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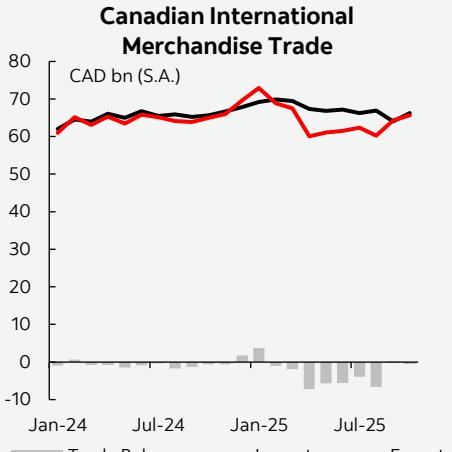
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Chart 1



Sources: Scotiabank Economics, Statistics Canada.

Duty Calls: Monthly Report on Canada-US Trade, October 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 2.1% in October, continuing their recovery since the Spring, and imports rose 3.4%—leading to a second consecutive month of an essentially balanced trade account. Unwrought gold drove the increase in exports again this month, and the increase in imports was driven by smaller increases in many categories, including electronics and electrical equipment, silver and platinum, and industrial machinery and parts.
- Compared to the same month last year, Canadian goods exports and imports were both up 0.9% in October. Significant increases in the value of gold exports (aided by sharply higher gold prices) have helped to offset lower exports in most other product categories, including those targeted by U.S. tariffs, such as steel (-37% y/y), aluminum (-27%), and forestry (-25%). Motor vehicles and parts were also lower for most of 2025 but have been bouncing back over the last three months and in October were nearly back to their level of a year ago.
- The share of Canadian exports bound for the U.S. has declined from 76% in 2024 to 67% by October, driven by a decline in exports to the U.S. and increasing exports to other countries. Exports to the U.S. fell 3.4% m/m and were down 6.9% y/y. Exports to other countries jumped up by 15% m/m and are now 22% higher y/y, though much of this has been driven by recent exports of gold.
- The overall U.S. trade balance in October was the smallest since May 2009. After widening drastically early in the year on tariff-front-running imports, the overall U.S. trade deficit has quickly narrowed significantly. Imports have been trending lower, and fell a further 3.2% in October—whereas exports have continued to steadily increase (up 5% y/y).
- The changes to the U.S. trade balance also reflect compositional changes to U.S. trade flows. Looking at the past three months compared to the same period last year, U.S. imports were significantly lower from China (-42%), Canada (-10%), and the EU (-9%)—and higher from Mexico (+3%) and the rest of the world (+8%).
- U.S. customs data show that the proportion of Canadian goods imported into the U.S. facing tariffs has settled at around 13%, 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 U.S. (6.3% is our current estimate, based on pre-tariff trade flows) thanks to most of our trade continuing on a free-trade basis under CUSMA. The best estimate of the average actual duty paid on U.S. imports from Canada seems to have settled just below 4%, though this may be somewhat underestimating the true duties paid as it does not include all trade-related levies.
- With the U.S. Supreme Court expected to rule on the legality of the IEEPA tariffs soon, there could be renewed turbulence in the ongoing U.S. 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 will continue to weigh on the Canadian economy as long as they remain in place.

