

Contributors
Mitch Villeneuve

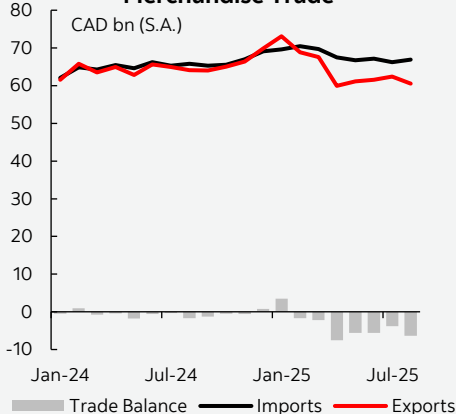
Director, Economic Policy
Scotiabank Economics
416.350.1175
mitch.villeneuve@scotiabank.com

John Fanjoy

Economist
Scotiabank Economics
416.866.4735
john.fanjoy@scotiabank.com

With research assistance from:
Neha Sarraf

Economic Analyst
Scotiabank Economics
416.869.2695
neha.sarraf@scotiabank.com

Chart 1
**Canadian International
Merchandise Trade**


Sources: Scotiabank Economics, Statistics Canada.

Duty Calls: Monthly Trade Publication on Canada-US Trade, August 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.

- Canada's goods exports fell back again in August, after having improved slightly in the previous three months following the large drop in April. Exports fell by 3.0% and imports increased by 0.9%, increasing the goods trade deficit to \$6.3 bn. The export categories with the largest declines in August were metals (led by unwrought gold), industrial machinery and parts, forestry products, and motor vehicles and parts.
- On a year-over-year basis, Canadian goods exports were down 5.5% in August, and down 5.2% on average over the last three months (Jun-Aug)—with the largest percentage declines in industrial chemicals, metals, energy products, and forestry products. Imports were up 1.7% in August, and up 1.5% on average since June.
- The share of Canadian exports bound for US declined from 76% in 2024 to 72% in August, driven by a marked decline in exports to the US in 2025 and only modest growth in exports to other countries. Exports to the US were down 3.4% m/m and 8.0% y/y. Exports to other countries fell 2.0% m/m but were up 1.8% y/y.
- Canada's trade in services with the US is much smaller than trade in goods, but has been much more stable. It has even improved from a small deficit at the end of 2024 to a surplus of \$0.3 bn as of August, thanks to further growth in commercial services exports and a 10% decline in travel imports (i.e., international vacations).
- After widening drastically early in the year on tariff-front-running imports, the US trade deficit has returned to roughly its 2024 level. However, there have been compositional changes to US trade flows. As of July, US imports were running significantly lower y/y from Canada (-10%), the EU (-11%), and China (-35%), and higher from Mexico (+11%) and the rest of the world (+21%).
- US customs data show that the proportion of Canadian goods imported into the US facing tariffs has stabilized at around 10%, down from 20% (due to the increased incentive for firms to submit CUSMA compliance paperwork).
- While uncertainty and effective tariff rates have come down from the peaks of the spring, they remain elevated and continue to weigh on growth around the world. In addition, new US tariff announcements on pharmaceuticals, furniture, and heavy trucks demonstrate the continued fluidity of the global trade landscape.
- Canada continues to benefit from a low effective tariff rate on exports (4.6% is our estimate) thanks to most of our trade continuing on a free-trade basis under CUSMA. However, most of the Canadian industries impacted by the sectoral tariffs have seen clear export declines—especially steel, aluminum, and forestry products.
- Some relief for Canada from some of the sectoral tariffs—as is apparently under discussion—would provide a welcome boost to these industries, but it is difficult to be very confident that the relief would be permanently maintained and/or not offset by new tariffs. As a result, we expect that US tariffs will continue to weigh on growth for the foreseeable future.

