



 The Conference Board of Canada Le Conference Board du Canada

## B.C. Natural Resources Forum

Factors Shaping Canada's Economy

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[conferenceboard.ca](http://conferenceboard.ca)

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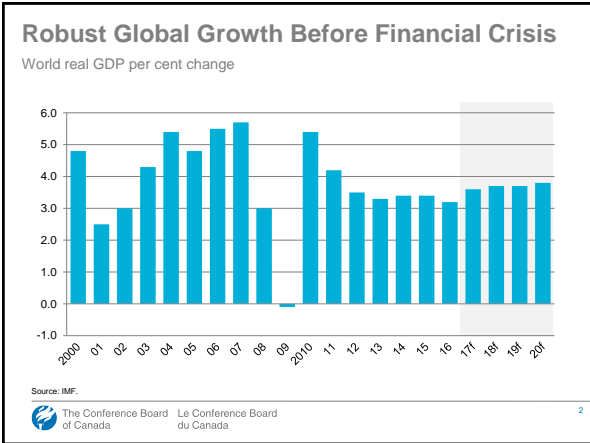
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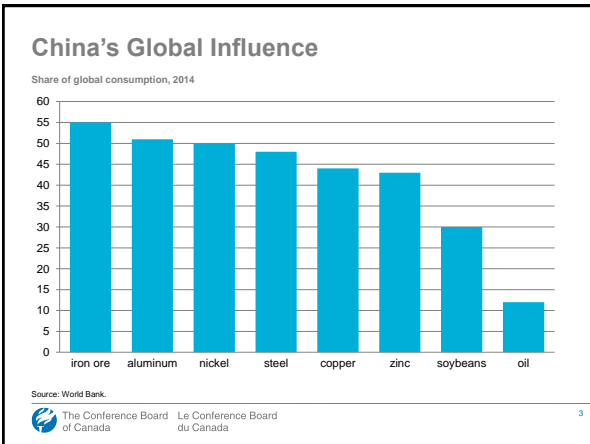
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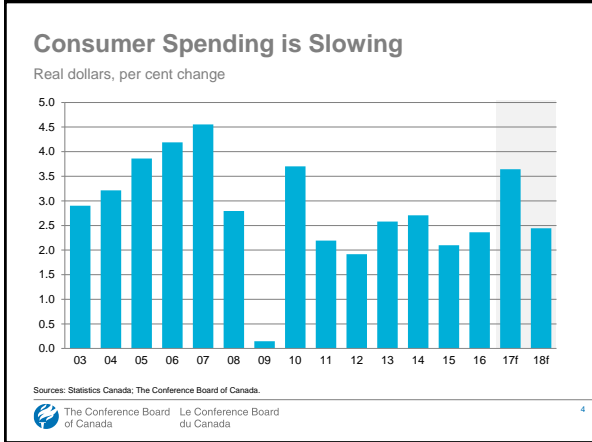
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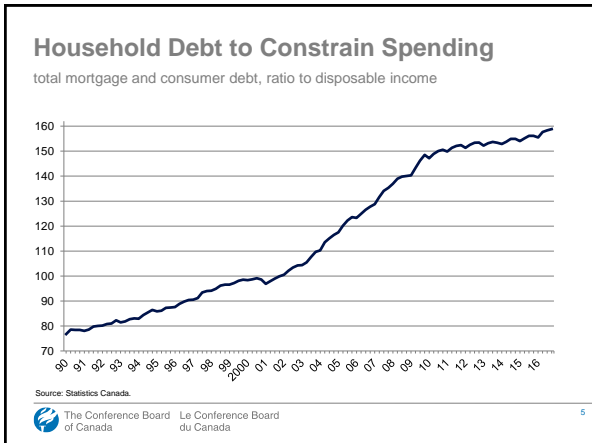
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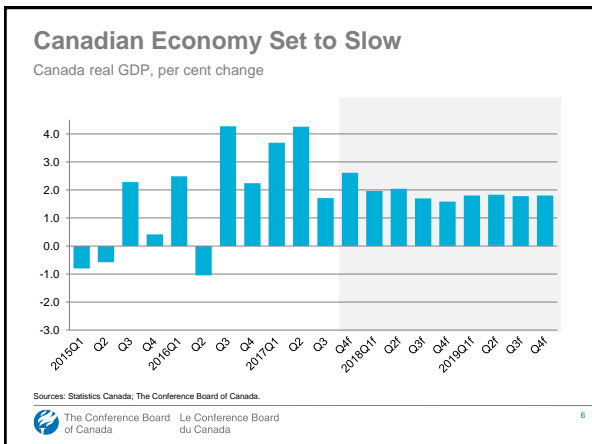
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### Factors Affecting Canada's Economic Outlook

