STATE EXPOSURE IN CANADIAN TRADE WAR

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TOPLINE: U.S. consumers and industries depend heavily on trade with Canada and are highly vulnerable to a trade war with Canada. While this trade is concentrated among a handful of states, trade with Canada is a significant share of total trade for dozens of states.

BACKGROUND: Canada is one of America's largest trading partners. On August 22, 2026, the United States imposed a 50% tariff on certain Canadian dairy, alcoholic beverage, and motor vehicle imports under Section 338 of the Tariff Act of 1930. Canada matched this dollar-for-dollar and rate-for-rate on September 8, with tariffs ranging from 15% to 50% on U.S. steel, aluminum, dairy and consumer goods. The Trump Administration signed five new Section 338 proclamations the same day that Canada's retaliatory tariffs took effect, including import bans scheduled for September 29. Alarmingly, negotiations are currently suspended.

Where the Trade Is

- The annual volume of U.S.–Canada goods trade is $674 billion. Five states account for $284 billion, or 42% of the total: Illinois, Texas, Michigan, New York, and Ohio.
  - Illinois leads at $76 billion, followed by Texas ($70 billion) and Michigan ($67 billion).

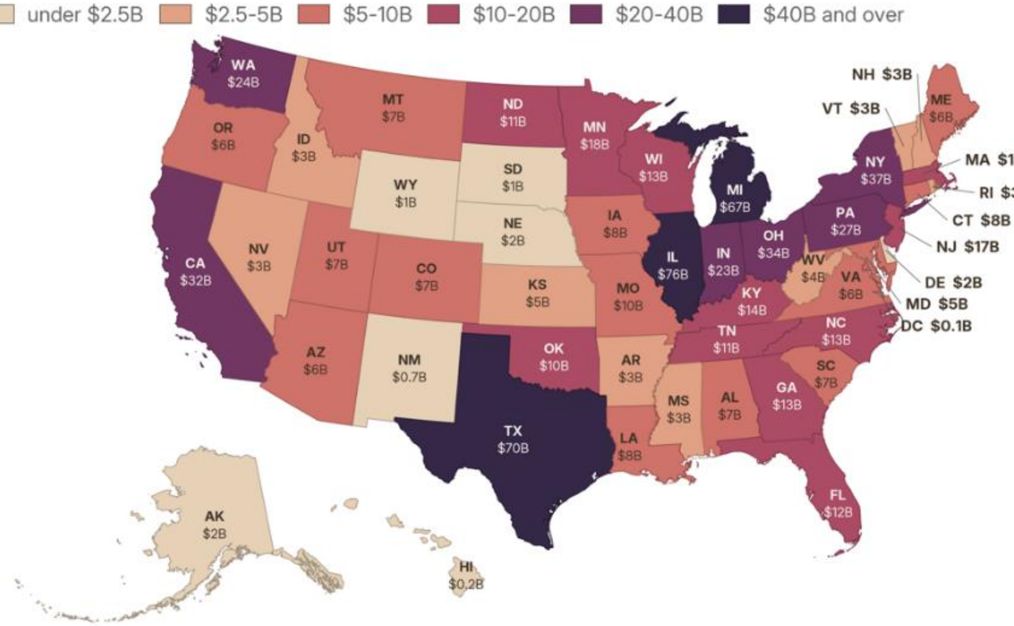
Figure 1

U.S.-Canada Trade, by State

Billions of nominal US dollars, 12 months ending June 2026

Two-way goods trade with Canada

under $2.5B | $2.5-5B | $5-10B | $10-20B | $20-40B | $40B and over



Note: The 50 states and DC traded $674 billion with Canada, excluding Puerto Rico, the Virgin Islands, and $45 billion of trade Census does not attribute to a state.

Source: U.S. Census Bureau, *U.S. Imports and Exports by State and Harmonized System Code*, International Trade Time Series API. Retrieved September 2, 2026.