Chart 2

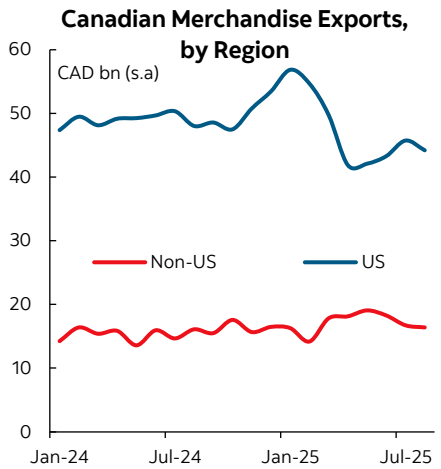


Chart 3

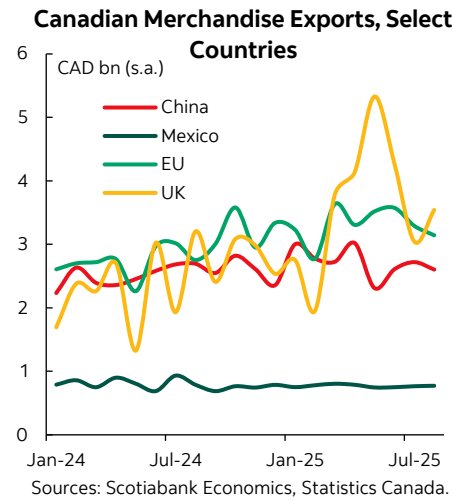


Chart 4

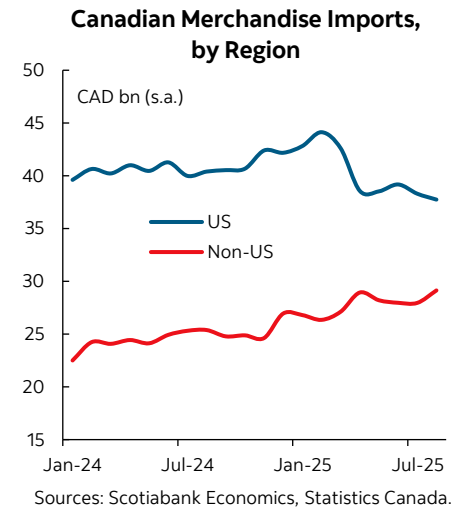


Chart 5

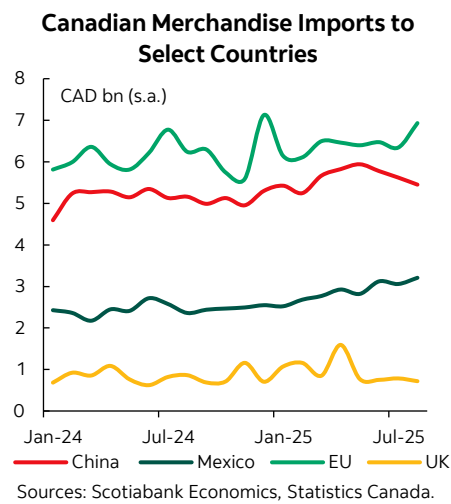


Chart 6

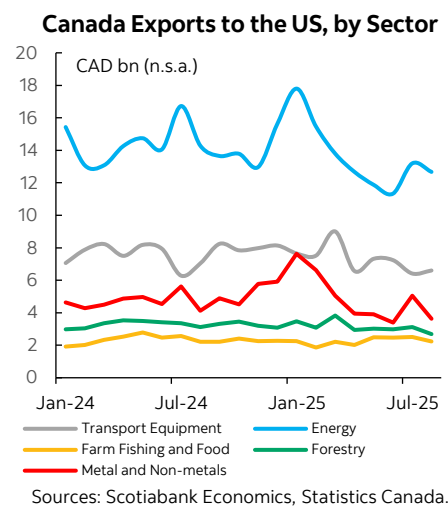


Chart 7

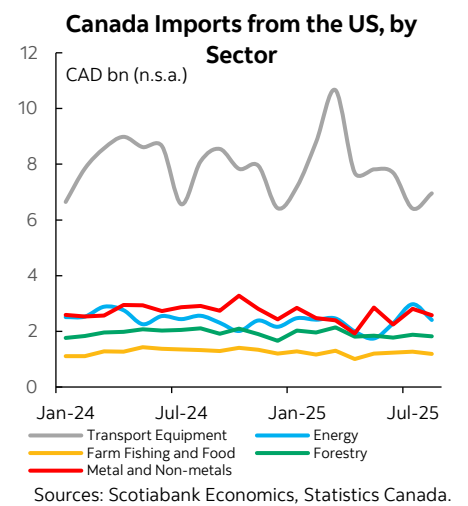


Chart 8