- The Canadian economy is coming off a stellar year of growth -- mostly on the back of the consumer
- It is tempting to characterize the performance as a return to pre-2008 "normal" with a strong Canadian economy
- *However*, the economy will need to contend with a number of disruptions and structural issues: growth slows
- Solutions need to be crafted: *Ambition, thought, and effort are all required to change the outcome!*

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It was the **best** of times, it was the **worst** of times.  
 It was the age of **wisdom**, it was the age of **foolishness**.  
 It was the epoch of **belief**, it was the epoch of **incredulity**.  
 It was the season of **light**, it was the season of **darkness**.  
 It was the spring of **hope**, it was the winter of **despair**.

*A Tale of Two Cities*

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### Disruptive Factors Affecting Canada




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### Rise of Global Markets and Protectionism

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### Global Markets

- Markets have moved from national, to regional, to global
- Globalization has added to global growth, created new opportunity, and reduced global poverty
- While there is global demand, there is also global competition to participate in world markets
- Participation may mean *participating* in global supply chains, not *owning* them
- Everyone has the opportunity to benefit, but the determined benefit more

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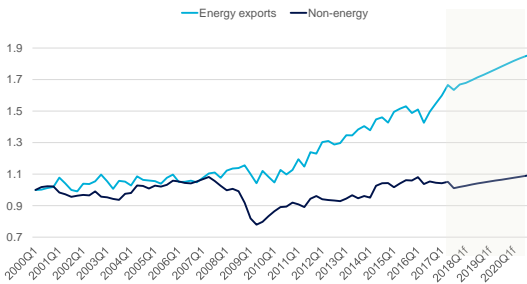
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### Non-Energy Exports Continue to Struggle

merchandise trade, 2007 constant dollars, index 2000=1



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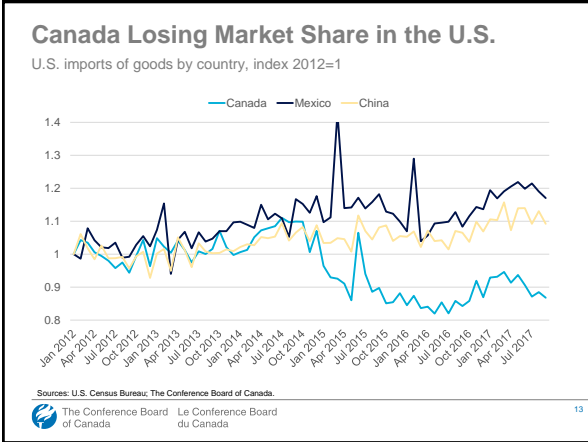
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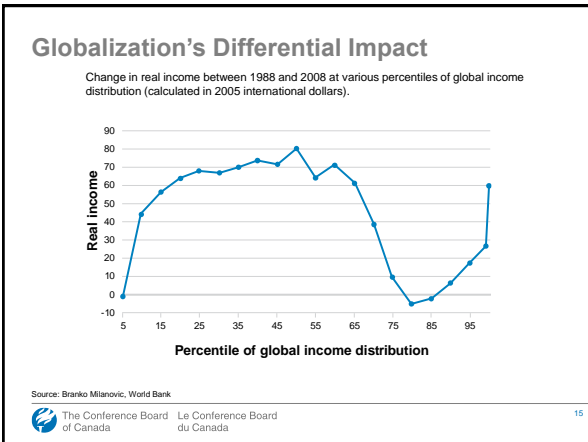
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### Trade Protectionism: Tough NAFTA Talks

Potential Tariff for Selected Commodities	US MFN Tariffs	CAD MFN Tariffs
Agriculture	3.9	2.1
Mineral fuels	0.5	0.7
Primary metals	2.0	0.8
Chemicals, plastics, and rubber	3.0	1.0
Wood	1.1	1.1
Motor vehicles and parts	2.8	4.7
Air and spacecraft M&E	0.2	0.9
Other transportation equipment	2.6	9.7
Food, beverage, and tobacco	6.2	3.6
Computers and electronics	1.5	1.1
Other consumer goods	2.1	2.6

Source: The Conference Board of Canada.

