

Manitoba Trade Outlook

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InterGroup

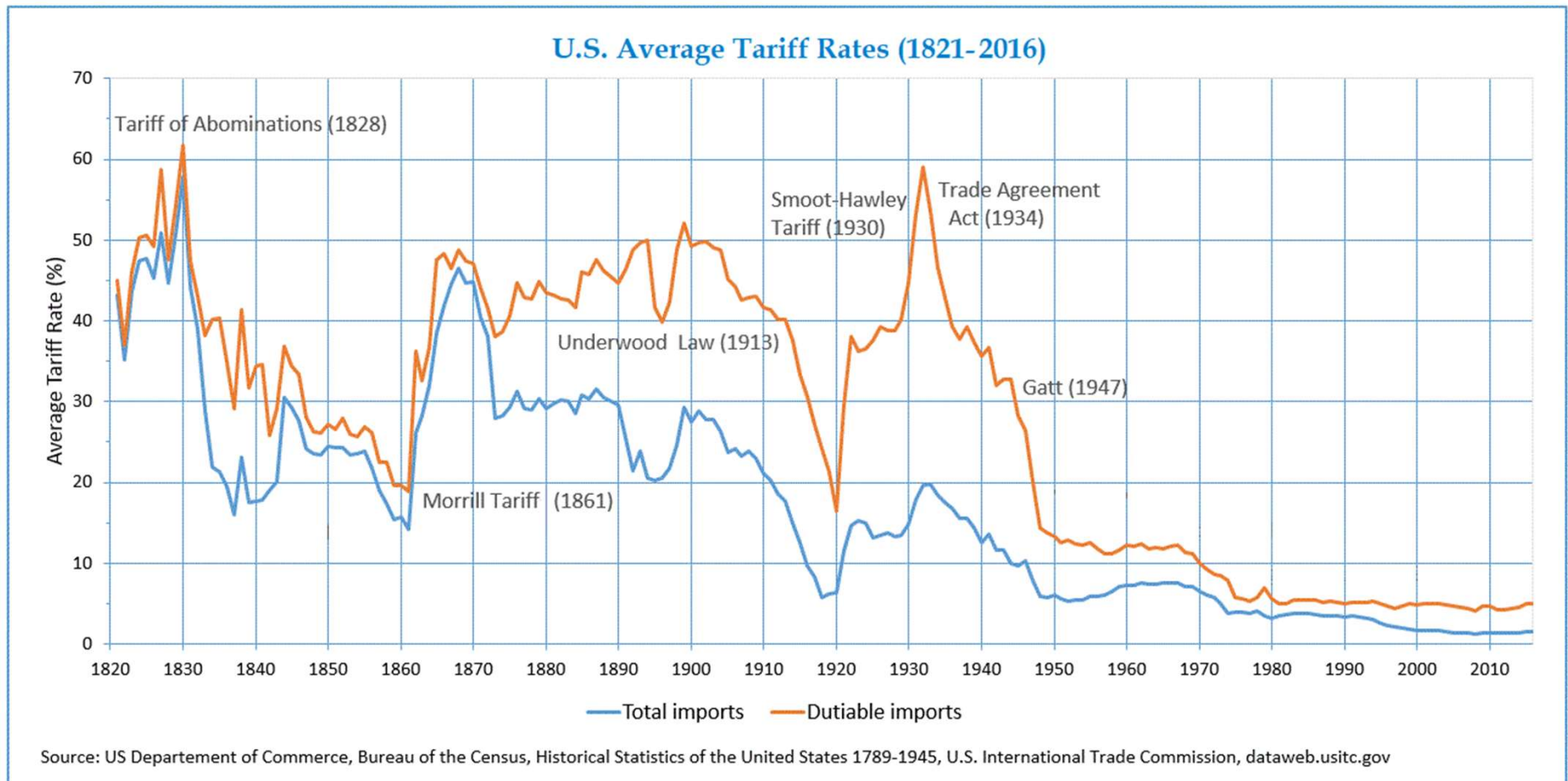
C O N S U L T A N T S

Summary

- History
- Current Trade Stats and Risks
- Areas for potential action
 - US
 - International Trade
 - Internal Trade

History

US Tariff Rates (1821 - 2016)



