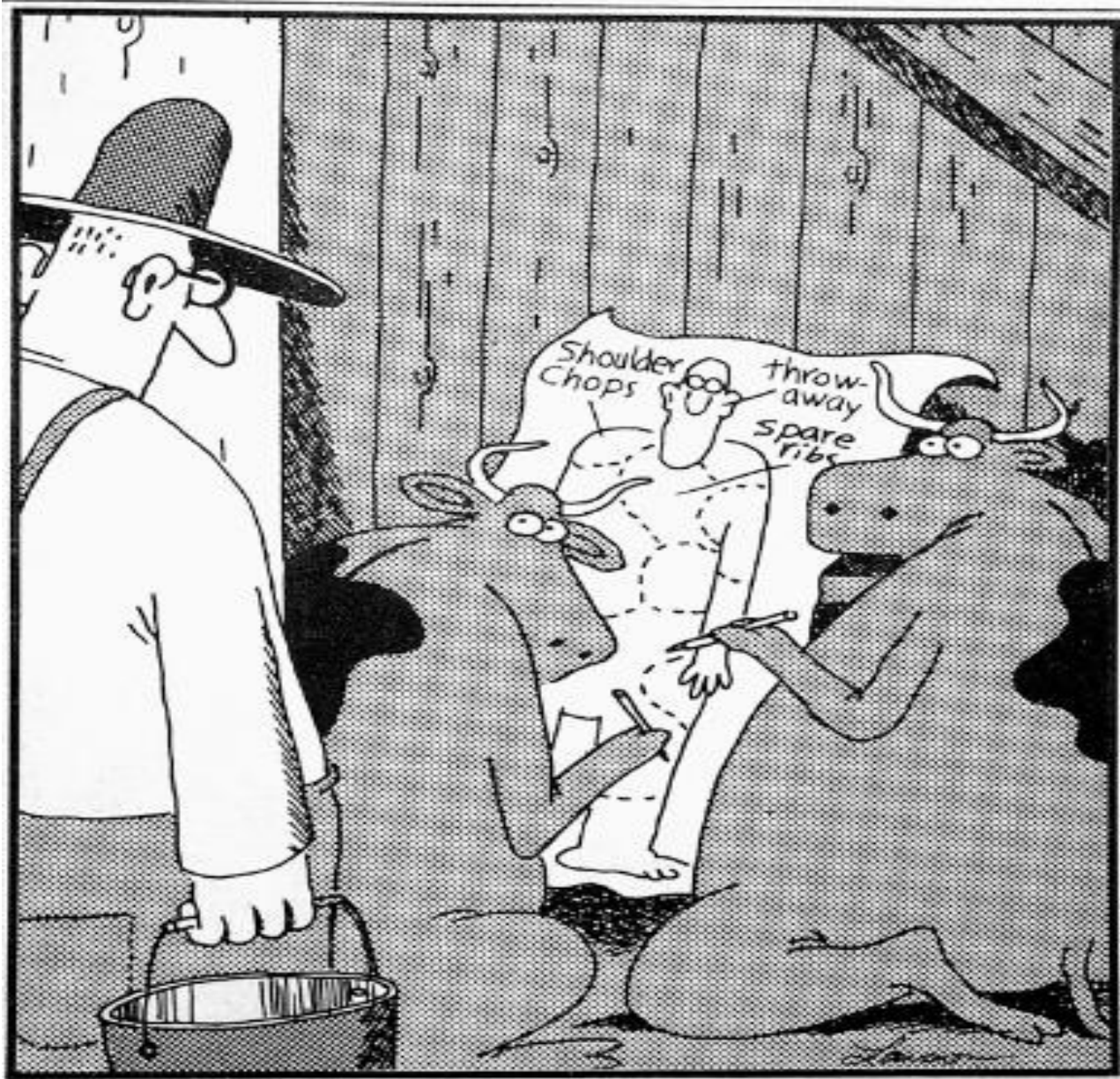


Canadian Trade in an Uncertain World

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Farmer Brown froze in his tracks; the cows stared wide-eyed back at him. Somewhere, off in the distance, a dog barked.

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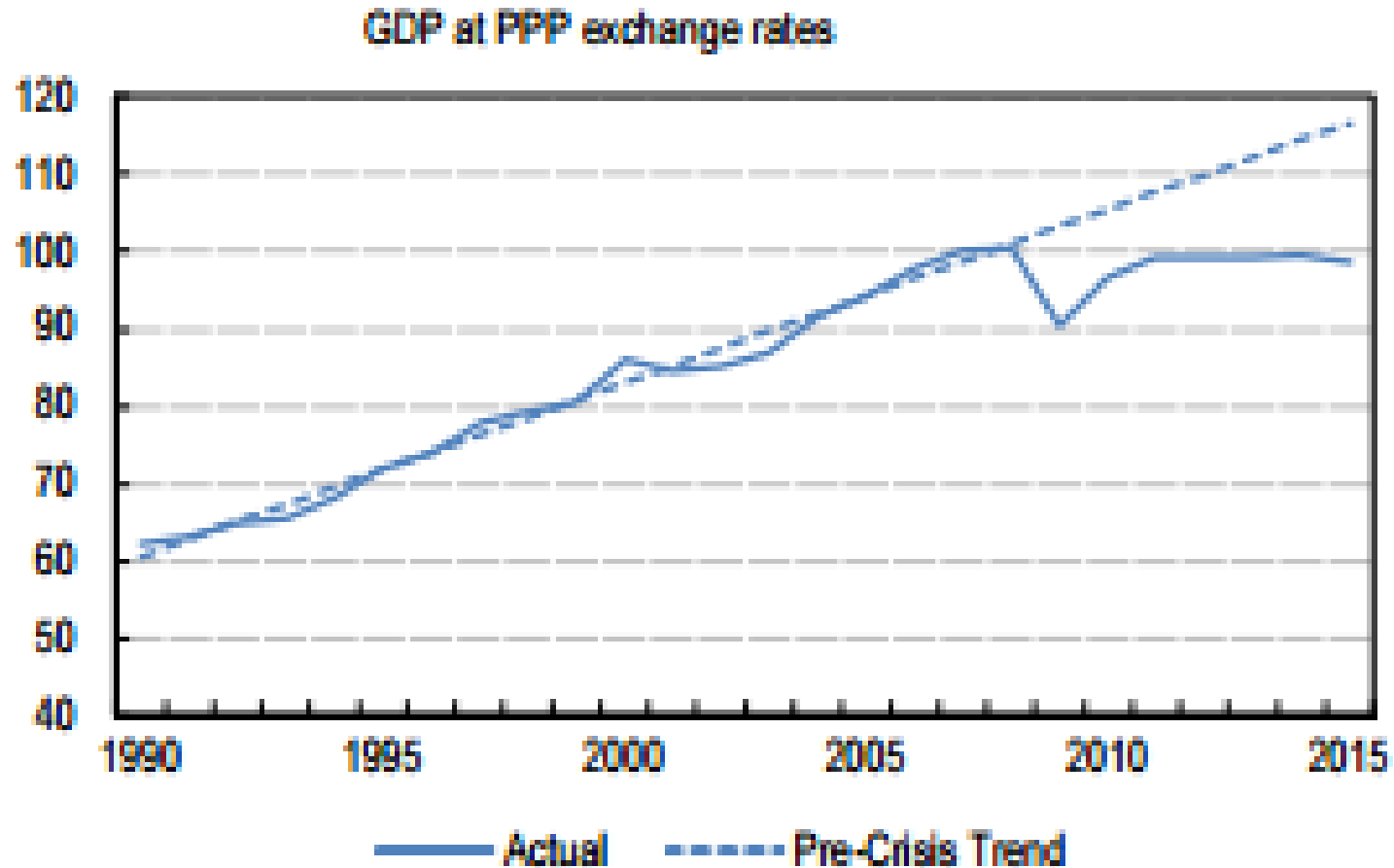
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The Walleye Trade War



