



CHARTERED
PROFESSIONAL
ACCOUNTANTS
CANADA

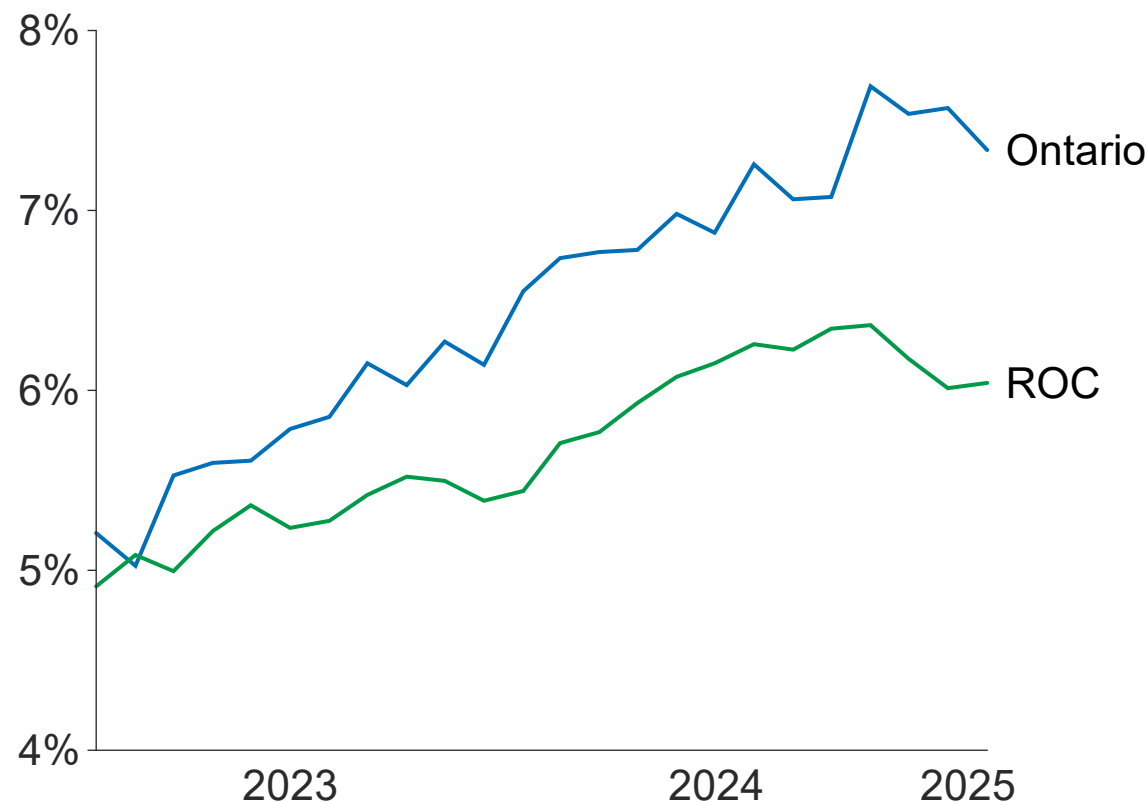
COMPTABLES
PROFESSIONNELS
AGRÉÉS
CANADA

Tariffs and Trade wars

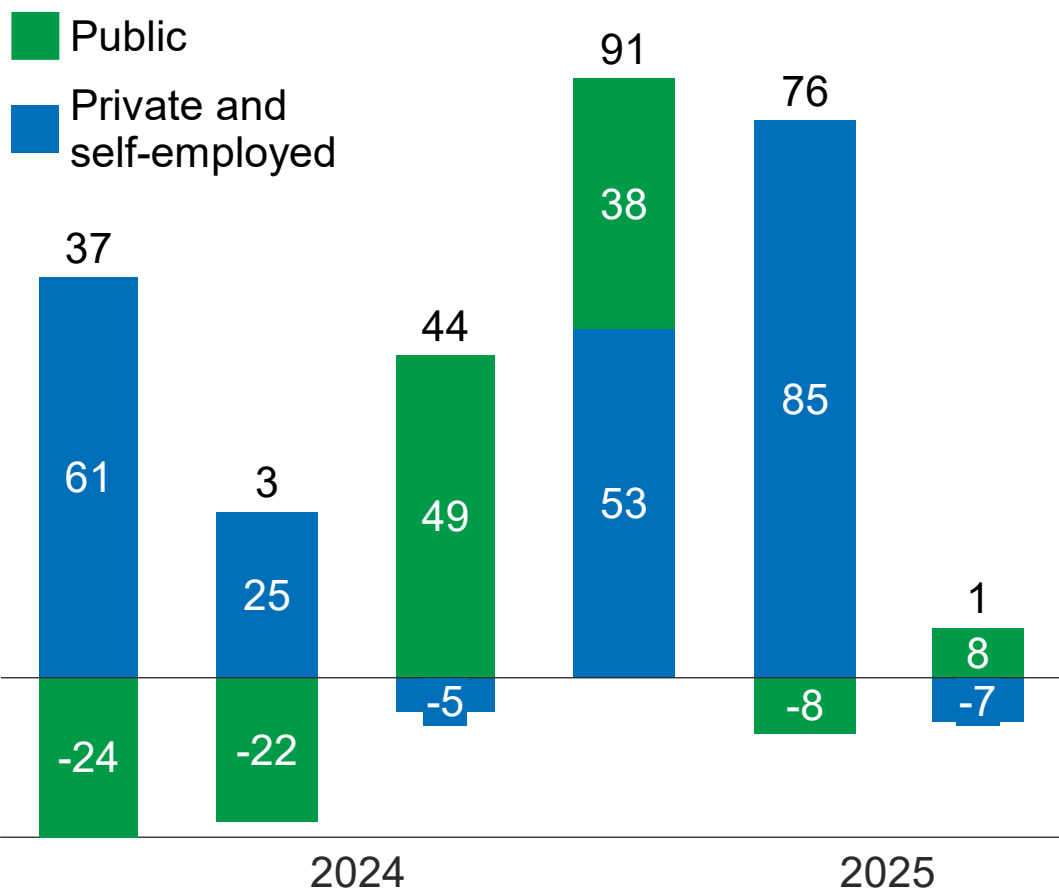
March 28, 2025

Labour market was recovering...