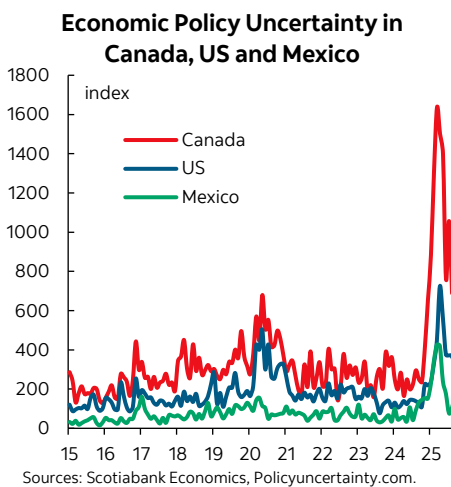


Chart 9

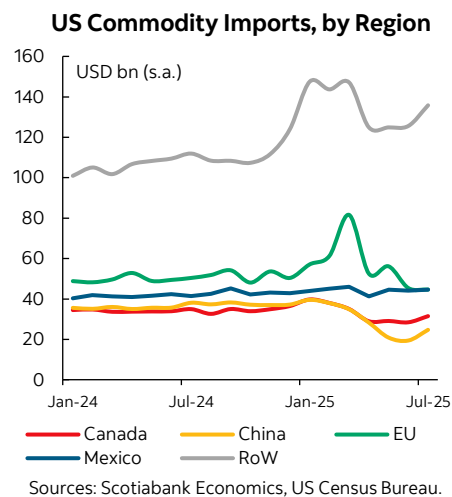


Chart 10

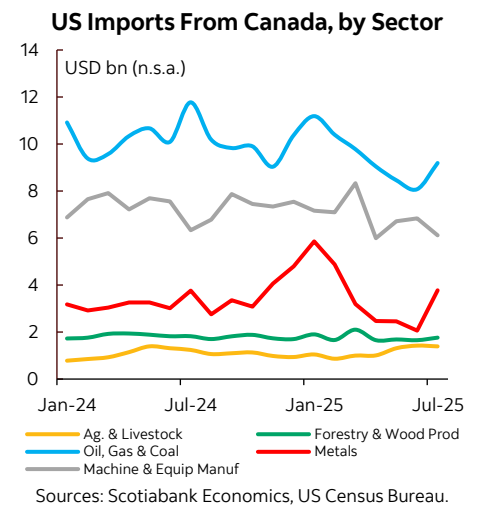
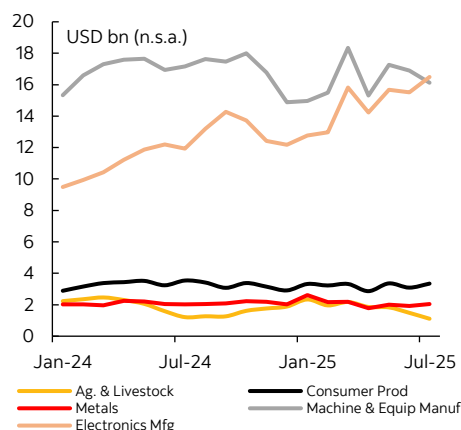


Chart 11

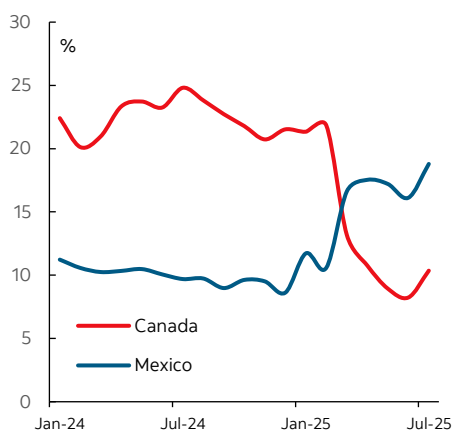
US Imports From Mexico, by Sector



Sources: Scotiabank Economics, US Census Bureau.