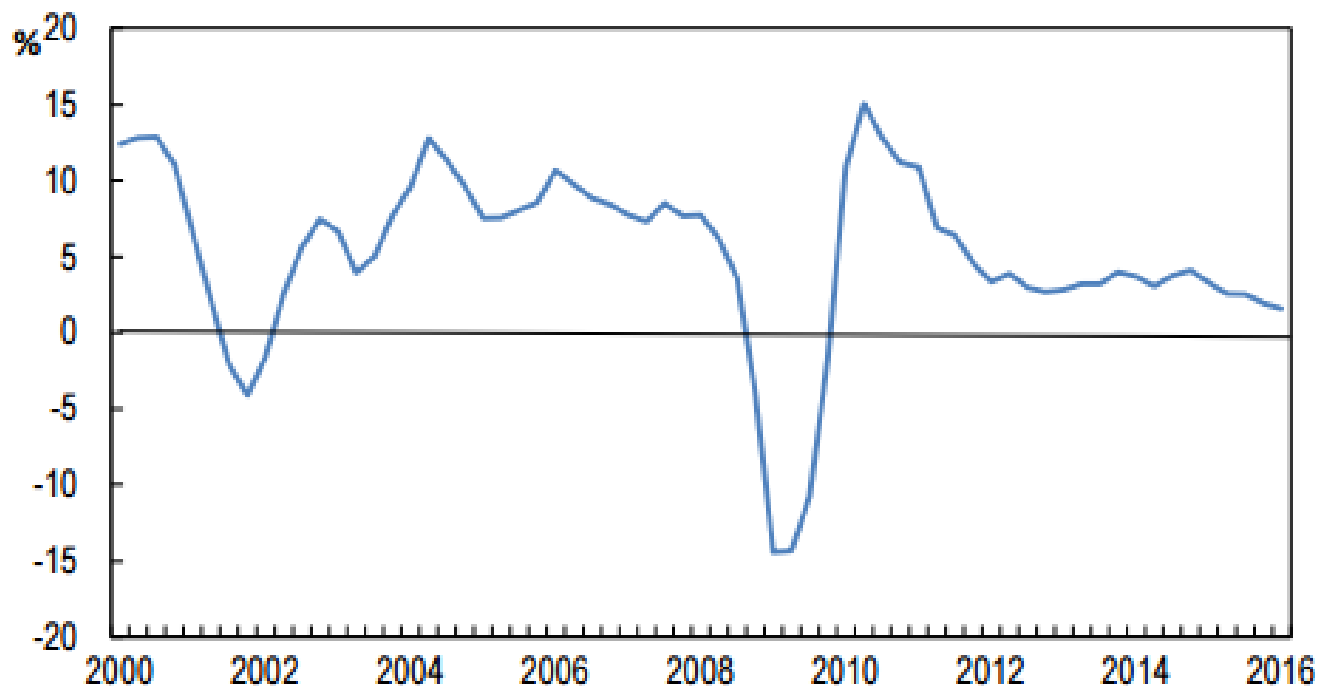
Global growth is slowing



The problem is trade

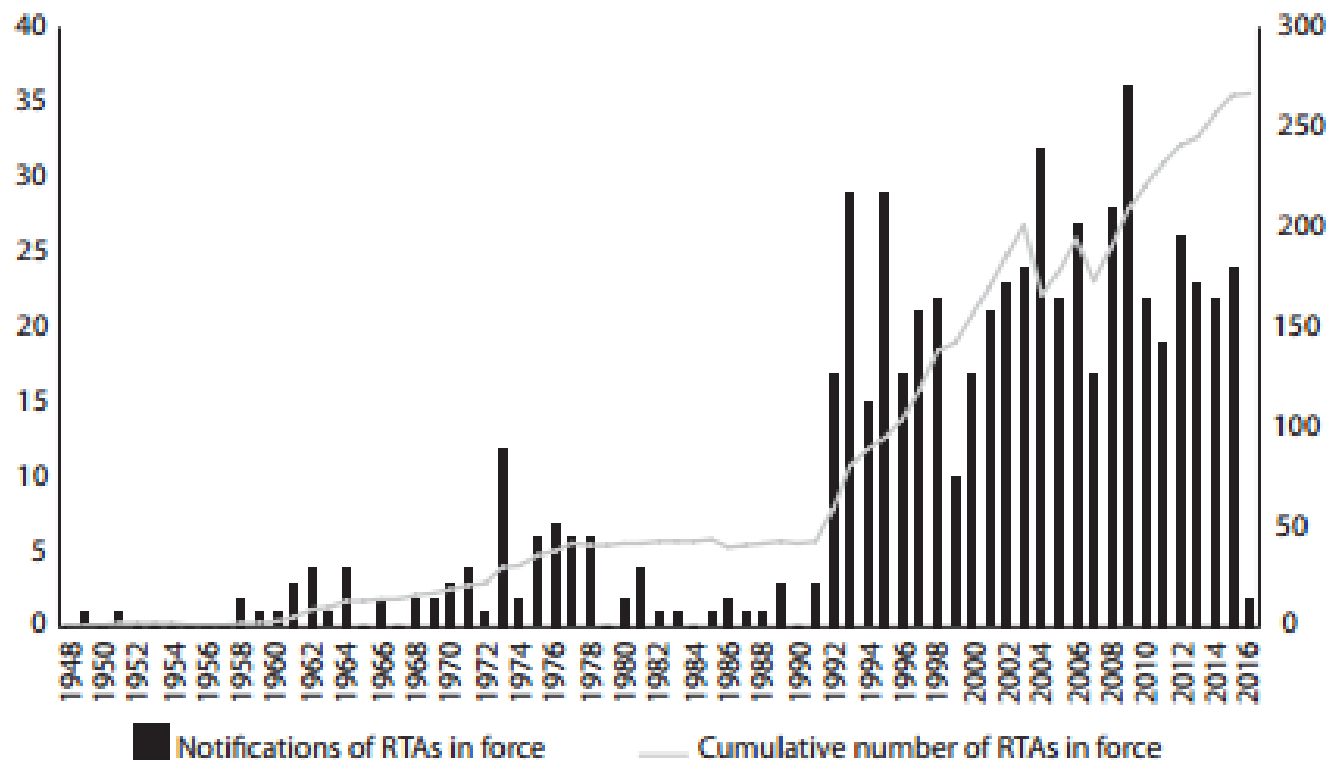
Figure 2. World trade volume growth remains weak

Percentage change, year on year



More Trade Deals, Less Trade

Regional trade agreements notified to the GATT/WTO by year of entry into force, 1948-2016