Trade History, Post WW2

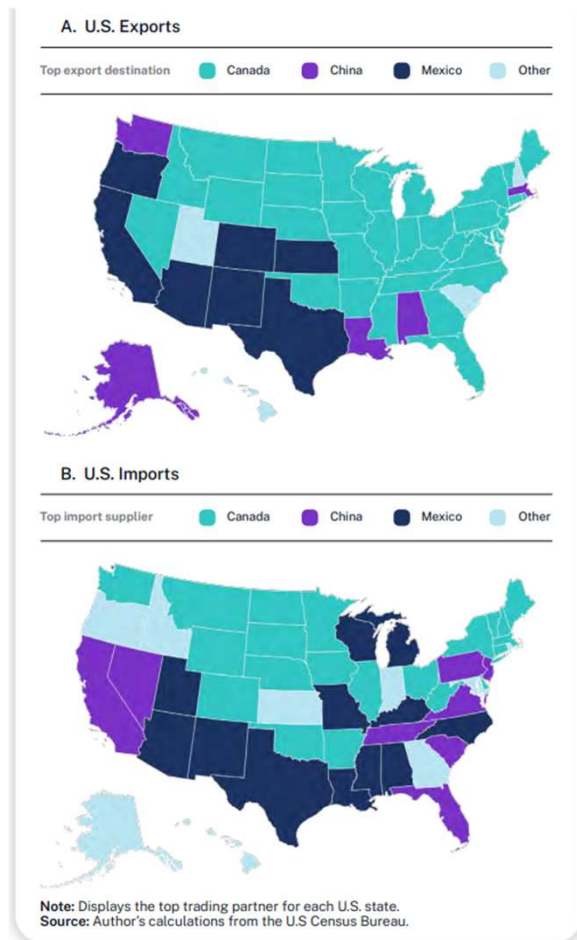
- The General Agreement on Tariffs and Trade (GATT) was signed in 1947 and came into effect on Jan 1, 1948.^[1]
- The various negotiation rounds reduced average tariffs on industrial goods from 40% (1947) to less than 5% (1993).^[1]
- Canada was one of the 23 original signatories.

[1] Wilkinson, B. (2021). General Agreement on Tariffs and Trade (GATT). In *The Canadian Encyclopedia*. Retrieved from <https://www.thecanadianencyclopedia.ca/en/article/general-agreement-on-tariffs-and-trade>.

[2]

