2025
SUPPLY CHAIN CANADA
NATIONAL CONFERENCE
CALGARY, ALBERTA

WELCOME TO

POWERING SUPPLY CHAIN INNOVATION





Trends in Canada's Manufacturing Sector

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SUPPLY CHAIN CANADA



TRADE WAR TO TRIGGER RECESSION ALAN ARCAND

SUPPLY CHAIN CANADA



AGENDA

- O1 Global/U.S.
 Outlook
- 02 Canadian Outlook
- 03 Tariff Impact

- 04 Why Trade War is Illogical
- 05 Canada Has
 Cards to Play
- O6 Productivity Challenges



01 ABOUT CME

Canadian Manufacturers & Exporters (CME) is the leading advocate for Canada's manufacturing sector and its 52,000 companies.



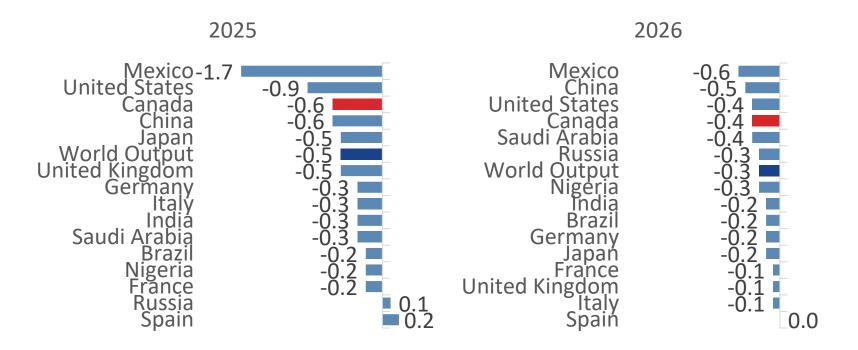


GLOBAL/U.S. OUTLOOK



TRADE CONFLICT TRIGGERS DOWNGRADE IN GLOBAL GROWTH OUTLOOK

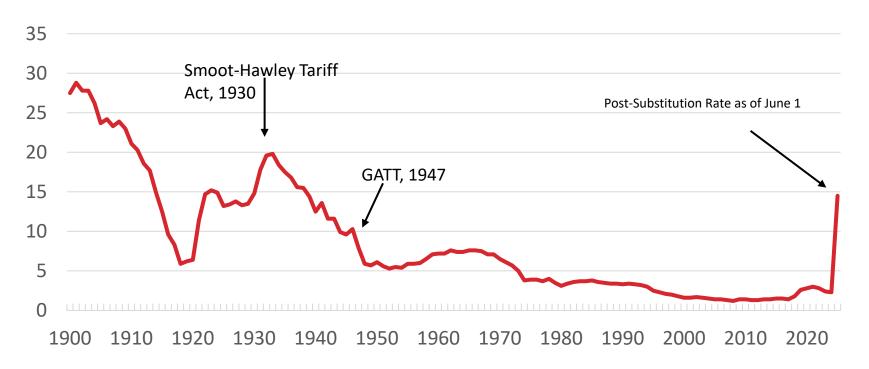
Shift in projected GDP growth between January and April 2025 outlooks





