Catalogue no. 75-006-X
ISSN 2291-0840
ISBN 978-0-660-79137-1

Insights on Canadian Society

United States tariffs and Canadian labour market trends

by Andrew Fields, Pippa O'Brien and André Bernard

Release date: October 29, 2025

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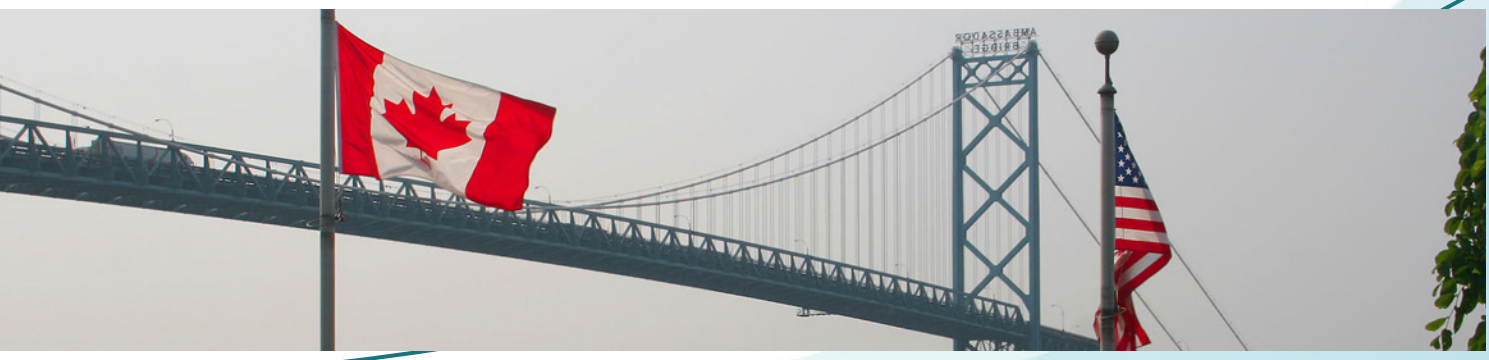


United States tariffs and Canadian labour market trends

by **Andrew Fields, Pippa O'Brien** and **André Bernard**

Overview of the study

This study uses data from the Labour Force Survey and the Survey of Employment, Payrolls and Hours to examine the impacts of tariff-related trade uncertainty on the Canadian labour market. The characteristics of jobs and workers most vulnerable to U.S. tariffs are explored. Impacts on employment in industries dependent on U.S. demand for Canadian exports, as well as Canadian regions with a higher share of jobs in industries dependent on U.S. demand, are also examined.

- In 2024, a higher share of people working in industries dependent on U.S. demand for exports had a high school diploma or less (29.4%), compared with other industries (22.5%).
- Jobs in industries dependent on U.S. demand are more likely to be permanent, full-time positions, with higher-than-average wages. In 2024, employees in industries dependent on U.S. demand made, on average, 5.9% more per hour ($37.08) than those working in other industries ($35.00).
- In the second quarter of 2025, payroll employment in industries dependent on U.S. demand was down (-1.9%) from the same quarter in 2024, while employment in all other industries increased (+0.5%), led by employment growth in health care and social assistance.

SPECIAL EDITION ISSUE OF INSIGHTS ON CANADIAN SOCIETY

The special edition issue of Insights on Canadian Society expands Statistics Canada's flagship social publication to offer policy-relevant articles united across a common theme, leveraging visuals and accessible multimedia formats. This issue focuses on the makeup of Canadian society in times of transformation, shedding light on the challenges and opportunities shaping the future. This article is featured within this issue.

- Of all economic regions, the labour market impacts of trade disruptions with the United States are most evident in Windsor–Sarnia, where the unemployment rate rose to 10.0% in the third quarter of 2025. This represents an increase of 1.7 percentage points year over year.
- In the past year, the unemployment rate in Canada has generally trended up, while it has held steady in the United States. As a result, the gap between the unemployment rates in the two countries has widened. As of August 2025, the unemployment rate in Canada (adjusted to U.S. concepts) was 6.0%, 1.7 percentage points higher than the rate in the United States (4.3%).

Introduction

Canada and the United States share a historic, close trading relationship that supports millions of jobs across the two countries. In early 2025, plans for new tariffs on Canadian exports to the United States were put forward,[1] leading to increased uncertainty in the Canadian labour market.

In Canada, an estimated 1.9 million people—representing 9.3% of total employment—worked in industries dependent on U.S. demand for Canadian exports in 2024.[2] Workers in these industries may feel the effects of any changes in U.S. demand more quickly.

> In Canada, an estimated 1.9 million people—representing 9.3% of total employment—worked in industries dependent on U.S. demand for Canadian exports in 2024.

