# Canada: Brief Profile

2025

## Domestic Economy

**BASIC FACTS**

**Land area:** 9,984,670 sq km

**Population:** 39.7 mn (2024, est.)

**Language:** English

**Currency:** Canadian Dollar (C$)

**GDP:** US$ 2,242.6 bn (2024, est.)

**Exports:** US$ 568.6 bn (2024, est.)

**Imports:** US$ 573.6 bn (2024, est.)

**Sovereign Rating:** AAA (S&P's)

- The real GDP of Canada improved slightly from 1.5% in 2023 to an estimated 1.6% in 2024.

- In absolute terms, GDP of Canada stood at an estimated US$ 2,242.6 billion in 2024, with per capita GDP of US$ 56,429.1.

- Average consumer price moderated, and the country recorded an estimated inflation of an estimated 2.4% in 2024, against 3.9% in 2023.

- Services sector dominates the economy, accounting for 73.3% of Canada's Gross Value Added (GVA) in 2023. It was closely followed by industrial sector (24.8% of GVA) and agricultural sector (1.9%).

- Canada is rich in mineral resources like uranium, zinc, nickel and potash. It also has substantial hydroelectric power resources and vast reserves of coal, petroleum, and natural gas. Major industries in Canadian services sector include transportation, trade and finance followed by manufacturing of steel, automobile and electronics.

## Trade and External Sector

- Canada's exports moderated to US$ 568.6 billion in 2024 from US$ 570.7 billion recorded in the preceding year.

- Canada's imports increased to US$ 573.6 billion in 2024, as compared to US$ 571.1 billion recorded in 2023.

- Accordingly, Canada's trade deficit increased to US$ 4.9 billion in 2024, as compared to US$ 0.5 billion recorded a year ago.

- Mineral fuels, oils and distillation products were the major export item of Canada, accounting for 25.5% of its exports in 2024. Other products in Canada's export basket during the same year comprised vehicles other than railways (10.2%), machinery and mechanical appliances (7.2%), pearls, precious stones and metals (6%), electrical machinery and equipment (3.1%), among others.

- Canada's major imports in 2024 included vehicles other than railways (16.3% of the total imports), machinery and mechanical appliances (14.9%), electrical machinery and equipment (9.4%), mineral fuels, oils, distillation products (6.2%), and plastics and its articles (3.5%) among others.

- USA was the major export destination of Canada in 2024 accounting for 76.4% of Canada's total exports. Other major export destinations in the same year included China (3.8% of the total exports), UK (3.6%), Japan (1.9%), and Mexico (1.1%).

- The main sources of Canada's imports in 2024 were USA (49.5% of the total imports), China (11.5%), Mexico (6.2%), Germany (3.1%) and Japan (2.7%).

- Canada's current account deficit narrowed to an estimated US$ 10.3 billion (0.5% of GDP) in 2024, as it was US$ 13.8 billion (0.6% of GDP) in 2023.

## Foreign Direct Investment, Foreign Exchange Reserves, and Exchange Rate

- According to UNCTAD World Investment Report 2025, FDI inflows to Canada stood at US$ 64.1 billion in 2024, as compared to US$ 46.5 billion in 2023.

- FDI outflows from Canada reduced to US$ 86 billion in 2024 from US$ 93.3 billion in 2023.

- Canada's foreign exchange reserves increased to an estimated US$ 119.3 billion in 2024, as against US$ 117.6 billion in 2023. Reserves reflected an import cover of over 1.9 months.

- The Canadian dollar depreciated to C$ 1.37: US$ 1 in 2024, from C$ 1.35: US$ 1 in 2023.

## Country Rating

❖ *Standard & Poor's Sovereign Ratings* as on May 30, 2025, rated Canada as AAA with a 'stable' outlook reflecting strong institutions; credible monetary policy; moderate net government debt; sound net external position with an actively traded currency; and still-wealthy economy.

❖ *Dun and Bradstreet's (DB) Country Risk Indicator*[1], October 2025 rated Canada as DB3a (slight risk, enough uncertainty over expected returns to warrant close monitoring of country risk). The trend of D&B's ratings for Canada falls under the 'stable' category.

❖ *Moody's Investor services*[2] as on October 03, 2025, rated Canada as Aaa (high grade with minimal risk of default) with a 'stable outlook'.

