

State of the Region 2026:

Charting the Course for Atlantic Canada's Future

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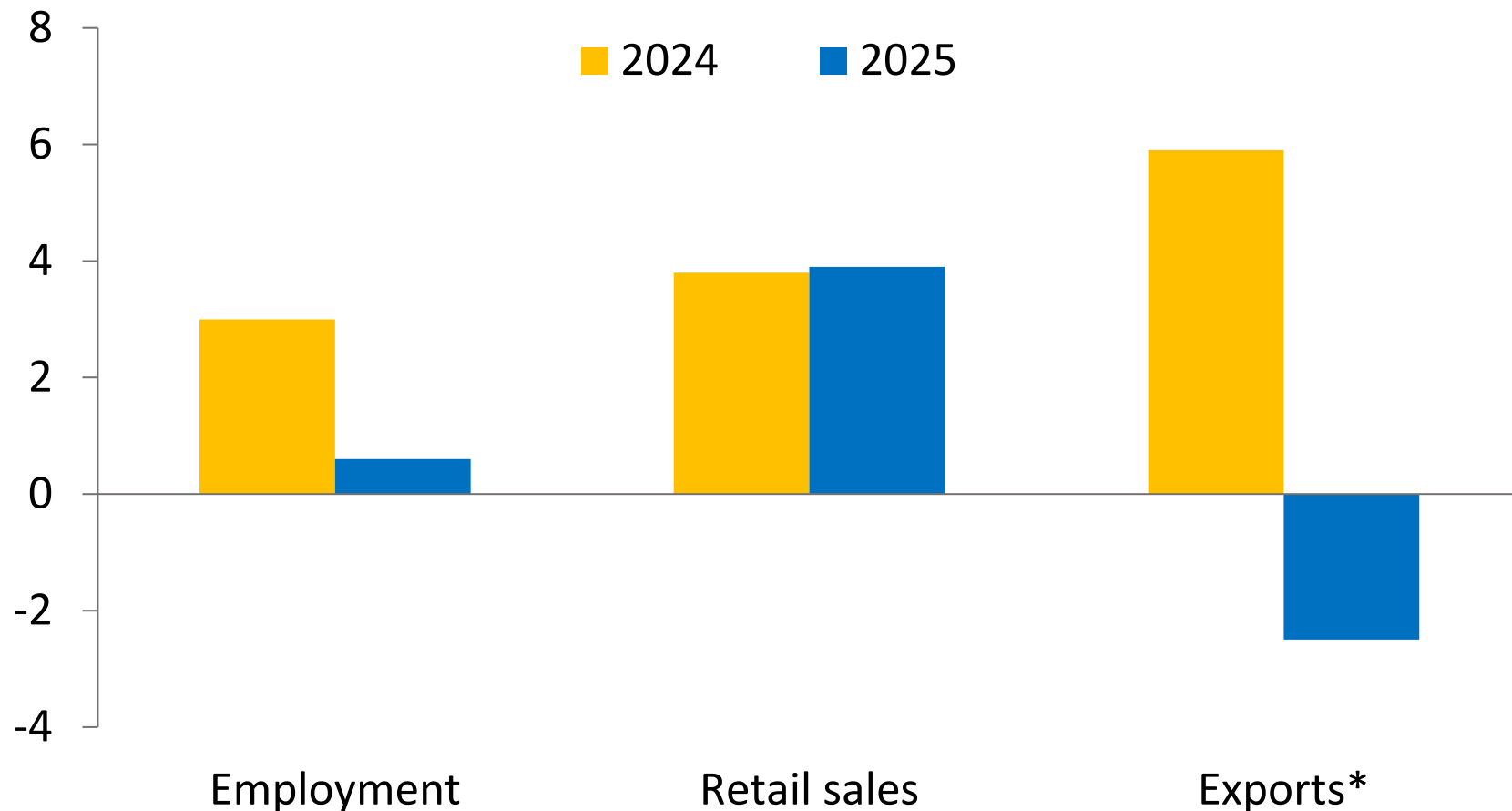


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Atlantic economy held up in 2025 despite trade pressures

Change in indicator (%)