This article examines the characteristics of the workers who are most exposed to U.S. tariffs, as well as the impacts across Canadian regions with a higher share of jobs in these industries. In addition, recent trends in Canada's labour market are compared with those in the United States.

Most at-risk jobs are in goods-producing industries

Employment dependent on U.S. demand for Canadian exports is concentrated in goods-producing industries. These include natural resources industries, such as oil and gas extraction, in which nearly three-quarters (73.1%) of jobs are estimated to depend on cross-border trade. Most manufacturing industries are also vulnerable; for example, in transportation equipment manufacturing, 62.5% of jobs are linked to U.S. exports.

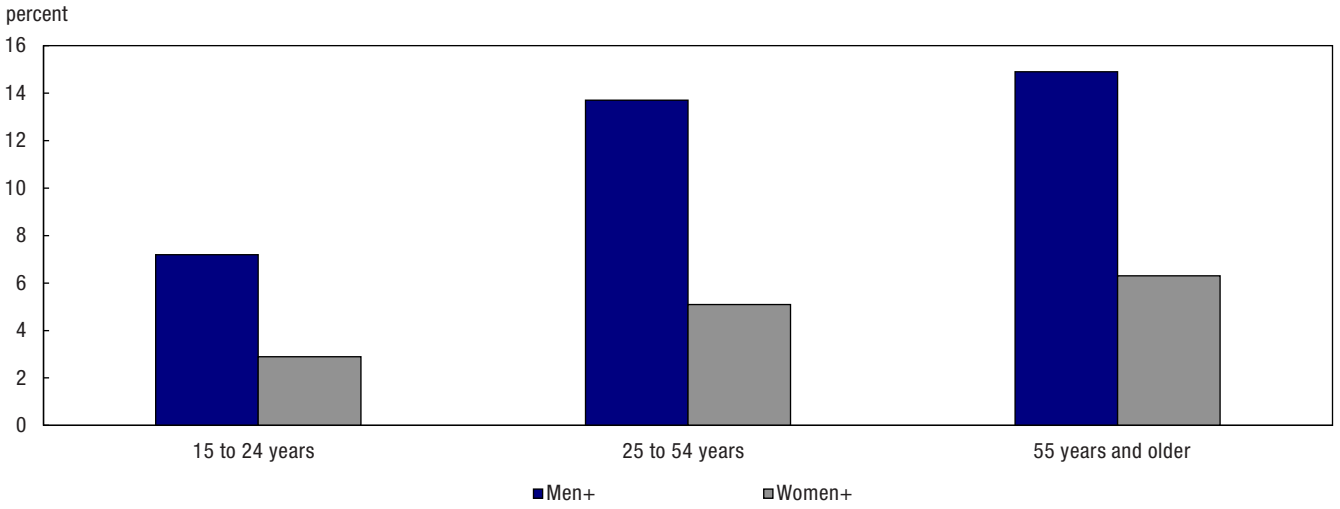
Few services-producing industries are dependent on exports to the United States. One notable exception is the motion picture and sound recording industries, in which half of jobs are estimated to depend on cross-border trade (51.6%).

Men comprise three-quarters of those working in industries dependent on U.S. demand for exports

Men are more likely than women to work in goods-producing industries and are, therefore, more susceptible to negative economic impacts related to tariffs.[3]

Men comprised about three-quarters—74.3%, or 1.4 million—of the 1.9 million people employed in industries dependent on U.S. demand for exports.[4] The share of men in these jobs remained virtually unchanged in the three decades from 1994 to 2024.

Chart 1
Proportion of employment in industries dependent on U.S. demand for Canadian exports, by age group and gender, 2024



Notes: Industries dependent on U.S. demand are defined as industries where 35% or more of employment is dependent on U.S. demand for Canadian exports based on the 2023 value added in exports tables. The category "Men+" includes men, as well as some non-binary persons, while the category "Women+" includes women, as well as some non-binary persons.
Source: Statistics Canada, Labour Force Survey, 2024.

In general, women are more likely to work in services-producing industries, which are less dependent on U.S. demand for exports. Women comprised the remaining one-quarter (25.7%, or about 500,000) of all workers in U.S.-dependent industries.

Across all major age groups, men are more likely than women to work in industries dependent on U.S. demand for Canadian exports (Chart 1).

Job types vary by gender—men are more likely to be truck drivers and work in the trades, while women are more commonly in professional occupations

The types of jobs held by women and men working in industries dependent on U.S. demand for exports tend to be different. For example, in 2024, over one-third (36.1%) of men were in trades, transport and equipment operators and related occupations. These include jobs like truck drivers, technical trades workers and labourers. By comparison, 6.6% of women were in that occupational group.

