





USING your numbers by themselves are meaningful, but they do not tell the whole story. Is the number good or bad? Should it have been more or less? To answer those questions, you need something to compare against. A number's value relative to something else is what makes it interesting. It's all about context, and comparisons provide a number with context.

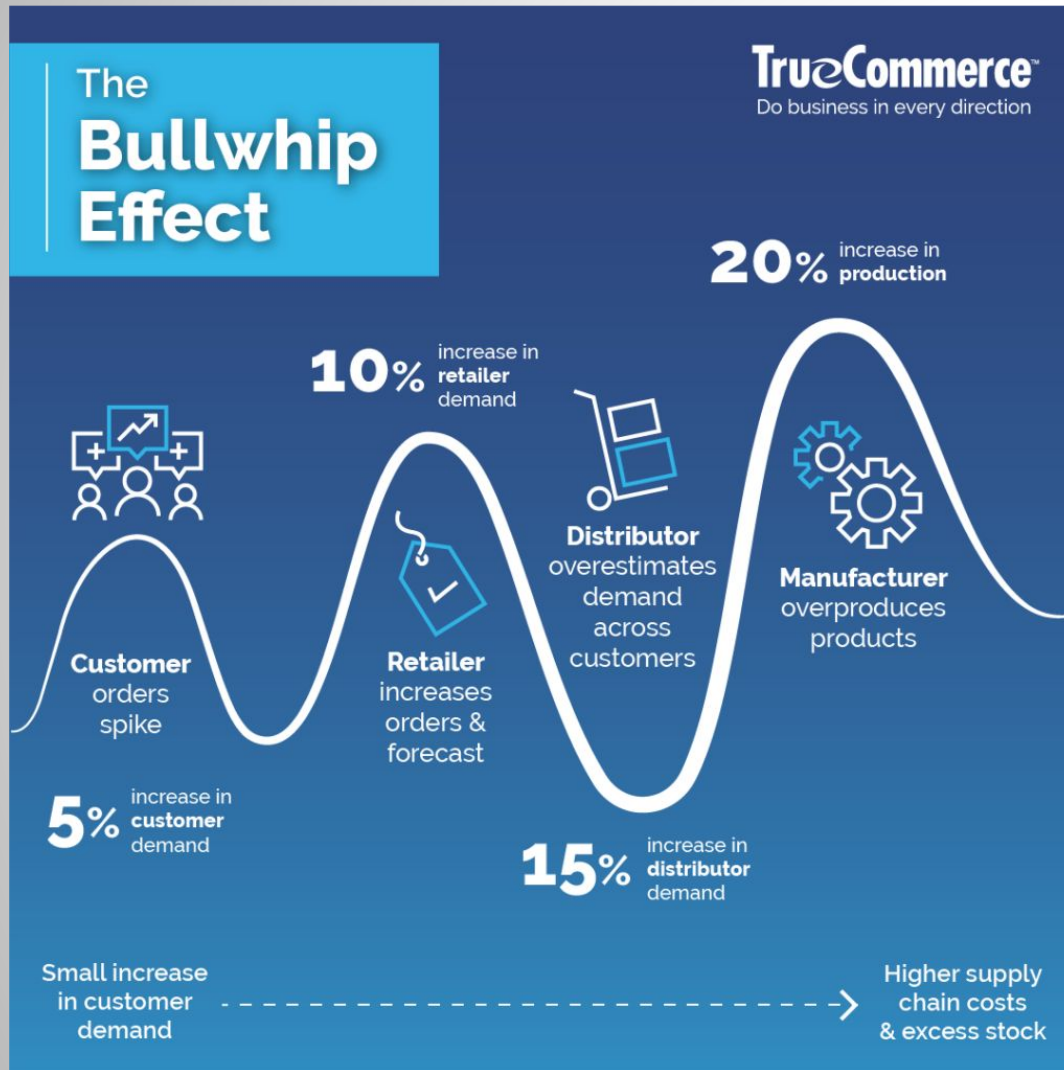
Level 1 

Economic Summary
RETAIL TRADE
Retail Sales (January):
<ul style="list-style-type: none"><li>Decreased by 0.6% to \$69.4 billion.</li><li>Largest decline: motor vehicle and parts dealers (-2.6%).</li></ul>
Core Retail Sales (January):
<ul style="list-style-type: none"><li>Declined by 0.2%, following a 2.7% increase in December.</li><li>Key decrease: Food and beverage retailers (-2.5%).</li><li>Lower sales were recorded at sporting goods, hobby, musical instrument, book, and miscellaneous retailers (-2.2%)</li></ul>