THE RADICAL SHIFT IN U.S. TARIFF POLICY

U.S. tariff rate, weighted average, annual data



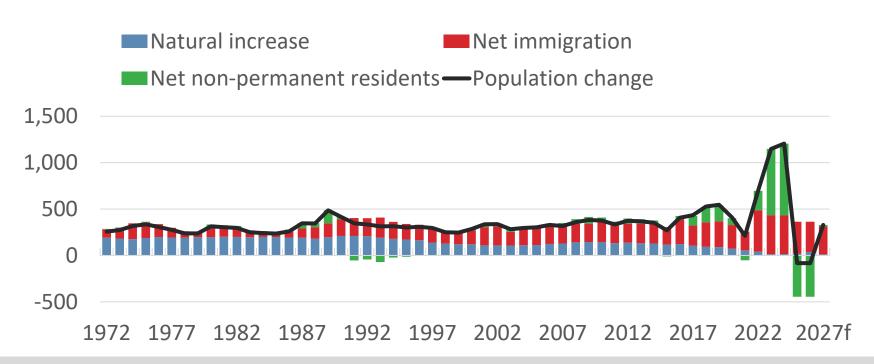


CANADIAN OUTLOOK



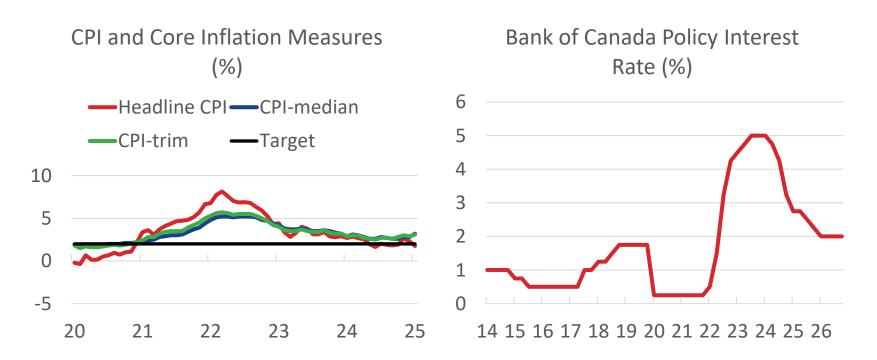
GOVERNMENT REVERSES COURSE ON IMMIGRATION

Contribution to annual population changes (000s)





STAGFLATIONARY IMPACT OF TARIFFS POSES POLICY DILEMMA FOR BANK OF CANADA

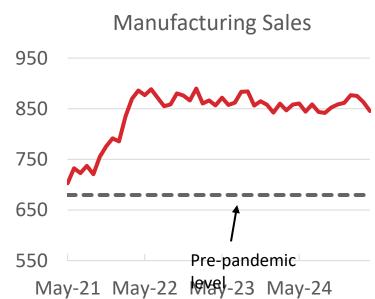




TARIFFS HAMMER EXPORTS IN APRIL

Canada (billions \$, seasonally adjusted annual rate)

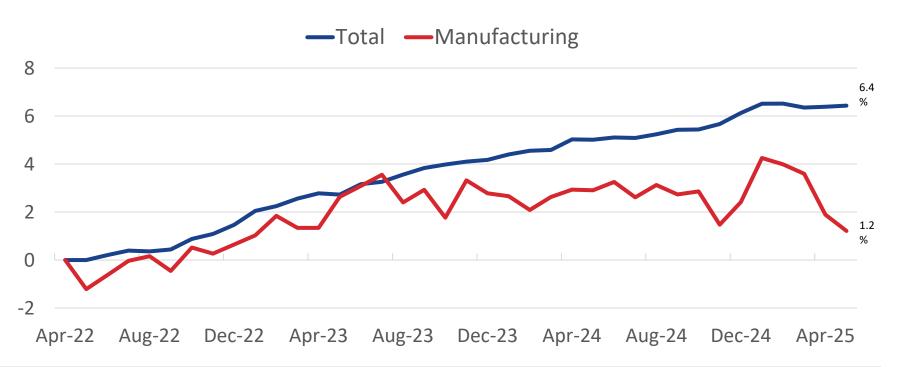




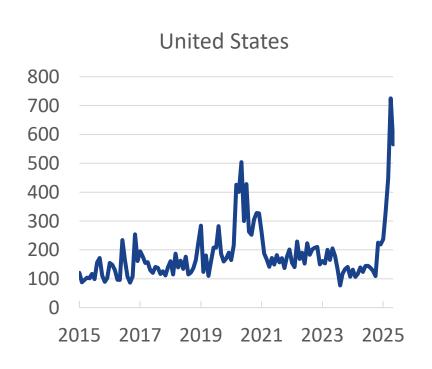


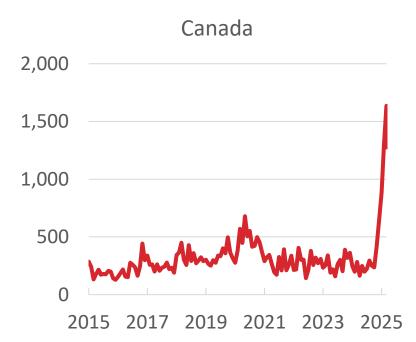
TRADE WAR DRIVING DOWN MANUFACTURING EMPLOYMENT

Canadian employment, % change since April 2022



TRADE WAR DRIVING UP ECONOMIC POLICY UNCERTAINTY Economic Policy Uncertainty Index