Unemployment rate, in %



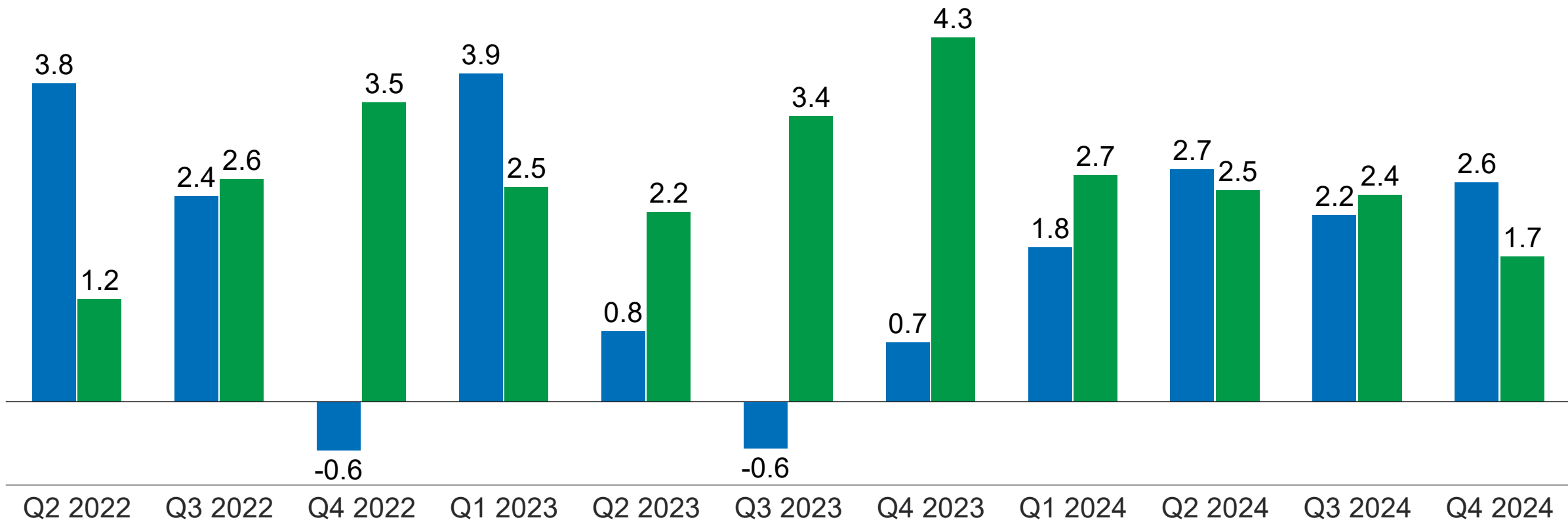
Job growth, in 000's



...and GDP was finally catching up to population

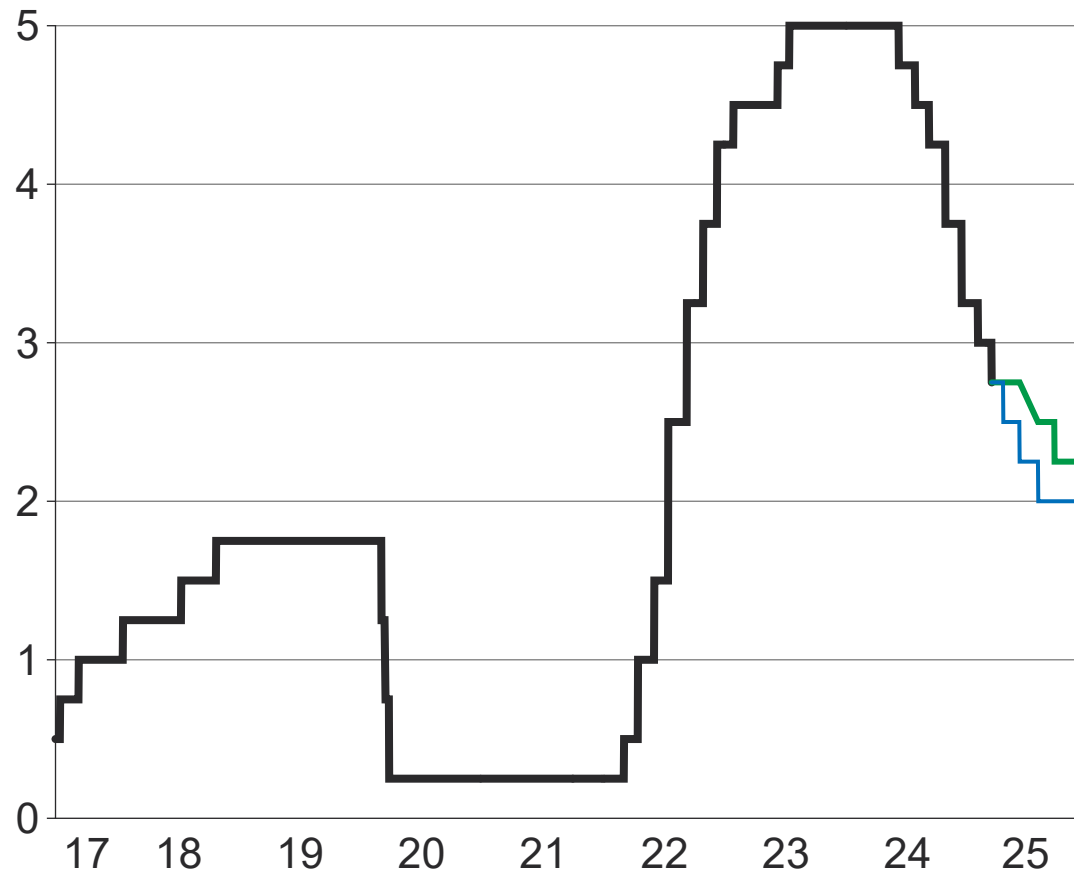
Quarterly growth expressed in annual equivalent, in %

