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BORDER

- Canada and the U.S. share the world's longest international border and a unique relationship.
- Close cooperation and coordination on border management between our two countries facilitates legitimate trade and travel, including a daily flow of about 400,000 people and billions of dollars in goods and services crossing the land border between Canada and the U.S.
- According to U.S. statistics, in 2023, the U.S. encountered approximately 2.05 million people crossing its northern and southern borders illegally. Further, apprehensions along the Canada-U.S. border represented less than 1% of the total number of encounters U.S. border officials had with people crossing illegally into the U.S.
 - An "encounter" refers to any interaction between CBP officers and individuals at the border. It includes various scenarios such as apprehensions, inadmissibles (individuals deemed inadmissible at ports of entry), and expulsions under public health orders.
 - An "apprehension" is a specific type of encounter where an individual is physically detained by the U.S. Border Patrol between POEs (i.e., when individuals are found to be illegally in the U.S.)
- On December 17, 2024, the Government of Canada announced Canada's Border Plan, which aims to bolster border security, strengthen our immigration system, and keep Canadians safe.
- The Plan is backed by an investment of \$1.3 billion and built around five pillars:
 1. Detecting and disrupting the fentanyl trade;
 2. Introducing significant new tools for law enforcement;
 3. Enhancing operational coordination;
 4. Increasing information sharing; and,
 5. Minimizing unnecessary border volumes.
- On June 3, 2025, the Government of Canada tabled the Strong Borders Act, which represents the next step in Canada's \$1.3 billion Border Plan. If passed by Parliament, the Act will implement a suite of measures to strengthen border and immigration security, combat transnational organized crime and illegal fentanyl, and disrupt illicit financing.

Border Plan Outcomes

- Canada has made tangible progress on several key outcomes of the Border Plan, including:
 - Enhanced visa screening since June 2024 has resulted in a significant drop in illegal border crossings from Canada to the U.S. that continue to decrease; as of May 31, actions taken so far have decreased southbound apprehensions by 97% for May 2025 since the height in June 2024 (down to 83 persons apprehended from 3,437 persons apprehended).
 - The *High Risk Child Sex Offender Database Act* came into force on December 31, 2024, requiring the Royal Canadian Mounted Police (RCMP) to establish and make available a publicly accessible database that contains information of persons who are found guilty of sexual offences against children and who pose a high risk of committing crimes of a sexual nature. The database will exclusively include information already made public by a police service or other public authority. The RCMP has committed to implement and operationalize the national public database by December 31, 2025.
 - The Canada Border Service Agency (CBSA) adjusted hours of service at 35 land ports of entry across Canada to align with the U.S. and enhance overall security for both countries.
 - Updated regulations to strengthen authorities to cancel temporary resident documents, giving immigration and border services officers explicit authority to cancel electronic travel authorizations (eTAs) and temporary resident visas (TRVs) on a case-by-case basis, including when: there is a change in a person's status or circumstances makes them inadmissible or no longer eligible to hold the document (for example, the person provided false information, has a

criminal history or is deceased); an officer is not satisfied that someone will leave Canada by the end of their authorized period of stay; the document is lost, stolen, destroyed or abandoned.

- Expanded measures to strengthen security at the border include:
 - Appointing Kevin Brosseau, former RCMP Deputy Commissioner and Deputy National Security Advisor to the Prime Minister, as Commissioner of Canada's Fight against Fentanyl (informally, "Fentanyl Czar") effective February 11, to coordinate domestic responses and engagement with U.S. counterparts and enhance operational collaboration and efficiency.
 - Listing seven transnational criminal organizations (cartels) having an impact in Canada as terrorist entities under the *Criminal Code*.
 - Implementing the North American Joint Strike Force to combat organized crime, illegal fentanyl and money laundering.
 - Establishing the Joint Operational Intelligence Cell (JOIC) that will facilitate the expedient and effective flow of intelligence to support law enforcement operations in Canada and abroad. The work will focus on transnational organized crime, money laundering, border security and drug-trafficking, with a particular focus on the trafficking of illicit drugs, especially fentanyl and the importation of precursor chemicals to North America.
 - Establishing the CBSA/RCMP/Health Canada/U.S. CBP Northern Border Technical Working Group to advance commitments within the five pillars of the Border Plan.
 - Launching the Integrated Money Laundering Intelligence Partnership to facilitate voluntary and permissible information sharing between law enforcement and the financial sector to detect, deter and disrupt sophisticated money laundering networks.
 - New authorities and funding for the CBSA to detect, deter and disrupt trade-based money laundering and cross-border financial crimes, including through the creation of a Trade Transparency Unit to exchange and analyze bulk trading data.
 - Signing a Memorandum of Understanding to facilitate the sharing of supervisory information between the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and three U.S. regulators (Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Board) to ensure strong anti-money laundering controls of cross-border banks on the frontlines of the fight against financial crimes.
 - Surveillance of the border by nearly 10,000 frontline personnel with new and modernized equipment, including drones, towers, Black Hawk helicopters and K-9 teams.
 - Launching Operation Blizzard, a targeted, cross-country initiative to intercept illegal contraband arriving and leaving Canada, with a focus on fentanyl and other synthetic drugs.
- Canada's Border Plan builds on several successes in securing the Canada-U.S. border:
 - Volumes of Mexican nationals crossing irregularly southbound via Canada to the U.S. has dropped by 95% (comparing April 2024 to April 2025) following the partial visa reimposition on Mexico in February 2024.
 - Over 2,000 people of Indian and Bangladeshi origin have been denied boarding on flights to Canada following a targeted review of visa issuance for cases of fraud since March 2024.
 - In 2024, IRCC officers averaged 9,000 visa fraud investigations per month for Temporary Resident Visa applications. Those refused on misrepresentation are banned from coming to Canada for five years. The visitor visa refusal rate rose to 54% in 2024 from 38% in 2023 and remains above 50% in 2025. Monthly visitor visa application intake decreased 45% from March 2024 to March 2025 – a possible indication of change in client behaviour in response to Canada's tighter screening. These actions are stopping bad actors before they reach Canada.
 - CBSA enforced 18,041 removals in FY 2024-25, which was above the established target of 16,000. Historically, the CBSA baseline has been 15,000 removals per year.

- In February 2025, the CBSA launched Operation Blizzard, a targeted, cross-country initiative aimed at intercepting illegal contraband arriving and leaving Canada, with a focus on fentanyl and other synthetic narcotics. During this one-month surge operation, border services officers increased examinations of inbound and outbound shipments. They acted on increased referrals from CBSA's National Targeting Centre based on risk assessments.

Asylum Claim Overview

- Asylum claim volumes in Canada nationwide have decreased across all modes (land, air, marine) when compared to the same period last year, except for those made at the land border (i.e. individuals crossing from the U.S.). Overall volumes of claims declined roughly 54% when comparing the first five months of 2025 with the same period last year.
- Volumes of airport claims specifically have decreased since their peak in the first half of 2024 due to changes in visa policy and processing made by IRCC, including the partial re-imposition of visa requirements for Mexican nationals and strengthened visa screening. January to May 2025 saw a 77% decrease in the number of airport claims compared to the same period in 2024.
- There was a temporary increase of asylum claims made at the land border at the end of March 2025 to mid-April 2025. These claims were made by foreign nationals who had been living in the U.S. and who met an exception to the Safe Third Country Agreement.
- Since late April 2025, land border volumes have returned to the level seen earlier in 2025.
- IRCC and CBSA continue to monitor land border claims for changes in volumes to be ready to respond to any further rise in claims for from the U.S.
- The federal Budget 2024 announced \$743.5 million over five years, starting in 2024-25, to support the stability and integrity of the In-Canada Asylum System. This investment will allow the system to function more effectively and efficiently in the face of increased volumes, while supporting enhanced program integrity.

Human Smuggling Disruptions

- Over the past year, Canada has conducted several border security-related operations resulting in significant successes in intercepting illegal activities, such as drug smuggling, firearms trafficking, and human smuggling.
- Canadian authorities have dismantled smuggling networks, seized large quantities of drugs, and disrupted weapons trafficking.
- In June 2024, the RCMP made several arrests in connection to a suspected human smuggling ring which carried out multiple smuggling operations involving over 100 migrants in the Cornwall, Ontario area to the U.S.
- Human smuggling is a global problem that requires both domestic and international solutions. Canada works closely with its domestic and international partners and we remain confident in the ability of Canadian law enforcement agencies to maintain the integrity of Canada-U.S. border.
- Since expanding the application of the Safe Third Country Agreement (STCA) to the entire land border (including internal waterways) in March 2023, asylum claims made by irregular crossers into Canada have dropped significantly.
- The changes to the STCA were intended to deter irregular crossings between ports of entry, and to re-affirm that foreign nationals should claim asylum in the first safe country they enter, either Canada or the U.S.