Level 2 

Retail Trade Values	YOY %	MOM %
Retail trade	6.4	-16.5
Building material and garden equipment and supplies dealers	2.0	-3.3
Electronics and appliances retailers	0.7	-27.9
Floor covering, window treatment and other home furnishing retailers	10.8	-22.9
Furniture, home furnishings, electronics and appliances retailers	3.8	-22.2
General merchandise retailers	6.5	-29.7
Miscellaneous retailers	6.7	-16.8
Sporting goods, hobby, musical instrument, book retailers and news dealers	-2.8	-47.4
E-commerce	11.8	-0.9

Level 3  Monthly values (Business Conditions section) help identify, provide patterns, seasonality and exceptions



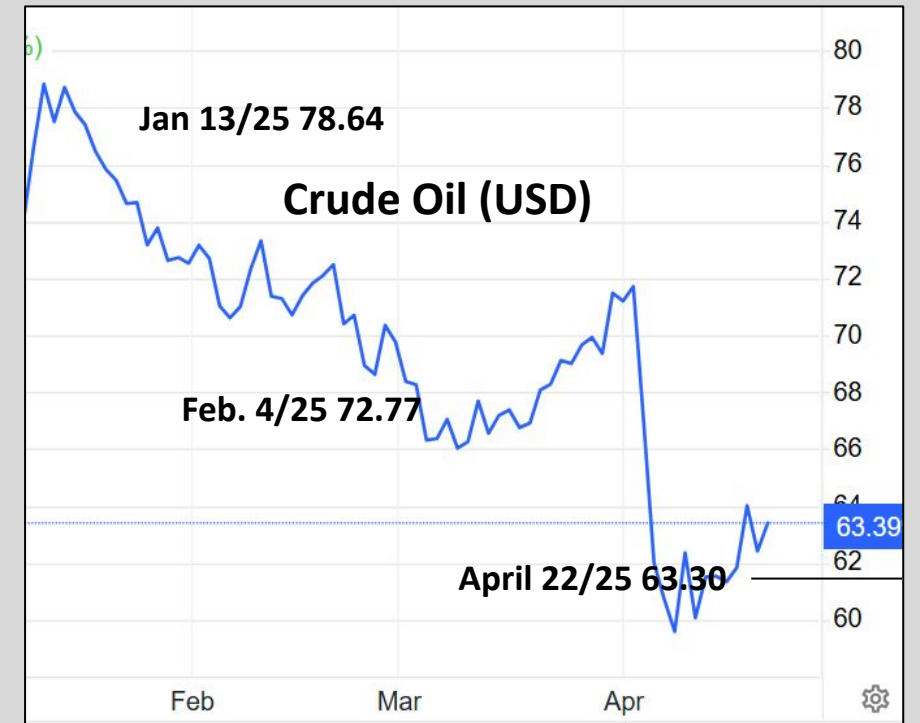
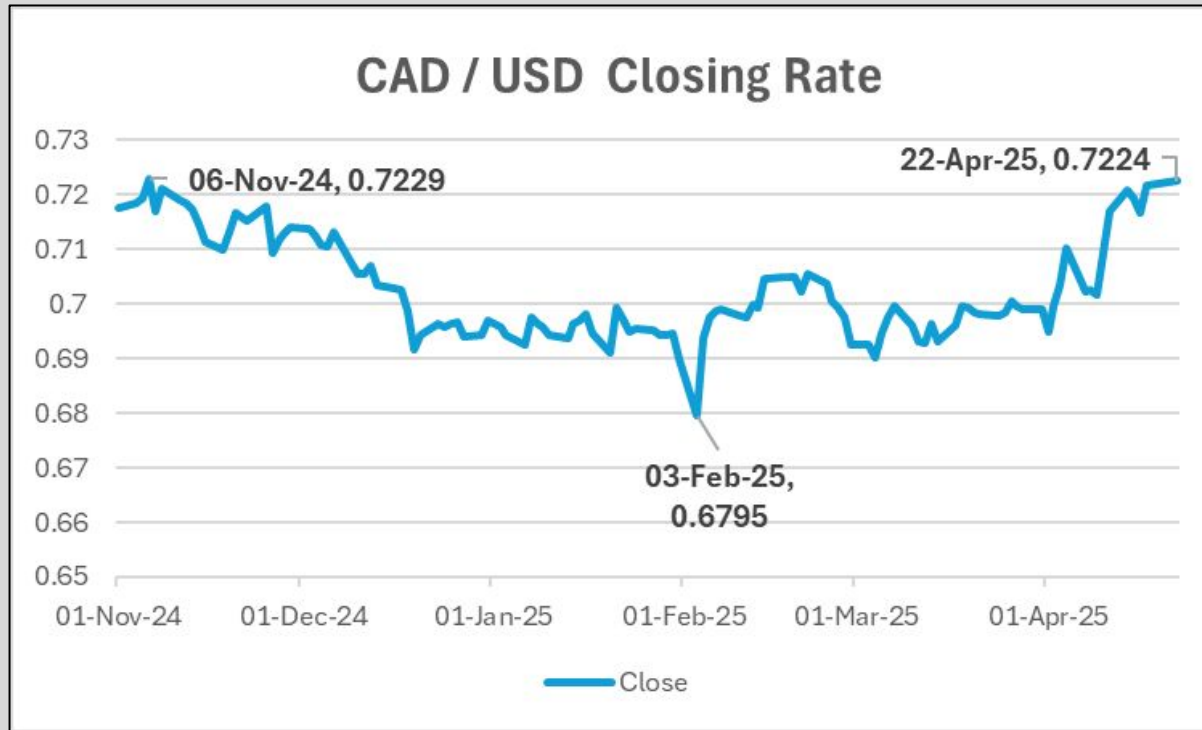
**DATA DISTORTION** The ripple effects caused by tariffs has created a chaotic economic landscape. Importers stockpiling products to dodge potential tariffs can inflate short-term demand, while others adopting a wait-and-see approach can lead to temporary stagnation.