Recent statistics

US States by their Major trade partner

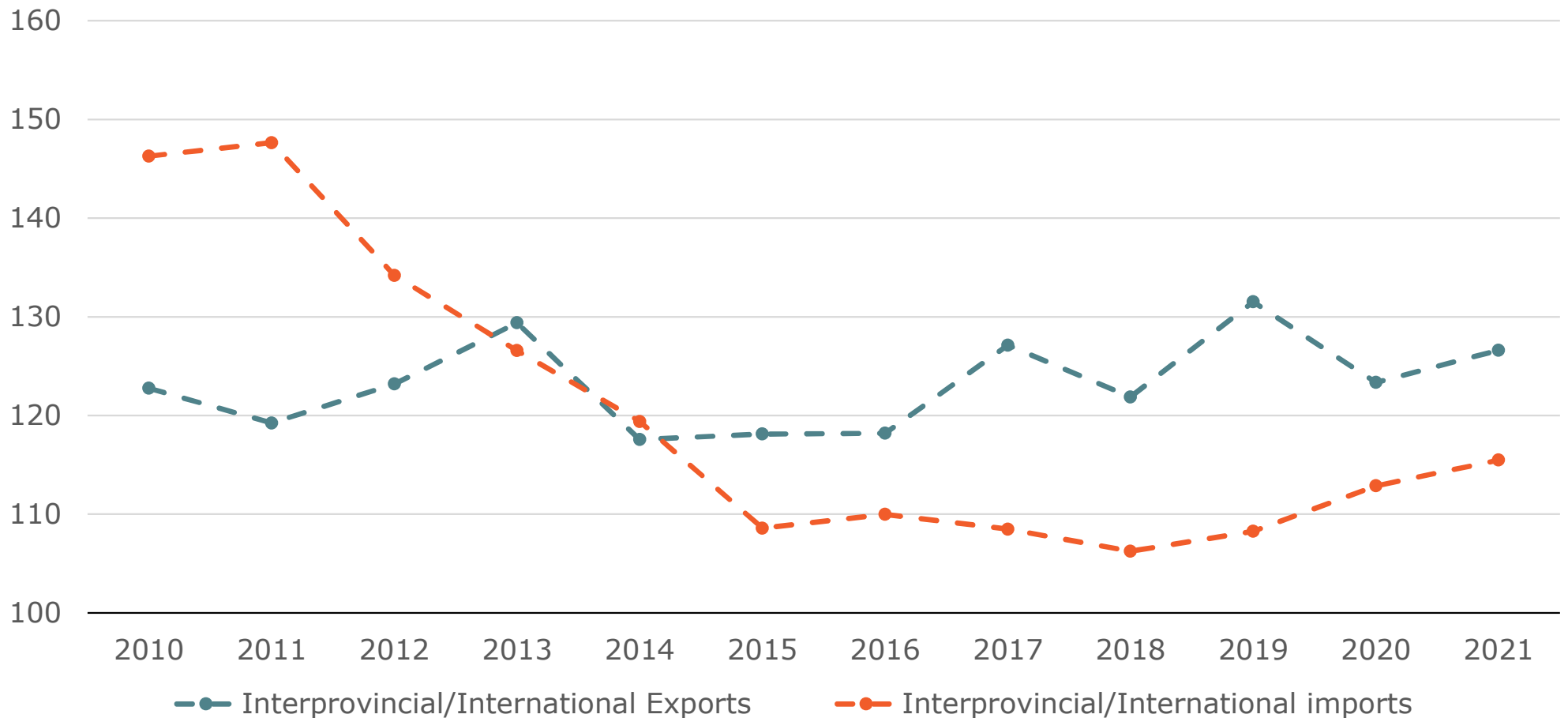


- Tombe (2024). " Partners in Prosperity."
 - https://businessdatalab.ca/wp-content/uploads/2024/10/PartnersInProsperity_EN_Final.pdf
- The majority of states have Canada as their major trade partner for imports and exports.

