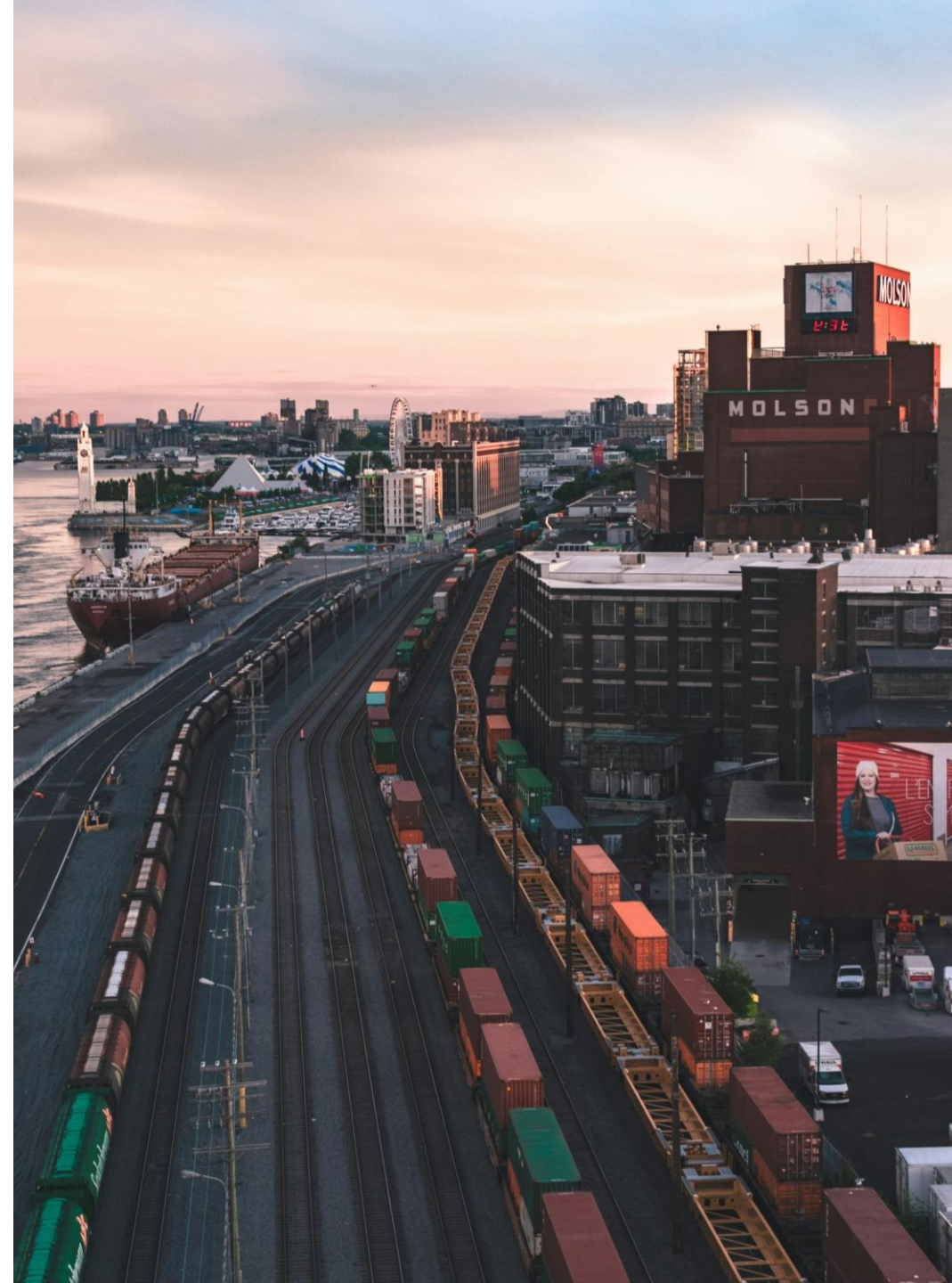


Possible U.S. tariffs : sectors most at risk

February 25, 2025



Background to the study

In the current economic climate of trade tensions between Canada and the United States, BCF and Aiseo Conseil are joining forces to provide economic stakeholders with insights into the potential impacts of U.S. tariff measures.

