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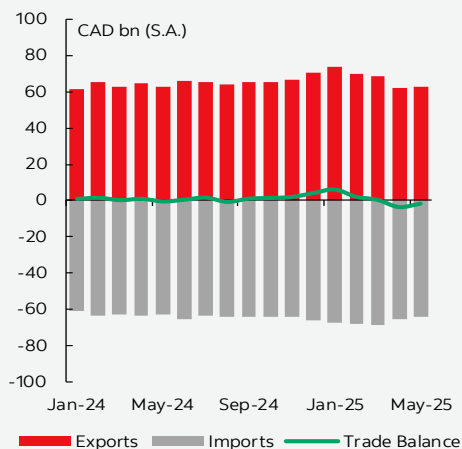
With research assistance from:

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Chart 1

Canadian International Merchandise Trade



Sources: Scotiabank Economics, Statistics Canada.

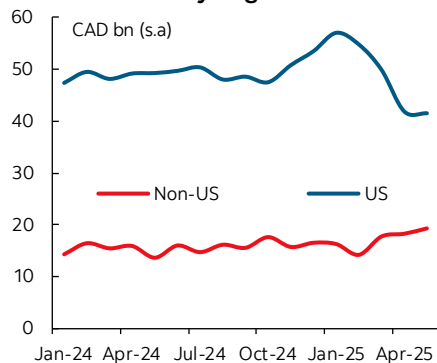
Duty Calls: Monthly Trade Publication on Canada-US Trade, May 2025

This monthly report will detail trade shifts in North America, highlight what we're seeing in today's dynamic trade environment, and identify what it might mean for growth going forward.

- May could prove the start of normalization for the continent. Statistics Canada indicates CAN exports increased by 1.1%, following a 10.8% decline in April. This marked the first increase in exports in the last four months.
- Exports to the US declined (-0.9%), while exports outside the US grew (+5.7%), a continuation of recent trends. Canada's exports are now significantly less concentrated in the US than they were, with the share of exports bound for US declining from 76% in 2024, to 68% in May.
- Trade between the US and the rest of world was also more stable. US Census Bureau data shows overall imports declined by 0.1%. Despite the apparent stability, US figures may still be masking distortions. Policy rolled back in May, with tariff rates on Chinese imports declining from 145% to the current 30%. The US-UK trade [deal](#) was also agreed to, although impacts are unlikely to be significant. We estimate the full scale of UK exports impacted by the UK-US deal was roughly 4% of US imports from the UK.
- Distortions are partly due to the pace of policy vs. the pace of ships, given that journeys may have needed to reroute or cancel following a given announcement. According to route [data](#) from Maersk, cargo ships headed between key Asia-Pacific and North American ports can take roughly 40–60 days to conduct the full journey. Shipments between the UK-US can take roughly 20 days. Exports stalled as a result of April's decisions would likely not have had time to reverse course by month's end, assuming ships were not redirected towards other markets. Expect tangible outcomes of détente (i.e. US import growth) to materialize in later summer releases.
- On the CAN-US trade relationship, two paths forward exist. A handshake deal to make a trade deal by July 21st offers promise to maintain stability or improve circumstances, but Canada has also [committed](#) to raise counter-tariffs on steel and aluminum imports if no agreement is reached by that date (the recent imposition of TRQs on steel will not affect US imports). This could be a negotiating ploy, or could re-escalate tensions mid-summer. The recent reversal on the DST indicates a potential Canadian bias towards making a deal.
- Guessing whether peak trade volatility has passed seems a fool's errand, but the pace of trade announcements has declined since April's peak. Trade uncertainty has declined significantly in all three countries. Overall, for Canada, the scale of the trade shock thus far appears smaller than expected, offering upside promise for growth and investment relative to initial forecasts.
- Still, several headwinds beyond tariffs could yet temper the outlook. A promise to reimpose (or create new) country-specific tariffs on July 9th looms. The US-Vietnam deal roughly doubled its tariffs above the current 10% level, and a country-by-country approach could lead to more increases. Middle Eastern conflicts could impact shipping routes and regional growth outlooks. If IEEPA tariffs are formally removed, Section 232 tariffs may be increased, following recent US moves on steel and aluminum imports.
- Given recent volatility, it bears repeating that one month's worth of lagged data does not address all unanswered questions within the outlook. As the summer advances, the impacts of tariffs at higher or lower levels on price rises, investment and spending will become clearer. For now, data still reflects previous turmoil, but also shows a calming in markets. Clarity around effects are not foreseen until data releases in July/August.