Source: World Trade Organization's Regional Trade Agreements Information System

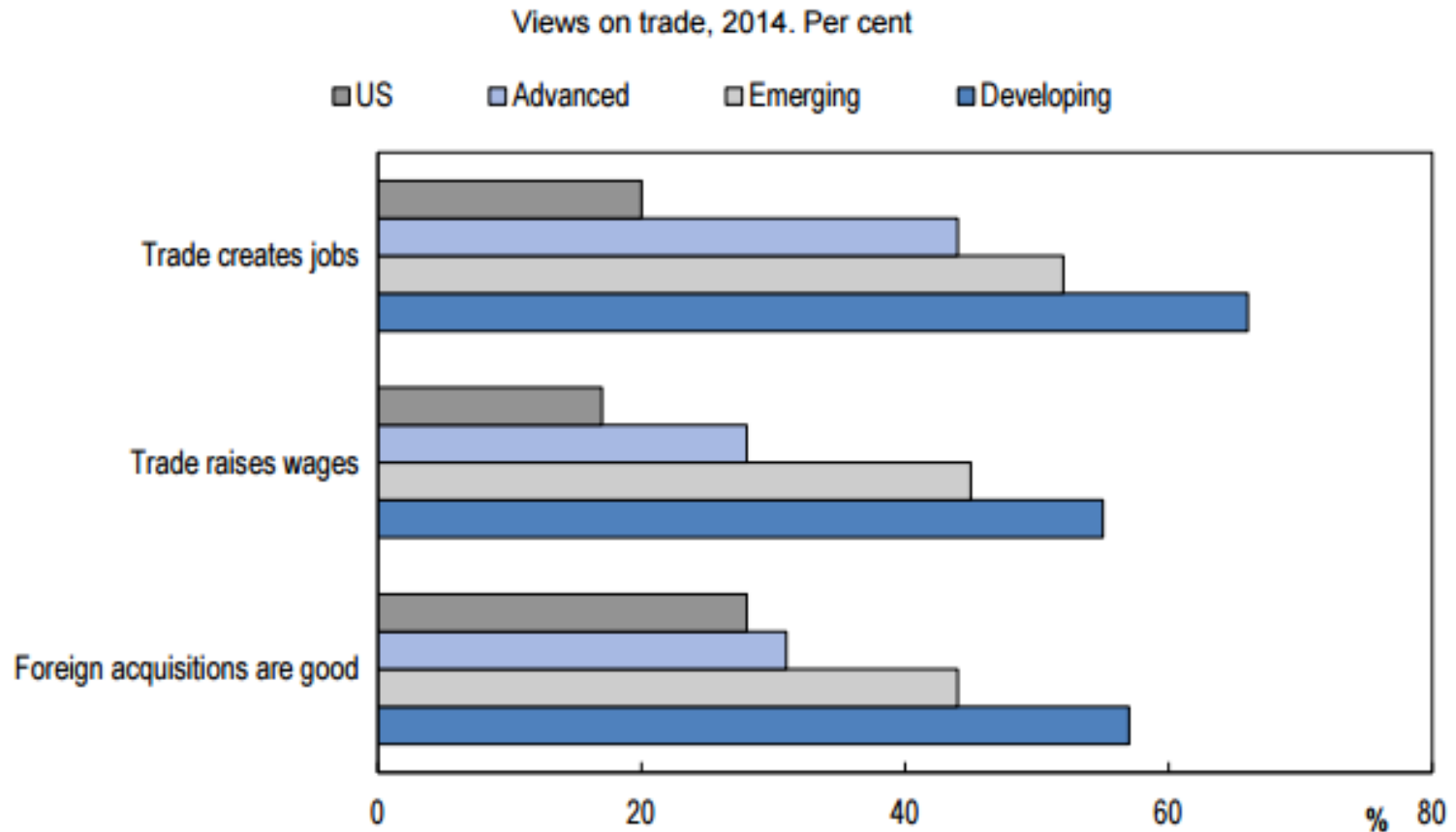
Note: Goods, services and accessions to an RTA are counted separately. Cumulative number corresponds to all RTAs in force as of June 2016.

“The global trade slowdown and a lack of productive investment have sharpened the deep divides between those who have benefited from globalization, and those who continue to feel left behind... And rather than working to change the economic model for the better, many actual and would-be leaders are instead embracing protectionism and even xenophobia.”

Ban Ki-Moon, Secretary-General, United Nations

Growing Trade Skepticism in the Developed World

Figure 17. The majority of the population in advanced countries are sceptical about trade



G7 Countries Are Becoming More Protectionist

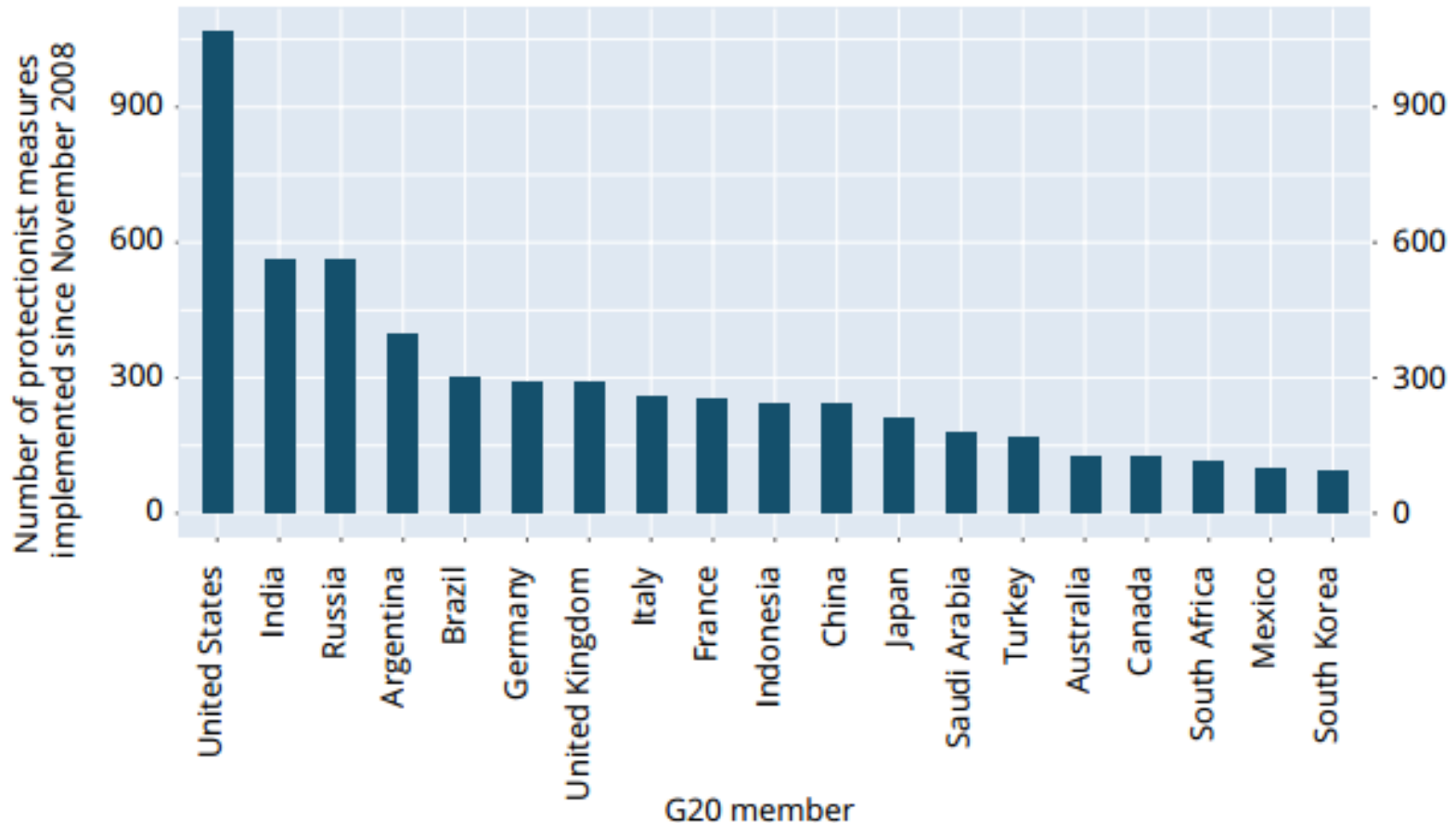
FIGURE 7.3

The G7 and Australia are responsible for an unusually large share of G20 protectionism in 2016.