■ GDP ■ Population

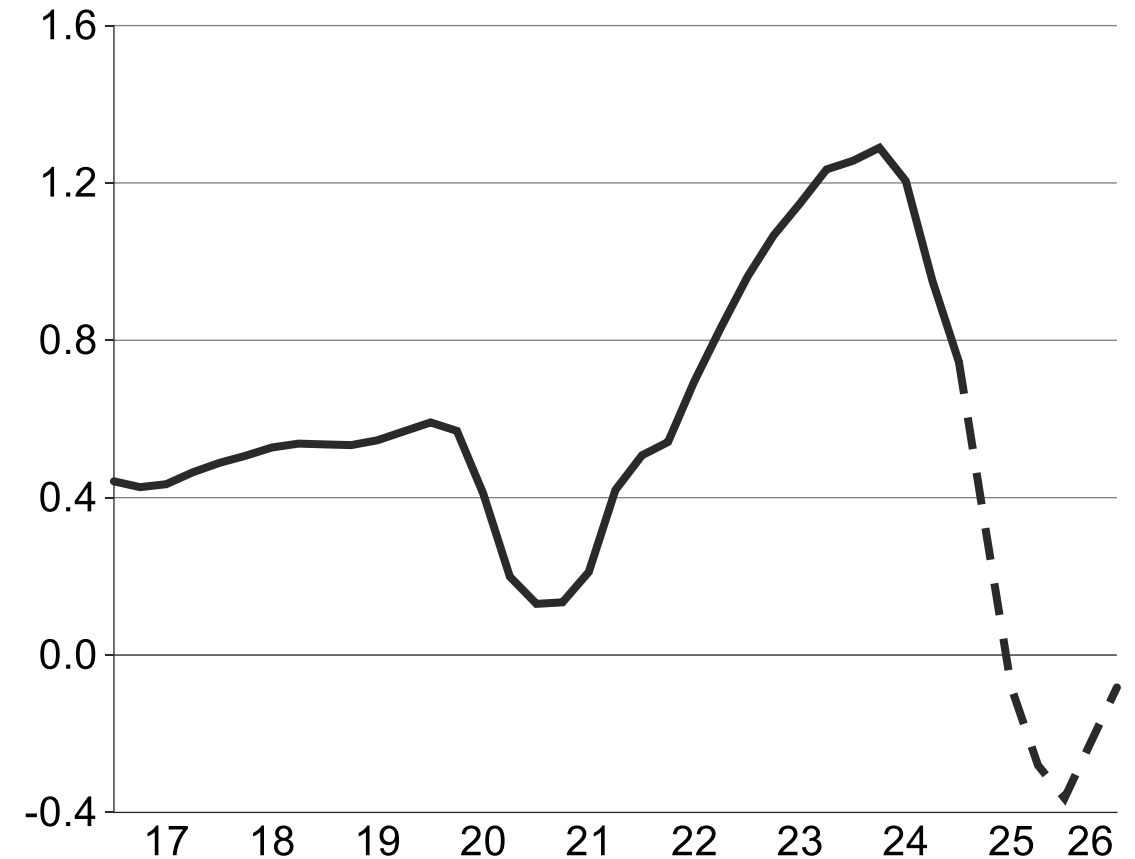


Tailwinds to the CAN economy evaporating

Policy rate, in %

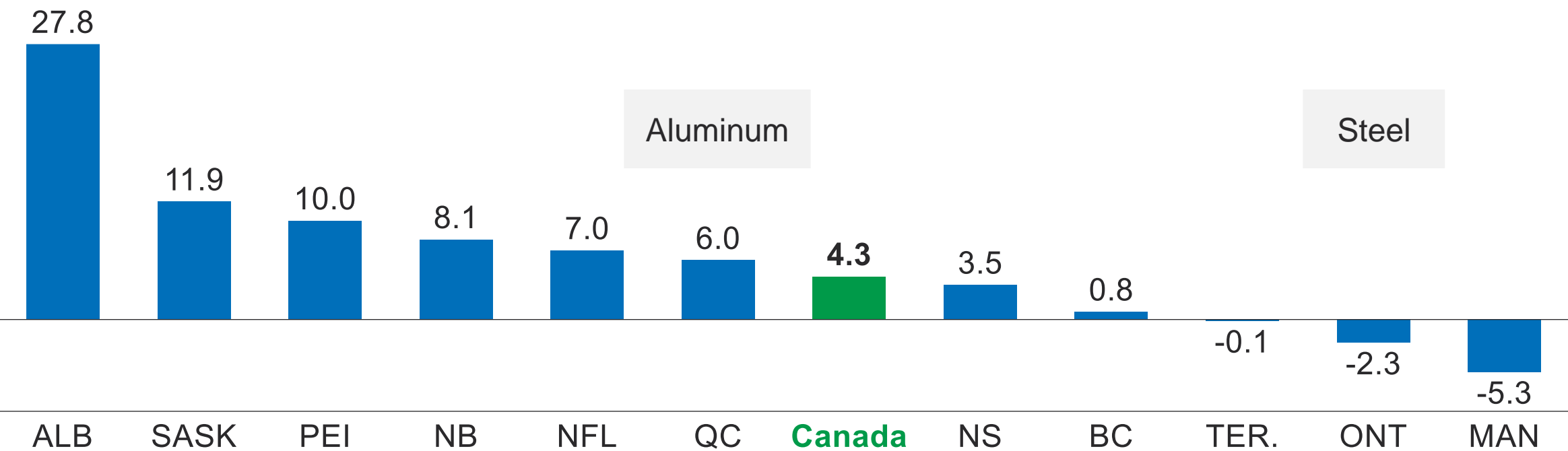


Annual population growth, in millions



Trade across Canada

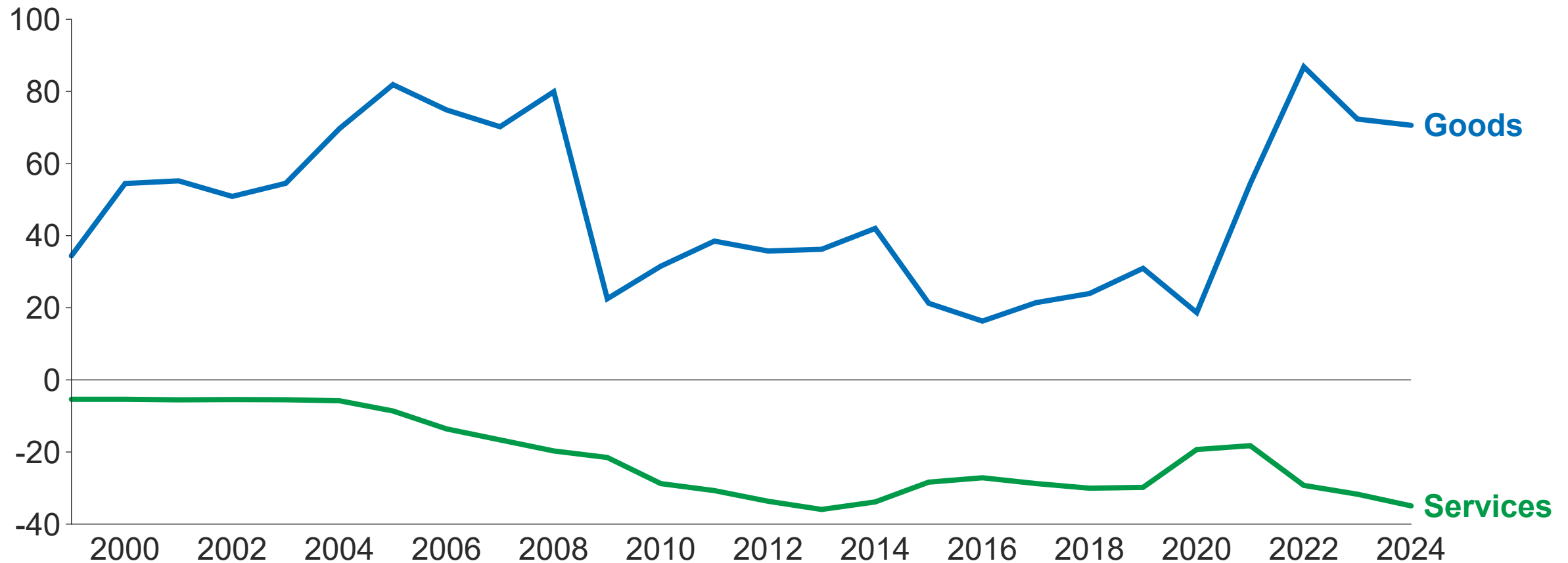
Trade balance per capita, in k\$



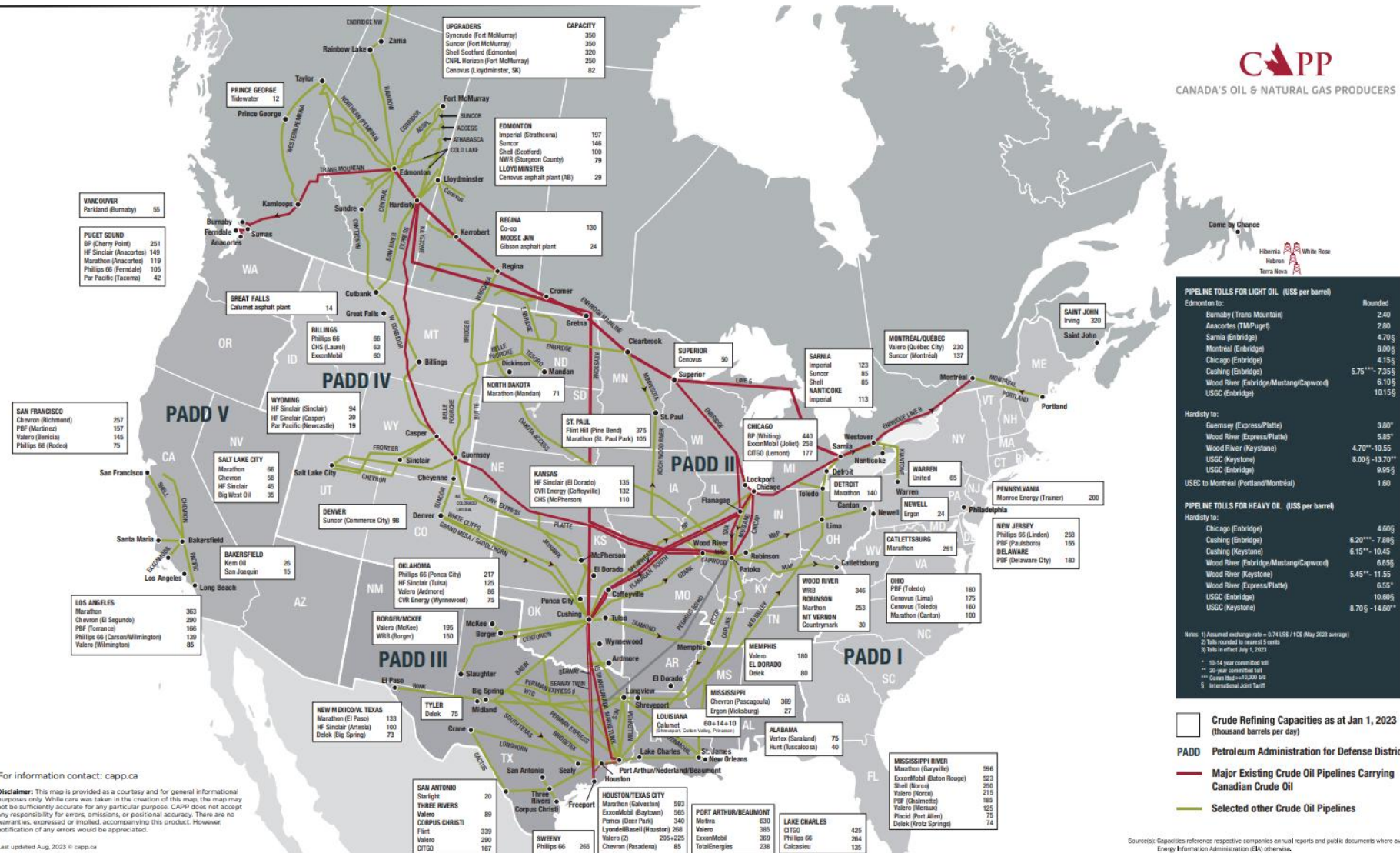
Trade as % of output											
25	18	12	30	10	13	20	6	9	1	24	26

Trade balance with the United States

Canada's trade balance with the US, in billions of US\$



CAN-US Integration : Pipelines and grid



Shipping though train or truck is not feasible as scale because it is too costly

Pipeline system has systematically run into capacity issues

No east-west pipeline connection to ship by boat through eastern provinces

Electric connections have expanded

Importance of auto industry

FR

1.5

Millions vehicles produced

128 000

Auto manufacturing jobs in Canada

7.7%

Of vehicles for domestic consumption

\$51 B

Vehicle exports

93%

Exports going to United States

8 times

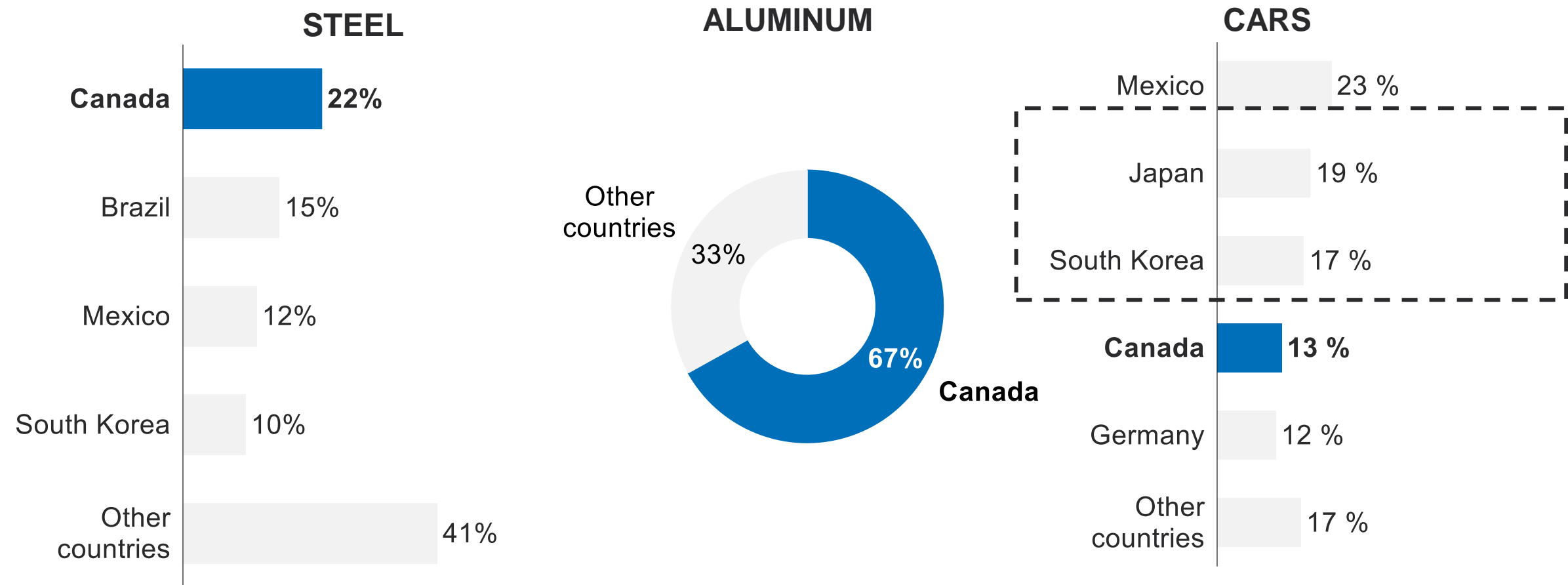
Components and parts crossing the border

