



Canada-US Trade: Getting Up To Speed

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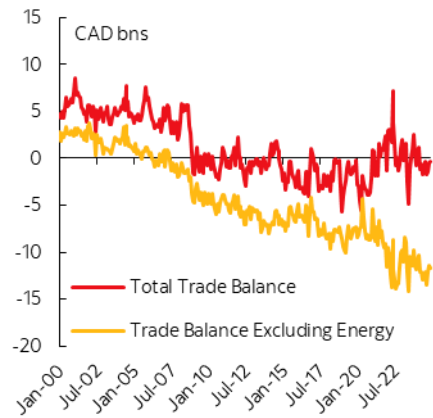
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Canada is a Trading Nation

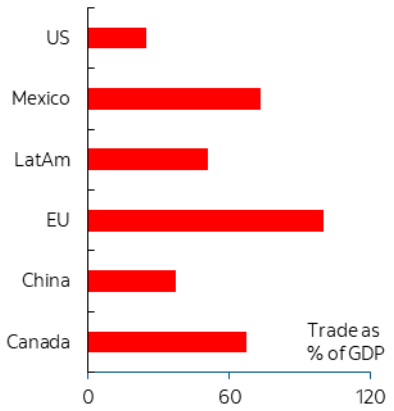
- Canada accounted for 2% of global GDP in 2023, but Canadian trade flows accounted for roughly 2.5% of global trade in 2023.
- Two-way trade in goods and services accounted for 67% of Canadian GDP in 2023.
- This is higher than both China (37%) and the US (24%), but lower than Mexico (73%) and the EU (100%).
- In 2023, Canada ran a modest trade deficit of -\$13.1 bn CAD.
- If energy is excluded, Canada ran a trade deficit of -\$187 bn CAD in 2023.
- If energy is excluded, Canada has run a trade deficit since 2007.
- The majority of Canadian goods and services are exported internationally (64%) vs. interprovincially (36%).
- International trade has grown twice as rapidly as interprovincial trade since 2010 (36% to 18%).

National Trade Balance, 2000-2024 s.a.



Sources: Scotiabank Economics, Statistics Canada.

Comparing Trade Openness



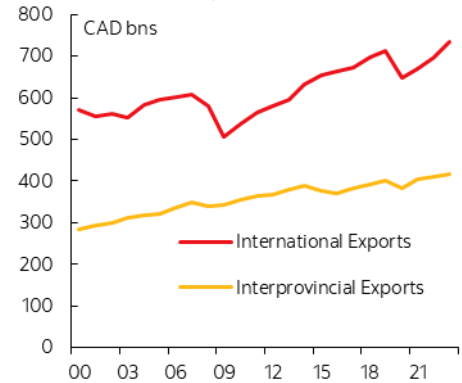
Sources: Scotiabank Economics, World Bank.

Comparing Vulnerability to Tariffs



Sources: Scotiabank Economics, World Bank.

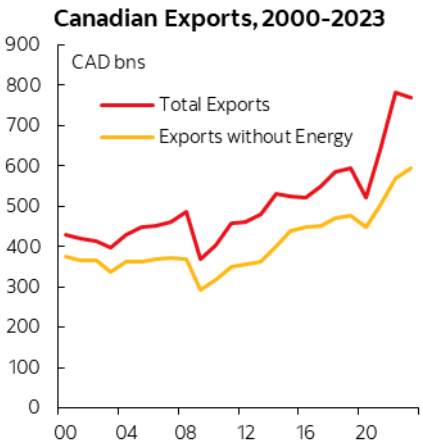
International and Interprovincial Trade, 2000-2023



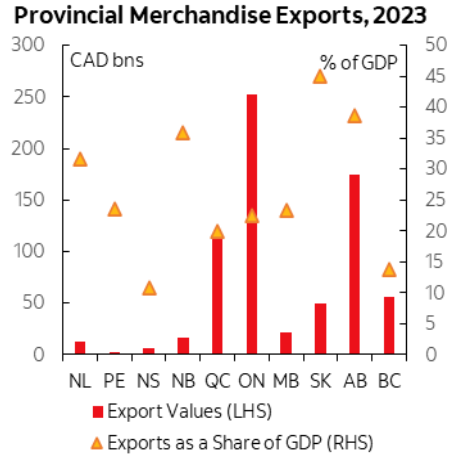
Sources: Scotiabank Economics, Statistics Canada.

Overview of Canadian Exports

- Canada's overall exports were roughly \$965 bn CAD in 2023. Energy accounted for \$174 bn.
- Canadian goods exports were equal to \$768 bn CAD (80% of overall), and services exports were equal to \$197 bn CAD (20%).
- Canada's top exporting sectors in 2023 were energy (18%), automotive/parts (11%), metals and non-metals minerals (10%), and consumer products (9%).
- Canada's top two exporting provinces (ON and AB) accounted for 60% of overall exports in 2023. This is partially explained by regional concentrations of oil production and automotive/parts manufacturing.
- As a share of GDP, Saskatchewan (45%), Alberta (38%), New Brunswick (35%) and Newfoundland and Labrador (32%) rely most on international trade.
- The US is the export destination for 77% of Canadian goods traded, and no other country accounts for greater than 5% of export volumes.



Sources: Scotiabank Economics, Statistics Canada.



