# Outline

**The pandemic economy and global trade**

**Canada’s trade performance**

**Prospects to grow & diversify Canada’s trade**

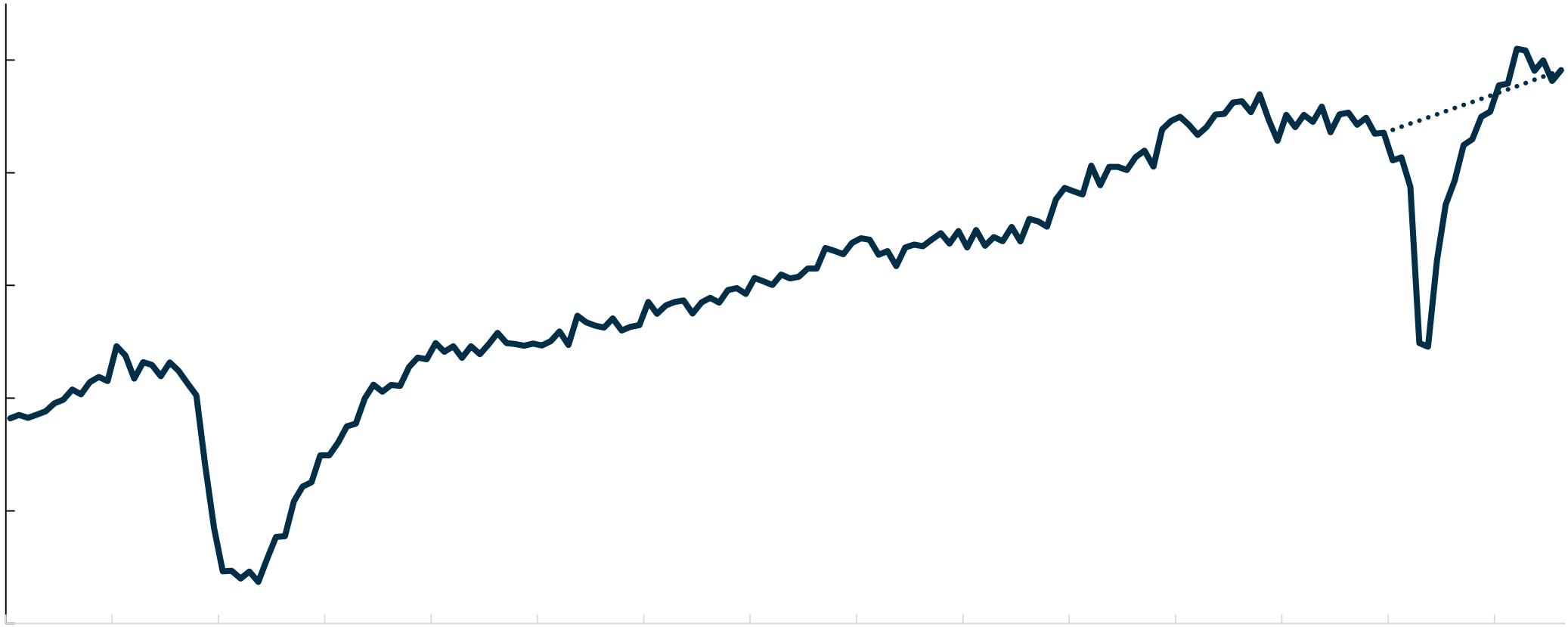
# Unparalleled economic disruption

Net job loss in

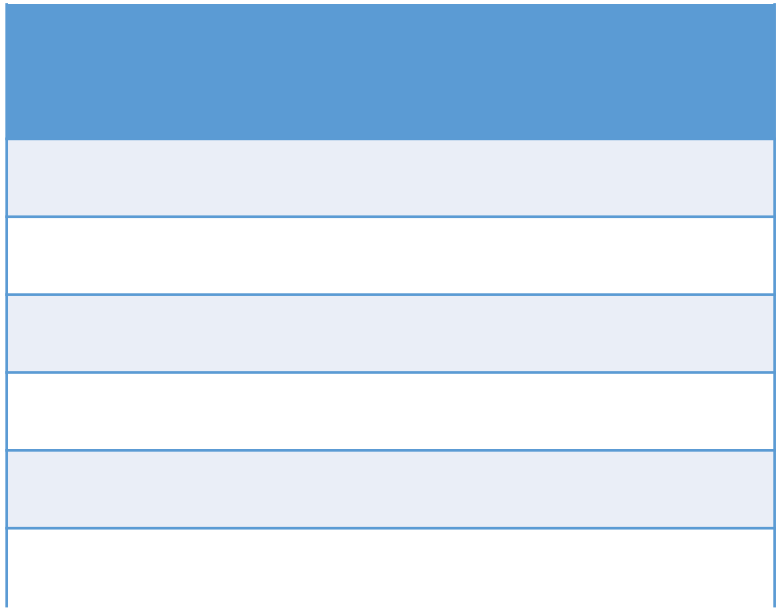
# Dire initial predictions

“2020 will show a trade collapse far larger than 2008 -09, since COVID is a demand and supply shock, while the great trade collapse was mostly a demand shock.”