Chart 2

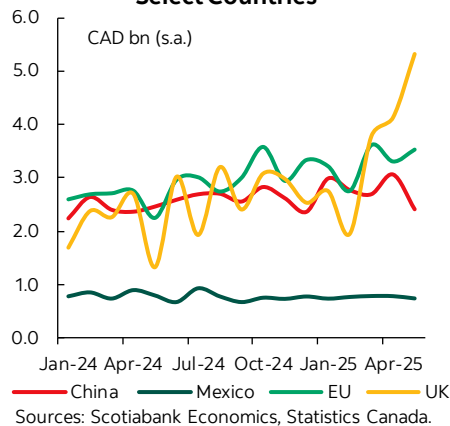
Canadian Merchandise Exports, by Region



Sources: Scotiabank Economics, Statistics Canada.

Chart 3

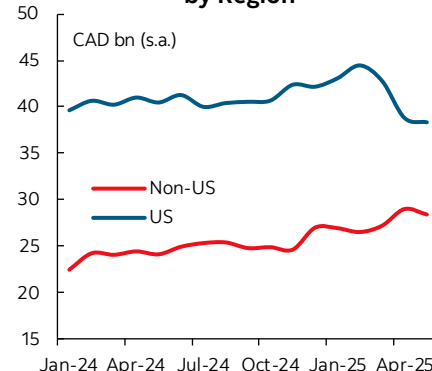
Canadian Merchandise Exports to Select Countries



Sources: Scotiabank Economics, Statistics Canada.

Chart 4

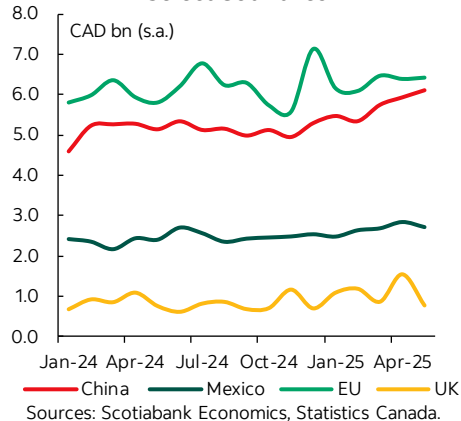
Canadian Merchandise Imports, by Region



Sources: Scotiabank Economics, Statistics Canada.

Chart 5

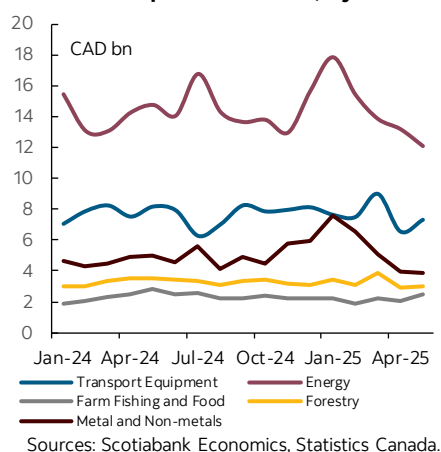
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Chart 6

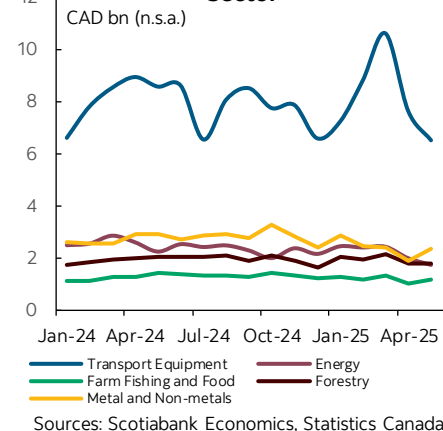
Canada Exports to the US, by Sector



Sources: Scotiabank Economics, Statistics Canada.

