



US rising - China & EU in
structural decline:
Why Canada needs new TA

Presentation to PROBUS

March 10, 2026

Ian Lee, PhD

Sprott School of Business

Carleton University

My disclosures

- Do not belong to or donate to any pol party
- Do not consult – am unionized at CU
- Taught strategy capstone course for 38 years – in BCom, MBA & EMBA
- Analyzing firm, industry & national competitiveness & productivity

My disclosures

- Taught +80x in EMBA in Europe & China
- In Iran 10x, Cuba 9x, Ukraine/RU 30x
- Poland & Romania +30x each
- Road trips across 44 US States since 1980
- Sabbatical in DC & Monterey, CA for 2 yrs

My Research Methodology

- Only source from reliable sources
- Not NGOs, not unions, not MPs
- Source from Stats Can, BoC, US FED, US CB, US BEA, CIHI, DOT, big 5 banks
- Source from OECD, IMF, WB, IEA, UNCTAD, WTO, FAO, WHO, ITU

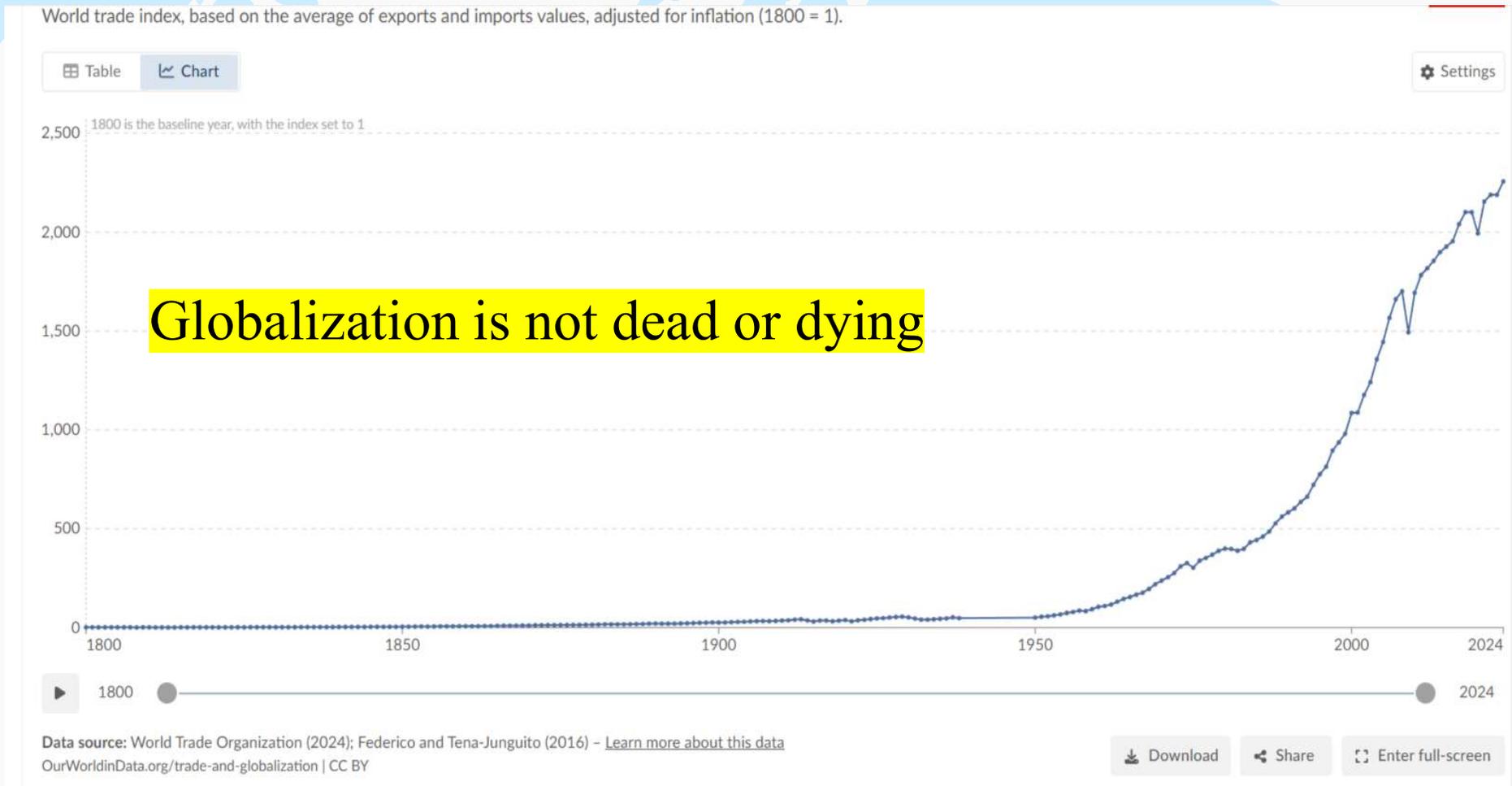
My assumptions

1. US will not invade Canada
 2. Trump will step down in Jan 2029
 3. Next US President will be more moderate
 4. Trade is micro – not macro by PMO
- voluntary acts btwn consenting corps



Big Picture Overview of Global Economy

Our World in Data, Global trade - inflation removed 1800-2024



<https://ourworldindata.org/grapher/growth-of-global-trade>

World Bank, Export of goods & services % of World GDP, 1960-2023

World Bank national accounts data, and OECD National Accounts data files.

License: CC BY-4.0

Line

Bar

Map

Share

Details

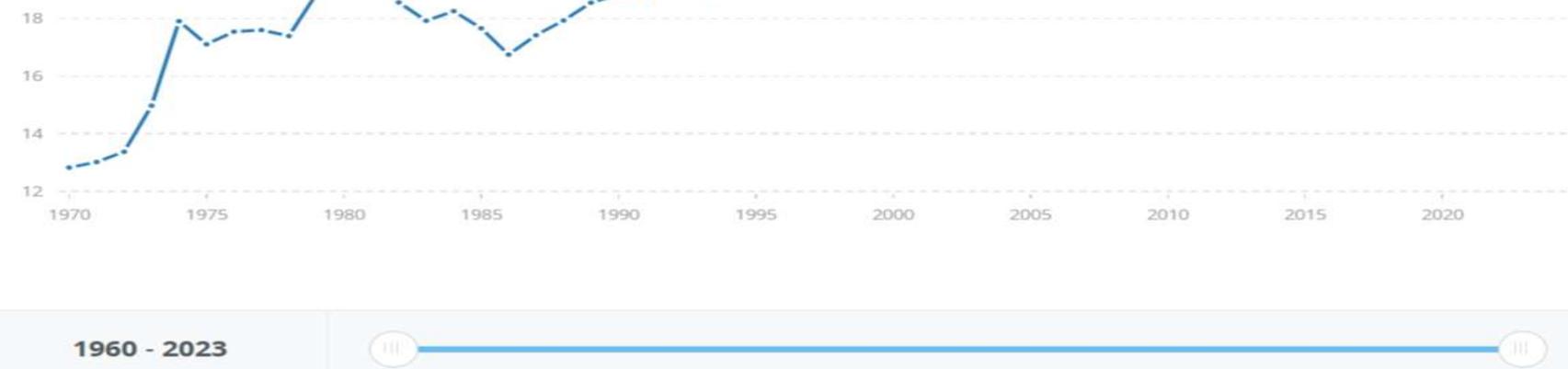
%

LABEL

Globalization is not dead or dying

Trade continues to increase annually

Except COVID years



1960 - 2023

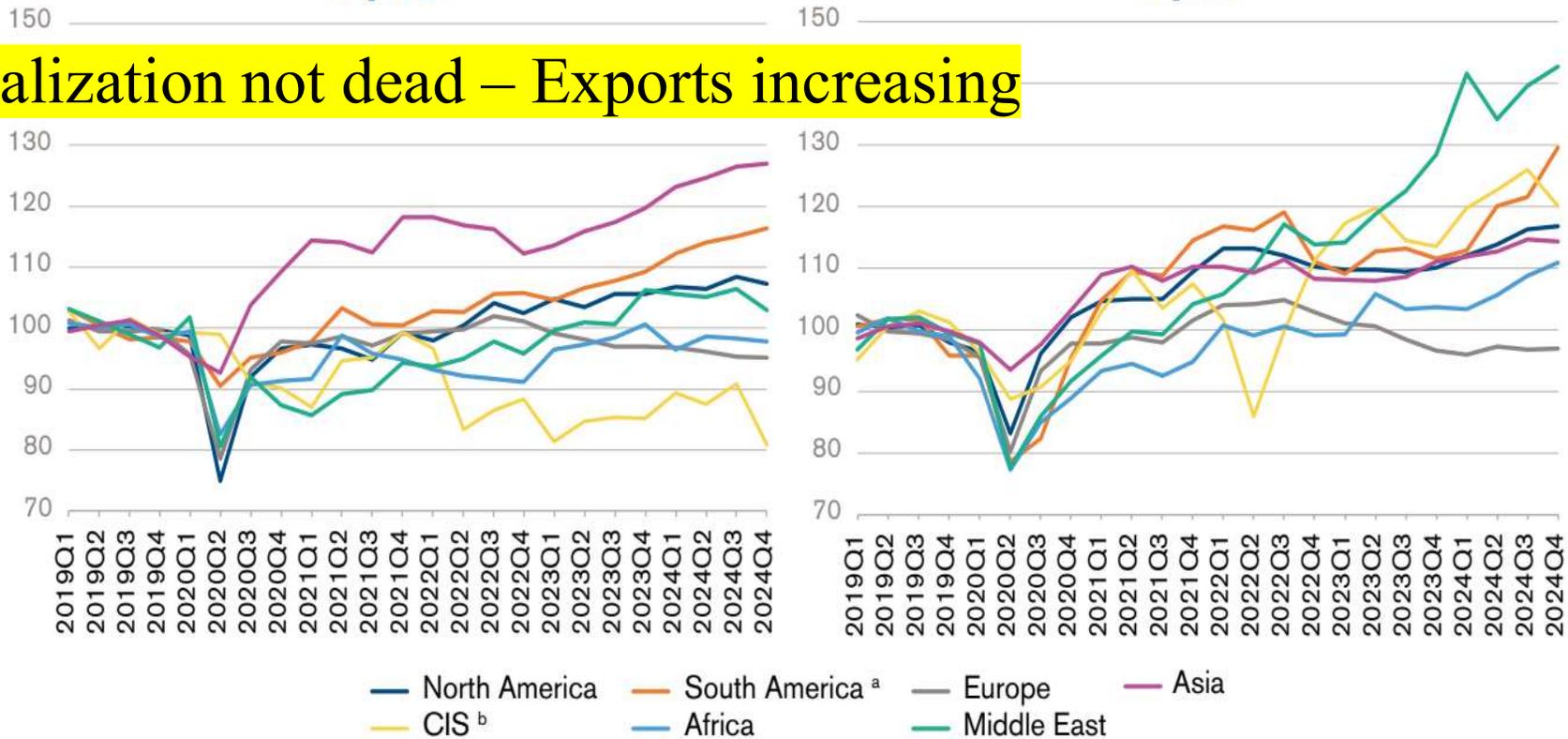
WTO-UNCTAD, World Exports & Imports, 2019-2024

Volume index, 2019=100

Exports

Imports

Globalization not dead – Exports increasing



a Refers to South and Central America and the Caribbean.

b Refers to Commonwealth of Independent States, including certain associate and former member states.

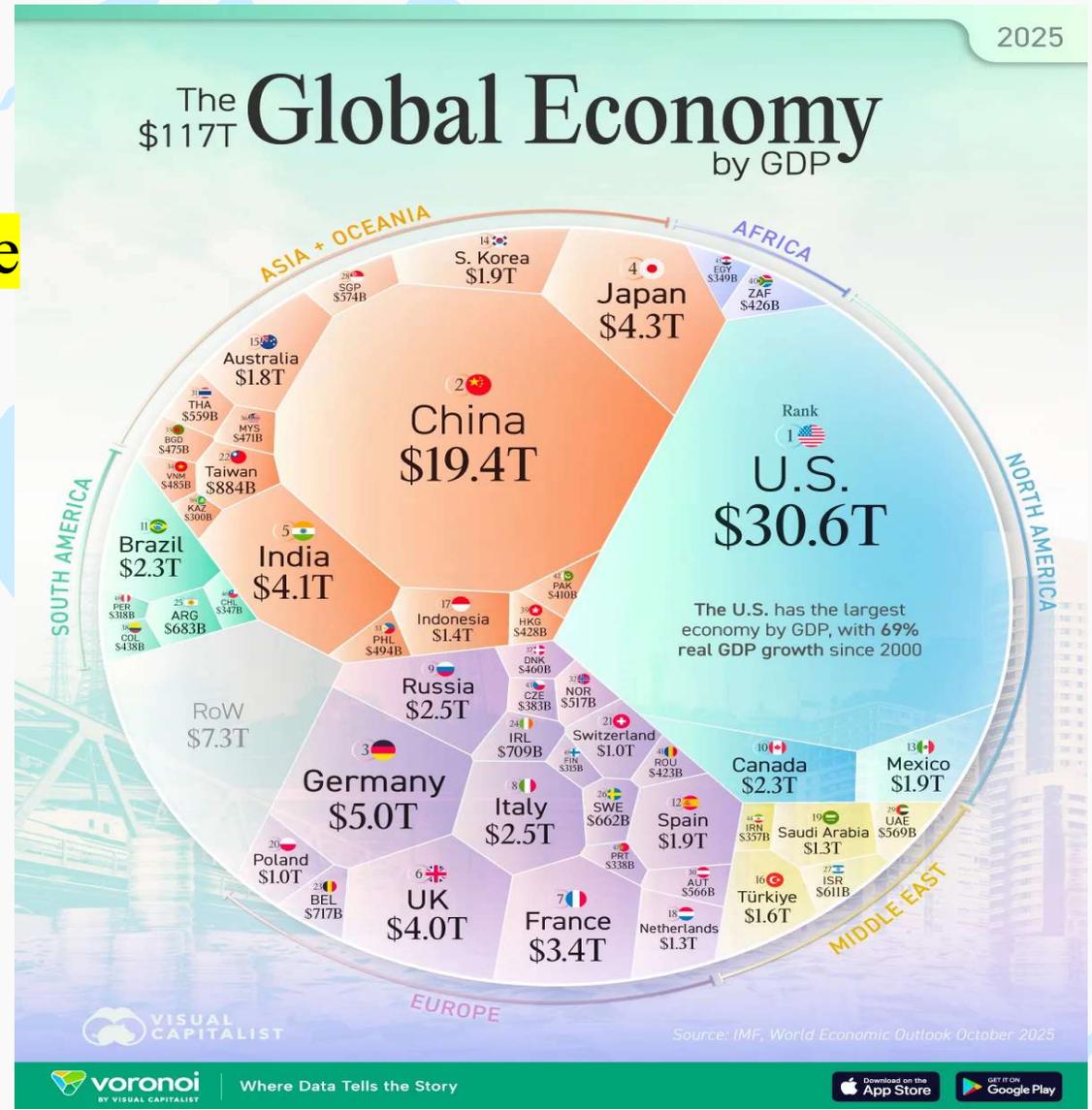
Source: WTO-UNCTAD.

Voronoi, World economies, 2025

USA not in economic decline

USA largest economy

In world since circa 1900

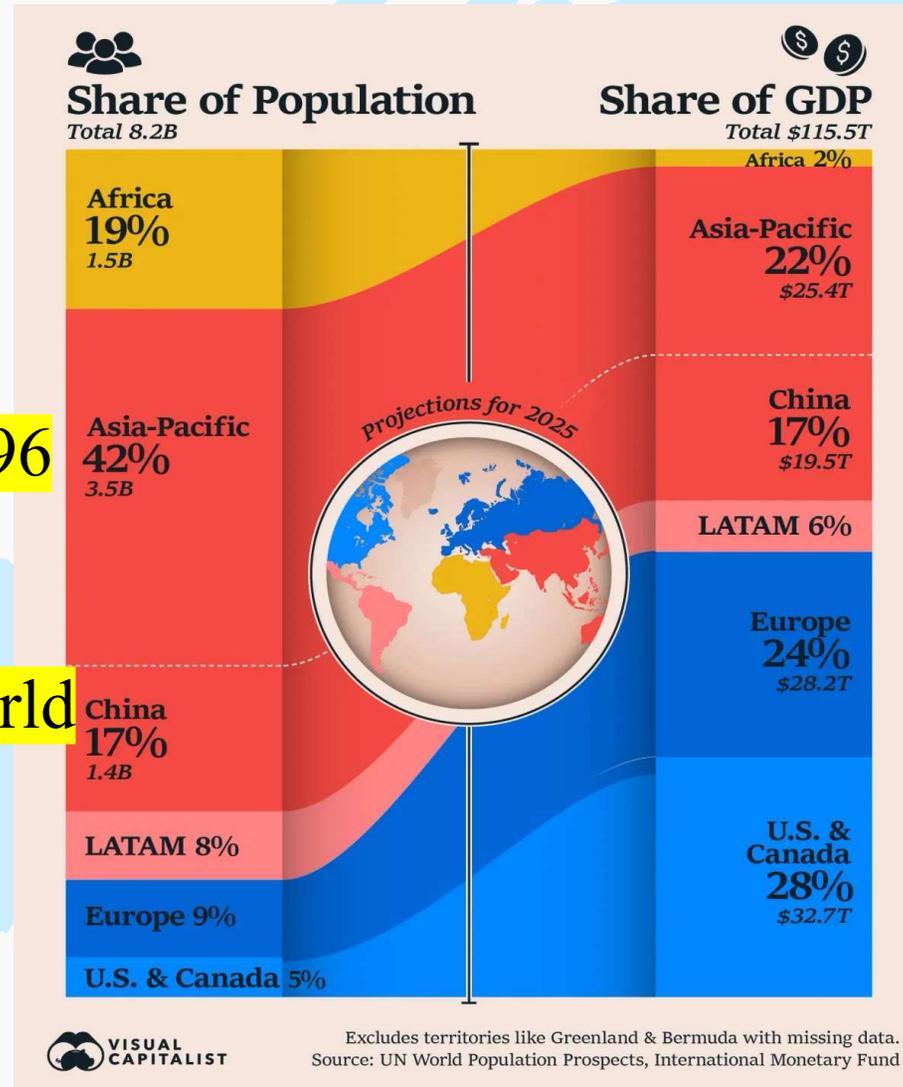


Visual Capitalist, Region share of pop & GDP, 2025

US & Can 28%
of world GDP

2 countries of 196
UN nations

= almost 1/3 world
GDP

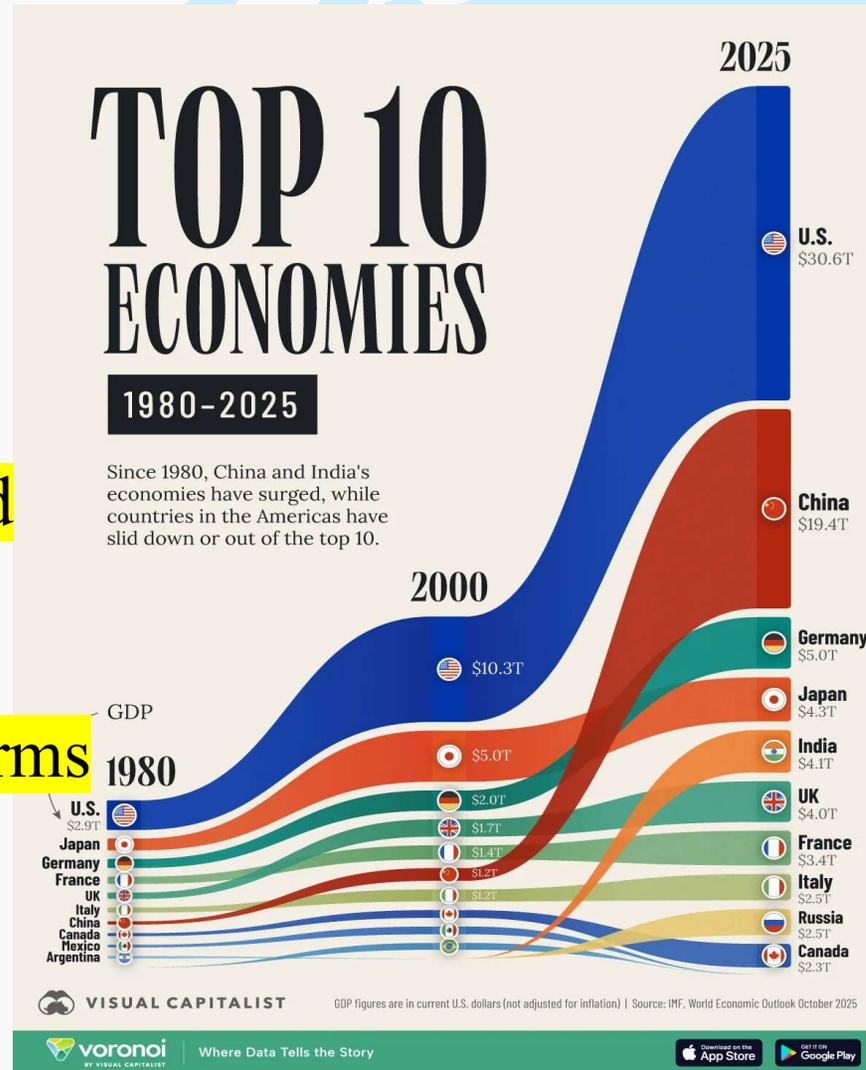


Voronoi, Top 10 economies, 1980-2025

US much larger in 2025 vs 1980

“Decline of American empire” is urban legend

US not contracting in absolute OR relative terms



Visual Capitalist, World's 50 largest economies inc largest US states

California, Texas, NY
larger than most
countries inc Canada

In 2000, California ranked eighth, today it's fourth.

RANK	COUNTRY/STATE ★	2025 GDP
1	U.S.	\$30.6T
2	China	\$19.4T
3	Germany	\$5.0T
4	California	\$4.3T
5	Japan	\$4.3T
6	India	\$4.1T
7	UK	\$4.0T
8	France	\$3.4T
9	Texas	\$2.9T
10	Italy	\$2.5T
11	Russia	\$2.5T
12	New York	\$2.5T
13	Canada	\$2.3T
14	Brazil	\$2.3T
15	Spain	\$1.9T
16	Mexico	\$1.9T
17	South Korea	\$1.9T
18	Florida	\$1.9T
19	Australia	\$1.8T
20	Türkiye	\$1.6T
21	Indonesia	\$1.4T
22	Netherlands	\$1.3T
23	Saudi Arabia	\$1.3T
24	Illinois	\$1.2T
25	Pennsylvania	\$1.1T
26	Poland	\$1.0T
27	Switzerland	\$1.0T
28	Ohio	\$979.1B ★
29	Georgia	\$935.8B ★
30	North Carolina	\$905.2B ★
31	Washington	\$903.7B ★
32	New Jersey	\$896.4B ★
33	Taiwan	\$884.4B
34	Massachusetts	\$828.3B ★
35	Virginia	\$807.3B ★
36	Michigan	\$738.3B ★
37	Belgium	\$717.0B
38	Ireland	\$708.8B
39	Argentina	\$683.4B
40	Sweden	\$662.3B
41	Israel	\$610.8B
42	Arizona	\$604.3B ★
43	Tennessee	\$596.6B ★
44	Colorado	\$589.9B ★
45	Maryland	\$574.4B ★
46	Singapore	\$574.2B
47	UAE	\$569.1B
48	Austria	\$566.5B
49	Thailand	\$558.6B
50	Indiana	\$551.8B ★

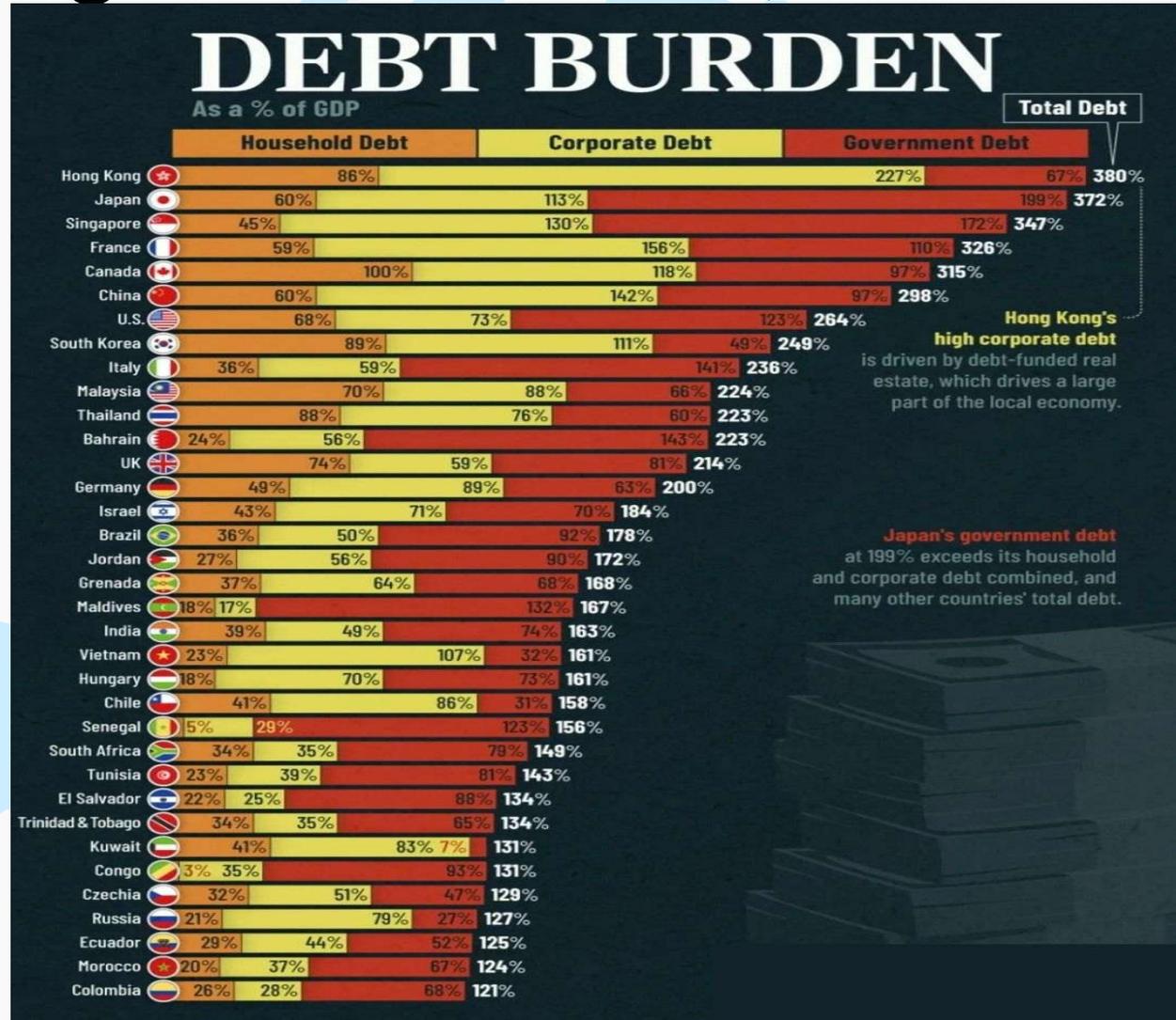
Country values represent annual 2025 GDP, states are 2025 Q3 seasonally adjusted annual rate (SAAR). Source: IMF, U.S. Bureau of Economic Analysis

Country TOTAL debt burden - personal, corp & govt - as % GDP, 2025

Canada 5th worst

Counting ALL

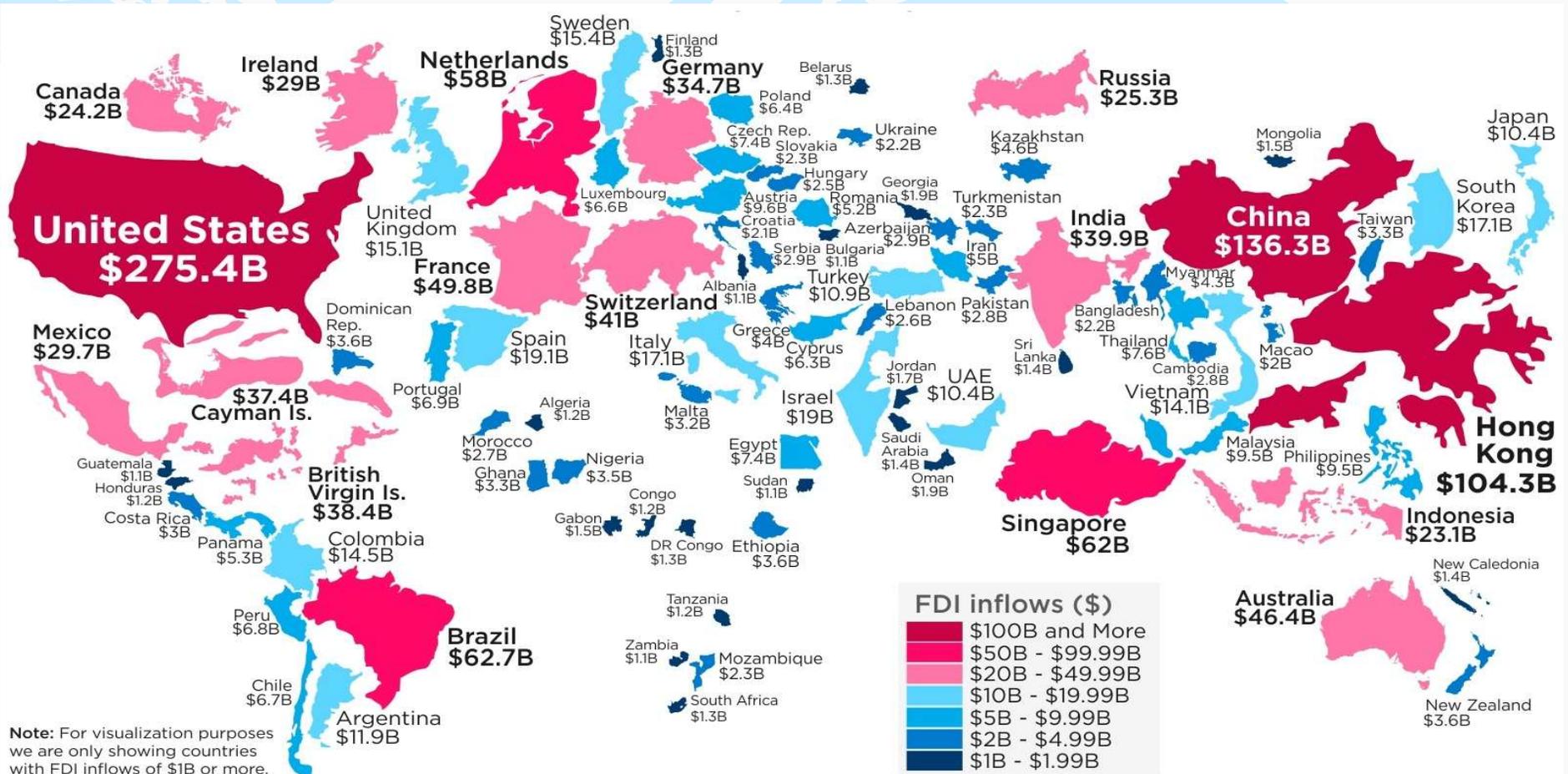
Debt owed



WB-IMF, Advanced economies vs developing, 2025

Analytical Group	Nominal GDP (Trillion USD) - 2025 (Projected)	Real GDP Growth Rate (%) - 2025 (Projected)	GDP Per Capita - 2025 (Projected)	% Share of World GDP (2025)
Advanced Economies	66.87	1.4%	\$60,320	58.76%
Emerging Markets and Developing Economies	46.93	3.7%	\$6,800	41.24%
World Total	113.8	2.8%	\$14,210	100%

UNCTAD, FDI by destination country, 2024



Note: For visualization purposes we are only showing countries with FDI inflows of \$1B or more.