American trade policy cheat sheet

American trade policy	Targets	Retaliation	Status
<ul style="list-style-type: none"> • 25% on goods • 10% on Canadian energy 	Canada	<ul style="list-style-type: none"> • 25% on \$30 B of US goods • 25% on \$125 B of US goods 	Paused (except Can first wave)
<ul style="list-style-type: none"> • 25% on goods • 10% on potash 	Mexico		Paused
<ul style="list-style-type: none"> • 20% on goods 	China	<ul style="list-style-type: none"> • 10-15 % on US farm exports, energy products • Investigation into US optical fibre 	Ongoing
<ul style="list-style-type: none"> • 25% on steel and aluminum 	World	<ul style="list-style-type: none"> • EU : tariffs on \$26 B of US exports • CAN : 25% on \$30 B of US exports 	Ongoing
<ul style="list-style-type: none"> • Investigation on lumber, copper 	World		Ongoing
COMMERCIAL THREATS			
50% on Canadian goods, 250% on Canadian dairy		25% on worldwide automobiles , copper, lumber & timber, pharmaceuticals, semi-conductors	
25% on EU goods, 200% on EU wine		Worldwide reciprocal tariffs	

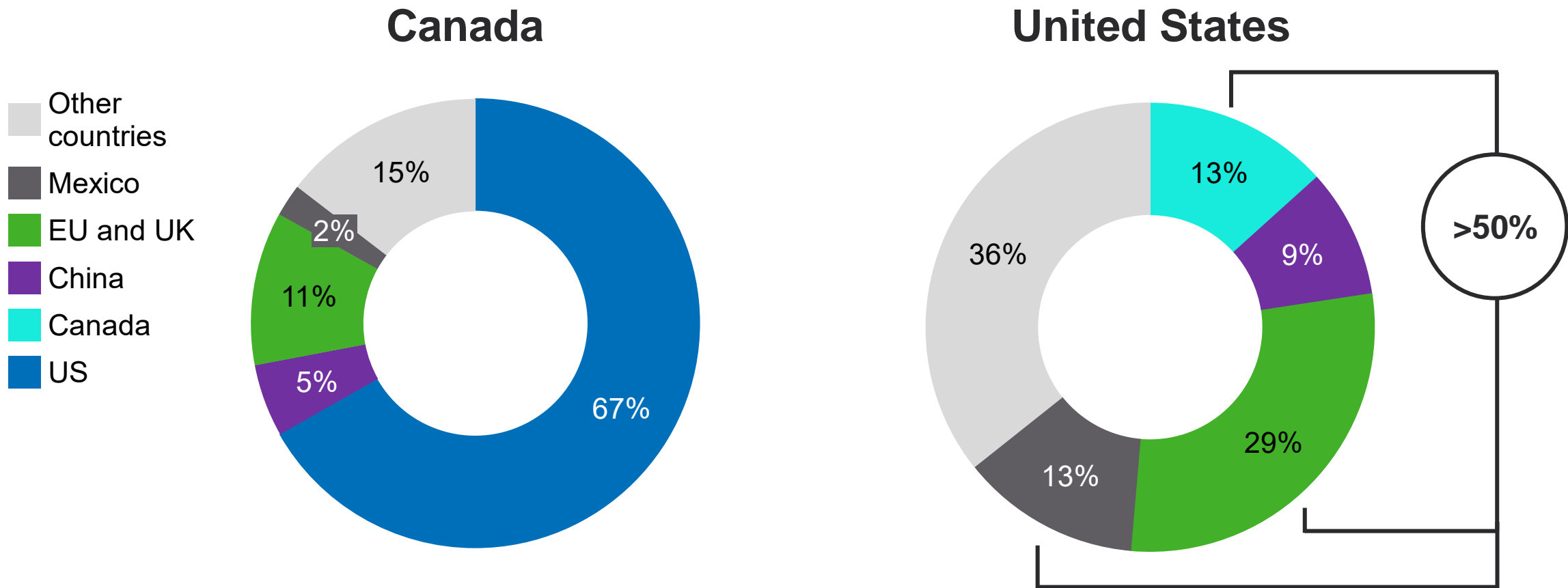
Worldwide tariffs impact Canada significantly

Total of US imports by country, in %



On the verge of a power shift

International trade by trade partner, in % of total



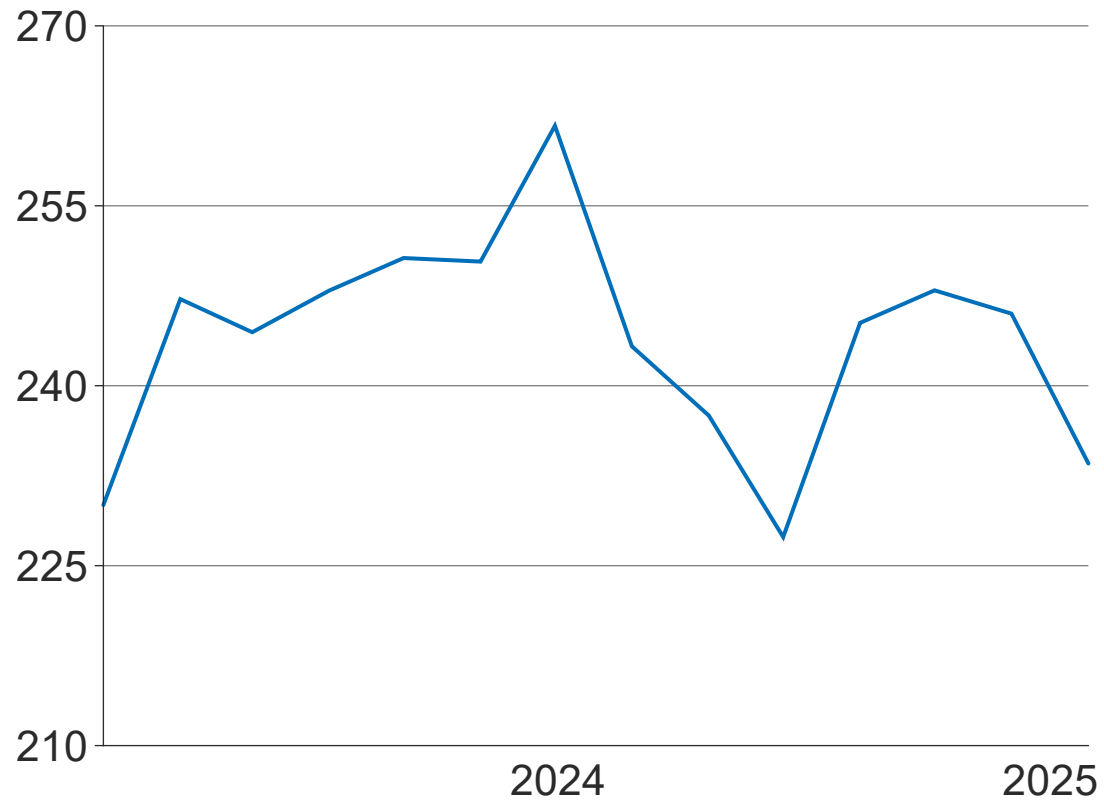
Implications of different trade scenarios

	IMPACT ON CANADA			
	Policy uncertainty (PU)	PU and tariffs on aluminum and steel (TSA)	PU, TSA and tariffs on automobile	25% tariffs on goods and 10% on energy
GDP	Slowed growth	Stunted growth	Recession	Recession
Jobs	Little to no job growth	Little to no job growth	Job loss	Significant job loss
Inflation	Increased inflation	Increased inflation	Increased inflation	Widespread increase in inflation