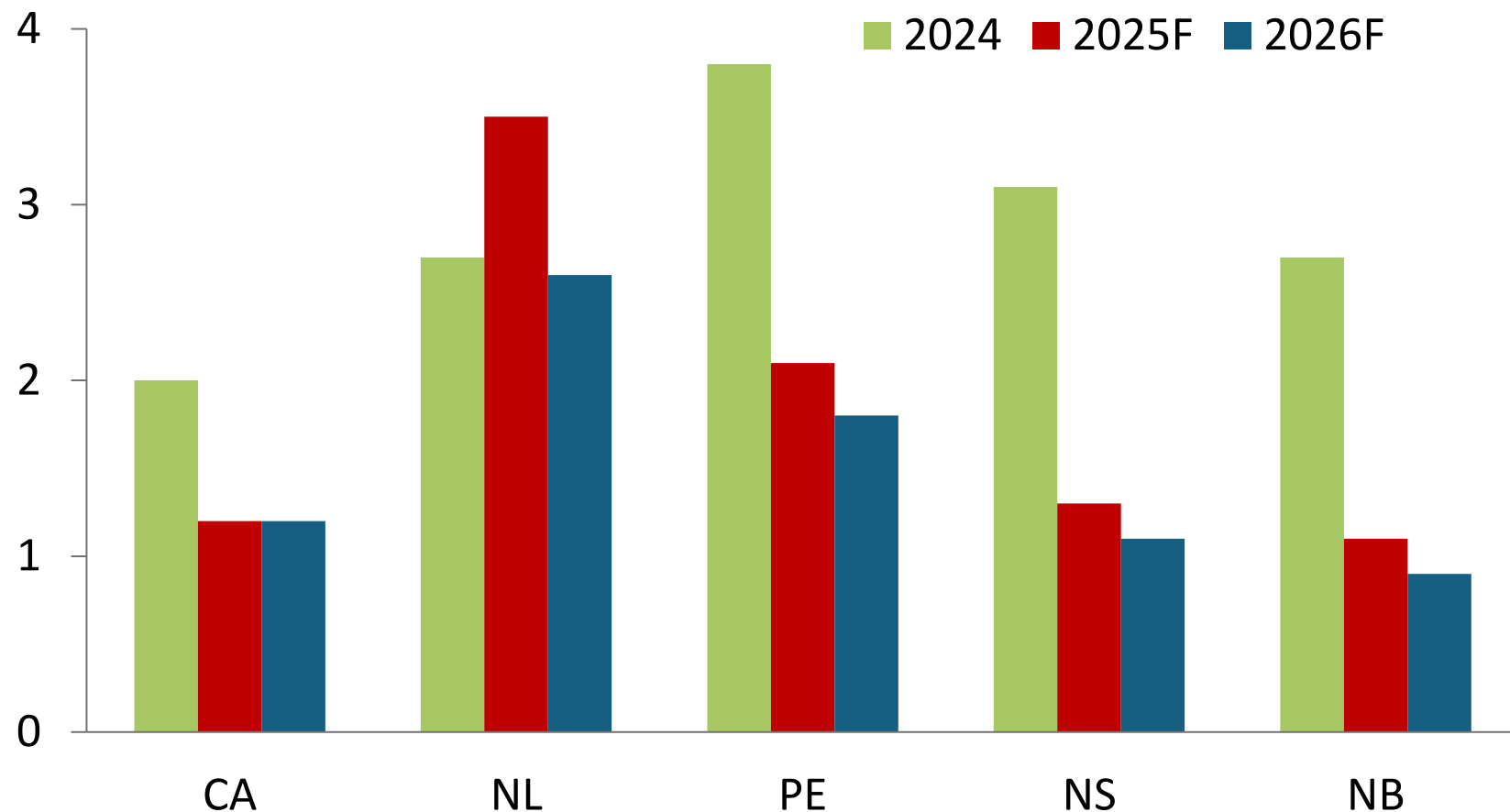
Employment slowed, with reductions in the private sector.

Consumer spending advanced with retail sales volumes supported by real wage gains.

Export growth slowed. Values were down in New Brunswick flat in PEI and Nova Scotia, and up slightly in Newfoundland and Labrador.

Atlantic economic growth is projected to ease further in 2026

Real GDP growth (%)



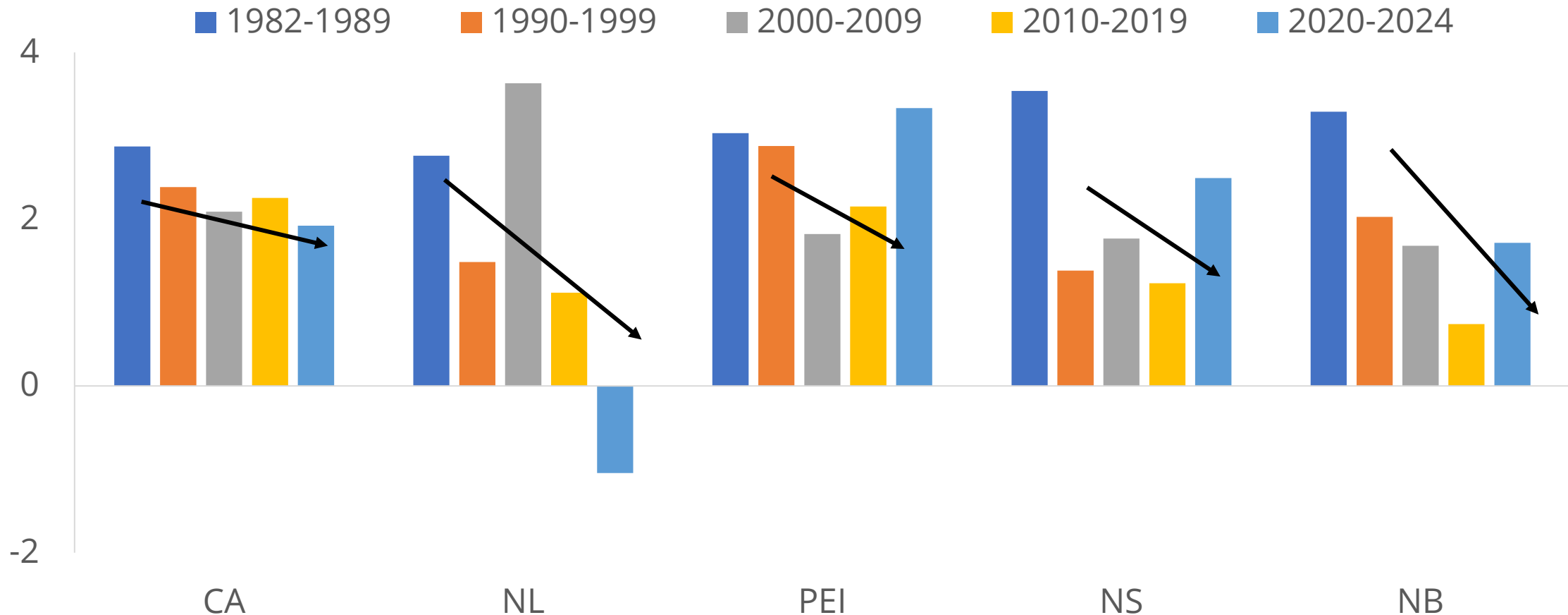
Slower population growth and weaker trade and will lead to reduced growth in 2026