Richard Baldwin, April 7, 2020



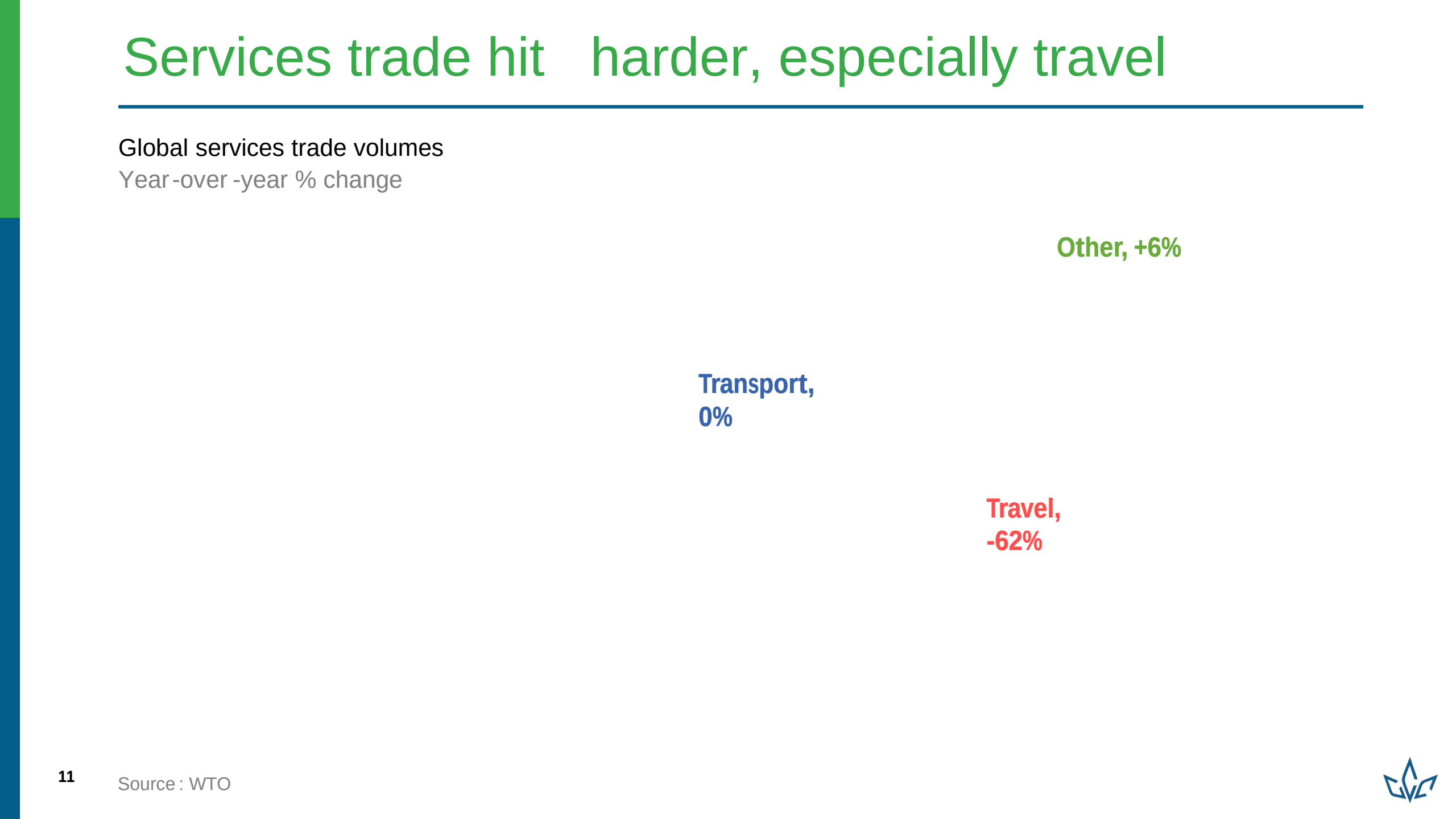
# Led by Asian goods exports



# Services trade hit harder, especially travel

Global services trade volumes

Year-over-year % change




Source : WTO

# Unequal progress exacerbates systemic fragility

Share of population fully vaccinated against COVID

As of Nov 11, 2021

# Global supply chain pressures now worse-than-expected

Purchasing Managers Indices,
Orders rising

Inventories falling

Sources: Canadian Chamber of Commerce; OECD.