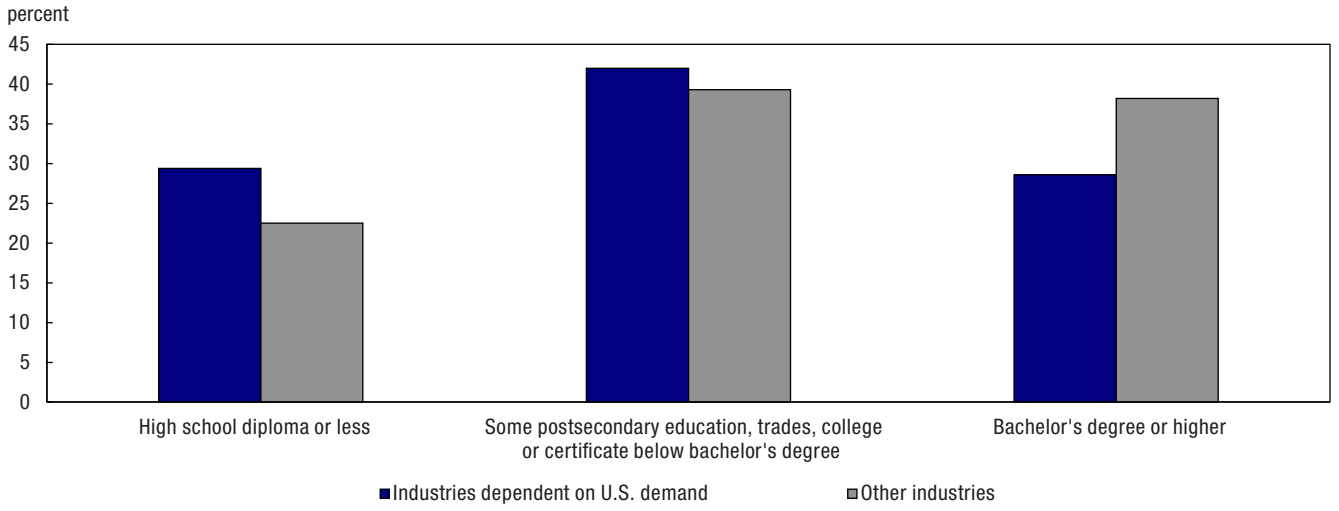
Over the same period, women more commonly worked in business, finance and administration occupations (32.8% of women versus 8.5% of men) within industries dependent on U.S. demand. These include human resources and business service professionals, as well as finance and administrative-related occupations.

Fewer workers in industries dependent on U.S. demand for exports have a postsecondary education

In 2024, over 4 in 10 workers in industries dependent on U.S. demand for exports (42.0%) had a postsecondary education below a bachelor's degree, such as a trades certificate or a college diploma. The share was similar to that for workers in other industries (39.3%).

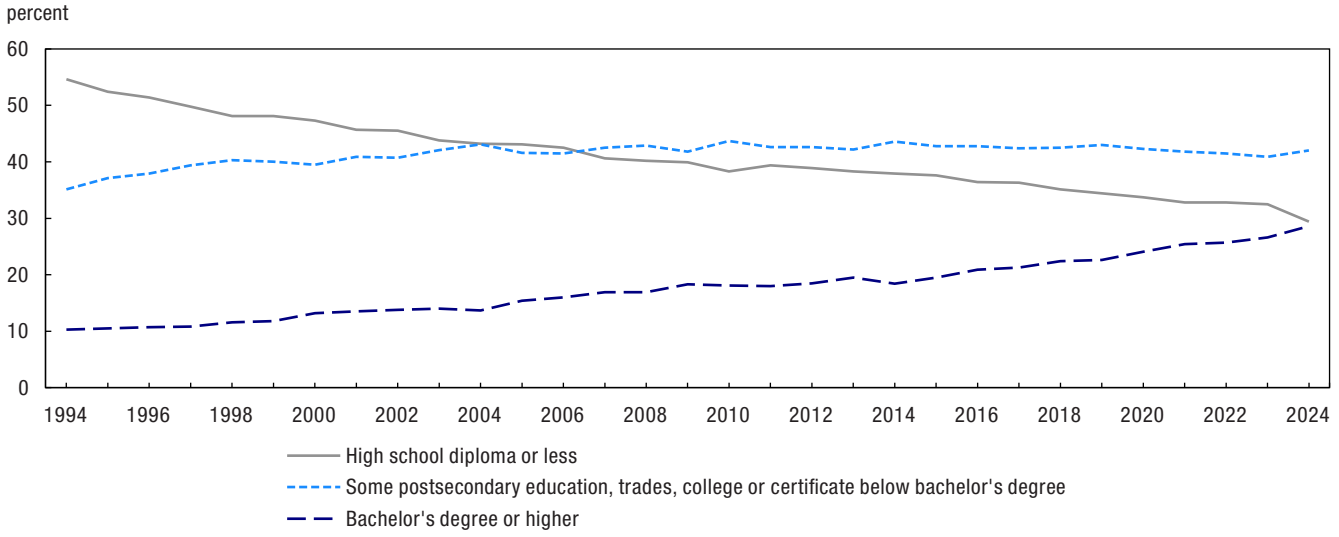
By contrast, a higher share of people working in industries dependent on U.S. demand for exports had a high school diploma or less (29.4%), compared with other industries (22.5%). This suggests that these jobs may be more accessible to workers without a postsecondary education (Chart 2).