ILLEGAL FENTANYL AND FIREARMS (U.S. data)

Illegal Fentanyl

- The U.S. fentanyl market is largely supplied via its Southwest Border. Between 2022 and April 2025, only 85 pounds of fentanyl were seized at the U.S. Northern Border, while over 94,000 pounds were seized at the U.S. Southwest Border; more than 800 times as much. Seizures at the U.S. Northern Border may not be destined for Canada.
- Canada takes a class-based approach to scheduling precursors. This means that we schedule related substances at the same time as a target substance, which is an advanced approach through which law enforcement agencies can take stronger action against illegal importation.
- In 2023, Canada announced the listing of additional fentanyl precursor chemicals under the *Controlled Drugs and Substances Act*.¹
 - This enabled law enforcement to continue to take action against any illegal importation, distribution, and use of these precursor chemicals, which are used in the illegal production of fentanyl by clandestine drug producers.
- Canada is not a significant source of illegal fentanyl entering the US. Less than 1% of fentanyl seized in the US comes from Canada.
- Canada is taking action to disrupt illegal drug trafficking. In 2024, the CBSA interdicted over 34,000kg of illegal drugs (both inbound and outbound), including 4.9 kg of fentanyl 81% of fentanyl seized coming in Canada originated in the U.S.
- In 2024, the CBSA also intercepted over 18,000 kg of cannabis and 607,657 kg of undeclared tobacco preventing millions of dollars in revenue evasion and combatting organized drug crime. Of our total illegal drug seizures, Canada stopped:
 - 4.9 kg of fentanyl, an increase of 747% from last year;
 - 4,589 kg of cocaine;
 - 38 kg of heroin;
 - 29,511 kg of other drugs, narcotics and precursor chemicals; and
 - 349 kg of other opioids (including opium, methadone, morphine and morphine base).²
- 39 clandestine fentanyl labs have been dismantled by the RCMP and local police agencies since 2021.
- In April 2025, B.C. RCMP dismantled three illegal drug labs following a nearly two-year investigation. Two of the labs were believed to be involved in fentanyl production and were found to be using sophisticated commercial grade chemistry equipment.
- Between December 9, 2024, and January 18, 2025, the RCMP coordinated a 'fentanyl sprint' with police forces from across the country, which resulted in 524 arrests and seizure of more than 46 kilograms of fentanyl. A second sprint is ongoing from May 20 to September 19, 2025.
- In September 2024, a clandestine drug laboratory in Oshawa was dismantled as a result of U.S. Customs and Border Protection (CBP) sharing information with the CBSA about a suspicious pill press transiting from the U.S. to Canada.
- In October 2024, B.C. RCMP dismantled a clandestine drug production operation, removing more than 95 million potentially lethal doses of fentanyl from the illegal supply. They also confiscated 89 firearms and \$500,000 in cash.
- In Canada, we have recorded almost 51,000 opioid toxicity deaths since 2016, with 21 deaths per day on average in 2024.

¹ <https://www.canada.ca/en/health-canada/news/2023/06/government-of-canada-takes-action-to-disrupt-the-illegal-importation-and-distribution-of-precursor-chemicals-used-to-make-illegal-fentanyl.html>

² <https://www.canada.ca/en/border-services-agency/news/2024/12/2024-year-in-review-cbsa-protecting-canadians-and-supporting-our-economy.html#:~:text=Seized%20over%2025%2C600,and%20morphine%20base>

- Canada's Border Plan, announced on December 17, 2024, outlines a \$1.3 billion investment towards bolstering security at the border. As part of the Plan, the Government is:
 - adding new and expanded detection capacity to better detect illegal drugs and other threats at border entries;
 - deploying new detector dog teams to intercept illegal drugs at ports of entry;
 - accelerating the regulatory process for banning precursor chemicals to enable swift action by law and border enforcement authorities to prevent their illegal importation and use;
 - creating a new Canadian Drug Analysis Centre to support 2,000 investigations a year and expand capacity at regional labs;
 - launching a new Chemical Precursor Risk Management Unit to increase oversight over precursors, enhance monitoring and surveillance, and enable timely law enforcement action; and
 - expanding powers to strengthen law enforcement to act against illegal drugs and precursors under the *Controlled Drugs and Substances Act*.
- The Government of Canada continues to introduce new tools for law enforcement and improve operational coordination, including by:
 - expanding capacity for intelligence collection by the Communications Security Establishment (CSE) to develop a better picture of illegal drug supply chains and to work with the RCMP, Public Safety Canada and other partners to identify opportunities to disrupt organized crime;
 - creating regional hubs to coordinate national, regional, and local law enforcement activities against organized crime and illegal drugs; and
 - Expanding capacity of the RCMP and collaborating with the U.S. to establish and implement a new North American Joint Strike Force to target transnational organized crime.
 - Established the Integrated Money Laundering Intelligence Partnership (IMLIP) that brings together law enforcement and the financial sector to enhance information sharing. The initial focus will be on money laundering associated with fentanyl trafficking.
 - Through the 2025 Liberal Party of Canada platform, the Prime Minister has committed to hiring 1,000 new RCMP officers and 1,000 new border officers to fight drug trafficking and other crimes. Further investments will also be made to support criminal prosecutions targeting drug traffickers.
- On June 3, 2025, the Government of Canada tabled the *Strong Borders Act* to help ensure that law and border enforcement have the right tools to secure the border, target transnational organized crime groups, and combat illicit financing. The Act proposes a suite of legislative amendments that, would, among other things:
 - Create a new accelerated pathway for the scheduling of precursor chemicals, so that law and border enforcement can take swift action to prevent their illegal importation and use;
 - Allow police to search and seize contraband – including illegal fentanyl – in the course of post;
 - Authorize Canada Post inspectors to open mail to search for contraband;
 - Provide a new mechanism by which law enforcement can access information/data held by a service provider in another country; and
 - Create stronger anti-money laundering penalties under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.
- Between January 1 and April 30, 2025, the CBSA has already seized:
 - 698 kg of cocaine from the U.S., compared to 360 kg from all other countries combined – 66% of seized cocaine came from the U.S.
 - 60 kg of methamphetamine from the U.S., compared to 368 kg from all other countries combined – 14% of seized methamphetamine came from the U.S.
 - 0.045 kg of fentanyl from the U.S., compared to 2.1 kg from all other countries combined – 2% of seized fentanyl came from the U.S.

- 203 kg of cannabis from the U.S., compared to 4,958 kg from all other countries combined – 4% of all seized cannabis came from the U.S.
- 107,935 kg of tobacco from the U.S., compared to 584,220 kg from all other countries combined – 16% of seized tobacco came from the U.S.

Illegal Firearms

- Illegal goods move across our border from the U.S. into Canada, and we are working regularly with U.S. officials to disrupt these flows.
- In 2024, the CBSA made approximately 8,325 weapons and firearms seizures at ports of entry, which kept more than 17,214 weapons and 931 firearms off Canadian streets. Of those, 3,398 prohibited weapons and 839 firearms were seized coming from the U.S.
- Between January 1, 2020, and April 30, 2025, CBSA investigators launched 493 criminal investigations related to firearms offenses, resulting in charges in 233 cases and 126 successful prosecutions. These inland investigations—distinct from Port of Entry enforcement—are conducted under judicially authorized search warrants and play a critical role in disrupting firearms smuggling networks. Notably, between April 1, 2024, and March 31, 2025, alone, 22 CBSA-led search warrants resulted in the seizure of 99 firearms and 46 prohibited weapons within Canada. The CBSA is also exploring the improvement of information-sharing with US partners through a joint initiative under the Cross Border Firearms Taskforce banner where real-time notifications are provided to U.S. Customs and Border Protection and Homeland Security Investigations relating to firearms interdictions at the border when the traveller is being returned to the U.S. or where aggravating factors are present. Discussions are ongoing with U.S. partners to operationalise the joint initiative at the Ambassador Bridge in Southern Ontario Region for a test period of 6 months.
- Since 2022, the CBSA and the RCMP have had a 100% tracing policy in effect, whereby all seized firearms determined to be crime guns must be sent for tracing. Between 2020 and 2023, the number of firearms traced in Canada increased by 176%.³
- Since 2016 the Government of Canada has invested over \$1.4 billion to address gun violence. In addition to funding provinces and territories to develop gun and gang violence prevention and intervention initiatives, this funding has increased the capacity of law enforcement to investigate gun crimes and crack down on firearms smuggling and trafficking:
 - \$312 million over five years and \$41.4 million ongoing through Budget 2021 for Public Safety Canada, the CBSA and the RCMP to implement legislation and to fight gun smuggling and trafficking, including measures to: enhance the services of the Canadian Firearms Program, increase capacity to trace firearms, target firearms smuggling and trafficking.
 - Funding has supported new technologies and specialized training, for example: small and large-scale X-ray technology, mobile examination vehicles, and investment in purpose-built training facilities for Detector Dogs teams.
- Between January 1 and April 30, 2025, CBSA has already seized:
 - 153 firearms from the U.S., compared to 57 from all other countries combined – 73% of seized firearms came from the U.S.
 - 1,040 prohibited weapons from the U.S., compared to 2,840 from all other countries combined – 27% of seized prohibited weapons came from the U.S.

³ <https://www.ourcommons.ca/petitions/en/Petition/Details?Petition=441-02832>

TRADE AND TARIFFS (*U.S. data*)

- Each day, approximately 386,000 people and U.S. \$2.5 billion in goods and services cross the Canada-U.S. border. This amounts to nearly U.S. \$1 trillion per year.
- Canadian companies employ 887,900 workers in the U.S. and nearly 8 million U.S. jobs are tied to trade with Canada.
- Canada is the largest export market for 32 states, and among the top three for 45 states.
- In 2024, five U.S. states sourced over half of their imports from Canada, and Canada was the top supplier of merchandise imports for 22 U.S. states.
 - This includes 92% of Montana's imports, 70% for Maine, 67% for Vermont, and 66% for North Dakota.
- Canada is the #1 supplier of energy to the U.S.; Canadian energy fuels the U.S. economy; our bilateral two-way energy trade totaled U.S. \$151.3 billion in 2024.
- Canada supports U.S. manufacturing: over 70% of Canadian goods exported to the U.S. are then used by U.S. companies as inputs in their own production.