Manitoba International and Interprovincial Trade

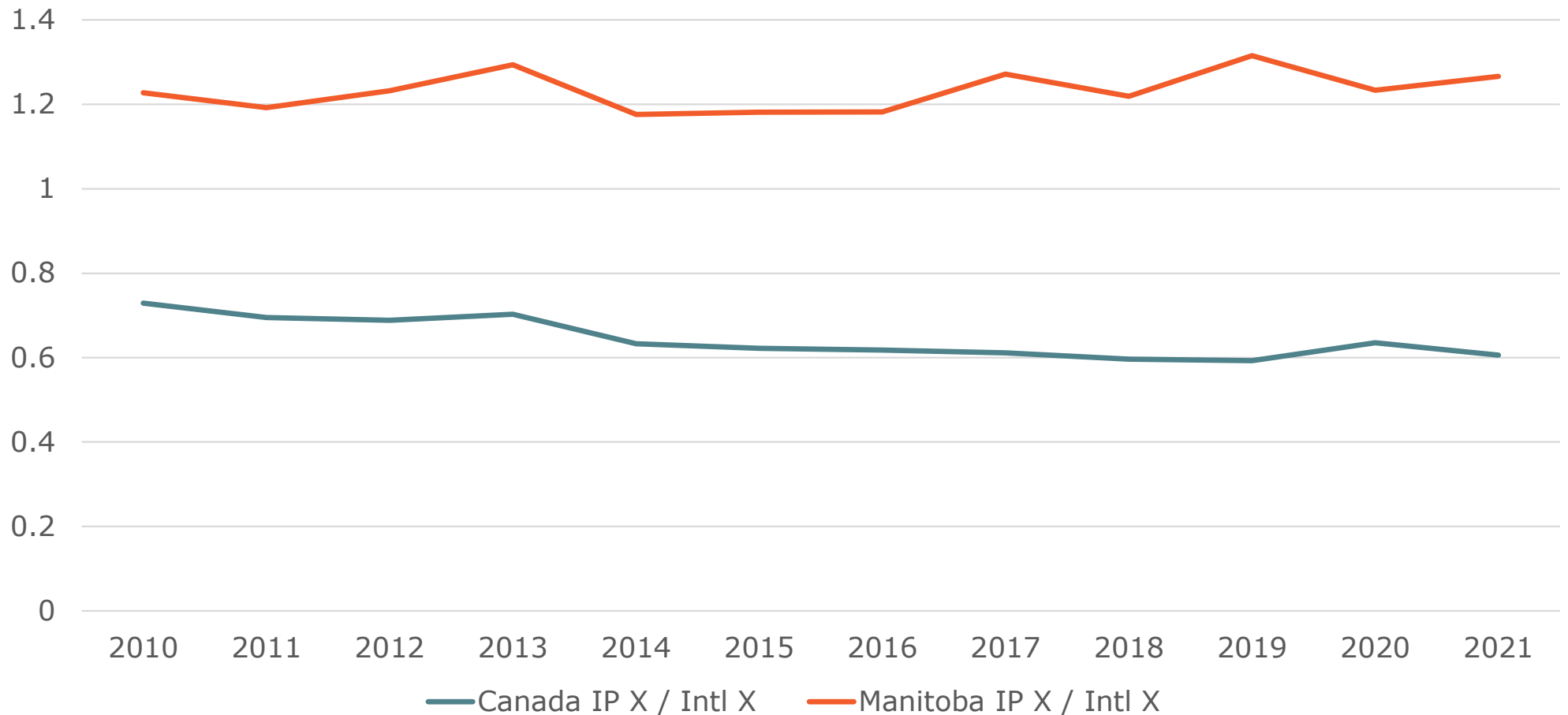


Manitoba Interprovincial/International Trade Ratios



Source: Statistics Canada, Table 12-10-0101-01