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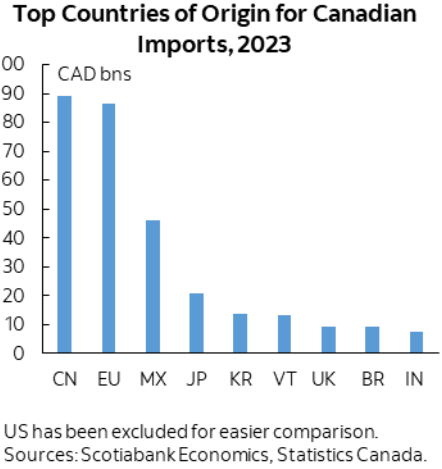
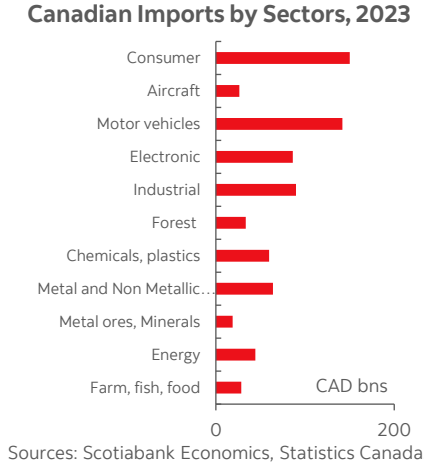
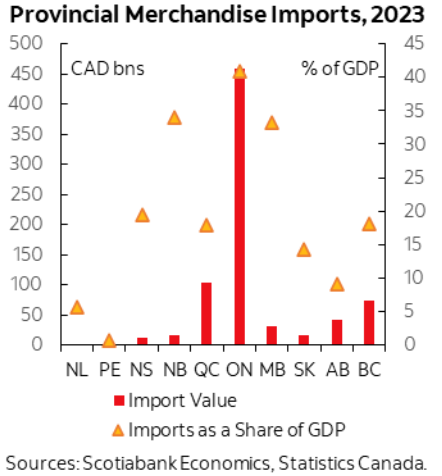
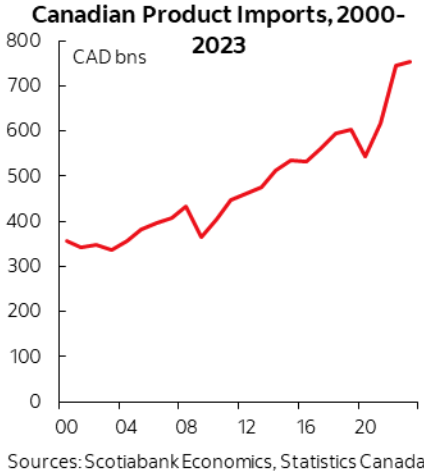
Sources: Scotiabank Economics, Statistics Canada.



US has been excluded for easier comparison. Sources: Scotiabank Economics, Statistics Canada.

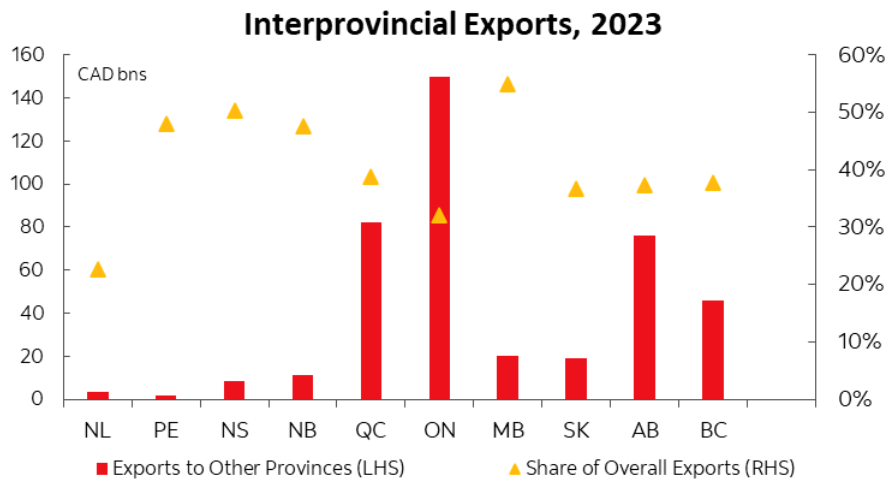
Overview of Canadian Imports

- Canada’s overall imports were roughly \$978 bn CAD in 2023.
- Goods imports totaled \$770 bn CAD in 2023 (79%), and services imports were equal to \$208 bn CAD (21%).
- Canada’s largest importing sectors were consumer products (15%), motor vehicles and parts (15%), electronics (9%), and metal and non-metallic products (7%).
- Ontario is responsible for 41% of overall Canadian imports.
- As a share of GDP, Ontario (41%), New Brunswick (34%) and Manitoba (33%) import the largest volume of goods. High shares may be partially due to imports of intermediary goods for use as inputs by manufacturers.
- The US is the country of origin for 44% of Canadian imports. Other top spots are occupied by China (11%), the EU (10%), Mexico (5%), and Japan (2%).