How to read this map: Countries appear bigger as their FDI inflow is higher. e.g. United States. Conversely, countries that have a lower FDI inflows appear smaller e.g. Sudan.

Article & Sources:

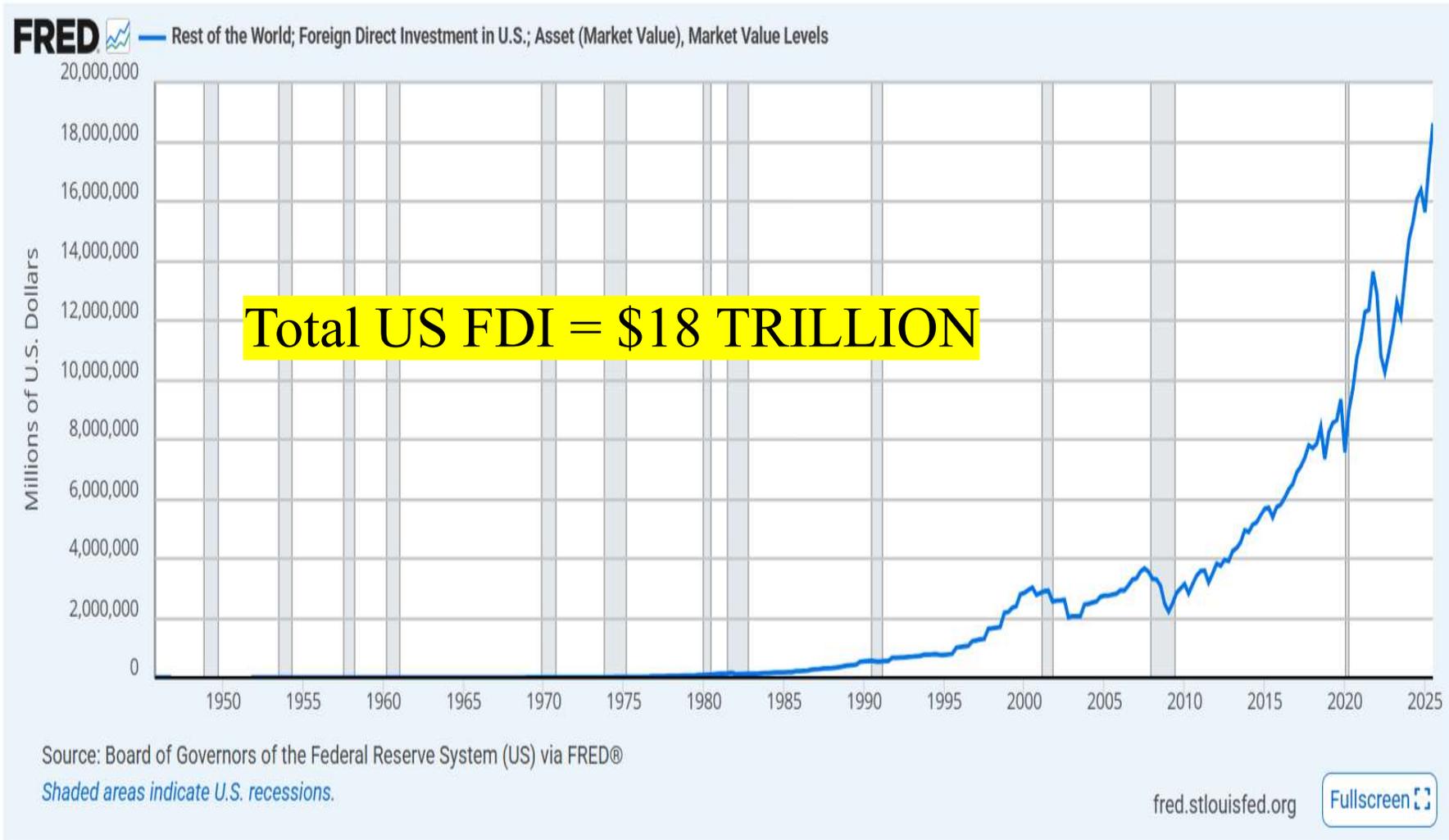
<https://howmuch.net/articles/countries-receiving-most-investment-from-abroad>
 United Nations, World Investment Report 2018 - <https://unctad.org>



howmuch.net

US attracts more FDI from foreign investors – year after year - than any other country in entire world

FRED, US accumulated total FDI. 1980-2025



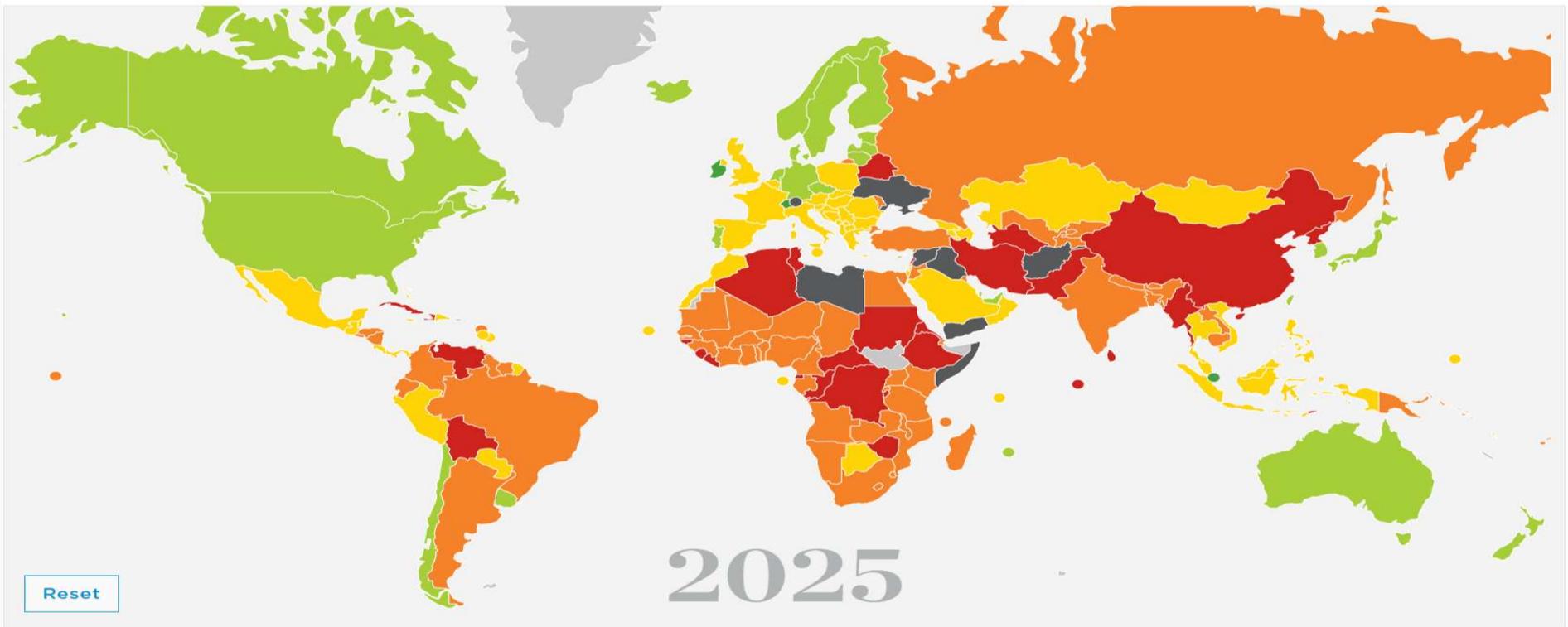
Astonishing amount of CAPITAL investment in one country

Heritage Institute, Economic Freedom Index

WORLD HEAT MAP

Updated February 2025

Source: Heritage Institute

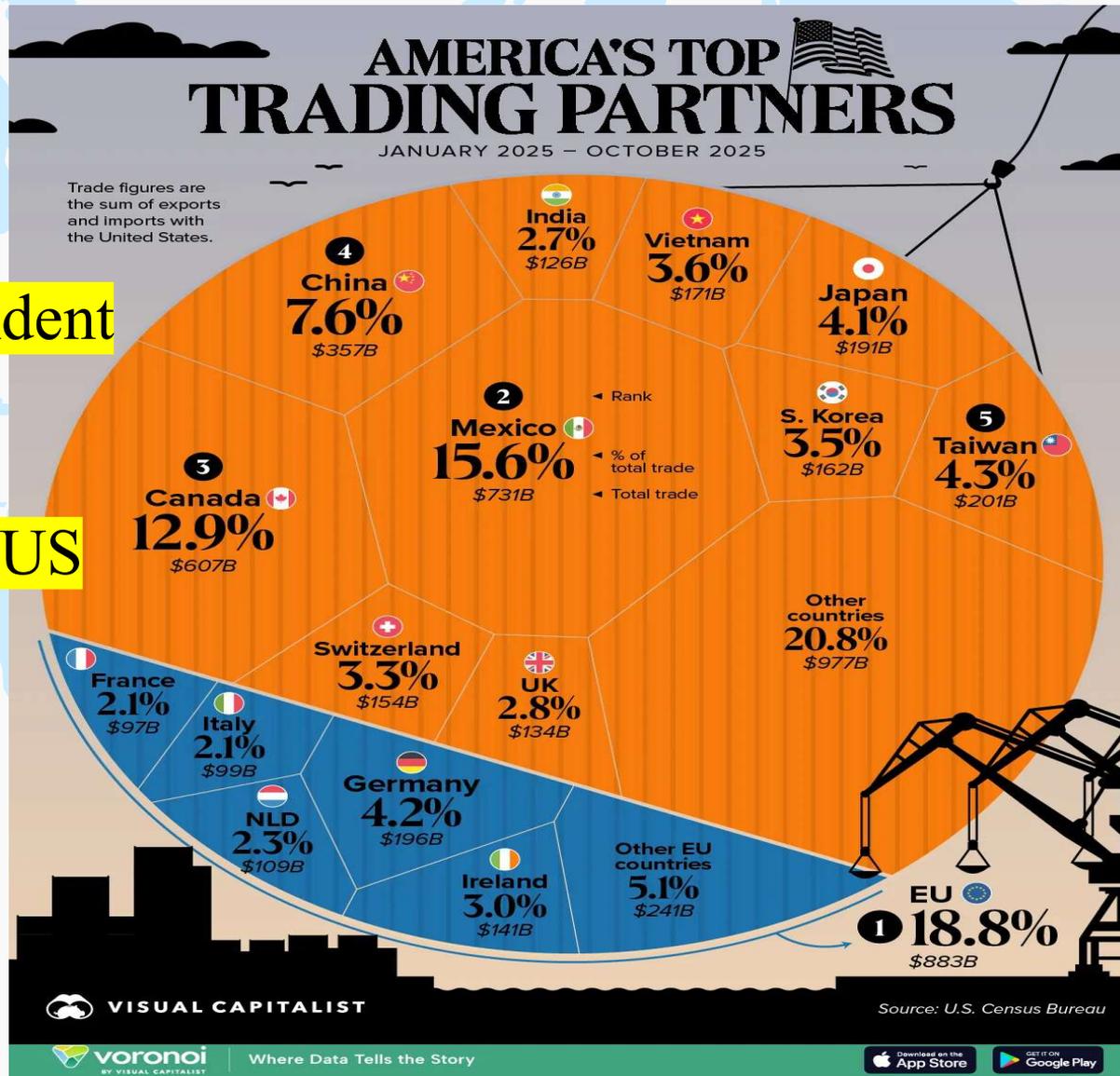


SELECT INDEX YEAR: 2025

SELECT CATEGORY

OECD countries have greatest economic freedom to invest

Voronoi, America's Top Trading Partners



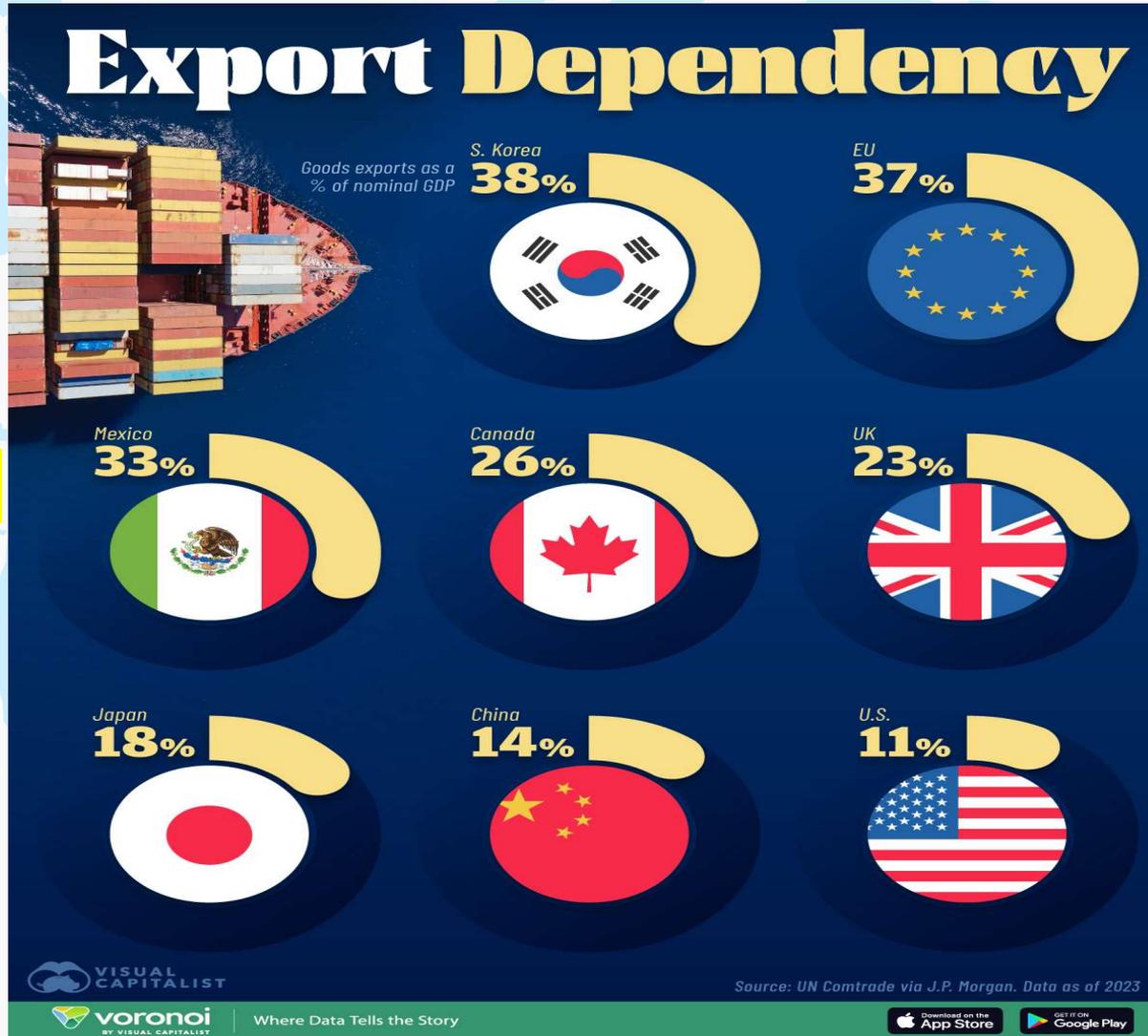
US not dependent on Canada

Only 13% of US trade w/Cda

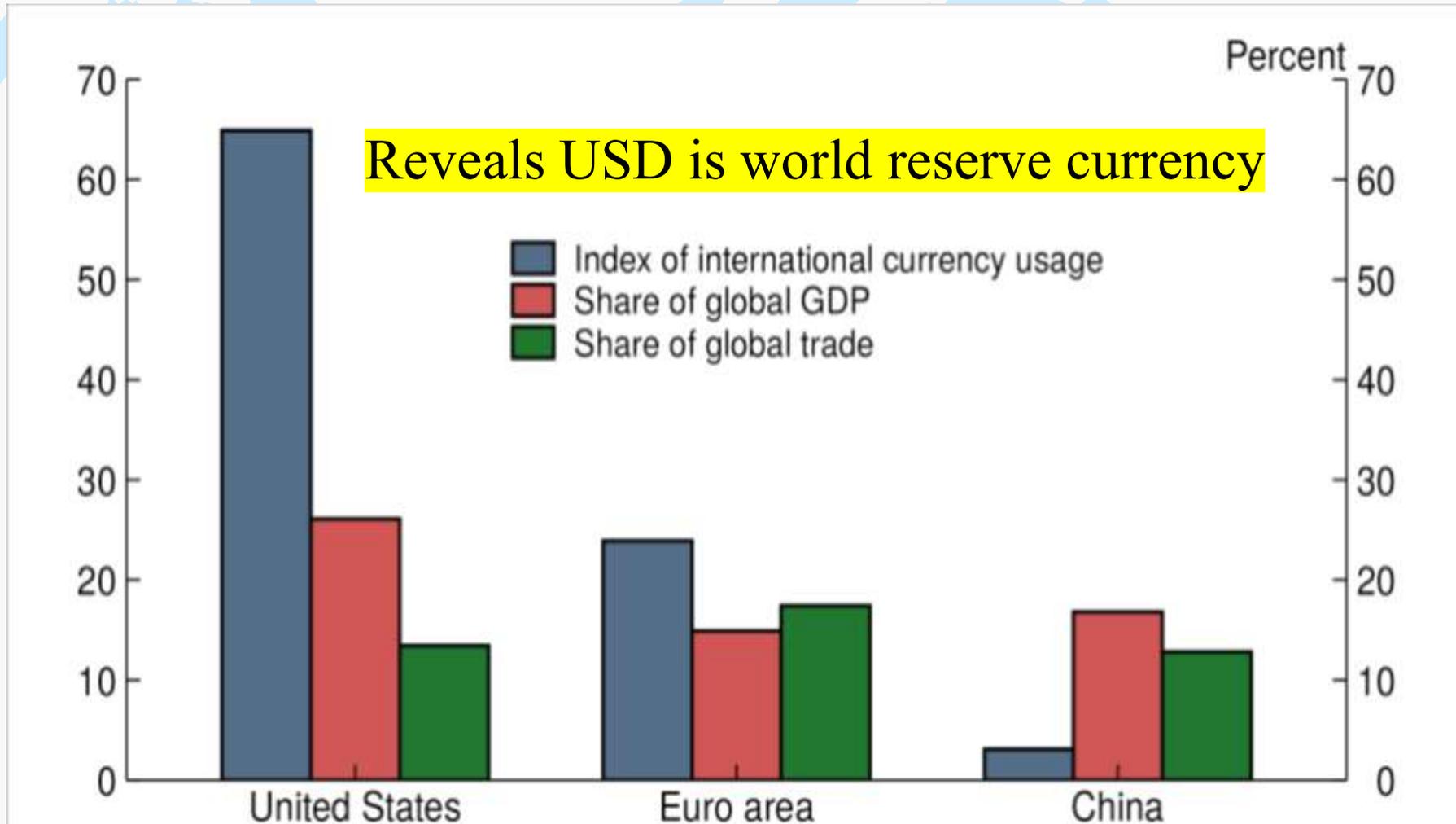
Voronoi, Export Dependency of Major Countries

USA least dependent on trade with world

only 11% of GDP

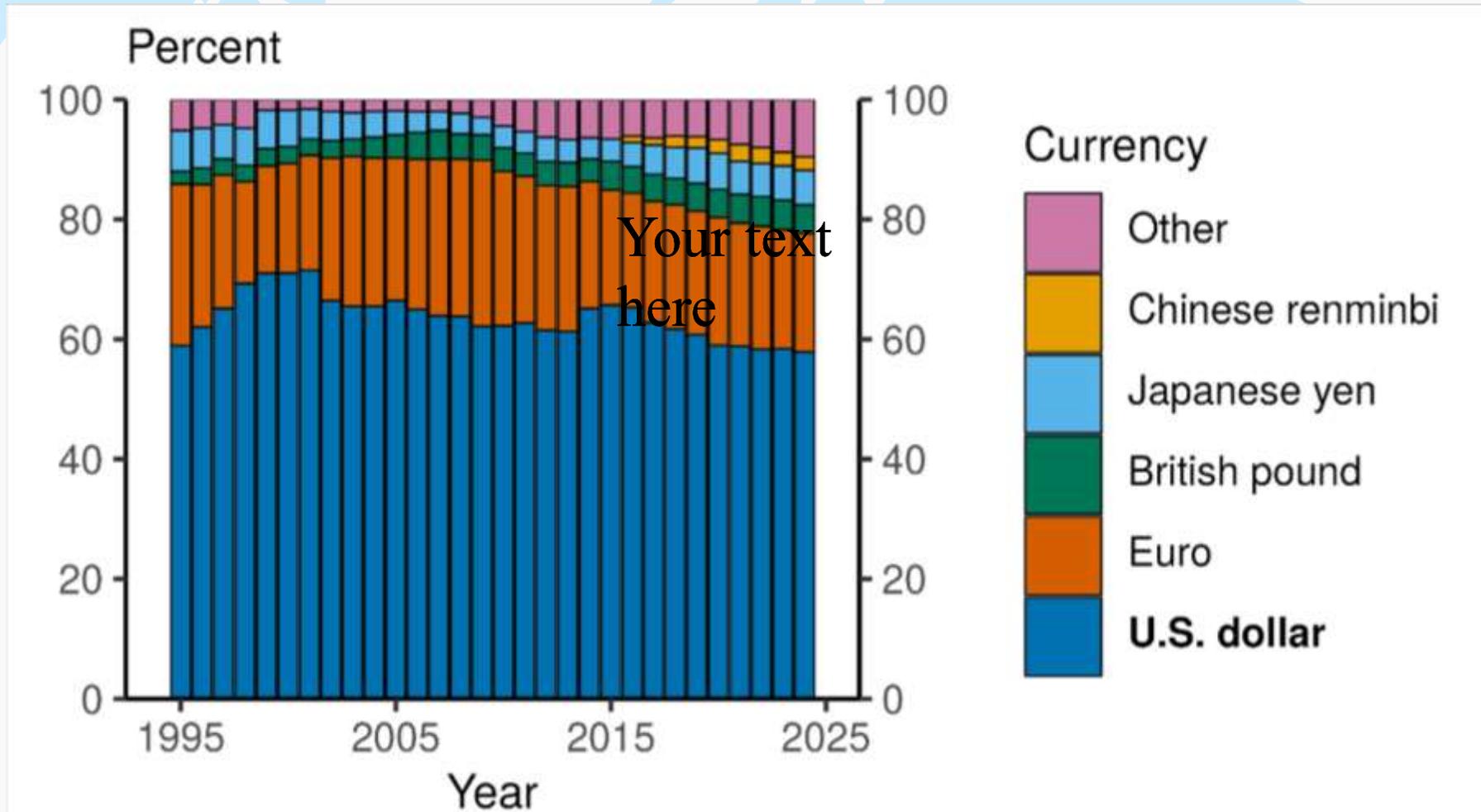


BIS, Intl role of currency vs size of economy, 2024



BIS, <https://www.federalreserve.gov/econres/notes/feds-notes/the-international-role-of-the-u-s-dollar-2025-edition-20250718.html>

BIS, Foreign exchange reserves, 2024



USD = 60% of FX reserves BUT China = 2% of FX reserves

Our World in Data, GDP per capita by country 2024

OECD countries have highest avg income per person

Productivity & wealth creation highest

GDP per capita, 2024

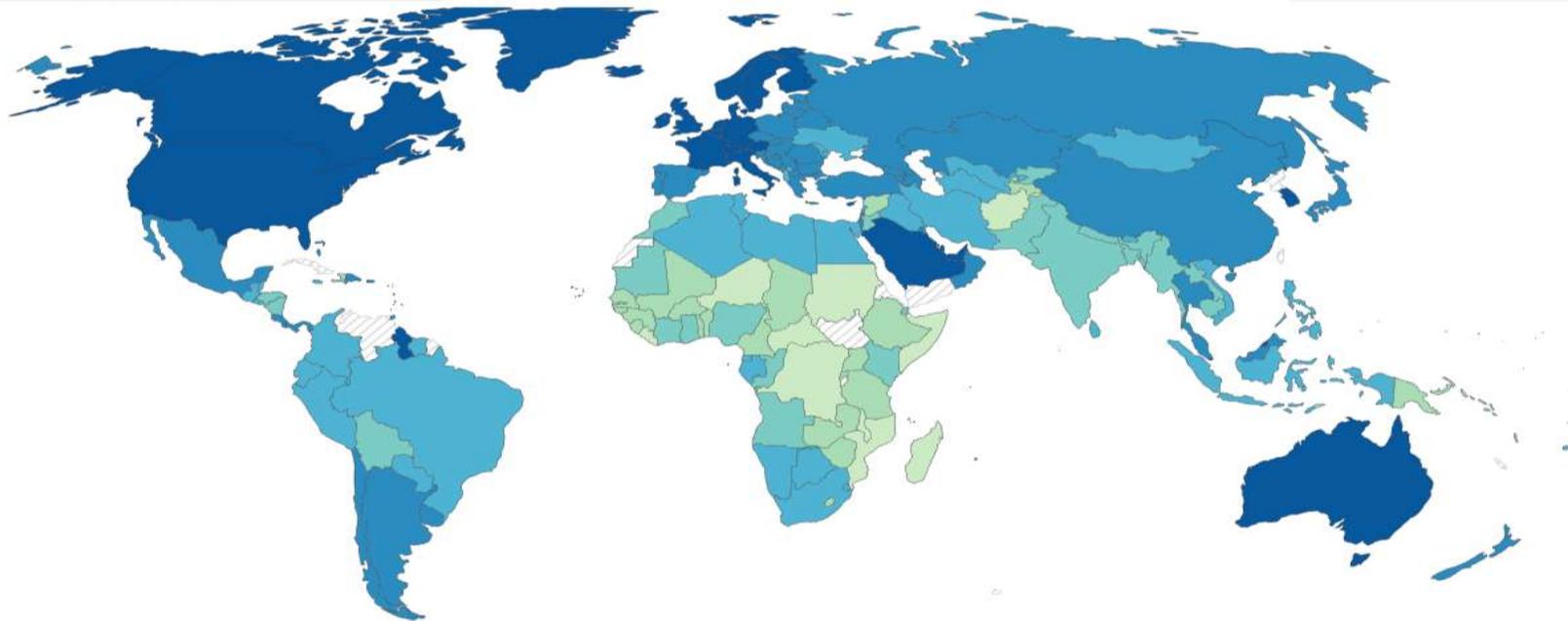
GDP per capita is a country's gross domestic product divided by its population. This data is adjusted for inflation and for differences in living costs between countries.

