



EXECUTIVE OBSERVATIONS

The following summaries of the provocative presentations delivered at our fall “Exceptional Speakers Series” may not make for casual reading—but I expect that in the months to come, many of us will be interested in consulting them to gauge whether the speakers’ insights and forecasts are borne out by events.

David Rosenberg, an investment economist, and Dr. George Friedman, a geopolitical analyst, are thought leaders in their respective fields. Approaching their presentations from unique professional angles, they nonetheless shared a common message: globally, we are poised to enter a prolonged economic slowdown characterized by sustained geopolitical uncertainty. The take-home message for export-dependent Canada? Managing our economic performance will require us to be constantly alert to our trading competitiveness and trade-corridor performance.

The speakers reminded us that economic cycles fluctuate between periods of expansion and periods of recession—and we seem to be due for the latter. According to Rosenberg, key indicators suggest an 80% likelihood that the US economy will fall into full recession in the second or third quarter of 2020, with the worst effects lasting through 2021. Although Canada and the US are currently at different points in the economic cycle, the slowdown is likely to be similar in both countries by the end of that year.

Dr. Friedman suggested we are entering a new global order characterized by trade wars that could extend a recession into a prolonged global slowdown. Protectionism is the new order of the day as countries leverage market access to achieve their military and political objectives. We have already seen the use of tariffs to leverage political power in China's decision to curb imports of Canadian lentils, soybeans, canola and pork.

While Canadian producers have been working hard to diversify and increase access to markets in China, there are signs that China's economic power might be under threat from a variety of internal forces. Meanwhile, as Dr. Friedman emphasized, our increasingly protectionist neighbour to the south—a net importer—will be inclined to focus more on North American trade partners that better meet its political agenda. This may be a mixed blessing for Canadian producers. Of course, with all of that said, forecasting—a dangerous art at the best of times—can fail completely when governments act unilaterally against one another.

Another idea that arose during the forum presentations was that uncertainty is the only constant. However, our luncheon speaker, political scientist Ian Brodie, was not inclined to believe that a minority Liberal government would necessarily cause more of it. Brodie, who served as Prime Minister Stephen Harper's chief of staff during the

period of his minority government, pointed out that Canada has experienced numerous minority governments—and so far, the sky hasn't fallen.

Although Brodie was there to provide a political perspective, he also spoke about his personal interest in trade. His remarks in this regard merit a second look. In brief, he made the point that there has never been a more important time in Canada's history for us to focus on the movement of goods and services and collaborate on a trade corridor strategy.

Overall, the forum's message—once again—was that only supply chains that are agile, adaptable and aligned can give Canada the sustainable competitive advantage that it needs.



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