MARCH 2026

CANADA-U.S. TRADE AND INVESTMENT

THE INTEGRATED NORTH AMERICAN AUTO SECTOR

The Trump administration has advanced a narrative that manufacturing trade deficits reflect unfair trade, justifying tariffs and aggressive reshoring to rebuild U.S. industrial capacity. Consistent with this narrative, the administration imposed 25% tariffs on finished automobiles from Canada on national security grounds, aiming to bring vehicle production back to the United States.

Yet the data tell a different story.

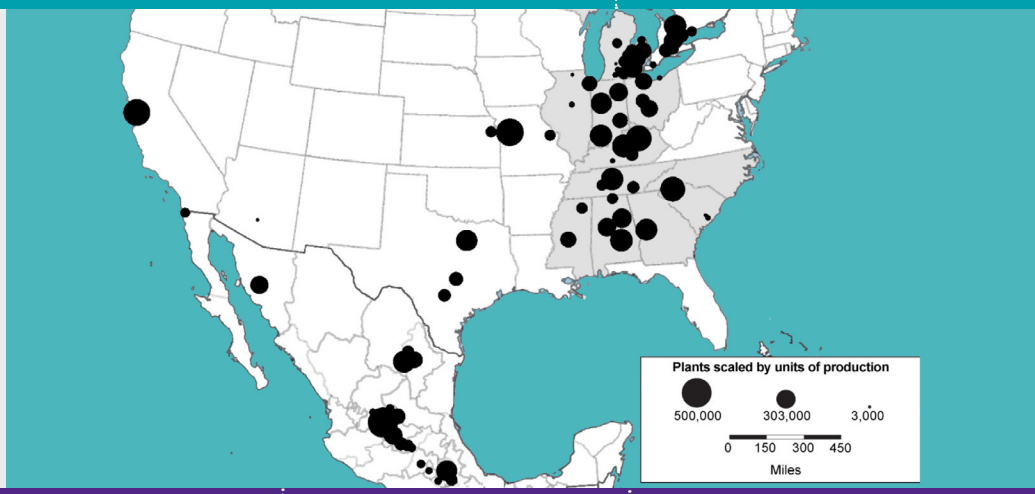
Canada's auto sector is highly export-oriented, with more than 77% of output exported, largely to the U.S. While Canada records a surplus in finished vehicles and chassis, its share of this segment in the U.S. market is only about 6%, indicating a small and declining presence. Meanwhile, the U.S. maintains a substantial surplus in auto parts, reflecting deeply integrated cross-border supply chains. When all three automotive segments—finished vehicles and chassis, vehicle bodies and trailers, and vehicle parts—are considered together, Canada runs an overall automotive trade deficit with the U.S.

In short, the U.S.–Canada auto relationship is one of mutual dependence, not systemic imbalance.

North America's Auto Alley features plants primarily located along a passage from Mexico to Southwestern Ontario

The North American automotive industry is one of the world's largest and most integrated manufacturing ecosystems. Production is anchored along "auto alley," which extends from the Great Lakes to the Gulf of Mexico.

Source: Used with Permission from Economic Perspectives - Federal Reserve Bank of Chicago, 2024



In 2024, automotive remained Canada's second largest export category
Source: ISED, Government of Canada

~$17B CAD in direct contributions to GDP

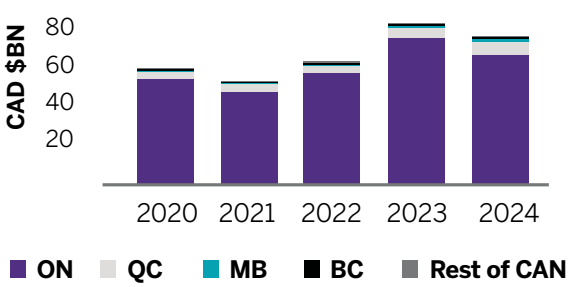
120,000+ direct manufacturing jobs

~430,000 additional jobs in related services

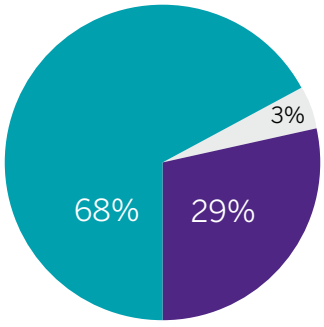
Ontario remains the center of Canada's manufacturing base, accounting for nearly 90% of its total automotive exports, due to its network of nearly 700 parts suppliers and 500 tool, die, and mold makers in the province's automotive corridor, from Windsor to Ottawa.