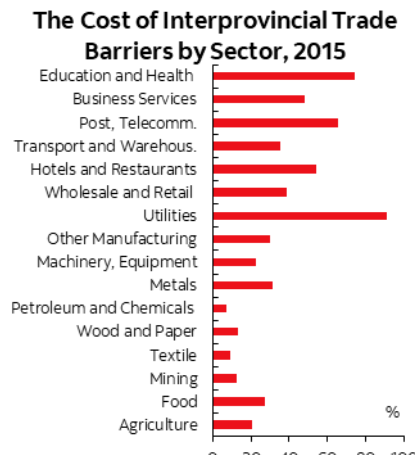


Interprovincial trade flows are lower than they could be

- Trade between Canadian provinces amounted to roughly \$418 bn CAD in 2023, and has grown slowly in the last twenty years.
- Interprovincial trade accounted for roughly 55% of overall trade flows in the early 1980s, but has declined to 36% today.
- Interprovincial exports range from 22%-55% of total exports for each province.
- Only Manitoba and Nova Scotia export more to other provinces than they do internationally.
- A 2019 IMF study identified that sectors looking to trade interprovincially face non-geographic costs equal to a 21% tariff.
- Trade in Utilities (91% tariff equivalent) and Education and Health (74%) face the highest costs, while Petroleum and Chemicals (7%) and Textiles (9%) have the lowest.
- Non-geographic trade barriers impose the highest costs in Atlantic Canada, ranging from 45%-58% tariff equivalents. Costs are lowest in BC (31%) and Ontario (32%).
- The only [category](#) of international imports that Canada levies a larger average tariff equivalent on that is higher than these provincial costs is Agricultural Animal Products, implying that Canadian provinces levy higher trade costs on each other for almost all goods than Canada does on imports from international trading partners (using effective applied tariff rates as a proxy).



Sources: Scotiabank Economics, Statistics Canada.



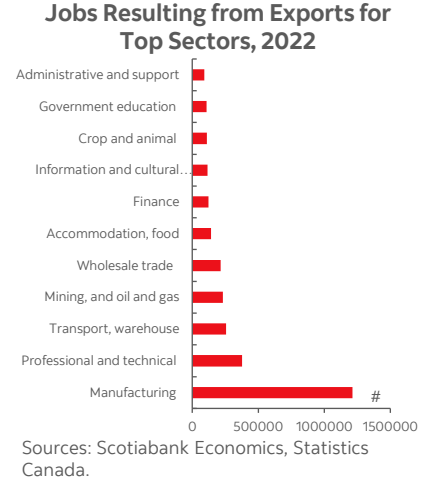
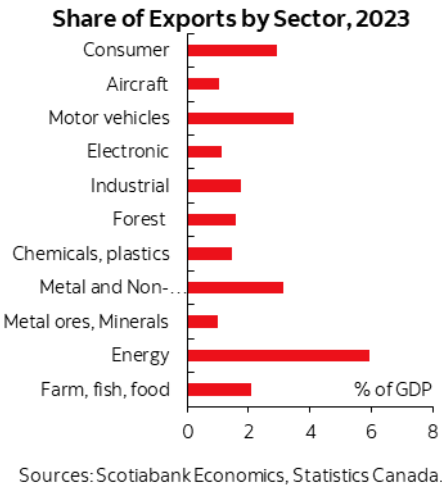
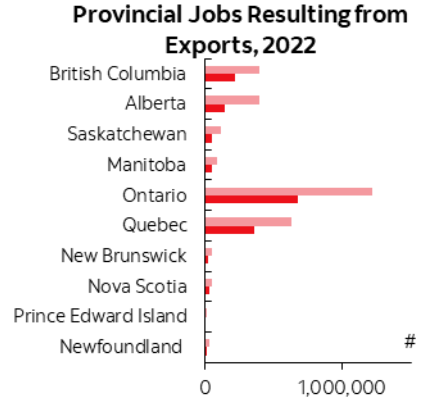
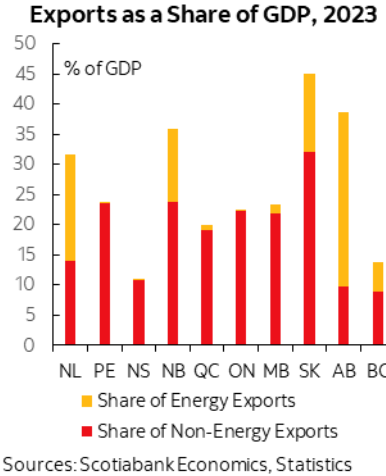
Sources: Scotiabank Economics, IMF.



Sources: Scotiabank Economics, IMF.

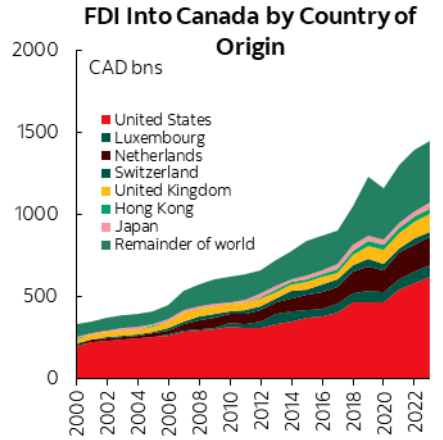
Trade is a core contributor to Canada's overall economy

- Exports accounted for roughly 34% (or one third) of Canadian GDP in 2023.
- Exports account for 26% of provincial GDP on average in 2023, with shares ranging from 13% (British Columbia) to 45% (Saskatchewan).
- While energy is a substantial percentage of Canada's overall exports, only Newfoundland and Labrador and Alberta see energy exports account for a larger share of GDP than non-energy exports.
- Energy and automotive/parts exports combined accounted for 9% of GDP in 2023.
- Exports are responsible for 12%-22% of total jobs across the provinces, with Saskatchewan (22%), Alberta (19%) and Ontario (18%) relying on exports most.
- Direct jobs due to exports are highest in Ontario (675k), Quebec (359k) and British Columbia (219k).
- Total jobs (direct and indirect roles) due to exports are highest in Ontario (1.2 mn), Quebec (627k) and Alberta (397k).
- Manufacturing accounts for 39% of total Canadian direct and indirect jobs attributable to exports.