Ranking the Protectionist Bad Boys

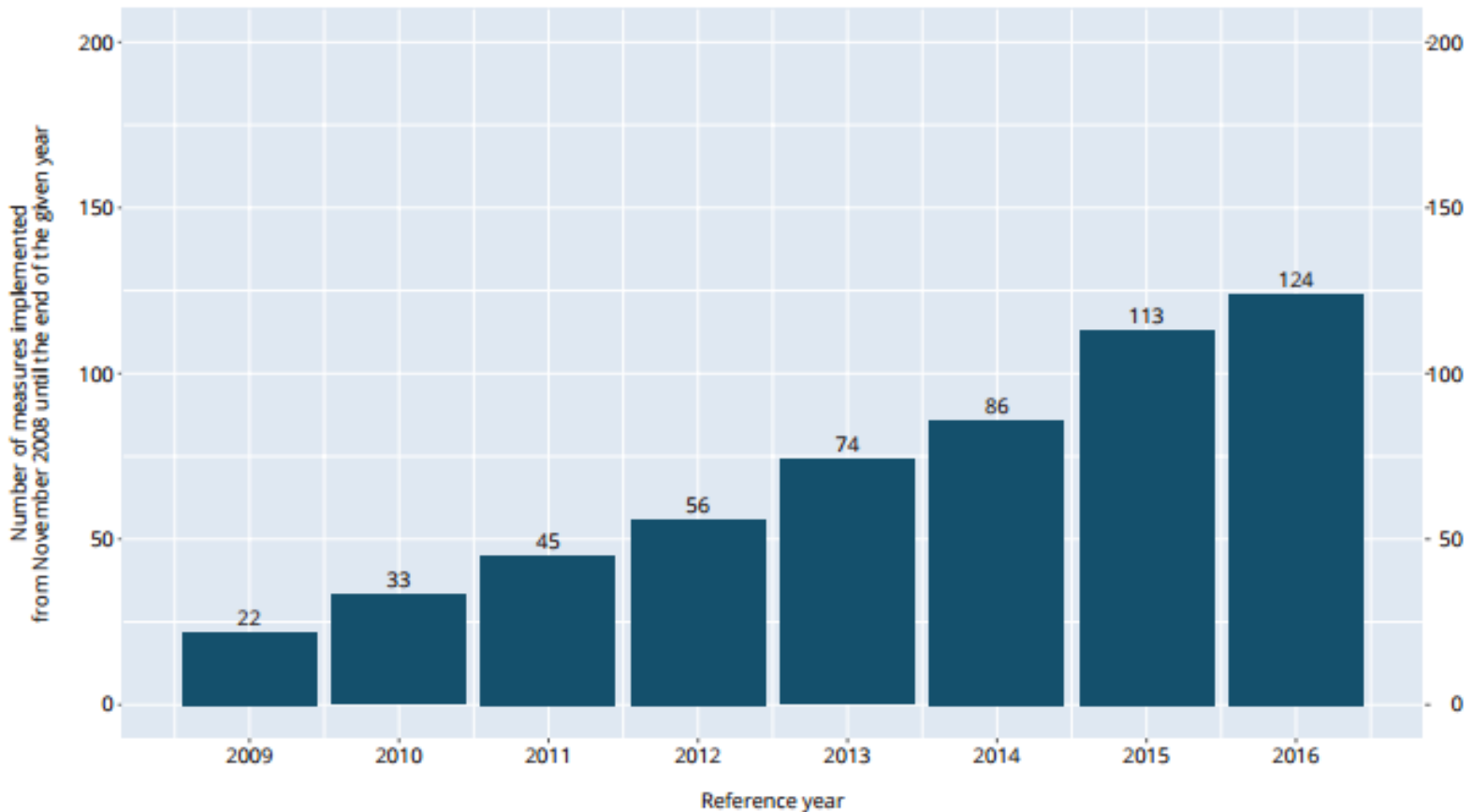
A ranking of G20 members according to the total number of protectionist measures implemented since the first G20 Leaders' Summit in November 2008.