Chart 2
Proportion of employment, by highest level of educational attainment and industry dependence on U.S. demand for Canadian exports, 2024



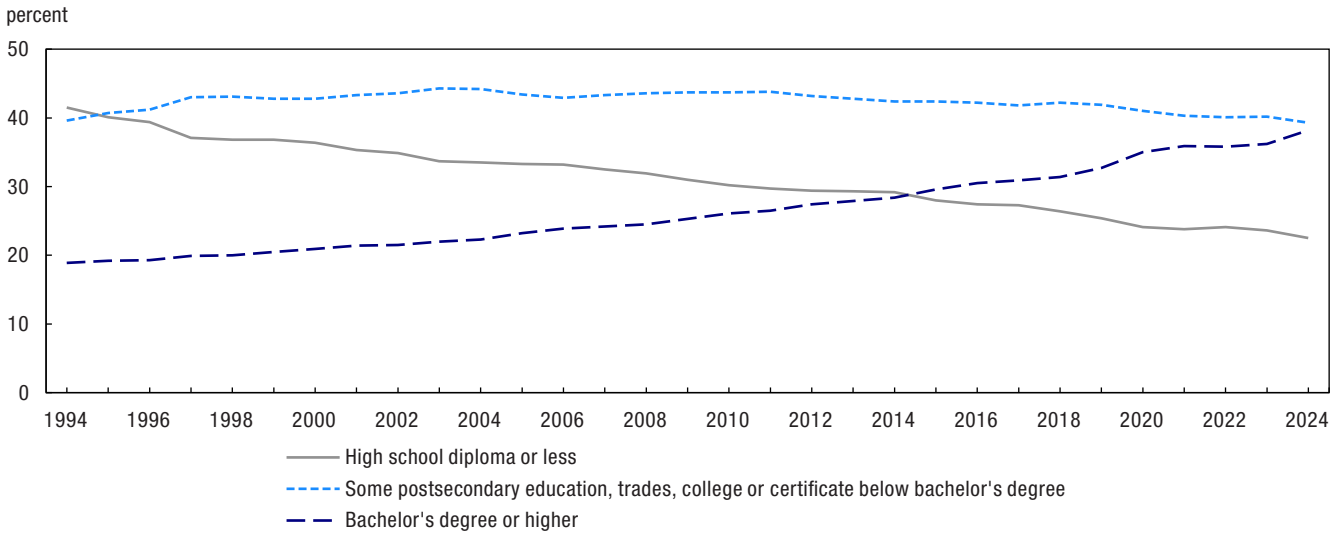
Notes: Industries dependent on U.S. demand are defined as industries where 35% or more of employment is dependent on U.S. demand for Canadian exports based on the 2023 value added in exports tables.
Source: Statistics Canada, Labour Force Survey, 2024.

Chart 3
Proportion of employment in industries dependent on U.S. demand for Canadian exports, by highest level of educational attainment, 1994 to 2024



Note: Industries dependent on U.S. demand are defined as industries where 35% or more of employment is dependent on U.S. demand for Canadian exports based on the 2023 value added in exports tables.
Source: Statistics Canada, Labour Force Survey, 1994 to 2024.

Chart 4
Proportion of employment in industries not dependent on U.S. demand for Canadian exports, by highest level of educational attainment, 1994 to 2024



Note: Industries dependent on U.S. demand are defined as industries where 35% or more of employment is dependent on U.S. demand for Canadian exports based on the 2023 value added in exports tables.
Source: Statistics Canada, Labour Force Survey, 1994 to 2024.

Another 28.6% of workers in industries dependent on U.S. demand for exports had a bachelor's degree or higher level of education. This was lower than the corresponding share for workers in other industries (38.2%).