# Shipping costs explode

Price indices, Jan 2019 = 100

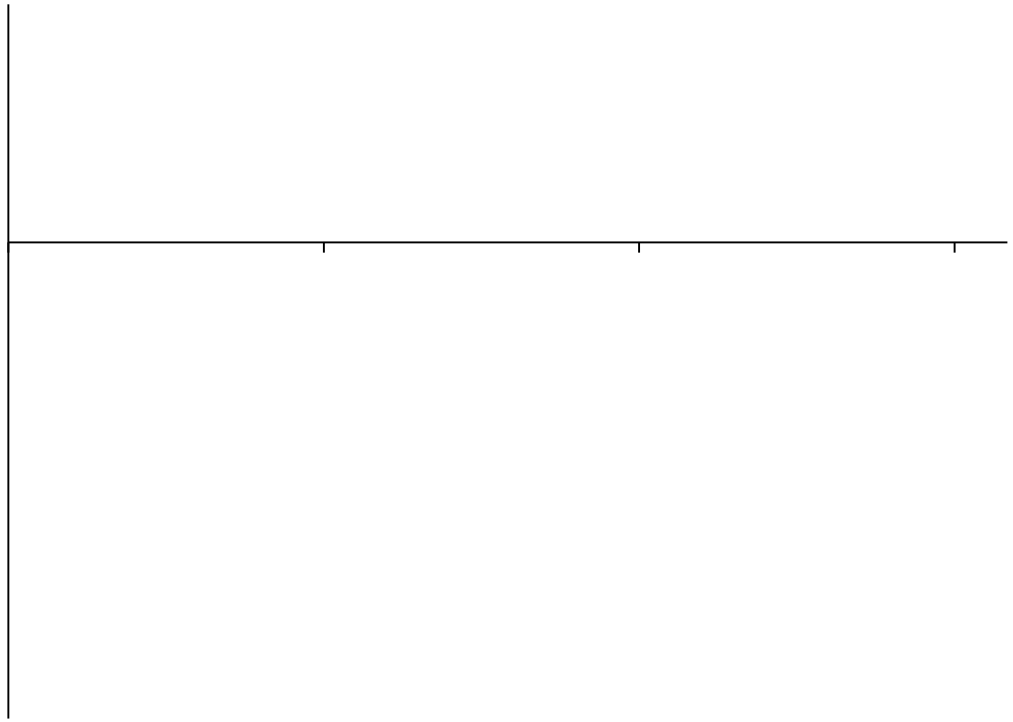
Sources:

# The pandemic economy and global trade

# Canada’s trade has been pretty strong

Merchandise exports

% change since Jan 2020



Services exports

% change since Jan 2020

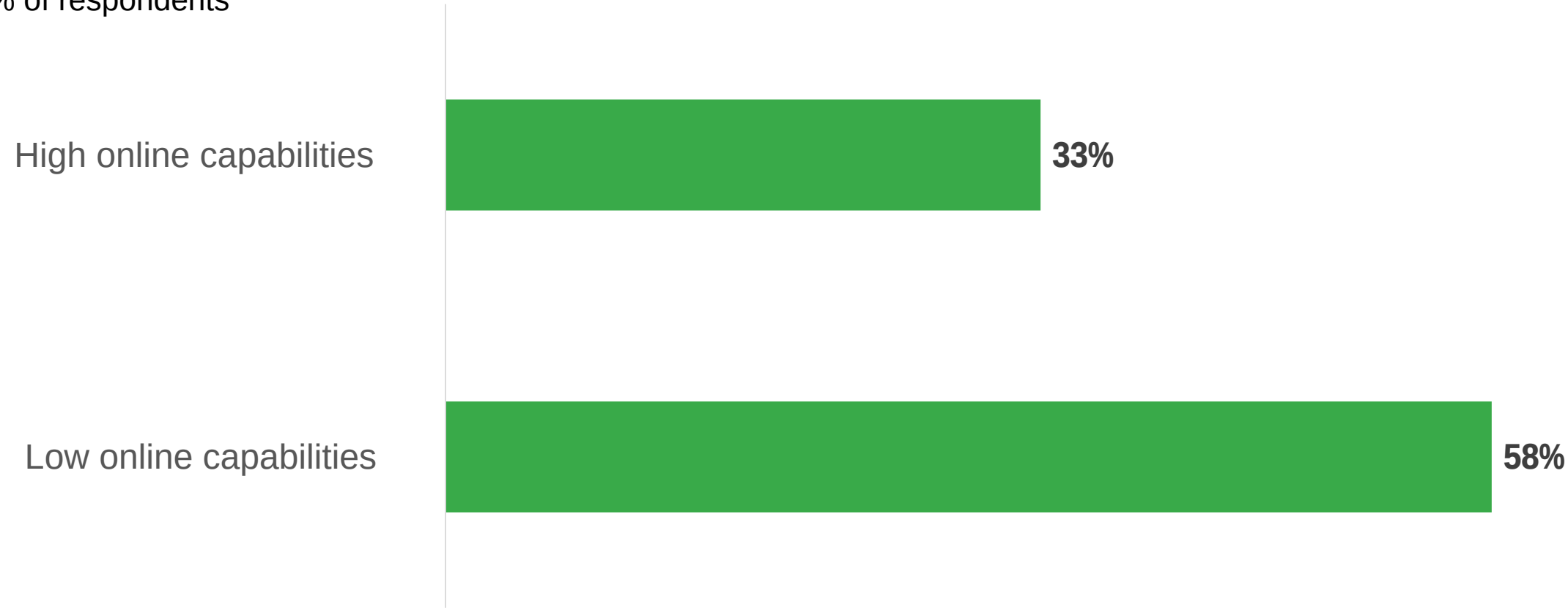


Source: Haver analytics

# Surveying the damage

# Online capabilities mitigated sales losses

Report export sales declines of 50% or more
% of respondents

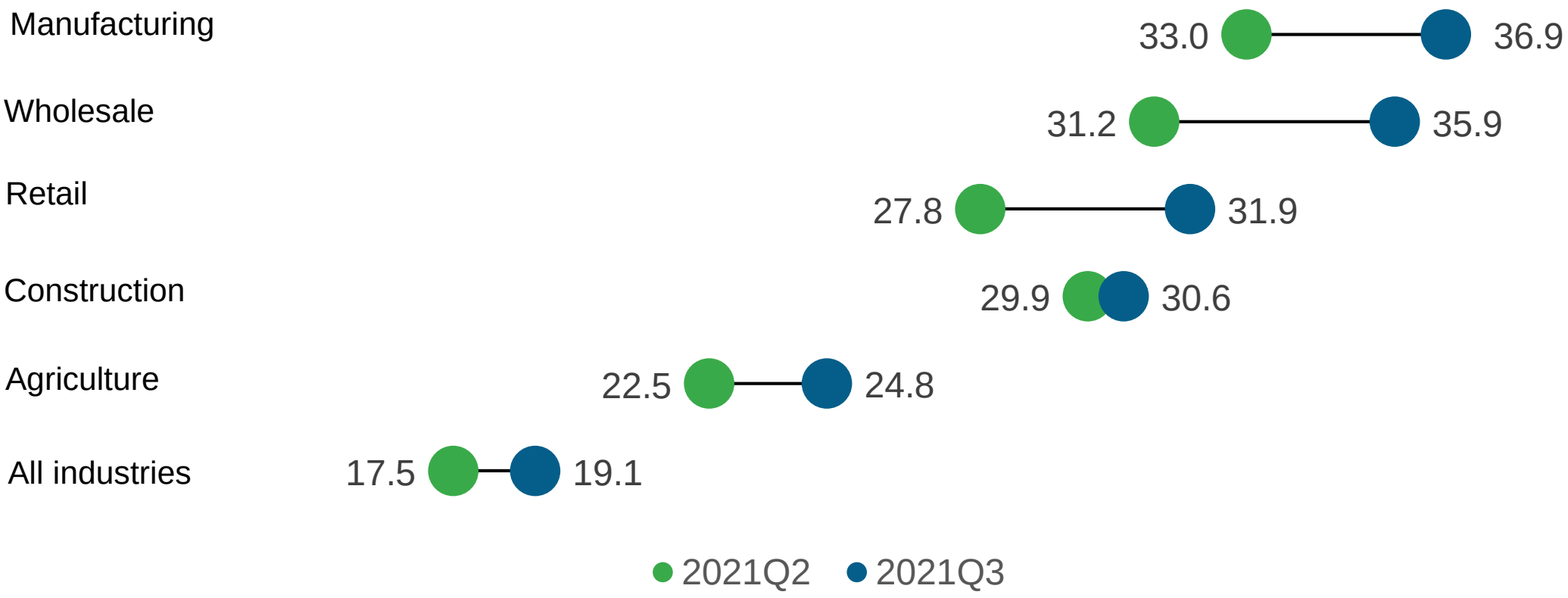



Source: EDC Research Panel Survey, May 2020.
Note: “High online capabilities” can do over 50% of sales online; “low” can do <50% of sales online.