Chart 2

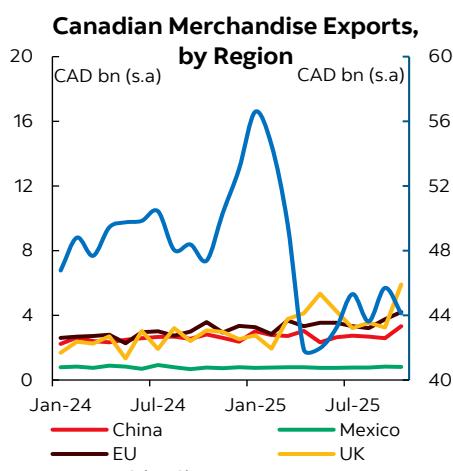


Chart 3

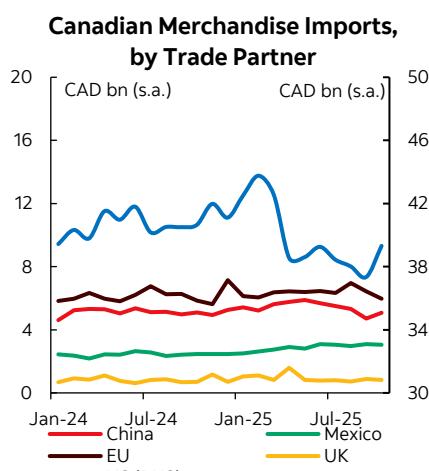


Chart 4

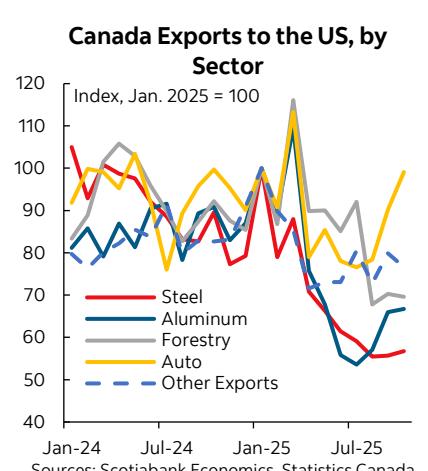


Chart 5

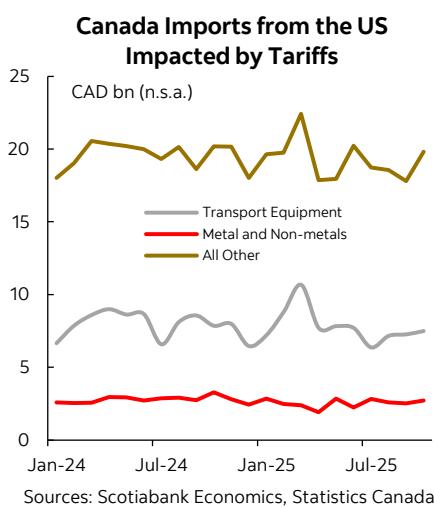


Chart 6

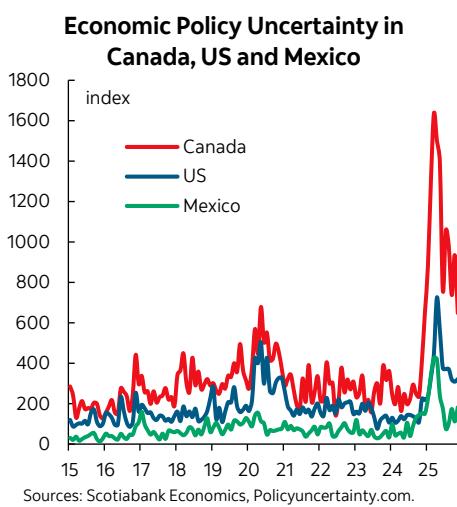


Chart 7

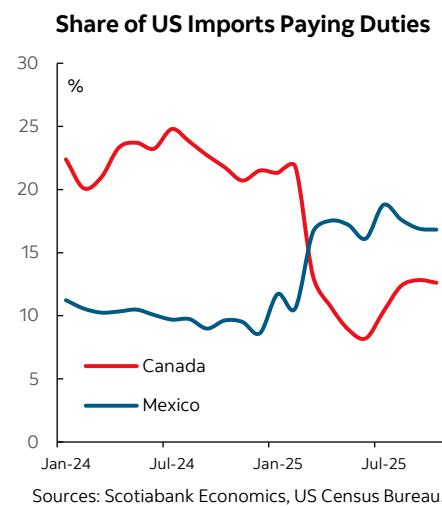


Chart 8

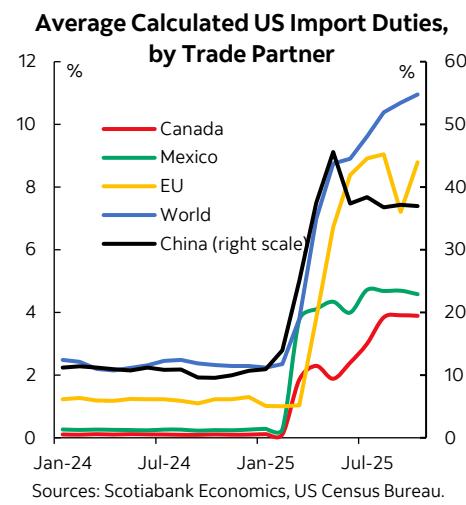


Chart 9

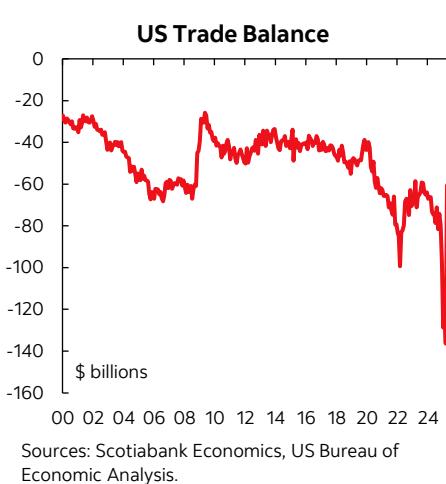


Chart 10

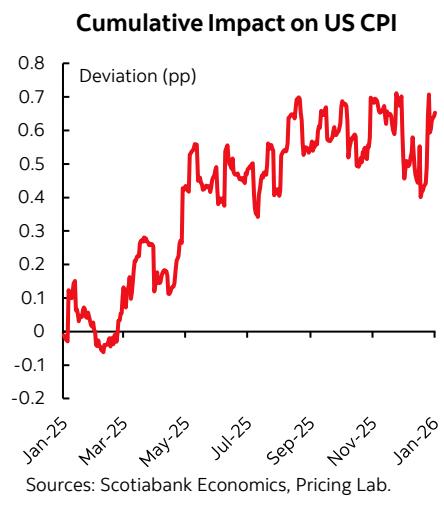


Table 1: Canada, U.S. Mexico - Goods Exports and Imports (s.a.)

Country and Flow	Oct. 2025 (bn)	m/m%	y/y%	3ma y/y%	YTD (bn)
Canada Total Exports	66 CAD	2.1	0.9	-1.5	644 CAD
Canada Total Imports	66 CAD	3.4	0.9	0.2	673 CAD
U.S. Goods Exports	302 USD	2.6	12.1	7.5	2855 USD
U.S. Goods Imports	331 USD	-3.2	-3.6	-3.1	3638 USD
Mexico Total Exports	61 USD	7.9	14.0	11.6	547 USD
Mexico Total Imports	59 USD	3.5	12.3	8.8	545 USD

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

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

Country	Oct. 2025 (CAD bn)	m/m%	y/y%	3ma y/y%	YTD (CAD bn)
US	44.1	-3.4	-6.9	-7.2	467
China	3.3	28.4	18.0	6.7	28
Mexico	0.8	-2.0	7.1	9.5	8
EU	4.2	11.9	17.5	20.0	35
UK	5.9	82.0	91.5	45.6	38
Rest of the World	7.2	-11.4	-1.7	4.4	69