Source: Based on data obtained from Statistics Canada. See detailed citation list

Canada's Auto Exports by Province



Canadian Auto Exports by NAICS Industry Category



Canada's automotive export value is dominated by finished vehicle production

For Canadian firms, total revenue from automotive goods manufactured reached ~CAD 107.6B in 2023. Of this, $83.2B (77.3%) came from exports, while $24.4B (22.7%) came from domestic sales.

Source: Based on data obtained from Statistics Canada, 2024.

Industry Structure (NAICS)

NAICS (North American Industry Classification System) is the standard system used in Canada, the U.S., & Mexico to classify industry groups for economic and trade statistics. Automotive manufacturing includes:

- 3361 — Motor Vehicle Manufacturing ("Finished Vehicles & Chassis")
- 3362 — Motor Vehicle Body & Trailer Manufacturing ("Body and Trailer")
- 3363 — Motor Vehicle Parts Manufacturing ("Parts")

HOW TO CITE: Mendoza, N. (2026). Canada in the North American Automotive Industry (J. Birkinshaw, R. Mostafa & Z. Agoston, Eds). Lawrence National Centre Canadian-U.S. Trade and Investment Infographic Series 26403: Ivey Business School, Canada.
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CANADA'S AUTO EXPORTS AND IMPORTS

Canada's Total Automotive Exports by Region

Source: Based on data obtained from Statistics Canada, 2024

Canada's automotive exports are highly concentrated in the United States.

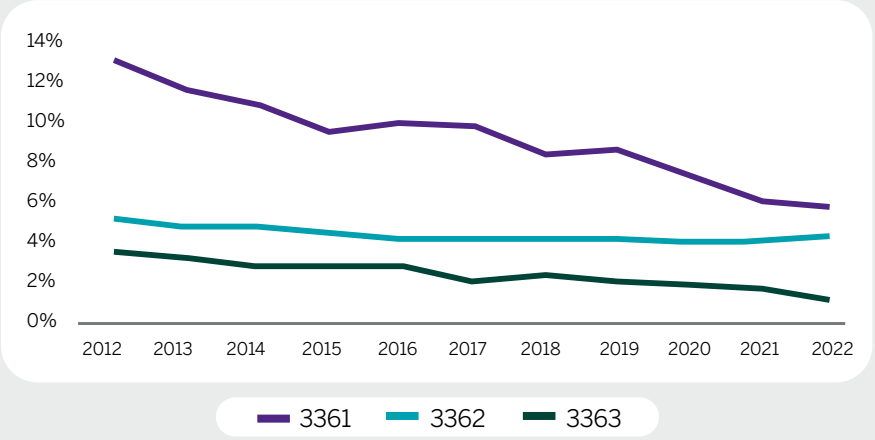
In 2024, the U.S. accounted for approximately 96% of finished vehicle and chassis exports, 96% of body and trailer exports, and 90% of parts exports.

Canada's automotive production is heavily dependent on the U.S. market, yet Canada captures a relatively small—and declining—share of U.S. automotive demand.

Canada's share of the U.S. market continues to decrease

Canada's share of U.S. automotive apparent consumption declined from approximately 9% in 2012 to about 5% in 2022, indicating that Canada is not a dominant supplier to the U.S. market. Claims that Canada's automotive supply chain extracts disproportionate value from the U.S.are inconsistent with current trade patterns.

Imports of Key Canadian Automotive Products as a Share of U.S. (apparent) Consumption, Disaggregated by Key Automotive Product Categories[1]

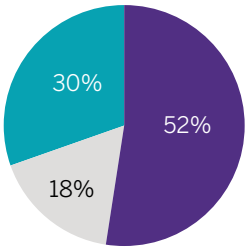


1) Note: Apparent consumption of automotive products in the U.S. reflects total market demand for vehicles and parts and is calculated as domestic production plus imports minus exports. For each NAICS category, the share is measured as imports from Canada (USD) divided by apparent consumption (USD).

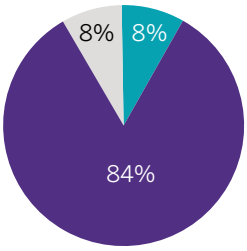
Sources: Based on data obtained from U.S. Census Bureau. See detailed citation list.