Our World in Data

Table Map Line +3

Zoom to...

2D 3D



No data \$0 \$1,000 \$2,000 \$5,000 \$10,000 \$20,000 \$50,000

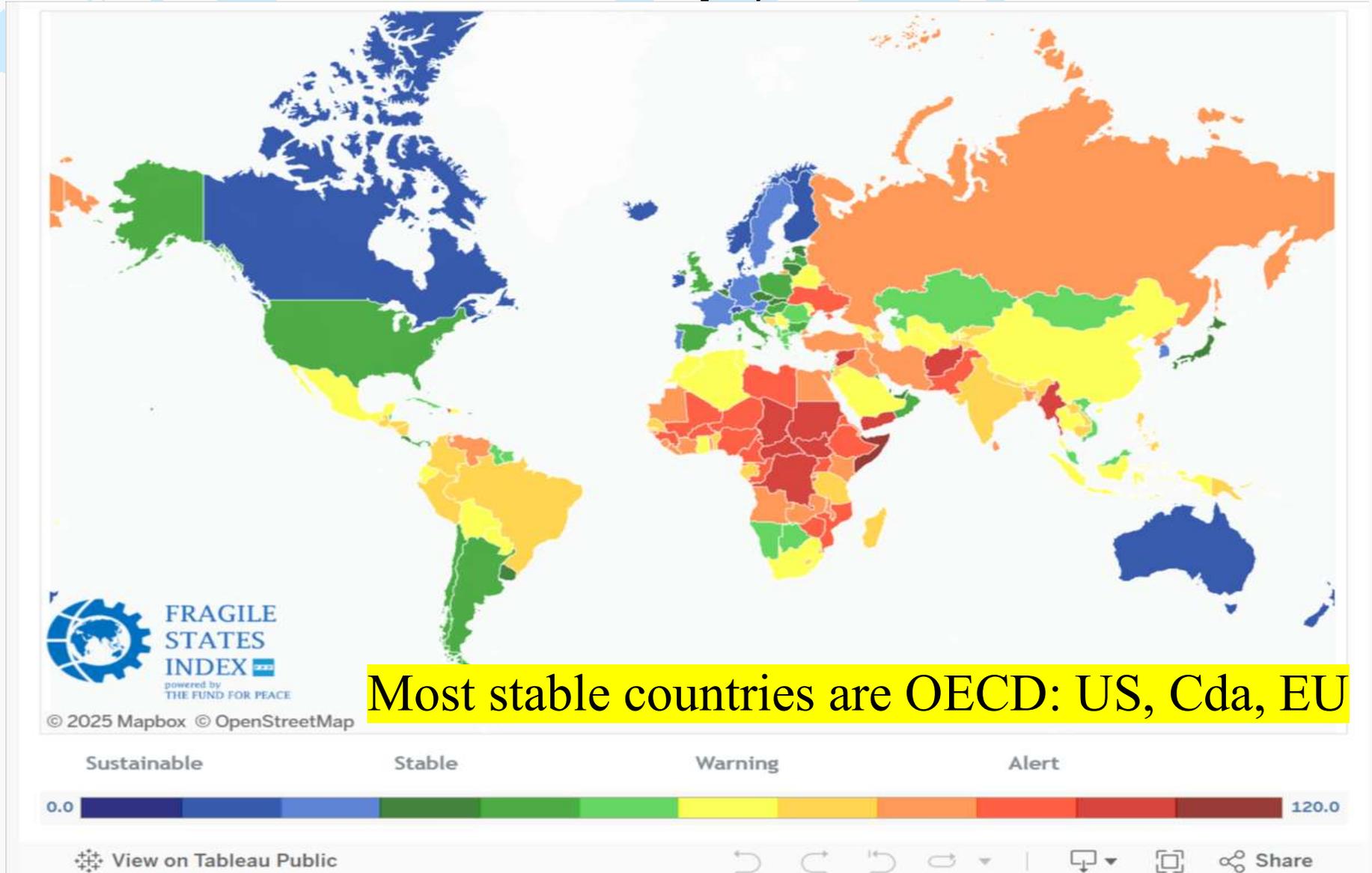
Play time-lapse

1990

2024

Data source: Eurostat, OECD, IMF, and World Bank (2025) - [Learn more about this data](#)

Fund for Peace, Fragile states heat map, 2024

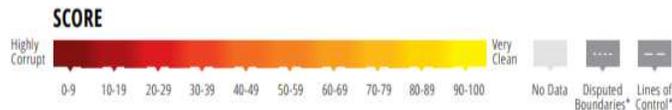


Transparency.org Country Corruption List, 2025

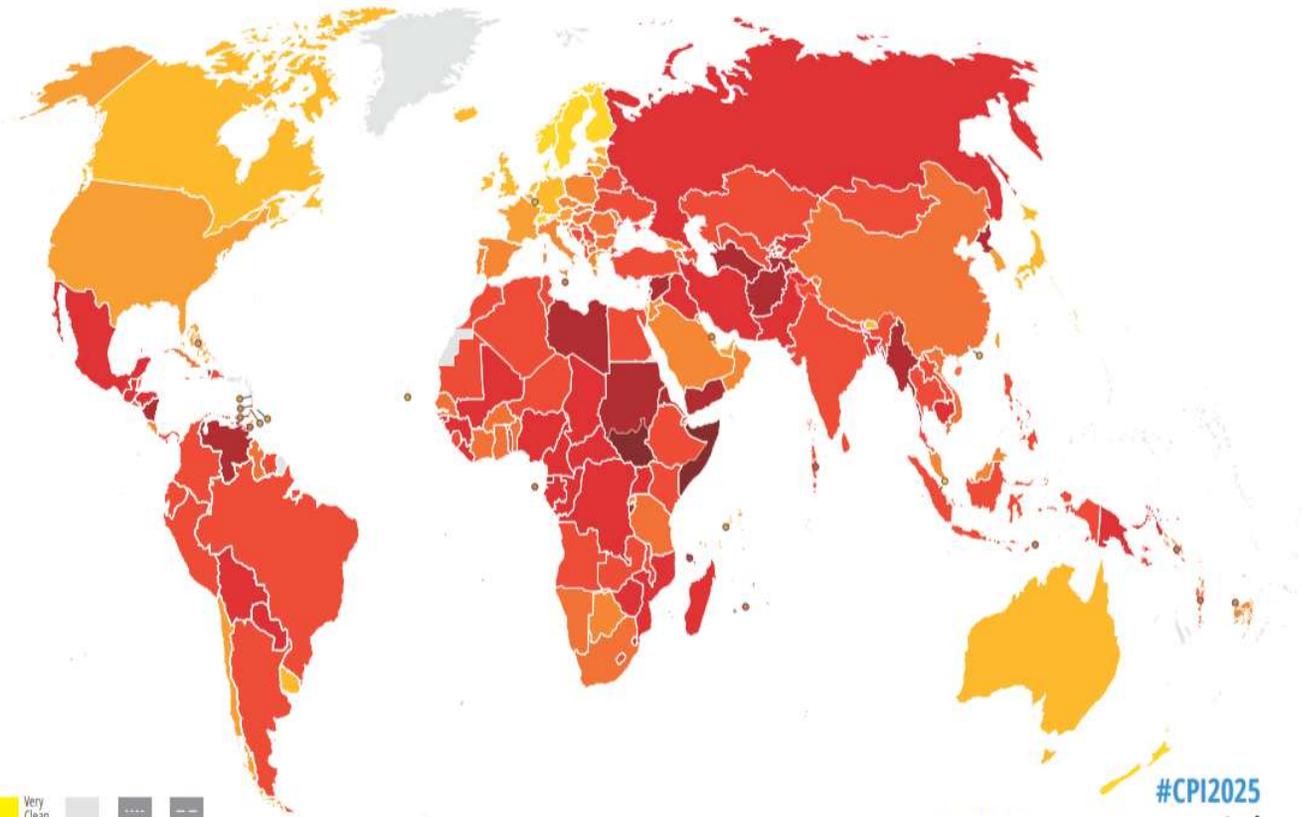


CORRUPTION PERCEPTIONS INDEX 2025

The perceived levels of public sector corruption in 182 countries/territories around the world.



*The designations employed and the presentation of material on this map follow the UN practice to the best of our knowledge as of January 2026. They do not imply the expression of any opinion on the part of Transparency International concerning the legal status of any country, territory, city or area or of its authorities or concerning the delimitation of its frontiers or boundaries.



This work from Transparency International (2026) is licensed under CC BY-ND 4.0

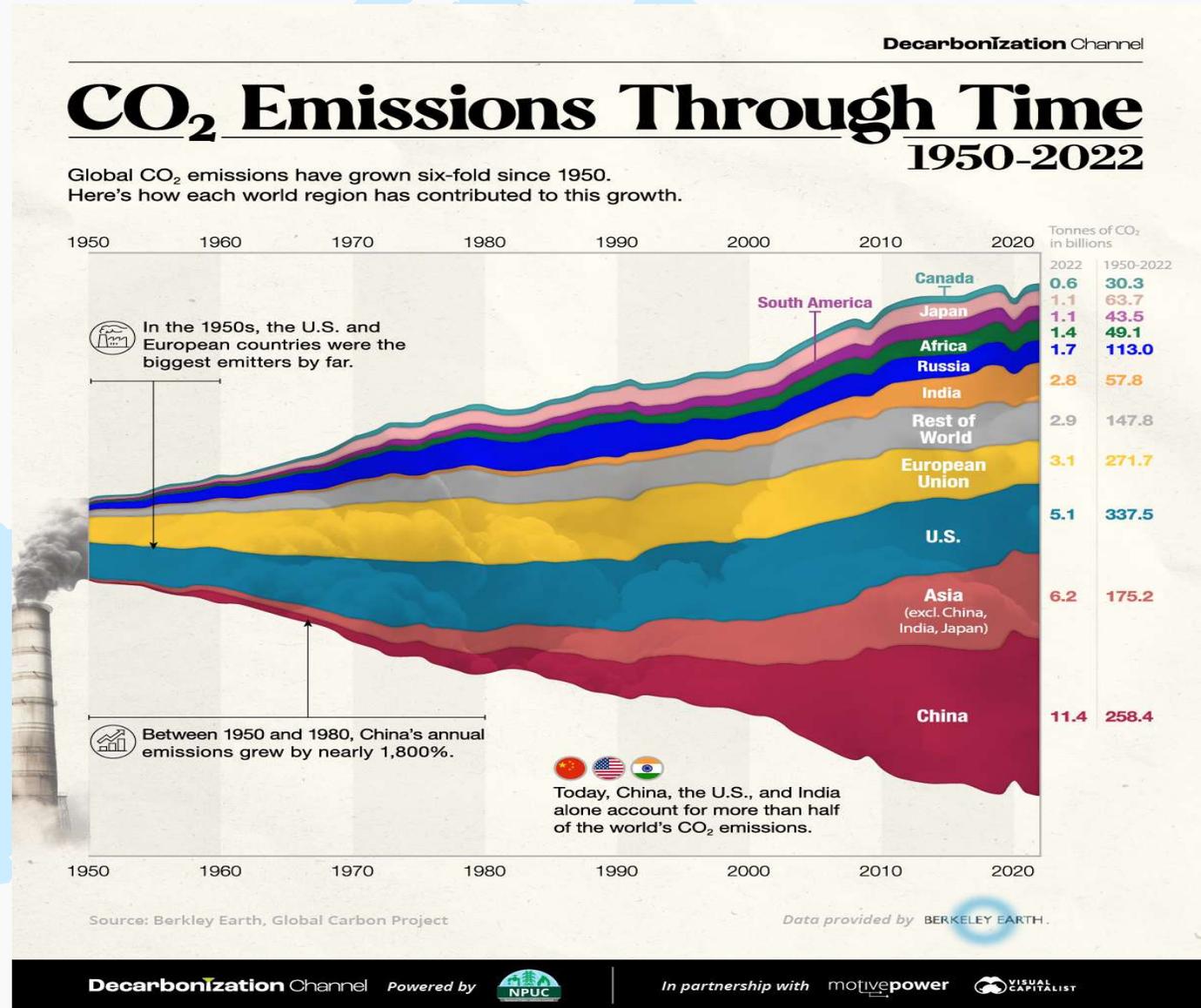
WB & IMF stats show poverty & corruption highly correlated

Emissions over time, 1950-2022

China, US, Russia

India, Japan

Are worst emitters





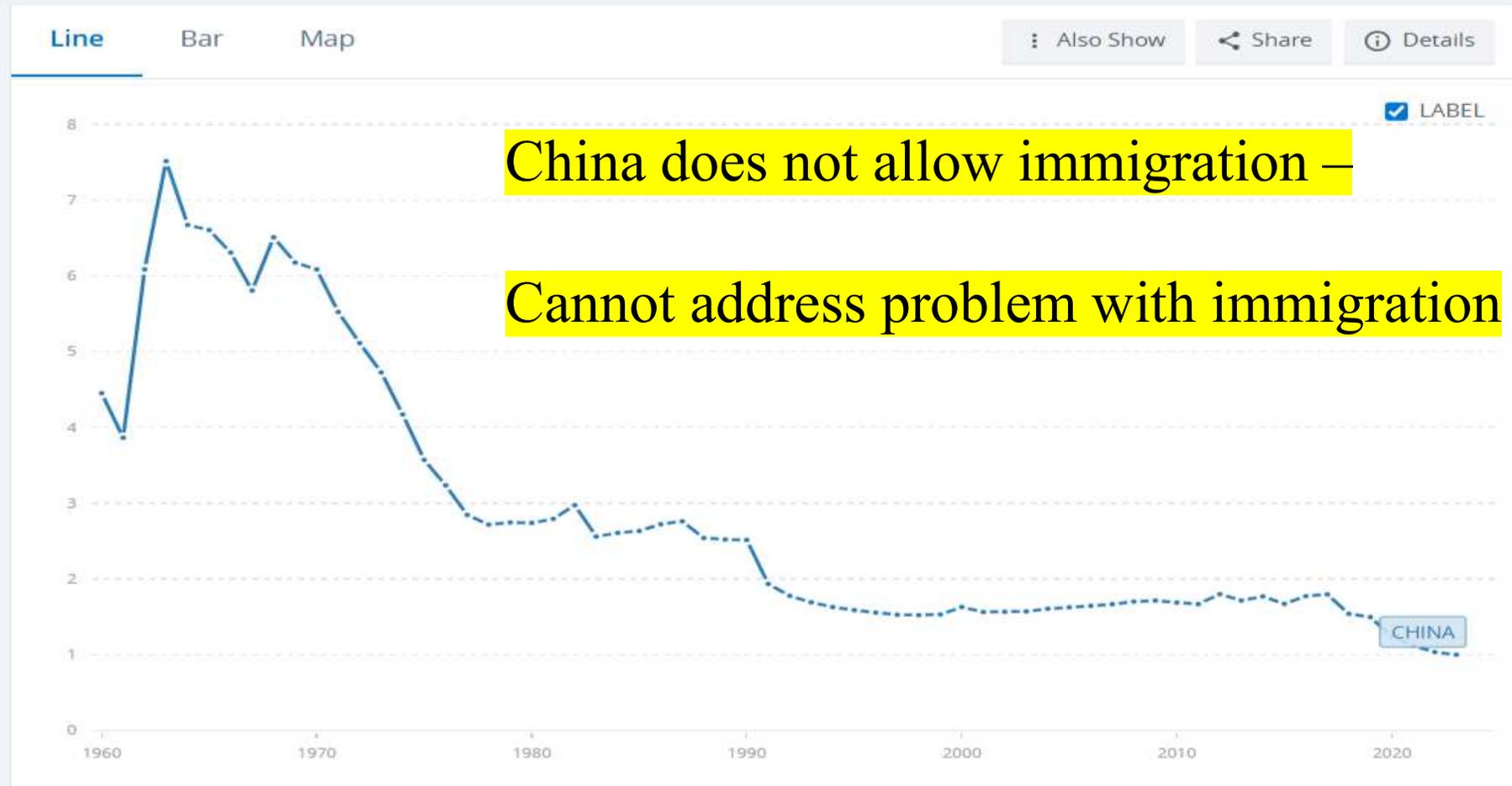
China: Major Structural Problems

Chinese Fertility, 1960-2020

Fertility rate, total (births per woman) - China

World Population Prospects, United Nations (UN), publisher: UN Population Division; Statistical databases and publications from national statistical offices, National statistical offices; Demographic Statistics, Eurostat (ESTAT)

License : CC BY-4.0



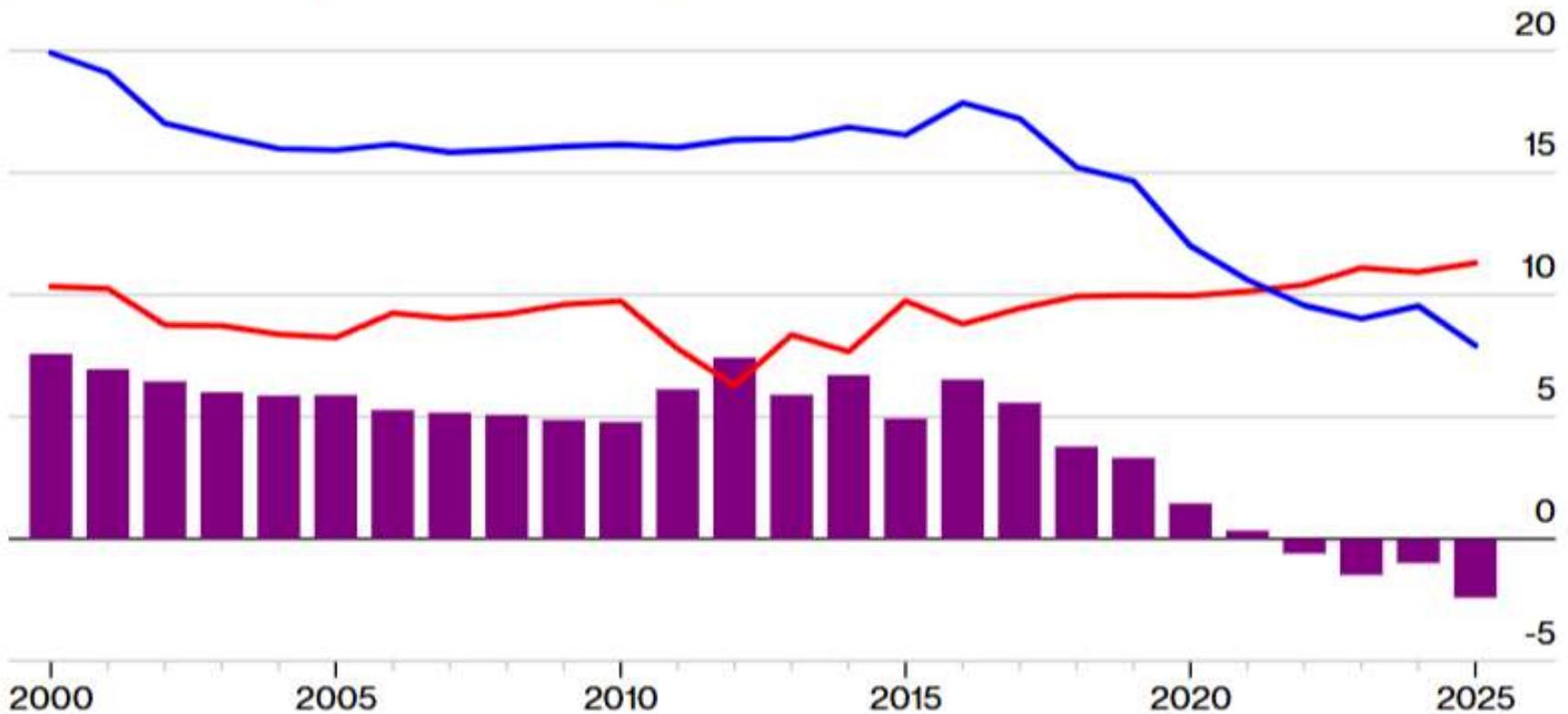
China does not allow immigration –

Cannot address problem with immigration

China, Deaths now exceed births

The birthrate dragged the total population down for a fourth-straight year

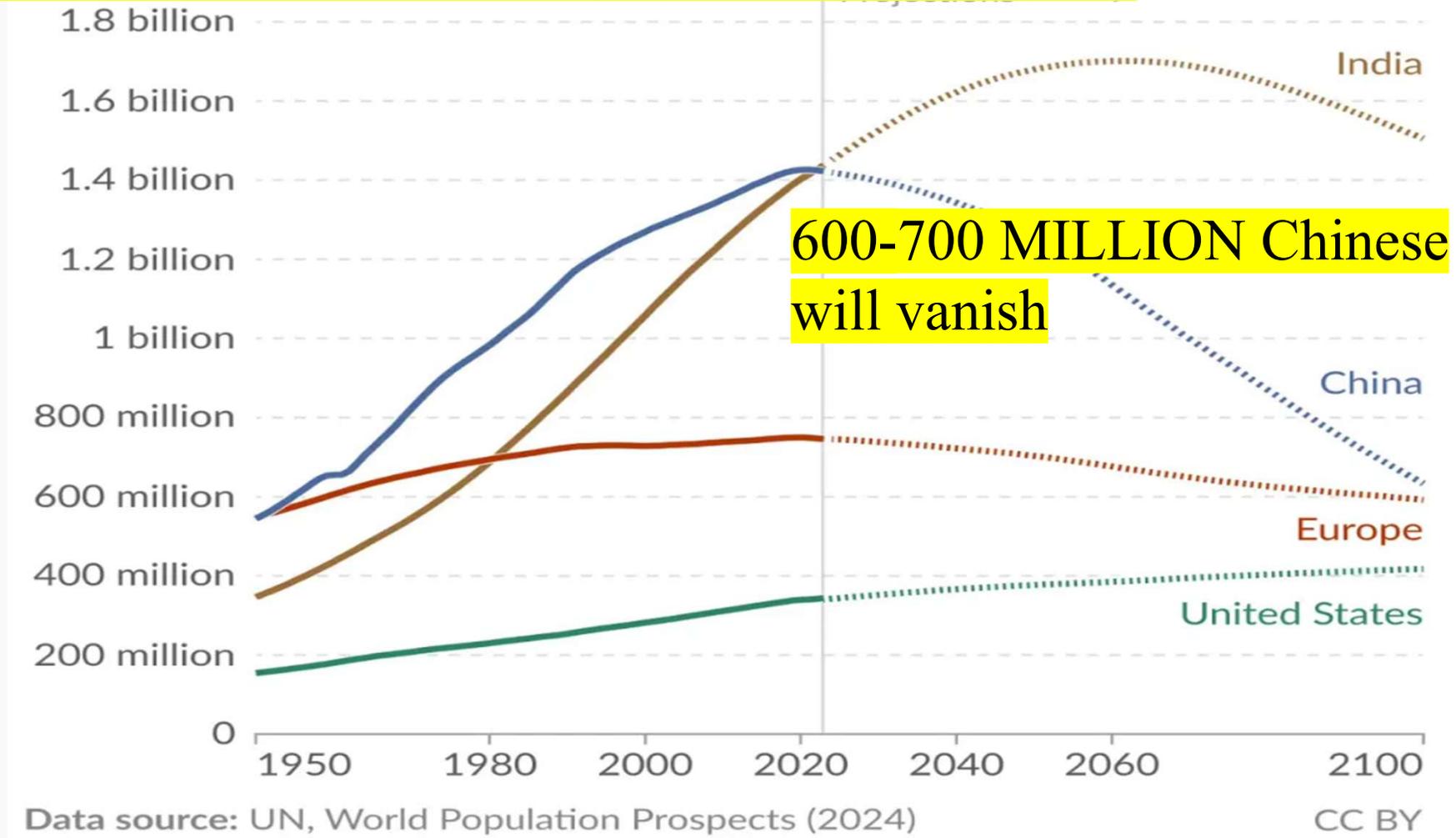
Births (million) Deaths (million) Population natural growth rate (%)



Source: National Bureau of Statistics, Bloomberg calculations

US, China, EU, India Pop, 1950-2100

China forecast to decline by approx. 50% by 2100



China, Households vs housing units, 2025

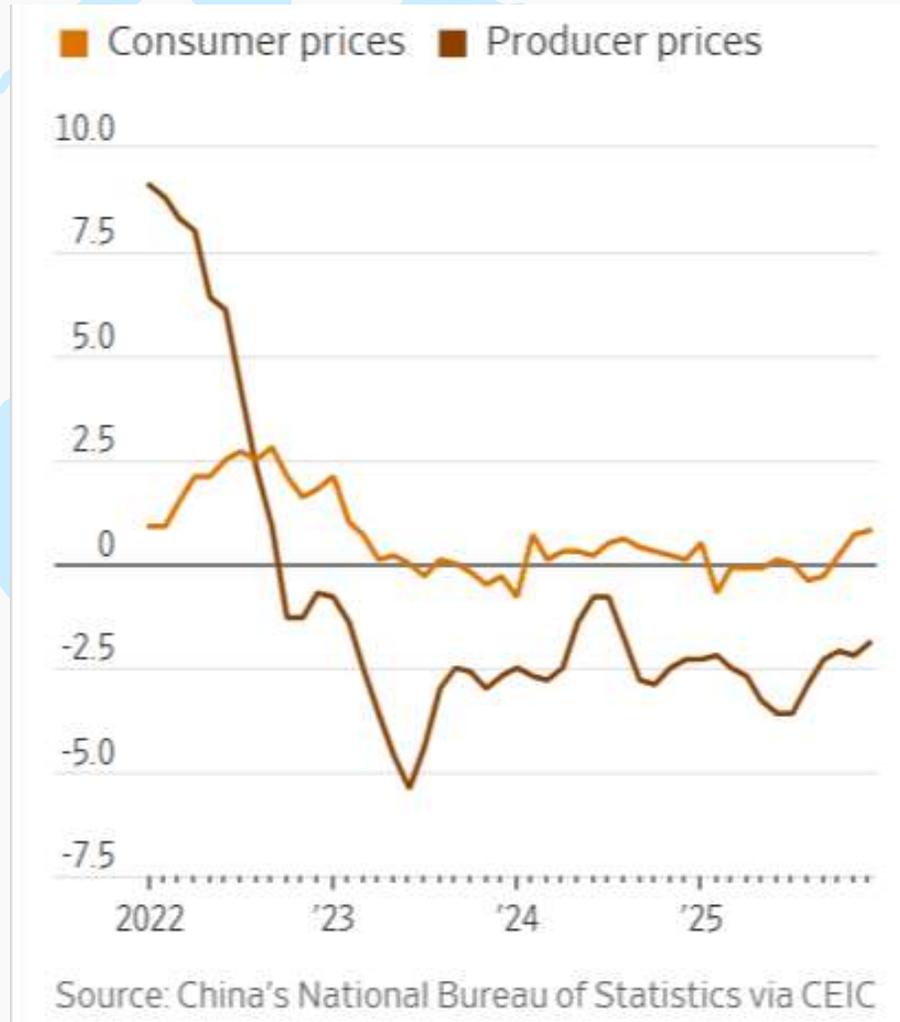
- Households: approximately **516 million**
- Housing Units: **600 million housing units**
ie 90 million VACANT units
- includes **31 million units** built but never sold.
- Another **50 to 60 million units** purchased as speculative investments but remain empty