Chart 12

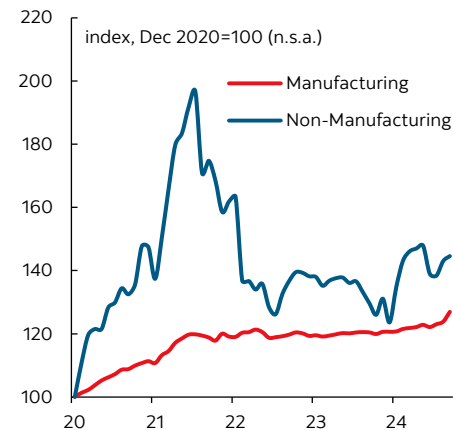
Share of US Imports Paying Duties



Sources: Scotiabank Economics, US Census Bureau.

Chart 13

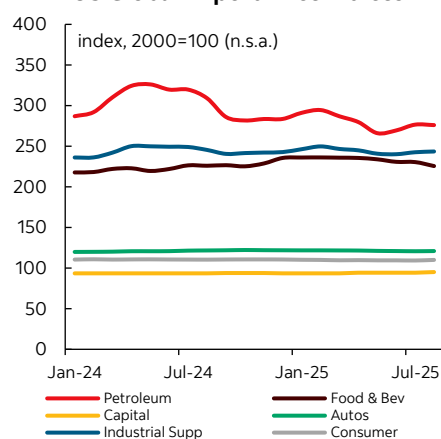
US Export Price Index for Canada



Sources: Scotiabank Economics, US BLS.

Chart 14

US Global Import Price Indices



Sources: Scotiabank Economics, US BLS.

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

Country and Flow	Aug 2025 (bn)	m/m%	y/y%	3ma y/y%	YTD (bn)
Canada Total Exports	61 CAD	-3.0	-5.5	-5.2	515 CAD
Canada Total Imports	67 CAD	0.9	1.7	1.5	545 CAD
U.S. Goods Exports	176 USD	-1.1	-0.5	1.9	1431 USD
U.S. Goods Imports	262 USD	-7.1	-3.6	-1.1	2354 USD
Mexico Total Exports	57 USD	3.7	10.8	7.4	430 USD
Mexico Total Imports	56 USD	3.0	3.4	2.2	428 USD

*Advance estimates were used for U.S. data.

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

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

Country	Aug 2025 (CAD bn)	m/m%	y/y%	3ma y/y%	YTD (CAD bn)
US	44.2	-3.4	-8.0	-10.0	378
China	2.6	-4.3	-3.4	-0.4	22
Mexico	0.8	0.9	-2.0	-3.7	6
EU	3.1	-4.5	14.2	14.5	26
UK	3.5	16.4	10.5	36.4	29
Rest of the World	6.3	-8.3	-4.9	4.8	54

Sources: Scotiabank Economics, Statistics Canada.

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

Sector	Aug 2025 (CAD bn)	m/m%	y/y%	3ma y/y%	YTD (CAD bn)
Transport Equipment	6.6	2.9	-6.3	-4.3	58
Chemical and Plastic	2.5	2.2	-17.2	-20.4	21
Consumer	4.8	-4.8	-8.7	-8.6	42
Electronic and Electrical	1.5	-9.8	-0.6	0.8	13
Energy	12.7	-4.0	-11.3	-17.3	109
Farm Fishing and Food	2.2	-11.2	0.4	-0.7	18
Forestry	2.7	-13.8	-13.7	-11.2	25
Machinery	2.2	-13.8	-11.3	-8.8	21
Metals and Non-metals	3.6	-28.4	-12.0	-15.8	39

Sources: Scotiabank Economics, Statistics Canada.