U.S. Dependence on Canada as a Market for Exports (*U.S. data*)

- Canada buys more U.S. goods than China, Japan, France, and the UK combined.
- The U.S. sells more goods to Canada than to any other country. Nearly 8 million U.S. jobs are tied to trade with Canada.
- Canada is the largest export market for 32 states, and top three for 45 states; 41 states export over U.S. \$1 billion to Canada in 2024.
- Canada is the U.S.'s best customer: Canada is the top U.S. export destination for half (48 out of 97 product categories) of all goods produced in the U.S.
 - Motor vehicles, machinery, metals and minerals, and agri-food made up more than 50% of U.S. exports to Canada in 2024.
 - Canada buys 71% of U.S. exports of trucks, 10% of precious stones and metals, and 34% of fruits and vegetables.
- The U.S.-Canada auto industry is one of the most integrated in the world. Auto parts are often traded as many as eight times across the border before final assembly.
 - In 2024, Canada bought more than U.S. \$21 billion in trucks, tractors, and trailers from the U.S., with 67% of all U.S. exports of these products destined to Canada.⁴
- Canada has more invested in the U.S. than the other way around – in 2023, U.S. foreign direct investment in Canada stood at U.S. \$452 billion, while Canadian FDI in the U.S. stood at U.S. \$672 billion.

⁴ U.S. Bureau of Census, *Extracted using HS codes 8701, 8704, 8716.*

U.S.-CANADA TRADE BALANCES (U.S. data)

What the U.S. Department of Commerce's Numbers Say

- In 2024, the U.S. merchandise trade deficit with Canada was U.S. \$64.2 billion and entirely driven by energy products.
 - Trade in energy represents a U.S. trade deficit of U.S. \$98.5 billion in 2024.
 - Excluding energy, the U.S. has had a merchandise trade surplus with Canada since 2007 and standing at U.S. \$34.3 billion in 2024.
- In contrast, the U.S. has had a surplus for manufacturing since 2007. It stood at U.S. \$23.7 billion in 2024.
 - Canada is consistently the only top 5 trade partner with whom the U. S. runs a trade surplus in manufacturing.
- Canadian natural resources fuel the American manufacturing of products stamped “Made in the USA” by American workers.
- The U.S. has had a services trade surplus with Canada for more than the last two decades. This surplus stood at U.S. \$31.7 billion in 2023.

Key Takeaways

- In 2024, the U.S. trade deficit with Canada (U.S. \$64.2 billion) is significantly smaller than those with China (U.S. \$295.4 billion) and Mexico (U.S. \$171.8 billion).
- The U.S.-Canada trade deficit was balanced by an important surplus in foreign direct investment (U.S. \$220.1 billion) in 2023; Canada’s investment in the U.S. (U.S. \$671.7 billion) significantly exceeded U.S. investment in Canada (U.S. \$451.6 billion).
- Canada-U.S. trade makes U.S. industry stronger and more globally competitive. Canada sells inputs to the U.S. that it turns into higher-valued “Made in the USA” goods to export abroad. **The U.S. does not give anything for free by trading with Canada.**

Economic Security

- U.S. tariffs will only mean that we both buy less from each other, likely to the benefit of countries like China.
- Canada shares U.S. concerns regarding China’s non-market policies and practices, which have led to unfair competition and global market distortions that harm our workers and businesses. Canada will not be a transshipment risk or a vector for trade practices that could harm our collective economic security.
- Canada has taken action in recent years to reinforce its alignment with the U.S. on economic security and China trade issues to support secure and mutually reinforcing supply chains.
- Actions we have taken targeting China have meant we are buying more from the U.S.
 - Tariffs of 100% on Chinese EVs have meant that \$2.3 billion worth of electric vehicles sold in Canada are now being supplied from the integrated North American auto industry instead of China.
 - Tariffs of 25% on Chinese steel and aluminum mean that importers are actively having sourcing discussions with U.S. producers to make up for the \$2.3 billion in annual trade with China that is now subject to tariffs.
 - Announced intent to introduce additional tariffs on imports from China of critical minerals, semiconductors, solar products, permanent magnets, and natural graphite, which will add to this trend.

- Changes to our federal procurement regime will mean that China – and other non-FTA countries – will no longer have access to Canada’s \$37 billion annual procurement market, creating more opportunities for U.S. suppliers.
- These are concrete actions that are leading to an immediate increase in U.S. exports to Canada and we would not want to put this new positive development in jeopardy.
- Additional measures Canada has taken include:
 - Strengthening its trade remedies system to provide more robust protection against unfair trade. This includes investments to enhance enforcement capacity and new legislative and regulatory amendments to strengthen the system, such as by creating a new regime to address circumvention and providing more flexibility to apply higher dumping duty rates when there are market distortions.
 - Significant investments to secure Canadian STI from foreign threats. This includes the release of National Security Guidelines for Research Partnerships; the establishment of a Research Security Centre; and the implementation of the Sensitive Technology Research and Affiliations of Concern (STRAC) policy with the objective to keep Canadian research as open and collaborative as possible, but also as secure as necessary.
 - Modernizing its foreign investment review regime by enacting legislation providing additional flexibility for the government to address evolving national security risks and enhancing collaboration with international partners. This reinforces the strong alignment of Canada and the U.S. on addressing the risks associated with investments from China, notably on transfer of technology and access to critical minerals and critical infrastructure.
- Canada may consider more measures in 2025 to address unfair trade practices and secure critical supply chains, but Canada cannot fight a trade war with each of its two largest trading partners at the same time.
- We should discuss how we continue to move forward on addressing common concerns with China and reinforcing North American supply chains.
- Ultimately, the U.S. is stronger and more competitive globally because of its economic partnership with Canada. It is essential that the two countries continue working together and not against one another as they face the challenges and risks posed by China and other malign actors.

AUTOMOTIVE SECTOR (U.S. and Canadian data)

The Integrated Automotive Sector

- The Canadian and U.S. automotive industries are one of the most integrated industries in the entire world. In 2024, bilateral automotive trade with the U.S. totaled over US\$112 billion.⁵
- In 2024, Canada and the United States produced over 11 million vehicles.⁶
- Within North America, the Great Lakes cluster of Michigan, Indiana, Illinois, Ohio and Ontario is the largest automotive manufacturing cluster.
 - In 2024, the region produced 5.3 million vehicles.⁷
- Canadian exports do not pose a threat to U.S. automotive jobs or production mandates. Fewer than 10% of vehicles sold in the United States are produced in Canada. In contrast, more than 40% of the vehicles sold in Canada are assembled in the United States.⁸

⁵ U.S. Census Bureau, [USA Trade Online](#). Extracted using NAICS codes: 3361, 3362, and 3363.

⁶ Wards Intelligence, [Data Query](#)

⁷ Wards Intelligence, [Data Query](#)

⁸ S&P Global, [Light Vehicle Sales](#)

- The United States exports more vehicles to Canada than to any other country, underlining Canada's position as the United States' most important partner in the automotive sector.⁹
- On average, Canadian vehicles contain approximately 50% U.S. content by value. In 2024, Canada imported nearly \$30 billion worth of automotive parts from the United States (including from Michigan, Ohio, Indiana, Kentucky, West Virginia and Illinois).¹⁰
- Canada is a supplier of critical automotive parts that keep U.S. assembly plants open. For example, Ford's Windsor-based engine plants supply Ford assembly plants in Kentucky, Michigan, Missouri and Ohio.
- This trade helps keep U.S. automotive factories open, in turn supporting U.S. workers and U.S. exports to Canada and around the world.
- The CUSMA contains provisions related to automotive trade, with requirements around North American content and well-paying labour. Deeper integration in the automotive sector is at the heart of the Agreement.
- Our trade translates into prosperity for workers in both Canada and the U.S. The integrated Canada-U.S. automotive sector supports over 1.1 million jobs across both countries.¹¹
- Canada-US automotive trade is an engine that powers a range of related industries, from aluminum to emerging technologies.