Chinese deflation, 2022-2025

Massive over supply

Weak consumer demand

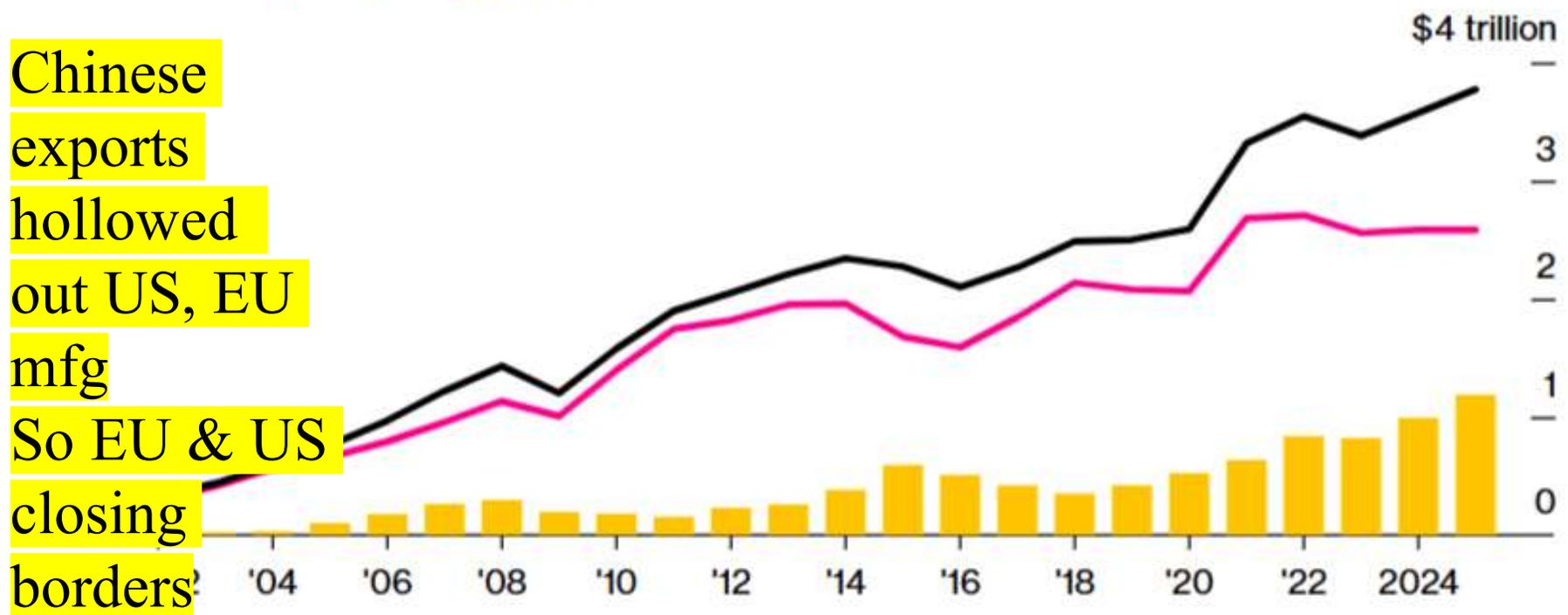
Leads to price cutting



Bloomberg, China's Net Exports Hit Record \$1.2 Trillion in 2025

Despite US levies, China's trade surplus hits new record

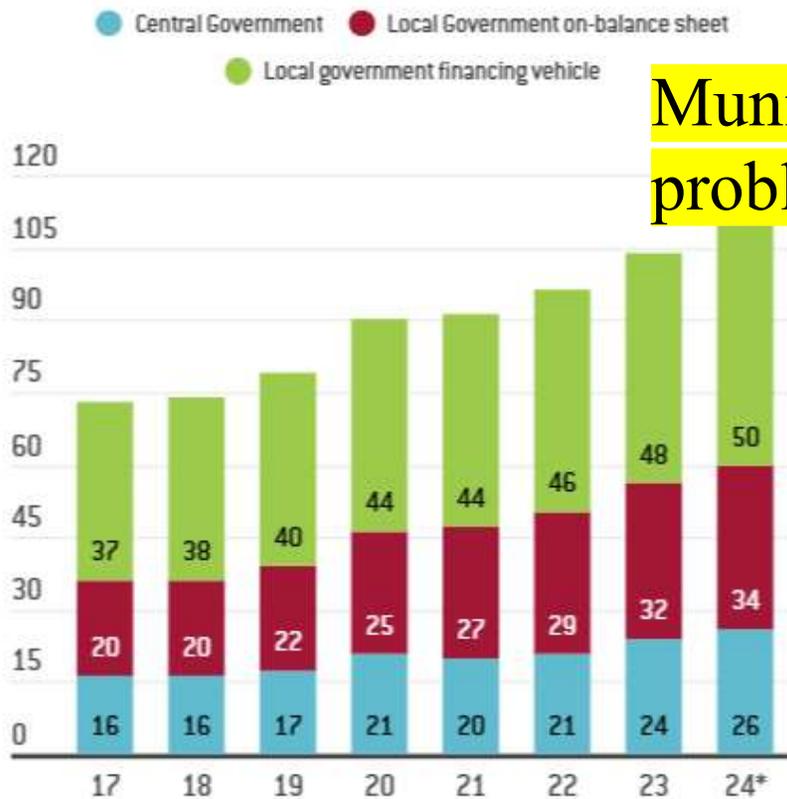
Exports Imports Trade surplus



Source: China's General Administration of Customs

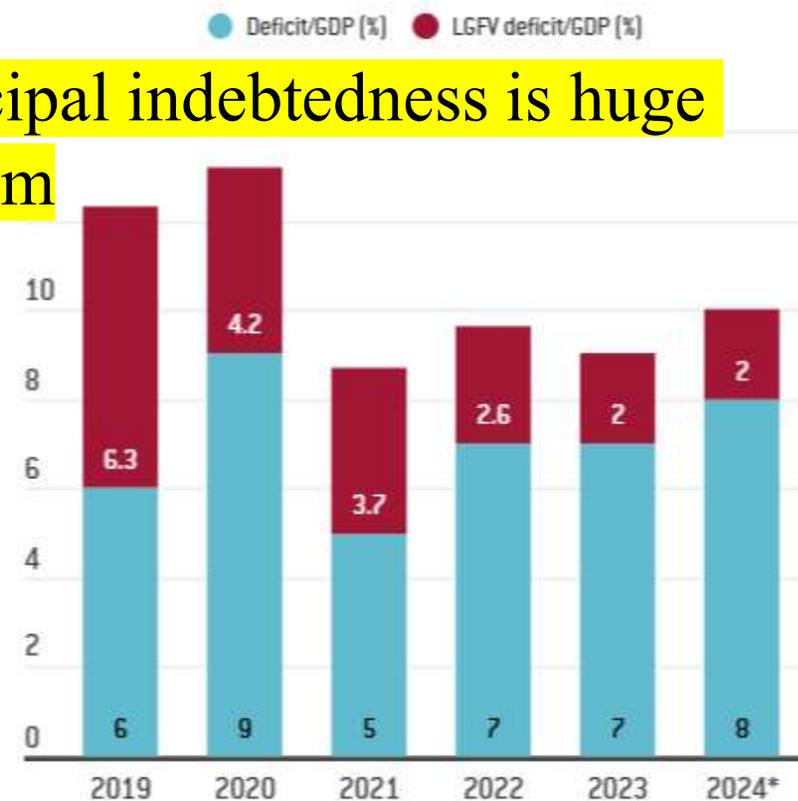
China, Little fiscal room for more debt, 2019-2024

Figure 1: China, outstanding government debt (% GDP)



Source: Bruegel. Note: 2024 data based on IMF forecasts.

Figure 2: China's overall fiscal deficit

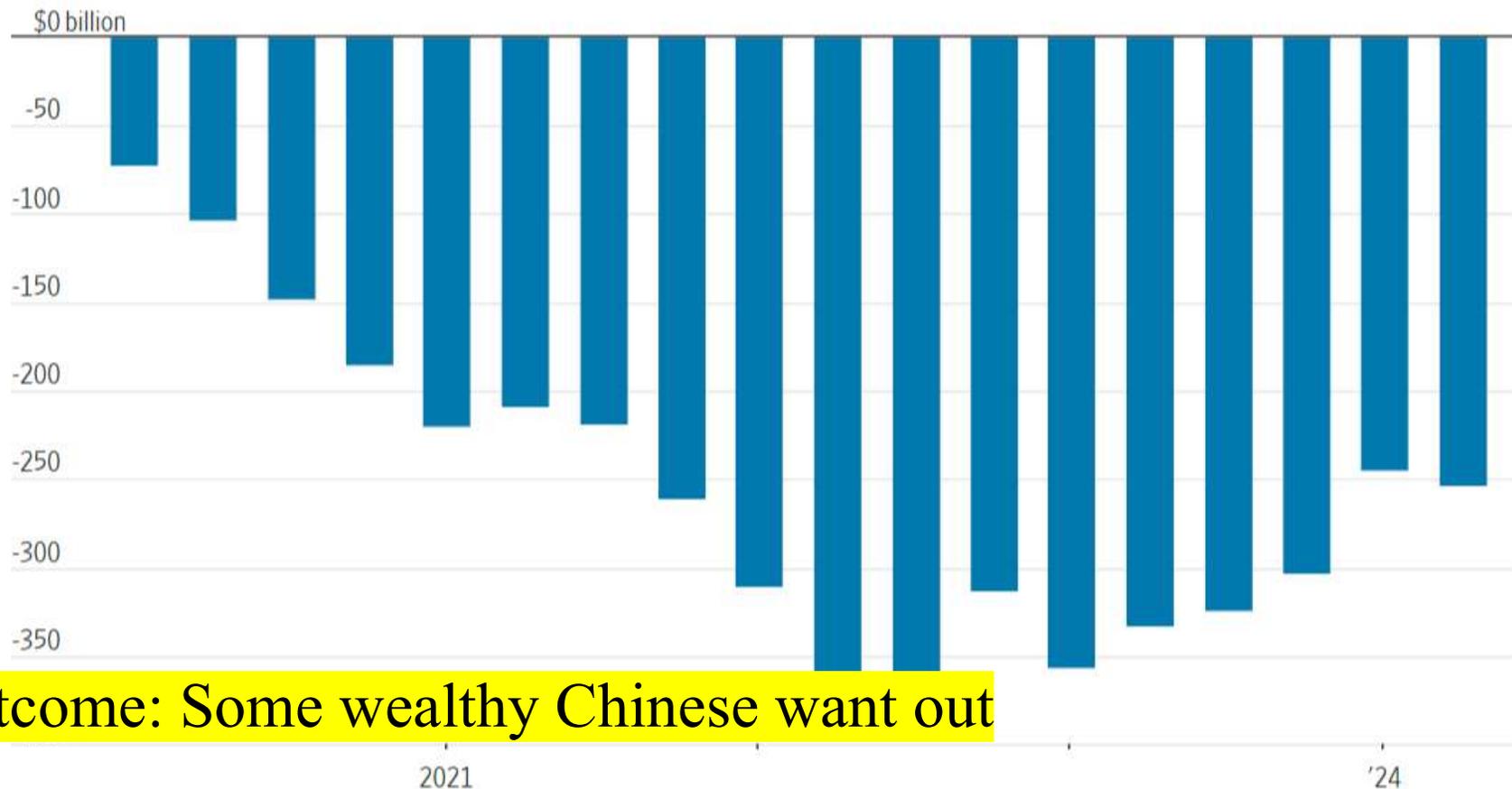


Source: Bruegel. Note: 2024 figures and LGFV data for 2023 are estimates.

Municipal indebtedness is huge problem

CEIC, China, Capital flight, 2020-2025

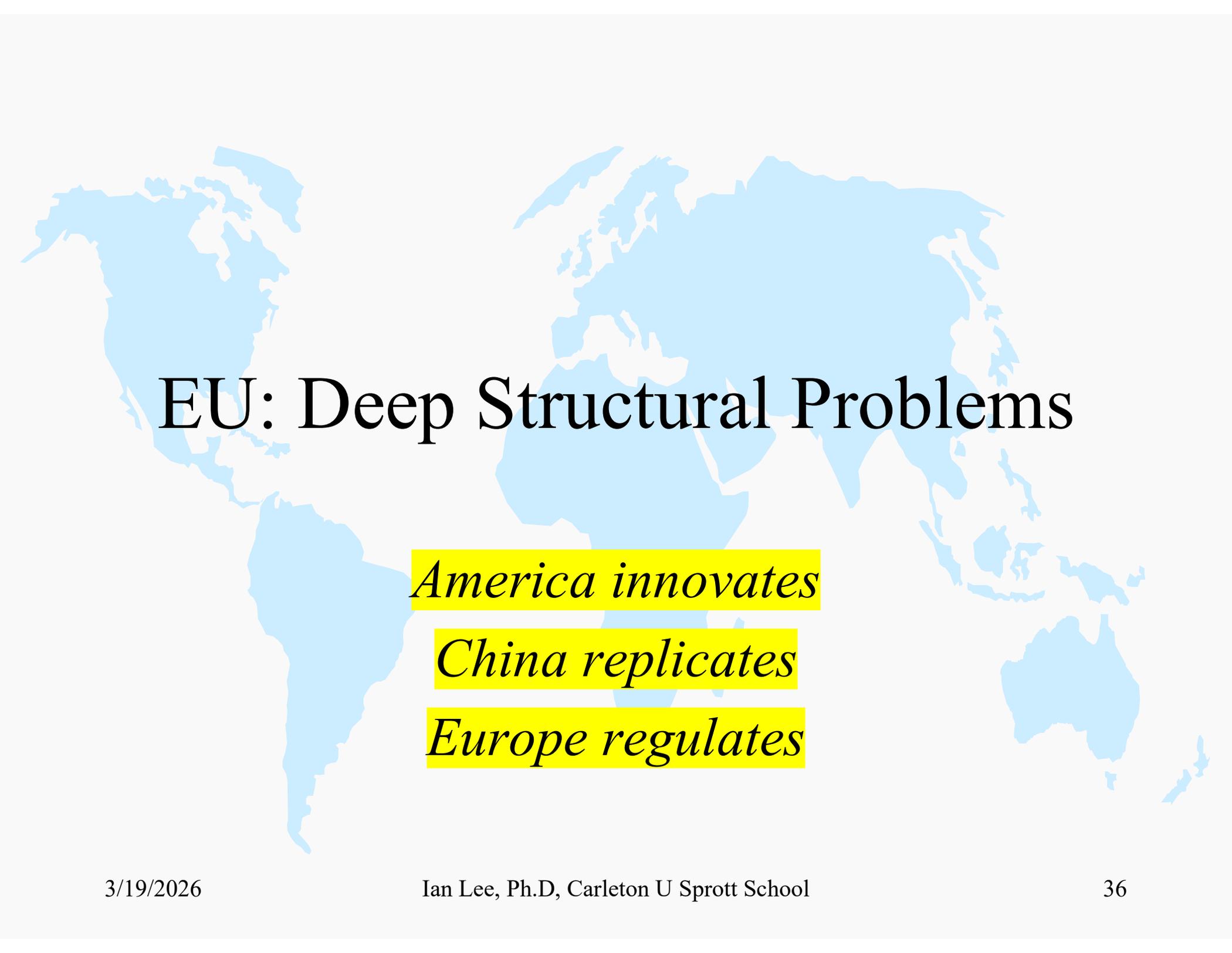
Estimated capital flight, four-quarter total*



Outcome: Some wealthy Chinese want out

Note: *Net errors and omissions adjusted to reflect the goods trade surplus reported by China's customs agency.

Source: CEIC



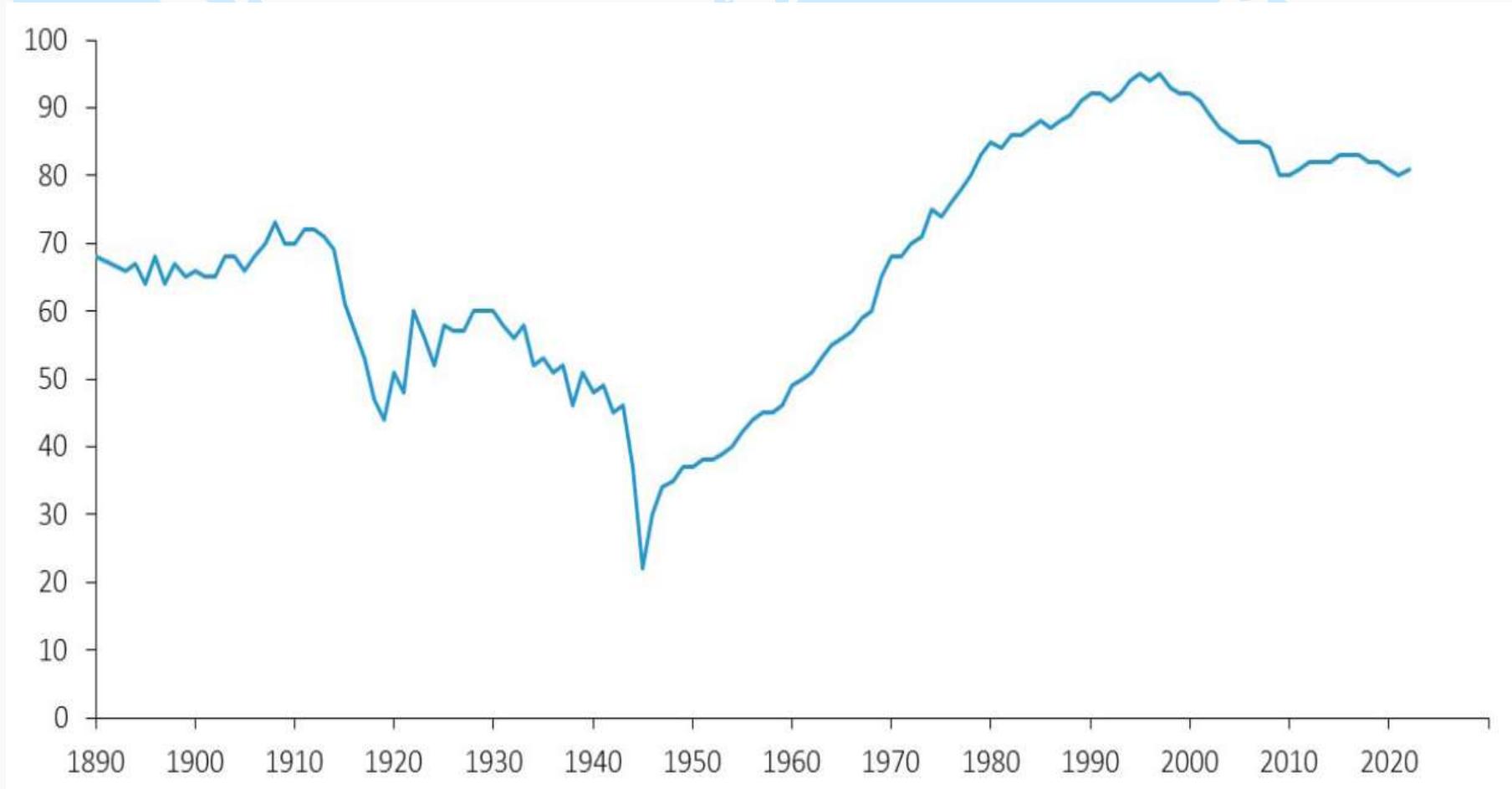
EU: Deep Structural Problems

America innovates

China replicates

Europe regulates

Draghi, EU versus US labour productivity 1890-2022



Draghi Report: https://commission.europa.eu/topics/competitiveness/draghi-report_en

More people die annually than are born in Europe, 1960-2020

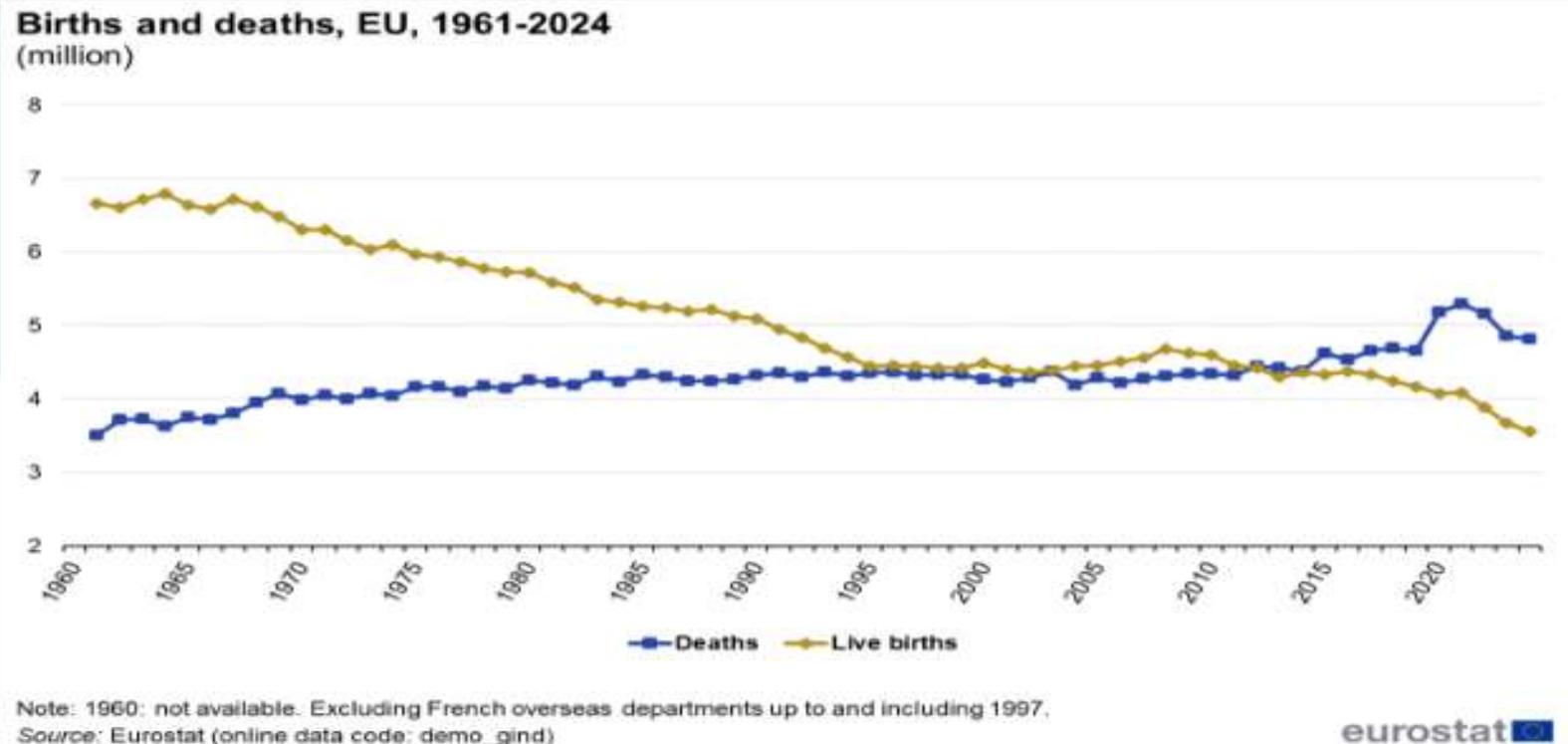


Figure 2: Births and deaths, EU, 1961-2024
(million)
Source: Eurostat ([demo_gind](#))

EU share of global GDP, 1990-2025

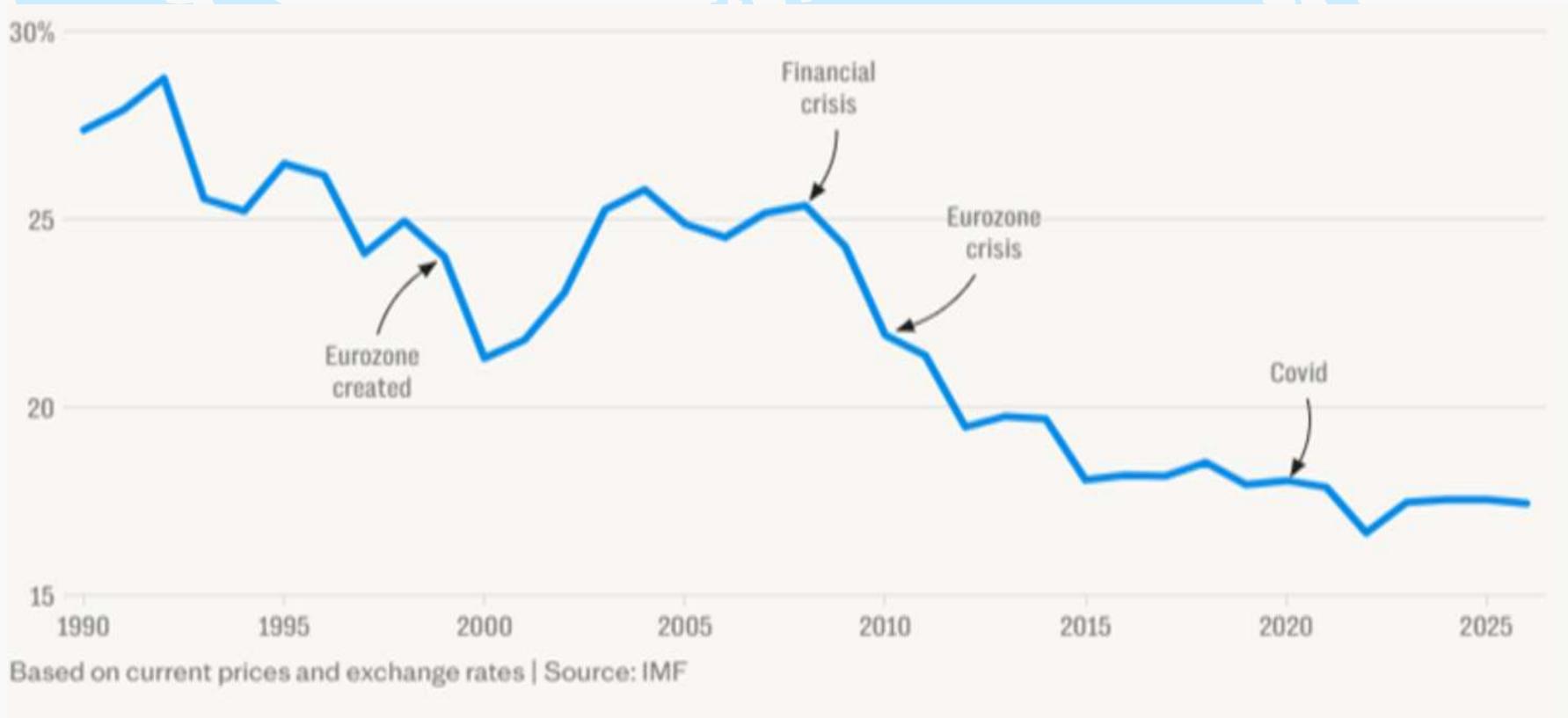
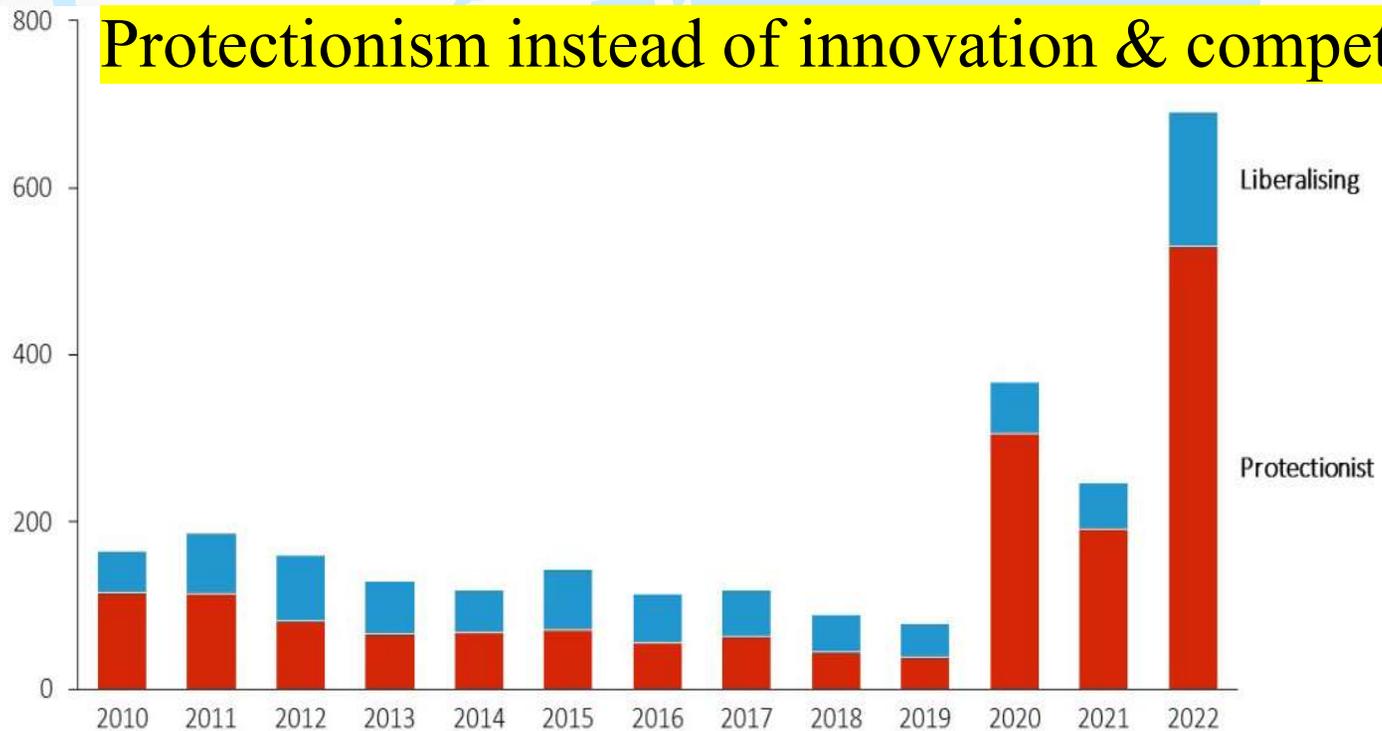


Figure 1: EU share of World GDP (source: IMF)

<https://www.imf.org/external/datamapper/profile/EU>

Draghi, EU trade policy interventions, 2010-2022

Protectionism instead of innovation & competition



Note: Measures include tariffs, export-related measures, subsidies, contingent trade-protective measures, and trade-related investment measures.

