Are you ready for what's next?

- The new face of global trade
- Risk analysis and strategies.
- Untapped strengths within your company.

ECONOMIC SUMMARY

External data isn't just "extra"— it's a competitive edge when used wisely.

Internal metrics like revenue and profit offer a narrow lens. To gain a fuller picture, external data is essential—it provides context, reveals market shifts, and fuels smarter strategies. This report uses external benchmarks for risk analysis, market expansion, and forecasting.

Key economic indicators—FX rates, inflation, and GDP—shed light on consumer behavior and operating costs. Segment analysis highlights outperforming formats, seasonal patterns, and online growth, guiding inventory and investment decisions.
Tables Included:

- **Economic Indicators: FX Rates, Fuel Costs, Earnings, Consumer Prices, Transport, Manufacturing & Raw Material Costs, Industrial Rents**

- **Segment Performance: Retail & Wholesale Sales, Wholesale Inventories, Imports by Product Group**

Economic Summary - Examples

Foreign Exchange

The **U.S. dollar weakened sharply** in early 2025—its **worst start since 1973**—driven by concerns over **trade policy volatility** and **rising national debt**. As a result, **foreign investment shifted away from the U.S.**

The **Canadian dollar rose 3.5%** against the U.S. dollar in **Q2 2025**, reflecting market aversion to the greenback. **Forecasts** from major financial institutions place the CAD between **0.72 and 0.74** through year-end, **driven more by geopolitical sentiment than economic fundamentals.**

The **euro appreciated 5%** versus the USD since **April**, supported by: **Eurozone stability, Robust export performance,** Expectations of **fiscal stimulus in Germany**

Construction

In **April 2025**, Canadian **building permits** declined by **$829.6 million (-6.6%)** to **$11.7 billion**.

- **British Columbia** led the drop with a **$1.2 billion decrease**.
- This was partly offset by a **$299.3 million increase** in **Ontario**.

Construction costs rose by **0.8% in Q1** for both residential and non-residential buildings, continuing the pace from the previous quarter.

Renovation Costs:

- Increased **0.3% in Q1 2025**, after a **0.5% rise in Q4 2024**.
- The smallest quarterly increase since **Q2 2020**.
- Upward pressure driven by **Quebec** and the **Prairies**, while **Ontario** saw a decline.

"The New Face of Global Trade"
Strategic ; NOT Free

1) General Tariffs & Quotas
Countries will set high general tariff (50%) and then set quotas based on products , industries, inputs and/ or national interest.

2) Global: Tariffs and quotas
Current "Free Trade Agreements" and new agreements will reflect this new reality. There will be **no blanket "Free Trade"** with zero tariffs and no quotas. Military, economic and health security will play a crutial role.

3) Non-Tariff Trade Barriers (Dumping, Subsidies)
"Fair market price" will govern all trade. - Dumping: When goods are sold below market value to undercut competitors. Countries can support their own industries and workers, but this support should not unfairly impact global competition (lower export prices).

Steel (July 16, 2025) – as an example of future trade policies

- **General Tariffs & Quotas**

Steel products from **non-~~free~~ trade agreement partners**, which include China and Turkey, will see their tariff rate **quota tighten to half of 2024 volumes. A 50 per cent tariff** will be imposed on any imports beyond those levels.

- ***Global: Tariffs and quotas***

Trade partners who do have ~~free~~ trade agreements with Canada, other than the U.S. and Mexico. A **50 per cent tariff will apply to imports surpassing 2024 volumes**. (protection against other countries looking for new markets)

- **Non-Tariff Trade Barriers (Dumping, Internal Subsidies)**

An additional tariffs of 25 per cent on imports from all non-U.S. countries containing steel melted and poured in China due to dumping.

WORLD TRADE ORGANIZATION

A "**Most-Favored Nation**" (MFN) tariff, within the context of international trade, means that a **country grants the same tariff rate to all other countries that are members of the World Trade Organization (WTO)** unless a preferential trade agreement (like a Free Trade Agreement) exists. This ensures non-discrimination and equal treatment among trading partners.

WTO quotas, specifically tariff-rate quotas (TRQs), are a mechanism used to regulate the <u>quantity of goods that can be imported at a lower tariff rate</u>, while still allowing for unlimited imports at a higher tariff rate

Canada steel:

- MFN Tariff: 50%,

Quotas:

- With trade agreement: 100% of 2024 exempt
- Without trade agreement: 50% of 2024 exempt

Canada: EIPA (Export and Import Permits Act)
CBSA https://www.cbsa-asfc.gc.ca/publications/dm-md/d19/d19-10-2-eng.html

Free Trade Is Over: Nations Rethink Tariffs & Quotas

Trade based on “ Comparative Advantage” failed.

Free trade didn’t fail because the theory was wrong—it failed because real-world complexities like inequality, misguided assumptions, poor adjustment policies, and geopolitical tensions weren’t accounted for. The benefits were real, but not evenly shared, and the costs were deeper and more lasting than expected.