Canada is Part of the Problem

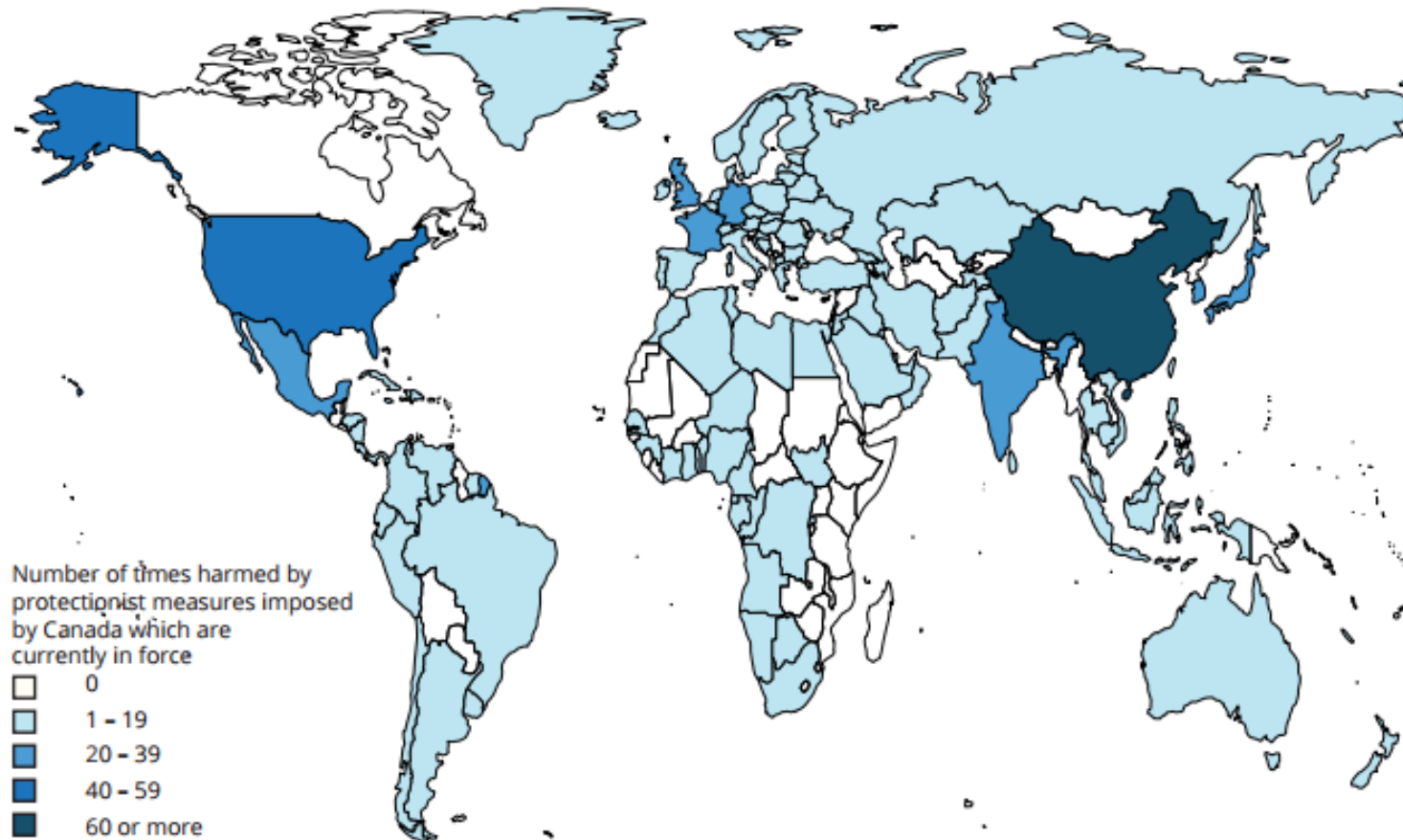
CANADA

Number of discriminatory measures imposed since November 2008



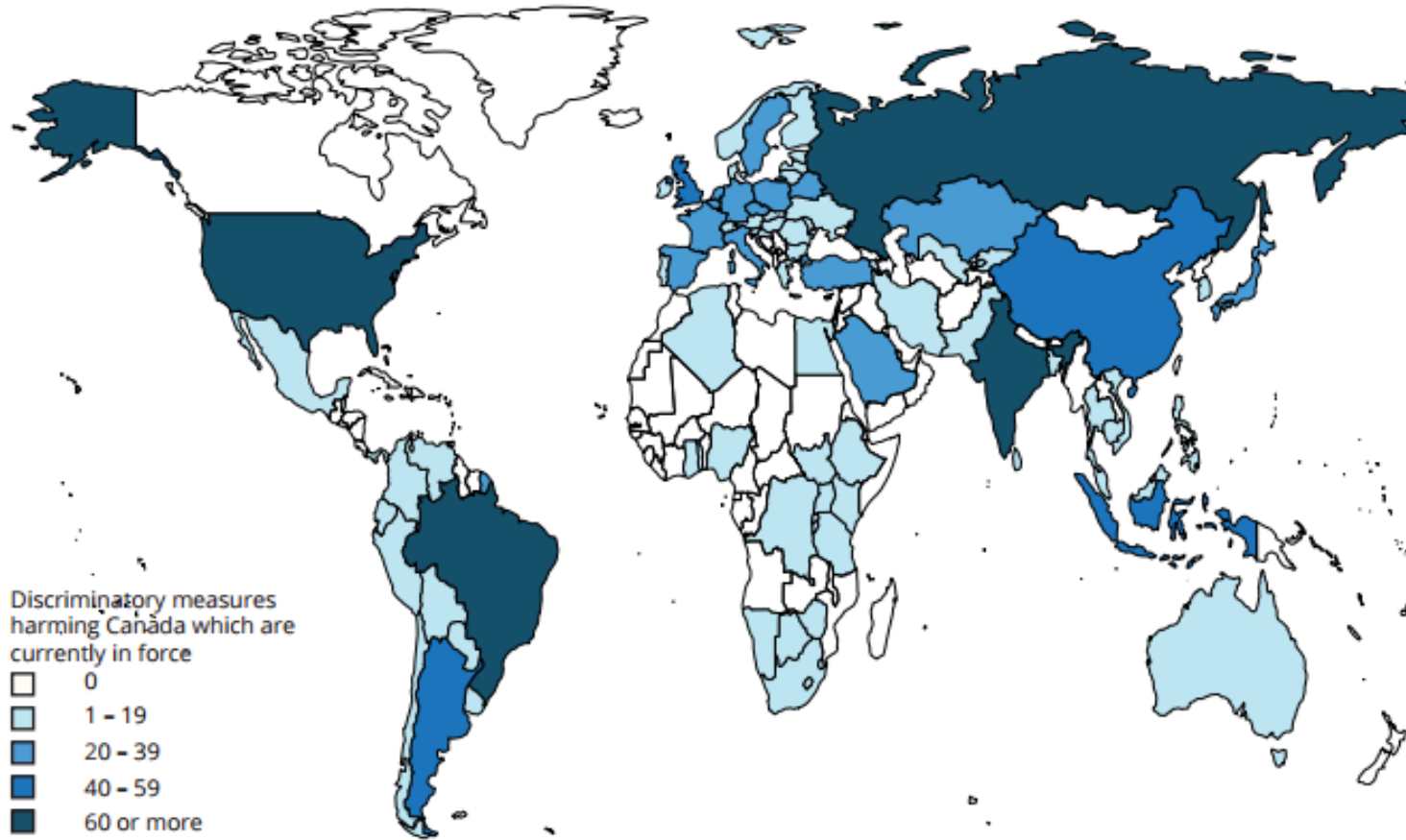
Who We're Hurting

COUNTRIES HARMED BY CANADA'S DISCRIMINATORY MEASURES



Who's Hurting Us

DISCRIMINATORY MEASURES HARMING CANADA'S INTERESTS

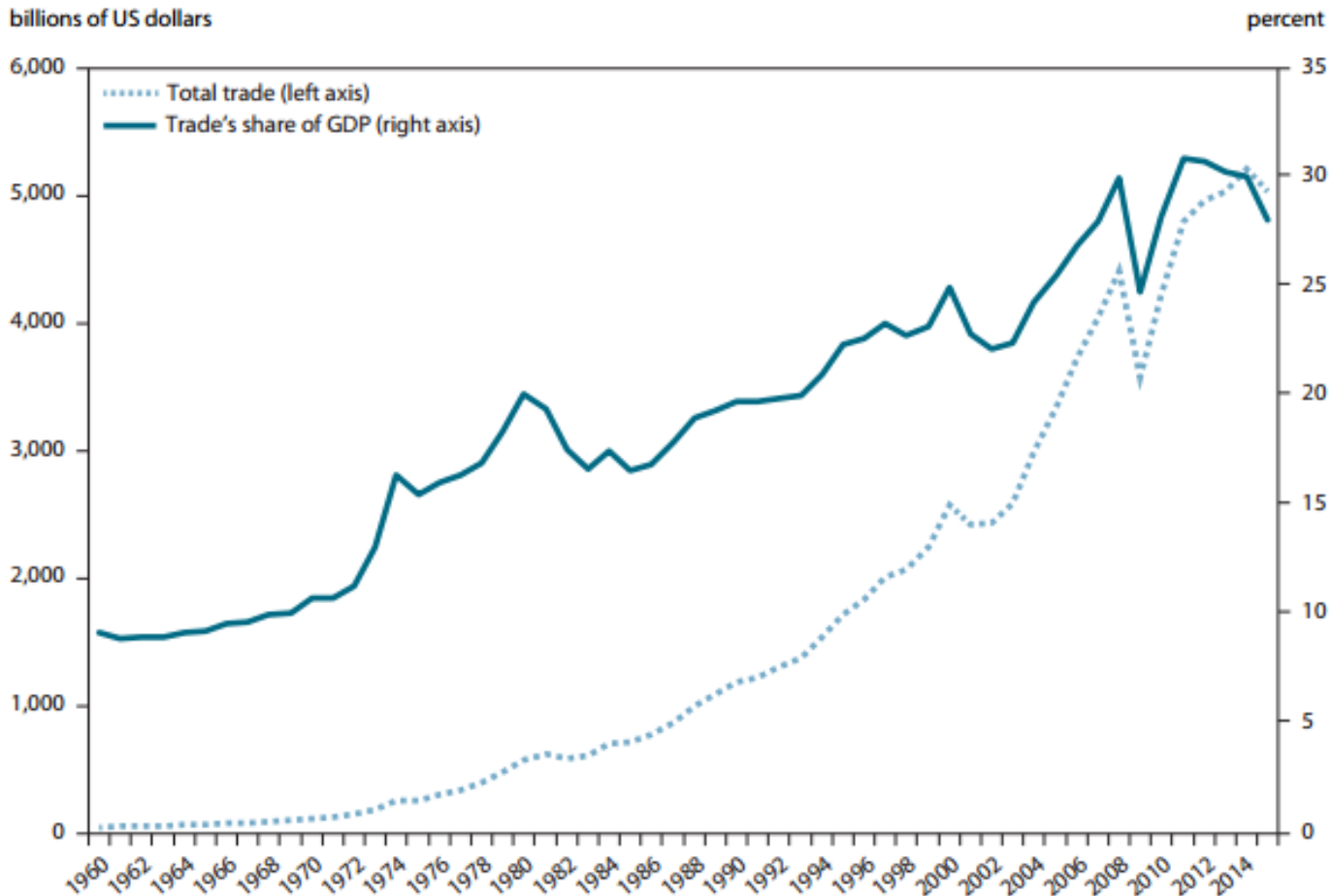


