

Lifton Clarifies the Realities of U.S.-Canada Trade, Countering Trump's \$200 Billion Imbalance Assertion

written by Tracy Hughes | February 12, 2025

In an exclusive interview with Tracy Hughes for **Investor.News**, Jack Lifton, Co-Chair of the [Critical Minerals Institute](#) (CMI) and a world-renowned expert in critical minerals, provided a comprehensive analysis of the implications of the proposed U.S.-Canada tariffs. Jack highlighted that the trade between the two countries is far more complex than President Trump's claim of a \$200 billion trade imbalance. According to Jack, the actual trade deficit between the U.S. and Canada is much smaller, with Canada exporting \$43 billion more in goods and services to the U.S. annually than it imports. He emphasized that Canada's trade relations with the U.S. are pivotal, especially in industries like automotive manufacturing, where a 100% tariff on Canadian cars would drastically increase costs for both American manufacturers and consumers. "Imagine if Ford and General Motors cars suddenly had 100% additional cost to manufacture," Jack noted, stressing how this could lead to skyrocketing car prices and unsustainable economic conditions for American consumers.

Furthermore, Jack discussed how the proposed tariffs could disrupt the critical minerals sector, a growing area of focus for both nations. He pointed out that Canada, particularly Quebec and Ontario, holds vast reserves of rare earths and other critical minerals essential for high-tech industries. However, the major barrier to unlocking these resources is capital. Jack stressed that the lack of sufficient investment in Canadian

critical mineral projects is a missed opportunity. "If Wall Street replaced Bay Street, Canada would be developing critical minerals projects all over the place," Jack said. He also remarked on how the United States, due to its current political and economic climate, is falling behind in the race for securing critical materials, while China continues to expand its dominance by owning or controlling 100% of the world's heavy rare earth sources.

Jack further analyzed the broader geopolitical consequences of these tariffs, suggesting that they could push Canada to seek new trade partners, particularly in critical minerals. The increasing tensions between the U.S. and Canada, as well as the changing dynamics in the global trade landscape, could create openings for nations like India and Australia to step into critical mineral markets that the U.S. has yet to fully develop. Jack concluded by warning that the U.S. risks ceding its competitive edge in the global critical minerals market to China, whose long-term strategic investments in resource extraction and processing have positioned it as a global leader. "The Chinese have figured out how to maximize the value of critical materials from the entire world into their country and utilize them to develop China," Jack observed, urging the U.S. to adopt a more forward-thinking approach in securing its own supply of critical minerals.