Key risks:

- Further US trade actions (-)
- CUSMA renegotiation
- How governments respond to fiscal challenges (-)

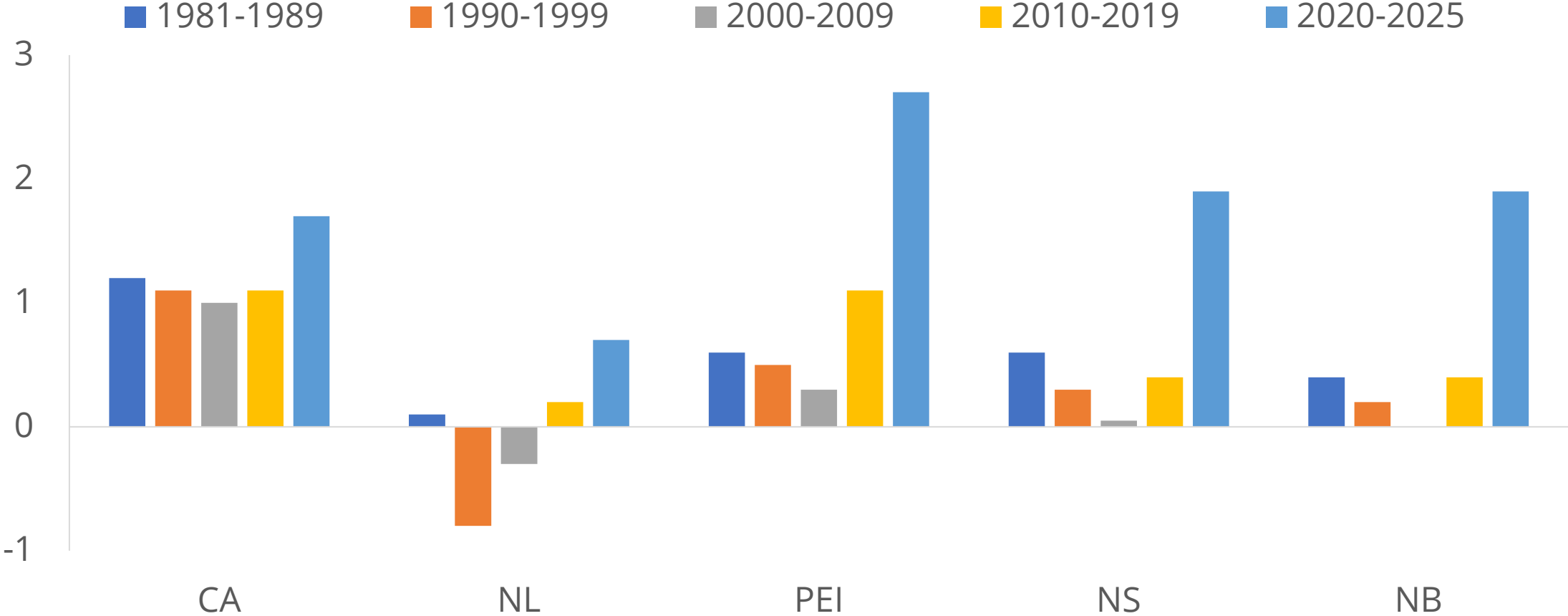
Atlantic economies have been growing, with overall growth rates moderating until recently

Real GDP, average annual growth (%)



Atlantic population growth has been slowing, until population surge beginning in mid-2010s

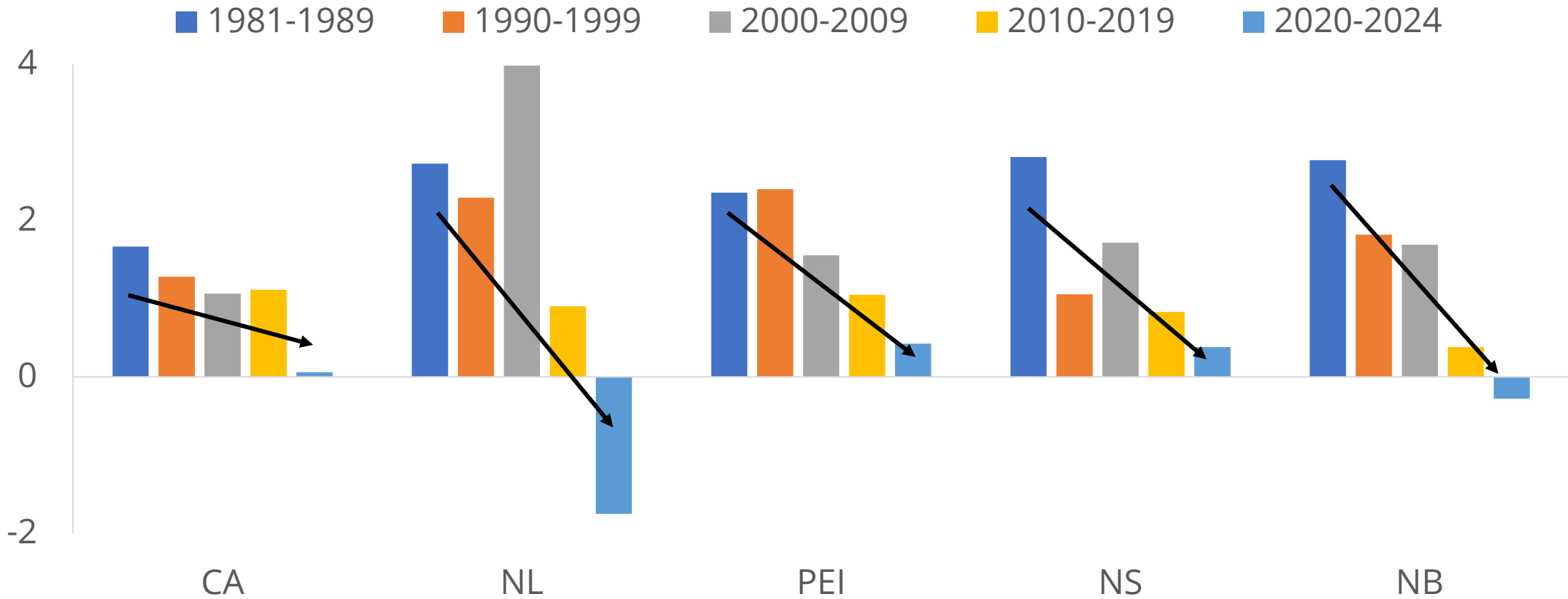
Population, annual average growth (%)