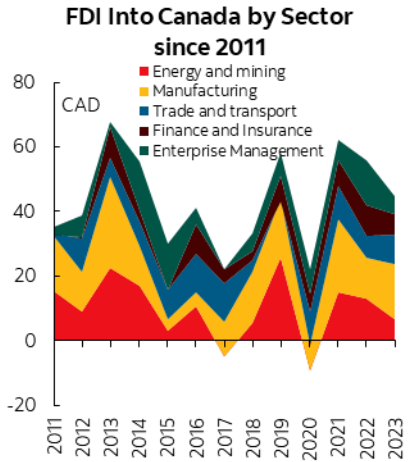


FDI flows are a significant investment driver

- Foreign Direct Investment flows into Canada have grown by roughly 425% since 2000.
- FDI coming from the US has increased in absolute terms, but has declined as a share of overall investment flows from 61% to 45%.
- Growth in FDI flows has been relatively diverse since 2000, including the Netherlands (1128%), Switzerland (613%) and the UK (445%).
- FDI has changed in composition over time. In 2011, investments in energy, mining and manufacturing accounted for 92% of total investment flows. In 2023, this has declined to 68%, with notable growth in transportation and service sectors.



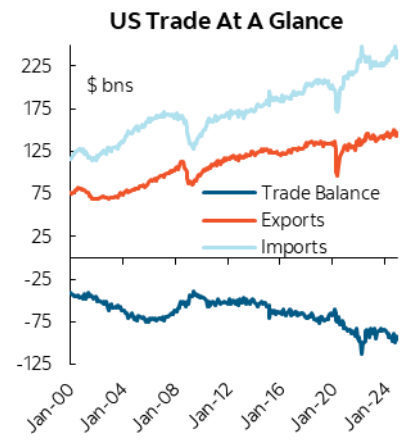
Sources: Scotiabank Economics, Statistics Canada.



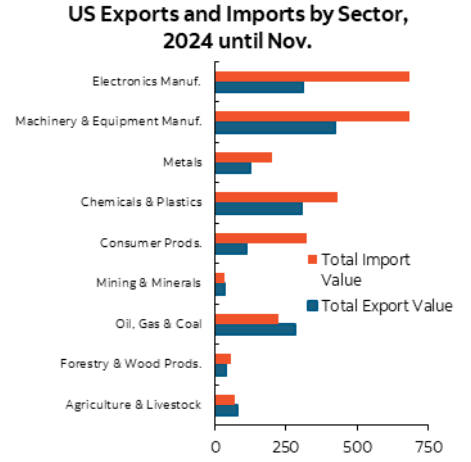
Sources: Scotiabank Economics, Statistics Canada.

Overview of US Trade

- In 2023, the United States trade balance was a deficit of -773\$ bn USD.
- The US trade deficit amounted to roughly 2.8% of total US GDP in 2023.
- This is primarily a deficit in goods. Goods have a trade deficit of -\$1062bn USD, while services operate a trade surplus of +\$288 bn USD.
- Across all goods-producing sectors, only Agriculture & Livestock and Energy (oil, gas and coal) export higher volumes than they import.
- Over half of US goods exports come from machinery and equipment manufacturing (22%), electronics manufacturing (16%) and chemicals and plastics (16%). These three sectors are also the largest importing sectors.
- Canada is the largest export destination for US goods (18%), followed by Mexico (16%) and China (7%).



Sources: Scotiabank Economics, US Census Bureau.



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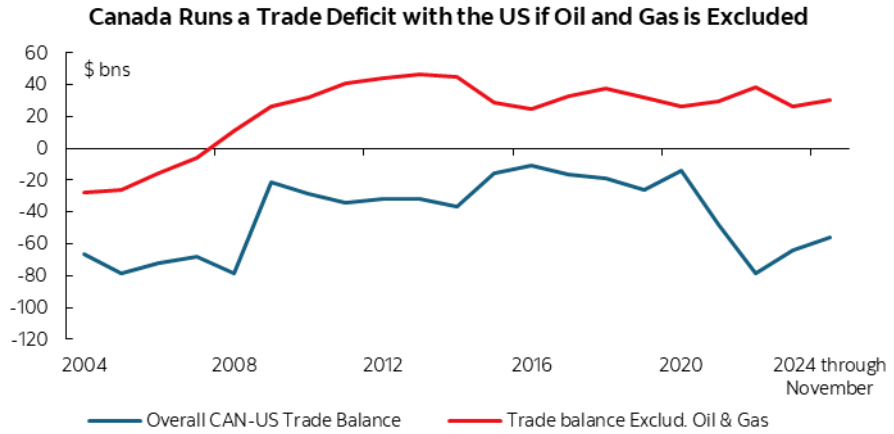
Sources: Scotiabank Economics, US Census Bureau.



