Scotiabank

GLOBAL ECONOMICS

INSIGHTS & VIEWS

December 11, 2025

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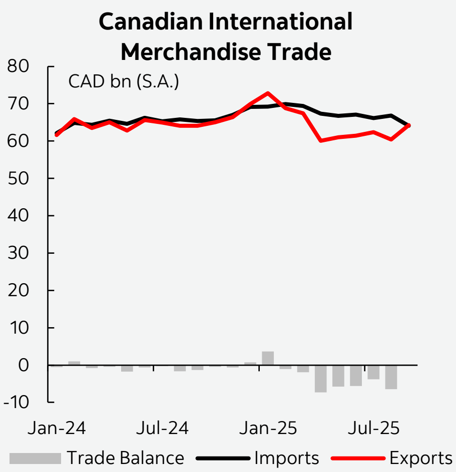
Chart 1



Sources: Scotiabank Economics, Statistics Canada.

Duty Calls: Monthly Trade Publication on Canada-US Trade, September 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 increased 6.3% in September, continuing their recovery since the spring. Imports accelerated their decline by dropping 4.1%, leading to a small overall goods trade surplus for the month. Unwrought gold, aluminum, and energy products saw the largest increases on the export side, with unwrought gold also driving a large share of the decline in imports.**

- **On a year-over-year basis, Canadian goods exports were roughly flat in September, though were down by 3.2% for Q3 as a whole. Significant increases in the value of gold exports (aided by sharply higher gold prices) have helped to partially offset lower exports in most other product categories, including steel and aluminum, forestry, motor vehicles and parts, farm and fishing products, and industrial materials.**

- **With all the trade data now available for Q3, it appears that net exports were somewhat stronger than what StatCan had assumed in its Q3 national accounts release late last month, providing some upside risk for that estimate.**

- **The share of Canadian exports bound for US declined from 76% in 2024 to 71% in September, driven by a decline in exports to the US and gradually increasing exports to other countries. Exports to the US were up 4.6% m/m but down 5/6% y/y. Exports to other countries jumped up by 11% m/m and are now 18.6% higher y/y.**

- **After widening drastically early in the year on tariff-front-running imports, the overall US trade deficit has since been narrowing. Imports are back to roughly their 2024 level (after spiking early in 2025), and exports have continued to steadily increase. However, there have been compositional changes to US trade flows. In Q3 as a whole, US imports were significantly lower y/y from China (-40%), Canada (-10%), the EU (-8%) and higher from Mexico (+4%).**

- **US customs data show that the proportion of Canadian goods imported into the US facing tariffs remains in the 10–15% range, down from 20–25% in 2024 (due to the increased incentive for firms to submit CUSMA compliance paperwork).**

- **Canada continues to benefit from a (relatively) low effective tariff rate on exports to the US (6.3% is our current estimate) thanks to most of our trade continuing on a free-trade basis under CUSMA. The average actual duty paid on US imports from Canada was 3.9% in September and is rising toward our estimated effective tariff rate, as pre-tariff inventories run down and get replaced with new purchases.**

- **With the US Supreme Court expected to rule on the legality of the IEEPA tariffs soon, there could be renewed turbulence in the ongoing US global trade war in the coming weeks. If these tariffs are struck down, these could be replaced under a new mechanism—which would likely again be challenged, leading to renewed uncertainty. For Canada, the sectoral tariffs are by far the most impactful, and they will continue to weigh on the Canadian economy as long as they remain in place.**

- **The US import tariffs continue to create inflationary pressures in that country, slowing the pace of the Federal Reserve's cutting cycle. The recent rollbacks of some tariffs on food may help to slow food price inflation somewhat, but the overall tariff rates remain elevated and the new announcements and threats demonstrate the continued fluidity of the global trade landscape.**