# Growing supply chain challenges in Canada

Supply chain obstacles* expected over the next three months

% of respondents

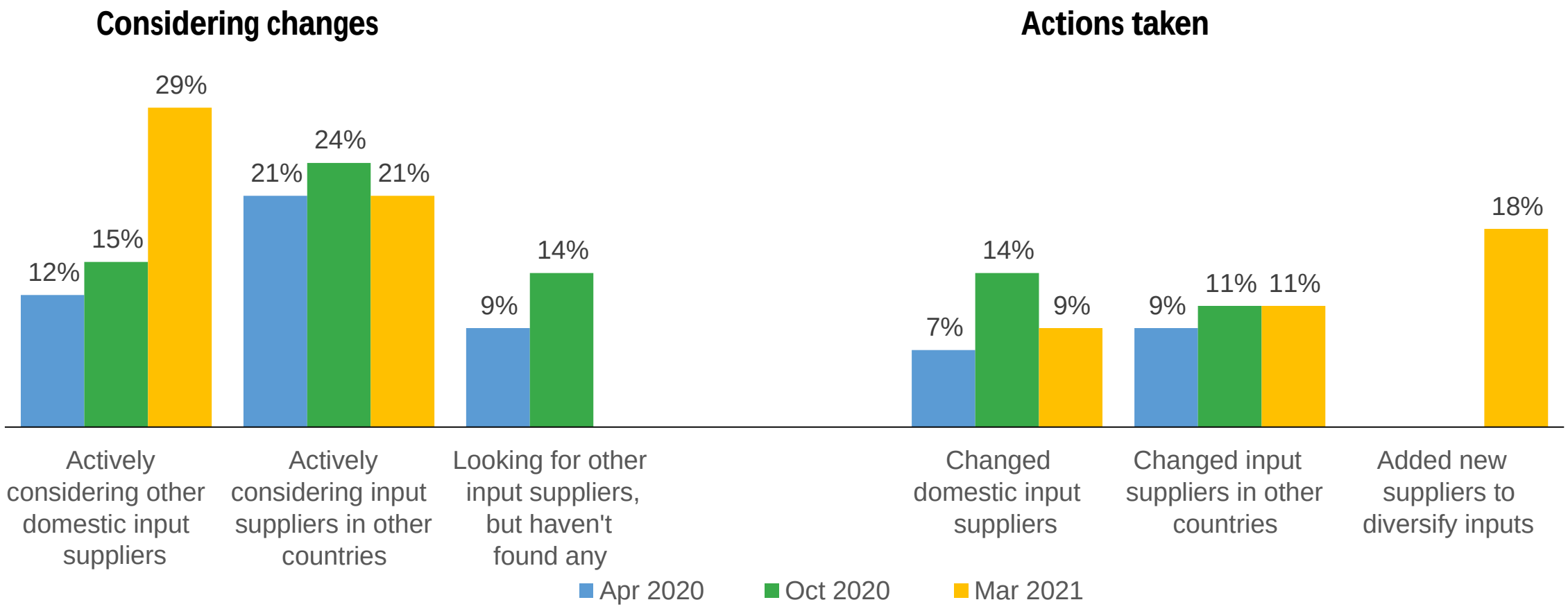



* Difficulty acquiring inputs (domestically or internationally); maintaining inventory; and transportation costs.

Sources: Statistics Canada, Canadian Survey on Business Conditions; Canadian Chamber of Commerce.

Are you adjusting the countries or suppliers from which you source your inputs?

% of respondents






Source: EDC COVID -19 Research Panel Surveyvv

Note: Multiple responses permitted.

The pandemic economy and global trade

Canada’s trade performance

**Opportunities to grow Canada’s trade**

# How many potential exporters in Canada?

Motivations: Better economic performance; more inclusive trade

Past approaches: Firm surveys. But how reliable?

