

**CANADA TRADE**

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# **The Canadian Container Network Container Shipping Outlook**

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## **Global Container Trade Outlook**

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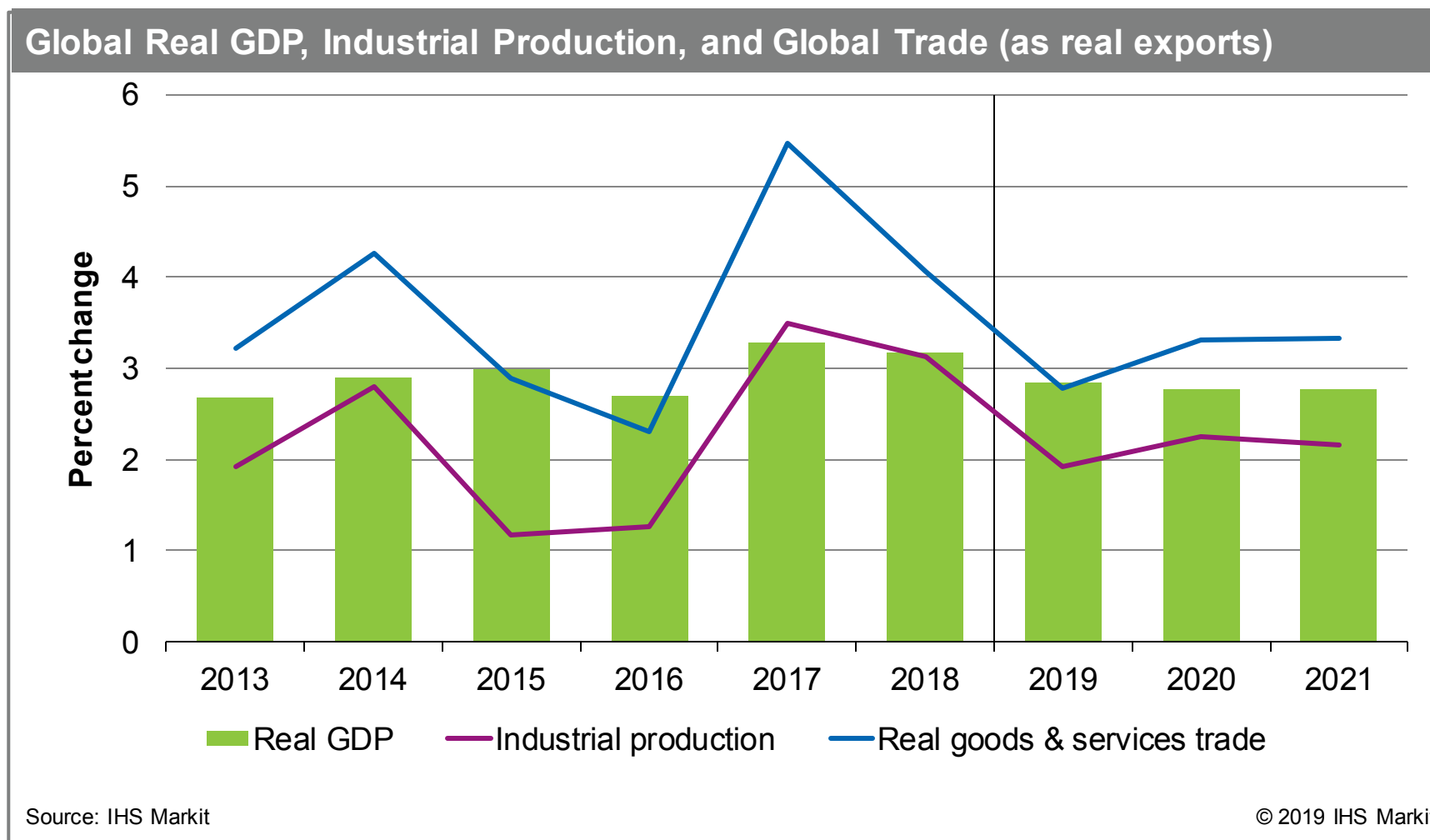
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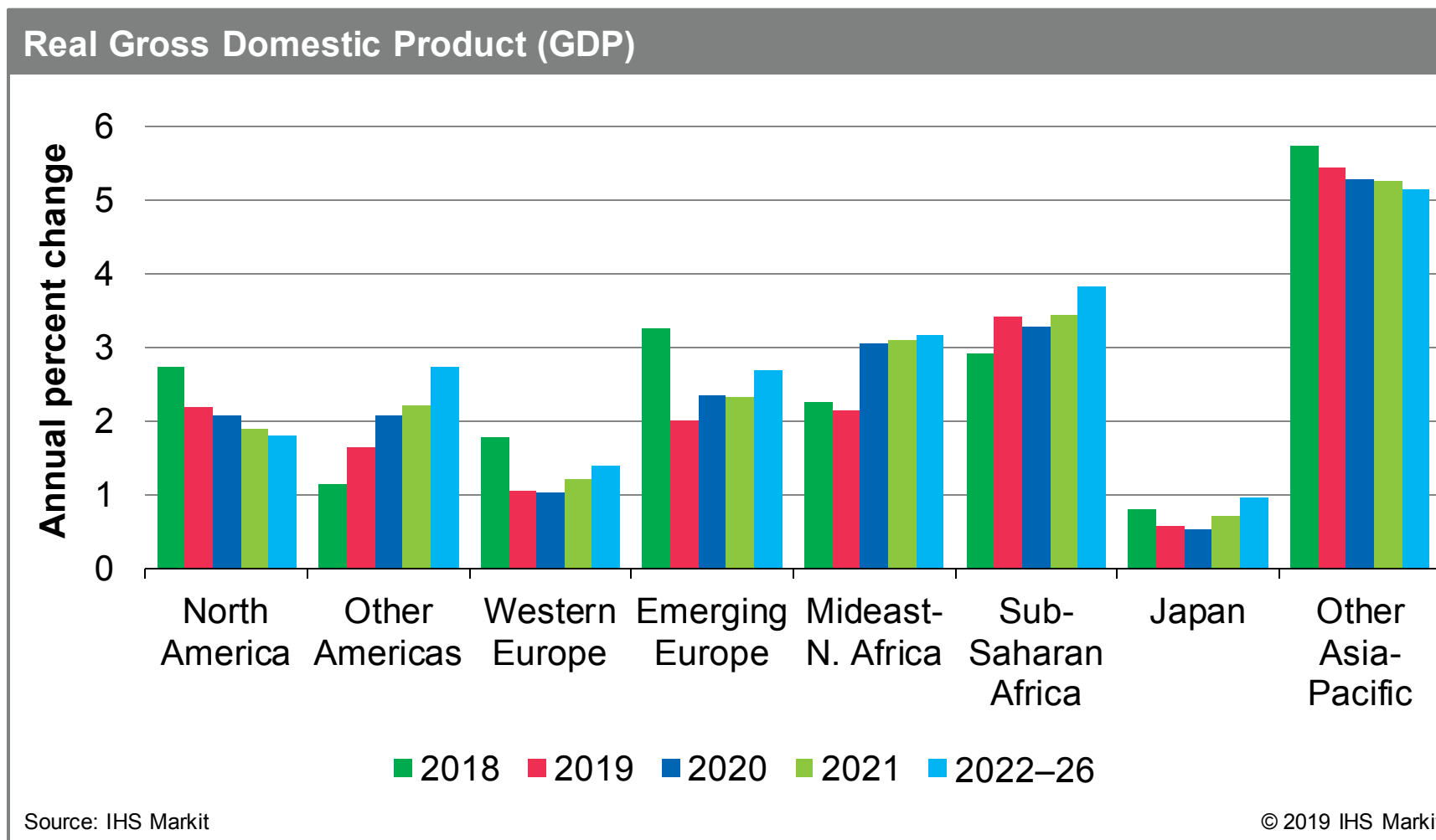
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# Global trade growth slows along with production and GDP in 2019