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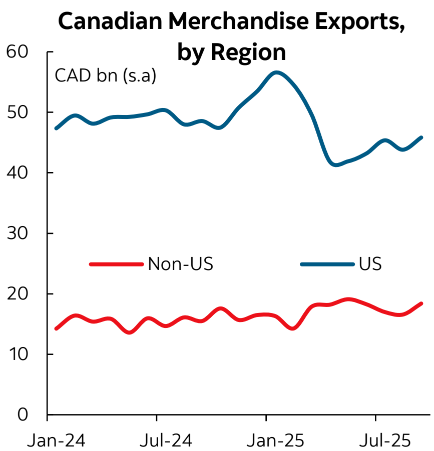
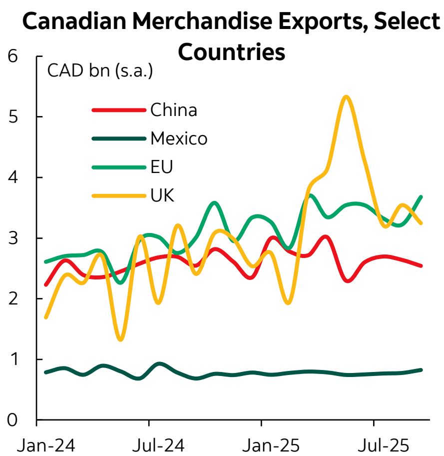
Chart 2



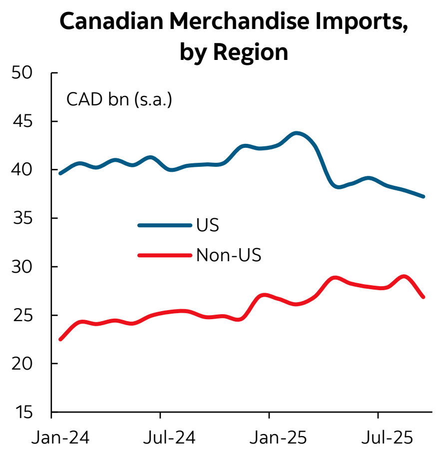
Sources: Scotiabank Economics, Statistics Canada.

Chart 3



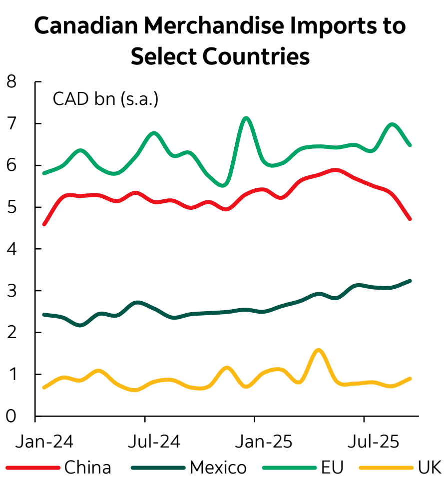
Sources: Scotiabank Economics, Statistics Canada.

Chart 4



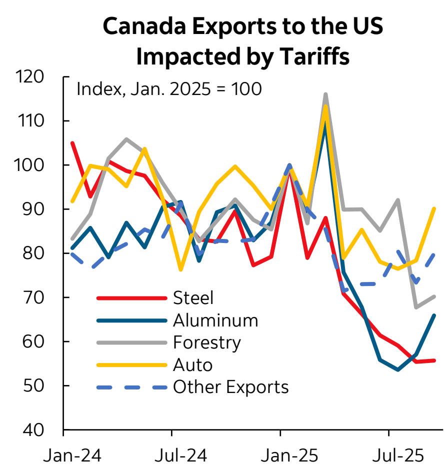
Sources: Scotiabank Economics, Statistics Canada.

Chart 5



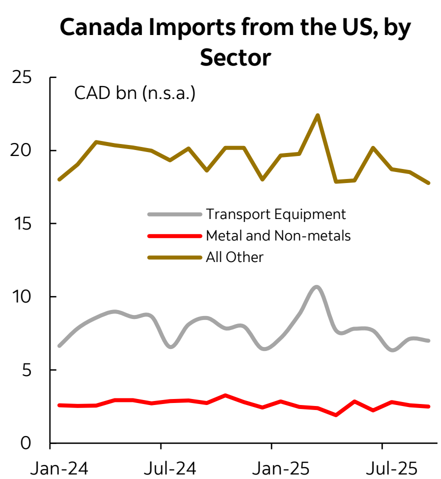
Sources: Scotiabank Economics, Statistics Canada.