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

Country	Jul. 2025 (\$ bn)	y/y%	3ma y/y%	YTD (\$ bn)
Canada	31	-9.9	-13.3	231
China	25	-35.2	-40.8	206
EU	45	-11.4	-1.6	398
Mexico	45	7.7	6.3	309
Rest of the World	136	21.3	17.1	950

Sources: Scotiabank Economics, US Census Bureau.

Table 5: Tariffs in Place

Imposing	Impacted Country	Impacted Sector	Tariff Rate	Date of Latest Significant Change
USA	All	Steel & Steel Articles	50%	June 4th, 2025
USA	All	Aluminum & Aluminum Articles	50%	June 4th, 2025
USA	Canada	All exports that do not comply with USMCA rules of origin requirements	10% (energy & potash) 35% (remaining goods)	August 1st, 2025
USA	China	All exports not subject to de minimis rule (replaced by all exports)	20%	March 3rd, 2025
USA	Mexico	All exports that do not comply with USMCA rules of origin requirements	25%	March 7th, 2025
USA	CA & MX	Non-US content in passenger vehicles (Auto parts exempt)	25%	April 3rd 2025
USA	All ex. CA & MX	Assembled passenger vehicles	25%	April 3rd, 2025
USA	All ex. CA & MX	Majority of exports ex. steel, aluminum, autos, semiconductors/consumer electronics	10%	April 8th, 2025
USA	Canada	Increase of countervailing duties/tariffs on Canadian softwood lumber	Avg combined rate now 45.16%	October 14th, 2025
USA	All ex. CA	Softwood timber & lumber	10%	October 14th, 2025
USA	All	Upholstered wooden products	25%	October 14th, 2025
USA	All	Kitchen cabinets and vanities, and their parts	25%	October 14th, 2025
USA	All ex. CA & MX	Automotive parts	25%	May 3rd, 2025
Canada	USA	Steel and aluminum	25%	March 13th, 2025
Canada	USA	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%	August 14th, 2025
China	USA	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
35% 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
30% increase in countervailing duties/tariffs on softwood lumber exports to US
25%-100% tariffs on select agricultural exports to China
25% on wooden products, kitchen cabinets, and vanities exports to US

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

Effective Tariff Rate	%
Current ETR on Exports to World	4.6
Share of Exports Currently Impacted by Tariffs	20.7

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	
10-25% on softwood lumber and wooden products exports to US	
Table 7b: Mexico - Effective Tariff Rate (ETR)	
Effective Tariff Rate	%
Current ETR on Exports to World	5.3
Share of Exports Currently Impacted by Tariffs	20.8
Sources: Scotiabank Economics, WITS.	

Table 8a: United States - Effective Tariff Rate (ETR)	
Measures Contributing to Effective Tariff Rate	
10% on non-CUSMA compliant energy and potash from CA	
35% on non-CUSMA compliant other goods from CA	
25% on non-CUSMA compliant goods from MX	
50% on steel/derivatives and aluminum/derivates from world	
25% on passenger vehicle/auto parts from world (excl. CA & MX)	
25% on non-US content in passenger vehicles from CA, MX	
30% increase in countervailing duties/tariffs on softwood lumber from CA	
10-25% on softwood lumber and wooden products 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	13.3
Share of Imports Currently Impacted by Tariffs	50.9
Sources: Scotiabank Economics, WITS.	

Table 9: United States - Duties Collected				
Country/Region	Jul. 2025 (USD bn)	m/m%	y/y%	YTD (USD bn)
Canada	1.0	36	2552	3.7
China	10.1	43	129	52.4
EU	4.2	9	547	15.8
Mexico	2.1	19	1879	9.7
Rest of World	10.7	4	479	40.5
Sources: Scotiabank Economics, US Census Bureau.				

Table 10: Canada - Duties Collected				
Country/Region	Jul. 2025 (CAD bn)	m/m%	y/y%	YTD (CAD bn)
World	1.1	-9	112	6.8
Sources: Scotiabank Economics, Statistics Canada.				

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including: Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.