BCF and Aiseo have conducted an in-depth, two-part study:

- **A statistical overview of Quebec's exports to the United States**, identifying the most vulnerable sectors in the face of potential tariffs and exploring possible solutions.
- **An analysis of anticipated impacts and strategic responses**, based on consultations with business leaders.



The proactive nature of this approach aims to anticipate critical issues and better explore potential solutions.



**For BCF and Aiseo,
shaping the future is
essential.**

We strive to develop a clear understanding of situations, pinpoint key issues, and positively influence outcomes through tangible and effective solutions. This joint study perfectly reflects our commitment to understanding and anticipating complex challenges to better support organizations.

Statistical study: contents of the presentation

1

Importance of exports in the Quebec economy

2

Identification of the sectors most at risk from the U.S. tariff threat

3

Presentation of possible solutions to mitigate impacts

4

Impact of a Canadian response on the Quebec economy



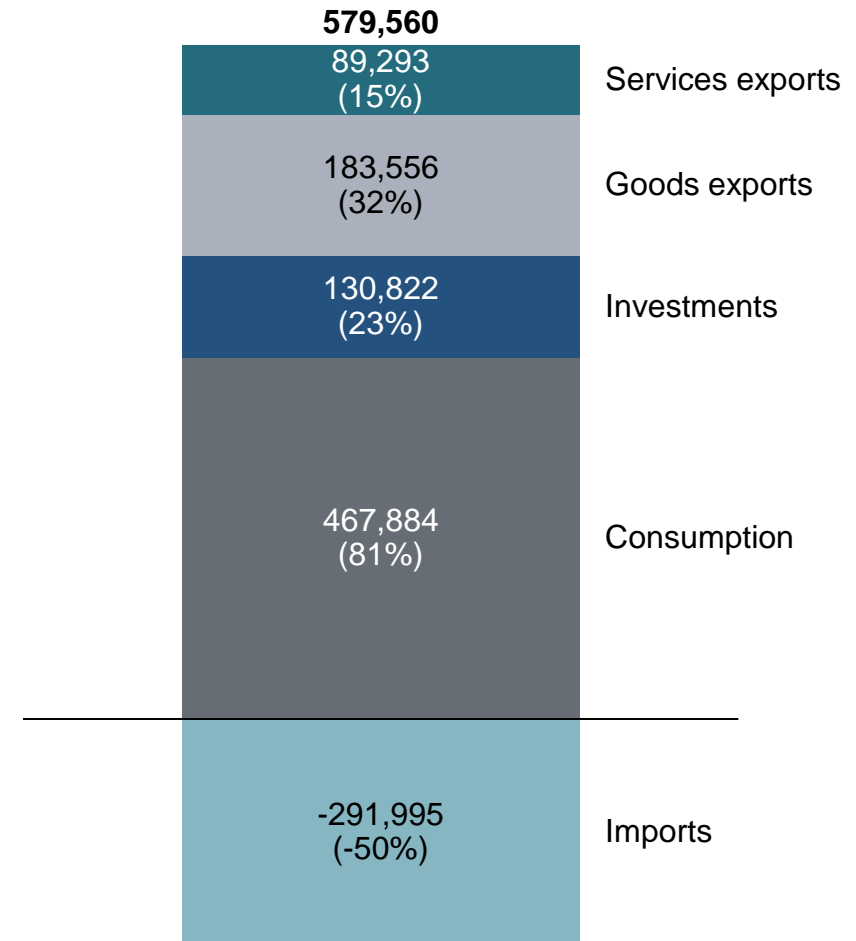
The role of exports in the Quebec economy

32%

Of the Quebec GDP comes from exporting goods

Components of gross domestic product (GDP)