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### Diversifying Trading Partners is Key

- Business needs to “up” its export game: need to grow and diversify exports
- Progress is being made and we need to continue the push to sign new free trade agreements and open access to new markets:
  - Comprehensive Economic and Trade Agreement (Europe)
  - Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) may evolve
  - A trade deal with China could happen
- Doors are opening but we need to walk (run?) through them!

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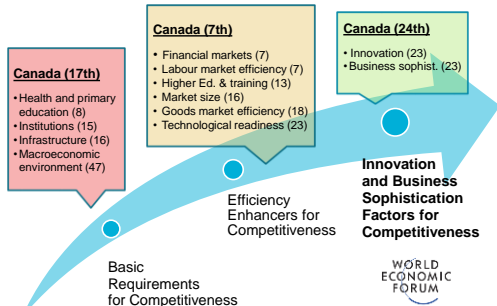
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### CANADA's Overall Competitiveness Ranking, 2017: 14th (2016: 15th)




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### Technological Innovation

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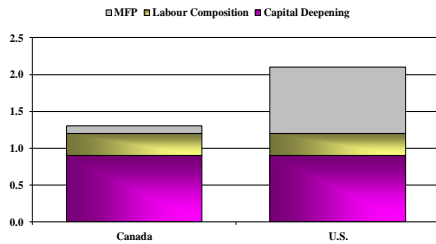
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### Productivity

1995–2015 Labour Productivity Growth (% average annual growth)



Sources: The Conference Board of Canada; Statistics Canada

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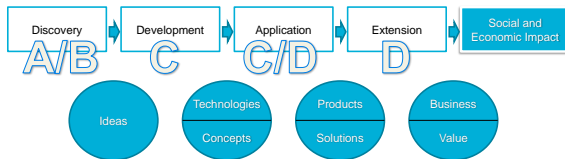
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### Innovation Value Chain



- A **process** through which economic or social value is extracted from knowledge...
- By generating, developing, and **implementing ideas**...
- **To produce** new or improved products, services, processes, strategies, or capabilities.

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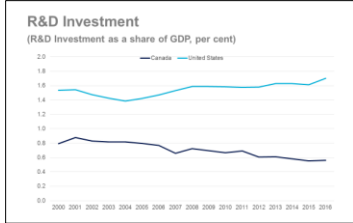
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### Driving Productivity and Innovation?




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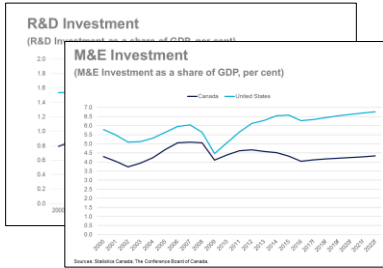
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### Driving Productivity and Innovation?




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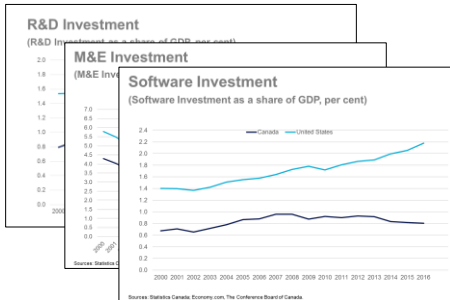
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### Driving Productivity and Innovation?




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### Labour Market Evolution

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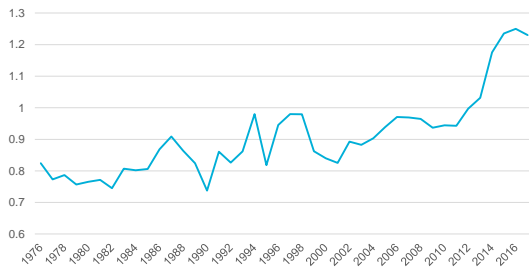
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### Baby Boomers Starting to Retire

retirement rates as a share of labour force, per cent



Source: Statistics Canada.

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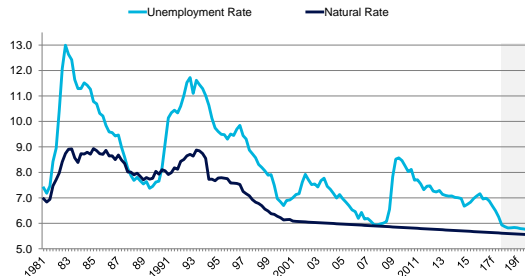
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### Labour Market Tightening

per cent



Sources: Statistics Canada; The Conference Board of Canada.