❖ According to the Organization for Economic Co-operation and Development (OECD) country risk classifications of October 2025, Canada was classified as a High-Income OECD Country that is not reviewed or classified.

## Macroeconomic Outlook

❖ Canada's economy continues to face significant challenges due to its deep integration with the US and Trump's unpredictable trade policies. Real GDP is expected to grow at 0.9% in 2025 and is likely to persist in 2026. Continued uncertainty and higher trade costs will constrain momentum, although resilient domestic demand and new investment projects should provide a modest offset.

❖ Headline inflation in Canada is easing due to weaker oil prices, yet core inflation remains sticky owing to increased costs for essentials like groceries and travel. Canada is yet to secure a deal with US to avoid further tariff increases, suggesting that tariff uncertainty is likely to remain for the rest the year. Inflation is expected to increase

[1] The DB risk indicator is divided into seven bands (DB1 to DB7, in the increasing order of risk). Each band is further divided into quartiles (a-d, ranging low to high), except the DB7 band.

[2] Moody's Investor services rank countries in nine categories Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C, according to increasing order of risk. Numerical modifiers 1, 2, and 3 are appended to each generic rating classification. The modifiers 1, 2 and 3, respectively indicate that the obligation ranks in the higher end, mid-range, and lower end of its generic rating category.

slightly to an estimated 1.9% in 2025 and 2.1% in 2026, marginally above the BoC's 2% target but within its 1–3% range.

❖ The Canadian dollar has appreciated against the US dollar since early 2025, driven by ongoing trade tensions initiated by the US, rising policy uncertainty and waning market confidence in the US. Canadian dollar is expected to strengthen in 2026-27 at a gradual pace, to average C$1.37:US$1.

❖ Trade tensions with the US pose the biggest threat to trade outlook. Under current US policy, a 35% tariff applies to non-USMCA-compliant goods imports, and a 10% duty applies to energy and potash. Canada's export outlook remains weak for the remainder of 2025 and throughout 2026, before recovering from 2027. Exports might contract by 3.7% in 2025, followed by a mild but positive growth of 0.1% next year. Consequently, the current account deficit is expected to narrow from an estimated 2% of GDP this year to 1.7% in 2026.

## Canada: Economic Structure

| Economic Indicators | 2020 | 2021 | 2022 | 2023 | 2024e | 2025f | 2026f |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| Nominal GDP (US$ bn) | 1,655.4 | 2,022.9 | 2,190.1 | 2,174.5 | 2,242.6 | 2,277.2 | 2,397.3 |
| | | | | | | | |
| Real GDP growth (%) | -5.0 | 6.0 | 4.2 | 1.5 | 1.6 | 0.9 | 0.9 |
| | | | | | | | |
| Consumer price inflation (avg., %) | 0.7 | 3.4 | 6.8 | 3.9 | 2.4 | 1.9 | 2.1 |
| | | | | | | | |
| Population (mn) | 38.2 | 38.5 | 38.8 | 39.3 | 39.7 | 40.1 | 40.5 |
| | | | | | | | |
| Exports of goods fob (US$ bn) | 389.5 | 509.4 | 602.0 | 570.7 | 568.6 | 536.2 | 559.1 |
| | | | | | | | |
| Imports of goods fob (US$ bn) | 419.8 | 506.4 | 585.8 | 571.1 | 573.6 | 586.9 | 601.3 |
| | | | | | | | |
| Current-account balance (US$ bn) | -33.3 | -0.4 | -6.3 | -13.8 | -10.3 | -46.1 | -39.7 |
| | | | | | | | |
| Total External Debt (US$ bn) | 2574.9 | 2761.9 | 2742.6 | 3086.2 | 3167.5 | - | - |
| | | | | | | | |
| Total International Reserves (US$ bn) | 90.4 | 106.6 | 107.0 | 117.6 | 119.3 | 121.2 | 123.2 |
| | | | | | | | |
| Exchange rate (avg.; C$/US$) (Local Currency: Canadian Dollar) | 1.34 | 1.25 | 1.30 | 1.35 | 1.37 | 1.39 | 1.37 |

Note: e- Estimates; f- Forecast
Source: EIU Country Report, Quarterly External Debt Statistics SDDS (World Bank).