Protectionism and the U.S. Election



Trade is More Important Than Ever to U.S. Economy

Figure 2.1 US trade and GDP, 1960–2015

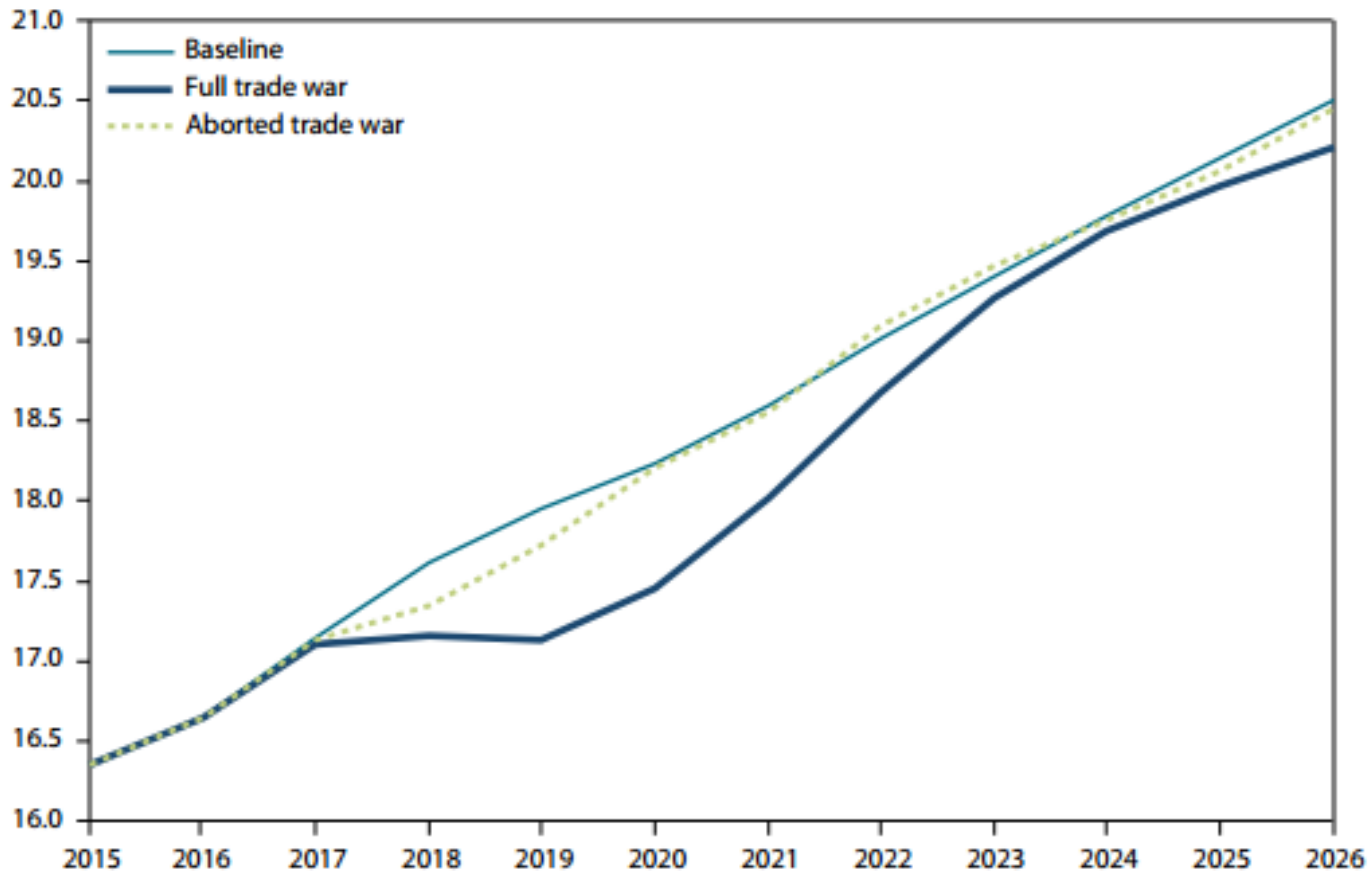


Source: US Bureau of Economic Analysis.

The World According to Trump

Figure 2.2 Projected US GDP under baseline, full trade war, and aborted trade war scenarios, 2015–26

trillions of 2009 US dollars



Source: Authors' calculations.