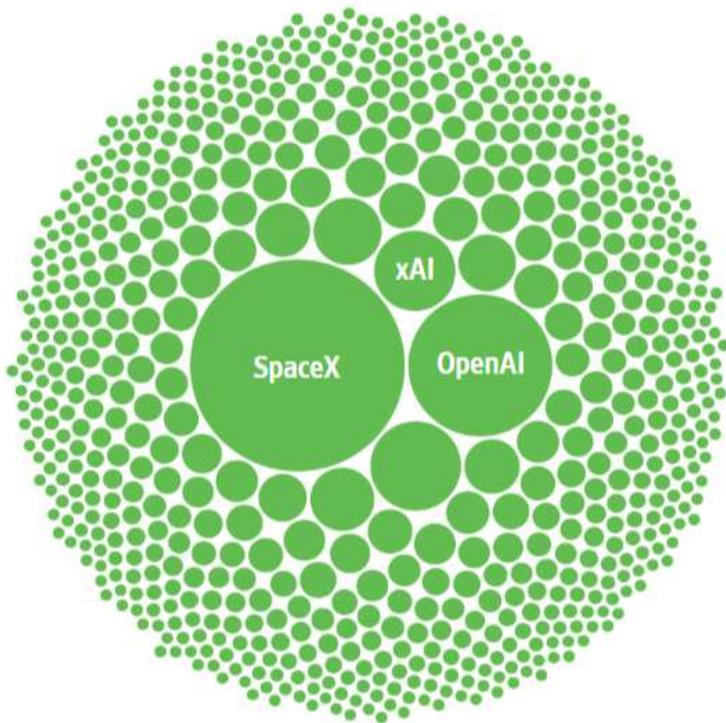
Source: Global Trade Alert, 2024.

Draghi Report: https://commission.europa.eu/topics/competitiveness/draghi-report_en

US vs China vs EU: Unicorns

Privately held technology companies valued over \$1 billion, by select country/region

U.S.
690 companies
Combined value: \$2.53 trillion



China & EU much less innovative

\$702.46 billion



EU
107
\$333.38 billion



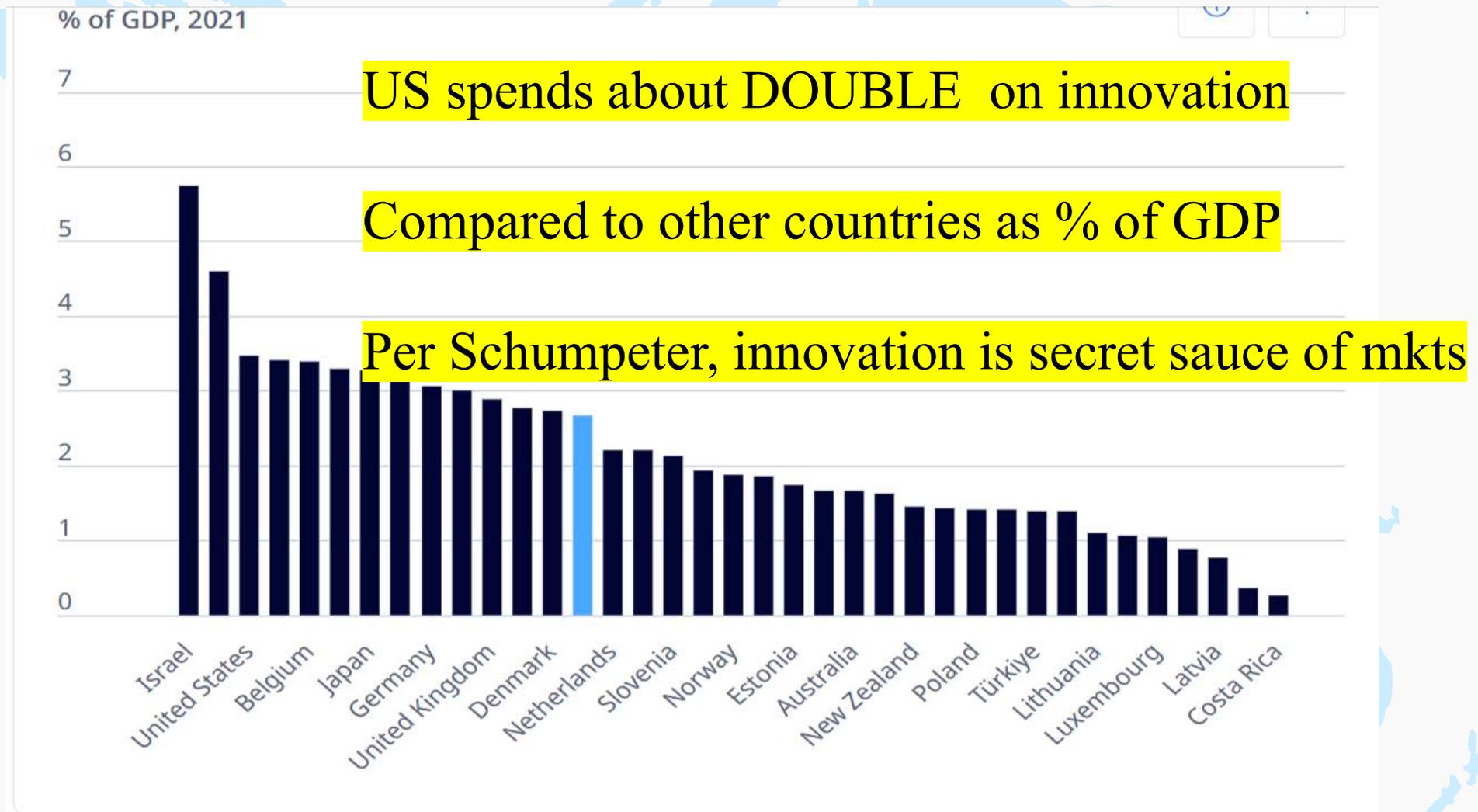
Note: Stripe is headquartered in both Dublin and San Francisco, and its value is split between the U.S. and EU; combined values exclude companies valued under \$1 billion; data as of Jan. 7

Source: CB Insights
Andrew Barnett/WSJ

Unicorns are good proxies for future growth

[https://ff.co/unicorn-companies-2025/#:~:text=United%20States:%20702%20unicorns%2C%20valued,\(Source:%20Wikipedia\)](https://ff.co/unicorn-companies-2025/#:~:text=United%20States:%20702%20unicorns%2C%20valued,(Source:%20Wikipedia))

OECD, GDP % spending on R & D (innovation), 2021



<https://www.oecd.org/content/dam/oecd/en/data/datasets/main-science-and-technology-indicators/msti-highlights-september-2023.pdf>

Draghi Rpt & Lagarde speech

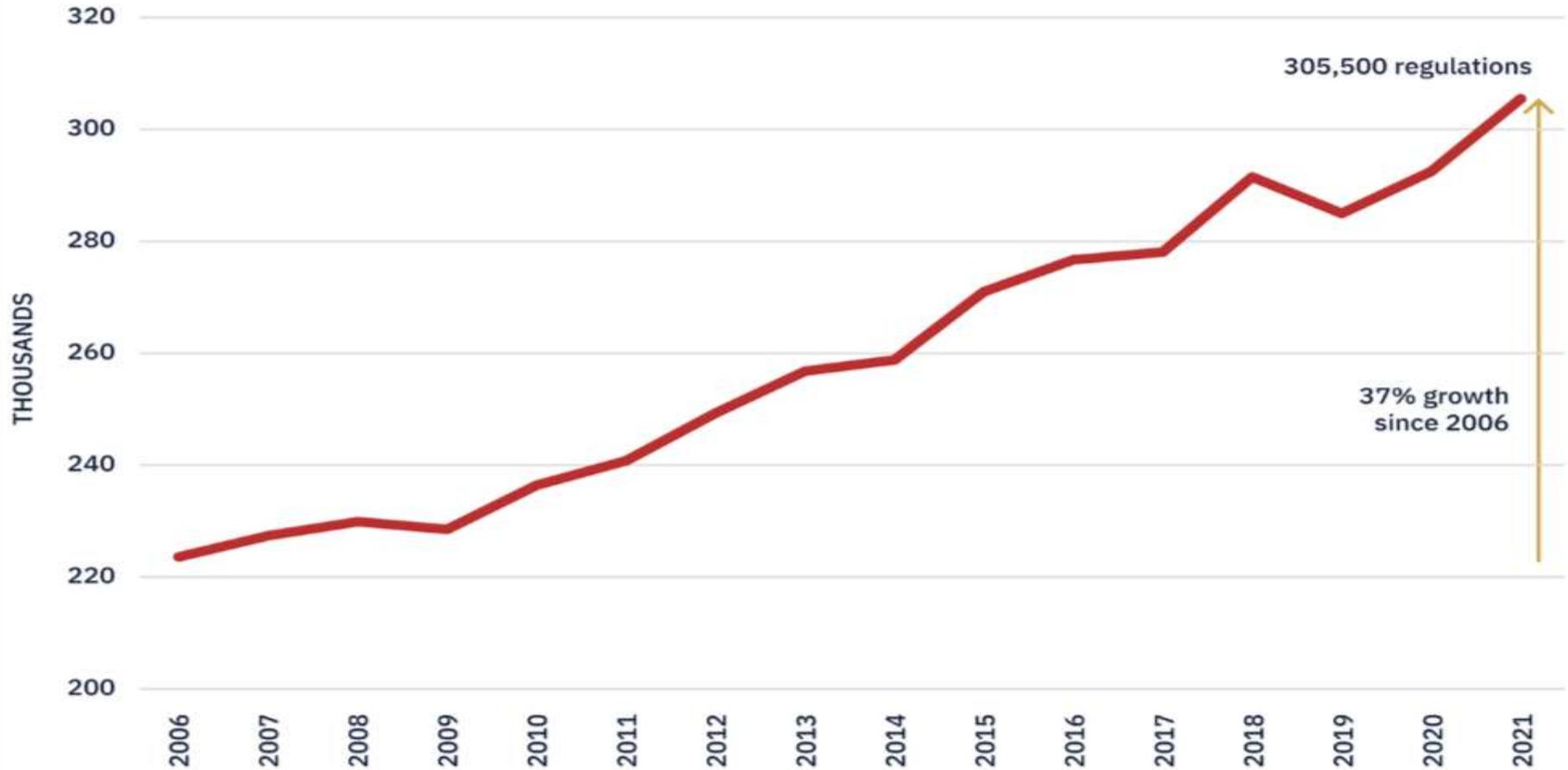
- Draghi Rpt on EU competitiveness
- https://commission.europa.eu/topics/competitiveness/draghi-report_en
- Lagarde speech on EU existential crisis
- https://www.ecb.europa.eu/press/key/date/2024/html/ecb.sp241118_2~33a5a516a2.en.html



Canada: Deep structural problems

productivity crisis, innovation crisis,
competitiveness crisis, taxation crisis,
capital flight crisis

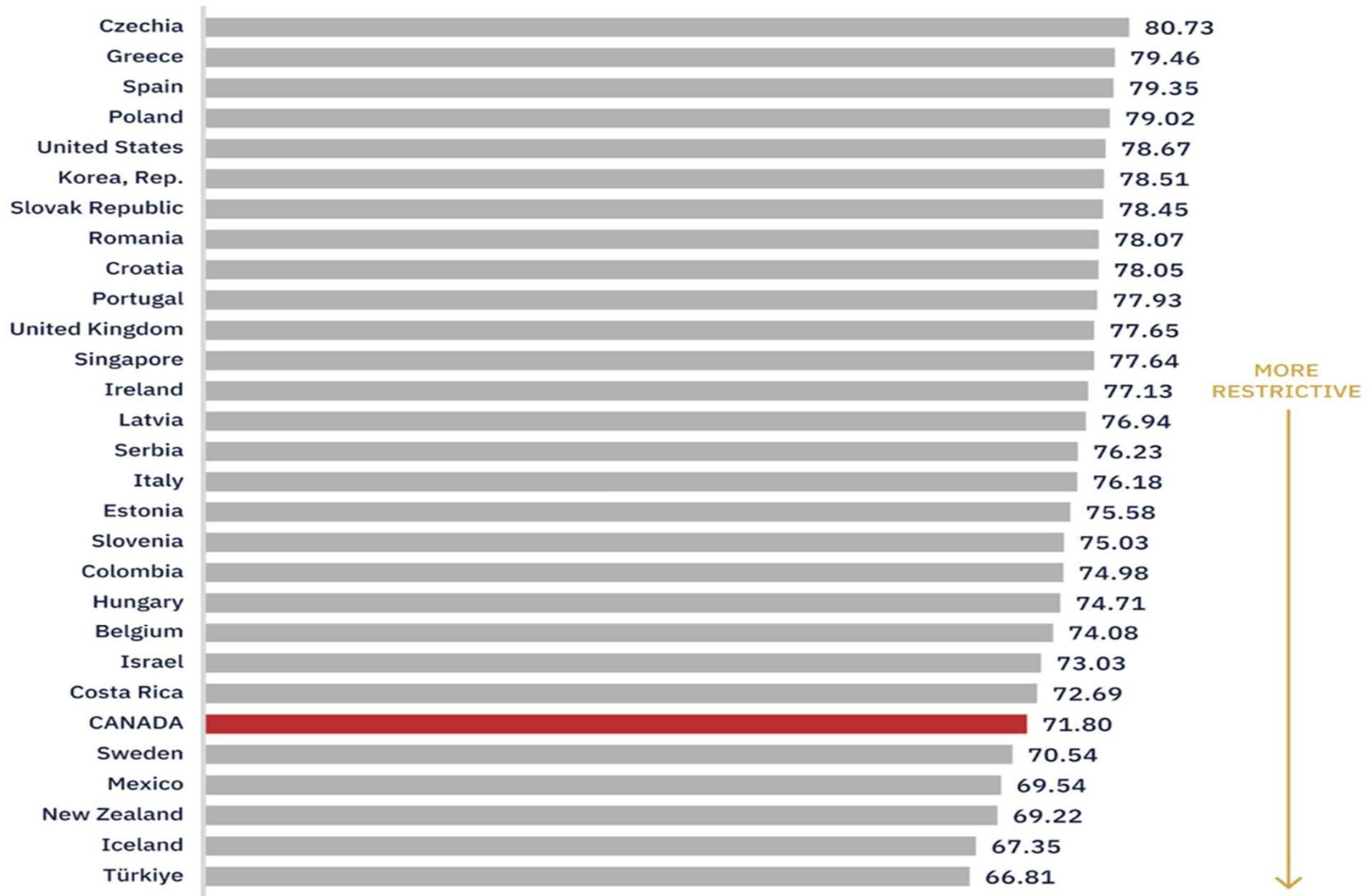
The Hub, Canada - Industrial federal regulations,



Source: Statistics Canada

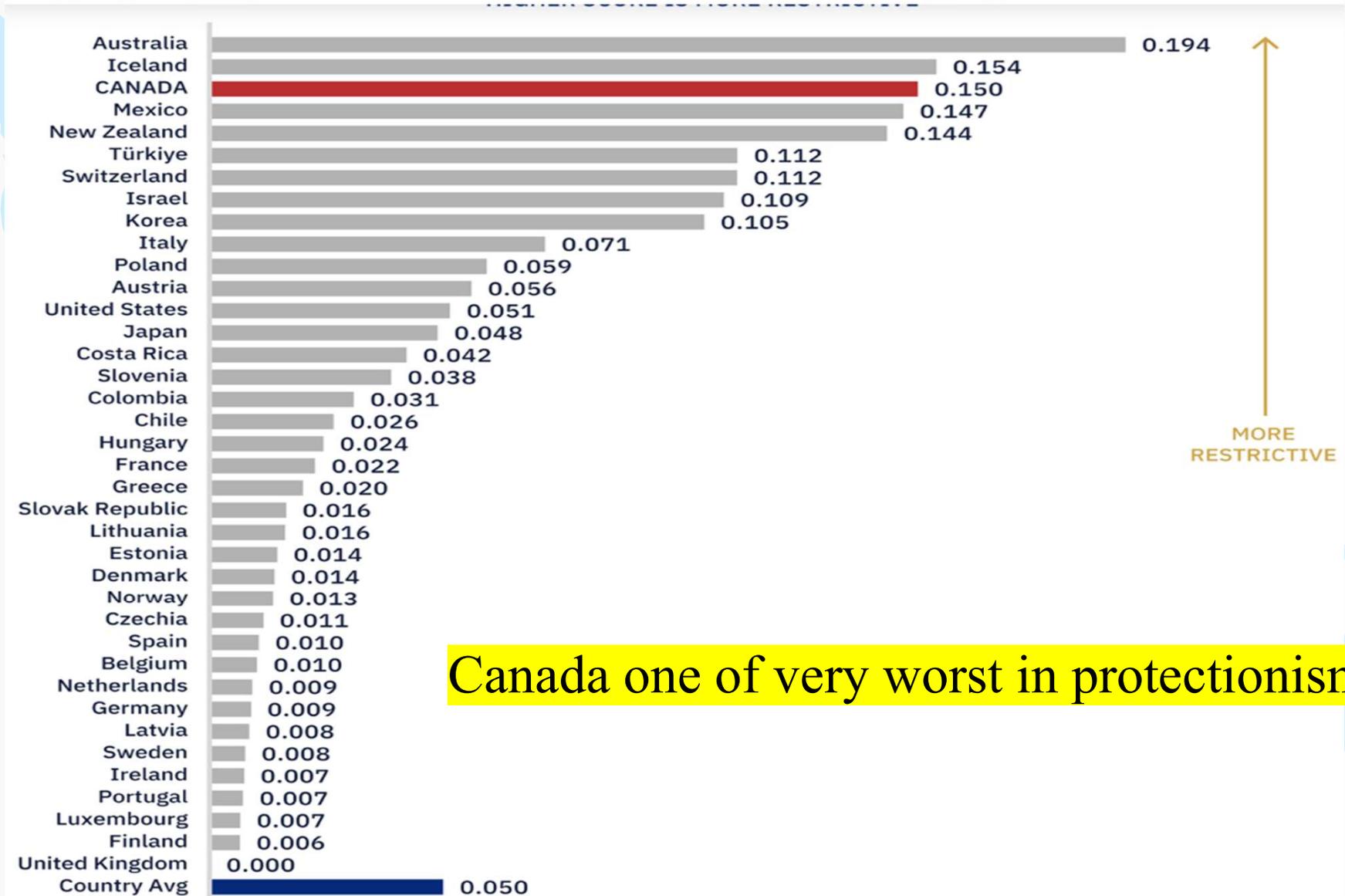
Graphic credit: Janice Nelson.

WB OECD Regulatory ranking, 2025



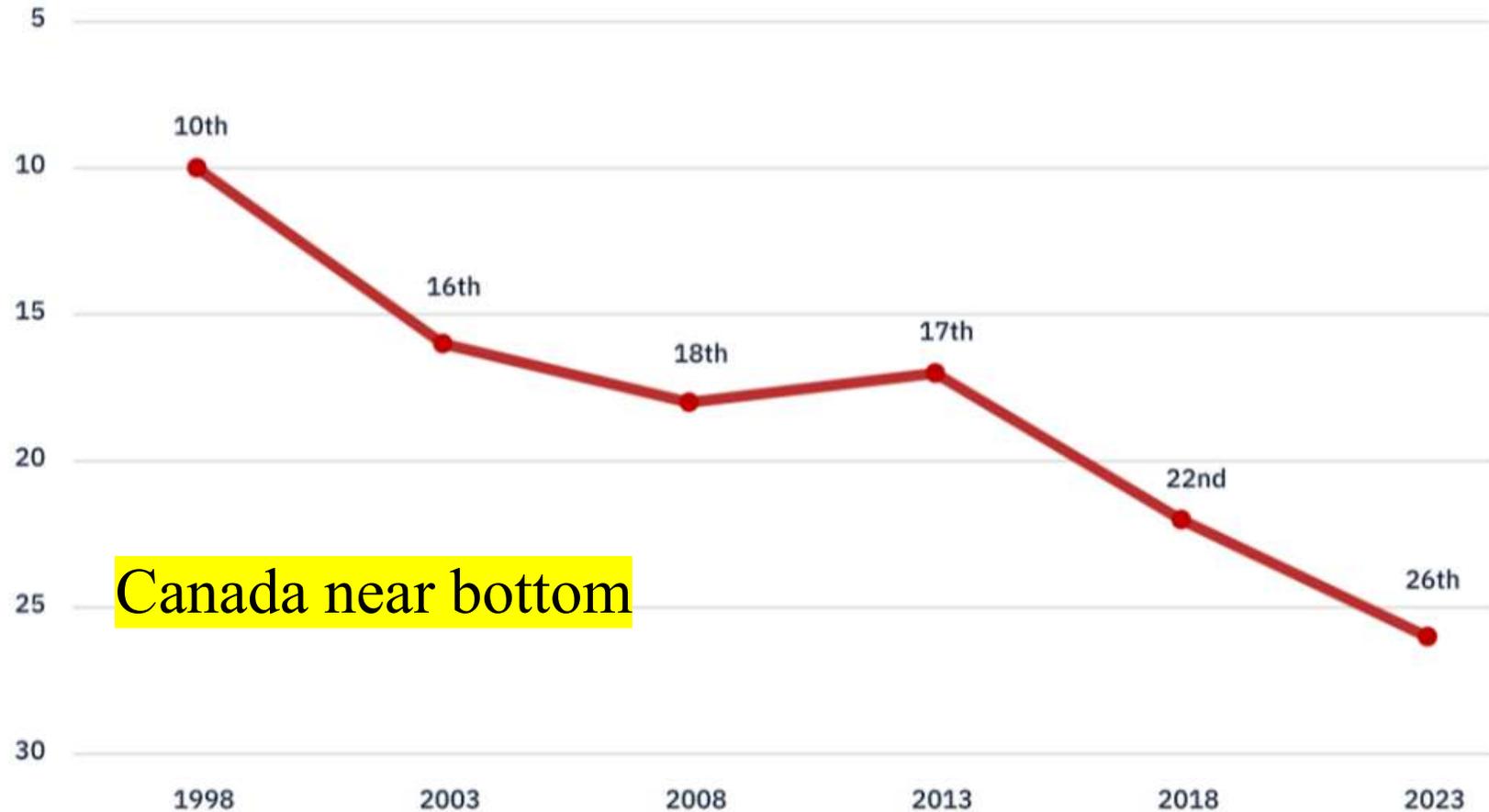
Source: World Bank

OECD FDI restrictiveness Index, 2023



Canada one of very worst in protectionism

OECD Product mkt regulation, 1998-2023



Source: Matthew Chiasson

Graphic credit: Janice Nelson.

OECD, Canada's long term decline, 1981-2060

Canada's quiet decline

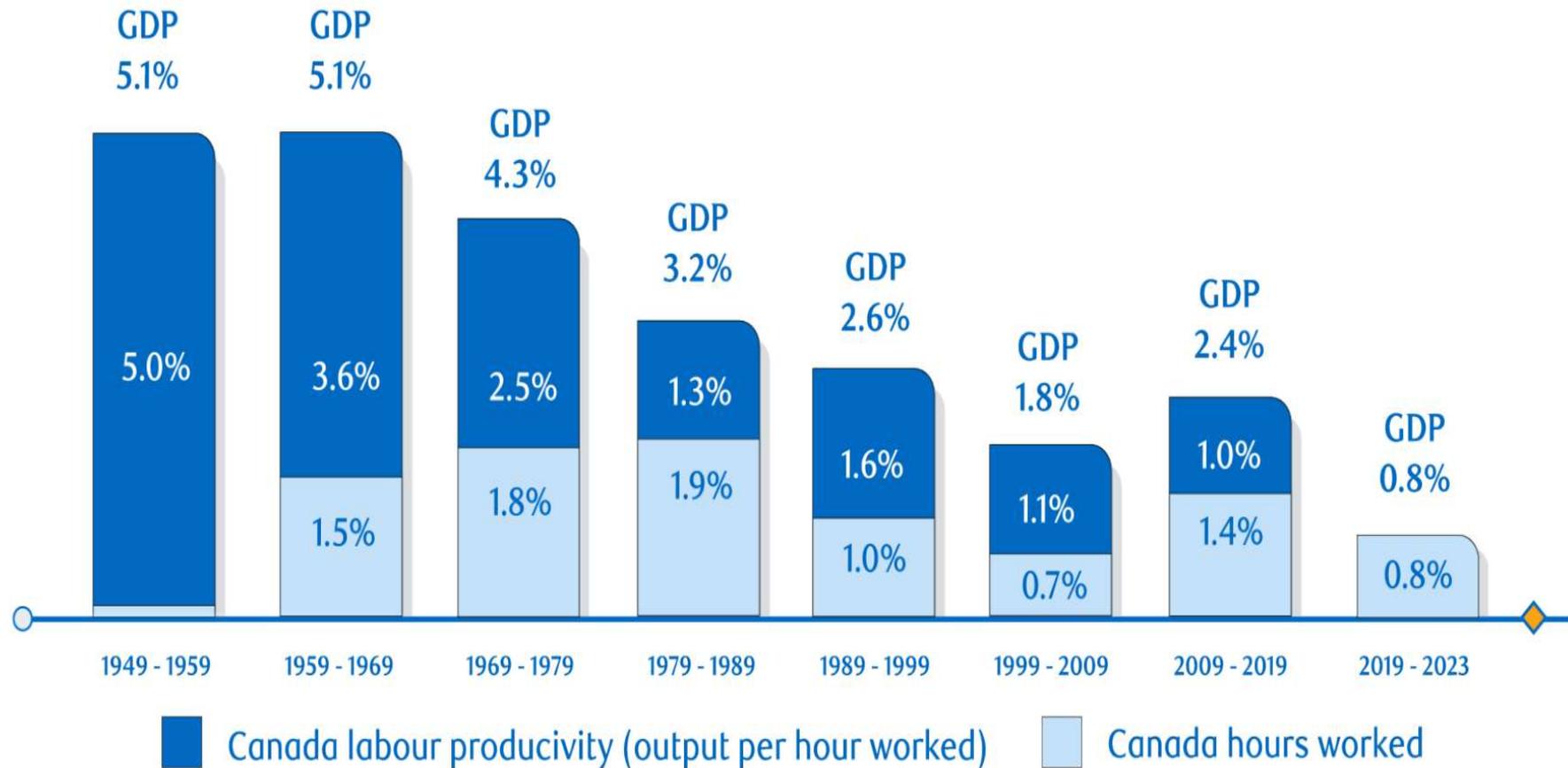
Living standards, OECD19 countries

GDP per capita in 2021, Canadian dollars, adjusted for purchasing power parity



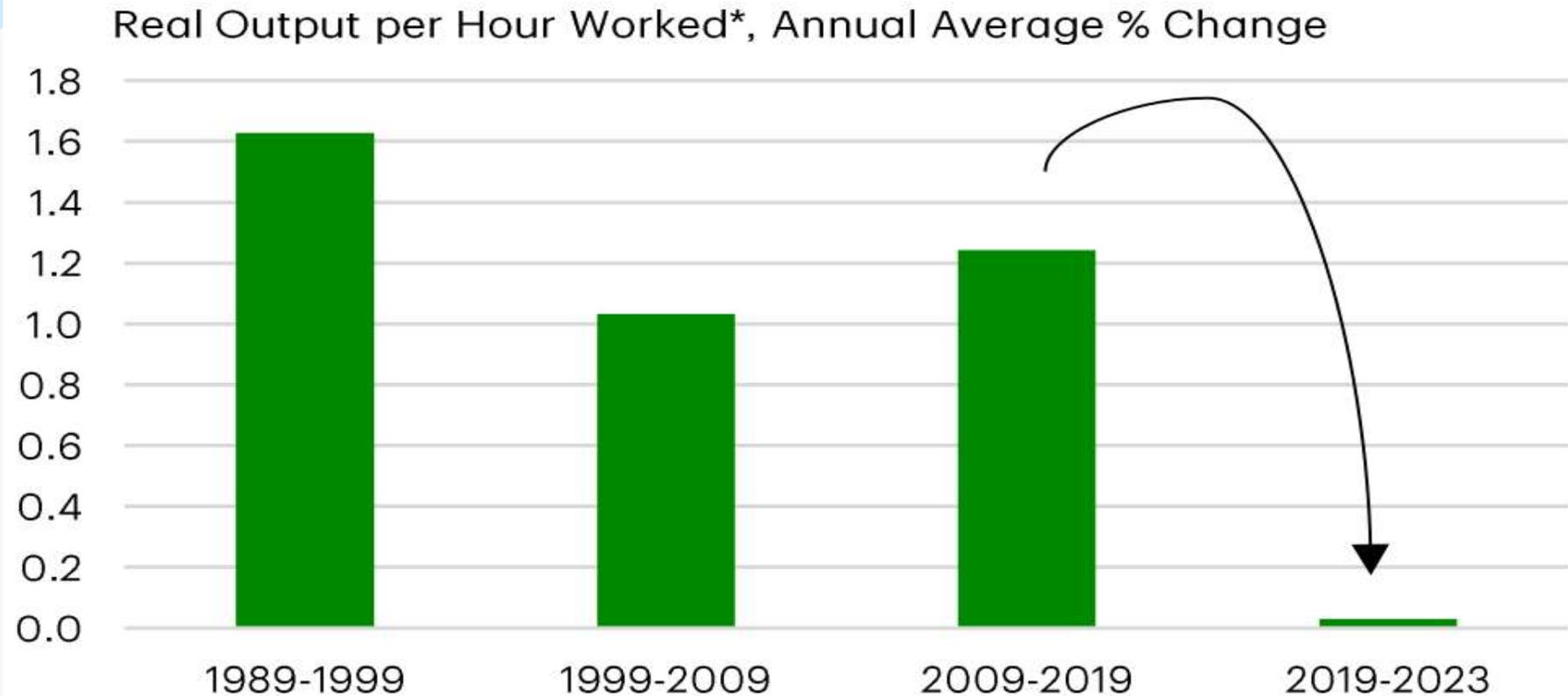
Source: Centre for Productivity and Prosperity - Walter J. Somers Foundation, HEC Montréal