## Regional GDP growth rate differences affect trade lanes



## Canada Container Trade Outlook is for Slower Growth in 2019

Total Canada TEU volume growth forecast **3.9%**, of which:

- Imports 3%
- Exports 5%

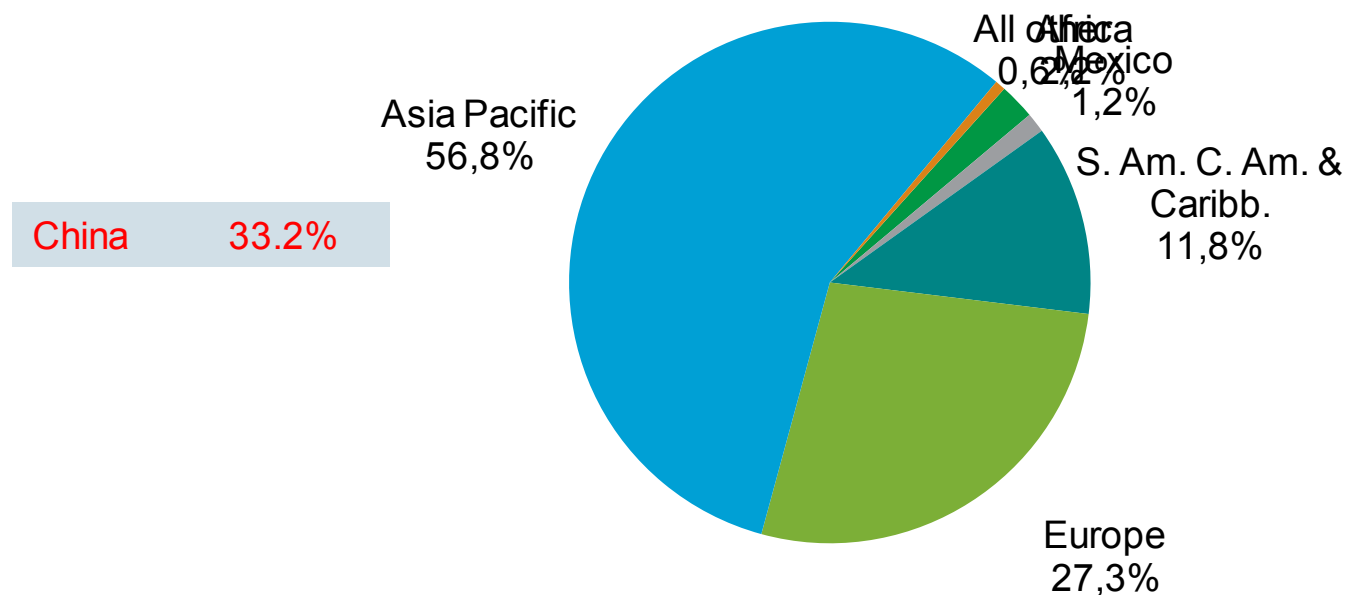
### Trade Lane Growth Rates, TEU by Direction

	Imports	Exports
Transatlantic	2.4%	6.0%
Transpacific	3.5%	4.4%
North-South	3.9%	5.3%