What Sectors Would be Hit

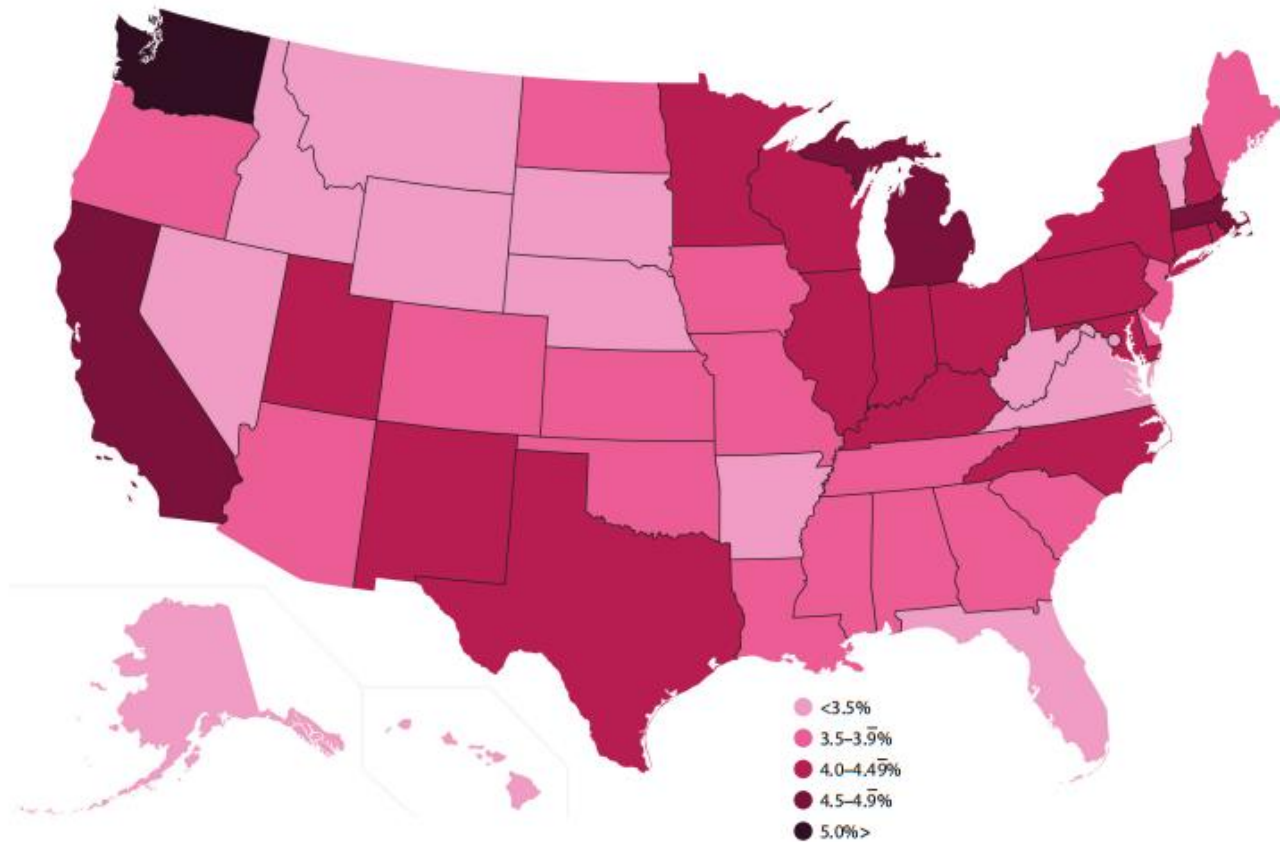
Table 2.2 Sectors projected to be worst-affected by full trade war

| Rank | Sector | Percent of jobs lost | Rank | Sector | Number of jobs lost |
|------|--|----------------------|------|---|---------------------|
| 1 | High-speed drives and gear manufacturing | 10.2 | 1 | Nonspecified retail trade | 311,000 |
| 2 | Construction equipment manufacturing | 10 | 2 | Wholesale trade | 257,000 |
| 2 | Iron and other metal ore mining | 10 | 3 | Hospitals | 192,000 |
| 4 | Semiconductor equipment manufacturing | 9.7 | 4 | Full-service restaurants | 182,000 |
| 5 | Other metalwork manufacturing | 9.6 | 5 | Limited-service restaurants | 158,000 |
| 5 | Fluid power equipment manufacturing | 9.6 | 6 | Employment services | 155,000 |
| 5 | Plastics equipment manufacturing | 9.6 | 7 | General merchandise stores | 134,000 |
| 8 | Turbine manufacturing | 9.5 | 8 | Food and beverage stores | 119,000 |
| 8 | Truck trailer manufacturing | 9.5 | 9 | Management of companies and enterprises | 101,000 |
| 10 | Compressor manufacturing | 9.4 | 10 | Physicians' offices | 91,000 |
| 10 | Industrial furnace and oven manufacturing | 9.4 | | | |
| 10 | Aluminum production | 9.4 | | | |
| 10 | Power, transmission, and transformer equipment manufacturing | 9.4 | | | |

Source: Authors' calculations.

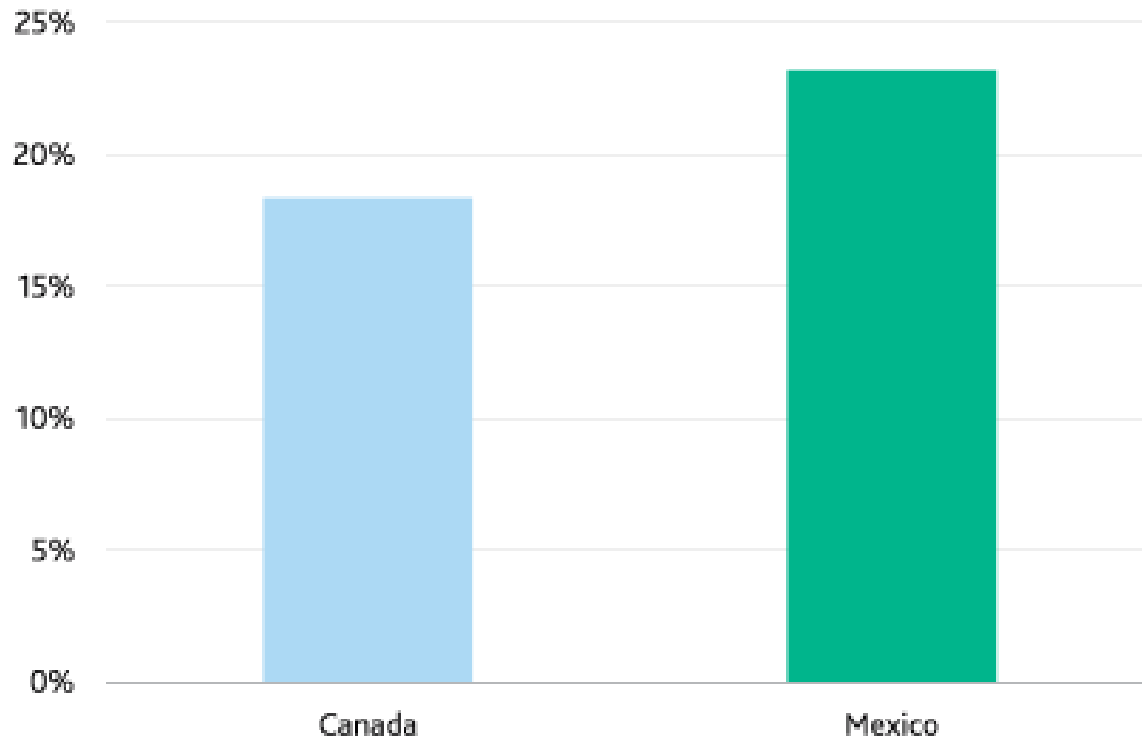
Where the Job Losses Would Hit

Map 2.1 Percentage private sector job loss by US state under full trade war scenario



Canada's Export Exposure to U.S.