Canadian Auto Products Imports

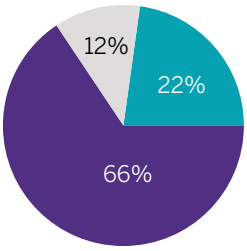
Source: Based on data obtained from Statistics Canada, 2024



3361
Finished Vehicle & Chassis Imports



3362
Body & Trailer Imports



3363
Parts Imports

For imports, the U.S. remains Canada's largest supplier, but its share is lower—52% for finished vehicles and chassis (3361), 84% for body and trailer (3362), and 66% for parts (3363).

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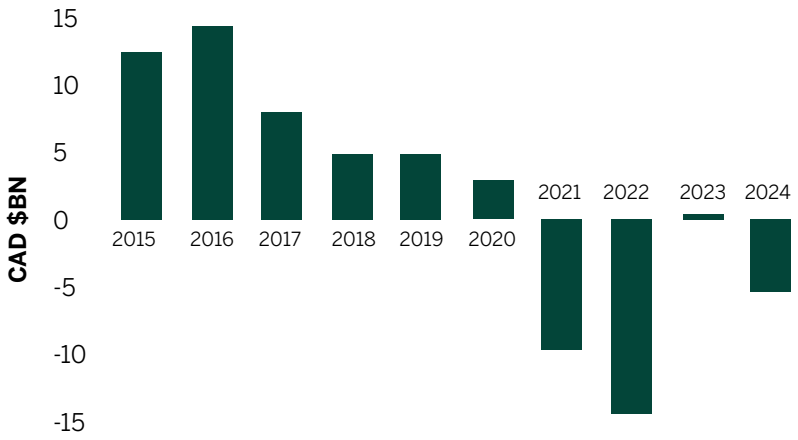
CANADA-U.S. AUTO TRADE BALANCE

Canada's total automotive trade balance (i.e. exports-imports, aggregated by the three categories) with the U.S. has flipped from a surplus to a deficit.

While Canada continues to run a surplus in finished vehicle and chassis manufacturing **(+$5.2B)**, this is more than offset by deficits in body and trailer manufacturing **(–$1.1B)** and parts manufacturing **(–$9.1B)**, resulting in an overall automotive trade deficit with the United States.

Canada's Automotive Trade Balance with the U.S.



Source: Based on data obtained from Statistics Canada, 2024

Canada–U.S. Automotive Trade by NAICS Category

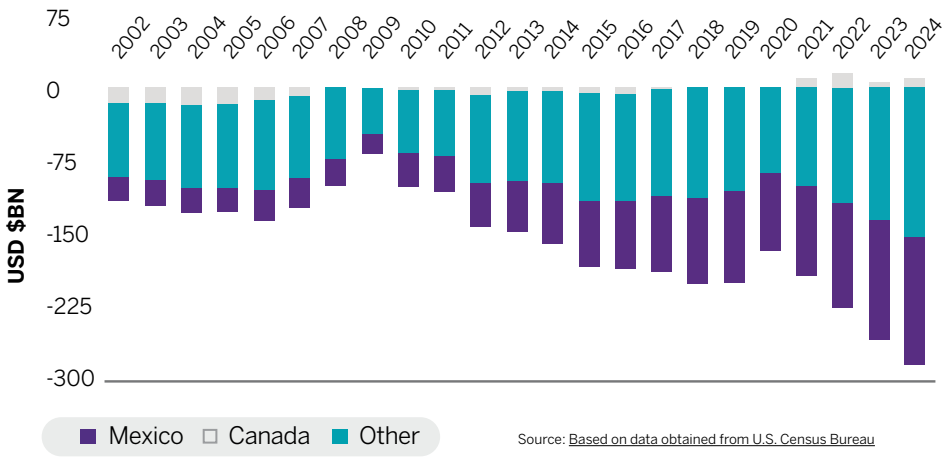
$CAD '000s	3361 Finished Vehicle & Chassis Imports	3362 Body & Trailer Imports	3363 Parts Imports	TOTAL
Canada's exports to the U.S.	49,878,834	2,521,268	19,512,006	71,912,108
Canada's imports from the U.S.	44,654,967	3,588,582	28,642,140	76,885,690
Canada's Trade Balance with the U.S.	**5,223,867**	**(1,067,315)**	**(9,130,134)**	**(4,973,581)**

Source: Based on data obtained from Statistics Canada, 2024

Canada's Body and Trailer and Parts trade deficits with the U.S. outweigh the Finished Vehicle trade surplus

U.S. Automotive Trade Balance

Finished vehicles, bodies & trailers, and parts (NAICS 3361–3363)



Source: Based on data obtained from U.S. Census Bureau

U.S. trade deficit in automotive has increased over the years, driven by increased imports from countries other than Canada

Mexico's automotive trade surplus with the U.S. has expanded significantly—from US$23.4B (20% of the U.S. automotive trade deficit) in 2002 to US$92.4B (47%) in 2024.