Quebec, 2023, in % and \$ millions

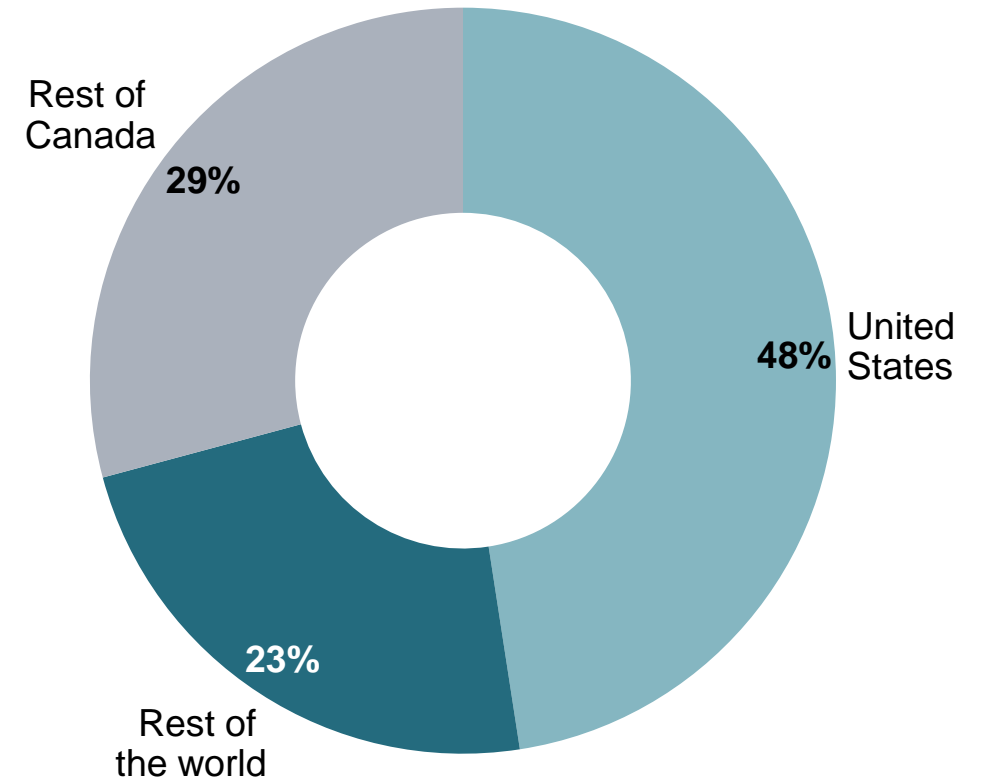


48%

of Quebec goods exports go to the United States

Share of goods exports to other markets

Quebec, 2023, in %





**Identification of products most
at risk**



**20 products account
for half of Quebec's
exports to the U.S.**

Main products exported to the United States

Top Quebec exports to the United States¹

Products	Value (\$M)	Total share	Products	Value (\$M)	Total share
1. Aluminum, unwrought	8,339	10.2%	11. Printing and writing paper and board	1,072	1.3%
2. Aircraft or spacecraft	5,365	6.5%	12. Other furniture and parts	1,032	1.3%
3. Turbojet, turbopropellers and other engines	3,939	4.8%	13. Aircraft parts	838	1.0%
4. Motor vehicles for transport	2,921	3.6%	14. Wood joinery and carpentry	802	1.0%
5. Refined petroleum oils	2,875	3.5%	15. Iron or steel products	802	1.0%
6. Copper wire	2,410	2.9%	16. Aluminum wire	754	0.9%
7. Chocolate and other cocoa preparations	1,705	2.1%	17. Particleboard	747	0.9%
8. Refined copper and blister copper alloys	1,563	1.9%	18. Automotive parts and accessories	713	0.9%
9. Wood sawn or chipped	1,552	1.9%	19. Large motor vehicles (10 passengers or more)	671	0.8%
10. Unwrought, semi-worked or powdered gold	1,511	1.8%	20. Polycarboxylic acids and derivatives	657	0.8%

1. For the months of January to November 2024
Source: Statistics Canada 2024; Aiseo analysis, 2025

The role of certain Quebec products in U.S. imports

Several products, such as Quebec aluminum, play an important role, accounting for more than half of U.S. imports.