BUSINESSES AFFECTED BY TRADE TENSIONS HAVE WEAK INVESTMENT INTENTIONS

Canada (investment intentions by exposure to trade tensions, balance of opinion)



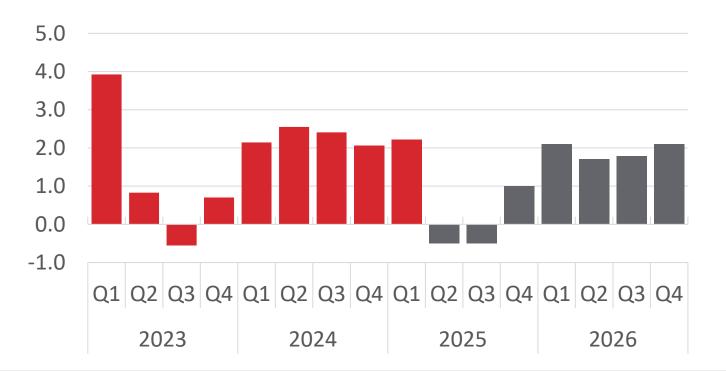
Not impacted by trade tensions

Impacted by trade tensions



TRADE WAR WILL DRIVE ECONOMY INTO MODERATE RECESSION

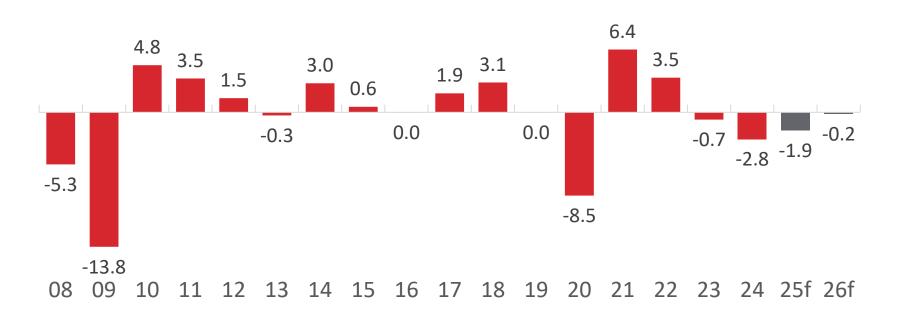
Canada (real GDP, quarter-over-quarter annualized growth)



Annual Growth 2023 = 1.5% 2024 = 1.6% 2025 = 1.3% 2026 = 1.3%

MANUFACTURING TO CONTINUE CONTRACTING AMID TARIFF WAR

Canada (real manufacturing GDP, annual % change)