Canadian Context

- In Canada, automotive manufacturing supports 126,000 direct jobs, contributed \$16.8 billion in 2024 to Canada's gross domestic product, and is one of the country's largest export industries. In 2024, Canada produced over 1.3 million vehicles.¹²
- The automotive sector is heavily reliant on trade with the U.S. In 2024, total automotive trade with the U.S. totaled \$152 billion (\$75 billion in total exports and \$77 billion in imports).¹³
- Approximately 94% of vehicles produced in Canada are exported, with over 96% going to the U.S. With respect to automotive parts, 65% of Canadian production is exported, with over 90% going to the U.S.¹⁴

U.S. Context

- In the United States, automotive manufacturing supports over 1 million jobs.¹⁵
- In 2024, the United States produced over 10 million vehicles across four main regions:
 - Great Lakes (Illinois, Indiana, Michigan and Ohio) – 4.0 million units;
 - Southeastern United States (Alabama, Georgia, Kentucky, Mississippi, South Carolina and Tennessee) – 4.2 million units;
 - Southwestern United States (Arizona, California, Texas) – 1.2 million units; and
 - Midwest United States (Kansas and Missouri) – 880,000 units.¹⁶

⁹ International Trade Administration, [New Vehicle Trade Data Visualization](#)

¹⁰ Statistics Canada, [Table 16-10-0047-01 Sales of Goods Manufactured](#) and [Trade Data Online](#). *Extracted and calculated using NAICS code 3363.*

¹¹ Statistics Canada, Table 14-10-0201-01 and U.S. Bureau of Labor Statistics, Current Employment Statistics. *Extracted using NAICS codes: 3361, 3362, and 3363.*

¹² Statistics Canada, Tables [14-10-0201-01](#), [36-10-0434-01](#), and Wards Intelligence, [Data Query](#)

¹³ [Trade Data Online](#). *Extracted and calculated using NAICS codes 3361, 3362, 3363, and 326193*

¹⁴ [Trade Data Online](#). *Extracted and calculated using NAICS codes 3361, 3362, and 3363*

¹⁵ Bureau of Labor Statistics, [Current Employment Statistics](#). *Extracted using NAICS codes: 3361, 3362, and 3363.*

¹⁶ Wards Intelligence, [Data Query](#)

Updated: July 4, 2025

- Based on data from the U.S. Census Bureau, the U.S.' total automotive trade with Canada in 2024 totaled over U.S. \$112 billion, with approximately U.S. \$59 billion in total exports and U.S. \$53 billion in imports. Michigan, the United States' largest automotive manufacturing state, accounting for nearly 25 per cent of U.S. automotive manufacturing GDP, relies on Canada for 55 per cent of its automotive exports.¹⁷

¹⁷ U.S. Census Bureau, [USA Trade Online](#). *Extracted using NAICS codes: 3361, 3362, and 3363.*

ENERGY (U.S. data)

- Canada and the U.S. are each other's #1 foreign supplier of energy. This assures a reliable, secure, integrated and affordable supply of energy to the North American economy.
- American refiners depend on crude oil imports from Canada to produce the affordable, reliable fuels that consumers count on every day. Canada's energy is closer and more convenient than alternative foreign sources of supply.
- In 2024, Canada supplied over 99% of U.S. natural gas imports (around 9% of U.S. consumption), 62% of U.S. crude oil imports¹⁸ (around 25% of U.S. refinery intake) and 25% of refined petroleum product imports.¹⁹
- Canada provides more of the U.S.'s crude oil imports than Mexico, Saudi Arabia and Iraq combined.
- About a quarter of U.S. oil refinery intake originates in Canada²⁰, contributing to job creation and energy affordability, particularly in the Midwest.
 - Illinois: over 3,000 direct and 55,000 indirect jobs
 - Ohio: over 2,000 direct and 53,000 indirect jobs
 - Minnesota: over 1400 direct and 21,500 indirect jobs
 - Michigan: over 450 direct and 18,000 indirect jobs
 - Wisconsin: over 110 direct and 5,900 indirect jobs²¹
- There is no easy, fit-for-purpose replacement for Canadian heavy crude oil.
 - In terms of volume, U.S. refining capacity far exceeds U.S. upstream oil production.
 - Trump's vows to develop America's shale patches will not ease U.S. reliance on crude oil imports.
 - U.S. oil production mainly consists of light, sweet crude.
 - Feeding a complex refinery this light, sweet crude is inefficient and could sideline entire process units, leading to less gasoline, diesel and jet fuel production overall, and potentially threatening long-term refinery operations.
 - There is also no cost-effective way to deliver vast quantities of comparable imported heavy oil from Gulf Coast docks to the Midwest.
- Over 31 major electricity transmission lines²² and 70 oil and gas pipelines²³ cross our shared border, with energy flowing in both directions. This interdependent supply chain makes both countries more energy secure, with a shared, flexible and resilient energy grid.
- Two large cross-border transmission projects are under construction and scheduled to enter service in 2026. The two projects will deliver enough clean, reliable electricity to power more than two million homes in New York City and New England.
 - Champlain Hudson Power Express (1,250 megawatts) and New England Clean Energy Connect (1,200 megawatts)

Supplemental

- In 2024, Canada supplied the U.S. with about 62% of its crude oil imports (representing about one-quarter of daily intake of crude oil at U.S. refineries) – more than the rest of the world combined. We also supplied around 99% of U.S. natural gas imports (around 9% of U.S. consumption)

¹⁸ U.S. EIA, https://www.eia.gov/dnav/pet/pet_move_impqus_d_nus_NCA_mbbbl_m.htm

¹⁹ U.S. EIA, https://www.eia.gov/dnav/pet/pet_move_impqus_a2_nus_EPLO_IMO_mbbbl_m.htm

²⁰ U.S. EIA, [Petroleum & Other Liquids- U.S. imports by country of origin](#) and [Petroleum & Other Liquids- Refinery utilization and capacity](#). *Share of U.S. oil refinery intake is calculated as crude imports from Canada divided by gross input to atmospheric crude oil distillation units.*

²¹ Oxford Economics (2024-06) Economic Contribution of U.S. Petroleum Refineries

²² Electricity Canada, [U.S. Affairs](#).

²³ NRCan, [Frequently Asked Questions \(FAQs\) Concerning Federally-Regulated Petroleum Pipelines in Canada](#).

- In 2024, the value of Canada-U.S. energy trade was U.S. \$151.3 billion with Canada buying U.S. \$26.4 billion of U.S. energy products.²⁴
- In 2024, Canada exported C\$3.1 billion / US\$2.3 billion of electricity to the U.S.²⁵ Roughly 80% of Canada's electricity generation is from renewable and/or non-emitting sources such as hydro, nuclear, wind and solar, and Canada's electricity exports contribute to states and regions meeting clean energy and emission reduction goals.²⁶
- In 2024, Canada exported approximately 35 terawatt hours (TWh) of electricity to the U.S.²⁷ – roughly 1% of total U.S. electricity consumption, or the equivalent of powering about 6 million U.S. homes. However, these exports are concentrated regionally in New England, New York, Minnesota, Michigan and the Pacific Northwest. For example, in 2024, Canada provided 5.5% of New England's total electricity supply.
- These exports save American households, consumers and companies hundreds of millions of dollars in energy savings each year (electricity, gasoline and natural gas for home heating) and power jobs on both sides of the border.

²⁴ CER, [Electricity Trade Summary](#); U.S. Census Bureau, [USA Trade Online](#). *Extracted using HS chapter 27.*

²⁵ U.S. Census Bureau, [USA Trade Online](#). *Extracted using HS code 2716000000.*

²⁶ NRCAN calculations based on microdata from StatCan Table: 25-10-0084-01, StatCan Table: 25-10-0020-01 and IEA PVPS National Survey Report of PV Power Applications in Canada 2023.

²⁷ U.S. Census Bureau, [USA Trade Online](#). *Extracted using HS code 2716000000.*

URANIUM AND NUCLEAR (*U.S. data*)

- Canada's enormous reserves of high-grade uranium are a unique asset amongst G7 countries.
- Canada is the U.S.' #1 foreign supplier of uranium. In 2023, Canadian-originating uranium accounted for 27% of uranium imported by owners and operators of U.S. civilian nuclear power reactors.²⁸
- Canada's exports of uranium product mostly go to Illinois (65%) and New Mexico (32%)²⁹ for further processing (conversion and enrichment) – ultimately fueling nuclear reactors across the U.S.
- All uranium is mined in Saskatchewan. Prior to export, some uranium is converted at the Port Hope facility in Ontario, the only uranium conversion facility in Canada and one of two in North America.
- With 95% of their uranium needs being met from foreign sources, U.S. power plants will continue buying foreign uranium even if tariffs are imposed.³⁰ The 2024 U.S. law banning the import of enriched Russian uranium and Russia's decision to ban such export to the U.S. has increased the strategic importance of Canadian uranium.³¹
- Tariffs would likely incentivize U.S. domestic uranium mining, however ramping up production would take time; in 2022, the U.S. only accounted for 0.2% of global production.³²

²⁸ U.S. EIA, [Uranium Annual Marketing Report Table 3](#).

²⁹ U.S. Census Bureau, Global Trade Atlas. *Extracted using HS codes 261210 and 284410, 261210 284410, 284420, 284430.*

³⁰ U.S. EIA, [Uranium Annual Marketing Report Table 3](#).

³¹ [Uranium Marketing Annual Report - U.S. Energy Information Administration \(EIA\)](#)

³² World Nuclear Association, [World Uranium Mining Production](#).