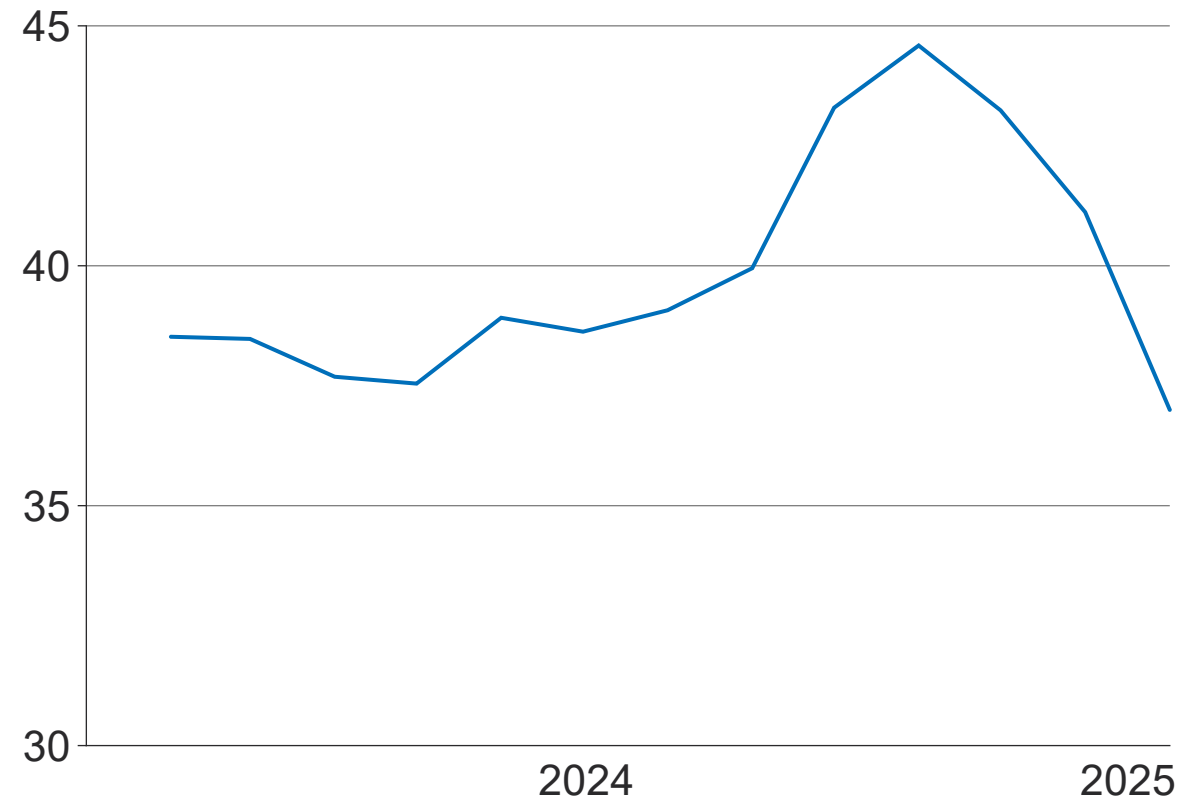
Housing market losing momentum

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Housing starts, in 000's

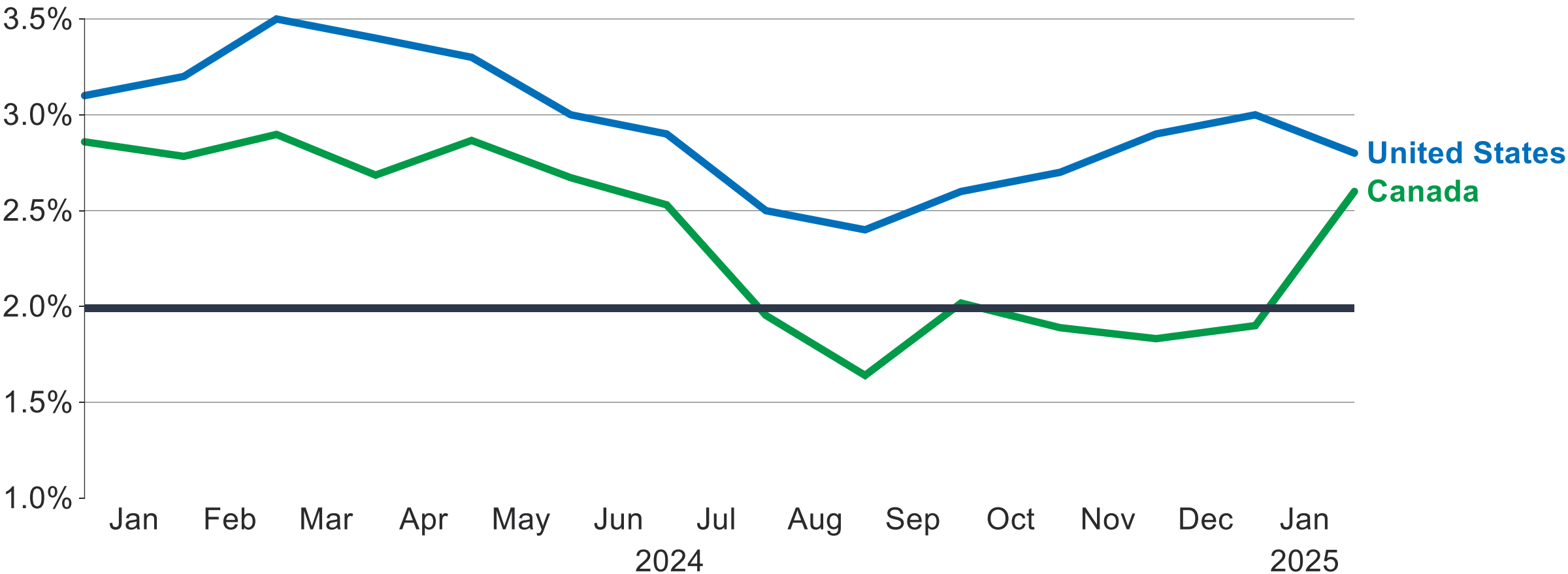


Housing sales, in 000's



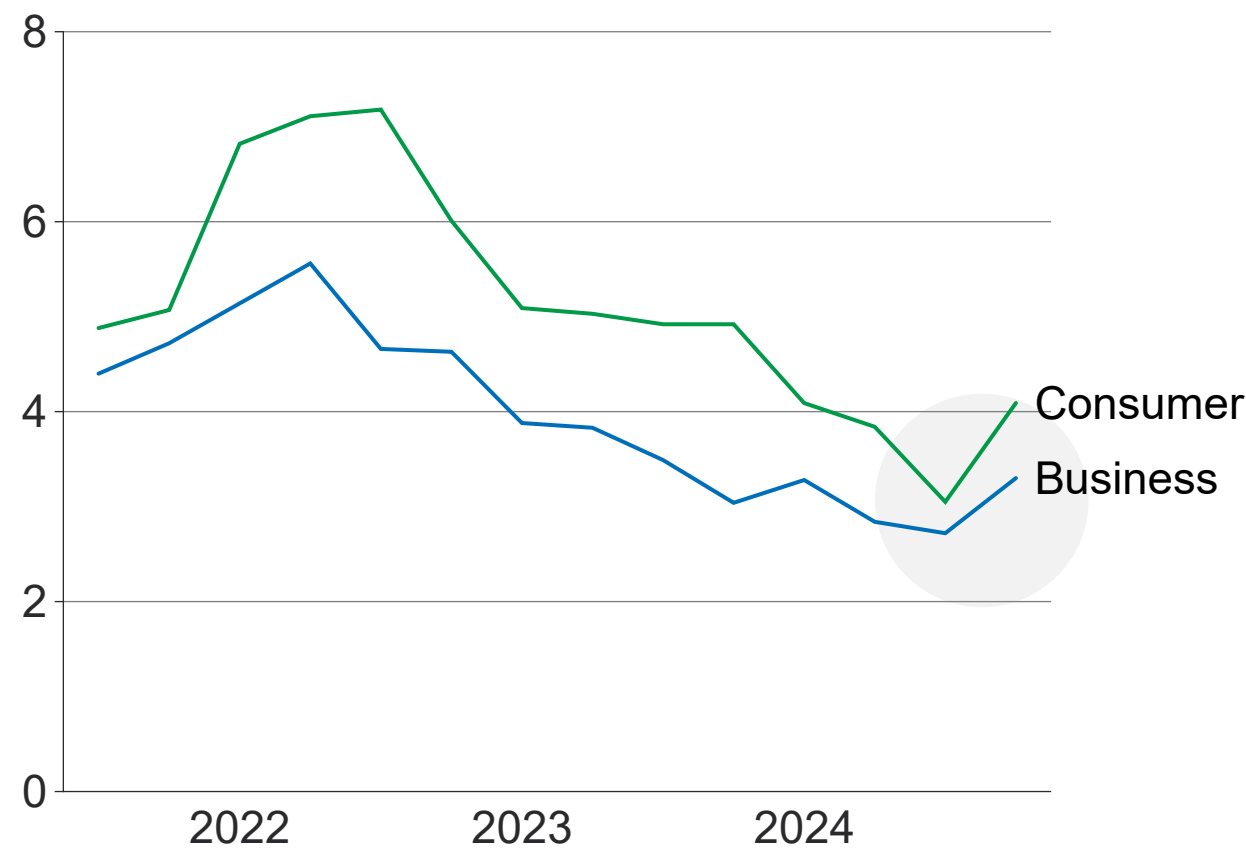
We thought the fight on inflation was over