Many of these imported products in the U.S. come from Canada

Share of U.S. imports from Canada or Quebec

Products	Ca share.	Qc share	Products	Ca share.	Qc share
1. Aluminum, unwrought	71.4%	56.1%	11. Printing and writing paper and board	61.7%	39.2%
2. Aircraft or spacecraft	35.9%	21.7%	12. Other furniture and parts	11.0%	2.9%
3. Turbojet, turbopropellers and other engines	19.8%	9.4%	13. Aircraft parts	13.6%	3.8%
4. Motor vehicles for transport	15.1%	4.5%	14. Wood joinery and carpentry	50.1%	18.9%
5. Refined petroleum oils	22.5%	3.7%	15. Iron or steel products	17.9%	6.6%
6. Copper wire	75.6%	68.9%	16. Aluminum wire	69.0%	59.5%
7. Chocolate and other cocoa preparations	54.9%	25.7%	17. Particleboard	91.5%	21.8%
8. Refined copper and blister copper alloys	16.5%	13.2%	18. Automotive parts and accessories	12.9%	0.6%
9. Wood sawn or chipped	72.1%	15.6%	19. Large motor vehicles (10 passengers or more)	72.1%	34.6%
10. Unwrought, semi-worked or powdered gold	28.4%	6.9%	20. Polycarboxylic acids and derivatives	36.1%	30.6%