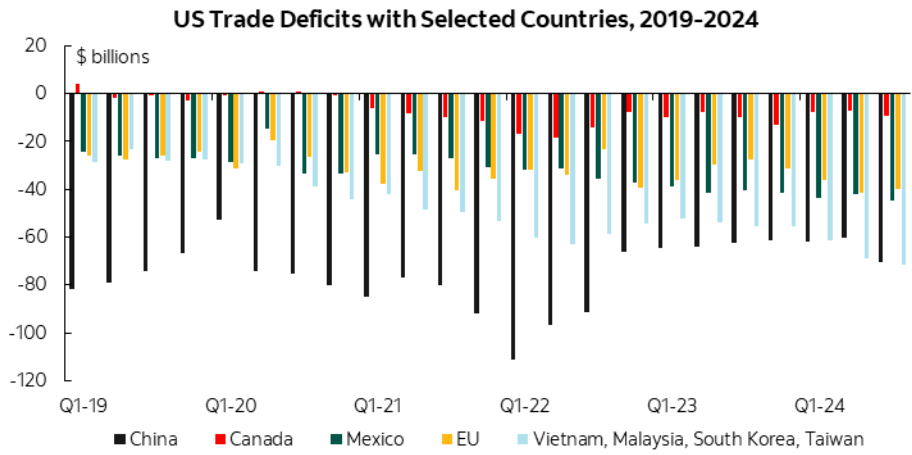
Sources: Scotiabank Economics, US Census Bureau.

Canada-US Trade: The Facts

- In 2023, the United States trade balance for goods and services with Canada was a deficit of -\$41 bn USD. However, if energy is excluded, the US ran an overall trade surplus of +\$63 bn USD with Canada.
- Canada exported \$593 bn CAD worth of goods to the US in 2023, and imported \$484 bn CAD worth of goods from the US.
- Canada imported \$123 bn CAD worth of services from the US in 2023, and exported \$105 bn CAD.
- Trade between the two countries accounted for 77% of total Canadian goods exports and 63% of Canadian goods imports, but only 18% of total US goods exports and 14% of US goods imports.
- Exports to the US were responsible for roughly 19% of Canadian GDP in 2023.
- Canada's trade deficit with the US in 2023 was equal to 16% of the China-US trade deficit, 25% of US-Mexico deficit, and 32% of the US-EU deficit.
- Canadian FDI into the US (\$101 bn CAD) was higher than US FDI into Canada (\$39 bn CAD) in 2023.



Sources: Scotiabank Economics, US Census Bureau.

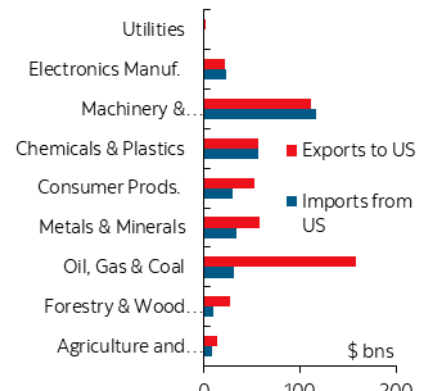


Sources: Scotiabank Economics, US Census Bureau.

Canadian Industries Rely Heavily on US Markets...

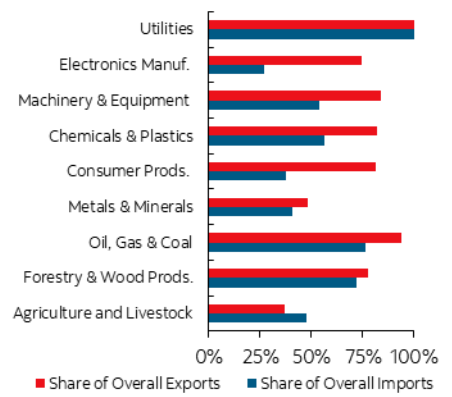
- Overall, Canada's exports are highly concentrated to the US. All goods exporting sectors, save agriculture and metals and minerals, rely on US goods markets for between 74% - 100% of overall exports.
- Energy (crude oil, natural gas and coal) is responsible for 29% of Canada's goods exports to the US in 2024 (Jan-Nov.). Machinery and equipment manufacturing, which includes automotive/parts, was responsible for 21% of goods exports in the same year.
- All goods-producing sectors, save agriculture and livestock, export to the US more than they import from the US.
- Canada imports roughly 34% of its inputs (i.e. intermediate goods) from the US, but exports roughly 75% of total inputs it produces to the US.
- US trade was responsible for 2.04 mn direct and indirect jobs across Canada's provinces in 2020, with 54% of these roles created as a result of manufacturing activity.

Total Value of CAN Exports and Imports from US by Sector, 2024 Until Nov.



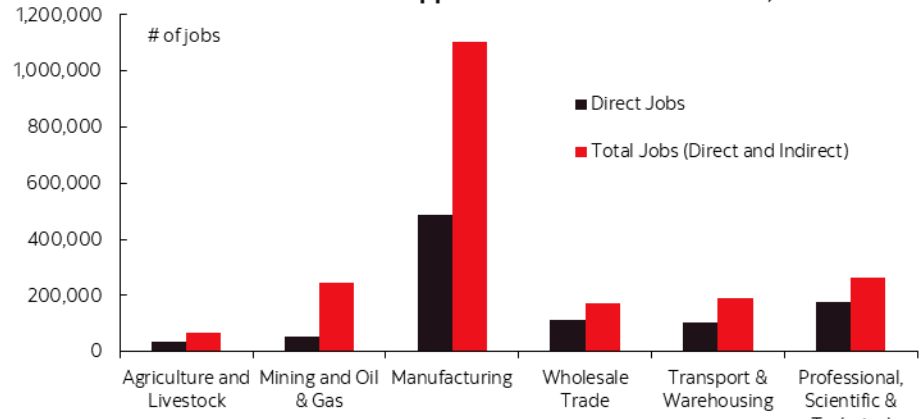
Sources: Scotiabank Economics, Statistics Canada.