The educational attainment of workers in both groups of industries has increased markedly over time.[5] From 1994 to 2024, the share of workers in industries dependent on U.S. demand for exports who had a bachelor's degree or higher rose from 10.3% to 28.6%. The corresponding share in all other industries also increased over the same period, from 18.9% to 38.2% (Chart 3 and Chart 4).

> From 1994 to 2024, the share of workers in industries dependent on U.S. demand for exports who had a bachelor's degree or higher rose from 10.3% to 28.6%.

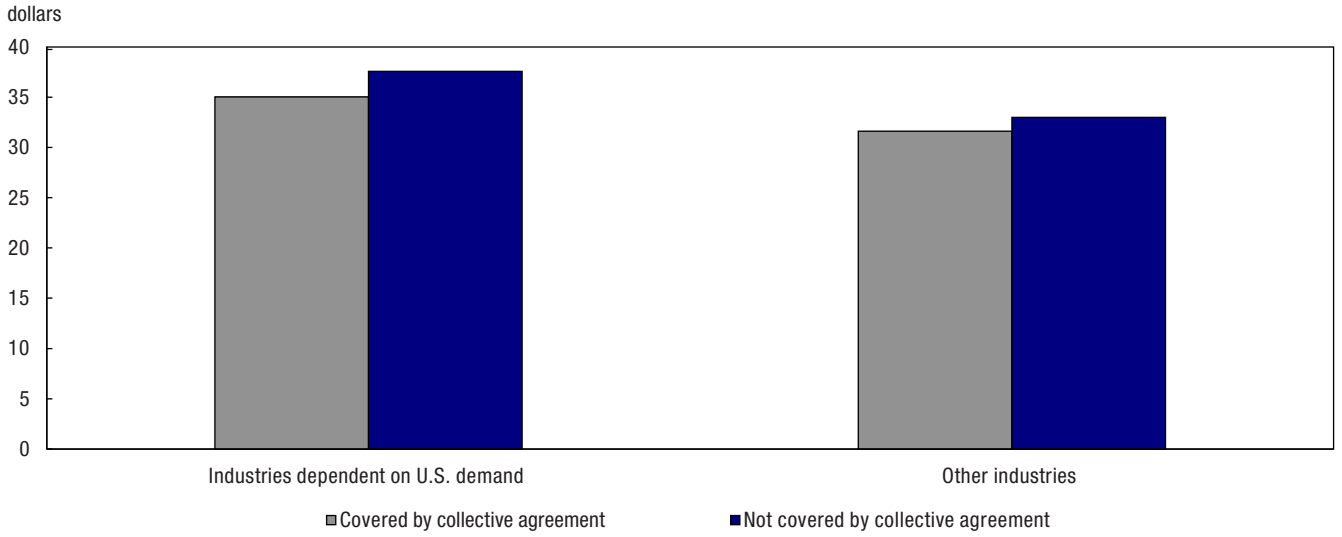
Jobs most exposed to trade with the United States are more likely to be full-time, permanent positions with higher-than-average wages

Jobs in industries dependent on U.S. demand have above-average wages and are more likely to have other favourable job characteristics, such as permanency and union coverage.[6] These are generally associated with higher quality of employment.

Employees in these industries were more often in permanent, full-time positions, compared with workers in other industries (89.9% versus 75.4%), and were more likely to be in a union (or covered by a collective agreement). Among private sector employees in industries dependent on U.S. demand for exports, 19.4% were covered by a collective agreement in 2024, compared with 14.3% of private sector employees in other industries.

Employees in industries dependent on U.S. demand made, on average, 5.9% more per hour ($37.08) in 2024 than those working in other industries ($35.00). The difference in average hourly wages was more

Chart 5
Average hourly wages of private sector employees, by industry dependence on U.S. demand for Canadian exports and collective agreement coverage, 2024



Note: Industries dependent on U.S. demand are defined as industries where 35% or more of employment is dependent on U.S. demand for Canadian exports based on the 2023 value added in exports tables.
Source: Statistics Canada, Labour Force Survey, 2024.

pronounced among those not covered by a collective agreement, with private sector employees working in these industries making 13.8% more per hour ($37.56 versus $33.00) (Chart 5).