Source: Statistics Canada

Atlantic Canadians have seen gains in living standards, but growth rates have slowed dramatically

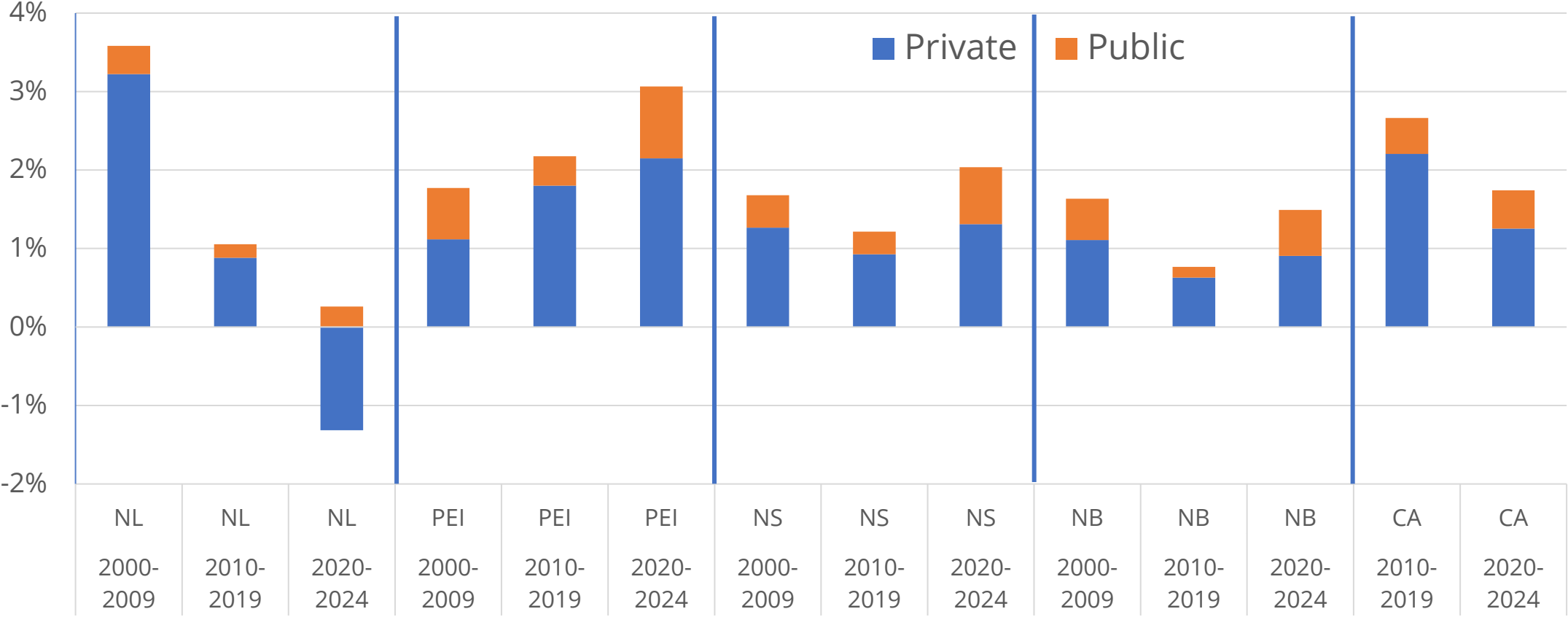
GDP per capita, average annual growth (%)