How Reliant is Canadian Industry on the US? (2024 Until Nov.)



Sources: Scotiabank Economics, Statistics Canada.

Canadian Jobs Supported As a Result of US Trade, 2022

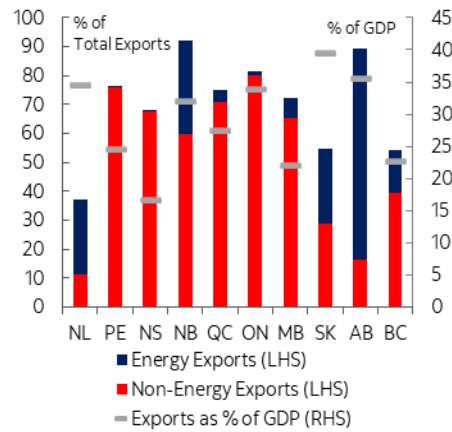


Sources: Scotiabank Economics, Statistics Canada.

...And So Do the Provinces

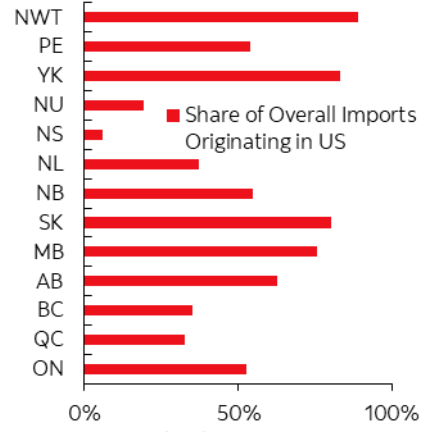
- The US is the export destination for at least 55% of goods for every province except Newfoundland and Labrador (35%). New Brunswick (92%), Alberta (89%), and Ontario (81%) are most reliant on US markets to purchase goods.
- Exports to the US are responsible for 17% - 40% of provincial GDP. The economies of Saskatchewan (40%), Alberta (36%) and Ontario (32%) benefit the most from US trade.
- The provinces most reliant on US markets for imports (therefore potentially being susceptible to large impacts from retaliatory tariffs) are Saskatchewan (80%), Manitoba (76%), and Alberta (63%).
- Direct and indirect jobs created through trade with the US are largely concentrated in Ontario (42%), Quebec (21%), Alberta (15%), and British Columbia (11%).

Exports to the US by Province, 2023



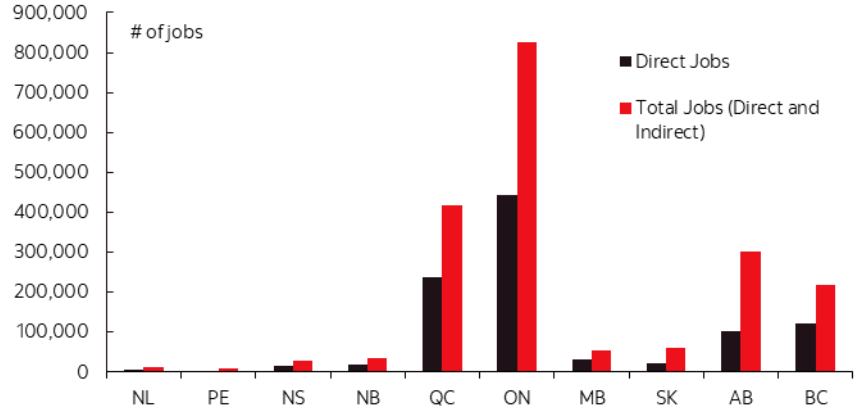
Sources: Scotiabank Economics, Statistics Canada.

How Vulnerable is Each P/T to Retaliatory Tariffs?



Sources: Scotiabank Economics, Statistics Canada.

Jobs Attributable to US Trade By Province, 2022

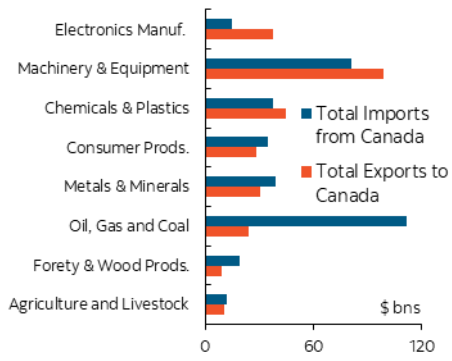


Sources: Scotiabank Economics, Statistics Canada.