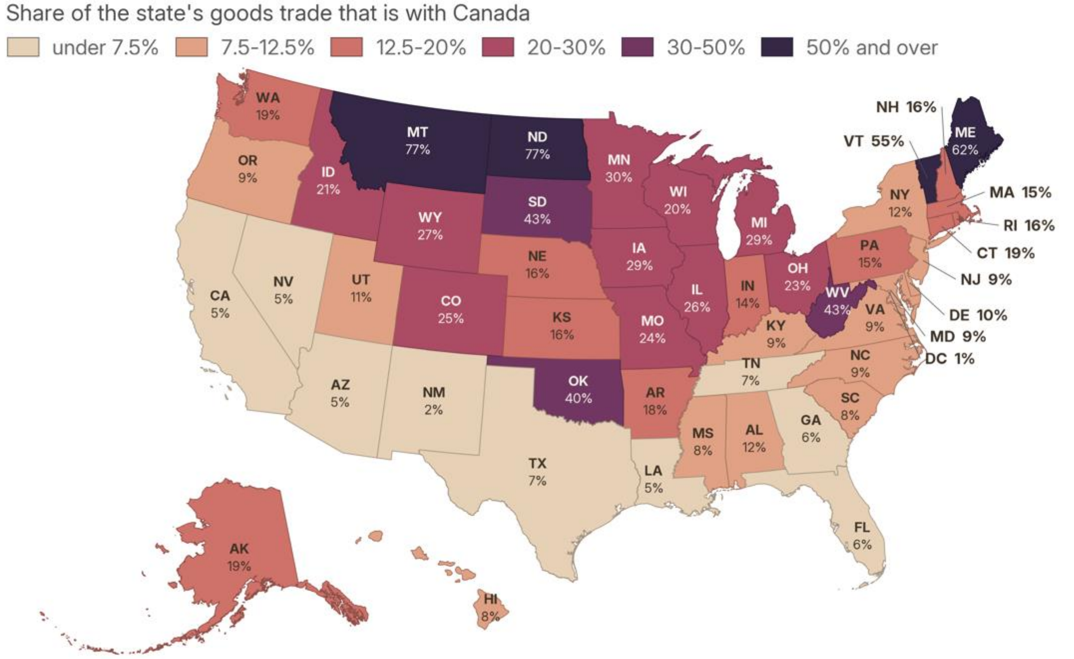
Which States Rely on Canada Most

- Figure 2 shows Canada's share of each state's total goods trade, rather than the volume of trade illustrated in Figure 1, and puts a different set of states on top.
  - North Dakota and Montana lead at 77%, followed by Maine at 62%, Vermont at 55%, West Virginia and South Dakota at 43%, and Oklahoma at 40%.
  - States with the highest shares are clustered along the northern border and the plains, with six of the nine highest-share states bordering Canada.
- Some states depend much more on trade with Canada than the raw dollar amount in Figure 1 indicates. For example, North Dakota ranks nineteenth by volume but first in share.
- Exposure also depends on what a state trades. [Mineral fuels alone comprise 80% of North Dakota's exports to Canada,] which Canada exempted from its counter-tariffs.

Figure 2

Canada's Share of Each State's Goods Trade

Percent of the state's goods trade, 12 months ending June 2026



Note: Canada was 12.1% of goods trade across the 50 states and DC, excluding Puerto Rico and the Virgin Islands. $45 billion of trade is not attributed to a specific state or territory.
Source: U.S. Census Bureau, *U.S. Imports and Exports by State and Harmonized System Code*, International Trade Time Series API. Retrieved September 2, 2026.

BOTTOMLINE: The U.S.-Canada trade dispute has continued to escalate. If these restrictions remain in place, or intensify further, policymakers can expect even higher prices and supply chain interruptions for American industries. A trade war with Canada will negatively impact many states, especially those heavily engaging in trade with Canada, including energy- and mineral-rich states, many heavy-industry dependent states, and our agricultural heartlands.

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