Employment growth in industries dependent on U.S. demand has lagged behind other industries

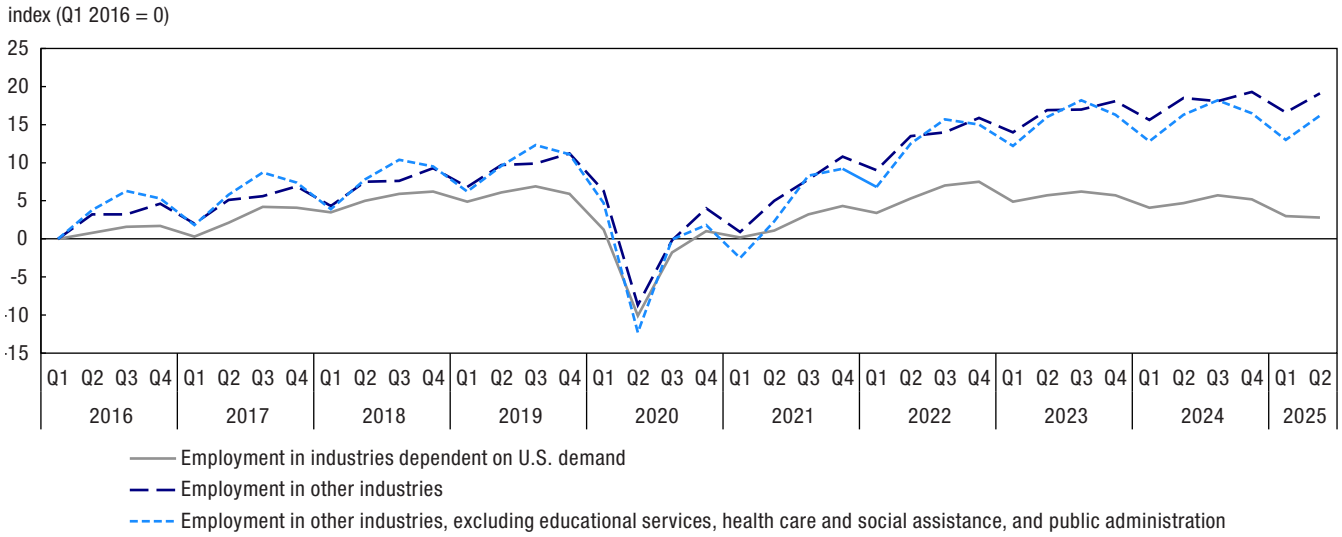
In addition to gaining a better understanding of the characteristics of the jobs and workers most vulnerable to tariff-related trade uncertainty, it is important to examine the impacts that it may be having on the Canadian labour market. Employment in industries dependent on U.S. demand for exports has grown at a slower pace, compared with other industries, in the past decade. Compared with the first quarter of 2016, payroll employment in industries dependent on U.S. demand for exports had grown by 2.8% by the second quarter of 2025, while employment in other industries had grown by 19.1% (Chart 6).

More recently, payroll employment in industries dependent on U.S. demand for exports was down 27,000 jobs (-1.9%) in the second quarter of 2025 from the same quarter in 2024. By comparison, employment in all other industries increased over the same period (+0.5%), led by growth in health care and social assistance. Excluding health care and social assistance, educational services, and public administration, payroll employment in industries with less dependence on U.S. demand edged down slightly (-0.1%) from the second quarter of 2024 to the second quarter of 2025.

Labour market trends in most regions with high reliance on U.S. demand for exports in line with national average

While employment in industries dependent on U.S. demand is spread across Canadian provinces and territories, there are several economic regions with particularly high degrees of exposure. These economic regions are often in close proximity to the United States or produce specific export goods, like natural resources or manufactured products.

Chart 6
Employment growth, by industry dependence on U.S. demand for Canadian exports, 2016 to 2025



Notes: Industries dependent on U.S. demand are defined as industries where 35% or more of employment is dependent on U.S. demand for Canadian exports based on the 2023 value added in exports tables. The base index was set at 0 for the first quarter (Q1) of 2016.
Source: Statistics Canada, Survey of Employment, Payrolls and Hours, 2016 to 2025.

> As of the third quarter of 2025, labour markets have been relatively resilient in most regions with higher proportions of employment in industries dependent on U.S. demand.

As of the third quarter of 2025, labour markets have been relatively resilient in most regions with higher proportions of employment in industries dependent on U.S. demand. Unemployment rates in these regions have generally remained consistent with the national average, with the notable exception of Windsor–Sarnia. Excluding that region, the aggregate unemployment rate among the top 15 most dependent economic regions increased by 0.7 percentage points from the third quarter of 2024 to the third quarter of 2025, comparable with the increase observed for the rest of Canada (+0.5 percentage points) (Figure 1).

Of all economic regions, the labour market impacts of trade disruptions with the United States are most evident in Windsor–Sarnia. This economic region is a hub for Canadian auto manufacturing, and other aspects of its economy are strongly integrated with the United States because of its proximity to the border. In April 2025, the United States announced 25% tariffs on Canadian-made passenger vehicles. Overall, in 2024, an estimated 16.4% of employment in Windsor–Sarnia was in industries dependent on U.S. demand for Canadian exports. The unemployment rate in this region increased to 10.0% in the third quarter of 2025, up 1.7 percentage points from a year earlier.