US Industry is Less Reliant on Canada, But Still Deeply Integrated

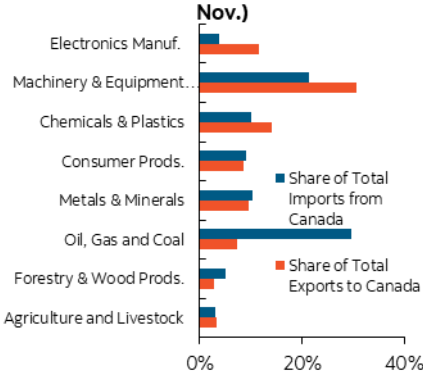
- Canada is the largest export market for US goods, and the second largest country of origin for imports to the US.
- Energy accounted for 30% of goods imports from Canada in 2024 (Jan-Nov.), and machinery and equipment manufacturing accounted for an additional 21%. Metals and minerals, and chemicals and plastics, each accounted for 10% of US goods imports from Canada.
- Machinery and equipment manufacturing accounted for 35% of overall goods exports to Canada in 2024 (Jan-Nov.), followed by chemicals and plastics (16%), electronics manufacturing (13%), and metals and minerals (11%).
- Canada’s total global market for US goods exporters in 2024 (Jan-Nov.) was largest for exporters of forestry and wood products (28%), consumer products (25%), and machinery and equipment manufacturing (24%).
- Canada accounts for 51% of total US imports of energy, 38% of forestry and wood products, and 17% of metals and minerals.

Value of US Exports/Imports To/From CAN By Sector, 2024 Until Nov.



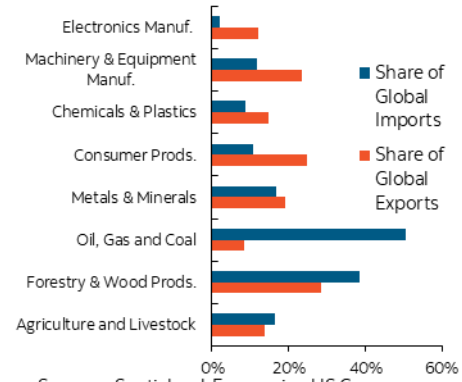
Sources: Scotiabank Economics, US Census Bureau.

What is the Export/Import Mix for US Trade with CAN? (2024 Until Nov.)



Sources: Scotiabank Economics, US Census Bureau.

How Reliant Are US Sectors on CAN Markets? (2024 Until Nov.)

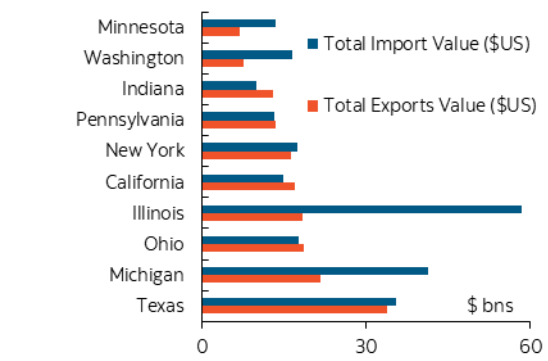


Sources: Scotiabank Economics, US Census Bureau.

US States Are Also Individually Integrated with Canada

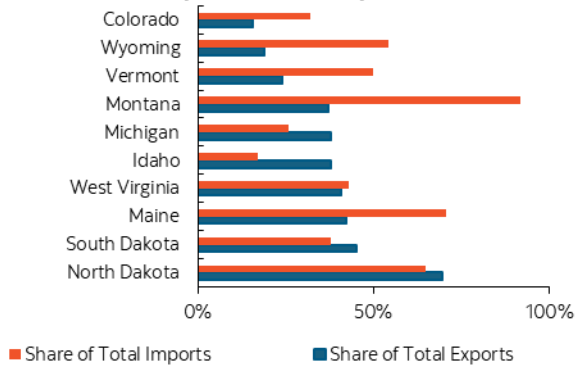
- Canada is the top export market for 34 states, and the top origin of imports for 24 US states.
- The top goods exporters to Canada include Texas (\$34 bn USD), Michigan (\$22 bn), Ohio (\$19 bn) and Illinois (\$18 bn).
- The top goods importers from Canada include Illinois (\$58 bn), Michigan (\$41 bn), Texas (\$35 bn) and Ohio (\$18 bn).
- States with the highest value of overall trade are often home to cross-border pipelines, refineries, agricultural trade, and/or manufacturing facilities.
- The states that export most to Canada as a share of overall goods exports include North Dakota (70%), South Dakota (45%) and Maine (42%).
- The states that rely most on Canada for goods imports as a share of overall imports include Montana (92%), Maine (71%), and North Dakota (65%).

Top Ten Exporting and Importing States from Canada, 2024 Until Nov.



Sources: Scotiabank Economics, US Census Bureau.

Which States Rely Most on Canadian Markets? (2024 Until Nov.)

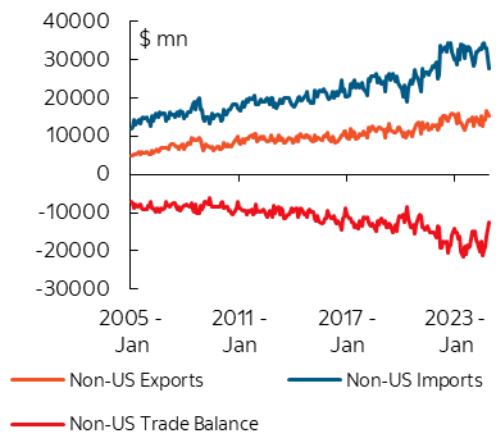


Sources: Scotiabank Economics, US Census Bureau.