Chart 6



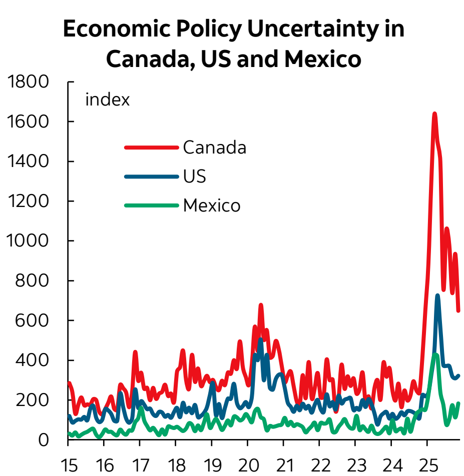
Sources: Scotiabank Economics, Statistics Canada.

Chart 7



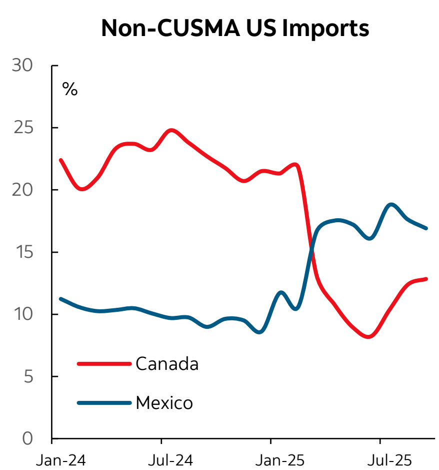
Sources: Scotiabank Economics, Statistics Canada.

Chart 8



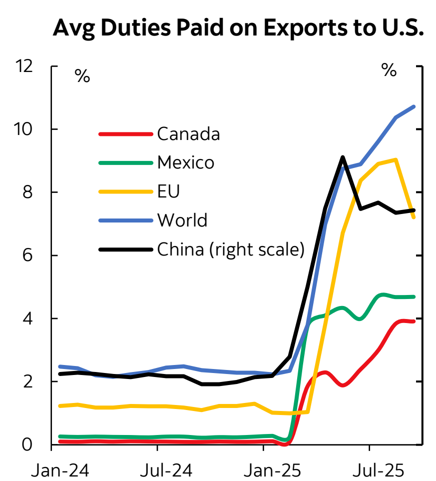
Sources: Scotiabank Economics, Policyuncertainty.com.

Chart 9



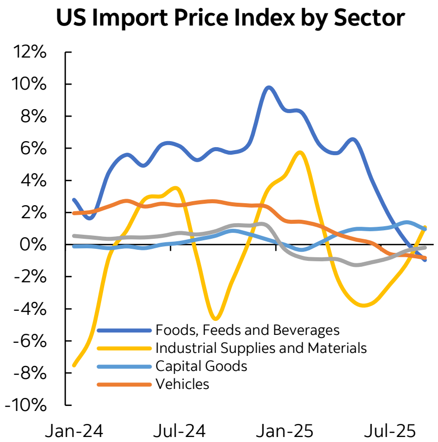
Sources: Scotiabank Economics, US Census Bureau.

Chart 10



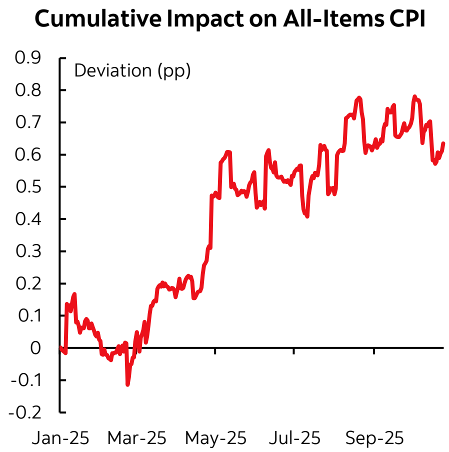
Sources: Scotiabank Economics, US Census Bureau.

Chart 11



Sources: Scotiabank Economics, US Census Bureau.

Chart 12



Sources: Scotiabank Economics, Pricing Lab.