Not all labour markets in regions dependent on U.S. trade experienced impacts in the same vein as Windsor–Sarnia. For instance, the economic region of Wood Buffalo–Cold Lake, Alberta, had the highest proportion of employment in industries dependent on U.S. demand for exports in 2024 (22.9%) (Figure 1). This is largely because of its oil and gas industry. The unemployment rate in Wood Buffalo–Cold Lake in the third quarter of 2025 (7.2%) was little changed from the third quarter of 2024 (7.0%). Centre-du-Québec had the second-highest share of employment in industries dependent on U.S. demand for Canadian exports (18.4%) in 2024 (Figure 1). The unemployment rate in this region was 3.3% in the third quarter of 2025, also little changed from a year prior.

Figure 1
Top 15 economic regions dependent on U.S. demand for Canadian exports, by proportion of employment in industries dependent on U.S. demand and unemployment rate, 2024 and 2025

	Proportion of employment in industries dependent on U.S. demand, 2024 (percent)	Unemployment rate, third quarter of 2024 (rate)	Unemployment rate, third quarter of 2025 (rate)	Change year over year (percentage points)	
Wood Buffalo–Cold Lake, Alberta	22.9	7.0	7.2	0.2	
Centre-du-Québec, Quebec	18.4	3.7	3.3	-0.4	
Southern, Nova Scotia	17.7	10.9	7.0	-3.9	▼
Banff and Athabasca ... (†), Alberta	17.4	5.1	6.9	1.8	
Edmundston–Woodstock, New Brunswick	17.3	5.2	5.2	0.0	
Windsor–Sarnia, Ontario	16.4	8.3	10.0	1.7	▲
North Coast and Nechako, British Columbia	14.7	7.8	6.7	-1.1	
South Central and North Central, Manitoba	14.3	5.5	5.2	-0.3	
Estrie, Quebec	14.1	4.7	5.3	0.6	
Cariboo, British Columbia	14.0	5.0	8.7	3.7	▲
Kitchener–Waterloo–Barrie, Ontario	13.7	6.6	7.2	0.6	
Côte-Nord and Nord-du-Québec, Quebec	13.4	3.3	5.9	2.6	▲
Northeast, British Columbia	13.3	5.6	8.1	2.5	▲
Saguenay–Lac-Saint-Jean, Quebec	12.3	2.8	3.8	1.0	▲
Chaudière-Appalaches, Quebec	12.1	2.5	3.4	0.9	
Canada average	9.3	6.7	7.3	0.6	▲

Top 15 economic regions dependent on U.S. demand for Canadian exports
Canada average
▲ ▼ Statistically significant year over year changes are marked with an arrow (upward green for increase, downward red for decrease)

† Economic region of "Banff–Jasper–Rocky Mountain House and Athabasca–Grande Prairie–Peace River, Alberta"
Source: Statistics Canada, Labour Force Survey, 2024 and 2025.

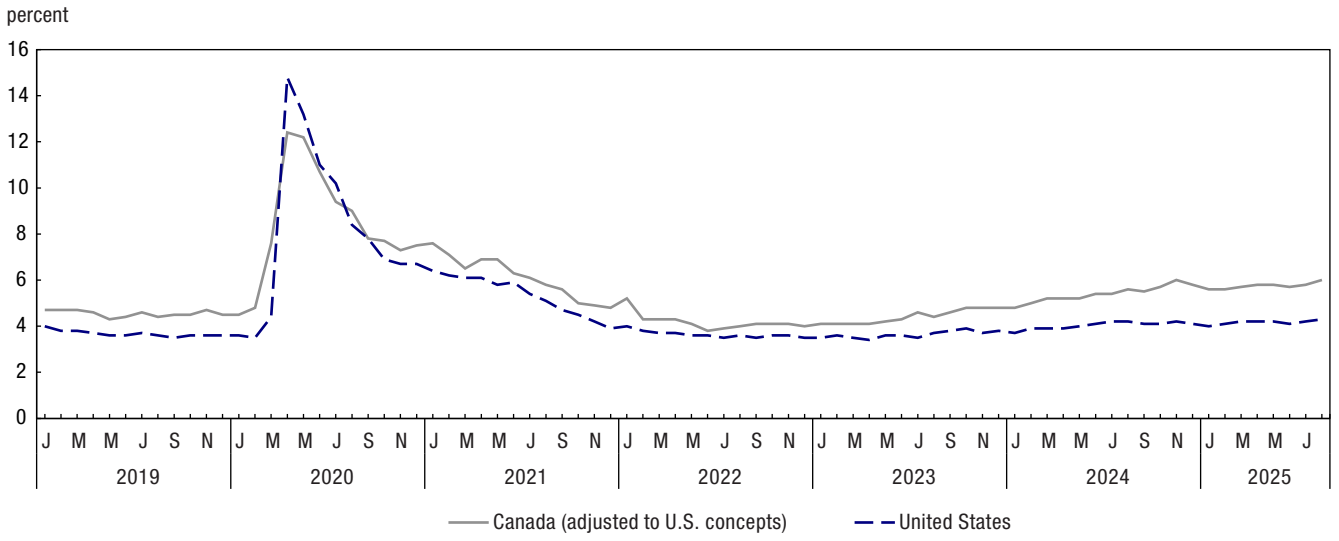
Unemployment rate higher in Canada than in the United States and the gap has widened