Chart 7

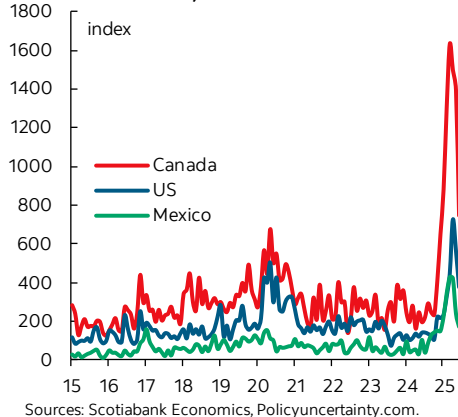
Canada Imports from the US, by Sector



Sources: Scotiabank Economics, Statistics Canada.

Chart 8

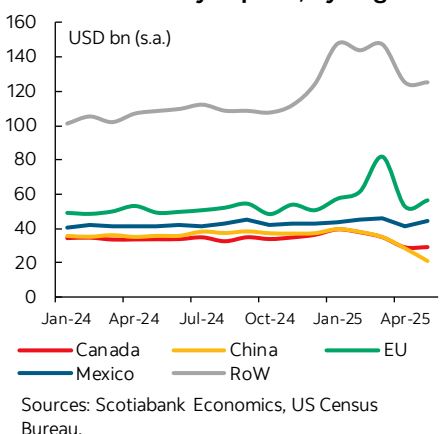
Economic Policy Uncertainty in Canada, US and Mexico



Sources: Scotiabank Economics, Policyuncertainty.com.

Chart 9

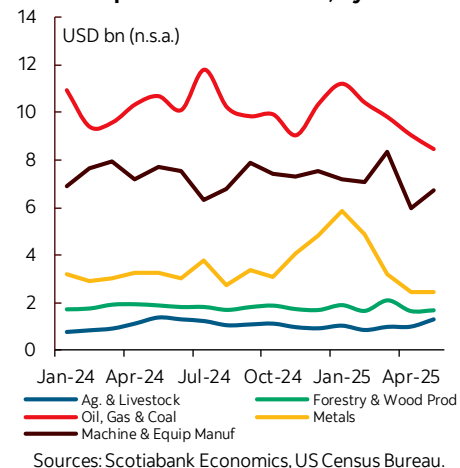
US Commodity Imports, by Region



Sources: Scotiabank Economics, US Census Bureau.

Chart 10

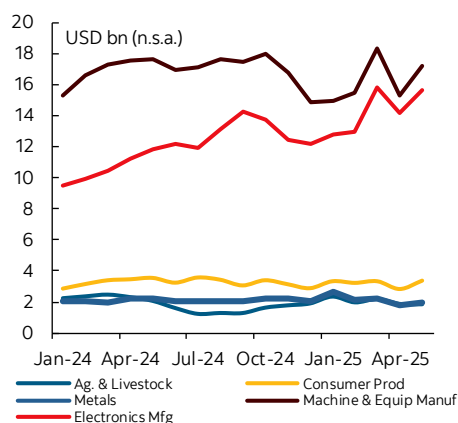
US Imports From Canada, by Sector



Sources: Scotiabank Economics, US Census Bureau.

Chart 11

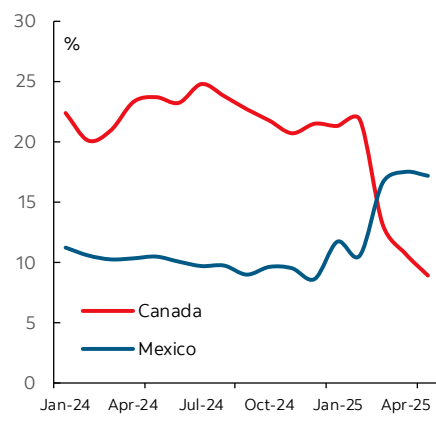
US Imports From Mexico, by Sector



Sources: Scotiabank Economics, US Census Bureau.

Chart 12

Share of US Imports Paying Duties



Sources: Scotiabank Economics, US Census Bureau.