Ratio of Interprovincial Exports to International Exports, Canada and Manitoba

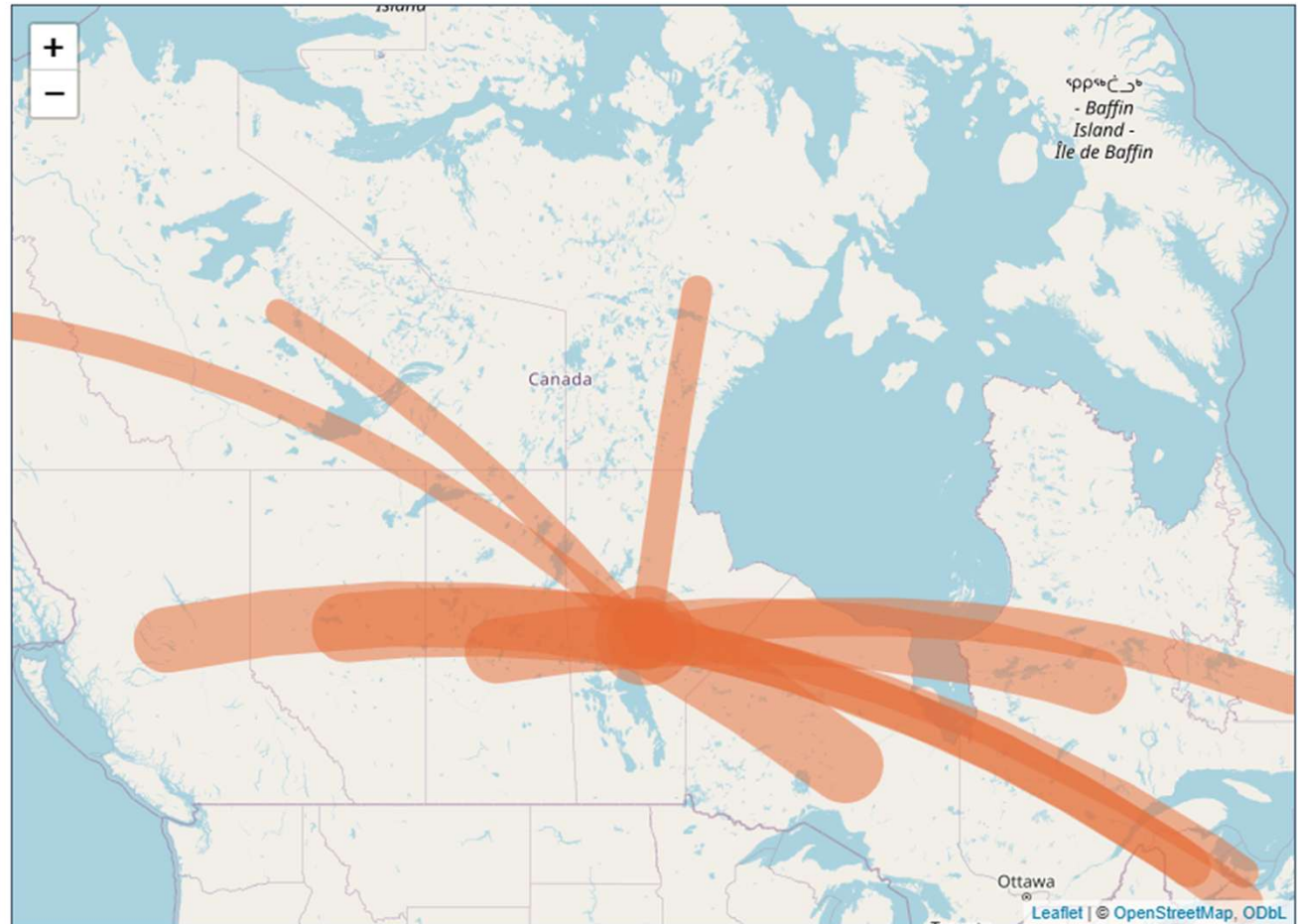


Statistics Canada Table 12-10-0101-01

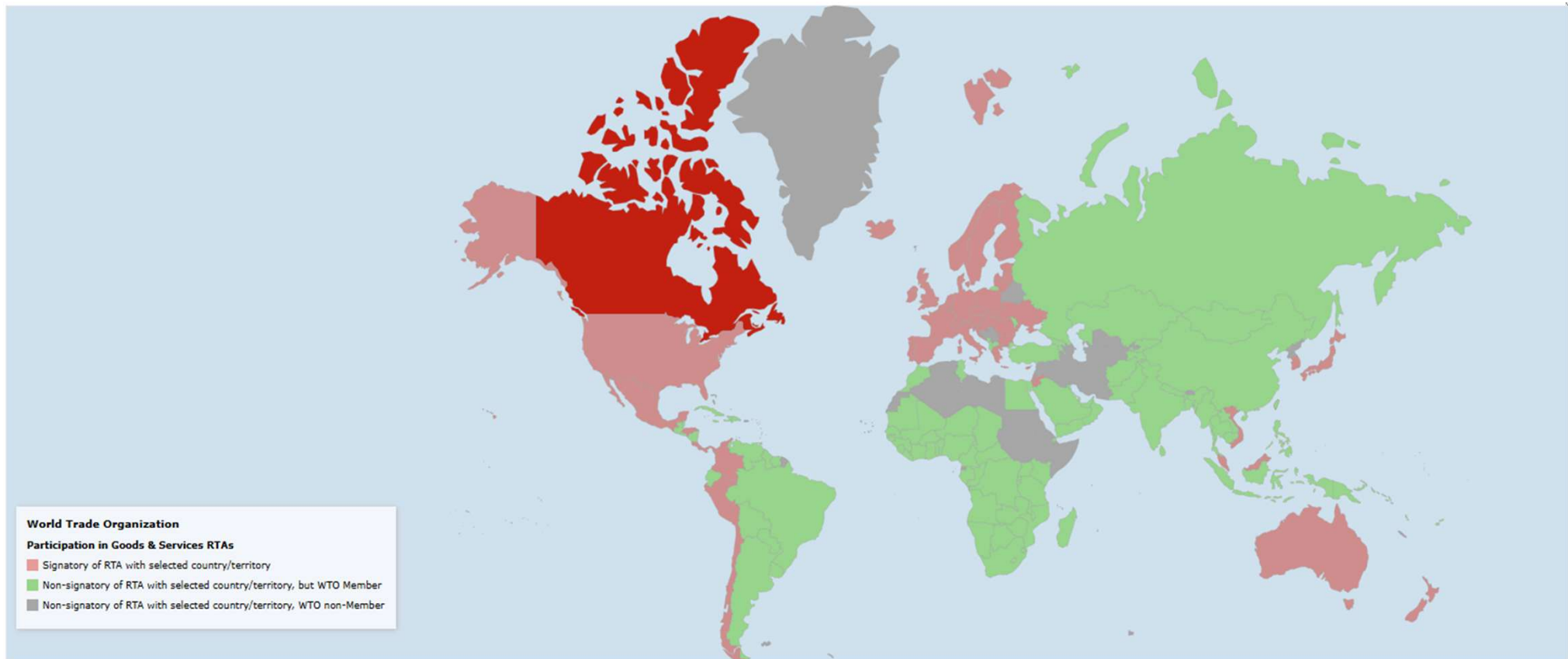
Manitoba's Interprovincial Trade (2021)