RBC, Slowing GDP growth rate & slowing productivity, 1949-2023



<https://www.rbc.com/en/thought-leadership/canadas-growth-challenge-why-the-economy-is-stuck-in-neutral/> Source: Statistics Canada, RBC Economics

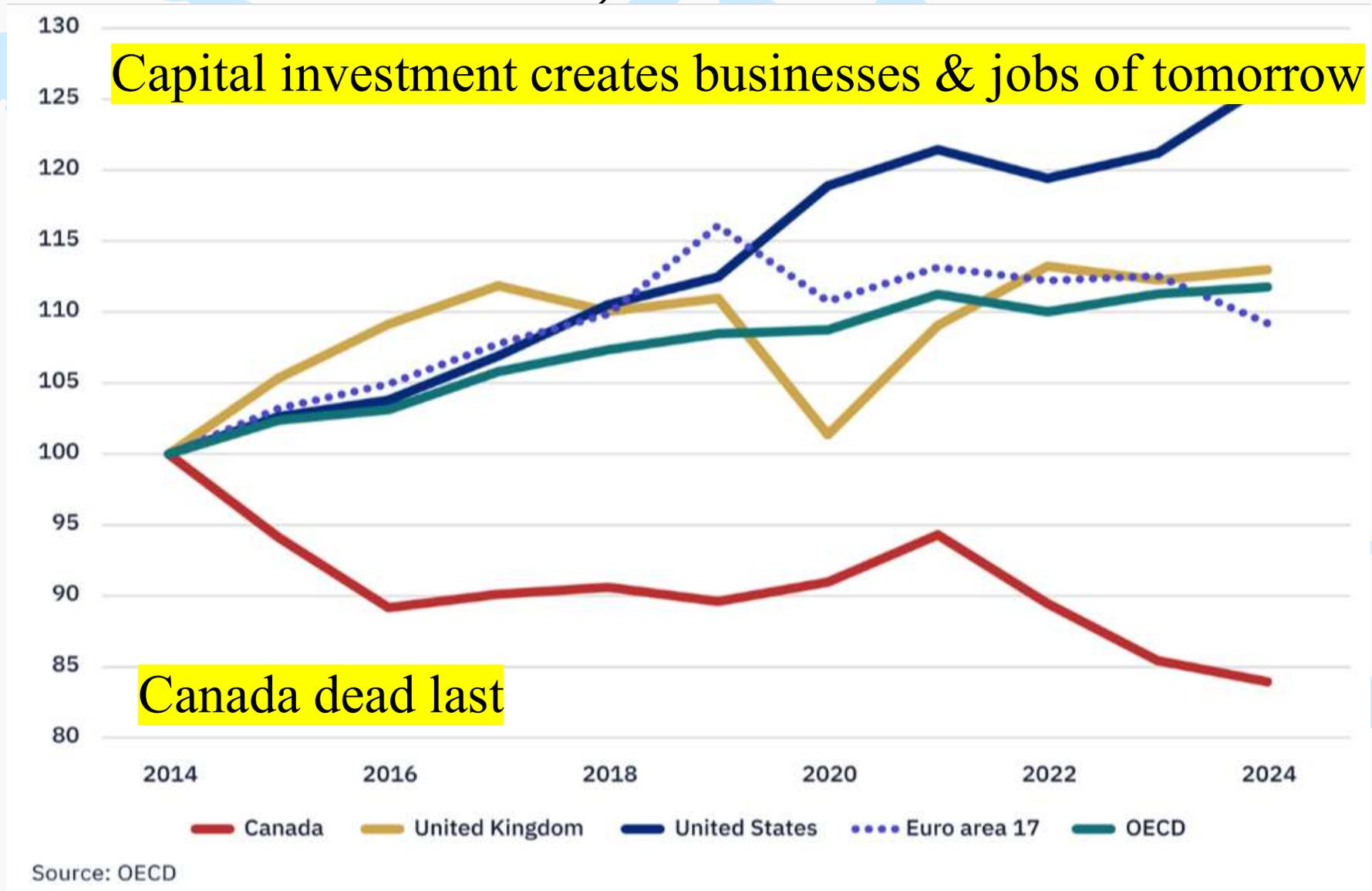
TD, Canada's productivity declined steeply, 1989-2023



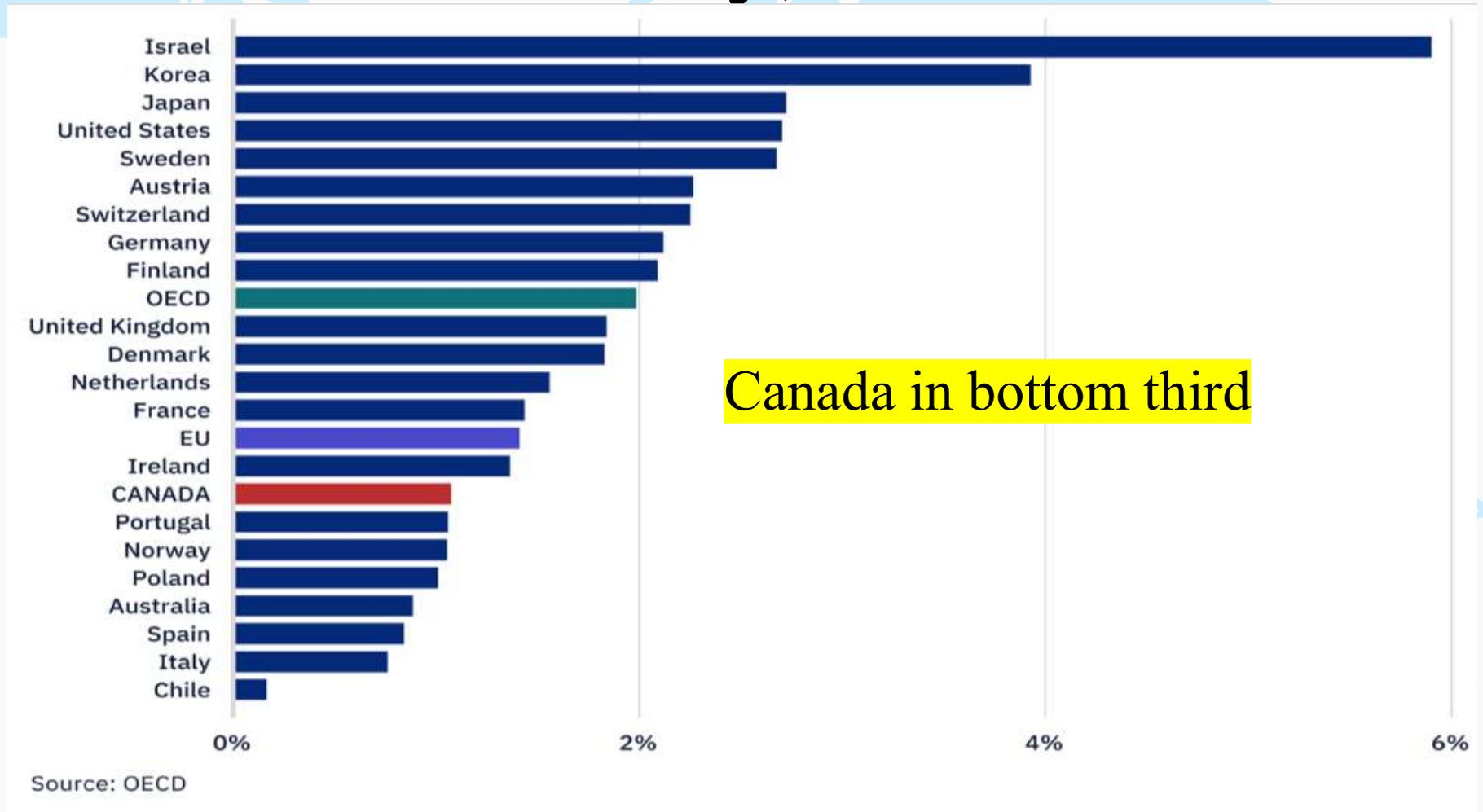
*Business Sector. Source: Statistics Canada, TD Economics.

https://economics.td.com/domains/economics.td.com/documents/reports/bc/Piecing_Together_The_Puzzle.pdf

Real total capital investment per worker, 2014-2024

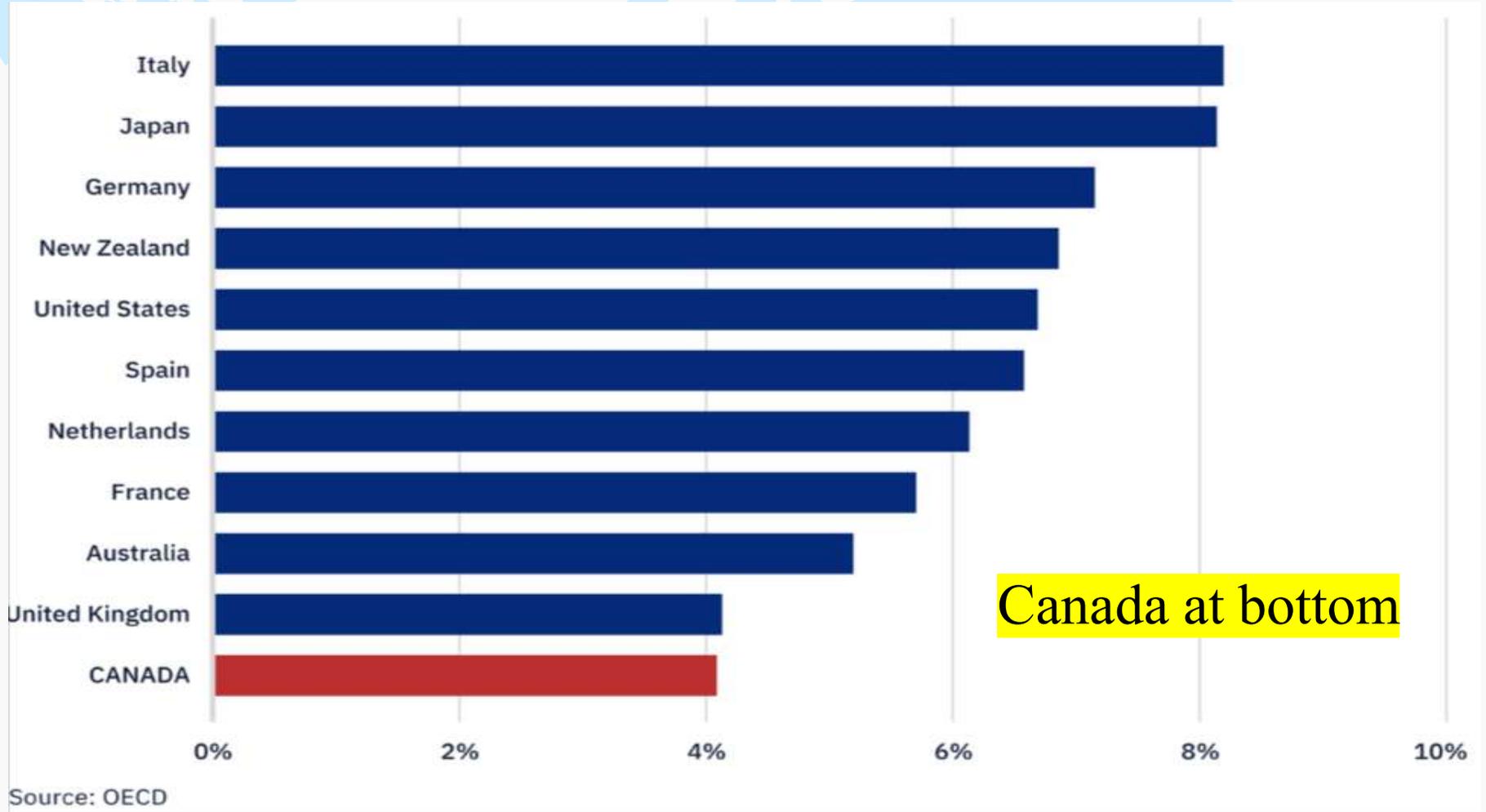


Business R & D as % of GDP by country, 2024



Source: <https://thehub.ca/2026/01/26/a-trillion-dollar-gap-12-charts-highlighting-canadas-capital-flight-crisis/>

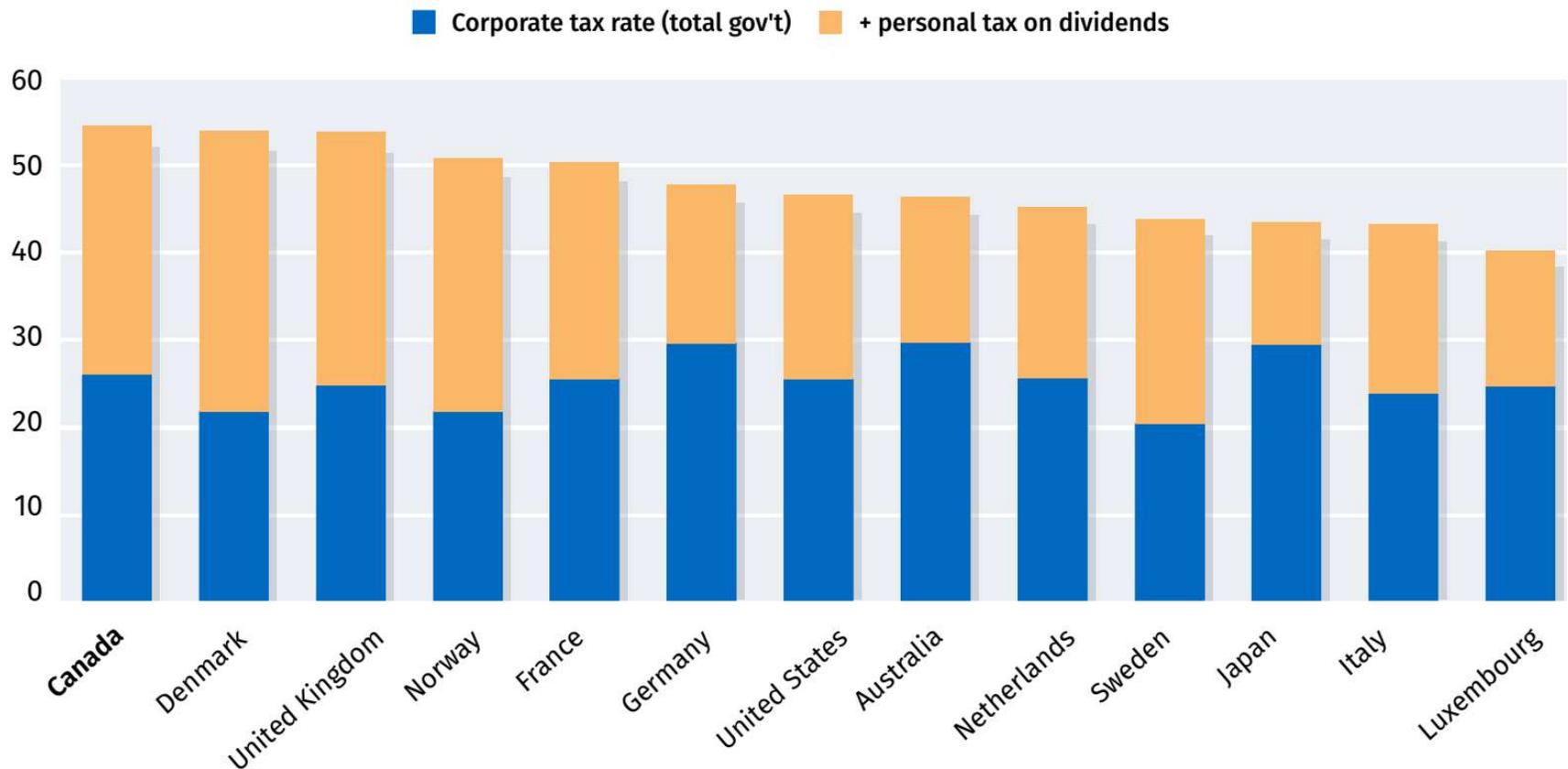
Machinery & Equipment % of value added, 5 year avg, 2024



Source: <https://thehub.ca/2026/01/26/a-trillion-dollar-gap-12-charts-highlighting-canadas-capital-flight-crisis/>

RBC, Canada's corp tax is highest in OECD

%, sum of bars is total effective tax rate on distributed corporate profits



Source: Statistics Canada, RBC Economics Research

<https://www.rbc.com/en/thought-leadership/canadas-growth-challenge-why-the-economy-is-stuck-in-neutral/>

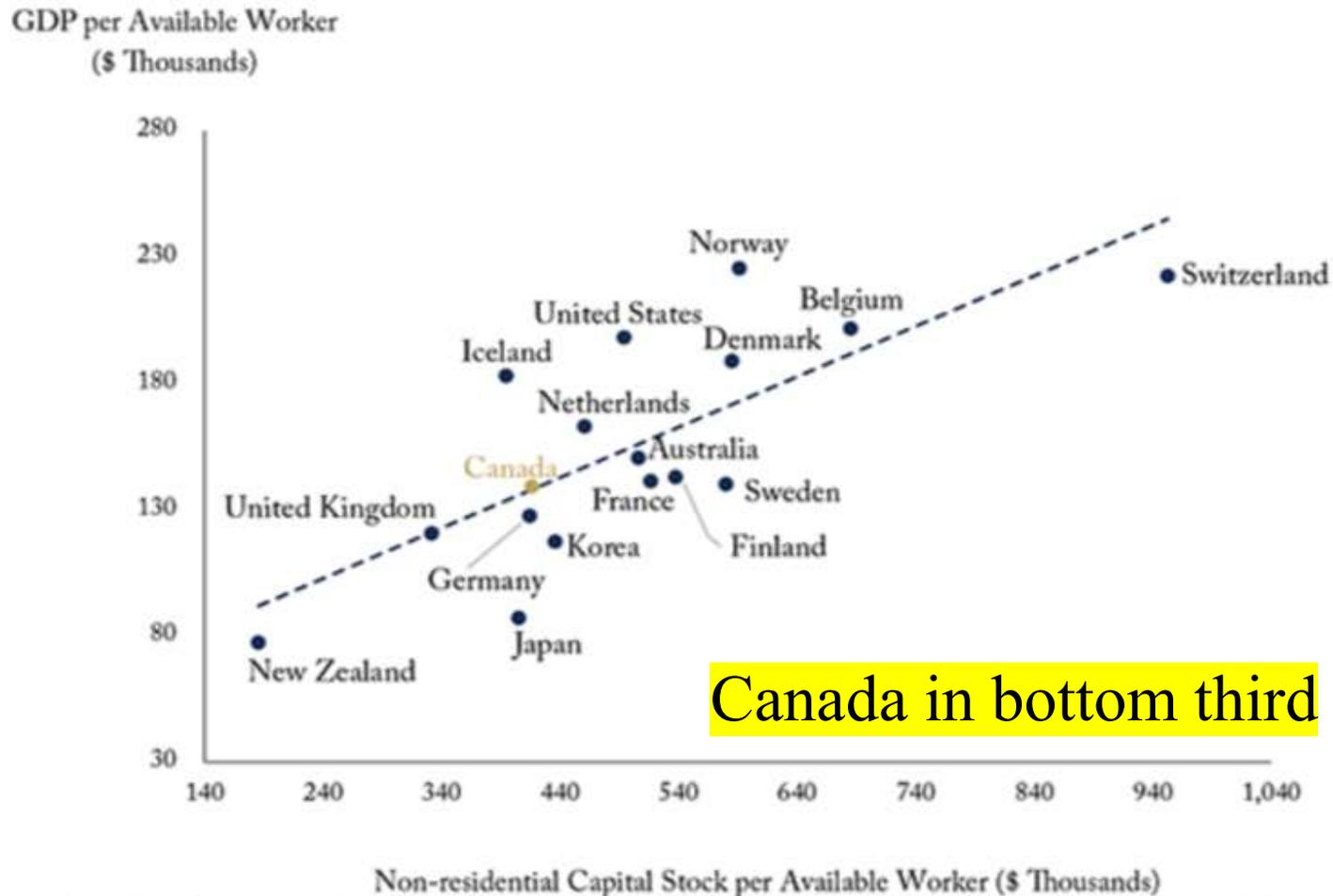
Cdn policy message - move CDN investment to America

Cda, Net FDI Stock, 2000-2024



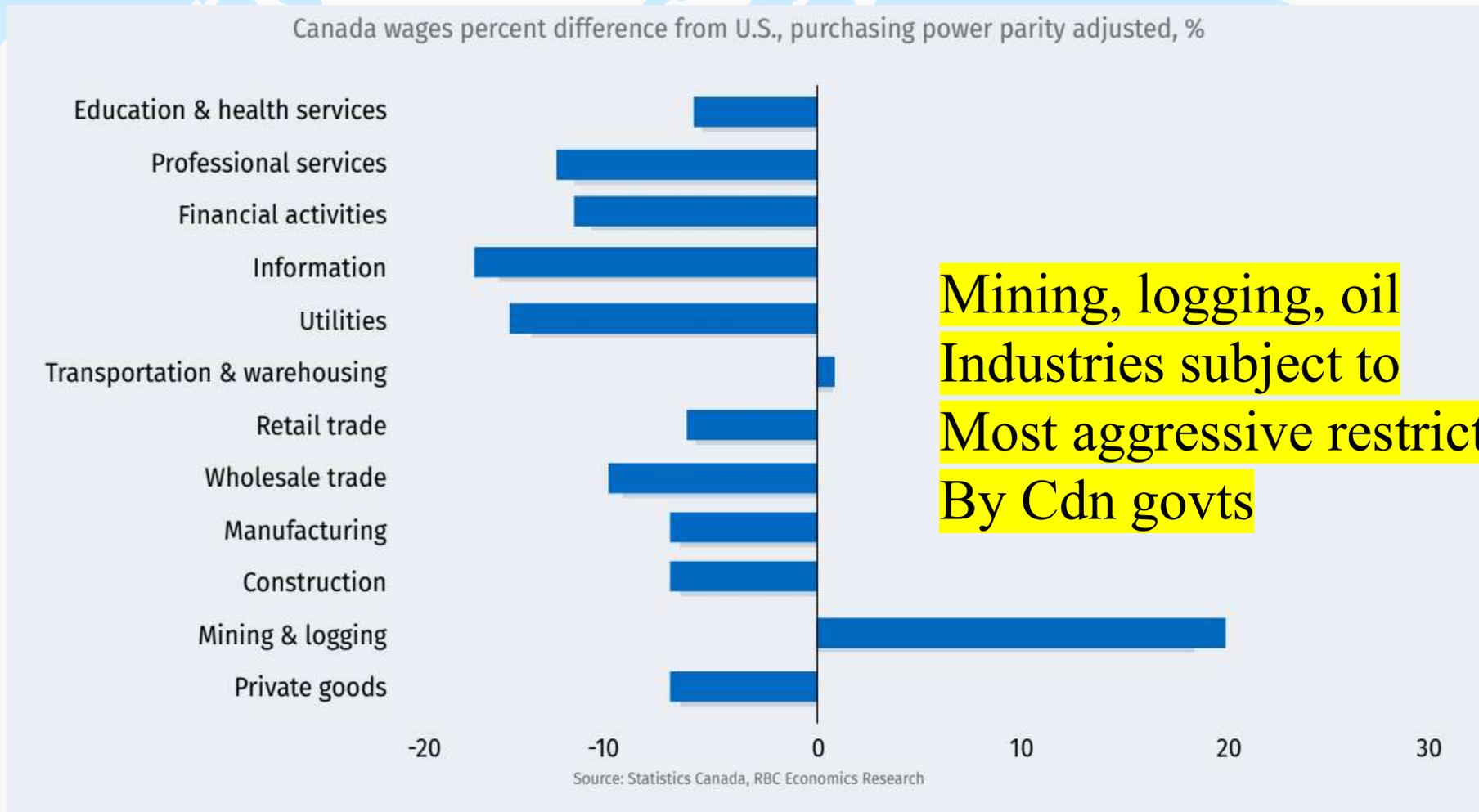
<https://thehub.ca/2026/01/26/a-trillion-dollar-gap-12-charts-highlighting-canadas-capital-flight-crisis/>

CD Howe, GDP capital stock per worker, 2025



<https://cdhowe.org/publication/canadas-investment-crisis-shrinking-capital-undermines-competitiveness-and-wages/>

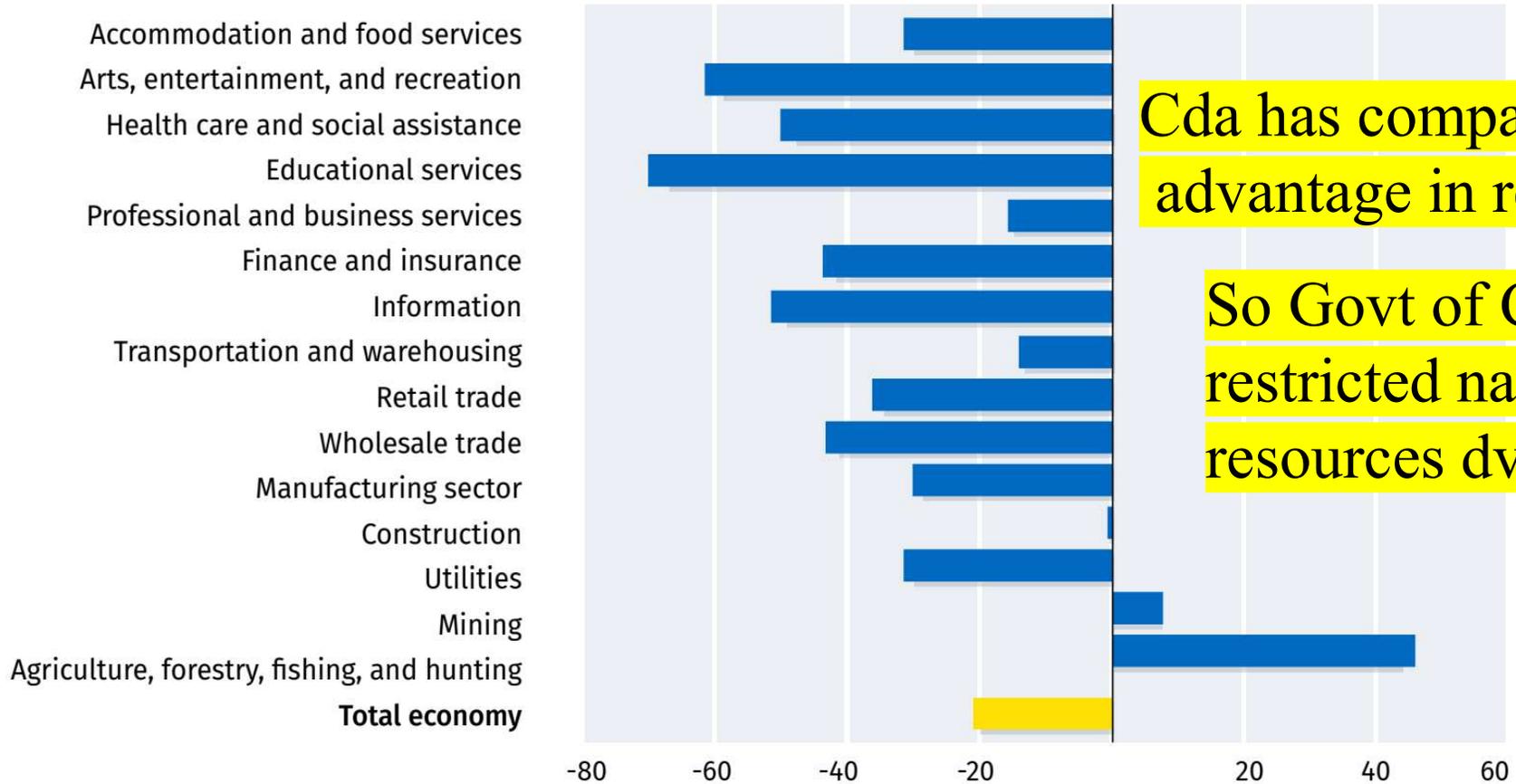
Cdns makes less than Americans in every industry except mining & logging



<https://www.rbc.com/en/thought-leadership/canadas-growth-challenge-why-the-economy-is-stuck-in-neutral/>

RBC, Natural resources more productive than any other sector

Canadian GDP per hour worked % difference from U.S. equivalent, USD PPP adjusted, 5 year average ending 2019