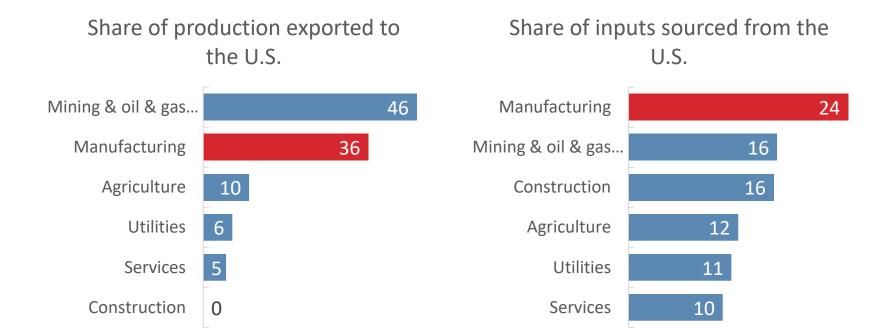




U.S. TARIFF POLICY: ECONOMIC FALLOUT AND STRATEGIC MISSTEPS



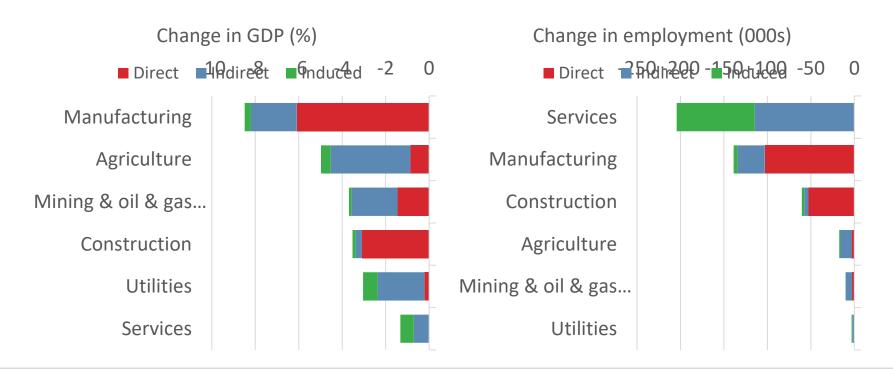
CANADIAN MANUFACTURERS RELY ON THE U.S. FOR INPUTS AND EXPORTS Canada (2023, %)





ECONOMIC IMPACT FROM PROLONGED U.S. TARIFFS

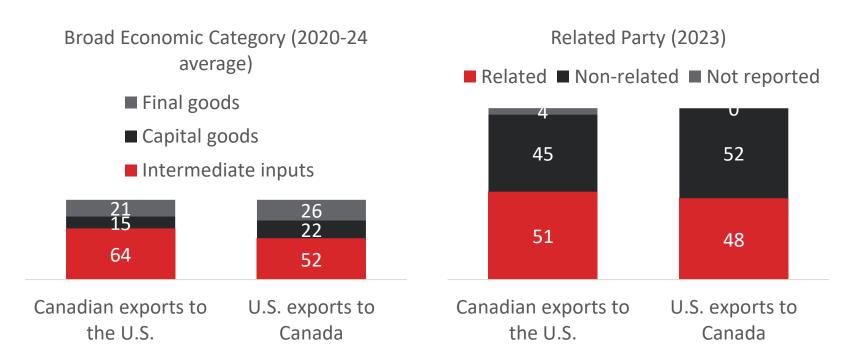
Canada (% change in GDP, 10% tariff on energy products and 25% tariff on non-energy goods)





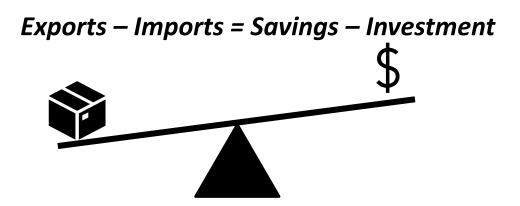
CANADA AND THE U.S. MAKE THINGS TOGETHER

Trade between Canada and the U.S. by broad economic category and related party (% share of total)



TRADE DEFICITS REFLECT A DOMESTIC SAVING SHORTFALL

The following must hold for all countries:

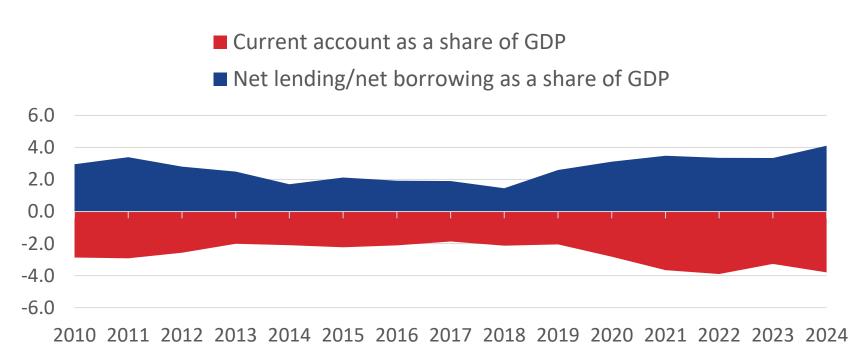


The U.S. has run persistent trade deficits because, collectively, American households, businesses, and governments save less than they invest and spend.