Our approach: Use big data to infer potential exporters based on observables

Source: Tapp and Yan (2021)

The pandemic economy and global trade

Canada’s relative performance

**Markets of future opportunities for Canadian companies**

# Emerging markets growing faster

Real GDP average annual growth, by decade

Real GDP, Trillions of U.S. dollars



Sources: EDC Economics; Oxford Economics

# Room to grow now:

# Key markets in 2030:
# Risks and rewards

# Changing rankings: Canada’s top trading partners

# Conclusions

- Huge pandemic shock and policy response. Incomplete HmHpp

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# Recommended resources

Podcasts

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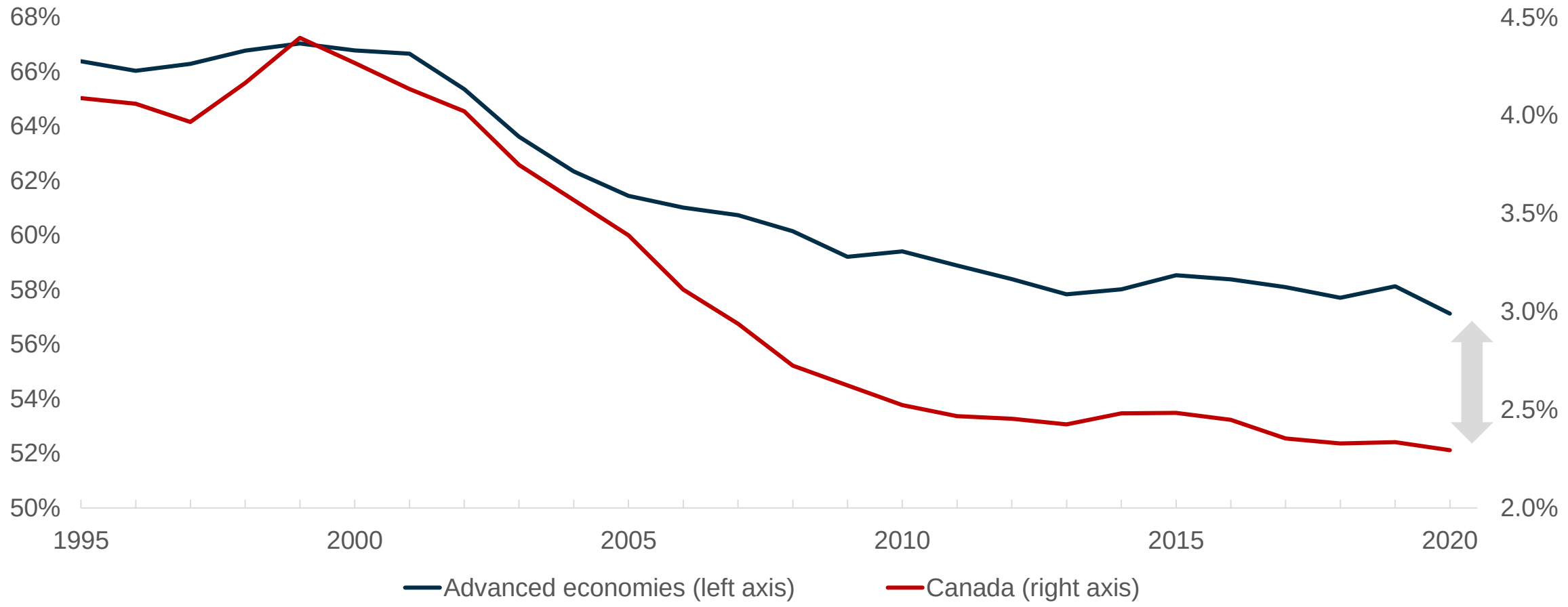
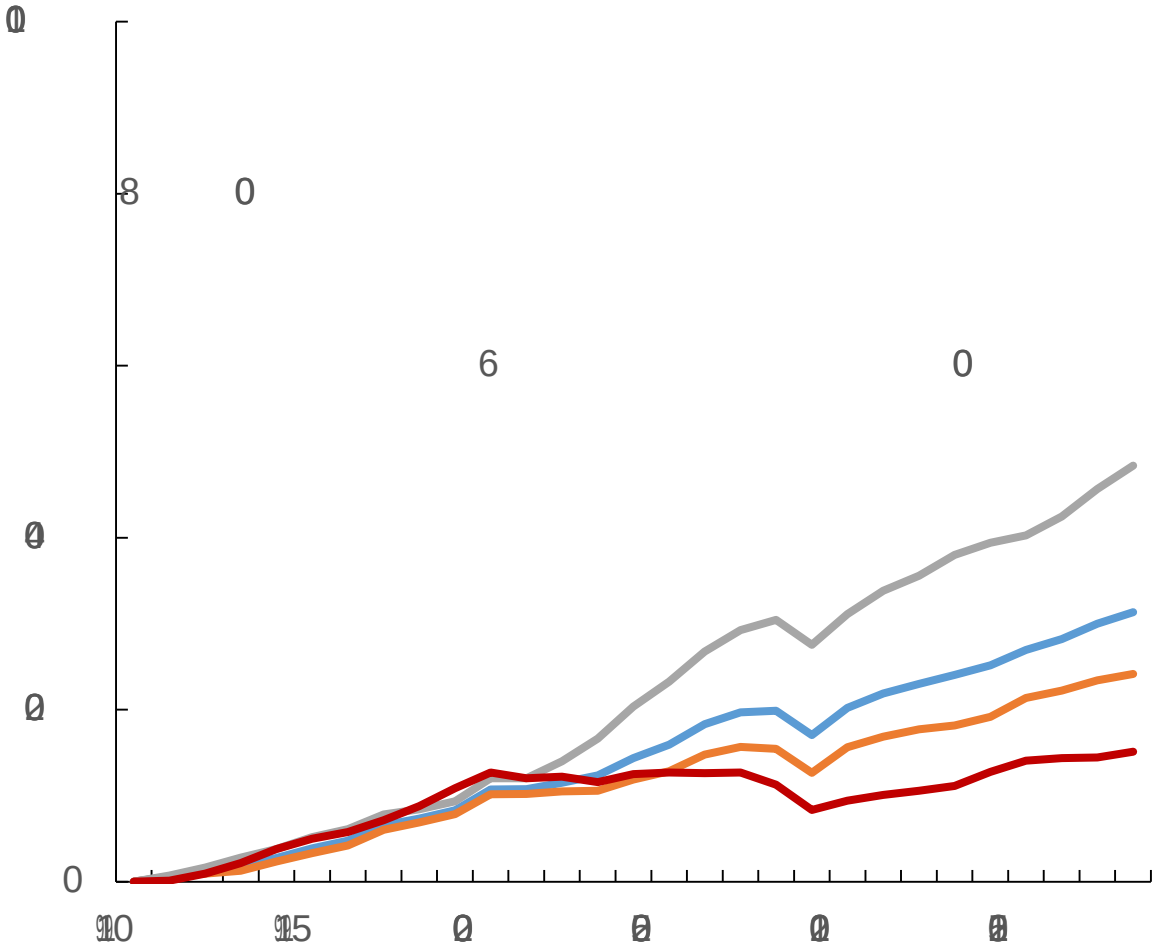
# Additional material