Source: Statistics Canada

Private (business) sector is key to economic growth

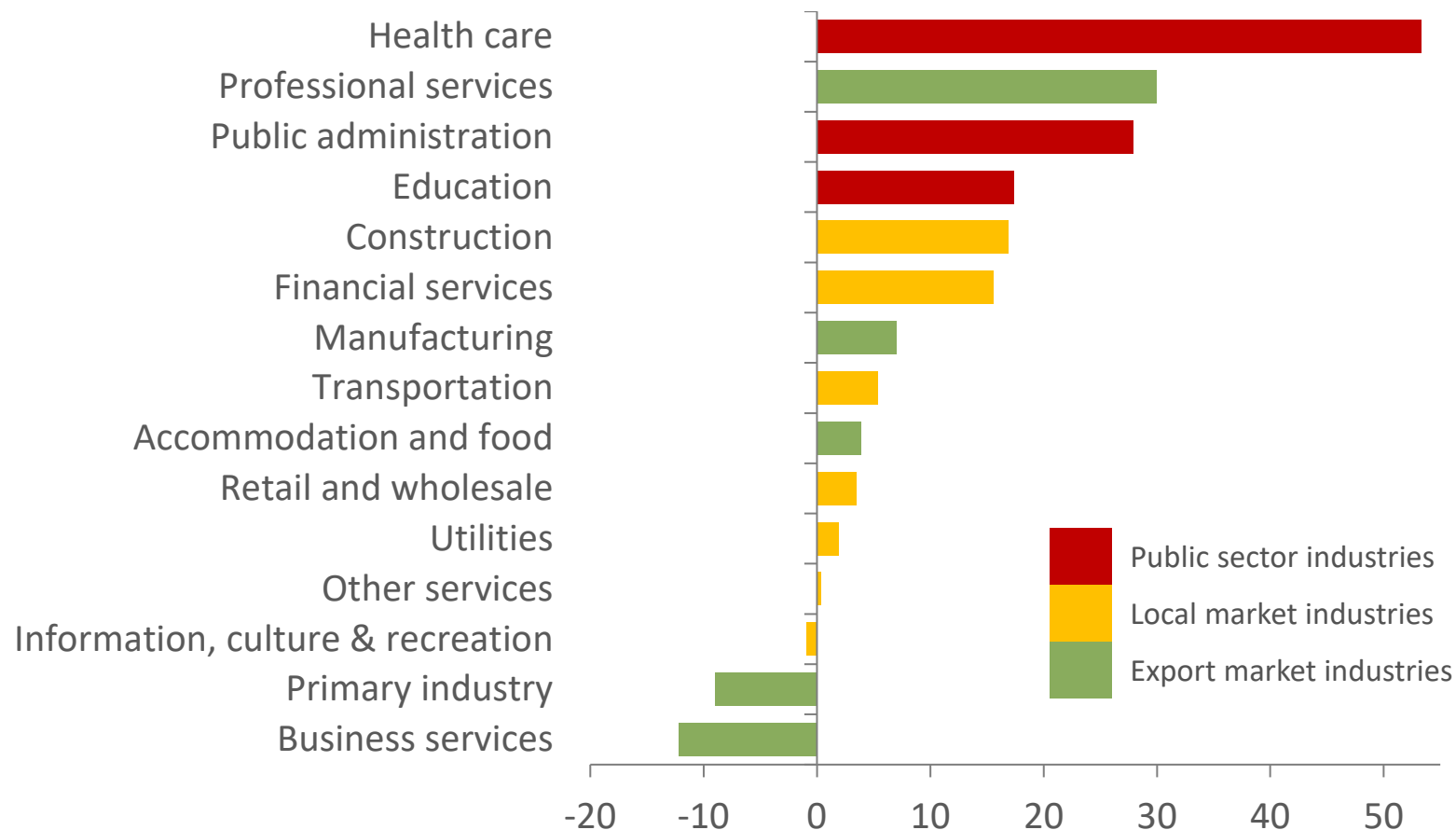
Contribution to annual average real GDP growth



Source: Statistics Canada

Sustained economic growth needs gains in export oriented, private sector

Change in employment, 2010-2025, Atlantic Canada (thousands)



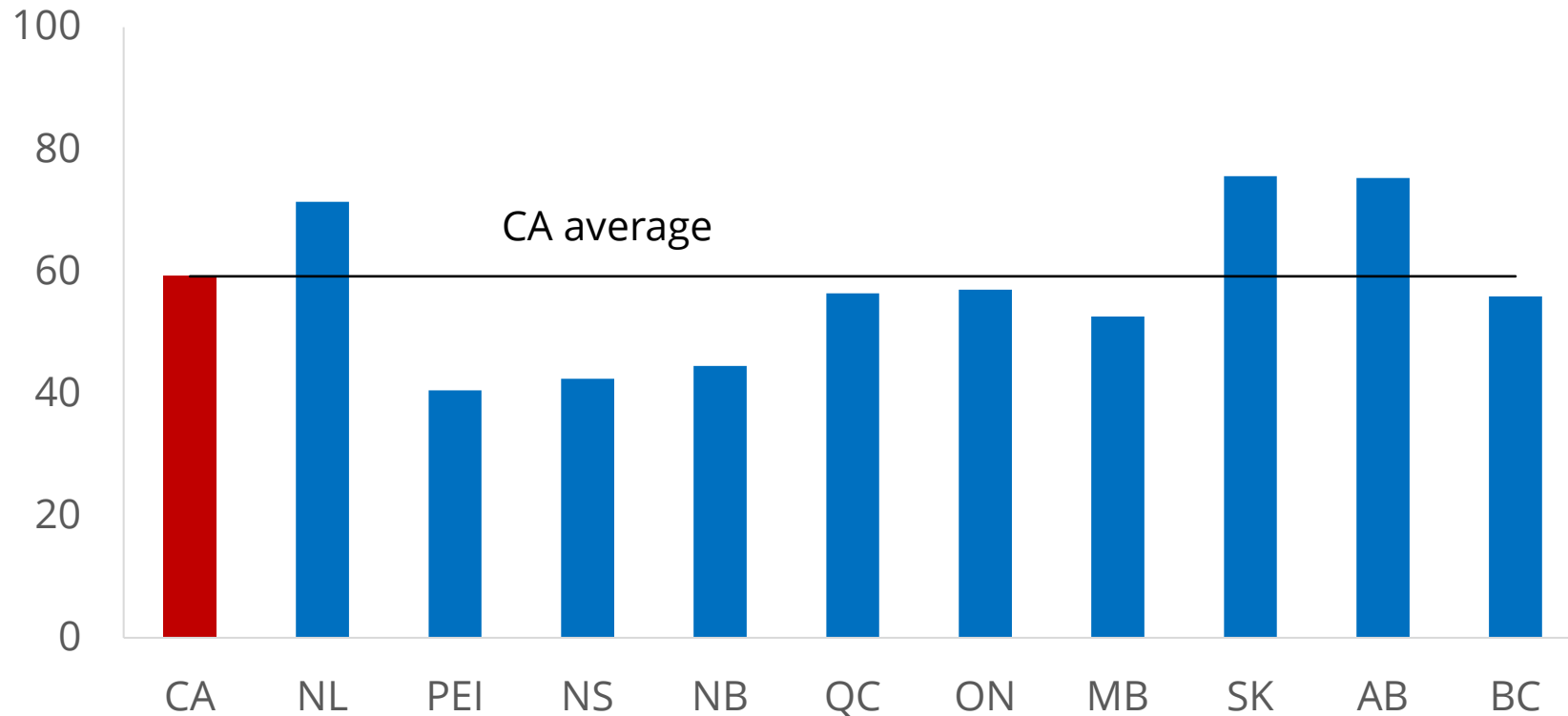
Public sector industries (especially health) accounted for over 60% of job gains.