Source: World Trade Service, IHS Markit

## Asia is largest regional source for Canada TEU imports China alone provides a third imports in 2019

Percent of total imports by source region, Canada 2019, TEU

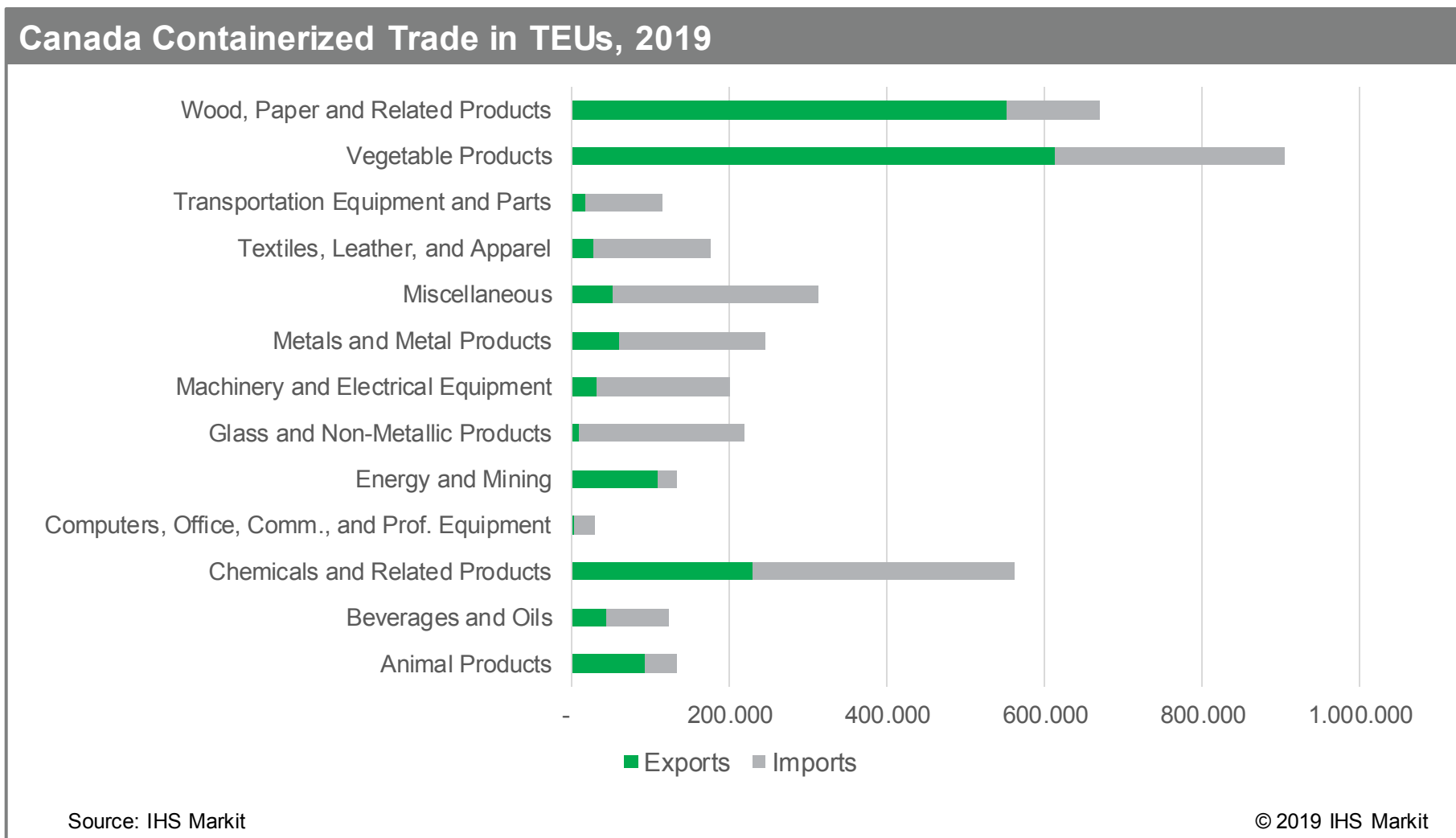


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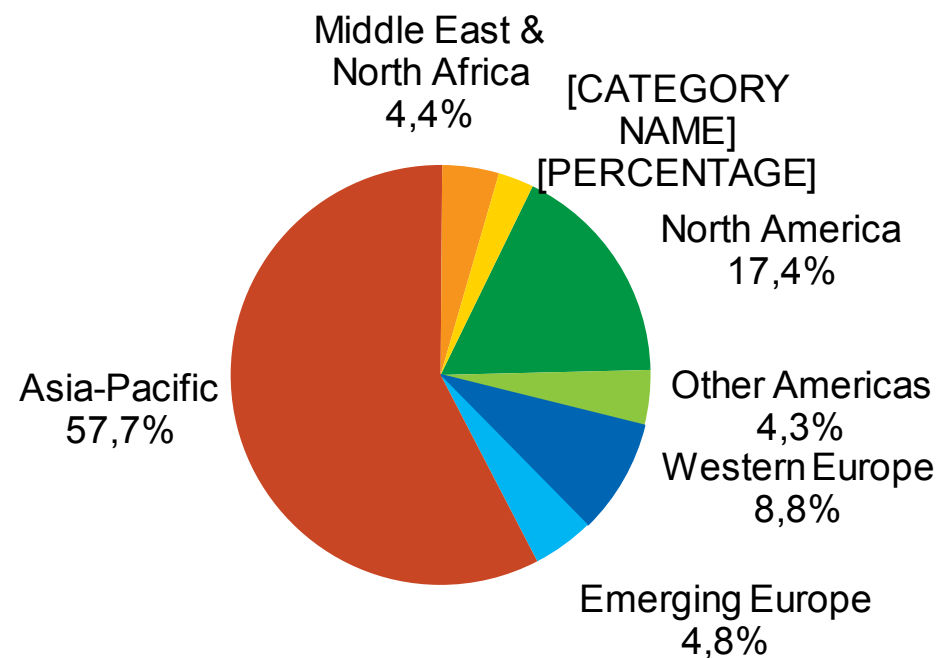
# Resource Commodities Still Dominate Canada Container Exports

## Canada Imports are more Balanced across Manufactured Products



## Long-term Canadian container trade growth potential is dominated by Asia

Percent of world real GDP growth, 2018–2028



Source: IHS Markit

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## Canada delayed in seeing USMCA benefits with ratification at risk

- With new U.S. tariffs, Mexico's Senate vote on NAFTA replacement USMCA will be delayed.
- U.S. legislative approval of USMCA, to have been supported by removal of steel and aluminum tariffs against Canada and Mexico, now likely delayed.
- U.S. tariffs hit Mexico's economy, especially if rates go to 25%. Mexico export earnings drop.
- Tariffs start at 5% June 10<sup>th</sup> and increase 5% monthly up to 25% in October 2019.
- Mexican exported US\$372 billion to the US, or 82% of its total exports, in 2018.
- Mexico expected to retaliate with tariffs on imports from the U.S. and look for other markets.
- Weakening of the Mexican peso, leads to higher import costs in Mexico, including imports from Canada. Components used in autos and other manufacturing also hit by higher import costs.
- U.S. now imposing tariffs on 2 of its top 3 trade partners.
- Can Canada escape also being targeted by the U.S. again?

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