TRADE DEFICITS REFLECT A DOMESTIC SAVING SHORTFALL

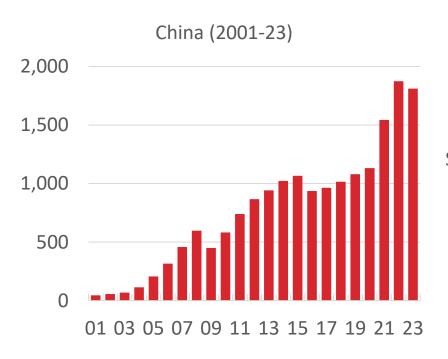
U.S. (net cash flows of goods, services and income payments vs. net cash flows of direct investment, portfolio investment, and other investment)

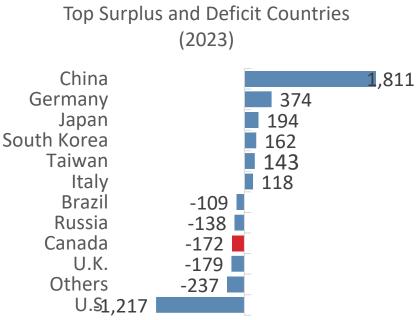




CHINA SHOULD BE TOP PRIORITY

Trade balance in manufactured goods (billions US\$)





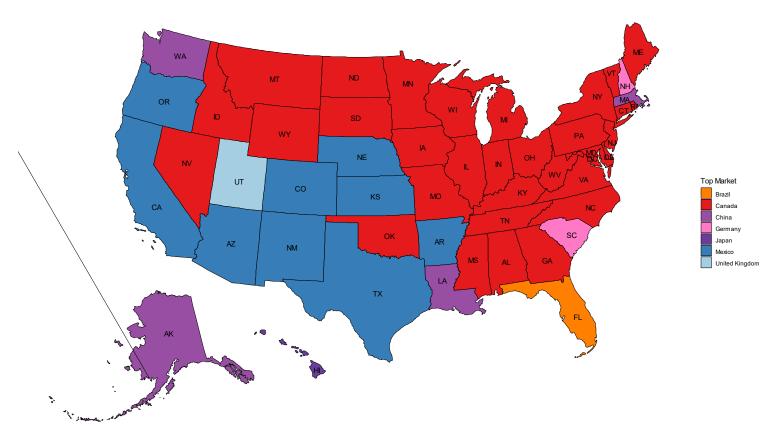


CANADA HAS "CARDS TO PLAY"



Canada is the Top Export Market for 32 U.S. States

Each state's top export market in 2024





MOST OF CANADA'S OIL EXPORTS GO TO THE U.S., THOUGH TMX HAS HELPED REDUCE THIS RELIANCE

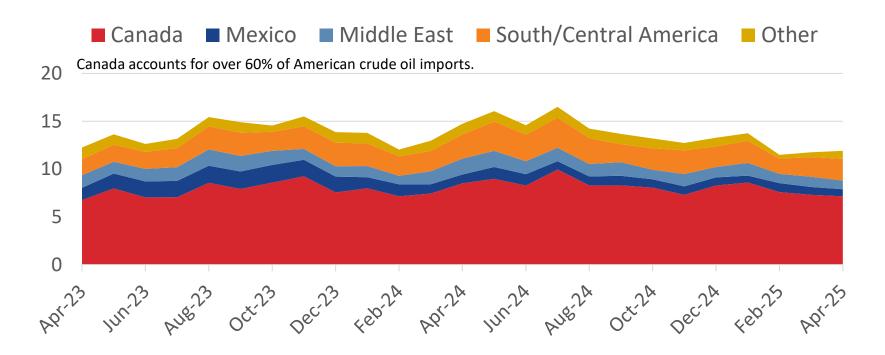
Canada (crude oil exports, \$ billions)





U.S. RELIES ON CANADA FOR OIL

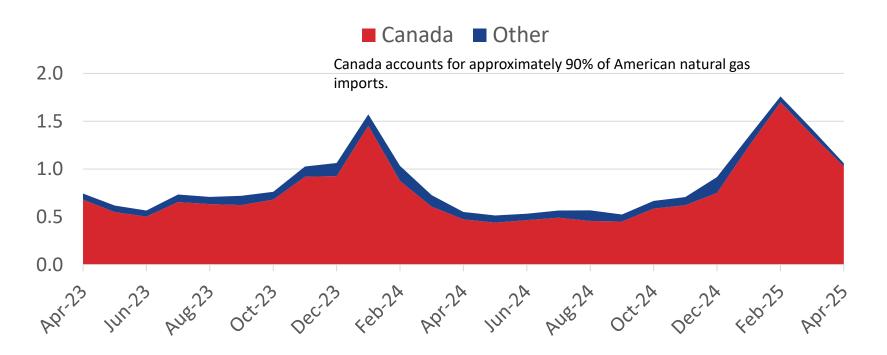
U.S. (imports of crude oil, US\$ billions)