The highly integrated nature of the Canadian and U.S. economies means that trade uncertainty and disruptions can have significant impacts on the labour markets of both countries. By adjusting Canadian data to U.S. concepts, direct comparisons can be made between the labour market situations in Canada and the United States.[7]

The unemployment rate in Canada, adjusted to U.S. concepts, has historically been higher than in the United States.[8] Following the COVID-19 pandemic, the Canadian labour market recovered faster than that of the United States and was marked by record-low unemployment rates and record-high job vacancies.[9] In this context, the gap between the two countries' unemployment rates had narrowed to 0.2 percentage points in June 2022.

From mid-2023 onward, the unemployment rate in Canada began to rise more sharply, and the gap between the rates in the two countries widened (Chart 7). As of August 2025, the unemployment rate in Canada (adjusted to U.S. concepts) was 6.0%, 1.7 percentage points higher than the rate in the United States (4.3%).

Chart 7
Unemployment rate in Canada and the United States, by month, 2019 to 2025



Notes: The Canadian unemployment rate is adjusted to the U.S. unemployment rate concept for comparability. Both series are seasonally adjusted.
Sources: Statistics Canada, Labour Force Survey, 2019 to 2025; Bureau of Labor Statistics, Current Population Survey, 2019 to 2025.

Conclusion

Given the highly integrated nature of the Canadian and U.S. economies, tariffs imposed by the United States on Canadian exports, and overall uncertainty with regard to cross-border trade, can have far-reaching impacts on the Canadian labour market.

This article has highlighted how certain groups of Canadian workers and certain regions of the country may be more vulnerable to trade disruptions. Workers at higher risk are more likely to be men; hold full-time, permanent and unionized positions; earn higher wages; and have lower levels of educational attainment.

There is evidence that trade disruptions have had a notable negative impact on the Canadian labour market over the first three quarters of 2025—employment growth in industries dependent on U.S. demand for exports has lagged behind that of other industries. Regions with high shares of jobs in automotive industries, such as Windsor–Sarnia, have been impacted the most. Overall, the unemployment rate in Canada has trended upward, while it generally held steady in the United States. As a result, the gap between the unemployment rates in the two countries has widened.

At the same time, the Canadian labour market has shown signs of resilience. For example, unemployment rates in many regions with high reliance on cross-border trade have held steady or have posted increases that were in line with the national average.

In the coming months, Canada's labour market will continue to adjust to this new uncertain trade and economic reality. Statistics Canada will continue to monitor and report on how this new context is shaping labour market trends across regions and among various groups of workers.

Andrew Fields is the chief of Labour Force Survey Analysis and Dissemination, **Pippa O'Brien** is a senior analyst and **André Bernard** is an assistant director with the Centre for Labour Market Information at Statistics Canada.

Data sources, methods and definitions

This study uses data from the Labour Force Survey (LFS). The LFS is a household survey of approximately 65,000 households that collects labour market information for over 100,000 individuals each month.

Data from the Survey of Employment, Payrolls and Hours (SEPH) are also used. The SEPH is a monthly statistical program based on a census of administrative payroll data, combined with information from the Business Payrolls Survey.

Industries dependent on U.S. demand for exports are defined as those in which 35% of jobs or more depend on U.S. demand, either directly or indirectly. The information comes from the most recent annual data available in the table "Value added in exports, by industry, provincial and territorial." For more information on these data, see Value-added exports: measurement framework.

Notes

1. These include tariffs that are targeted toward specific industries, primarily Canadian automotive manufacturing, and steel and aluminum products. See Canada's response to U.S. tariffs on Canadian goods.
2. Industries dependent on U.S. demand for exports are defined as those in which 35% of jobs or more depend on U.S. demand, either directly or indirectly.
3. Ferrao, 2010.
4. Frenette and Mehdi, 2025.
5. Statistics Canada, 2022.
6. Frenette et al., 2025.
7. Bender, 2016.
8. Bernard and Usalcas, 2014.
9. Clarke and Fields, 2022.

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