Source: Statistics Canada

- <https://www.statcan.gc.ca/hub-carrefour/cith-ccci/topic-goods-services-sujet-biens-services-eng.htm>

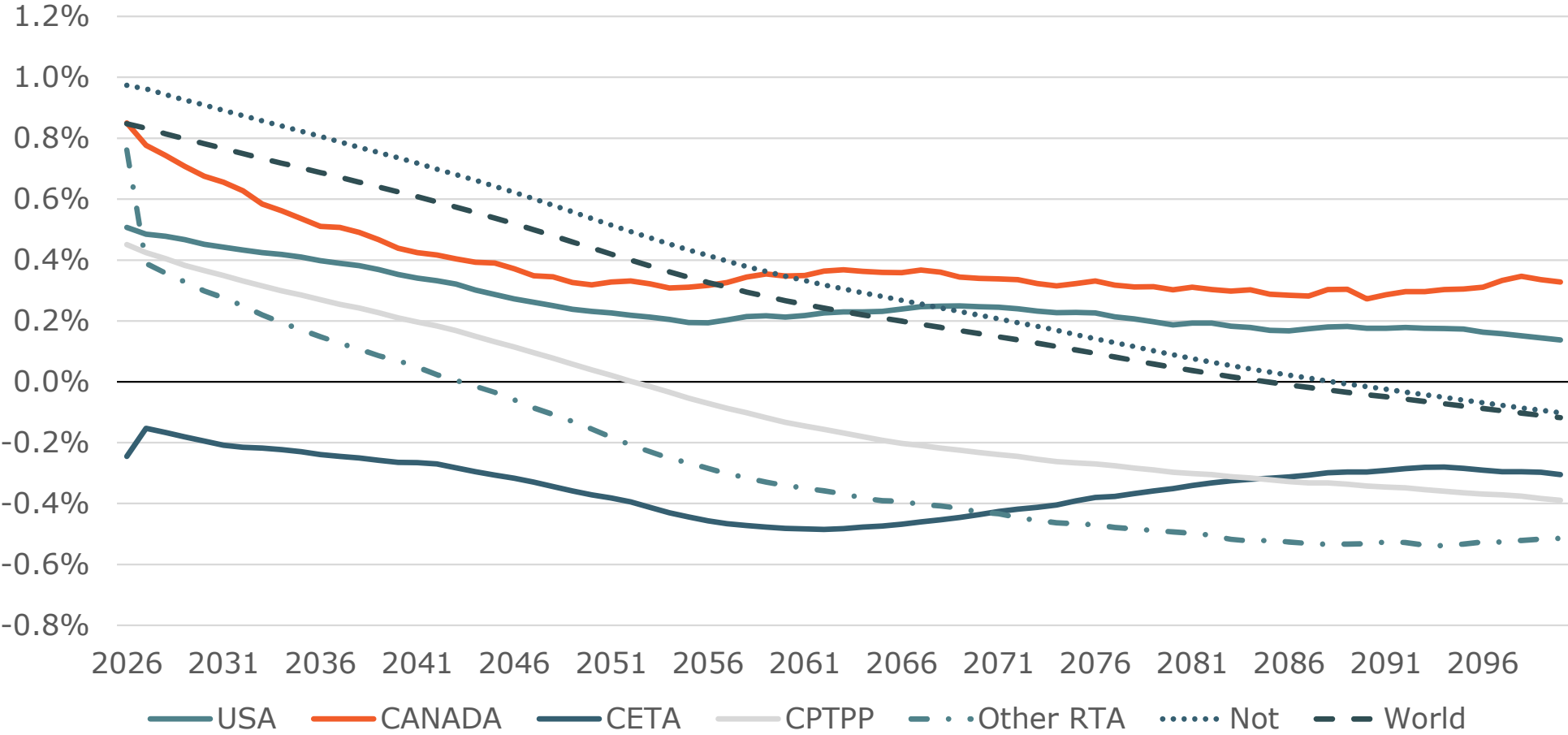


Canada and its regional trade agreements



Source: WTO, [Canada's regional trade agreements](#)

World Population Growth (y/y) grouped by Canada's Regional Trade Agreements or Not