U.S. RELIES ON CANADA FOR NATURAL GAS

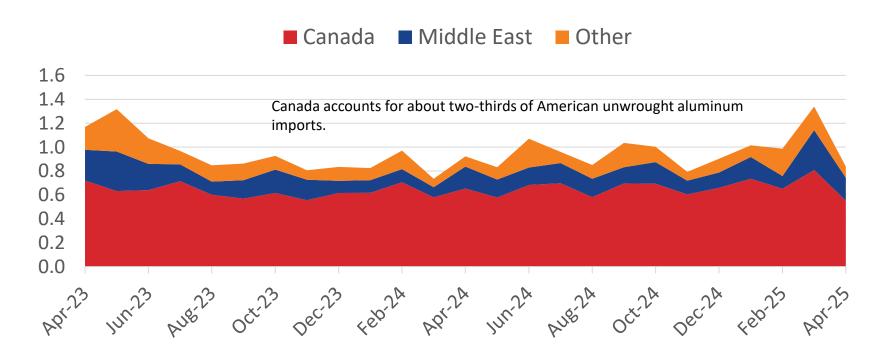
U.S. (imports of petroleum gases, US\$ billions)





U.S. RELIES ON CANADA FOR ALUMINUM

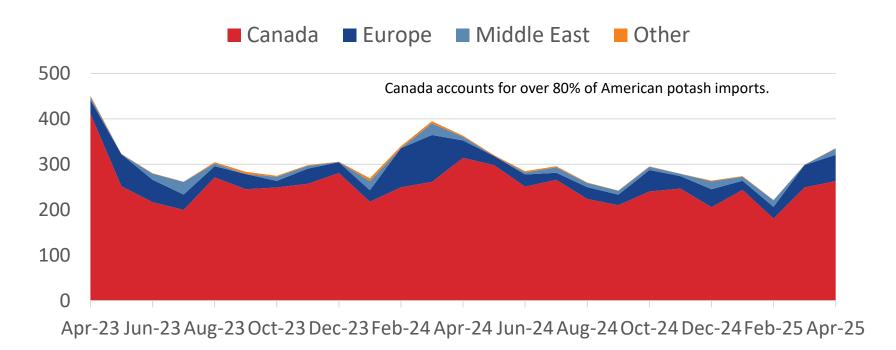
U.S. (imports of unwrought aluminum, US\$ billions)





U.S. RELIES ON CANADA FOR POTASH

U.S. (imports of potash, US\$ billions)



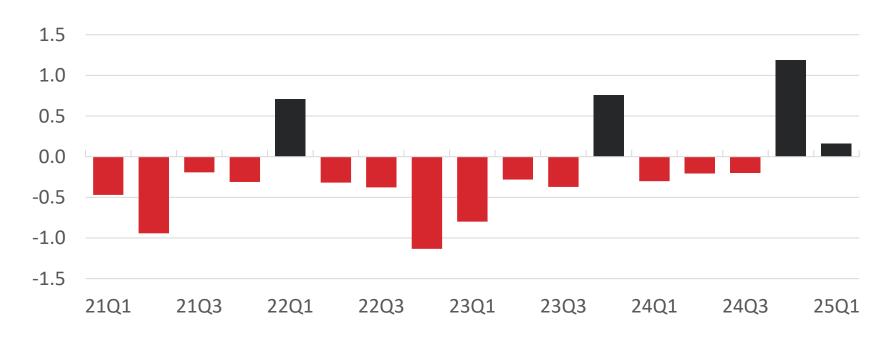


CANADA'S PRODUCTIVITY "EMERGENCY"