Annual inflation, in %

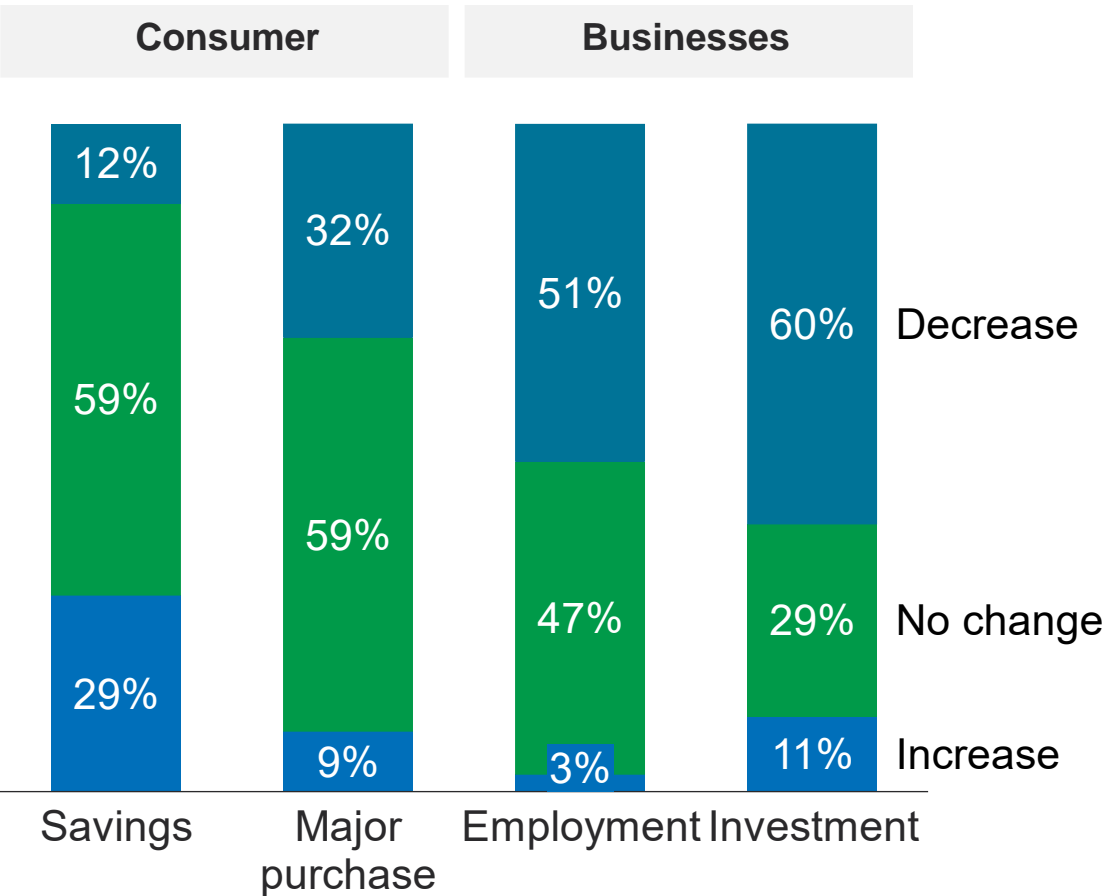


Canadians are already reacting

Inflation expectations 1-year ahead

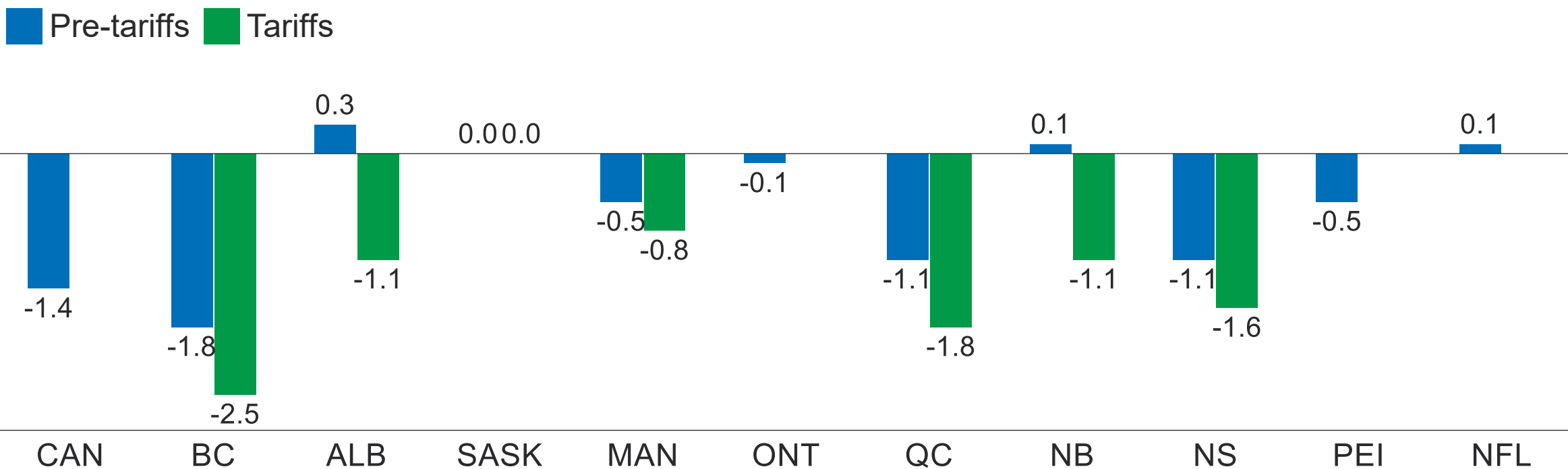


Impact of trade uncertainty



Unnecessary pressure on public finances

Surplus (deficits) in 2025-2026, in % of GDP



Net debt as % GDP										
47	19	9	13	37	39	39	28	35	28	42

Economic damages spreading to NA

	Canada	United States	Europe
Job growth	▲ 1 100 <i>February</i>	▲ 151 000 <i>February</i>	▲ 0.5 % <i>Q4 - 2024</i>
Inflation <i>(February)</i>	2.6% (▲) <i>(above expectation)</i>	2.8% (▼) <i>(below expectation)</i>	2.3% (▼) <i>(slightly above expectation)</i>
Consumer confidence	▼▼▼	▼▼	▼
Stock market	▼0.5% <i>(TSX)</i>	▼6% / 4% / 10% <i>(S&P 500 / Dow / NASDAQ)</i>	▲7% / 2% / 3% <i>(DAX / FTSE / EURO STOXX)</i>

Automobile industry is reacting

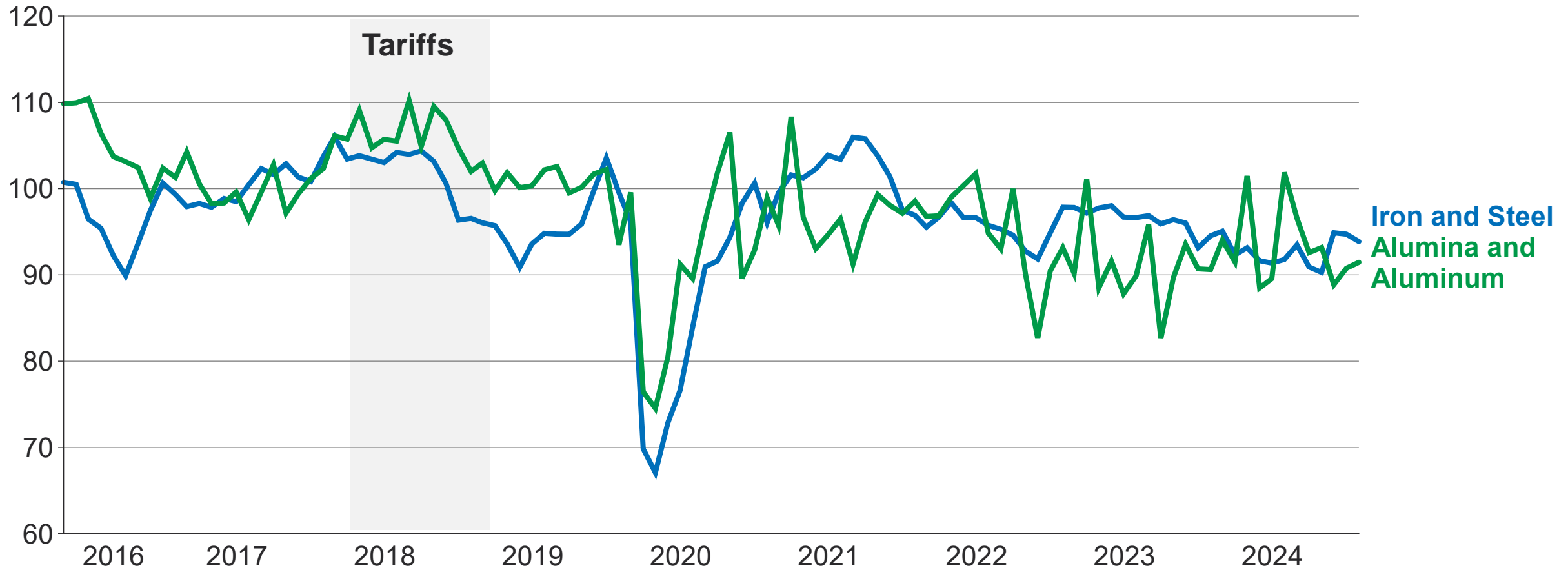
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TESLA - 5.2%	TOYOTA - 4.7%	BYD 3.5%	Ferrari - 1.7%	Mercedes - 5.7%
VW - 4.9%	BMW - 6.0%	Porsche - 7.0%	GM - 10.3%	Suzuki - 2.9%
HONDA - 4.6%	FORD - 3.6%	M&M -2.4%	Hyundai 0.7%	