CUSMA

- Canada has several steps it needs to take:
 - Threaten retaliation for the imposition of tariffs, and act if need be
 - Use its connections in the USA and Canada to get bodies like Chambers of Commerce, Industry groups and individual companies to persuade the US administration to resolve things quickly rather than harm Canadian and US companies.
 - Canada has numerous trade commissioners in the US that are boots on the ground.
 - <https://www.tradecommissioner.gc.ca/trade-commissioner-delegue-commercial/results-resultats.aspx?cids=US&search=Submit&lang=eng>

CPTPP, and CETA

- Canada has two major trade agreements that are still relatively new. Canada needs to take further advantage of these agreements, since these are some of the largest economies.
- CPTPP (2018): this includes the UK.
 - <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cptpp-ptpgp/index.aspx?lang=eng>
- CETA (2017):
 - <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/index.aspx?lang=eng>
- Suggest firms start attending trade shows in the various countries and work with trade commissioners in those countries to build up connections and sales.

Longer term

- Negotiating a free trade agreement can easily take a decade, so adding new countries to our list of countries with free trade agreements is not something that will solve our short term problems of trade action by the US now.
- To make a difference in the short to medium term is to expand trade in countries outside of the US that we have specific free trade agreements with.

Possible Areas for Action: Internal Trade

Alvarez, Krznar and Tombe (2019). "Internal Trade in Canada: Case for Liberalization," IMF Working Paper, WP/19/158

- Paper estimated geography accounts for 57% of Canada's internal trade barriers, and non-geographic barriers for 43%.
- Within non-geographic barriers, average tariff-equivalent in 2015 was 21%.
 - Across sectors it varies from 7% for textiles, and over 27% for heavier metals, food products and other manufacturing goods, and significantly higher for services.

Geographic barriers

- Some of the geographic barriers can be overcome through better connectivity between areas in Canada for freight, services delivery and people movement.
 - Changes that allowed new ships to be built for the St. Lawrence Seaway (around 2012).
 - Investments in the rail corridors to the West Coast and elsewhere
 - Twinning the Transmountain pipeline from Alberta down into Greater Vancouver.
 - Investments to enhance the Churchill Port.
<https://www.cbc.ca/news/canada/manitoba/province-feds-spend-churchill-port-1.7450679>
 - E.g., Highspeed rail corridor in Ontario and Quebec
<https://www.pm.gc.ca/en/news/news-releases/2025/02/19/canada-getting-high-speed?ref=highspeed.blog>

Internal Trade Agreements

- Canadian Free Trade Agreement (2017). <https://www.cfta-alec.ca/>.
 - The CFTA was put in place several reduce barriers within the country as Canada was wrapping up negotiations on the CETA agreement with the EU.
 - Progress has been made to reduce barriers, but it takes time to harmonize
- New West Partnership Trade Agreement (NWPTA) <http://www.newwestpartnershiptrade.ca/>
 - This is an agreement between BC, AB, SK and MB. It improved several areas of internal trade between the four provinces.

Mutual Recognition

- Manucha (2020). “ Internal Trade in Focus: Ten Ways to Improve the Canadian Free Trade Agreement,” Commentary 573, C.D. Howe Institute.
- Manucha and Tombe (2022). “Liberalizing Internal Trade through Mutual recognition: a legal and economic analysis,” MLI.
 - The concept of mutual recognition says that harmonization is not needed between parties. Instead, each province simply recognizes that a company is following the regulations of another province. Essentially saying, good enough.
 - The idea is to quickly smooth over small differences in rules that add compliance costs for companies.

Examples

- Alberta Government (2021). "Labour Mobility Act," <https://www.alberta.ca/labour-mobility-canada>
 - Alberta under its previous premier passed the labour mobility act in 2021. This actually went further than mutual recognition. Instead, they unilaterally recognized occupational standards in other provinces.
- Nova Scotia is in the process of passing an act to enable mutual recognition.
 - <https://torontosun.com/opinion/columnists/charlebois-nova-scotia-smashes-food-trade-barriers-will-the-rest-of-canada-follow>, and https://nslegislature.ca/legc/bills/65th_1st/1st_read/b036.htm
- Federal Government:
 - <https://www.canada.ca/en/intergovernmental-affairs/news/2025/02/government-of-canada-removing-more-than-half-of-federal-exceptions-to-the-canadian-free-trade-agreement-to-strengthen-interprovincial-trade.html>



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