These reactions distort data, making it tricky to discern genuine trends from tariff-induced anomalies. Our advice is, simply, to be careful avoid making any big decisions.

- Ocean Freight: June – Sept 2024 (Golden Week)
- January – March too early

# "CAD /USD Exchange Rate moves with the price of Oil"

Not Any More



Stocks? Down. The U.S. dollar? Same. Demand for U.S. bonds? Also sinking. This isn't supposed to happen.

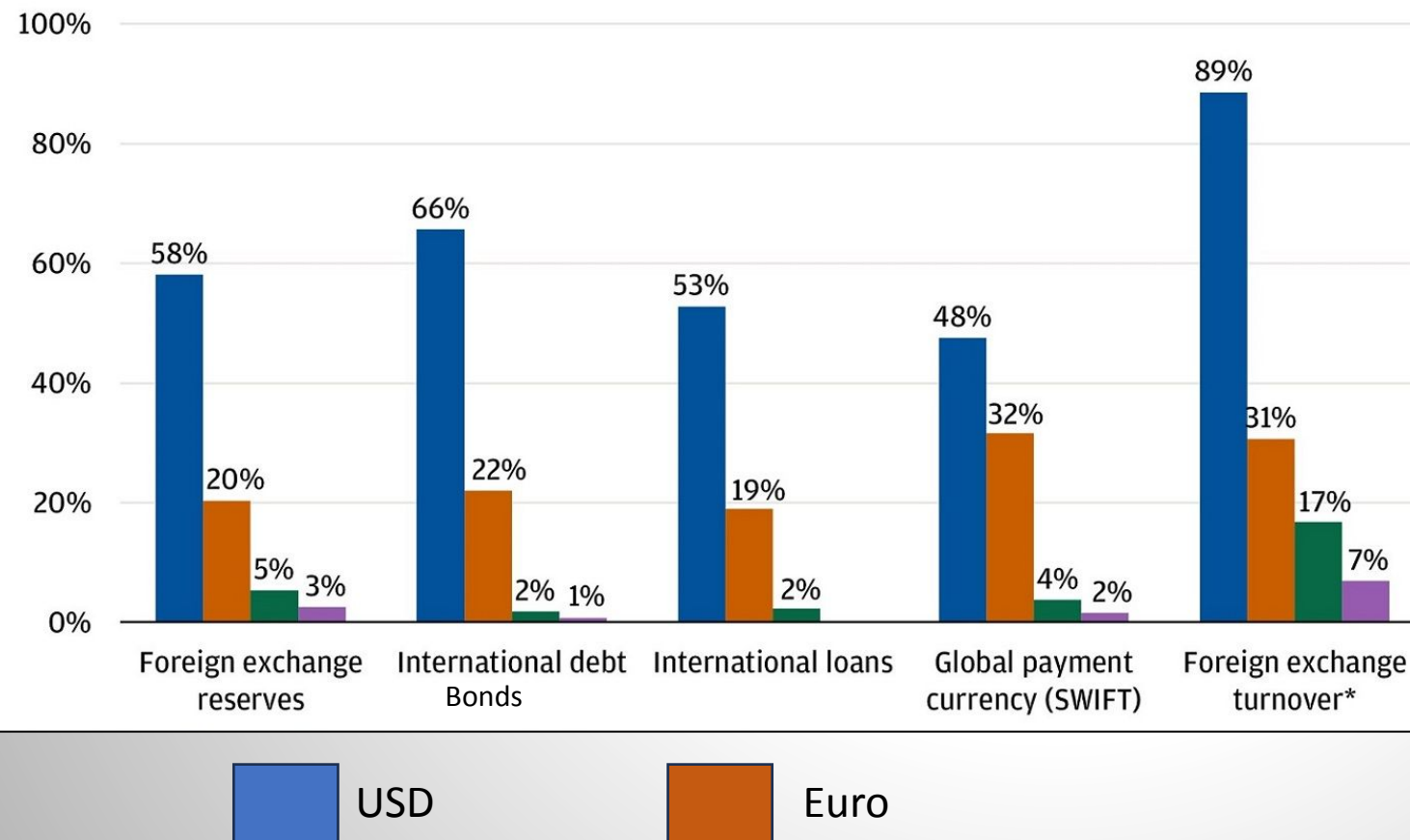
**"The United States was more than just a nation. It's a brand." "The damage is clearly beyond repair."**