\$43 B of valuation lost

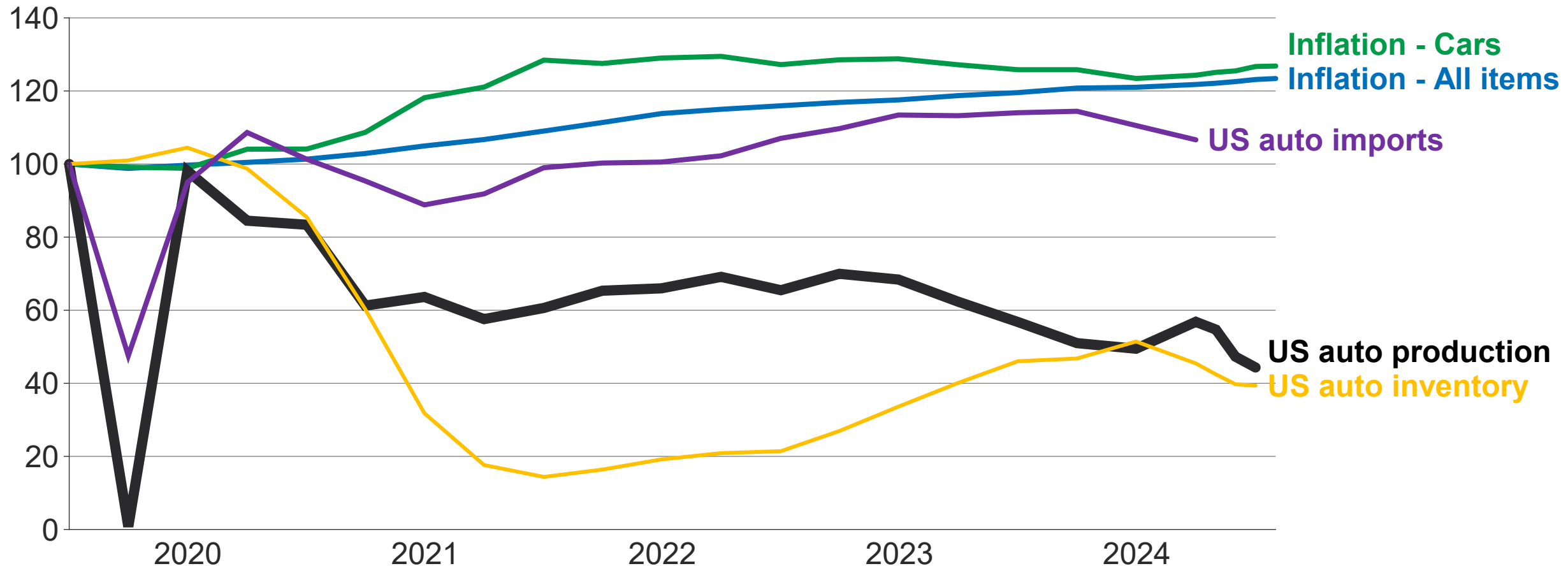
Will tariffs lead to greater US production?

Industrial production, 2017 = 100



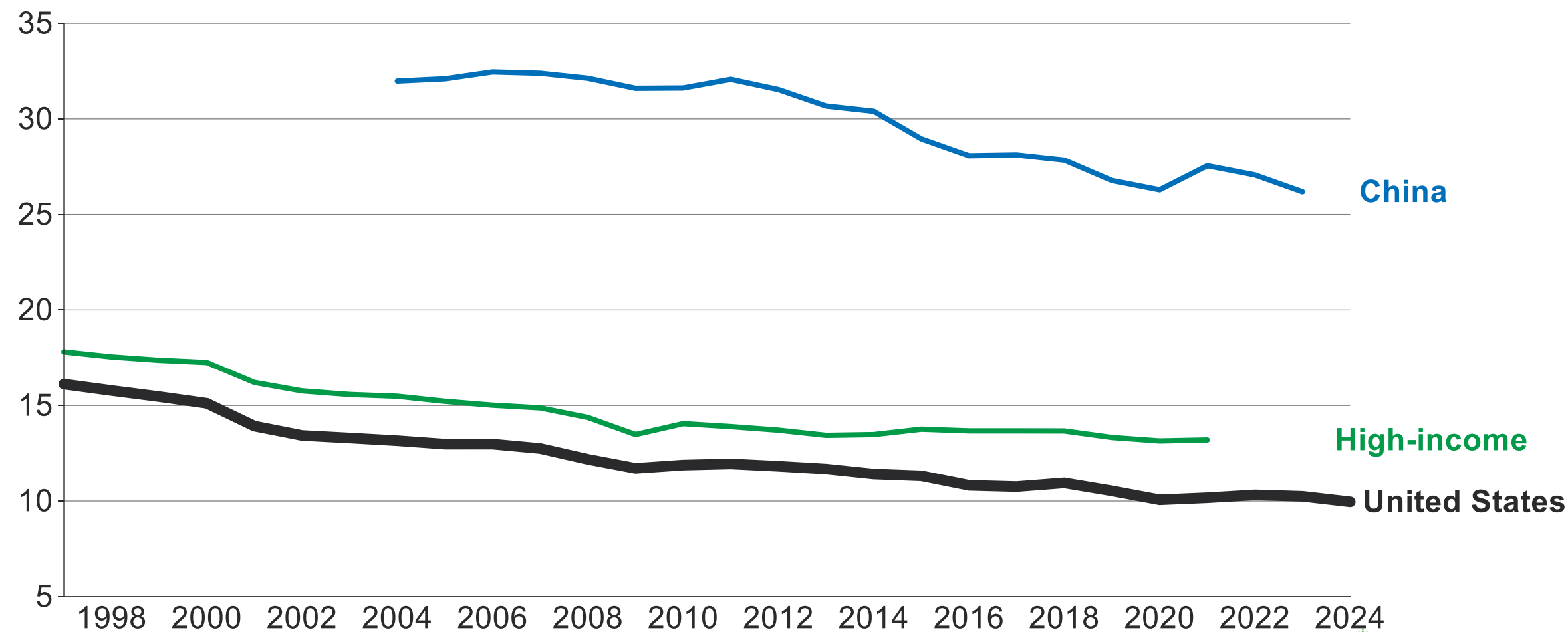
They will for sure lead to inflation...

Inflation and car-related indices, 2020-01 = 100



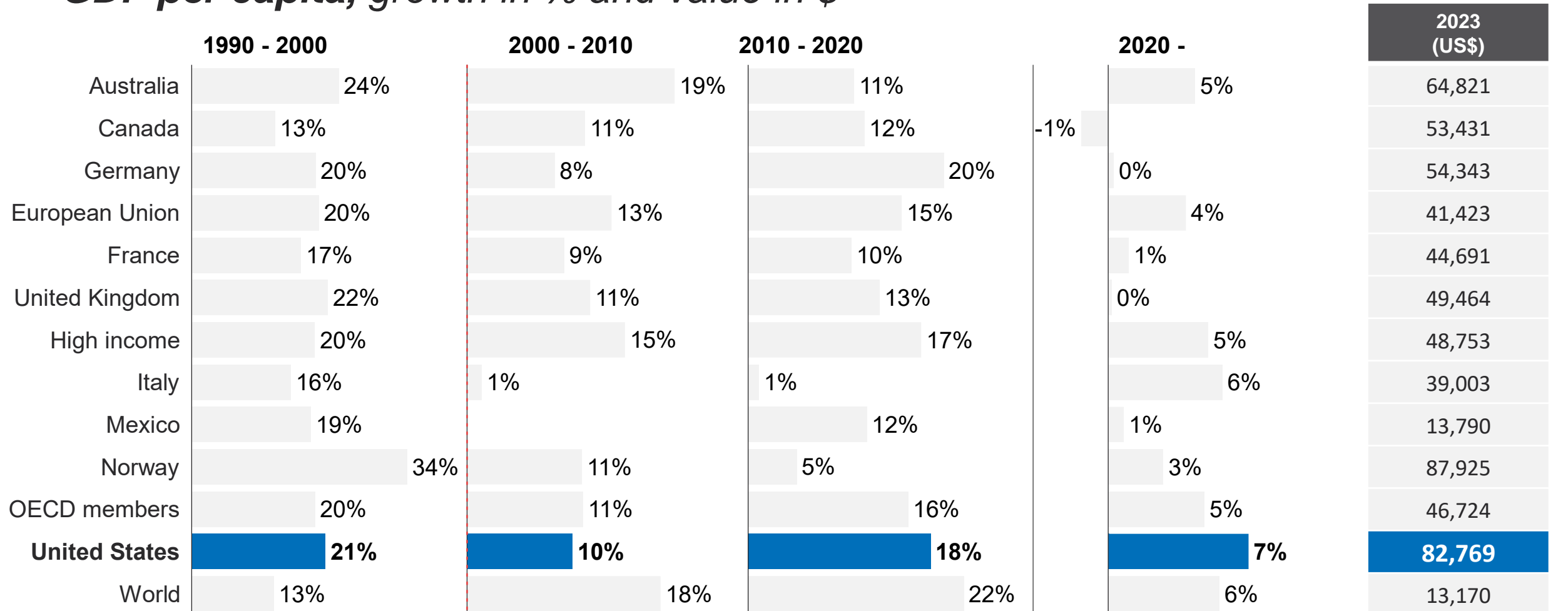
Manufacturing is not behind recent growth