CRITICAL MINERALS (*U.S. and Canadian data*)

- Canada and the U.S. are each other's #1 minerals trading partner, with \$141 billion in annual two-way minerals and metals trade in 2024.³³
- Canada's critical minerals are key to U.S. national and economic dominance. Canada produces over 60 minerals and metals, including 22 of the 50 minerals listed as critical by the U.S. Geological Survey.³⁴
- Canada is a leading supplier to the U.S. of minerals that support the energy, automotive, agriculture, defence, and communications industries.
- The U.S. defence sector is one of the largest beneficiaries of Canada's resource wealth and processing capacity. Various Canadian minerals are some of the best alternatives to non-allied supply for the U.S.
 - Canada has been part of the U.S. defence industrial base for more than 70 years, with more than 2500 agreements covering various aspects of North American security.
 - Canada and the U.S. have jointly invested \$100 million to advance strategic critical minerals projects that will serve North American defence supply chains.
- Canada is the most important global producer of potash and supplies 73% of total U.S. consumption. The only other significant global producers are Russia and Belarus.
- Canada is a leading supplier to the U.S. for the following minerals, and the most important supplier of potash, aluminum, uranium, primary nickel, and refined zinc:
 - 73% of U.S. total consumption of potash (agricultural sector and food security);
 - 47% of U.S. total consumption of tellurium (solar cells and other manufacturing applications);
 - 45% of U.S. total consumption of refined zinc (steel industry);
 - 27% of U.S. total consumption of niobium (defence);
 - 24% of U.S. total consumption of aluminum (automotive and transportation);
 - 41% of U.S. total consumption of primary nickel (stainless steel, lithium-ion batteries);
 - 21% of U.S. total consumption of uranium (nuclear power); and,
 - 12% of U.S. total consumption of germanium (Defence, telecommunications).
- Canada is already a top 3 supplier of advanced semiconductor minerals to the U.S., with the potential to expand production. As well, Canada is a top supplier of key energy transition minerals, such as cobalt, graphite, copper, and nickel, and has significant reserves of lithium and rare earth elements.
- Through the Canada-U.S. Joint Action Plan on Critical Minerals and other collaboration initiatives, we are building North American critical mineral supply chains that bolster diversity in the market, reduce risk throughout the value chain, and safeguard our shared national security and economic interests.
- Collaboration through these initiatives has resulted in joint action on research and innovation, supply chain modelling, and industry facilitation, including the co-funding of strategic exploration projects.

³³ [NRCan with Statistics Canada data](#)

³⁴ NRCan and United States Geological Survey.

DEFENCE *(Canadian data)*

- The Canada-U.S. bilateral defence relationship is characterized by exceptionally close and long-standing military-to-military cooperation in the defence of North America and around the world, as well as highly integrated industrial bases.
- Canadian Armed Forces personnel have operated alongside the U.S. military in support of international peace and security for over a hundred years, including in the First and Second World Wars, the Cold War, Korea, the Balkans, the Middle East, and Afghanistan.
- The Canada-U.S. defence partnership has deep economic roots, with an integrated North American industrial base serving as a critical source of defence production since the Second World War.
- The U.S. serves as a key supplier to the Canadian Armed Forces and is the primary export destination for Canadian defence technologies.
- Canada and the U.S. are part of the Five Eyes, the world's longest-standing and closest intelligence sharing partnership, alongside Australia, New Zealand, and the UK.

Geopolitical Context

- Canada and its allies are confronted with a complex, generational challenges to our security and prosperity, such as the destabilizing effects of climate change, the return of strategic competition, emerging technologies, as well as adversaries below threshold activities and advanced military capabilities. In this context, defence cooperation among allies and like-minded states is fundamental.
- Defence cooperation in the modern era goes well beyond operational collaboration and interoperability. To preserve military advantage and broader national security, we must also ensure the resiliency of our defence industrial base.
- To do so, we must reduce our dependence on adversaries for critical supply chain inputs, such as critical minerals, and also stimulate and protect the security of our own innovation ecosystems.
- Canada has a key role to play in this context – both as a trusted source of supply of many critical defence inputs, and as a contributor of cutting-edge technology to allied efforts to develop advanced military capabilities.
- Deepening our collaboration in these areas with the U.S. and other allies will strengthen our collective ability to compete with our adversaries and deter conflict.

What Canada Brings to the Table

- **Continental defence and the Arctic:** Continental defence and the Arctic. Canada is significantly investing in new capabilities to protect our sovereignty and ensure our military has the tools it needs to monitor and defend our vast territory and its approaches, including in the Arctic. This includes major investments to modernize the capabilities of NORAD.
- The Canadian Armed Forces are experts in northern operations and a recognized leader among allies in Arctic intelligence.
- **Cyber:** The Communications Security Establishment (CSE), alongside the CAF Cyber Command (CAFCYBERCOM) continues to work with our signals intelligence and cyber defence counterparts in the U.S. to promote our shared national interests and our common security.
- In response to the evolving cyber threat landscape and below threshold activity, CAFCYBERCOM was established in September 2024 to consolidate CAF Joint Electromagnetic Warfare, signals intelligence, and cyber capabilities to conduct full spectrum operations independently or with allies and partners in support of Defence priorities and operations.
- CSE is expanding its foreign intelligence collection and foreign cyber operations capabilities which are utilized in partnership with the U.S. and represent a key tool to defend Canada, and the Arctic. CSE's

signal intelligence also provides valuable information to support the development of strategic measures to bolster and protect the critical minerals supply chain.

- CSE also conducts foreign cyber operations in coordination with Five Eyes partners, including an active cyber operation to undermine the activities of foreign ransomware groups and to degrade the online tools that they use.
- A recent report by the UK House of Commons Intelligence and Security Committee noted that Canada is “at the head of the pack” on cyber defence.
- **Innovative R&D:** Canada has a world-class defence industry and research and development ecosystem, with recognized expertise in high impact military research areas including quantum computing, quantum cryptography and quantum sensing, autonomous underwater vehicles, sonar and acoustic sensors and electronic warfare.
- **Artificial Intelligence (AI):** Canada has a strong global reputation in AI, particularly in governance and ethics. It actively participates in the US Chief Digital and Artificial Intelligence Office (CDAO)'s Partners for Defence (PFD) meetings to examine advancements in data, analytics, and AI. Canada also endorsed the U.S. Political Declaration on the Responsible Military Use of AI and Autonomy and co-chaired the Political Declaration Accountability Working Group to promote accountability in AI-enabled capabilities.
- **Space:** Canada has a long, proud history as a spacefaring nation and Canada is a highly valued contributor to allied military space capabilities. National Defence has allocated over \$20 billion for 10 different projects that will deliver new space capabilities in the coming years that will cover surveillance of space, surveillance from space, and communications.
- Canada contributes data from its Sapphire satellite into the US Space Surveillance Network, with further Canadian contribution to the Network to be operational in 2026 via ground-based sites. CAF personnel are currently engaged in space situational awareness and missile warning duties alongside USAF and USSF personnel at NORAD and USSPACECOM.
- In mid-January 2025, Canada successfully launched 3 research and development (R&D) microsatellites, known as the Gray Jay Pathfinder mission, which will orbit in high latitudes to evaluate new technologies to provide situational awareness in the Arctic Circle for the Canadian Armed Forces (CAF).

When Canada operates globally to support its Allies

- The Canadian Navy conducts regular sails through the Taiwan Strait with the U.S. Navy under Operation HORIZON.
- The Canadian Navy participates in multilateral Maritime Cooperative Activities (MCAs) alongside the U.S. Navy, the Philippines, and other partners in the South China Sea under Operation HORIZON.
- Canada works to enhance interoperability with the US by contributing to Project Olympus and developing Pan-Domain Command and Control capabilities.
 - Under Op HORIZON, Canada is deploying the HMCS Ville de Québec to sail with the UK Carrier Strike Group over a 6-month sail, using new/experimental technology to transmit real-time data between partners, including to 4 U.S. Combatant Commands.
- Under Op NEON, Canada contributes to multinational efforts to monitor UN Security Council sanctions against North Korea, alongside the U.S. and other Allies and partners.
- Through Op HELIOS, DND/CAF provides equipment, training, and airlift support to the Multinational Security Support Mission in Haiti.
- Through Op CARRIBE, Canada's contribution to U.S. Operation Martillo, the CAF provides Navy ships and aircraft to support the U.S. suppression of drug trafficking in international waters in the Caribbean Sea and eastern Pacific Ocean.

- In 2024, four Royal Canadian Navy vessels assisted in the seizure of a total of 2,710 kilograms of contraband and illicit substances. Over the past seventeen years, the CAF has contributed to the disruption or seizure of more than 123 metric tonnes of cocaine.
- On 1-2 March 2025, the HMCS Harry DeWolf (HDW) played a crucial role in assisting an embarked United States Coast Guard (USCG) Law Enforcement Detachment (LED), leading to a significant seizure of 750 Kg of cocaine, valued at approximately \$45.5M CAD.
- Through Op UNIFIER, the CAF aims to enhance the capabilities of the Security Forces of Ukraine (SFU) by providing comprehensive military training and support. Since Op UNIFIER's inception in 2015, the CAF has trained over 44,000 SFU members on a wide range of basic and advanced military skills.
- Through Op REASSURANCE, Canada is strengthening NATO's deterrence and defence measures in Europe and along NATO's Eastern Flank, contributing to the largest reinforcement of NATO's collective defence in a generation. The Canadian Armed Forces (CAF) contribute with a Maritime Task Force, an Air Task Force, and, most notably, lead the NATO Multinational Brigade-Latvia.

