's northwest coast, **LNG and LPG export terminals, nuclear power projects**, and associated transmission infrastructure as examples of projects with national economic and trade implications.

Respondents expressed a clear preference for fixing existing bottlenecks and renewing aging assets rather than pursuing new megaprojects in isolation. At the same time, several respondents cautioned against relying solely on a fixed list of projects. From this perspective, the national interest is also served by improving regulatory coordination, shortening approval timelines, and reducing uncertainty across major projects more broadly. Greater predictability and execution discipline were seen as necessary complements to prioritization, enabling a wider range of trade-enabling investments to proceed and strengthening confidence across the system.



Second Narrows Rail Bridge in Vancouver.

APPLYING NATIONAL PRIORITIES TO FEDERAL INVESTMENT

Respondents were also asked which projects or project types should be funded through the federal government's Trade Diversification Corridors Fund. Responses indicate strong alignment between funding priorities and the nationally significant infrastructure identified above, with stakeholders viewing the Fund as a complementary tool rather than a separate prioritization mechanism.

1. **Rail Capacity, Reliability, and Chokepoint Removal** was identified as the highest funding priority. Respondents pointed to rail bridge replacements, yard expansions, longer sidings, shortline rail support, grade separations, and first- and last-mile rail connections as investments that deliver broad, cross-sector benefits. Rail is widely viewed as the foundation of trade diversification, without which port, terminal, and corridor investments cannot fully deliver value.
2. **Port Gateway Capacity and Inland Connectivity** was also highlighted as a key area for targeted investment. Respondents emphasized funding for port expansions, dredging, anchorage capacity, inland ports, and improved port-rail-road integration, particularly in high-volume corridors. The focus remains on system flexibility and resilience rather than isolated capacity additions.
3. **First-Mile and Last-Mile Trade Infrastructure** continues to be seen as a critical but underfunded enabler. Improving upstream and downstream access is viewed as essential to supporting regional production, avoiding congestion, and ensuring reliability across the national goods-movement system.
4. Respondents also emphasized the importance of **energy and bulk export enabling infrastructure** including assets that support the movement of crude oil, LNG, LPG, hydrogen, ammonia, and critical minerals. Public funding is seen as

most appropriate when directed toward shared, common-user infrastructure that enables these movements, rather than toward commercially competitive assets. This approach positions government investment as funding the enabling backbone of the system, while commercial risk and returns remain with industry.

5. Finally, respondents underscored the value of investments that improve **system efficiency, resilience, and coordination**, including digitization, automation, data-sharing, single-window trade platforms, and infrastructure renewal to prevent unplanned outages. These measures are viewed as cost-effective ways to strengthen trade performance in the near term and enhance confidence in the system over time.

Taken together, responses point to a delineation of responsibility between federal policy tools. The *Building Canada Act* and the Major Projects Office are seen as mechanisms for prioritization, coordination, and accelerated delivery of nationally significant infrastructure, while the Trade Diversification Corridors Fund provides targeted capital to enable those priorities and address system-wide bottlenecks. These tools reinforce a coordinated approach to strengthening Canada's trade corridors—one that focuses less on identifying what needs to be done and more on delivering projects predictably and at scale.

“Industry and the federal government are saying the right things, but in reality, we are decades behind on nation-building investments. This amount is about 10 per cent of what is needed for a serious conversation about trade corridor investment at the federal level. It should be \$50-100 billion to be serious.”

—GOVERNMENT

LOOKING AHEAD: FROM STABILITY TO DELIVERY

The coming year will test whether recent stability in Western Canada's transportation system can be translated into stronger performance, or whether uncertainty remains a limiting factor. While acute disruptions have eased and confidence has steadied, the operating environment remains defined by persistent trade uncertainty, geopolitical risk, and cost pressures that are unlikely to resolve in the near term. The challenge is no longer one of diagnosis, but of operating under prolonged volatility.

For many organizations, the next phase will be shaped by restraint rather than expansion. Investment decisions are expected to remain selective, focused on reliability, efficiency, and risk management rather than new capacity alone. Improving revenue conditions and a more constructive regulatory tone offer a limited but significant window to advance priorities that strengthen long-term competitiveness before uncertainty further narrows flexibility.

Progress will depend on delivery. The extent to which trade-enabling infrastructure can be advanced, coordination across jurisdictions improved, and predictability strengthened in approvals and policy signals will shape whether confidence can be rebuilt or remains constrained. Strong alignment across sectors suggests that implementation, not consensus, is now the primary constraint.

Looking ahead, resiliency will hinge less on absorbing individual shocks and more on sustaining reliable performance over time. Incremental gains, such as fewer bottlenecks, faster approvals, and better coordination, may determine whether stability evolves into renewed competitiveness or settles into managed stagnation. While progress may be gradual, sustained momentum in the right areas offers a clear opportunity to reinforce Western Canada's role as a reliable and competitive trade gateway in an increasingly unpredictable global environment.



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Published January 2026

Image courtesy of GCT Global Container Terminals