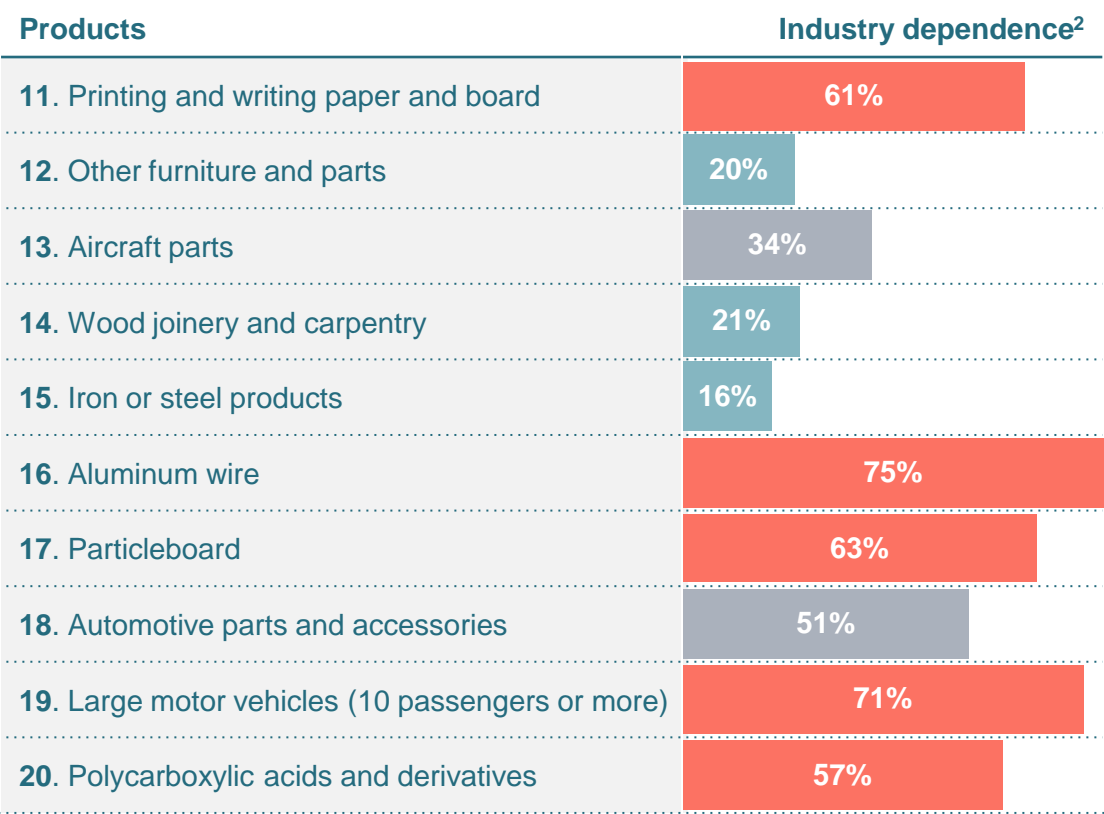
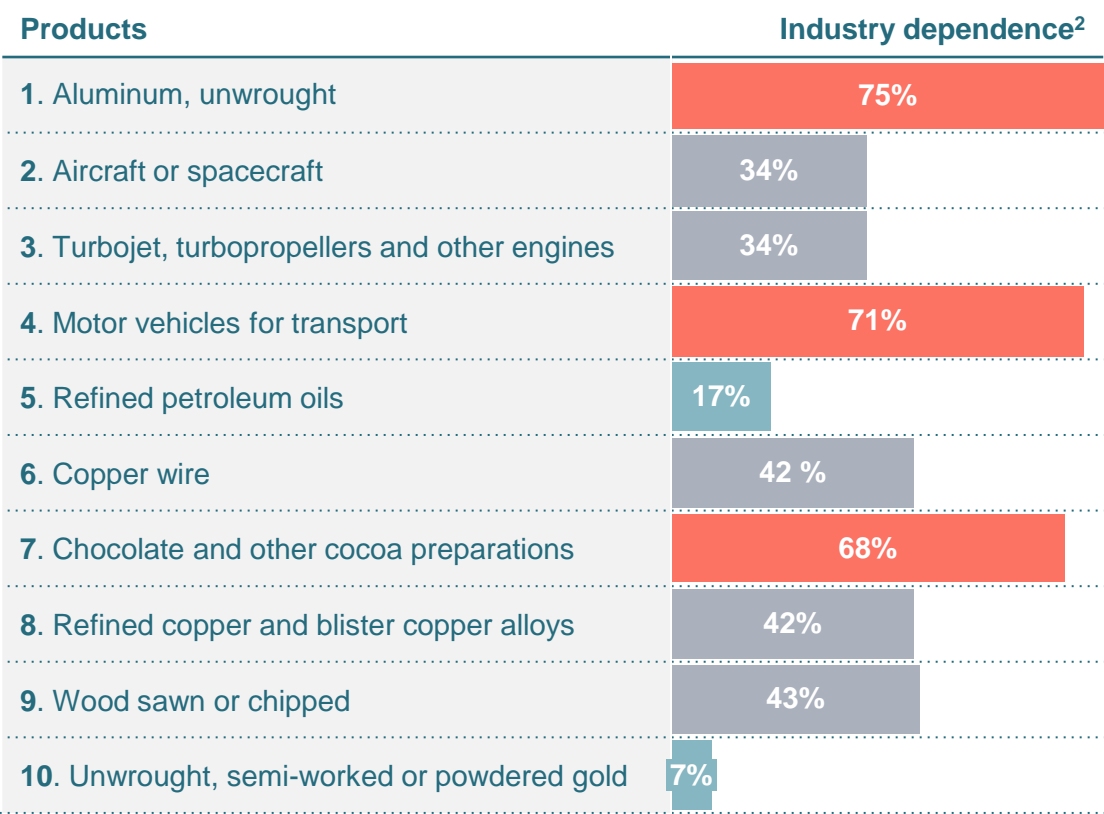
These products do not face the same level of risk

Quebec producers' dependence on the U.S. market

If exports to the U.S. account for a significant share of Quebec production, they face a potentially larger impact from the U.S. tariffs.

Not all of Quebec production is exported to the United States

Share of Quebec production exported to the U.S.¹



1. The **following** product groups belong to the same industries: 1 and 16; 2, 3 and 13; 4 and 19; 6 and 8.
2. Dependency ratios are calculated using export data on production data, by industry, for 2021.
Source: Statistics Canada, ISQ; Aviseo analysis, 2025

High risk

Risk to be monitored

Limited risk



Five products with lower dependence on the United States have been removed.

Let's look at U.S. dependence on Quebec products

With the exception of aluminum, the U.S. depends only some on Quebec products and could source alternatives.