Local market industries (construction, retail, recreation and other services) provided over 25% of jobs gains. Can support but not drive growth.

Export-related industries (IT, manufacturing, tourism) created 12% of net job gains, with losses in primary industries and call centres.

Productivity higher in resource rich provinces; Detailed comparisons are challenging

Labour productivity, business sector, 2024 (chained 2017\$/hr)



Productivity in the Maritime provinces (excluding NL) is 68-75% of the national average.

Productivity in NL is 20% higher than the national average.

Productivity gap may reflect several factors including demand and relative provincial prices; industry composition and firm size.

Strategies need to be robust to four long-term forces and disruptions shaping the macro-economic environment



Demographics & inclusion

- Small, slow growing Atlantic market
- Aging population
- Shrinking labour force
- Indigenous opportunities



Geopolitical & global trade shifts

- Heightened global risks
- Supply chain reconfiguration
- Transportation access
- Defence, Arctic opps



Sustainability & climate change

- Climate change risks
- Export opportunities during energy transition
- Regional need for clean, reliable, affordable power
- Business risks due to changing global priorities

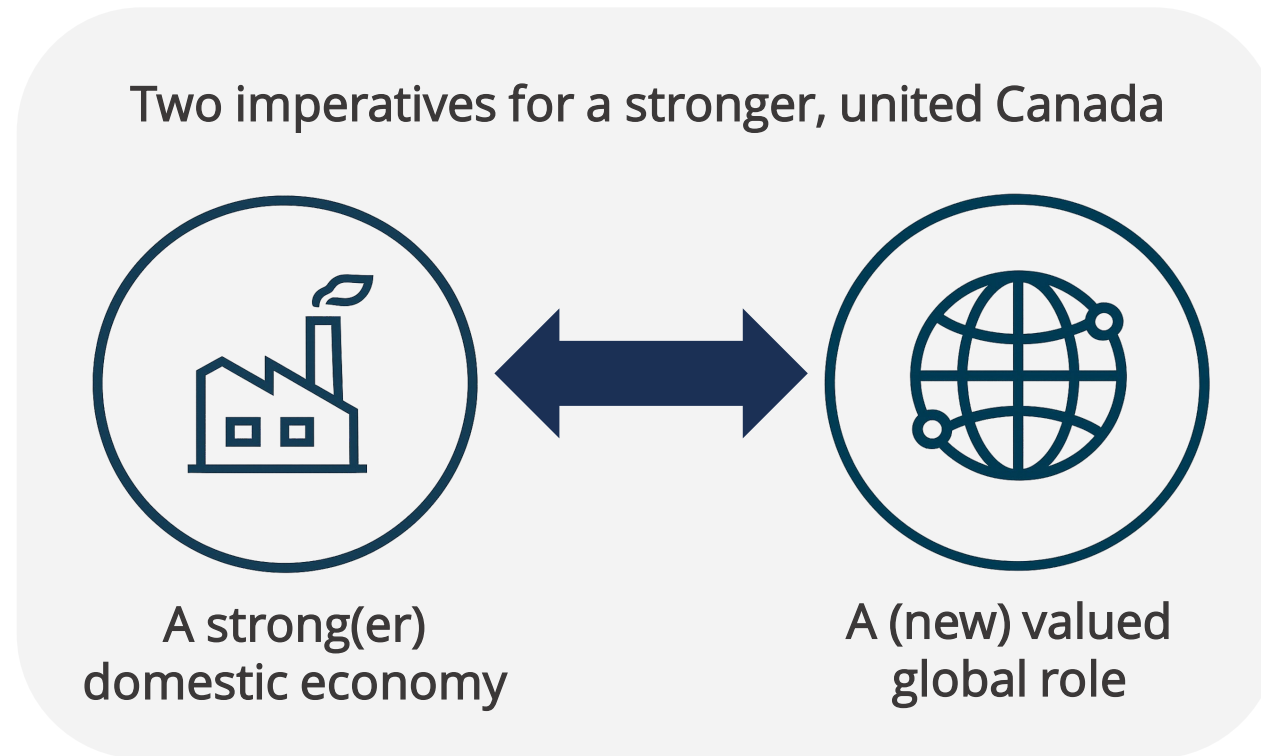


AI, digitalization & automation

- Opportunities to ease labour challenges and boost competitiveness
- Atlantic adoption often lags
- Risks if adoption lags competitors