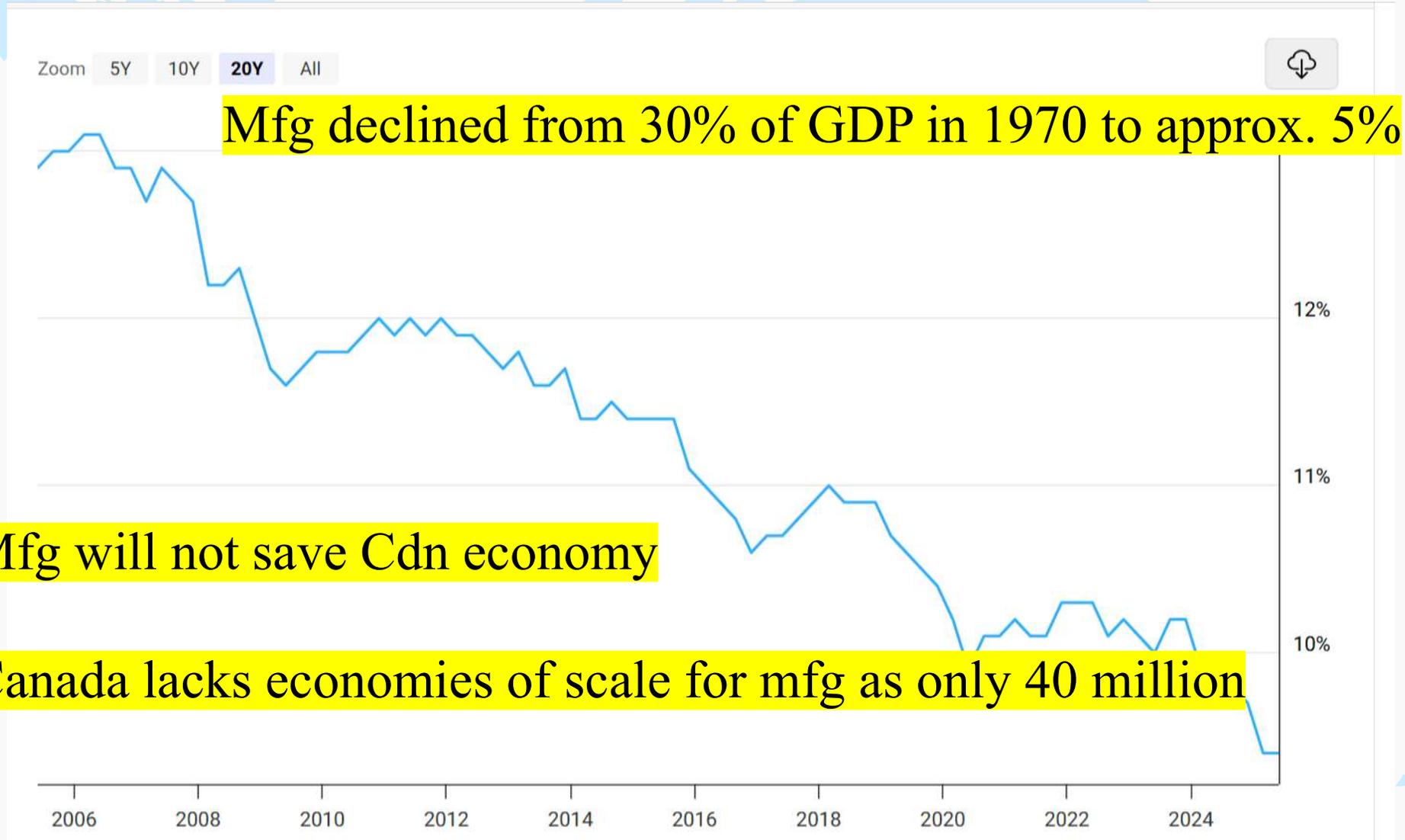
Cda has comparative advantage in resources

So Govt of Canada restricted nat resources dvlopmt

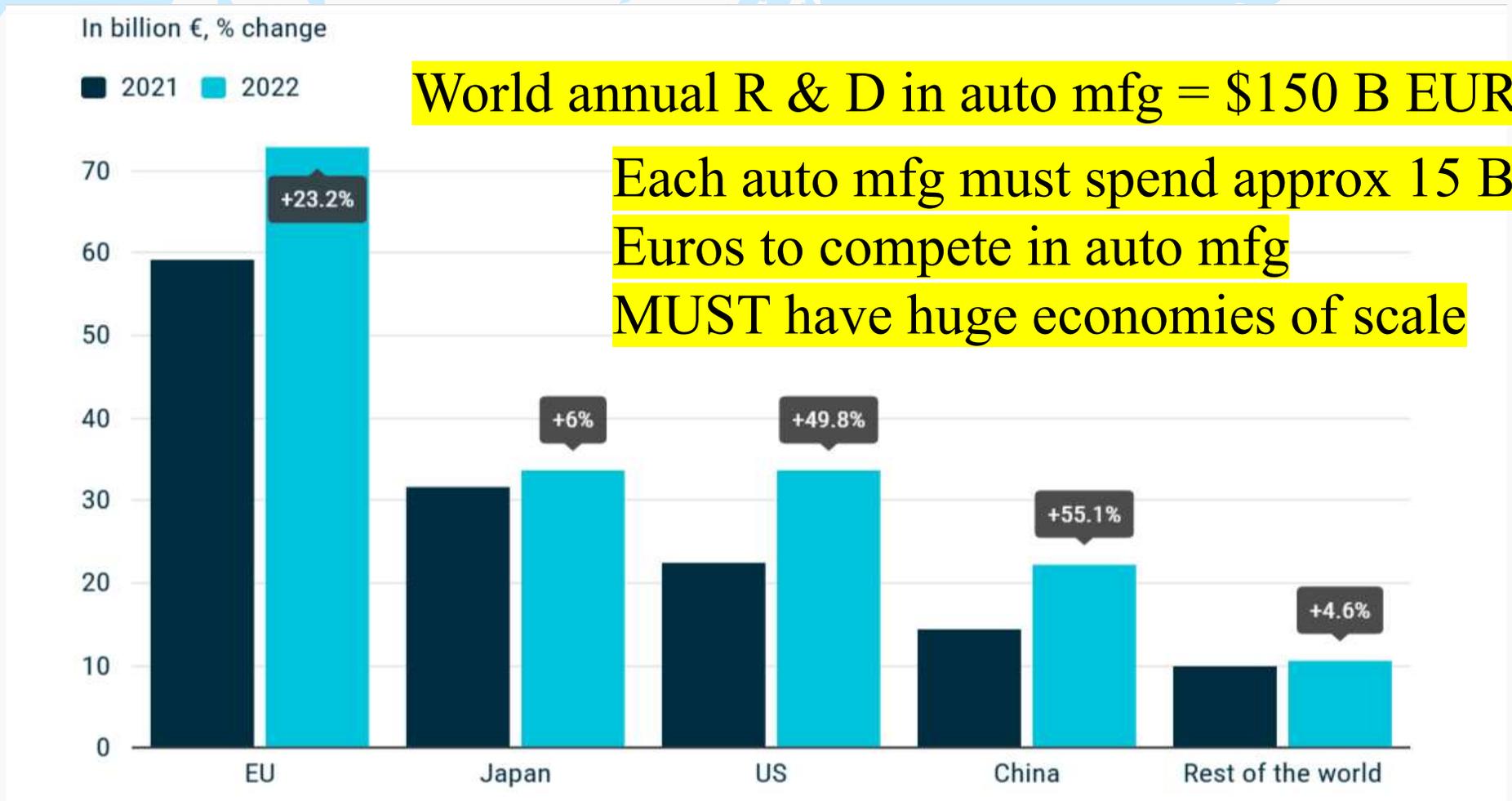
Source: Statistics Canada, RBC Economics Research

<https://www.rbc.com/en/thought-leadership/canadas-growth-challenge-why-the-economy-is-stuck-in-neutral>

Stats Can, Mfg as % of Cdn GDP, 2006-2024

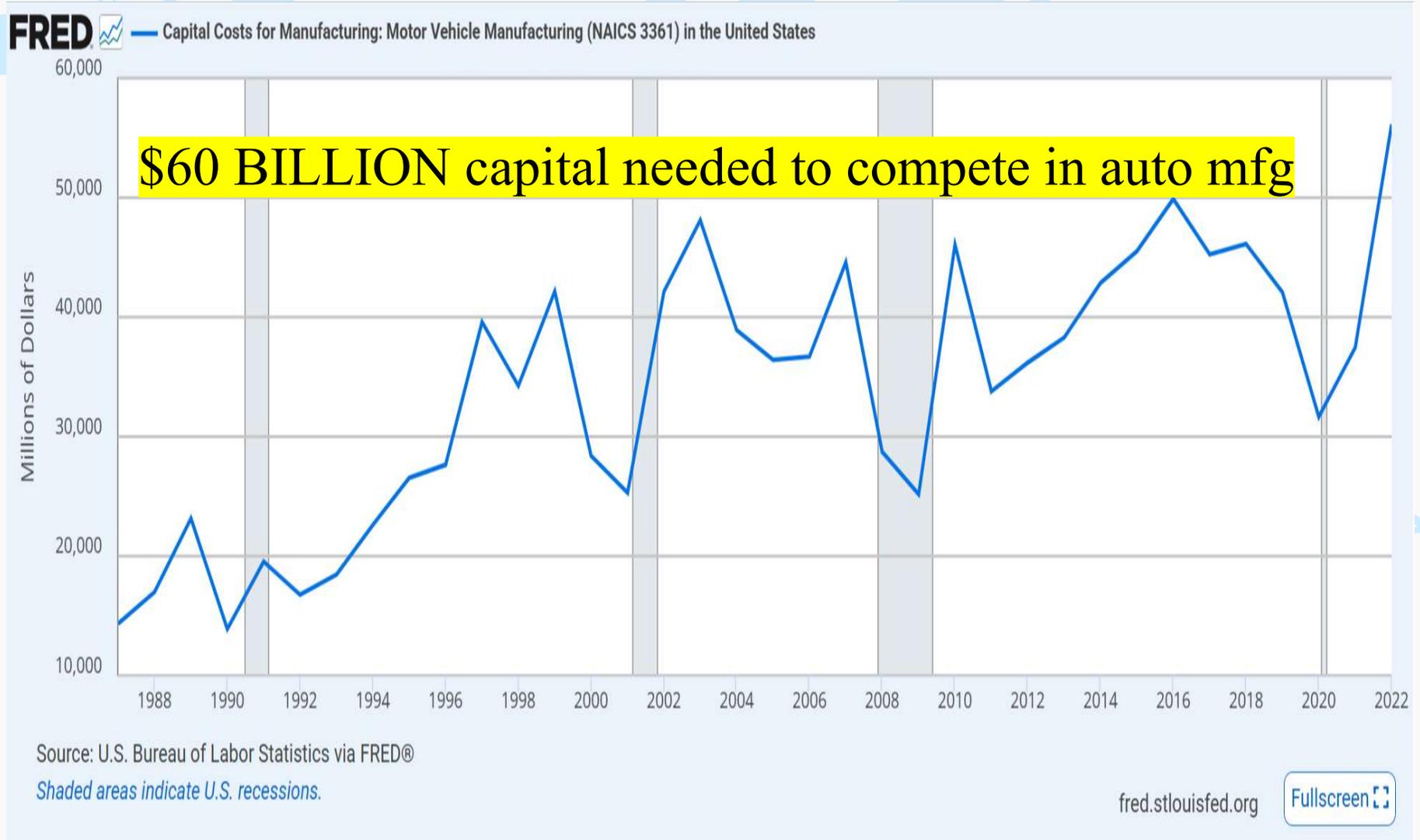


Automotive R & D Investment by region, 2024



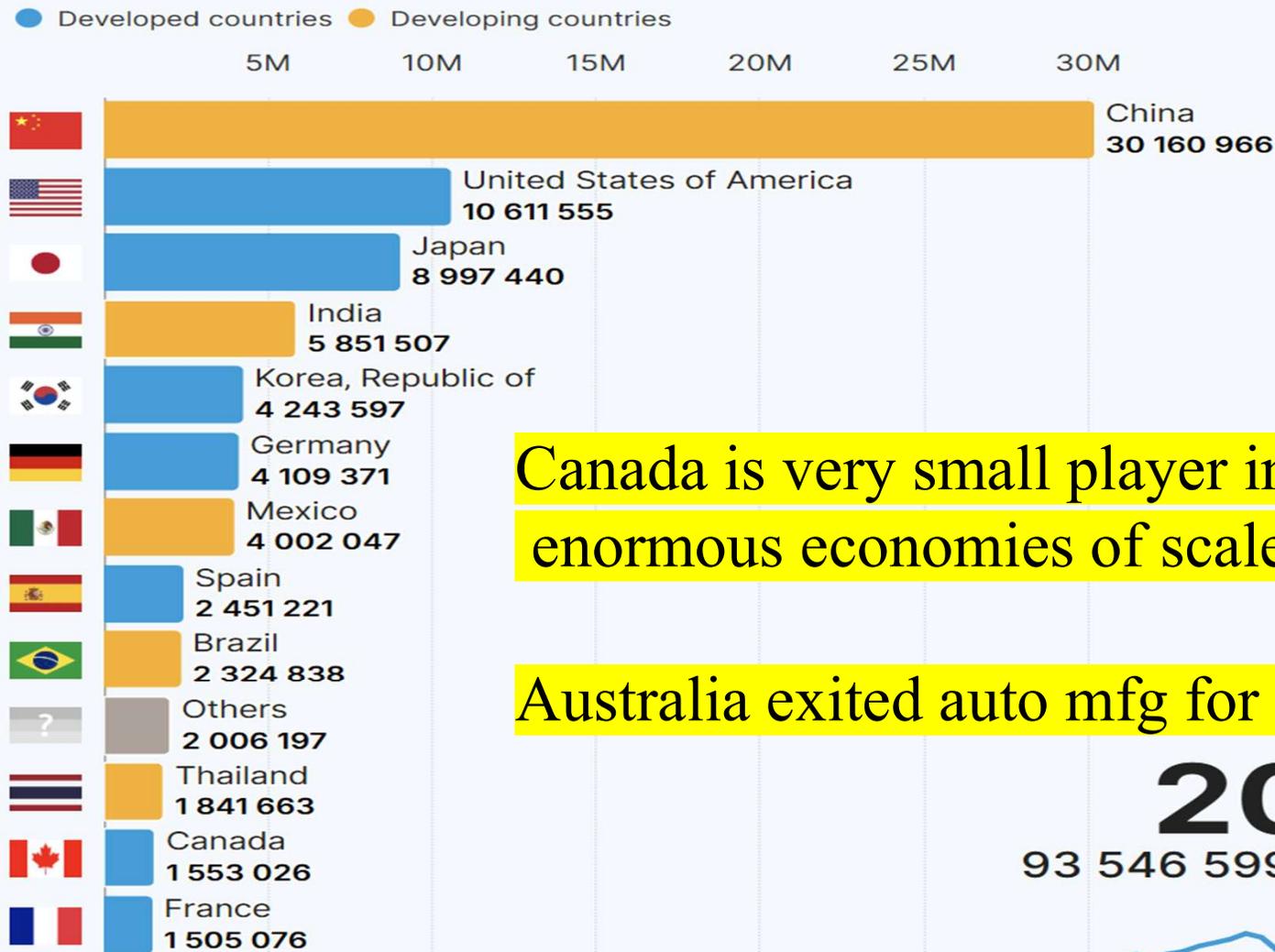
<https://www.acea.auto/publication/economic-and-market-report-global-and-eu-auto-industry-first-half-of-2025/>

FRED, Annual capital costs in US Auto mfg, 1988-2022



<https://fred.stlouisfed.org/series/IPUEN3361C020000000>

UNCTAD, World auto mfg, 2023



Canada is very small player in mkt with enormous economies of scale needed

Australia exited auto mfg for this reason

2023
93 546 599 vehicles

Source: UN Trade and Development (UNCTAD) based on OICA.

Cdn auto mfg decline predates Trump, 2013-2024

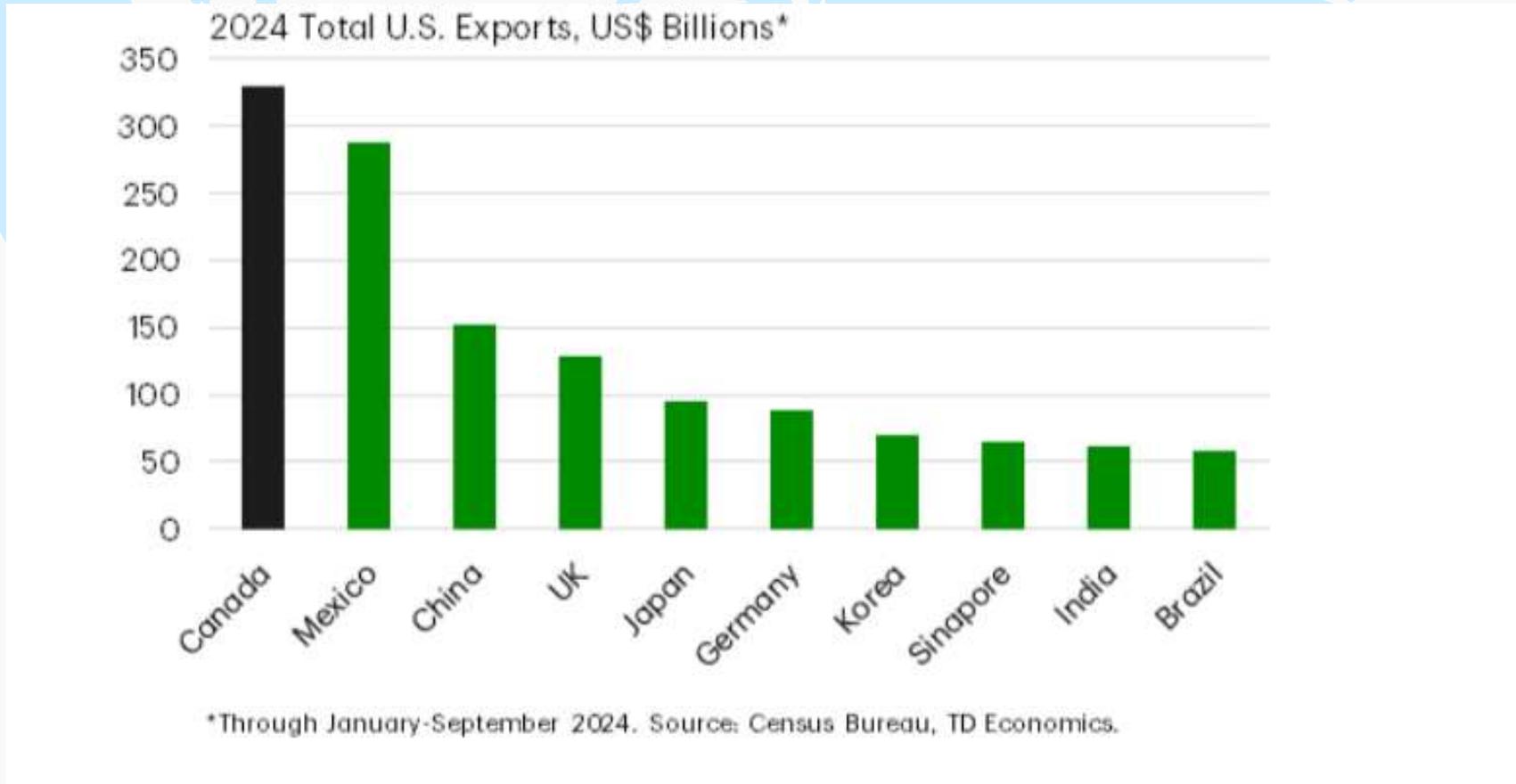


<https://www.ceicdata.com/en/indicator/canada/motor-vehicle-production>



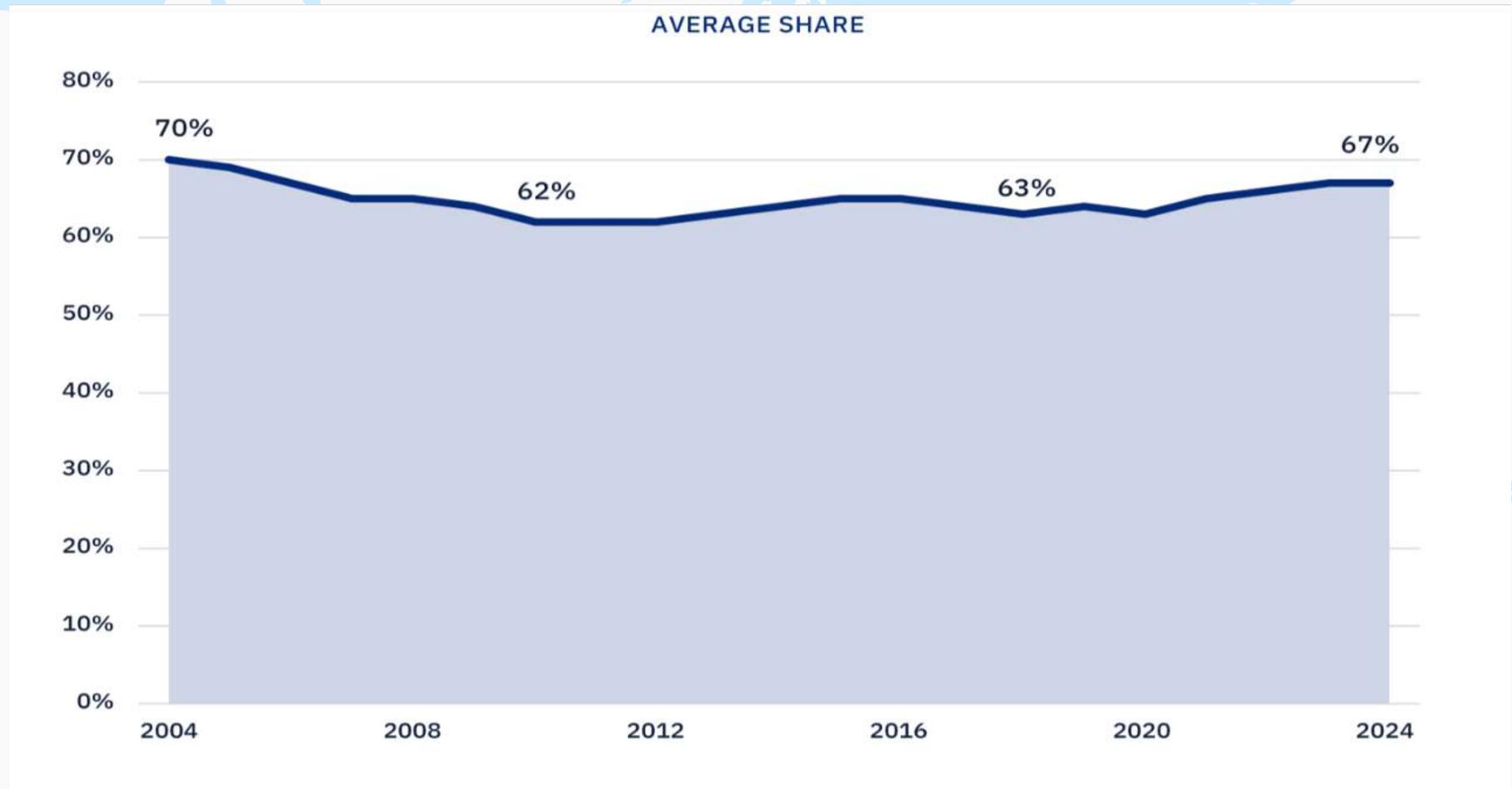
Review of Trade & Tariffs

TD, Canada is most important destination for US exports, 2024



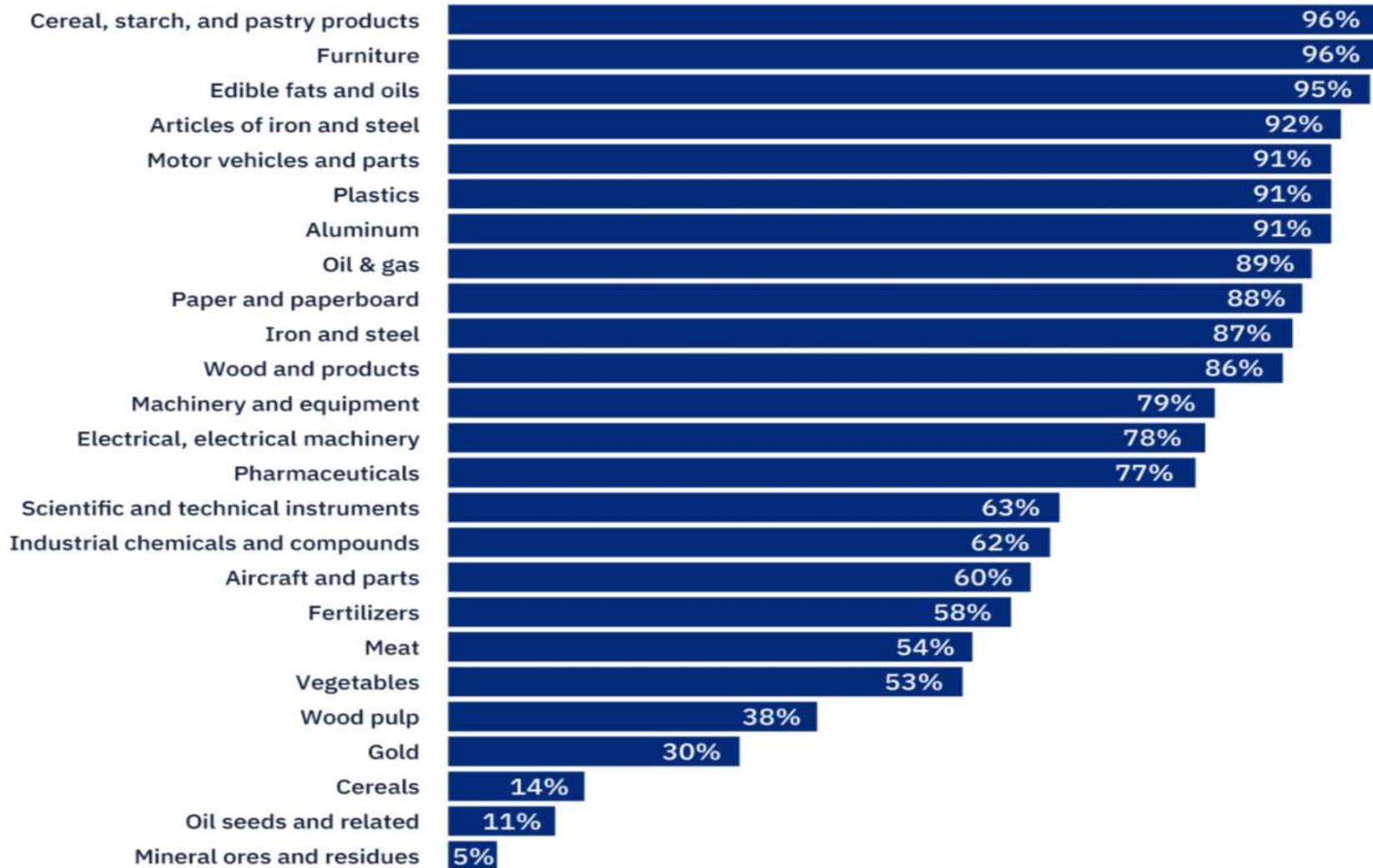
https://economics.td.com/domains/economics.td.com/documents/reports/bc/Piecing_Together_The_Puzzle.pdf

Planincic, Reliance on US market for Canada's 25 largest exports



<https://thehub.ca/2025/02/12/alicia-planincic-canadas-economy-remains-firmly-hitched-to-america/>

Planincic, Over 50% Reliance on US by most Cdn Industries



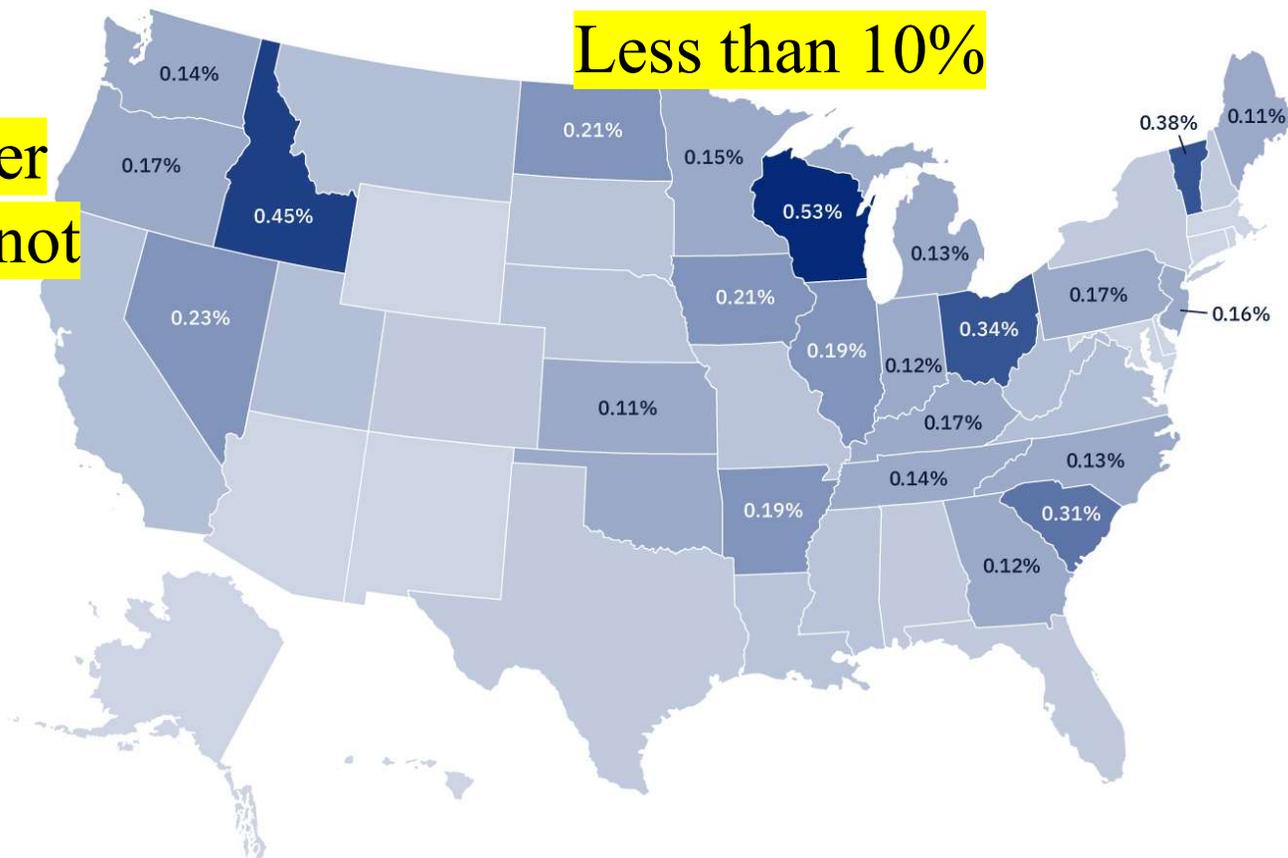
Source: Statistics Canada and U.S. Census Bureau, accessed via Trade Data Online, HS2 product categories renamed for simplification.