Generally, the United States depends less on imports

U.S. imports of Canadian and Quebec products compared to U.S. production¹

Products	Ca share.	Qc share	Risk	Products	Ca share.	Qc share	Risk
1. Aluminum, unwrought	88.1%	69.3%	Limited risk	11. Printing and writing paper and board	7.2%	3.9%	High risk
2. Aircraft or spacecraft	3.9%	2.0%	High risk	13. Aircraft parts	3.9%	2.0%	High risk
3. Turbojet, turbopropellers and other engines	3.9%	2.0%	High risk	16. Aluminum wire	88.1%	69.3%	Limited risk
4. Motor vehicles for transport	9.8%	0.5%	High risk	17. Particleboard	10.6%	3.1%	High risk
6. Copper wire	35.0%	8.3%	Risk to be monitored	18. Automotive parts and accessories	5.9%	0.2%	High risk
7. Chocolate and other cocoa preparations	6.4%	2.8%	High risk	19. Large motor vehicles (10 passengers or more)	9.8%	0.5%	High risk
8. Refined copper and blister copper alloys	35.0%	8.3%	Risk to be monitored	20. Polycarboxylic acids and derivatives	3.4%	0.7%	High risk
9. Wood sawn or chipped	11.3%	2.4%	High risk				

1. Dependency ratios are calculated from export data on production data, by industry, 2023.
Sources: Statistics Canada, BEA; Aviso analysis, 2025

High risk

High risk

Risk to be monitored

Risk to be monitored

Limited risk

Limited risk



The aluminum market: a high level of cross-border interdependence

Could some companies use their profit margins?

Unfortunately, profit margins are generally slim, making it unlikely that this strategy would help maintain competitiveness in the event of U.S. tariffs.

15 of Quebec's top 20 export products are at a high risk

We will now group these products by industry to present the number of jobs and the level of GDP in Quebec at a high risk.

Identifying the industries most at risk

Industries most dependent on the U.S.	Jobs	Real GDP (in \$M)
Aluminum and aluminum production and processing	6,666	3,304
Aerospace products and parts	28,140	5,499
Non-ferrous metal production and processing (except aluminum)	5,481	875
Sugar and confectionery production	3,659	620
Wood product manufacturing	30,345	2,877
Pulp, paper and cardboard mills	7,455	1,842
Motor vehicle manufacturing	5,110	667
Motor vehicle parts manufacturing	4,460	606
Basic chemical manufacturing	2,551	1,156
Total	93,867	17,446
Share of jobs and GDP in Quebec	2.3%	4.0%



Possible solutions

Export diversification: a real opportunity

It turns out that we can identify countries (or groups of countries) that import products similar to our 15 most-at-risk products.

The United States is not the only country importing at-risk products

Main countries importing products at risk

Products	Main importing countries
1. Aluminum, unwrought	European Union
2. Aircraft or spacecraft	European Union
3. Turbojet, turbopropellers and other engines	European Union
4. Motor vehicles for transport	Canada Australia United Kingdom
6. Copper wire	European Union Mexico
7. Chocolate and other cocoa preparations	United Kingdom Canada
8. Refined copper and blister copper alloys	European Union
9. Wood sawn or chipped	China United Kingdom

Products	Main importing countries
11. Printing and writing paper and board	European Union United Kingdom
13. Aircraft parts	European Union
16. Aluminum wire	European Union
17. Particleboard	United Kingdom
18. Automotive parts and accessories	European Union Mexico China Canada
19. Large motor vehicles (10 passengers or more)	European Union
20. Polycarboxylic acids and derivatives	Turkey

Canada is often mentioned as a potential market

This supports the argument for reducing, if not abolishing, trade barriers between Canadian provinces.

