

Musing on Canadian trade: December 2025

I am not concerned with the monthly trade data for December 2025. Here's a link to this week's [Statistics Canada report](#). You can easily find several very good summaries from analysts.

I am more interested in delving into the trajectory of real exports and some key components. Note that real exports have rebounded off their April 2025 low. Keep in mind that the Trump47 trade shock to Canada happened earlier in the year, while other countries were hammered by the early April Liberation Day tariff announcement.

In fact, given that Canada was insulated from the Liberation Day tariffs, we actually had our real exports starting to improve. Real exports are still down from where they were over the prior three years, but they don't look that bad compared to where they have been since 2017.

That said, the US trade actions on Canada have had real effects. I'll start, however, with the more optimistic story. That is, real exports of unwrought aluminum and aluminum alloys, which did take a severe blow, tumbled into July, but then started to recover. They have not yet fully recovered, but the recent performance has been impressive. (Need to delve into this one a bit.)

Now for the bad news. Many other sectors that have been hit by US sectoral tariffs are still under downward pressure. This includes basic and semi-finished iron and steel products, and aluminum & alloys, fabricated metal products, pulp and paper, metal building and construction materials, and furniture and fixtures.

Let's just say that the USMCA/CUSMA exemptions have played a vital role in deflecting the effects of irrational policy pronouncements from the White House. That seems set to be the case even as Trump47 announced the imposition of new tariffs under Section 122 of the 1974 Trade Act.

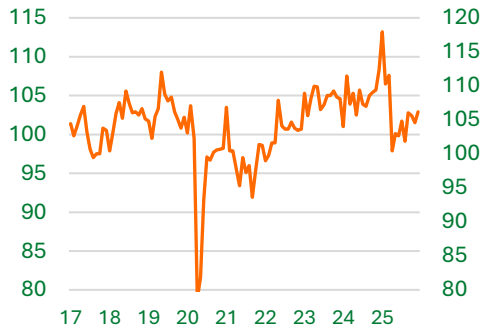
By country, we note that the trade surplus with the US has narrowed, but it remains historically high. It just pales next to those observed over the past couple of years. This has occurred as both exports to the US and imports from the US have declined. Regarding goods imports from the US, note that even though one might hear a lot about "Buy Canadian" efforts, and efforts to shift spending away from US products, total imports from the US are only modestly down from where they were over the past few years and are still high compared to historical levels.

Exports to the UK, however, continue to fly on gossamer (gold covered) wings.

Canada continues to run significant trade surpluses with the US and the UK, while running trade deficits with China ... and, well, the rest of the world (in total). That Canada ran a small trade deficit in December of CAD1.3bn reflects that even though Canada has tended to run large trade surpluses with the US (and now the UK), there has tended to a large trade deficit with the rest of the world.

Real exports

(2017 = 100)

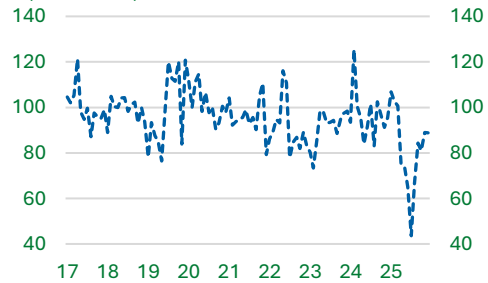


Source: Statistics Canada

Real exports: Metal and non-metallic mineral products

Unwrought aluminum and aluminum alloys

(2017 = 100)

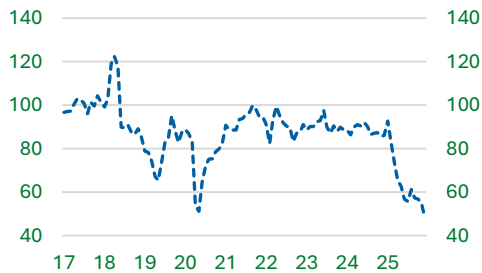


Source: Statistics Canada

Real exports: Metal and non-metallic mineral products

Basic and semi-finished iron or steel products

(2017 = 100)

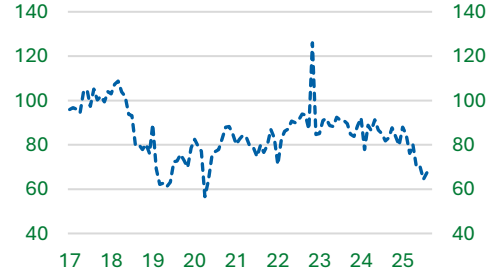


Source: Statistics Canada

Real exports: Metal and non-metallic mineral products

Basic and semi-finished aluminum & alloys

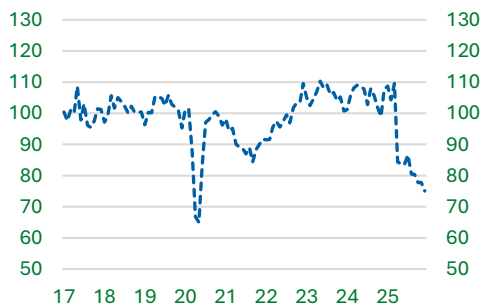
(2017 = 100)