Politicians found easy scapegoats in foreign competition, while economists failed to grasp what people truly valued: stability, community, and dignity in work.

Comparative advantage is the idea that a country can produce a good at a lower opportunity cost than another. (David Ricardo in 1817) It means countries should specialize in what they do best—like one country making wine while another grows rice—and then **trade** to benefit both.

Basic Tariffs

UK- 10%

- Including cars
- <u>Excl: steel and aluminum (50%)</u>
- Pharmaceuticals ?
- Future relief base on “supply chain security requirements”

Japan- 15%

- Including cars
- Excl: steel and aluminum(50%)
- Expand imports of U.S. energy, including liquefied natural gas (LNG) (Alaska)
- Invest $550 billion dollars into the United States (Corporate)

- Vietnam (20%/ 40%)

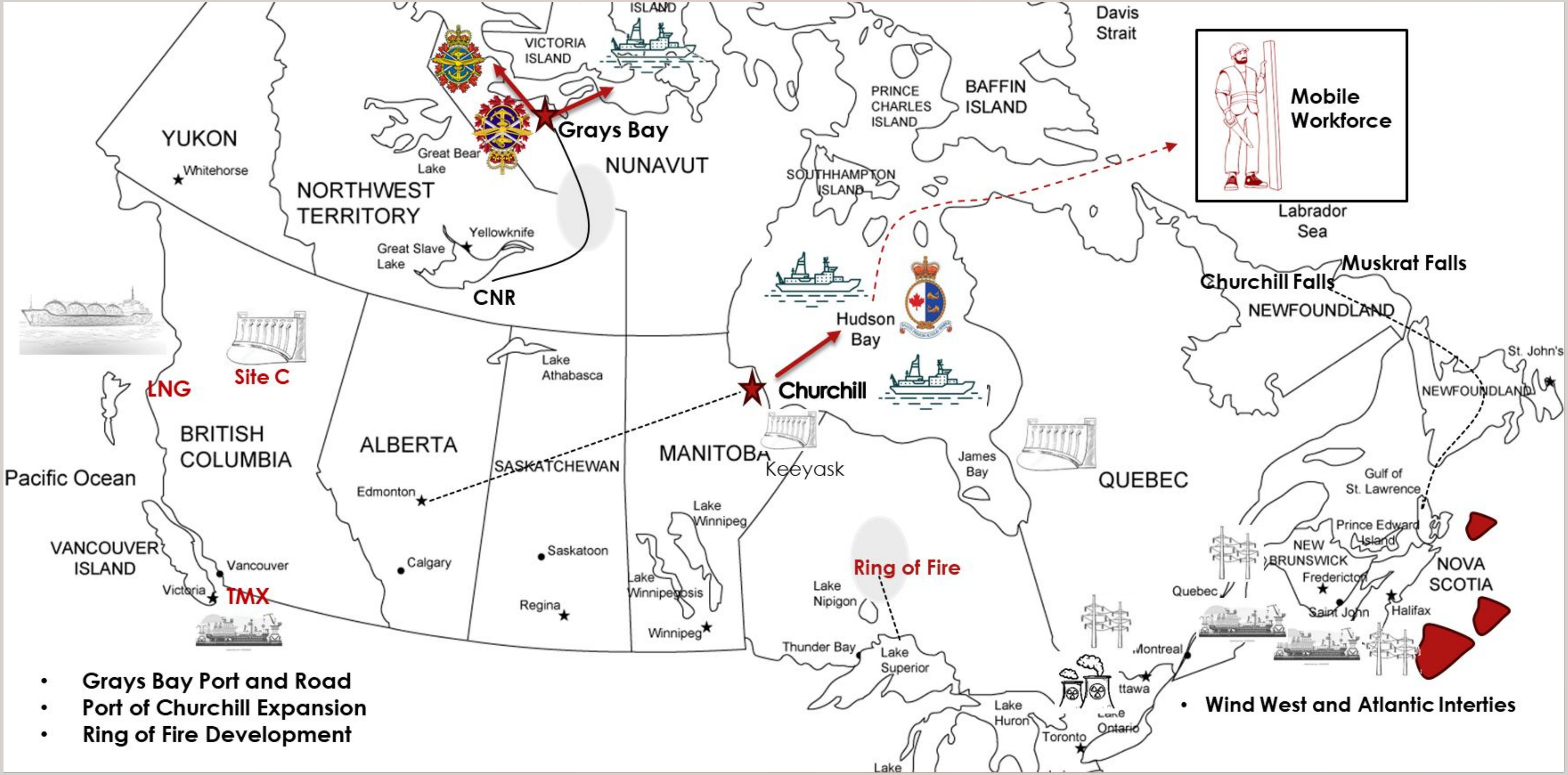
EU- 15% (1)

- Including cars
- <u>Excl: steel and aluminum (50%)</u>
- Pharmaceuticals ?
- Buy US energy products and arms worth hundreds of billions of dollars.
- Boost US investment by $600bn(Corporate)
- Some products" will not attract any tariffs, including aircraft and plane parts, certain chemicals and some agricultural products.