Canadian Trade Outside the US

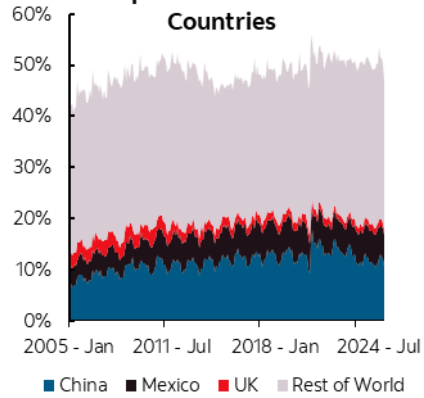
- Trade outside the US accounted for roughly 23% of Canada’s overall trade in 2023, and contributed 5% to GDP.
- Canada’s non-US trade balance was roughly -\$104 bn CAD in 2023. The country exported \$268 bn CAD and imported \$371 bn CAD worth of goods and services.
- This trade deficit with non-US countries has been steadily increasing over the last two decades.
- In 2023, China accounted for 4% of Canada’s overall goods and services exports, the UK accounted for 2%, Mexico accounted for 1%, and remaining countries combined accounted for 20%.
- As of the same year, China accounted for 7% of total goods and services imports, Mexico accounted for 3%, the UK accounted for 2%, and remaining countries accounted for 26%.

Canada's Non-US Trade Balance is a Substantial Deficit



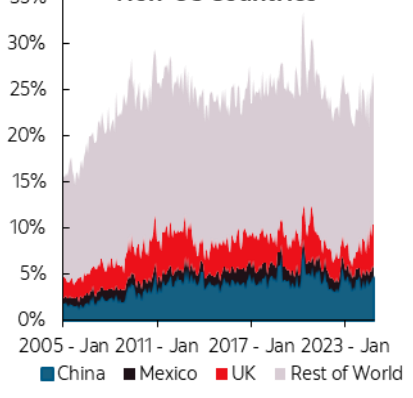
Sources: Scotiabank Economics, Statistics Canada.

Share of Total Canadian Imports from Non-US Countries



Sources: Scotiabank Economics, Statistics Canada.

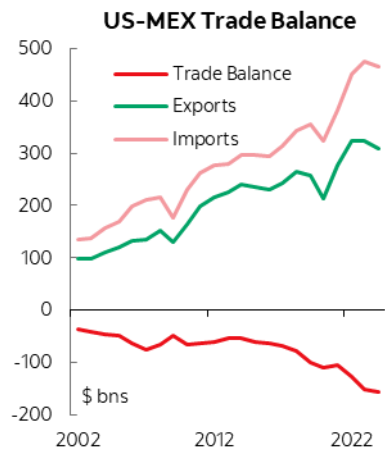
Share of Canadian Exports to Non-US Countries



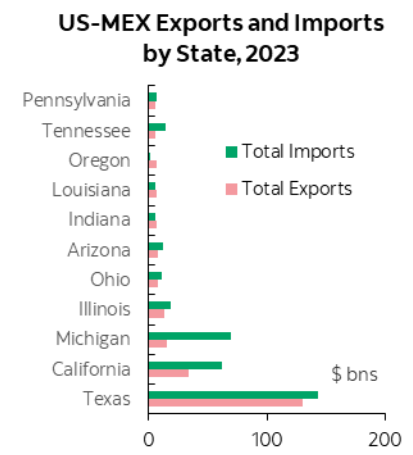
Sources: Scotiabank Economics, Statistics Canada.

US-Mexico Trade: Overview

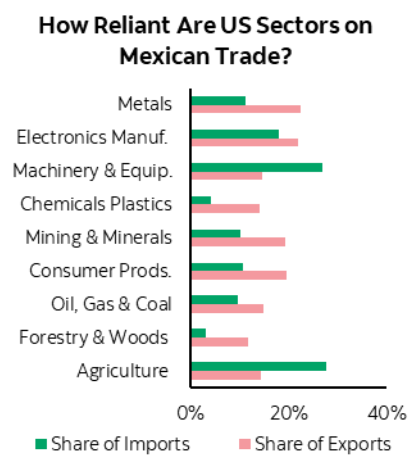
- The US operated a -\$162 bn USD trade surplus with Mexico in 2023.
- The US imported \$530 bn USD of Mexican goods and services in 2023, and exported \$367 bn to Mexico.
- Machinery and equipment manufacturing (which includes automotive/parts) (\$193 bn USD) and electronics manufacturing (\$119 bn USD) account for 66% of US goods imports from Mexico. These two sectors also account for 66% of goods exports to Mexico (\$67 bn and \$65 bn USD respectively).
- Mexico accounts for 14%-22% of overall exports for US goods-producing industries.
- As a share of overall imports, agriculture and livestock (28%) and machinery and equipment manufacturing (27%) are most reliant on Mexican producers.
- Texas accounts for 40% of overall goods exports to Mexico, and 30% of overall goods imports.



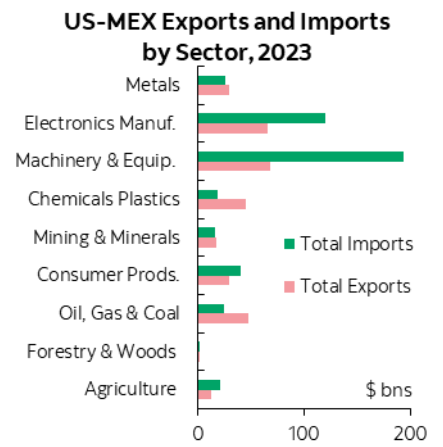
Sources: Scotiabank Economics, US Census Bureau.



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