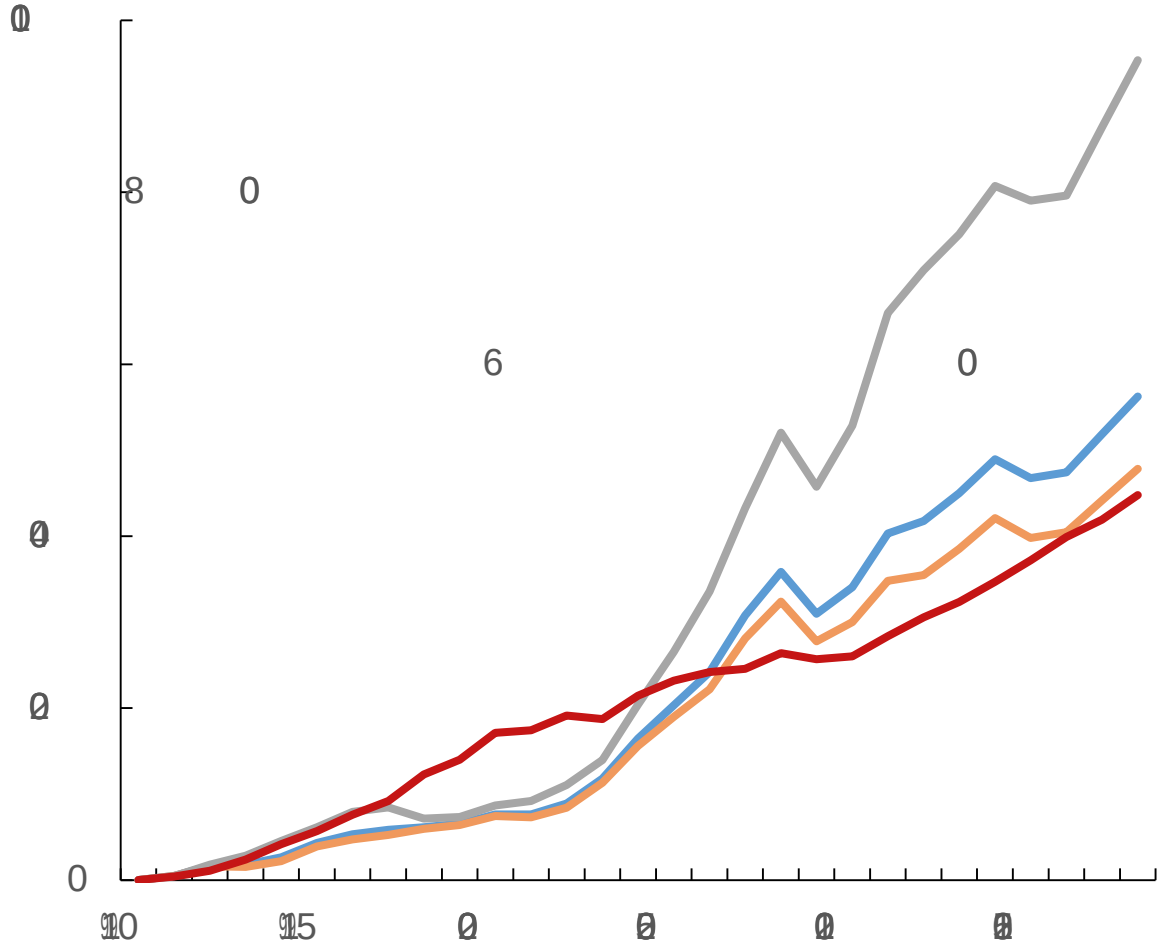
# Markets of the future: Canada's top trading partners

