

Efforts to broaden trade in Canada working

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OTTAWA Canada's efforts to broaden trade beyond the United States appear to be bearing fruit, but economists warn it will be a long road before Canadian exporters settle at a new status quo.

Statistics Canada said Thursday that the country's merchandise trade deficit — the difference between how much we ship out and how much we bring in — narrowed to \$5.9 billion in May as gold exports climbed higher.

The result compares with a trade deficit of \$7.6 billion seen in April — a record high, which StatCan said Thursday was revised up from initial estimates of \$7.1 billion.

Canadian exports got a boost in

the early part of 2025 as businesses rushed to get ahead of U.S. tariffs, but that pull-forward has left weaker activity in April and May.

After a relatively strong start to the year, real gross domestic product figures from StatCan show a 0.1 per cent decline in April and early estimates suggest there was a similar decline in May.

"Despite what the numbers would say on a monthly basis, the fact is that the trade backdrop does remain a challenge," said Shelly Kaushik, senior economist at BMO.

Excluding the bump from metal and non-metallic mineral products, total exports fell 1.2 per cent in May as exports to the United States dropped 0.9 per cent.

StatCan said U.S. exports declined

for the fourth consecutive month in May amid the ongoing trade dispute. Imports also fell for a third straight month.

Canada's share of exports headed to the U.S. was 68.3 per cent in May, down from the 2024 monthly average of 75.9 per cent.

A StatCan spokesperson said this is the lowest proportion of exports heading south of the border since the agency started keeping track in 1997, excluding the pandemic years.

Kaushik said that, as it still accounts for more than two thirds of exports, the United States remains Canada's biggest export market — and likely will for the foreseeable future.

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