Continental Defence and the Arctic

- The United States is Canada's premier partner in the Arctic, cooperating bilaterally and binationally, including through the North American Aerospace Defense Command (NORAD), which was formally established in 1958 and is the only binational military command of its kind in the world.
- Approximately 1,000 CAF personnel support the NORAD mission throughout North America. Canada provides fighter and refueling aircraft to NORAD during normal operations and maintains the Canadian portion of the North Warning System as well as four forward locations to support NORAD and other Canadian and U.S. air operations in the North and Arctic.
- In June 2022, the Minister of National Defence announced a 20-year, \$38 billion (accrual, or \$87 billion cash) plan to modernize NORAD capabilities in support of shared Canadian and U.S. priorities in strengthening North American deterrence against new threats to North America.
- These investments and much of the additional \$73 billion (accrual, or \$104 billion cash) announced in Canada's defence policy, Our North, Strong and Free will strengthen the Canadian Armed Forces' ability to protect Canadian sovereignty, especially in the Arctic. In addition to bolstering homeland defence, this will help ensure that North America remains a secure base for projecting power abroad.
- Funded capabilities that will advance the defence of the Canadian and US homelands include:
 - 88 F-35 fifth-generation fighter aircraft, beginning in 2026
 - Up to 16 CP-8A Poseidon maritime patrol aircraft specialized in anti-submarine and anti-ship warfare, beginning in 2027
 - 11 CQ-9B SkyGuardian long-endurance drones, beginning in 2028
 - Six Arctic and Offshore Patrol Vessels (the last launched in Dec 2024) that will help secure the northern approaches to the continent;
 - Air-to-Air Refuelling (CC-330 Husky; three delivered since 2023) and Airborne Early Warning aircraft that will ease the burden on U.S. fleets;
 - New Arctic Over-the Horizon systems that will improve situational awareness of the Canadian airspace and northern approaches. In March 2025, Canada announced its intent to partner with Australia on advanced Over-the-Horizon Radar technology..
 - New Polar Over-the-Horizon Radar systems that will further extend situational awareness over the pole and for which National Defence is advancing science and technology activities.
 - Space-based surveillance and polar communications capabilities, and an Arctic ground station that will enhance Canadian and U.S. surveillance and intelligence capacity;

- A suite of specialized maritime sensors and uncrewed underwater vehicles to bolster our ability to monitor the maritime approaches to the continent;
- Major upgrades to three Forward Operating Locations and one Deployed Operating Base and establishment of new Northern Operational Support Hubs (NOSH) to enhance our operational agility across Canada's vast Arctic territory. As announced by MND on February 26, three of the NOSH will be located in Inuvik, Yellowknife, and Iqaluit;
- A fleet of River Class Destroyers, equipped with the US AEGIS Command Management System which will ensure full interoperability with the U.S. for conducting NATO and Indo-Pacific missions. In early March, Canada contracted Irving Shipbuilding Inc to begin constructing the first three ships;
- New tactical helicopters that will be capable of supporting the Canadian Army and Special Forces throughout Canada and the Arctic.
- A modern long-range missile capability for the Canadian Army, including launchers, medium to long-range missile systems, and supporting vehicles and services, to keep threats further from our shores;
- More than \$4 billion over 20 years in S&T funding to continually improve our continental defence capabilities and ensure they remain at the cutting edge of technology.
- In September 2024, Canada issued an RFI on industry ability to deliver up to 12 submarines to detect and deter maritime threats, control our maritime approaches, and project power abroad.

DEFENCE PROCUREMENT AND TRADE (*Canadian data*)

- Canada's defence sector is comprised of over 600 firms that contribute \$9.6 billion in GDP and support approximately 81,200 jobs. The sector has established areas of strength, including combat ground vehicles, aircraft systems and components, military maintenance, repair and overhaul activities, naval shipbuilding and design, and ammunitions.
- The U.S. serves as a key supplier to the Canadian Armed Forces and is the primary export destination for Canadian defence technologies.
- Several of the world's leading defence and aerospace manufacturers operate seamlessly on both sides of our border, and many of Canada's largest defence firms are subsidiaries of major U.S. companies.
- On June 9, 2025, the Prime Minister announced an additional \$9.3 billion in defence spending to rebuild, rearm, and reinvest in the CAF, and to achieve NATO's 2 percent defence spending target by this fiscal year. The plan includes investing in CAF members, expanding and enhancing military capabilities, strengthening the government's relationship with industry, and diversifying Canada's defence partnerships.

Defence Imports from the U.S.

- U.S. companies have been key sources for recent Canadian defence acquisitions such as the F-35 fighter (e.g. Lockheed Martin, Pratt & Whitney), P-8A maritime patrol aircraft (e.g. Boeing) and MQ-9B drones (e.g. General Atomics).
- Over the last two years (September 1, 2022, to April 22, 2025), the Department of National Defence has awarded nearly 300 contracts to American firms, worth a total estimated value of \$18.8 billion CAD. The top industry sector was aerospace, with 78 contracts.³⁵
- Canada ranks among the top 20 global customers for U.S. Foreign Military Sales (FMS) procurements and is in the top 5 NATO customer nations.³⁶
 - Since 2017, Canada has tripled its U.S. FMS portfolio growth to approximately \$13 billion USD.
 - In 2023, Canadian acquisitions from the U.S. FMS program accounted for 71% of all projected Canadian major defence equipment expenditures and a total of 8% of total U.S. sales financed by foreign partners.
- Over the next two years, up to 74 contracts to be awarded to American companies could (pending outcomes of ongoing negotiations) reach a total estimated value of \$17.9 billion CAD (\$22.5 billion). The top industry sector is marine, with 28 contracts.³⁷
- In January 2023, Canada allocated \$406 million CAD to acquire the US-manufactured Norwegian Advanced Surface to Air Missile System (NASAMS) for donation to Ukraine (produced by Raytheon (RTX) in collaboration with Kongsberg).

Defence Exports to the U.S.

- The U.S. is the main *export* destination for Canadian defence technologies. In 2022, 63% of Canada's defence exports went to the U.S., with a total value of more than \$4.4 billion (compared to approx. \$3.2 billion in 2020).
 - Since the implementation of the Defence Production Sharing Agreement of 1959, Canada has been considered a domestic source for the U.S. defence industrial base. This agreement forms the basis for tariff exemptions on most defence-related goods under the U.S. Defense Federal Acquisitions Regulation Supplement (DFARS).

³⁵ DND data

³⁶ connect2canada.com

³⁷ DND data

Updated: July 4, 2025

- o The U.S. Department of Defense also buys massive volumes of non-military goods and services, e.g., for medical purposes, navigation, logistics and construction.³⁸
 - o More broadly, Canada is a leading supplier of critical mineral commodities, including as a top three supplier for the U.S. semiconductor industry.
- Notably, there are over 30 active contractors in Canada contributing to a wide-range of manufacturing and services for the global F-35 fleet. As of January 2025, over \$3.3 billion USD in contracts have been awarded to Canadian industry for the development and production of the F-35.

³⁸ U.S. DoD Prime Contractor - CCC

AEROSPACE (Canadian data)

- Canada is one of the few jurisdictions in the world that has the capability to design, develop, certify and manufacture modern civil aircraft.
- The Canadian and U.S. aerospace and space sectors are highlighted integrated and provide well-paying Canadian and American jobs while fueling innovation and economic growth in both countries.
- In 2023, Canada's aerospace and space sectors exported \$12.8 billion in aircraft and manufactured components, such as engines and landing gear, while importing \$10.2 billion in aerospace products and parts from the U.S.³⁹
- The aerospace and space manufacturing sectors' global export-to-sales ratio was 73% in 2023, with over 64% of exports destined for the U.S. market.
- The U.S. is also Canada's largest export market for space products, accounting for 59%⁴⁰ of total space exports in 2022.
- The aerospace and space sectors' manufacturing footprint is mostly concentrated in Quebec and Ontario, accounting for 61 percent and 24 percent of the industries' employment, respectively.
- These provinces are home to a wide range of global industry-leading companies manufacturing aircraft engines, helicopters, space systems, and structural parts and components.
- Key aerospace and space manufacturers in Canada include Airbus Canada, Bombardier, CAE, De Havilland Aircraft of Canada Limited, RTX Corporation, Safran Group, and MDA Space.
- Given the highly integrated nature of Canadian and U.S. aerospace supply chains, the interruption of aerospace trade with the U.S. would negatively impact businesses on both sides of the border.

³⁹ Statistics Canada NAICS 3364.

⁴⁰ State of the Canadian Space Sector Report 2023. Canadian Space Agency. Please note the proportion of Canadian export revenues here are not exclusive to manufacturing and include downstream revenues (e.g. services such as satellite communications, satellite operations, and/or value added services and applications).

AGRICULTURE

The below U.S. Census Bureau trade statistics for total exports, imports, and trade to Canada for 2024 as generated by global trade tracker. The data is generated by using WTO HS6 definition of agriculture products and in USD. This approach ensures consistency with data U.S. decision-makers are familiar with.