Manufacturing, in % of GDP

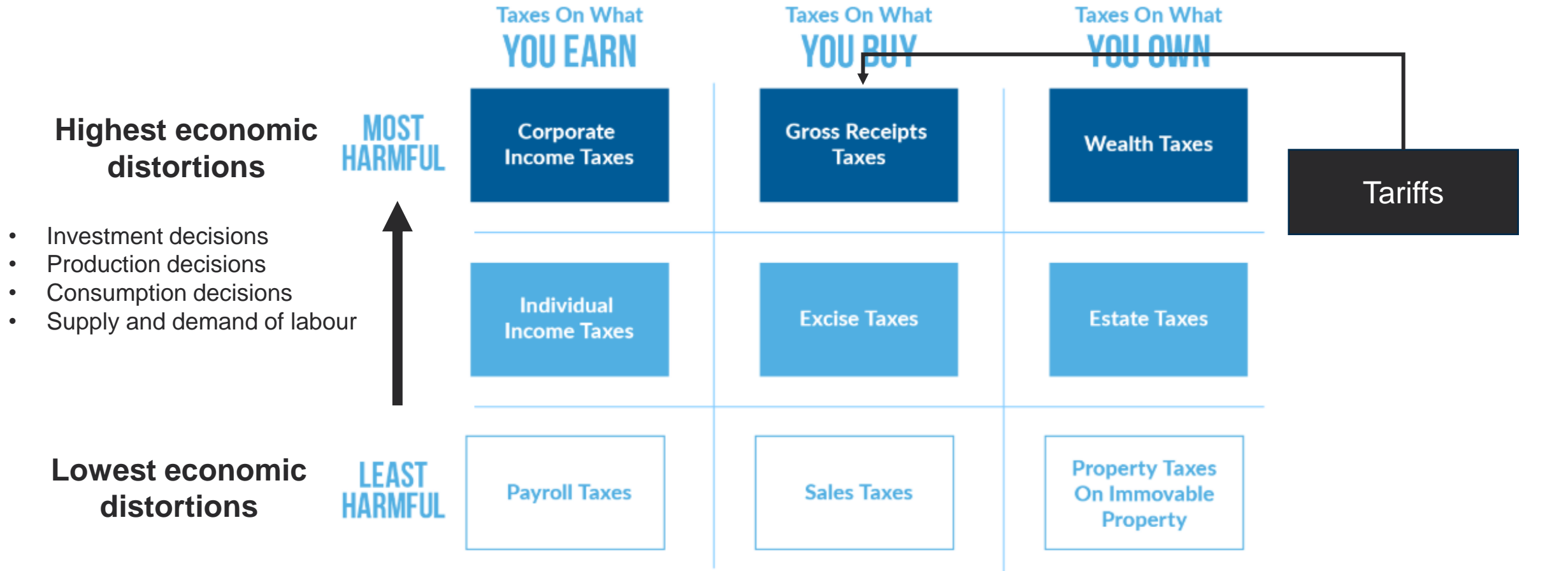


By what metric is the US struggling?

GDP per capita, growth in % and value in \$

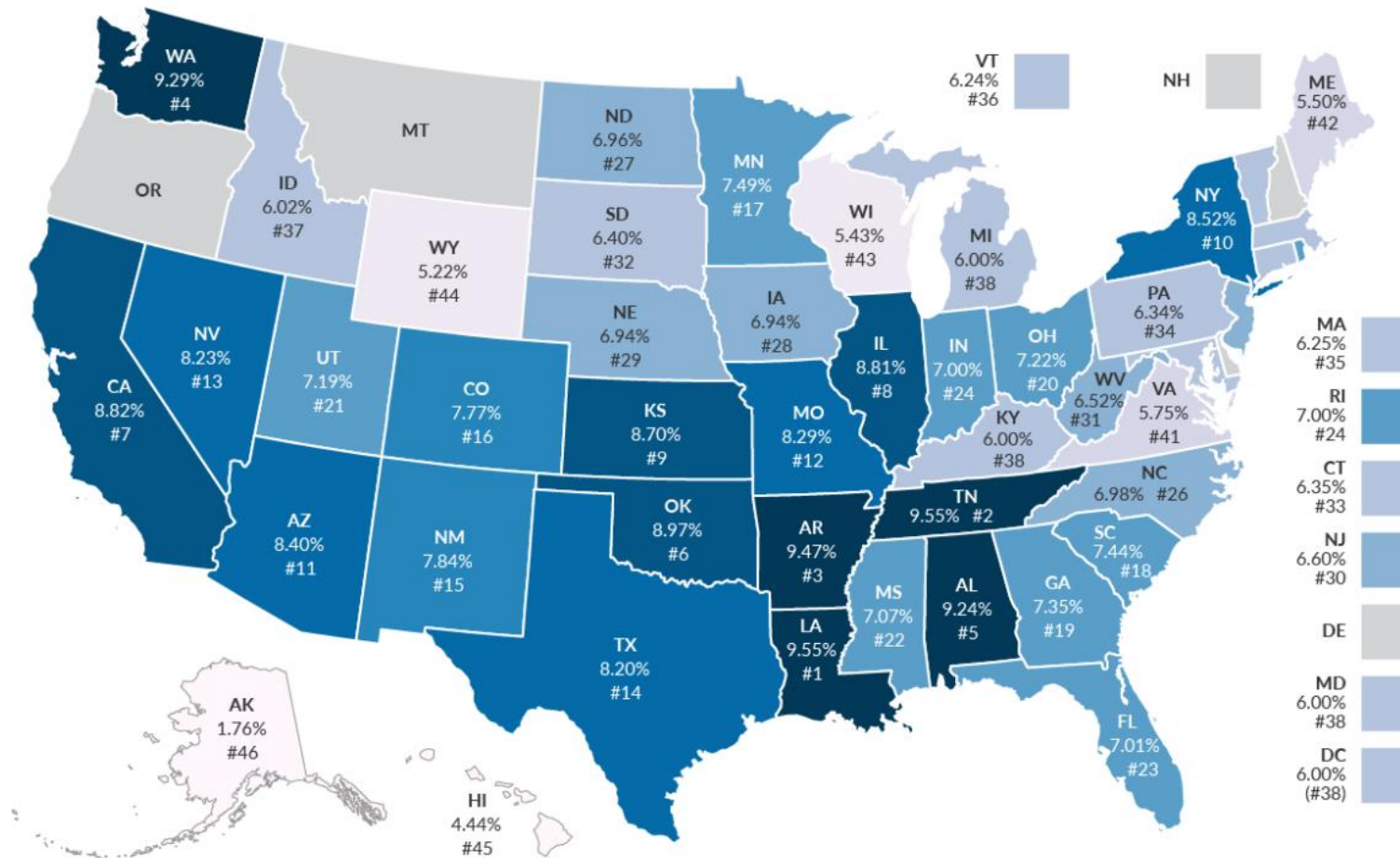


Why are tariffs bad exactly?



Trump is doing indirect sales tax

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\$1.9 trillion = 10% Sales tax

Canada

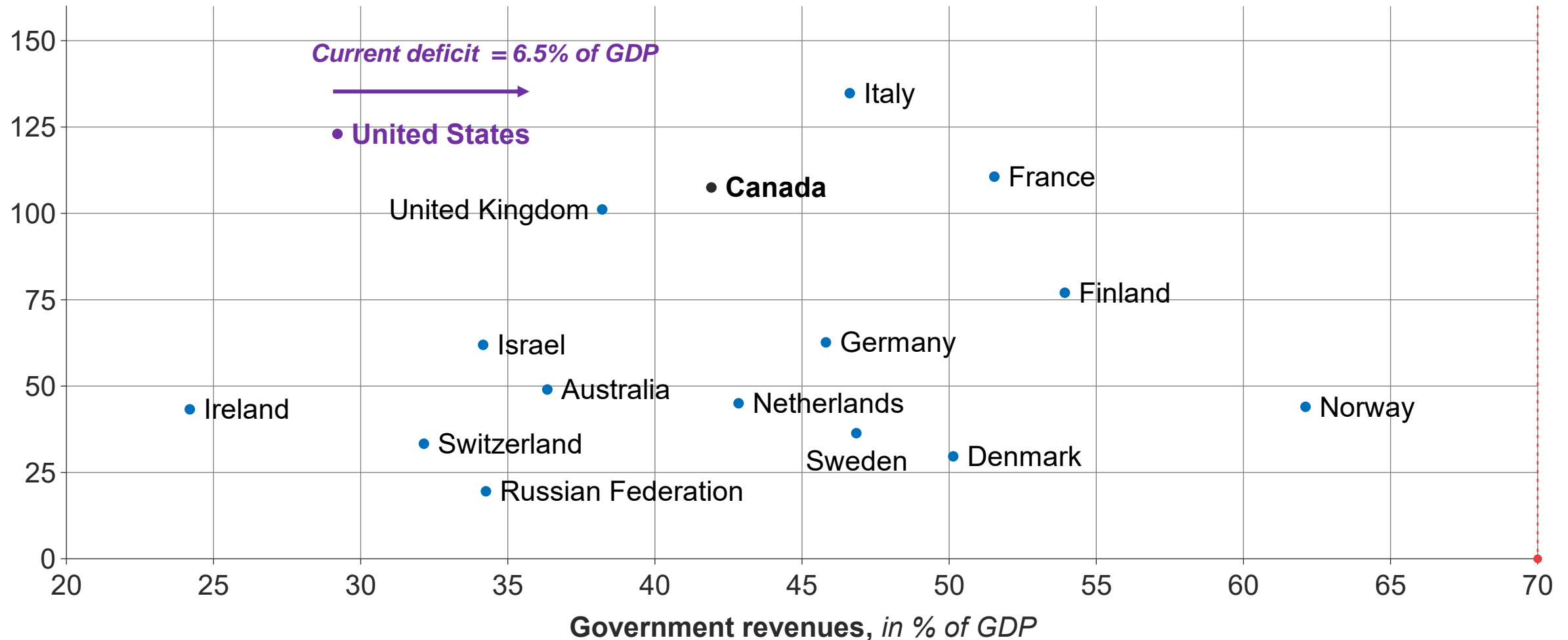
5 – 15%

Europe

8-27%

US can balance budget and remain competitive

Government debt, in % of GDP



A few ideas to move Canada forward

Reduce American dependency	Integrate domestic supply chains
	Decrease interprovincial trade barriers / Buy Canadian
	Diversify international trade
Get our house in order	Red tape, bureaucracy and regulatory review
	Tax review and competitiveness
	Constant improvements in the delivery of public services
Economic and strategic plan	Strategic focus on industries and sectors
	Scaling businesses
	Productivity, innovation and risk taking
	High-added value immigration plan