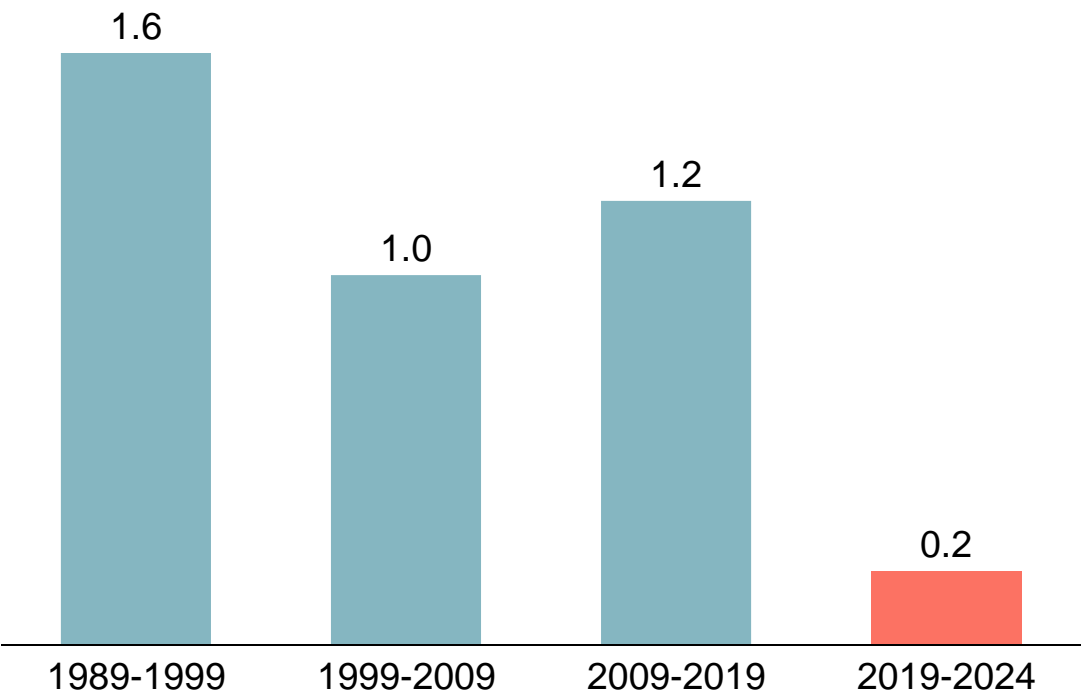


**Winning new markets means
improving our competitiveness**

Canada fares poorly in terms of labour productivity

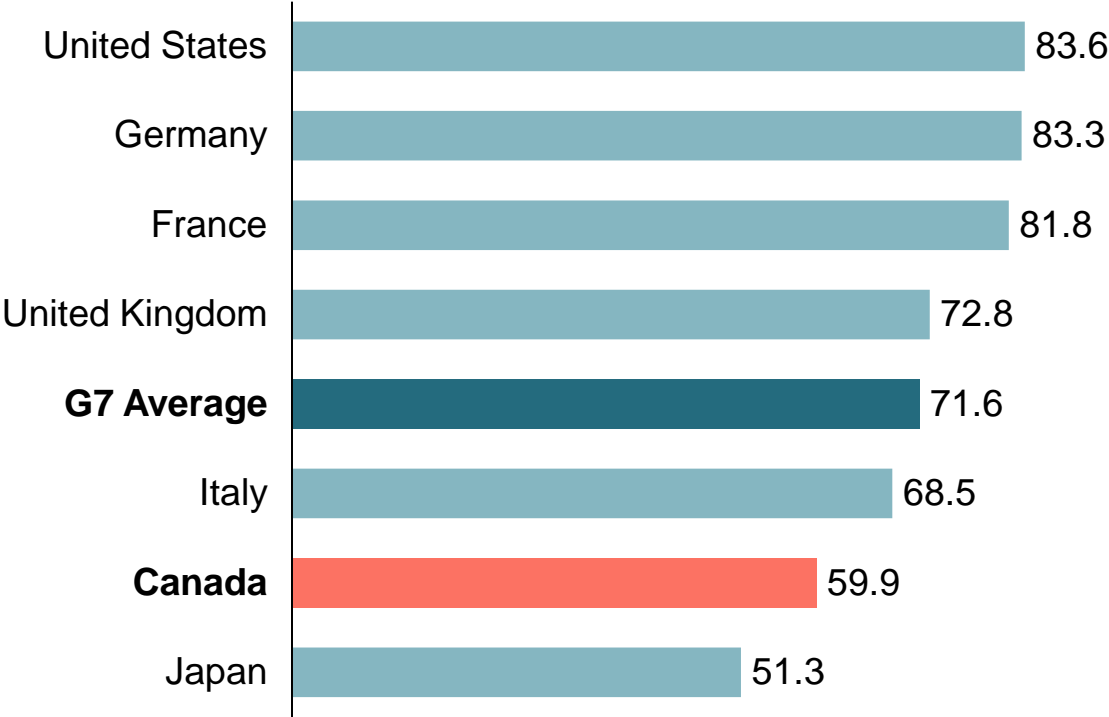
Evolution of labor productivity

Canada, 1989-2024, GDP per hour worked, average annual growth in %.



Comparison of labor productivity

World, 2023, GDP per hour worked, in constant 2015 \$US (PPP)



The corporate tax burden is more pronounced in Quebec

At 6.6% of GDP, compared with 4.3% of GDP for the OECD average, the tax burden undoubtedly weighs on business investment.



**Caution with the idea of a
Canadian response**

The commodities most imported by from the United States

Products most imported by Quebec from the United States

Products	Value (\$M)	Total share	Products	Value (\$M)	Total share
1. Crude petroleum oils	4,715	11.0%	11. Biodiesel and its blends	419	1.0%
2. Passenger cars and other passenger vehicles	4,261	10.0%	12. Pure ethanol	416	1.0%
3. Freight trucks	4,035	9.4%	13. Calcined petroleum coke	409	1.0%
4. Refined petroleum oils	3,045	7.1%	14. Internal combustion piston engines	390	0.9%
5. Turbojet, turbopropellers and other engines	2,942	6.9%	15. Vaccines	358	0.8%
6. Aircraft parts	1,637	3.8%	16. Taps and manual valves	345	0.8%
7. Motor vehicle parts	1,398	3.3%	17. Parts for liquid or gas filters	306	0.7%
8. New rubber tires	654	1.5%	18. Computers and processing units	305	0.7%
9. Tractors	624	1.5%	19. Numerical control panels	286	0.7%
10. Gold scrap metal	445	1.0%	20. Untreated pinewood	245	0.6%

Source: Statistics Canada; Aviseo analysis, 2025

Several imported commodities are inputs and means to production

Products most imported by Quebec from the United States

Products	Type	Use