LABOUR PRODUCTIVITY POSTS FIRST CONSECUTIVE QUARTERLY INCREASES SINCE COVID

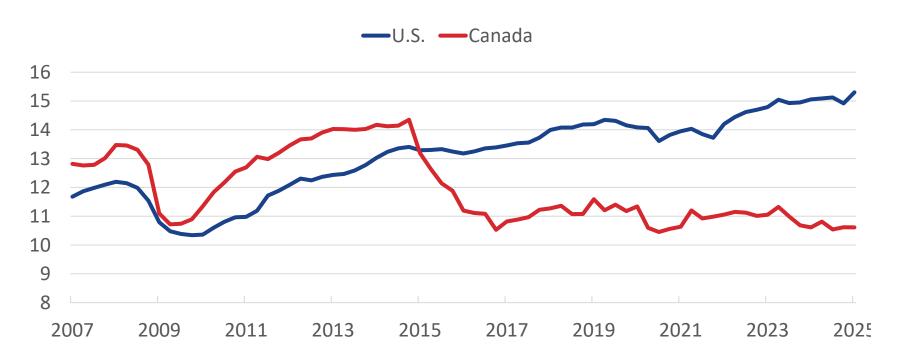
Canada (business sector, quarterly % change, seasonally adjusted)





WEAK INVESTMENT IS THE ROOT OF CANADA'S PRODUCTIVITY CRISIS

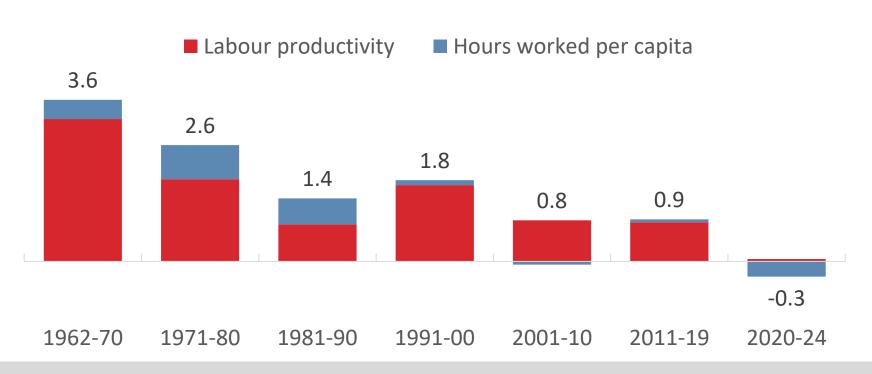
Non-residential business investment as a share of GDP (%)





LONG-TERM SLOWDOWN IN GDP PER CAPITA GROWTH

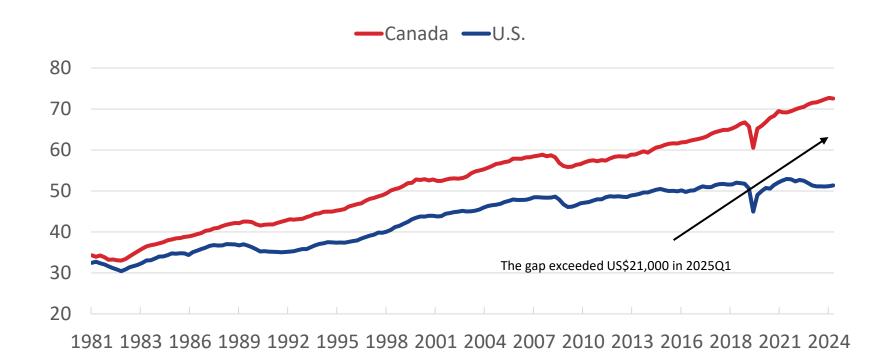
Canada (all industries, average annual compound growth rate)





GROWING GAP IN LIVING STANDARDS BETWEEN CANADA AND THE U.S.

Real GDP per capita (SAAR, USD, PPP converted, 000s)





CME'S RESPONSE TO U.S. TARIFFS: ADVOCATING FOR RELIEF, REFORM, AND GROWTH

- Partnering with the federal government and U.S. allies to advocate directly with U.S. officials for the swift removal of harmful and counterproductive tariffs.
- Advocating for enhanced relief measures, including direct federal and provincial support for manufacturers and workers affected by tariffs.
- Urging the new government to implement comprehensive tax and regulatory reforms to boost the sector's competitiveness across North America and globally, unlocking growth and prosperity.



Q&A

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