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The US-Canada Trade War: A $40 Billion Standoff Nears a Deal

Lead Author / Researcher: Alexander Vance & Strategic Intelligence Group

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EXECUTIVE SUMMARY

Trump says the US and Canada are ’very close’ to a trade deal after ten weeks of retaliatory tariffs on $20 billion of goods each way. This study measures the damage across autos, energy, dairy and farms, and what the January 1, 2027 auto-tariff deadline means if talks fail.

KEY RESEARCH FINDINGS & STRATEGIC OUTLOOK

Executive Summary After ten weeks of retaliatory tariffs, the United States and Canada are closer to a truce than at any point since their trade talks collapsed in August 2026. President Donald Trump said on November 2 that Washington is "very close" to a deal with Ottawa, hours after a phone call with Prime Minister Mark Carney, who described "constructive discussions on the outlines of a mutually beneficial trade deal" and said negotiating teams would work over the coming weeks to deliver it. The stakes are large. Goods and services trade between the two countries totalled $872.3 billion in 2025, according to the Office of the United States Trade Representative, down 4.6 percent from the previous year. Canada sends about three-quarters of its goods exports to the United States, while the United States takes roughly 70 percent of Canada’s total exports an asymmetry that shapes every round of talks. This study measures what the tariff war has cost so far, which sectors carry the heaviest damage, and what a deal or a failure to reach one before the January 1, 2027 auto-tariff deadline would mean for farmers, factories and fuel prices on both sides of the border. The question now is whether the November concept becomes a signed agreement before the January deadline, or whether it joins the August draft on the list of near-deals that collapsed. Methodology The findings rest on reporting and data from at least two independent sources for every load-bearing figure. Primary sources include Reuters and Associated Press reporting on the November 1 2 leaders’ exchange, the Office of the United States Trade Representative for bilateral trade totals, Statistics Canada for export dependence and jobs, and J.P. Morgan’s analysis of autos and energy exposure. No single outlet’s account of the talks is treated as

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