- Canada-U.S. agriculture and agri-food trade is hugely beneficial to both countries, with highly integrated supply chains that deliver safe, high-quality, and affordable food to millions.
- Canada and the U.S. share one of the largest agricultural bilateral trading relationships in the world, reaching \$74.3 billion in 2024.
- In 2024, Canadians spent on average \$793.71 per person on American agricultural and agri-food products while Americans only spent 121.90 per person on Canadian agricultural and agri-food products.
- In 2024, Canada was the #1 agriculture export market for 28 states. Canada was also one of the top 3 agricultural export market for 42 states, including Florida, Idaho, Arizona, North Dakota, Ohio, Michigan, and Wisconsin.
- Canada is the largest market for a significant number of U.S. products. For example, in 2024, Canada was the main destination for:
 - 95% of U.S. fresh tomatoes exports⁴¹
 - 90% of U.S. fresh melon exports;
 - 90% of U.S. live cattle exports.
 - 89% of U.S. fresh turnips and carrots exports;
 - 87% of U.S. fresh headed broccoli cauliflower, cabbages and kale exports;
 - 76% of U.S. pasta exports;
 - 75% of U.S. lettuce exports; and
 - 75% of U.S. cereals food preparation (including breakfast cereals) exports.
- In addition, we are integral to U.S. supply chains and competitiveness. Last year, the U.S. imported an estimated 174 products that were sourced solely from Canada and were valued at \$5.4 billion.
- During the same period, the U.S. also relied on Canada for 349 products, where 80% or more of the U.S.' total imports for these products came from Canada and had a value of \$20.7 billion.
- Canada is an important partner to U.S. food security. Our exports help U.S. supply chains operate more efficiently and U.S. products be sold around the world.
- The deeply integrated Canada-U.S. agricultural supply chains benefit farmers, processors, and consumers by providing essential goods at competitive prices, supporting food affordability, sustainability, resilience, and ensuring high food safety and quality standards.

Commodity Specific Integrated Supply Chains

- Canada is the top supplier of canola oil to the U.S., which is processed to help feed and fuel the U.S. Canadian canola play an important role in rural development and energy security policy goals within the US. In turn, Canada is the main export destination for biofuels, with exports in 2024 valued at \$2.9 billion The total volume of U.S. biofuel exports to Canada have increased by 40% since the entry into force of the USMCA.
- As the world's largest producer of potash and the top supplier to the U.S., Canada plays a crucial role in sustaining agriculture and crop yields across North America. Thus supporting U.S. agricultural exports to help feed the world.

⁴¹ Calculated using quantity.

- In 2024, the U.S. imported over 825,000 head of cattle from Canada that helped ensure that U.S. slaughterhouses can run at capacity, sustaining U.S. jobs across the U.S. The same year, the U.S. exported over 320,000 head of cattle to Canada. Many of these animals were sent to feedlots and were re-exported to the U.S. for slaughter and further processing.
- In 2024, the U.S. imported over 6.7 million pigs from Canada, primarily piglets that support U.S. farms and ensure slaughterhouses operate at capacity. States like Iowa, South Dakota, Illinois, Michigan, and Ohio relied on over 5.5 million Canadian swine to maintain successful hog operations and provide affordable, high-quality pork to U.S. consumers. In return, Canada is a significant market for U.S. pork, with two-way trade in pork and pork products totaling \$2.4 billion in 2024.

Trade Overview 2024

- In 2024, the U.S. exported over \$32.9 billion in agri-food exports to Canada, including more than \$23.6 billion of processed food and beverage products made in the U.S. Key products included:
 - Food preparations and baked goods: \$5.5 billion
 - Fruits and nuts: \$4.2 billion
 - Vegetables: \$3.5 billion
 - Meat and meat products: 2.7 billion
 - Animal feed: \$3.0 billion
- U.S. agricultural imports from Canada totaled \$40.5 billion in 2024:
 - Food Preparations and baked goods: \$8.7 billion
 - Meat and meat products: \$5.3 billion
 - Canola oil: \$4.2 billion
 - Vegetables: \$3.2 billion
 - Live animals: \$2.4 billion

FISH AND SEAFOOD (*Canadian data*)

- The U.S. was Canada's largest supplier of imported fish and seafood products, representing 30% of Canada's total fish and seafood imports by value in 2024 (\$1.49 billion⁴² of \$4.91 billion total)⁴³. The main imported species were salmon (\$401 million), lobster (\$352 million) and crab (\$119 million), accounting for 59% of total Canadian fish and seafood import value from the U.S.
- The U.S. is Canada's largest export market for fish and seafood, with exports totaling \$5.48 billion in 2024, or 68% of total Canadian fish and seafood exports by value.
- According to the U.S. Bureau of Census, Canada was the highest supplier of fish and seafood to the U.S. by value in 2024, representing 17.1% of the U.S. import market share. Canada was followed by Chile (14.5%), India (9.6%), Ecuador (6.9%), Norway (6.6%), and China (6.3%).
- Top species exported by Canada to the U.S. were lobster (\$1.90 billion), crab (\$1.24 billion) and salmon (\$1.08 billion), accounting for 77% of total Canadian fish and seafood export value to the U.S.
- Top exporting provinces were New Brunswick (\$1.2 billion exported to the U.S.), Nova Scotia (\$1.1 billion), Newfoundland and Labrador (\$0.88 billion), and British Columbia (\$0.78 billion).
- As each other's top foreign fish and seafood supplier, Canadian and U.S. seafood harvesters and processors are closely interconnected, which helps to keep seafood affordable and supports North American food security.
- Canada-U.S. supply chains are optimized geographically (some harvests from Alaska are processed in British Columbia), seasonally (the alternating lobster harvest seasons in the U.S. and Canada keep fish processors in production through trade during domestic closures), and in terms of infrastructure (snow crab fisheries in Canada take advantage of cold storage capacity in the U.S.). Through integrated supply chains for fish processing and international shipping shared on both sides of the border, cost-effective arrangements have been established by the industry over many years.
- Canada and the U.S. collaborate on managing North American transboundary fish stocks through both non-binding bilateral agreements (e.g., Atlantic Cod, Atlantic Haddock) and formal, legally binding bilateral commissions (e.g., Pacific Salmon Commission, International Pacific Halibut Commission).
- We also cooperate on the management of international fish stocks, through shared membership in seven Regional Fisheries Management Organizations, as well as through joint efforts to tackle illegal, unreported and unregulated (IUU) fishing, and to address forced labour practices in global fisheries. These efforts are mutually beneficial in addressing practices which undermine the sustainability and value of Canada and U.S. fish and seafood products.

⁴² All values are in Canadian dollars.

⁴³ All Canadian export and import data were sourced from Department of Fisheries and Oceans (2025), EXIM [database], Ottawa. Accessed: February 6, 2025.

FOREST SECTOR (*U.S. and Canadian data*)

- Canada is the U.S.'s largest source of forest products imports, making up 42% in 2024.
 - Other countries that export forest products to the U.S. include China (10%), Brazil (8%), Mexico (5%), and Vietnam (4%).
 - Canada's share of American imports has decreased by 8 percentage points (from 50% to 42%) since 2021.
- Canada is the U.S.'s leading supplier of softwood lumber, supplying 85%, by volume, of America's softwood lumber imports.
- The reality is that most of the softwood lumber used in the U.S. is produced in the U.S. by American workers, meeting about 72% of domestic consumption, while Canadian lumber accounts for most of the difference at about 24%, and is used to build and renovate homes for millions of Americans.
- Tariffs on Canadian forest product exports will impact American industries that use Canadian inputs, such as housing construction, paper product manufacturing.
 - At present, per President Trump's April 2, 2025, reciprocal tariff announcement, Canadian lumber exports (including softwood lumber) are not impacted by new U.S. tariffs and remain subject to the March 2 Executive Order exempting CUSMA-compliant goods from the recently imposed tariffs.
 - However, an ongoing Section 232 U.S. National Security investigation into imports of forest products may result in tariffs or other trade measures on these products at a later date.
 - Existing U.S. countervailing duties (CVD) and anti-dumping duties (AD) on most Canadian softwood lumber exports remain in place.
- CVDs and ADs on Canadian softwood lumber make homes more expensive in the U.S. According to the U.S. National Association of Home Builders, these act as a tax on American home builders and home buyers, making housing less affordable for American families.
 - Most Canadian softwood lumber producers are currently subject to a combined AD/CVD duty rate of 14.4%. Any new tariffs are expected to be imposed on top of existing U.S. CVDs/ADs.
 - It is important to note that preliminary results of the annual AD/CVD reviews indicate that duty rates will more than double to around 35% by fall 2025, when the final rates take effect. Any tariffs or additional trade measures resulting from the Section 232 investigation would further constrict producers and consumers.
- Spruce-pine-fir lumber, which comprises the large majority of softwood lumber produced in Canada, is typically preferred by builders as framing lumber in residential construction, while softwood lumber produced in the U.S. South (typically Southern Yellow Pine) is preferred in decking and outdoor applications.
- For softwood lumber specifically, the states with the largest value of Canadian imports are Washington (11%), Texas (9%), Michigan (5%), Minnesota (5%), and North Carolina (4%).
- Texas and North Carolina both have cities with fast-growing housing markets; Texas had 9 of the 10 fastest growing cities in the U.S. during 2023.
- Washington, Minnesota, and Michigan are all border states that likely import more Canadian lumber than they consume, serving as the primary destination for many lumber imports that are subsequently shipped elsewhere within the U.S. prior to consumption.