Source: Statistics Canada

Real exports: Fabricated metal products

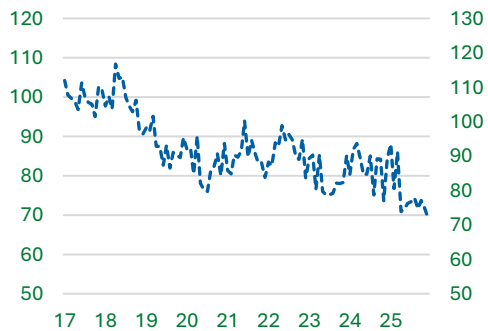
(2017 = 100)



Source: Statistics Canada

Real exports: Pulp and paper

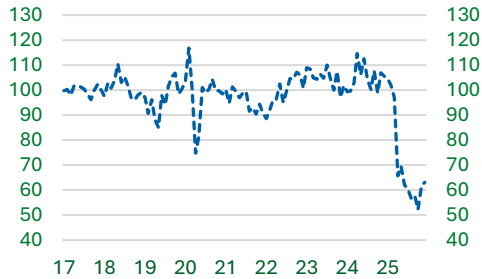
(2017 = 100)



Source: Statistics Canada

Real exports: Forest products/building materials

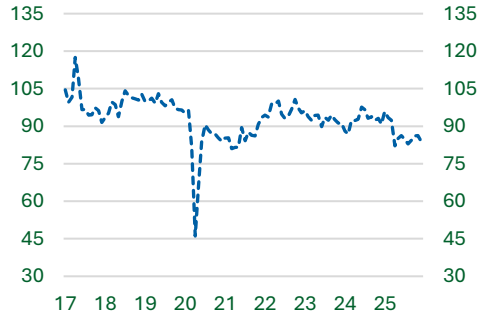
Metal building and construction materials
(2017 = 100)



Source: Statistics Canada

Real exports: Consumer goods

Furniture and fixtures
(2017 = 100)



Source: Statistics Canada

Trade by country

Exports: United States

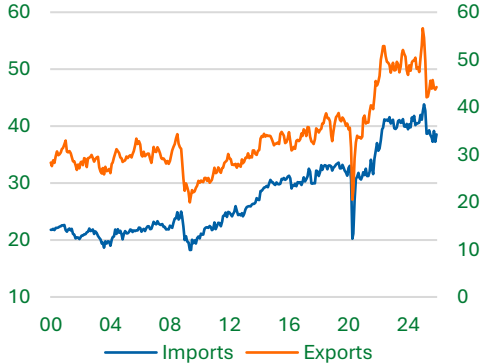
(CADbn)



Source: Statistics Canada

Imports and exports: United States

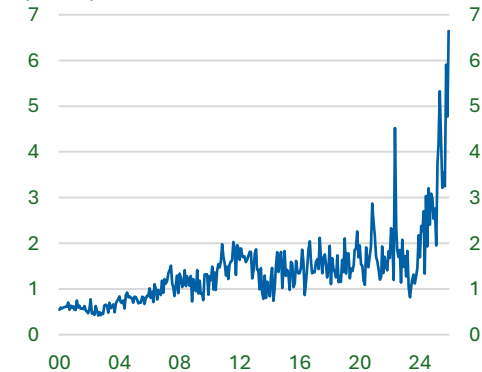
(CADbn)



Source: Statistics Canada

Exports: United Kingdom

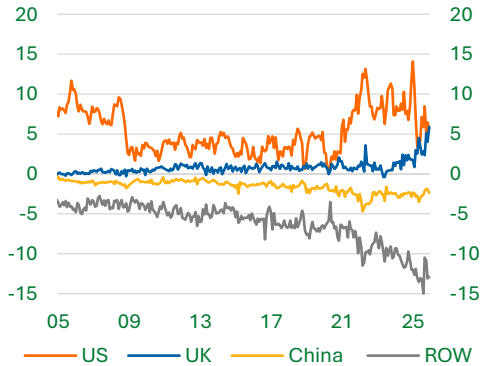
(CADbn)



Source: Statistics Canada

Trade balances

(CADbn)



Source: Statistics Canada

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