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

Country and Flow	Sep. 2025 (bn)	m/m%	y/y%	3ma y/y%	YTD (bn)
Canada Total Exports	64 CAD	6.3	0.3	-3.2	579 CAD
Canada Total Imports	64 CAD	-4.1	-1.9	0.3	607 CAD
U.S. Goods Exports	289 USD	3.0	5.7	3.8	2542 USD
U.S. Goods Imports	342 USD	0.6	-3.7	-1.0	3307 USD
Mexico Total Exports	56 USD	-1.0	9.8	7.9	486 USD
Mexico Total Imports	57 USD	0.9	10.5	5.4	486 USD

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

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

Country	Sep. 2025 (CAD bn)	m/m%	y/y%	3ma y/y%	YTD (CAD bn)
US	45.8	4.6	-5.6	-8.0	423
China	2.5	-3.7	-0.2	-0.5	24
Mexico	0.8	6.4	20.8	0.8	7
EU	3.7	14.1	22.3	16.5	30
UK	3.2	-8.4	34.7	37.2	32
Rest of the World	8.1	26.7	18.1	9.5	62

Sources: Scotiabank Economics, Statistics Canada.

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

Sector	Sep. 2025 (CAD bn)	m/m%	y/y%	3ma y/y%	YTD (CAD bn)
Steel	0.5	0.5	-32.6	-33.1	6
Aluminum	1.0	15.4	-26.2	-31.6	10
Forestry	1.0	3.6	-19.7	-11.8	12
Autos	5.8	14.9	-5.9	-6.0	51

Sources: Scotiabank Economics, Statistics Canada.

Table 4: U.S. - Merchandise Imports by Region (s.a.)				
Country	**Sep. 2025 ($ bn)**	**y/y%**	**3ma y/y%**	**YTD ($ bn)**
Canada	31,316	-10.5	-9.7	291,629
China	20,142	-47.4	-39.5	250,099
EU	57,076	5.5	-7.8	498,057
Mexico	44,362	-1.8	3.7	398,651
Rest of the World	44,362	-59.1	-8.6	1,115,616
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	CA & MX	Non-US content in medium-/heavy-duty trucks and buses	25% (medium-/heavy-duty trucks) 10% (buses)	October 17th, 2025
USA	All ex. CA & MX	Assembled medium-/heavy-duty trucks and buses	25% (medium-/heavy-duty trucks) 10% (buses)	October 17th, 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-CUMSA 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 6: 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	
25% tariffs on non-US content in automotives and medium-/heavy-duty trucks	
10% tariffs on non-US content in buses and similar trucks	
Effective Tariff Rate	**%**
Current ETR on Exports to World	4.9
Share of Exports Currently Impacted by Tariffs	23.7
Sources: Scotiabank Economics, WITS.	

Table 7: 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 automotives and medium-/heavy-duty trucks	
10% tariffs on non-US content in buses and similar trucks	
10-25% on softwood lumber and wooden products exports to US	
Effective Tariff Rate	**%**
Current ETR on Exports to World	7.6
Share of Exports Currently Impacted by Tariffs	31
Sources: Scotiabank Economics, WITS.	

Table 8: 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 passenger vehicles and trucks (only non-US content from CA, MX)	
10% tariffs on buses and similar trucks (only non-US content 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, and higher for various countries	
30% on majority of imports from China	
Effective Tariff Rate	**%**
Current ETR on Imports from World	12.7
Share of Imports Currently Impacted by Tariffs	54.9
Sources: Scotiabank Economics, WITS.	

Table 9: United States - Duties Collected

Country/Region	Sep. 2025 (USD bn)	m/m%	y/y%	YTD (USD bn)
Canada	1.2	10	3854	6.0
China	8.7	-6	110	70.3
EU	4.0	4	610	23.7
Mexico	2.1	-1	2018	13.9
Rest of World	13.5	23	597	64.9

Sources: Scotiabank Economics, US Census Bureau.

Table 10: Canada - Duties Collected

Country/Region	Sep. 2025 (CAD bn)	m/m%	y/y%	YTD (CAD bn)
World	0.7	-33	67	8.7

Sources: Scotiabank Economics, Statistics Canada.