Republican mega-donor and the CEO of Citadel

# What if the USD wasn't the dominate world currency ?

## The U.S. dollar is the world's dominant currency

Share of currency use, %



- **Trade in goods & Services**  
It's not just trade
- **Capital Movement**
  - Financial Debt
  - World Reserve Currency
  - Economy
    - Interest Rates,
    - Inflation,
  - Government Stability



# I have a trade Deficit with MacDonald's



**A trade deficit isn't inherently bad.**

**But you need revenue to pay for the hamburger. If I you pay for my hamburger with a credit card, and I don't pay my Credit Card. I have a Budget deficit. I need more revenue (Taxes).**

**It doesn't matter where the meat comes from.**

IT DOESN'T MATTER.  
IT DOESN'T MATTER.  
IT DOESN'T MATTER.  
IT DOESN'T MATTER.  
IT DOESN'T MATTER.  
IT DOESN'T MATTER.

## The Formula

$$\Delta\tau_i = \frac{x_i - m_i}{\varepsilon * \varphi * m_i}.$$

Essentially, the tariff rate was calculated by dividing the trade imbalance on goods with the United States by the total imports from that country and then applying half of that percentage as the new rate.

***Normally a country that is trying to balance trade also wants to increase exports. Trump makes no mention of exports.***

# Products & American Exports

•For instance, a labourer in Cambodia earning \$10 a day is unlikely to purchase a Ford F-150 or a furnace, or a washing machine manufactured in the U.S. Cambodia's exports are predominantly textile goods, which make up approximately 70% of its total exports. Trump's original 49% tariff on Cambodia raises the question: is this an attempt to onshore \$10-a-day labour, or is it simply another tax?



## China isn't without blame

- Chinese Offshoring
- Controlled Currency



The trend of Chinese offshoring production to other countries began as a strategic response to mitigate risks from U.S. tariffs and trade restrictions. Over the past decade, Chinese companies have shifted parts of their manufacturing processes to countries like Vietnam, Thailand, Mexico, and countries in Africa and South America. This approach allowed them to maintain cost efficiency while navigating trade barriers.

This strategy enabled China, with minimal capital costs, to benefit from tariff exemptions under “Most Favoured Nation” status and low labour costs. This also allowed China to preserve core operations. While labor-intensive tasks are outsourced, complex, high-value processes such as fabric production, design, or precision manufacturing remain in China, retaining control over quality and intellectual property

## DIGITAL SERVICE TAX AND THE GLOBAL MINIMUM TAX

The existing international tax system does not capture the digital economy. Under current international tax rules, multinationals generally pay corporate income tax where production occurs rather than where users are located.

### DIGITAL SERVICE TAX (DST)

Area	Countries
Europe	18
Asia	11
Americas	6
Africa	9
Total	44

DST replaces some existing norms for taxing multinationals. The most common form is a digital services tax (DST), which is a tax on selected gross revenue streams of large digital companies.

Problems:

- Many countries have mixed DST with VAT/ GST
- Available data & calculation
- Potential double taxation



Canada imposes a digital services tax of 3% on digital services revenue exceeding C\$20 million. Taxable revenue includes income derived from online marketplace services, advertising services, social media services, and the monetization of user data.