Chart 13

US Export Price Index for Canada

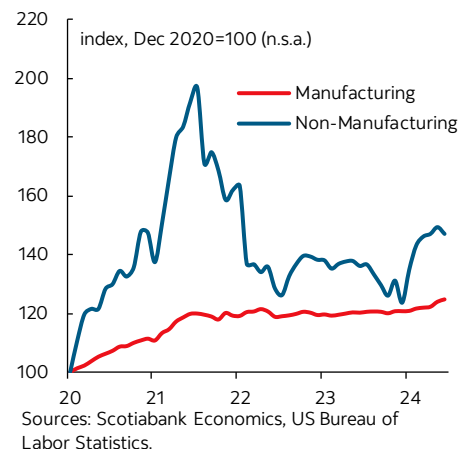


Chart 14

US Global Import Price Indices

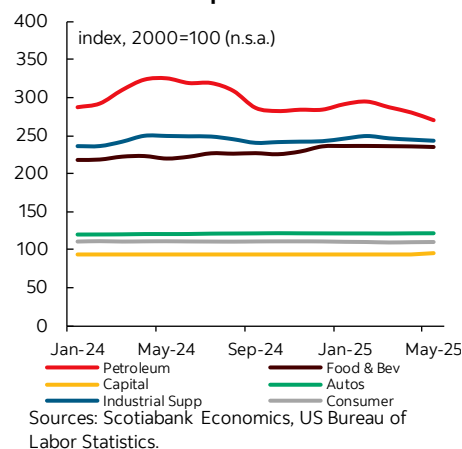


Table 1: Canada, U.S. Mexico - Goods Exports and Imports (n.s.a.)

Country and Flow	May 25 (mn)	m/m%	y/y%	YTD (mn)
Canada Total Exports	62920 CAD	3.6	-3.8	334263 CAD
Canada Total Imports	65726 CAD	-0.5	-0.5	328710 CAD
U.S. Total Exports	183013 USD	-3.5	5.8	896573 USD
U.S. Total Imports	276517 USD	0.1	0.6	1500797 USD
Mexico Total Exports	55476 USD	2.2	-0.3	259025 USD
Mexico Total Imports	54447 USD	0.1	1.4	256987 USD

Sources: Scotiabank Economics, US Census Bureau, Statistics Canada, Banco de México.

Table 2: Canada - Merchandise Exports by Region (s.a.)

Country	May 25 (CAD mn)	m/m%	y/y%	YTD (CAD mn)
US	41526	-0.9	-15.7	244924
China	2403	-21.3	-2.1	13884
Mexico	748	-5.2	-6.6	3847
EU	3530	6.7	56.0	16435
UK	5329	28.9	302.2	17954
Rest of the World	7269	4.6	7.8	33481

Sources: Scotiabank Economics, Statistics Canada.

Table 3: Canada - Exports by Sector (n.s.a.)

Sector	May 25 (CAD 000s)	m/m%	y/y%	YTD (CAD 000s)
Transport Equipment	7323983	11.7	-10.6	38047153
Chemical and Plastic	2477099	-0.2	-23.4	13966292
Consumer	4610521	0.2	-10.2	27083929
Electronic and Electrical	1559304	8.5	-1.5	8255408
Energy	12109996	-8.2	-17.9	72367223
Farm Fishing and Food	2475778	22.5	-11.3	10825467
Forestry	3014625	2.6	-13.4	16323936
Machinery	2317338	12.2	-13.6	13744090
Metals and Non-metals	3902442	-1.1	-21.5	27063834

Sources: Scotiabank Economics, Statistics Canada.

Table 4: U.S. - Merchandise Imports by Region (s.a.)

Country	May 25 (\$ 000s)	m/m%	y/y%	YTD (\$ 000s)
Canada	29098	0.5	-13.9	170654
China	20886	-26.3	-41.5	161772
EU	56079	6.9	14.8	308291
Mexico	44573	8.0	7.0	220884
Rest of the World	125046	0.1	15.4	688468

Sources: Scotiabank Economics, US Census Bureau.