(1)The deal will need to be signed off by **all** 27 members of the EU, each of which have differing interests and levels of reliance on the export of goods to the US.

Mexico, Canada, South Korea, Taiwan, Brazil and China

CANADA HAS A PLAN. MAKE IT YOURS



Webinar June 2024

Playbook for Canadian Companies

Updates

Next slide

1. Audit and Align Your Supply Chain

- Map dependencies: Identify where you're overly reliant on U.S. or single-country imports.
- Source alternatives: Build relationships with suppliers in Europe, Asia-Pacific, or other stable regions.
- Strengthen local sourcing/ **services:** Partner with Canadian producers and manufacturers to improve control, cost, and predictability.

2. Seize Interprovincial Growth Opportunities

- Expand your footprint: Consider new markets in other provinces with growing consumer bases or business incentives.
- Stay ahead of regulation harmonization: Align product specs and licensing with evolving national standards.
- Leverage federal-provincial programs: Look into incentives designed to promote domestic scaling.

3. Pursue International Export & Provincial Readiness

- Tailor products for global **and imports** demand: Adapt offerings to suit cultural, regulatory, and pricing expectations **provincially** and abroad.
- Engage with trade missions: Government-sponsored missions and trade offices can accelerate access and credibility.
- Certify early: Obtain international certifications (like Conformité Européenne (CE), ISO, organic) that signal readiness to global buyers.

4. Position for Defense & Infrastructure Growth

- Monitor procurement opportunities: Platforms like Buyandsell.gc.ca list federal contracts—many with local business carve-outs. (see Government Procurement below.)
- Join supply chains: Even if you're not in defense, there's opportunity in construction, logistics, AI, and materials.

Updates

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- Strengthen local sourcing: Partner with Canadian producers and manufacturers to improve control, cost, and predictability.

WTO: Ensures non-discrimination and equal treatment among trading partners. i.e. not by country; globally

Update

Most-Favored Nation" (MFN) tariff : 50%
Tariff-rate quotas (TRQs).

- 100% of 2024 exempt (with trade agreement)
- 50% of 2024 exempt (without trade agreement)

+ Audit:

- Suppliers with trade agreement/ Without trade agreement
- By product Group / Products (International, HS Codes)
- By industries, inputs and/ or national interest.
- Study “Export/ Import Permit” mechanics & requirement
- Understand your strengths

Canada’s current MFN Weighted Average by Product Group less than 4%

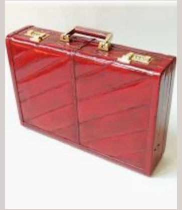
China, Russia, Belarus

Hidden Strengths

What untapped strengths within your company will drive its future success?

- **Language and culture: A Canadian Strength**

Navigating customs, holidays, and local business etiquette. Respect & Trust “Business in personal”.



- **Knowledge of products from a global perspective**.

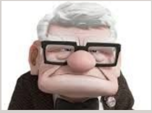
Global sources, variations, local tastes, regulations, and usage habits. What’s considered premium in one country might be standard in another—understanding these nuances is key to positioning.

- **Your Suppliers’ and their relationships**

(Suppliers have access to local talent, regional logistics, and business intelligence)

- **Parent company and other subsidiaries**

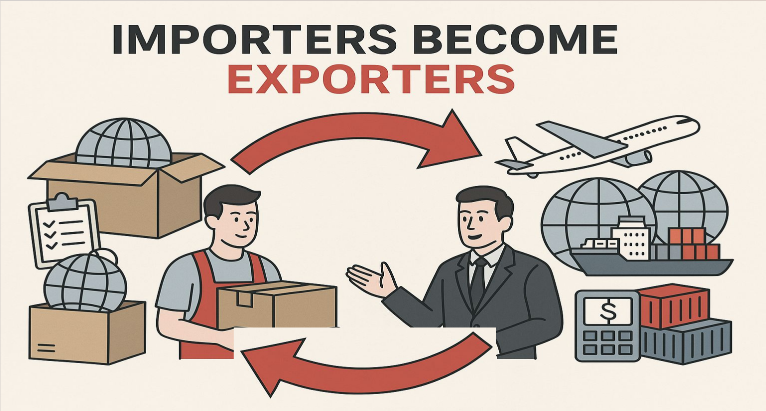
(Shared services, Foreign subsidiaries can offer strategic entry points into new markets)



- **Institutional Memory: Long-tenured staff often know the “why”**

what failed, and what quietly works.

Final word



Importers become exporters —essentially leveraging their existing knowledge, networks, and infrastructure to sell products abroad instead of just bringing them in. Importers have the contacts, they understand international trade, logistics, currency exchange, financing and supplier negotiations.

Small and medium size manufacturers are often great at engineering, production, and quality control, but international trade can feel like stepping into foreign territory, literally and figuratively. Many incredible products never make it beyond domestic borders.

Flip the business model: rather than just sourcing products to bring in, start identifying goods or services with export potential. Importers have the playbook; now use it on offense.

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