- Additionally, demand for housing in Washington state is high with increasing home prices to match, and home prices in Minnesota and Michigan have also been increasing, following country-wide trends.⁴⁴
- Canada's share of the U.S. lumber market has declined in recent years owing to ongoing timber supply challenges in B.C. (leading to increased production costs), combined with increased competition from other countries, increased U.S. domestic production, and U.S. CVD/ADs on Canadian softwood lumber exports.
- British Columbia, Quebec, Ontario, Alberta, and New Brunswick are Canada's largest forest producing provinces and are all impacted by trade action to various degrees. Over 95% of forest product exports to the U.S. come from these five provinces.
 - British Columbia is the largest producer of softwood lumber and the leading provincial exporter of softwood lumber to the U.S. In 2024, 77% of British Columbia's softwood lumber exports, by volume, went to the U.S., accounting for 37% of the total volume of Canadian softwood lumber exports to the U.S., and worth C\$3.4B in value.⁴⁵
- Additional U.S. trade actions are an increasing concern as Canadian exporters have already been paying AD and CVD duties on softwood lumber exports since the U.S. first imposed duties in 2017.
 - The softwood lumber industry is a key component of Canada's highly integrated forest sector value chain. Disruptions in sawmill activity affect pulp and paper facilities, panel and pellet manufacturing, and other downstream industry segments.
 - Canadian sawmill activity is driven by U.S. demand – 598% of Canada's lumber production was exported to the U.S. in 2024.
- Ongoing trade irritants (e.g., AD and CVD duties) have affected the North American investment landscape as large Canadian-based forest companies are investing more in their U.S. operations than their Canadian operations as they seek to avoid AD/CVD duties, pursue more available, faster-growing, and lower-cost timber, as well as greater regulatory certainty.
 - In 2015, roughly 16% of total sawmill capacity in the U.S. was owned by Canadian firms. By 2024, that figure had increased to 22%.
 - The 10 largest Canadian-based softwood lumber producing companies have nearly doubled their operational capacity in the U.S. since 2014 (from 23% (2014) to 38% (2024)).
 - The Canadian Forest Service estimates that, since 2020, Canadian companies have invested nearly C\$2 billion in their U.S. operations, versus only \$570 million domestically.⁴⁶

⁴⁴ Sources *The State of the Nation's Housing Report 2024*, Joint Center for Housing Studies of Harvard University; *Core Logic Home Price Insights*; Redfin

⁴⁵ Source: Statistics Canada via S&P Global Trade Atlas

⁴⁶ Source: NRCan Analysis; annual reports of publicly traded Canadian companies (via S&P Capital IQ Pro)

CHEMICALS AND PLASTICS

Canadian Context

- Canada and the U.S. are highly dependent on each other for supplies of chemicals and plastics.
- In Canada, the chemical industry contributed \$22.9 billion to GDP (2024) and employed 95,443 people (2024).⁴⁷
- The plastics industry contributed \$10.1 billion to GDP (2024) and employed 100,128 people (2024).⁴⁸
- Canada's chemical and plastics manufacturing capacity is concentrated in⁴⁹:

Ontario

Sarnia is Ontario's chemical valley and has a high concentration of petrochemical companies and is critical in regional distribution of Canada's chemical assets. It has a long-standing footprint dating back to Canada's first phase industrialization in the late 19th century. Ontario has the largest share of organic manufacturers (35.9%) and inorganic chemical manufacturers (30.8%) in Canada.

Quebec

The second largest share of organic chemical manufacturers (22.5%) and inorganic chemical manufacturers (24.8%); and has the largest share of employment in the chemical industry; and

Alberta

Significant location for organic chemical manufacturers as upstream oil and gas refiners are heavily concentrated in the province. The province has the third largest share of organic chemical manufacturers (19.7%) and inorganic chemical manufacturers (18.8%).

- The majority of Canada's exports of chemicals and plastics to go the U.S., notably⁵⁰:
 - 90.1 percent – rubber and articles thereof;
 - 58.4 percent – fertilizers;
 - 90.7 percent – plastics and articles thereof;
 - 79.0 percent – organic chemicals;
 - 62.5 percent – inorganic chemicals; and
 - 81 percent – miscellaneous chemicals.
- The U.S. is the #1 source of Canadian imports of chemicals and plastics including⁵¹:
 - 45.5 percent – rubber and articles thereof;
 - 66.9 percent – fertilizers;
 - 67.3 percent – plastics and articles thereof;
 - 41.1 percent – organic chemicals;
 - 27.1 percent – inorganic chemicals; and
 - 75.7 percent – miscellaneous chemicals.

U.S. Context

⁴⁷ Statistics Canada. Table 36-10-0434-03, Gross domestic product (GDP) at basic prices, by industry, annual average (x 1,000,000); Statistics Canada. Table 14-10-0202-01, Employment by industry, annual

⁴⁸ For GDP, NAICS 3261 + NAICS 3262). For employment, NAICS 3261 + NAICS 3262.

⁴⁹ Ibis World Reports, "Inorganic Chemical Manufacturing" and "Organic Chemical Manufacturing", 2023

⁵⁰ Statistics Canada, Export Trade data retrieved from Global Trade Atlas, S&P Global Market Intelligence, 2024

⁵¹ Statistics Canada, Import Trade data retrieved from Global Trade Atlas, S&P Global Market Intelligence, 2024

- The U.S. looks to Canada (second to Mexico) as a main export market for U.S. produced chemicals and plastics, the composition of which includes⁵²:
 - 28.2 percent – rubber and articles thereof;
 - 39.5 percent – fertilizers;
 - 18.8 percent – plastics and articles thereof;
 - 7.1 percent – organic chemicals;
 - 11.9 percent – inorganic chemicals; and
 - 15.4 percent – miscellaneous chemicals.
- The U.S. also relies on Canada as a main supplier of chemicals and plastics, ranking a close second to China⁵³, the composition of which includes⁵⁴:
 - 9.1 percent –rubber and articles thereof;
 - 42.8 percent – fertilizers;
 - 19.1 percent – plastics and articles thereof;
 - 4.5 percent – organic chemicals;
 - 23.6 percent – inorganic chemicals; and
 - 12.5 percent – miscellaneous chemicals.

⁵² U.S. Department of Commerce, Bureau of Census, Export Trade data retrieved from Global Trade Atlas, S&P Global Market Intelligence, 2024.

⁵³ The U.S. relies on China (\$34 Billion USD) and Canada (\$31 Billion USD) for imports across HS chapters: fertilizers, organic, inorganic and miscellaneous chemicals and plastics and rubber articles thereof

⁵⁴ U.S. Department of Commerce, Bureau of Census, Import Trade data retrieved from Global Trade Atlas, S&P Global Market Intelligence, 2024.

STEEL

Canadian Context

- In 2024, the Canadian steel industry employed over 23,500 workers and contributed \$4.4 billion to the national GDP.⁵⁵ It produced 12.3 million tons (mt) of crude steel and was the 16th largest steel producer globally (with a production capacity of 16.3 mt).
- Canada's top three steel-making firms – Stelco, Algoma Steel and ArcelorMittal – comprise 73% of Canada's total crude steelmaking capacity. Approximately 75% of steelmaking capacity is located in Ontario, while another 16% is in Quebec.
- Annually, approximately 50% of production (crude and finished) is exported.

Canada-U.S. Trade

- Canada-U.S. steel supply chains are highly integrated and lucrative, and production is concentrated in high-value products. For instance, a semi-finished steel product used in an automobile crosses the border multiple times as it is further worked and refined.
- Due to the tremendous weight of products, transport costs for overseas shipping adds significantly to the price. As such, Canadian firms have so far not actively pursued export diversification beyond the U.S. market, as there was no cost incentive to do so.
- In 2024, 6.3 mt of Canadian steel – 50 percent of annual crude production – was shipped to the U.S., representing 87 percent of Canadian steel exports and 24 percent of U.S. steel imports.
- At the same time, 3.0 mt of U.S. steel – 5 percent of annual crude production (81 mt) – was shipped to Canada, representing 24 percent of all U.S. steel exports and 49 percent of Canadian steel imports.

⁵⁵ NAICS 3311 + 3312

ALUMINUM

Canadian Context

- In 2024, the Canadian aluminum industry employed over 9,000 workers and contributed \$4.3 billion to the national GDP⁵⁶. It produced 3.3 million tons (mt) of primary (unwrought) aluminum and was the 4th largest aluminum producer globally.
- Canada's top three primary aluminum-making firms – Rio Tinto Aluminum (RTA), Aluminerie Alouette and Alcoa – represent nearly all of Canadian aluminum production. Nearly all capacity is located in Quebec, with one RTA facility located in Kitimat, BC.
- Annually, approximately 87% of production (primary) is exported.

Canada-U.S. Trade

- Like steel, Canada-U.S. aluminum supply chains are highly integrated, and Canadian firms do not actively pursue export diversification beyond the U.S. market. Unlike steel, U.S. market is overwhelmingly reliant on Canadian aluminum exports. Whereas Canada imports very small amounts of primary aluminum annually (142,351 tons in 2024).
- In 2024, 2.7 mt of Canadian primary aluminum – 82% of annual production – was shipped to the U.S, representing 94% of Canadian aluminum exports and 70% of U.S. aluminum imports.
- Conversely, 109,693 tons U.S. primary aluminum – 13% of annual production (786,000 tons) – was shipped to Canada, representing 14% of all U.S. aluminum exports and 58% of Canadian aluminum imports.

⁵⁶ NAICS 3313, <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1410020201>.