# Canada’s trade has also fallen behind other advanced economies over the past two decades



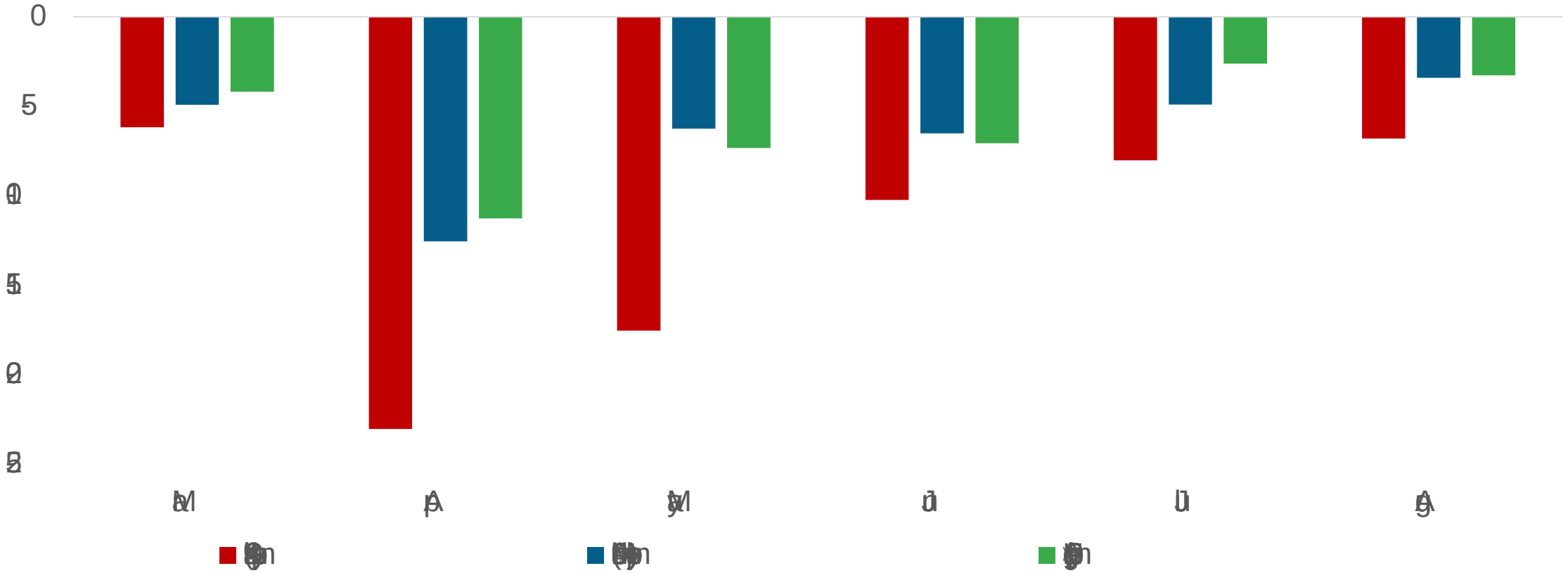
# CANADIAN TRADE WITH U.0





# Small exporter counts hit harder

Number of Canadian goods exporters, by firm size
% change since Feb 2020




Source: Statistics Canada

# Delta variant keeps threat level elevated

Global confirmed new COVID- 19 cases
Daily change, millions, weekly average



Sources: Johns Hopkins Coronavirus Resource Center, Oxford University.