1. Crude petroleum oils		Refineries
2. Passenger cars and other passenger vehicles		Personal consumption
3. Freight trucks		Automotive
4. Refined petroleum oils		Refineries and others
5. Turbojet, turbopropellers and other engines		Aircraft
6. Aircraft parts		Aircraft
7. Motor vehicle parts		Automotive
8. New rubber tires		Spare parts
9. Tractors		Transport and logistics
10. Gold scrap metal		Precious metals recycling

Products	Type	Use
11. Biodiesel and its blends		Fuel
12. Pure ethanol		Chemical products
13. Calcined petroleum coke		Aluminum smelters
14. Internal combustion piston engines		Automotive
15. Vaccines		Personal consumption
16. Taps and manual valves		Refineries
17. Parts for liquid or gas filters		Industrial plants
18. Computers and processing units		Personal consumption
19. Numerical control panels		Industrial automation
20. Untreated pinewood		Building and Lumber

Personal consumption
 Equipment
 Production input

Active involvement of entrepreneurs and business leaders

Establish a collaborative mechanism, such as a Quebec-U.S. Summit, bringing together various public and para-public institutions while actively engaging entrepreneurs and business leaders in the process. This would help optimize support for Quebec businesses and turn the current period of economic instability into an opportunity for growth and innovation.

Summary



Exports, a key driver of Quebec's economy



The U.S. tariff threat poses a high risk for some producers



Possible solutions to consider:

- Diversifying exports and conquering new markets
 - Reducing interprovincial trade barriers
 - Improving productivity and reducing the tax burden on businesses
-



Caution against the temptation of a Canadian tariff response