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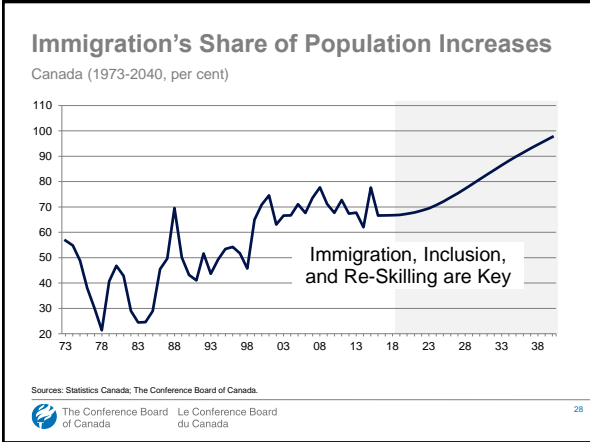
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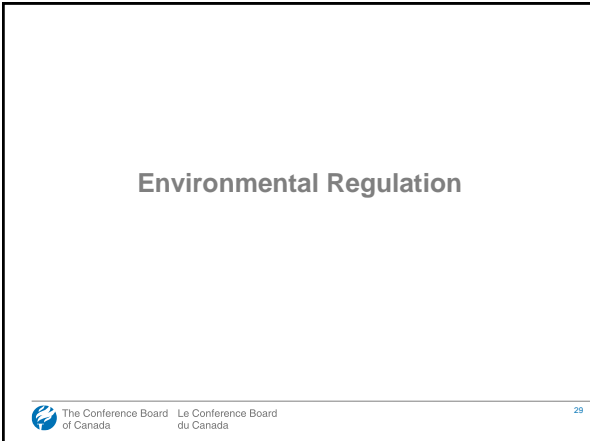
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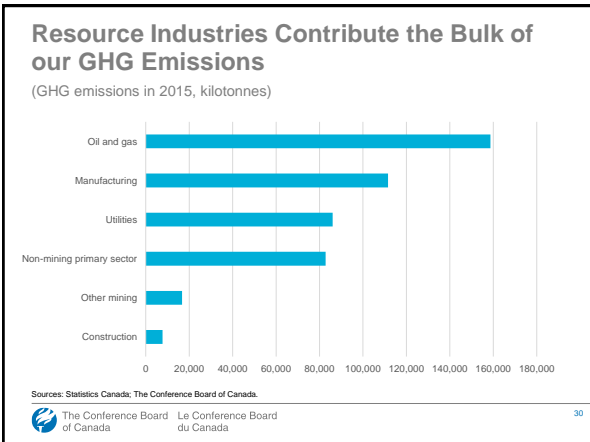
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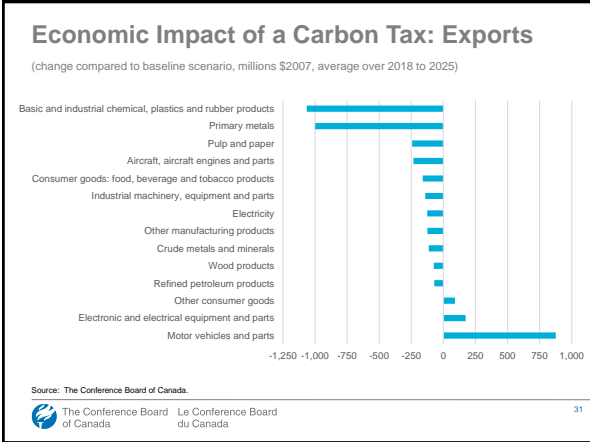
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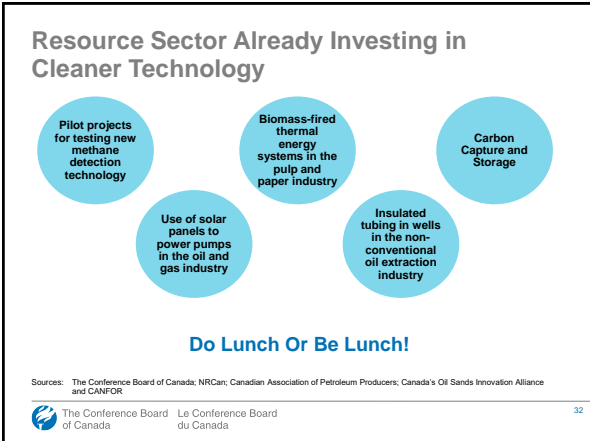
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### Will, Creativity, and Process