Sources: Scotiabank Economics, Statistics Canada.

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

Sector	Oct. 2025 (CAD bn)	m/m%	y/y%	3ma y/y%	YTD (CAD bn)
Steel	0.6	1.9	-36.6	-34.2	7
Aluminum	1.0	1.1	-26.6	-26.6	12
Forestry	1.0	-1.0	-24.5	-20.7	13
Autos	6.3	9.9	-0.6	-6.3	57

Sources: Scotiabank Economics, Statistics Canada.

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

Country	Oct. 2025 (\$ bn)	y/y%	3ma y/y%	YTD (\$ bn)
Canada	30,569	-9.8	-9.7	322,198
China	21,411	-42.4	-41.9	271,510
EU	41,040	-14.6	-8.8	539,097
Mexico	44,870	6.4	3.3	443,521
Rest of the World	115,897	7.9	7.8	1,299,504

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-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 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	6.2
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	Oct. 2025 (USD bn)	m/m%	y/y%	YTD (USD bn)
Canada	1.2	-3	3297	7.2
China	8.8	2	122	79.1
EU	3.9	-3	514	27.5
Mexico	2.2	6	1917	16.1
Rest of World	13.9	3	608	78.8

Sources: Scotiabank Economics, US Census Bureau.

Table 10: Canada - Duties Collected

Country/Region	Oct. 2025 (CAD bn)	m/m%	y/y%	YTD (CAD bn)
World	0.7	-12	63	9.4

Sources: Scotiabank Economics, Statistics Canada.

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