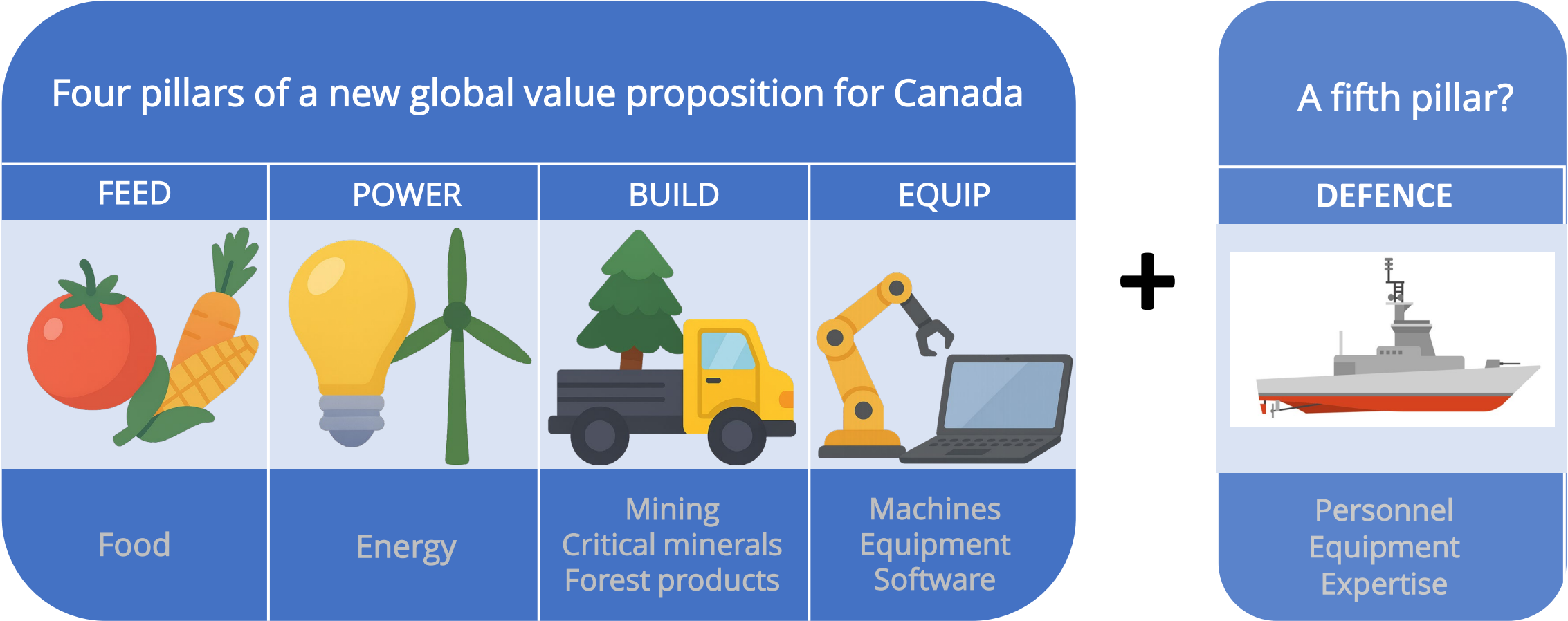
First key priority: new pan-Canadian vision and brand

- Global imperative: new Canadian brand and global role: Strong, valued, trusted
- Domestic imperative: stronger national economy
- National imperative: utilize each region's assets and ensure policies benefit each region



Dimensions of a new global branding

- Need new pan-Canadian brand and vision for Canada’s economy and global role
 - ATL can contribute to national goals (e.g., defence, critical minerals, energy, trade diversification)



Source: Atlantic Economic Council, *Charting a New Strategic Direction for Canada and the Atlantic region and Defence Industry Watch (Sep 2025)*

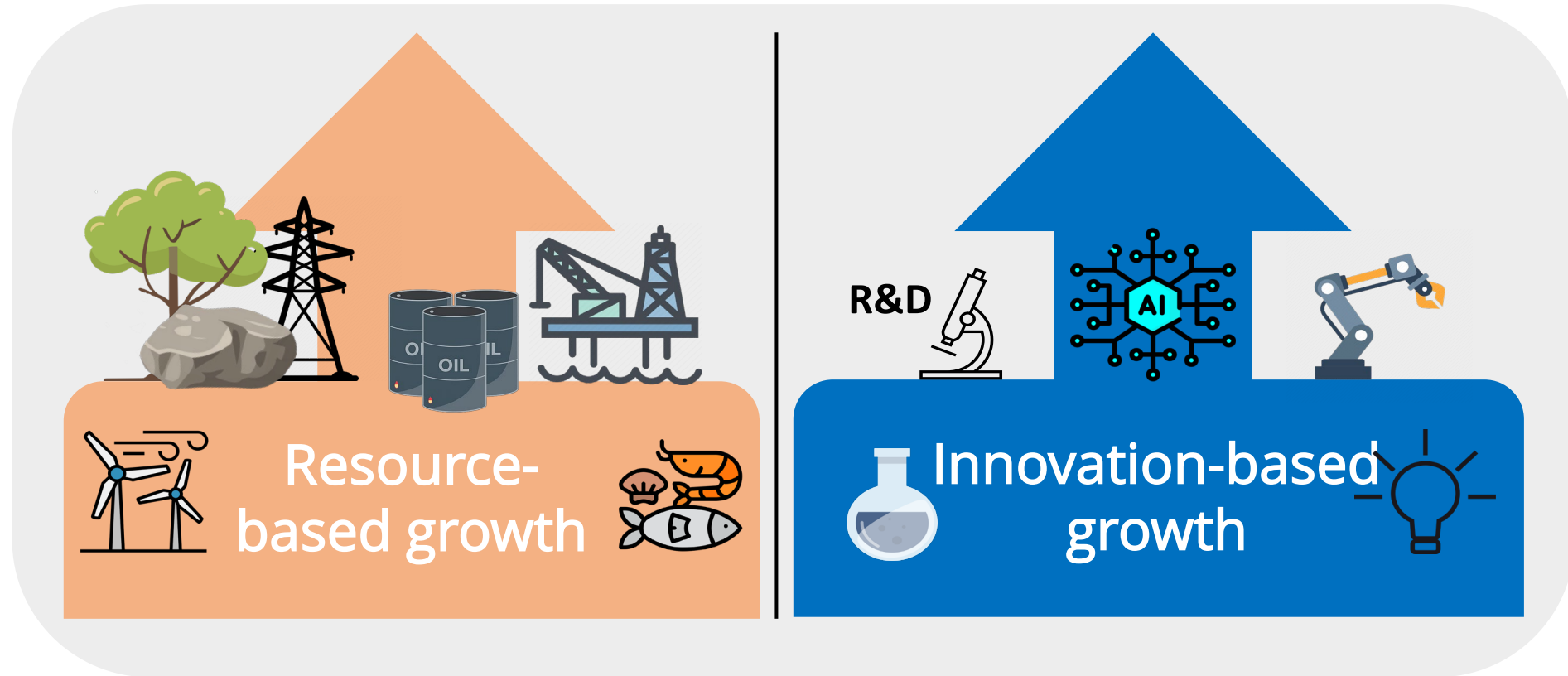
Key East Coast assets and opportunities for Atlantic Canada to support a stronger economy