Canada is Second Only to Mexico in Terms of Exports to the US as a Proportion of GDP
(% of Total, 2010-15 average)

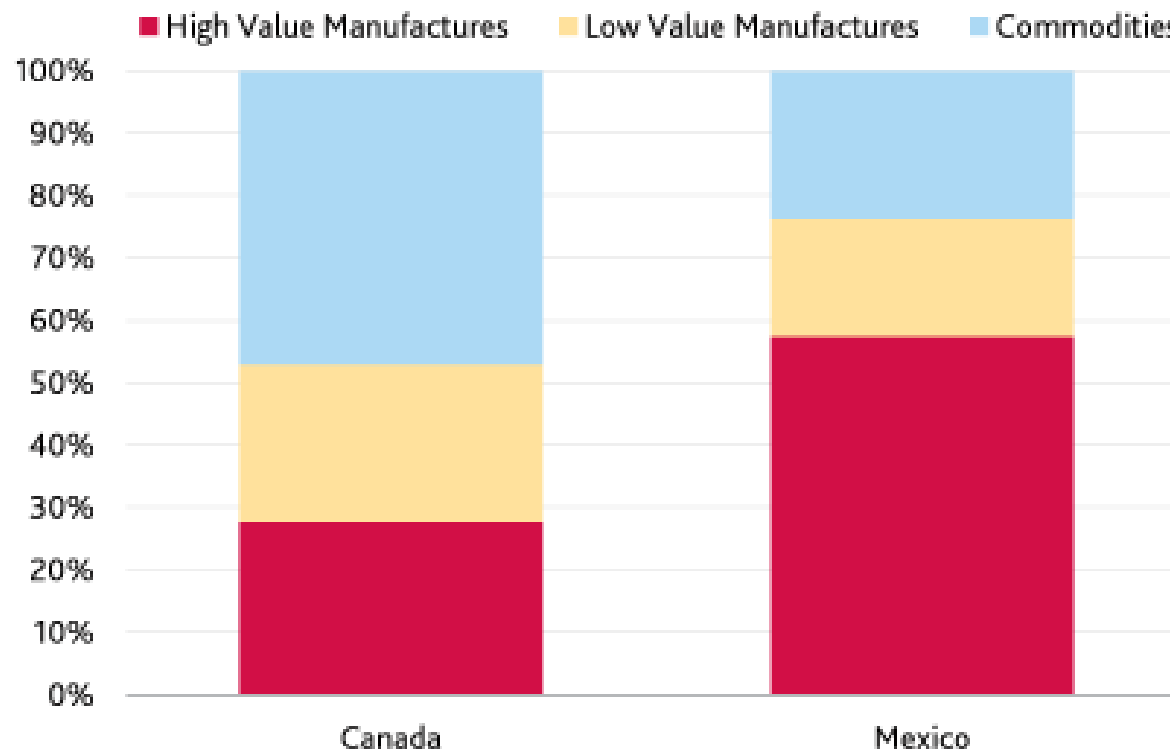


Source: World Bank, Moody's

A Lot Depends on How Much the U.S. Covets Our Resources

Commodities Dominate Canada's Exports to the US, While Mexico Mainly Exports High-Value Manufactured Goods

% of Total, 2010-15 average

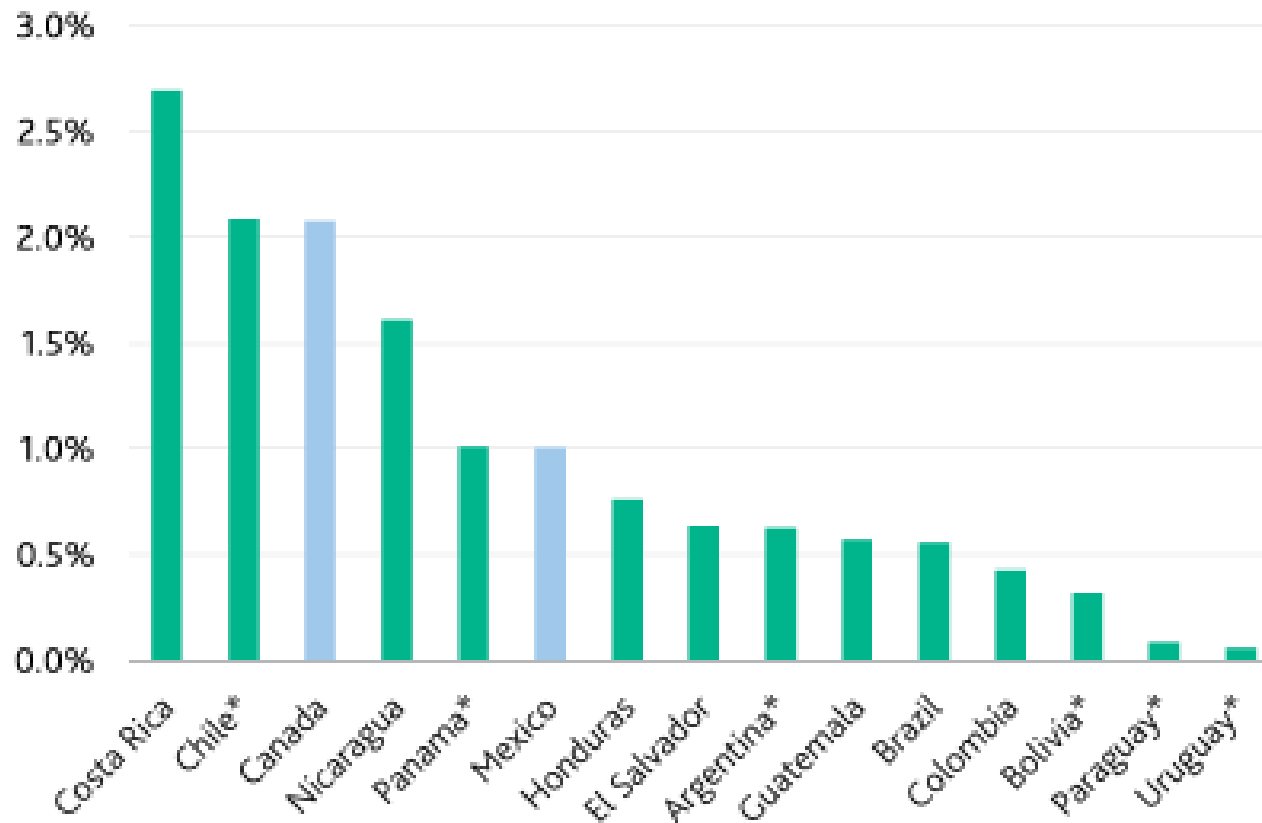


Source: World Bank, Moody's

Canada Depends on U.S. Investment

In Terms of FDI Flows from the US, Canada Ranks 3rd and Mexico 6th

(% of GDP, 2013-15 average, * 2012-14 average)



Source: UN, Moody's

Closer Ties With China?

Canadian Exports of Selected Agri-food Products to China in C\$

| | 2015 |
|---|---------------|
| Canola (seed and oil) | 2,601,362,139 |
| Soybeans | 588,473,484 |
| Wheat | 333,454,534 |
| Pulses | 316,180,219 |
| Pork and products | 234,143,999 |
| Hides & Skins | 165,828,355 |
| Wheat | 333,454,534 |
| Barley | 265,227,298 |
| Beef | 255,166,783 |
| Hides & Skins | 165,828,355 |
| Malt | 2,935,564 |
| Sugar (sugar candy, sugar confectionery) | 1,259,447 |
| Special crops (buckwheat, mustard, canary seed, sunflower seed) | 515,929 |

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