Table 5: Tariff Announcements

Imposing	Impacted Country	Impacted Sector	Tariff Rate	Date of Latest Significant Change
United States	All	Steel & Steel Articles	50%	June 4th, 2025
United States	All	Aluminum & Aluminum Articles	50%	June 4th, 2025
United States	China	All exports not subject to de minimis rule (replaced by all exports)	20%	March 3rd, 2025
United States	Canada	All exports that do not comply with USMCA rules of origin requirements	10% (energy & potash), 25% (remaining goods)	March 7th, 2025
United States	Mexico	All exports that do not comply with USMCA rules of origin requirements	25%	March 7th, 2025
United States	All ex. CA & MX	Assembled passenger vehicles	25%	April 3rd, 2025
United States	CA & MX	Non-US content in passenger vehicles (Auto parts exempt)	25%	April 3rd, 2025
United States	All ex. CA & MX	Majority of exports ex. steel, aluminum, autos, semiconductors/consumer electronics	10%	April 8th, 2025
United States	Canada	Increase of countervailing duties on Canadian softwood lumber	Avg countervailing duty rate now 34.45%	April 21st, 2025
United States	Canada	Increase of countervailing duties on Canadian softwood lumber	Avg countervailing duty rate now 34.45%	April 21st, 2025
United States	All ex. CA & MX	Automotive parts	25%	May 3rd, 2025
Canada	United States	Assortment of steel, aluminum, & consumer/food products	25%	March 13th, 2025
Canada	United States	Non-CUSMA compl. passenger autos, & US-content in CUSMA-compl. passenger autos	25%	April 9th, 2025
China	Canada	Select agricultural exports (canola, peas, pork, etc.)	25% - 100%	March 3rd, 2025
China	United States	All exports	10%	May 11th, 2025

Sources: Scotiabank Economics, White House, Govt of Canada, Ministry of Commerce of the People's Republic of China.

Table 6a: Canada - Effective Tariff Rate (ETR)
Measures Contributing to Effective Tariff Rate

25% on non-CUSMA compliant goods to US
10% on non-CUSMA compliant energy and potash to US
50% on steel/derivatives and aluminum/derivatives to US
20% increase in countervailing duties on softwood lumber exports to US
25%-100% tariffs on select agricultural exports to China

Table 6b: Canada - Effective Tariff Rate (ETR)

Effective Tariff Rate	%
Current ETR on Exports to World	4.1
Prev. Month ETR on Exports to World	4.8
Share of Exports Currently Impacted by Tariffs	20.4

Sources: Scotiabank Economics, WITS.

Table 7a: Mexico - Effective Tariff Rate (ETR)	
Measures Contributing to Effective Tariff Rate	
25% on non-CUSMA compliant goods to US	
50% on steel/derivatives and aluminum/derivatives to US	
25% on non-US content in passenger vehicles to US	
Table 7b: Mexico - Effective Tariff Rate (ETR)	
Effective Tariff Rate	%
Current ETR on Exports to World	4.7
Prev. Month ETR on Exports to World	4.8
Share of Exports Currently Impacted by Tariffs	20.1
Sources: Scotiabank Economics, WITS.	

Table 8a: United States - Effective Tariff Rate (ETR)	
Measures Contributing to Effective Tariff Rate	
25% on non-CUSMA compliant goods from CA, MX	
10% on non-CUSMA compliant energy and potash from CA	
50% on steel/derivatives and aluminum/derivatives from world	
25% on passenger vehicle/auto parts from world (excl. CA & MX)	
25% on non-US content in passenger vehicles from CA, MX	
20% increase in countervailing duties on CA softwood lumber imports to US	
10% baseline on imports from world, 20% from Vietnam	
30% on majority of imports from China	
Table 8b: United States - Effective Tariff Rate (ETR)	
Effective Tariff Rate	%
Current ETR on Imports from World	11.3
Prev. Month ETR on Imports from World	12
Share of Imports Currently Impacted by Tariffs	53.5
Sources: Scotiabank Economics, WITS.	

Table 9: United States - Duties Collected				
Country/Region	May 25 (USD mn)	m/m%	y/y%	YTD (USD mn)
Canada	567	-16	1325	1983
China	9342	-2	149	35154
EU	3799	83	512	7831
Mexico	2010	17	1771	5762
Rest of World	8465	59	427	19575
Sources: Scotiabank Economics, US Census Bureau.				

Table 10: Canada - Duties Collected (Mar. 2025)*				
Country/Region	Mar. 25 (CAD mn)	m/m%	y/y%	YTD (CAD mn)
World	1044	135	144	2152
*April & May data will only be available July 25th. Sources: Scotiabank Economics, Statistics Canada.				

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