- [Defence](#): support stronger Canadian and NATO defence spending and activity (military presence and private sector capabilities)
- Trade infrastructure for Canada (**geographic** assets: ports/rail; new pipelines?)
- Renewable **energy** (e.g., [wind](#), [hydro](#), [nuclear](#), tidal)? but cost/transmission key for export
- Offshore **oil**, natural gas?, **mining** (iron ore, [critical minerals](#)) and other **food resources** (food/seafood/aquaculture) for global market
- **Scale up** of innovation-based firms

Second key priority: Prioritize economic progress

- Domestic: Economic development prioritized with clear objectives and roadmap
 - National programs must be structured to work well across the country
 - Prioritize and unleash private sector with smart public policy (inc. competitive business climate)
 - Bias towards export growth given small, relatively slow-growing Atlantic market

We need to leverage our two sources of growth



- Over half of ATL goods exports accounted for by 13 resource products
- Almost 85% of ATL goods exports accounted for by 15 products

We need an integrated approach to growth & development

- Price (**value**) of output matters, not just the **quantity**: higher margin and higher value output increases incomes without greater output
- Increased **output** requires more **inputs** (land, people, capital) and/or higher **productivity**
 - Higher “**quality**” inputs (e.g., skills and experience of workers; technology embedded in machinery, equipment and software; better infrastructure) can boost productivity
 - **Productivity** is also heavily affected by scale, capacity utilization, management efficiency organizational effectiveness, innovation and the underlying business model and strategy
 - Need **holistic approach** to business growth: investing in new technology is of little value if workers are not trained to use it and/or business model is not able to leverage it
- **Financial resources** are required to acquire or invest in increased or higher quality inputs
 - The **business climate** (e.g., tax rates, regulatory environment, infrastructure) affects the incentive to invest: remember, we are competing globally for investment and talent
 - **Access to financing** affects the capacity to invest

Four pillars of a strong economy

	PEOPLE	NATURAL RESOURCES	BUILT RESOURCES	INGENUITY & LEADERSHIP
Strategy	People strategy	Resource strategy	Investment strategy	Leadership strategy
Pillars	Number of people and their skills, competencies and attributes	Renewable (land, fish, forestry, wind, solar, tidal) and non-renewable resources (mineral deposits) available in a jurisdiction	The machinery, equipment, technology (IT, software, AI) & infrastructure (energy, IT, transportation) available to equip people and empower people	The business models, strategies (ideas, ingenuity), public policies and leadership we use to ensure all the other inputs provide the maximum value
Key principle	Ensure we have the people we need and that we value, develop and use everyone's full capabilities	Discover, develop and wisely use our natural resources (sustainable use of renewable like fish, forest, water / depletion of non-renewable mining, oil and gas)	Build the smart infrastructure we need for a strong national and regional economies with the private sector investing smartly for growth and competitiveness	Commitment to reflect, think and change as appropriate to ensure we are always globally competitive and sustainable

- Also need financing strategy to fund investments

We need a strong domestic economy, which supports and is sustained by strong social supports

- Social & fiscal priorities to ensure robust economy
 - Improve education and literacy outcomes & preparedness of young people
 - Increase effectiveness of health care delivery to improve health status and ease fiscal pressures
 - Stronger short-term fiscal management, supported by long-term projections of fiscal sustainability; potential for regional collaboration to ease spending pressures



Summary: Key policy priorities from Council perspective

- Need new pan-Canadian brand and vision for Canada's economy and global role
 - ATL can contribute to national goals (e.g., defence, critical minerals, energy, trade diversification)
- Economic development prioritized with clear objectives and roadmap
 - National programs must be structured to work well across the country
 - Prioritize and unleash private sector with smart public policy (inc. competitive business climate)
 - Bias towards export growth given small, relatively slow-growing Atlantic market
- Two prime priorities for economic development
 - Improve potential for resource development (including Indigenous participation)
 - Facilitate scale up of innovation-based firms (including defence firms)
- Social & fiscal priorities to ensure robust economy
 - Improve education and literacy outcomes & preparedness of young people
 - Increase effectiveness of health care delivery to improve health status and ease fiscal pressures
 - Stronger short-term fiscal management, supported by long-term projections of fiscal sustainability; potential for regional collaboration to ease spending pressures

Summary: How should firms respond to the current situation?

- Assess vulnerability to US (other) tariffs & border measures and government spending cuts and implement short-term mitigation strategy
- Assess vulnerability to 4 macro trends/disruptions and identify any opportunities they present
- Re-evaluate long-term opportunities for market growth: Local, national, US and other international (thinking about returns, costs and risks in each market)
 - Assess opportunities to advance Atlantic Canada's contribution to national priorities
- Examine your competitiveness (ideally benchmark) in these markets
 - How would you grow to serve these markets?
 - How can you improve your productivity?
 - Explore opportunities to increase value/margins