Solution ➡ THE GLOBAL MINIMUM TAX

## THE GLOBAL MINIMUM TAX

The OECD/G20 introduces a global minimum tax of at least **15%** on multinational enterprises (MNEs). This measure aims to ensure that large corporations pay a minimum level of tax, regardless of where their profits are earned. Currently profits are taxed where value is created.

**US Policy Shifts:** The Trump administration recently withdrew from negotiations on the global tax agreement, This appears to be contrary to Trump's desire to increase government revenues, as many large multi-nationals avoid US taxes by establishing offshore corporations.

- A fair distribution of profits and taxing rights to the markets where business has activities and earn profits.
- Profit allocation regardless of physical presence.
- Global minimum corporate tax of 15% to avoid shifting to lower tax jurisdictions
- Stabilization of international tax system





profits are taxed where value is created.

Essentially, Apple routes a sizable portion of its profits through countries and states that allow it to pay low tax rates. For example, the Cupertino, Calif.-based company has a tiny subsidiary in Reno called Braeburn Capital that manages and invests much of Apple's enormous cash reserve — California has an 8.84 percent corporate tax rate; Nevada's is zero, and the state has no capital gains tax.

Not quite. Apple is also a pioneer of a tasty-sounding accounting move called the "Double Irish With a Dutch Sandwich," which involves routing profits through subsidiaries in Ireland and in the Netherlands, before sending it on to the British Virgin Islands or another Caribbean tax haven. In all, about 70 percent of Apple's profits are housed overseas.

Much of their revenue comes from sources like patents and digital downloads, intangible things you can easily "sell" from anywhere in the world, particularly places that offer good tax arrangements. When people in Africa, Europe, and the Middle East buy songs and movies from iTunes, for example, the sale is recorded in a nondescript office in Luxembourg, a notorious tax haven.

The Organization for Economic Cooperation and Development has made clear, nearly \$240 billion US is lost in tax avoidance by large companies, more than half of which are American.

# TRUMP Objectives:



1. **Increase Government revenues**  
to reduce government budget deficit or at least  
cover his promised tax cuts.

## Conditions:

- *It can't be called a tax.*
- *It can't hurt his major supporters.*

## Note:

- *Government employment cuts and cut to aid also fit this scenario.*
- *Increase in exports is not part of this scenario.*

## ~~2.~~ **Jobs**

## SO WHAT'S GOING TO HAPPEN?

Likely scenarios



- 
- Most countries will accept a 10% tariff on all goods with no reciprocal tariffs.

→ The EU agrees to reduce or eliminate tariffs on American goods. Goods subsidized in the U.S. will then be subsidized in the EU.

- 
- China will slightly adjust their exchange rate mechanism and agree to stop offshoring to avoid tariffs. (a)

- 
- Developing countries will agree to reduce tariffs on American goods and label exports partially produced in China.(a)

(a) Impossible to monitor or quantify.

## TRUMP TARIFFS: WHAT HAPPENS NOW

Likely scenarios



**Subsidies, Embargoes and quotas**  
**Currency manipulation, Tax Relief**

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All countries, including Canada, will agree to suspend the Digital Services Tax and/or Global Minimum Tax. The current structure doesn't work without American participation anyway. The current structure requires an exchange of information.

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All countries will agree to eliminate Non-Tariff Barriers (NTB) as they have in the past.

- 
- Canada will agree to renegotiate NAFTA or a U.S.-Canada free trade agreement. This should take 12-18 months.



**Meanwhile, other countries will begin restructuring their industries, supply chains, and trade relationships, strategically positioning themselves for negotiations with a future administration once Trump is no longer in power**

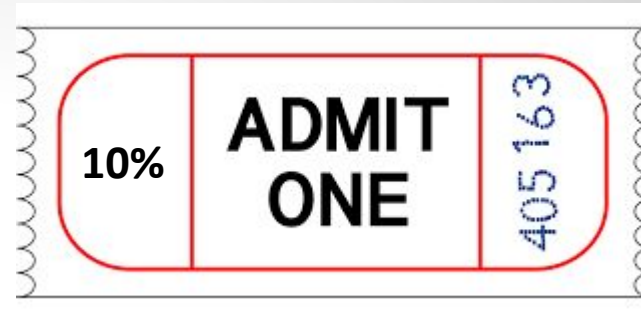
**Trump will declare victory**



**Look..  
I'm trying to  
rant here.  
Stop interrupting  
me with “facts”  
and “reason”.**

**Global trade is as much about patience and positioning as it is about immediate gains**

YOU WIN SOME.  
YOU LOSE SOME.....  
BUT YOU L I V E TO  
FIGHT ANOTHER DAY.



**Want a copy of the presentation or report.**

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