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CANADA'S VEHICLE PRODUCTION IN THE GLOBAL CONTEXT

Over the past three decades, Canada's position in global vehicle production has declined substantially. Annual vehicle production fell from approximately 3.0 million in 1999 to 1.3 million vehicles in 2024, while its global market share of vehicles produced dropped from about 5.4% to 1.4% during this period.

Under NAFTA/CUSMA, vehicle assembly and parts production has increasingly shifted from Canada (and the U.S.) to Mexico, driven in part by lower labour costs. By 2024, Canada recorded an $18.6 billion trade deficit with Mexico in motor vehicles and parts, up from $4.9 billion in 2002.

Canada's declining global market share is also reflected by rising automotive production and demand in emerging economies, including China, India, Mexico, Brazil, and Thailand.

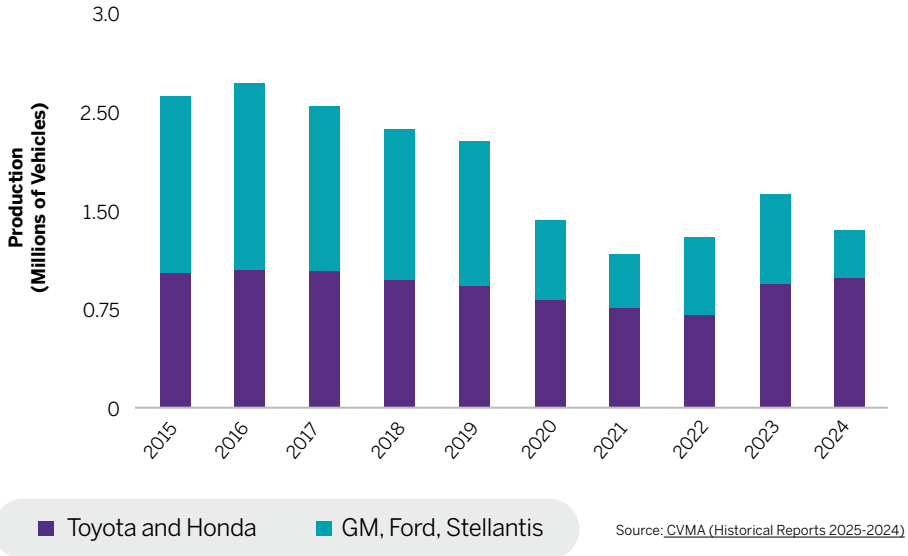
Global Ranking and Percent Market Share of Vehicle Production[1]

	1999	2009	2019	2024
1	USA, 23%	China	China	China, 34%
2	Japan, 18%	Japan	USA	USA, 11%
3	Germany, 10%	USA	Japan	Japan, 9%
4	France, 6%	Germany	Germany	India, 7%
5	Canada 5%	South Korea	India	Mexico, 5%
6	Spain, 5%	Brazil	Mexico	South Korea, 4%
7	South Korea, 5%	India	South Korea	Germany, 4%
8	UK, 4%	Spain	Brazil	Brazil, 3%
9	China, 3%	France	Spain	Spain, 3%
10	Italy, 3%	Mexico	France	Thailand, 2%
11	Mexico, 3%	Canada	Thailand	Czech Republic, 2%
12	Brazil, 2%	Iran	Canada	Turkey 1%
13	Russia, 2%	UK	Russia	France, 1%
14	Belgium, 2%	Thailand	Turkey	Canada, 1%

Source: International Organization of Motor Vehicle Manufacturers (OICA)

1) Note: Data are aggregated by OICA from country- and manufacturer-level production sources. Coverage may not be fully exhaustive in all jurisdictions (e.g., certain vehicle types or volumes may be excluded). These omissions are expected to be minor; rankings and market shares should therefore be interpreted as best estimates based on available data.

Canadian Light Vehicle Production



Source: CVMA (Historical Reports 2025-2024)

MADE IN CANADA

MADE IN THE USA

In recent years, the drop in vehicle production in Canada has been led by Detroits three:

Ford, GM, and Stellantis.

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