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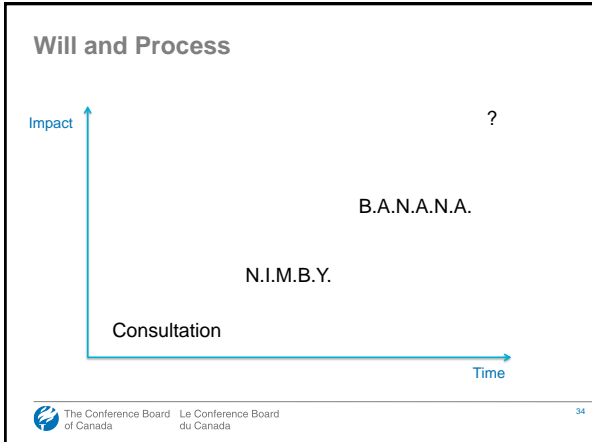
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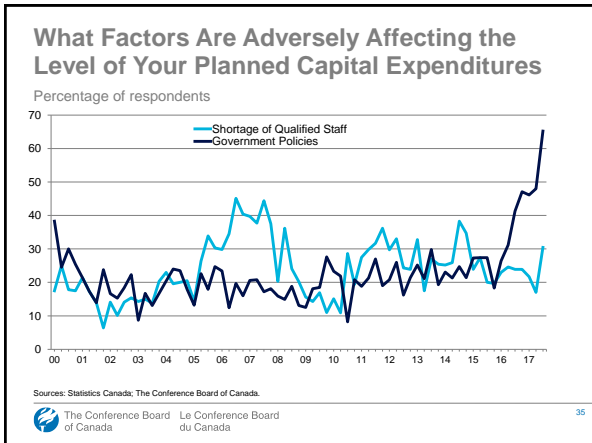
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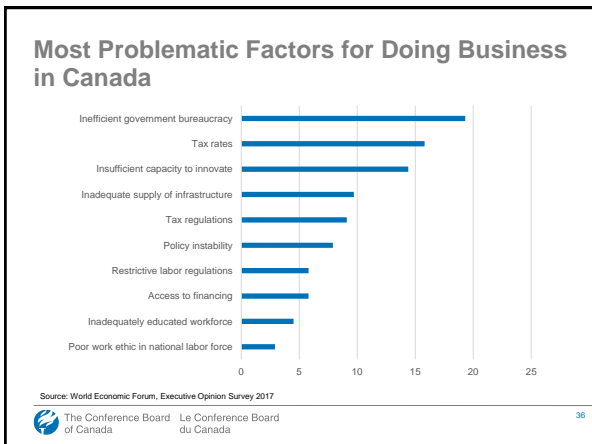
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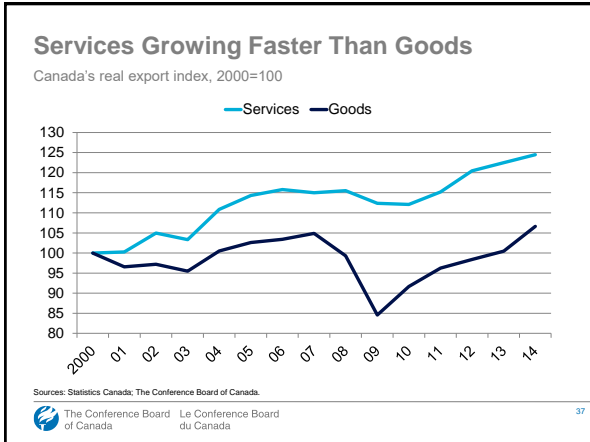
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### Bottom Line for Canada

- The pattern for economic growth in Canada going forward will look much different than it did last year or pre-2008
- NAFTA talks have only highlighted the need to diversify our trade sector
- Need to capitalize on technological innovation and improve our productivity: invest for the future
- Address environmental issues and demonstrate the opportunity in sustainable resource development
- And get on it!

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