Tombe, Share of State Exports affected by retaliatory Cdn tariffs

Share of State's Exports Affected by Canada's Retaliatory Tariffs

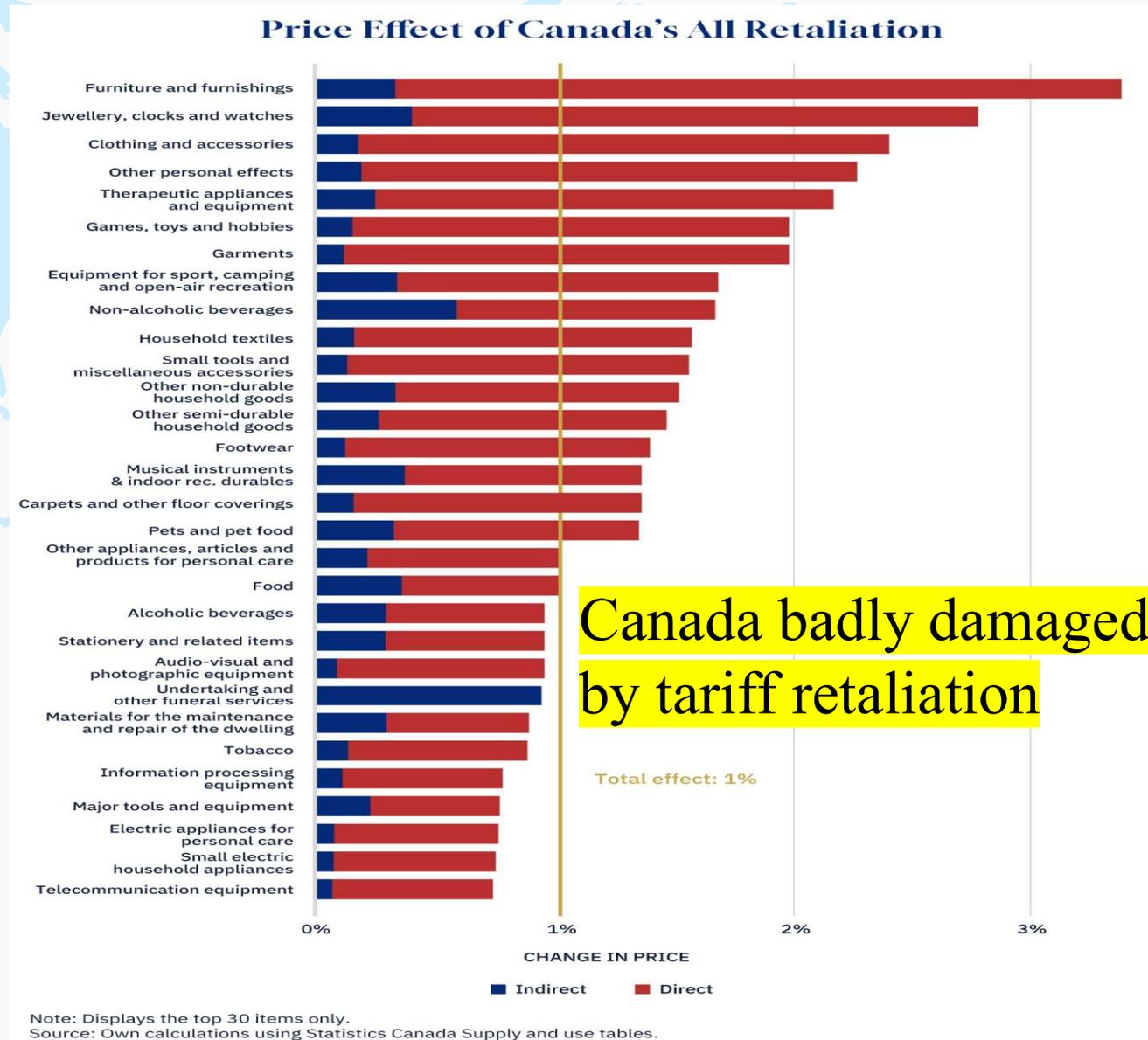
No - Premier Ford – US not heavily dependent on Cda

Less than 10%



Note: Own calculations using CIMT for 2023 and retaliation list at HS8 level. Based on export volumes affected by 25% tariff, with shares above 0.1% highlighted.

Tombe, Price effects of Canada's retaliation, 2025

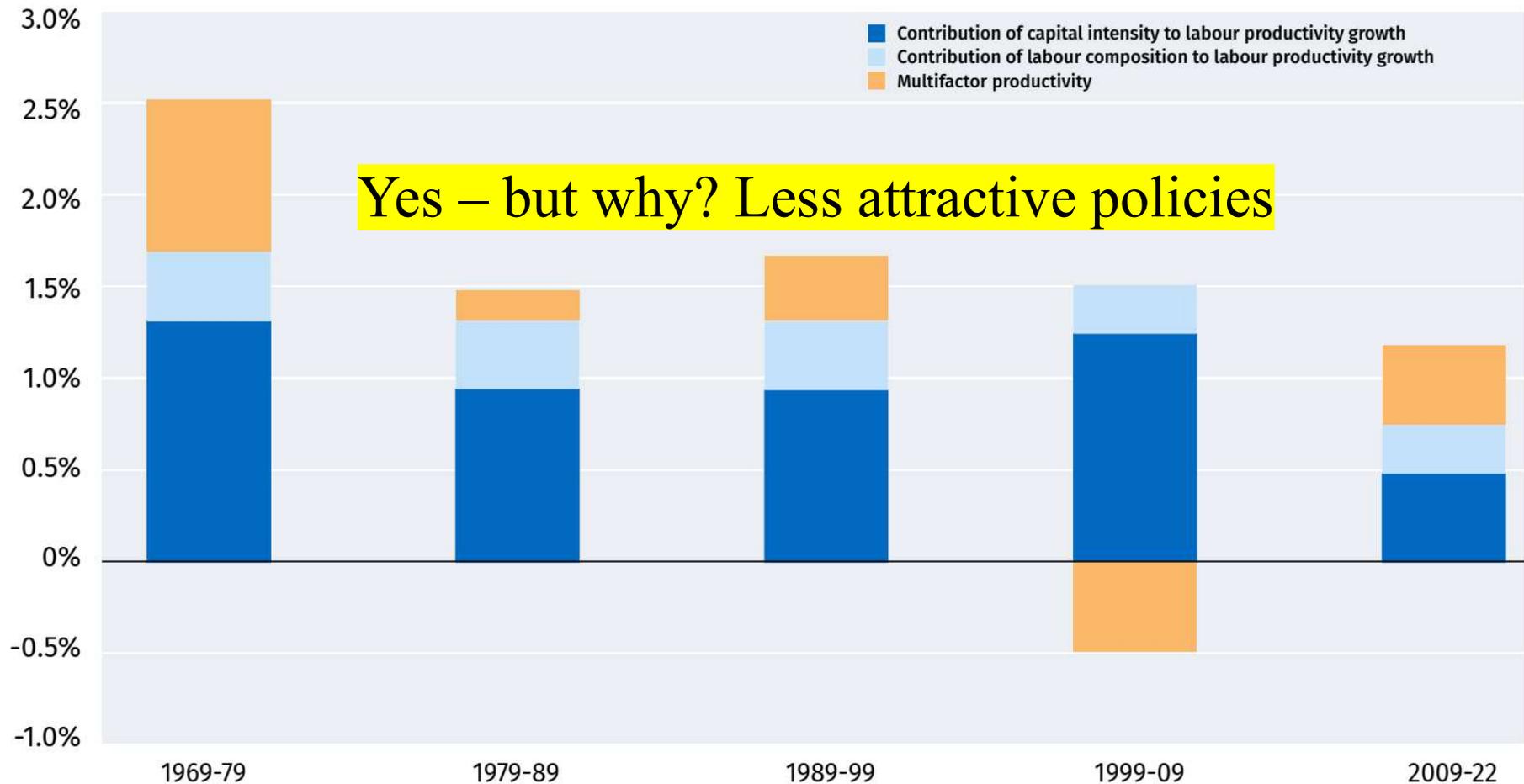




Possible Responses

RBC, Slow investment is biggest cause, 1969-2022

Percentage point contribution to growth in Canadian GDP per hour worked



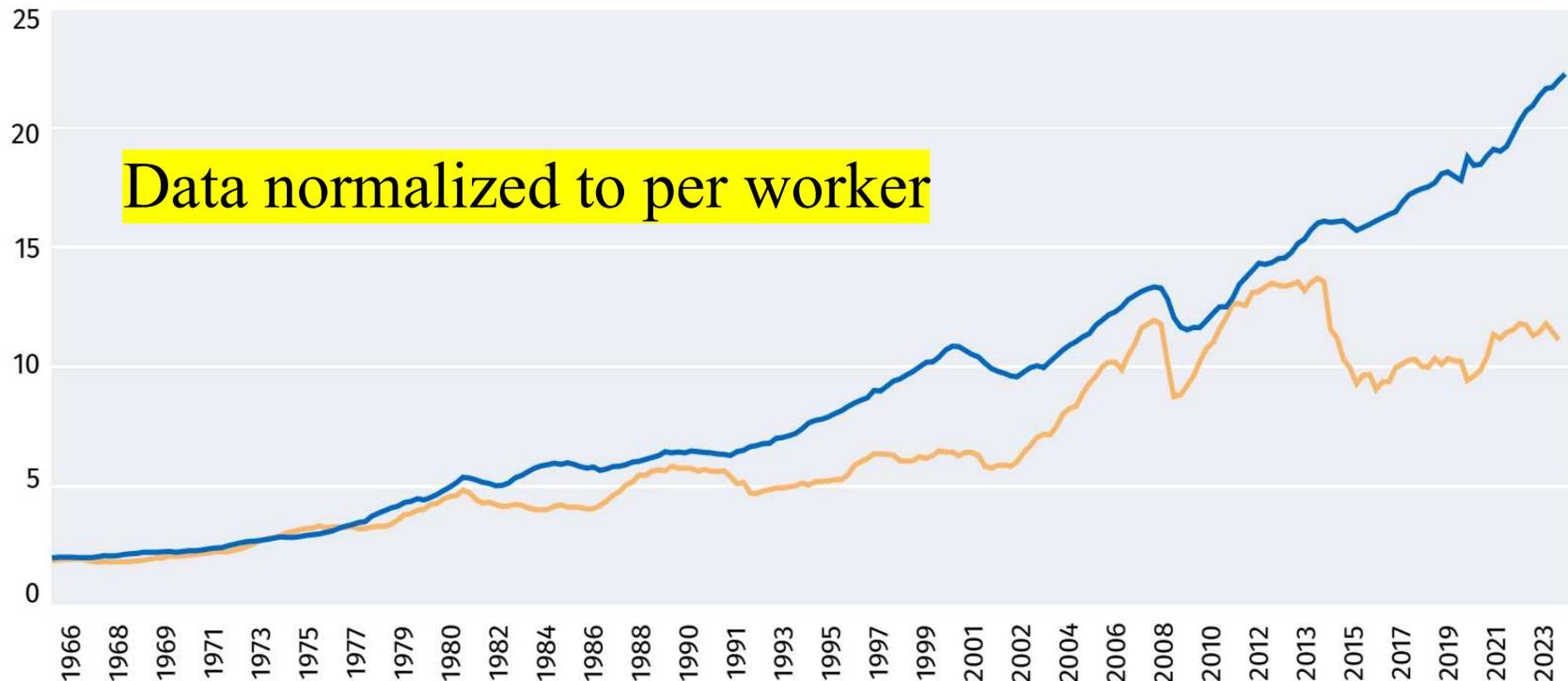
Source: Statistics Canada, RBC Economics Research

<https://www.rbc.com/en/thought-leadership/canadas-growth-challenge-why-the-economy-is-stuck-in-neutral>

RBC, Canada severely lags US in capital investment, 1966-2023

US\$ per employed worker (at market exchange rates)

— Canada — United States

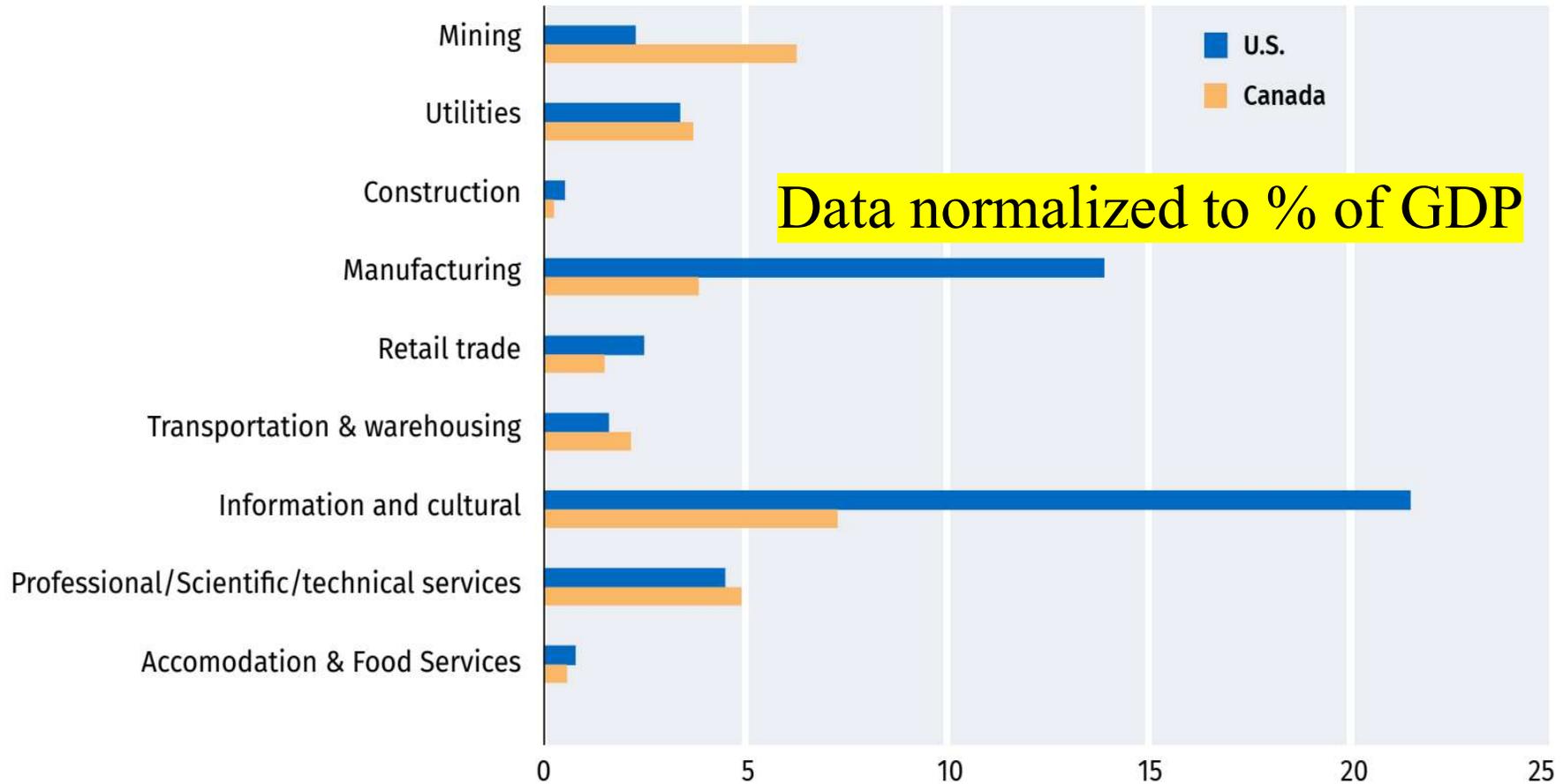


Source: Statistics Canada, Bureau of Economics Analysis, RBC Economics Research

<https://www.rbc.com/en/thought-leadership/canadas-growth-challenge-why-the-economy-is-stuck-in-neutral>

RBC, US out-invests Canada in ICT in key sectors

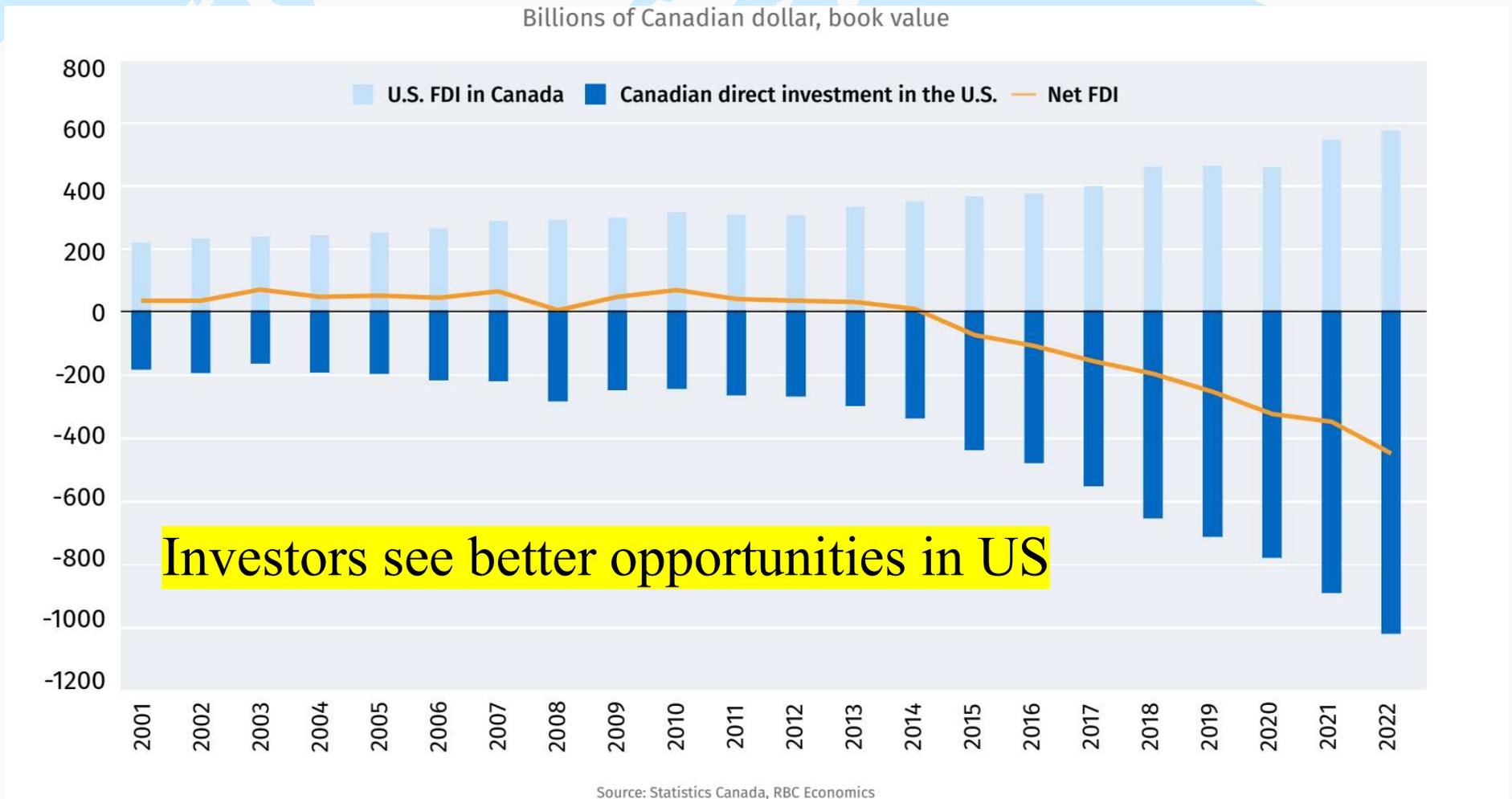
Industry investment to GDP ratio, percent, 10-year average ending in 2022



Source: Statistics Canada, Bureau of Economic Analysis, RBC Economics Research

<https://www.rbc.com/en/thought-leadership/canadas-growth-challenge-why-the-economy-is-stuck-in-neutral>

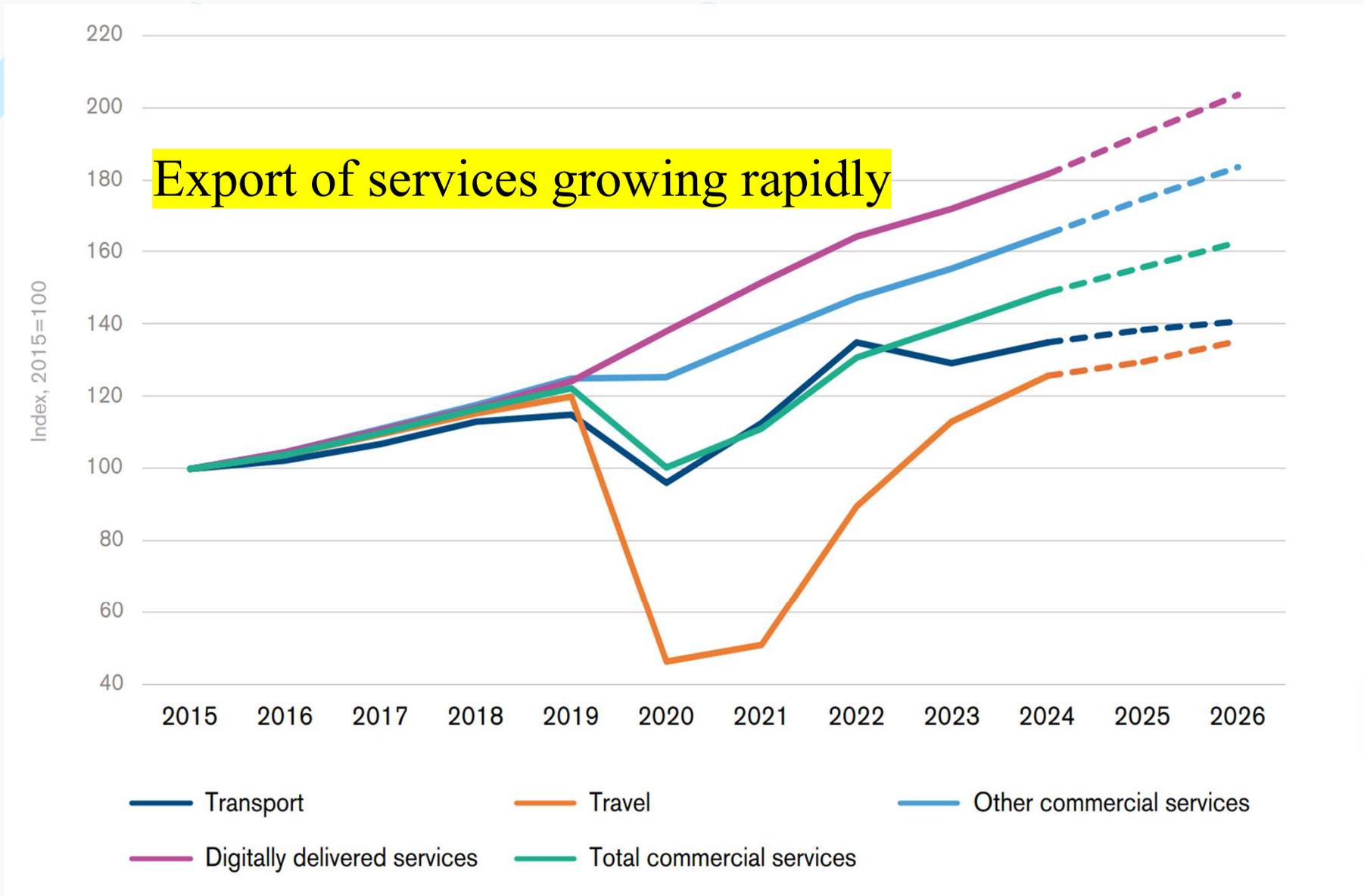
RBC, Canada's net investment to US intensified after 2014



Investors see better opportunities in US

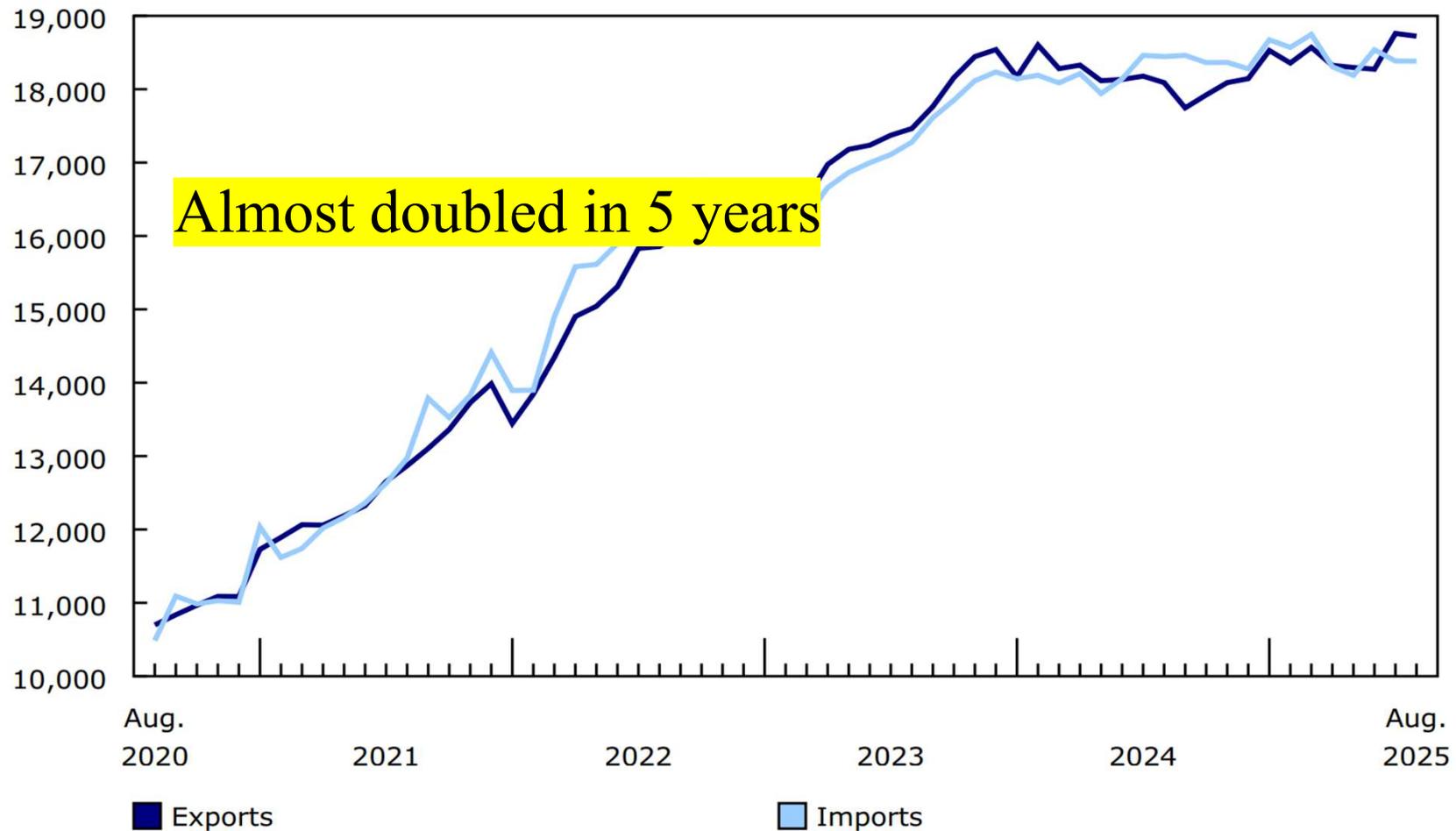
<https://www.rbc.com/en/thought-leadership/canadas-growth-challenge-why-the-economy-is-stuck-in-neutral>

WTO, Service trade volume (Oct, 2025)

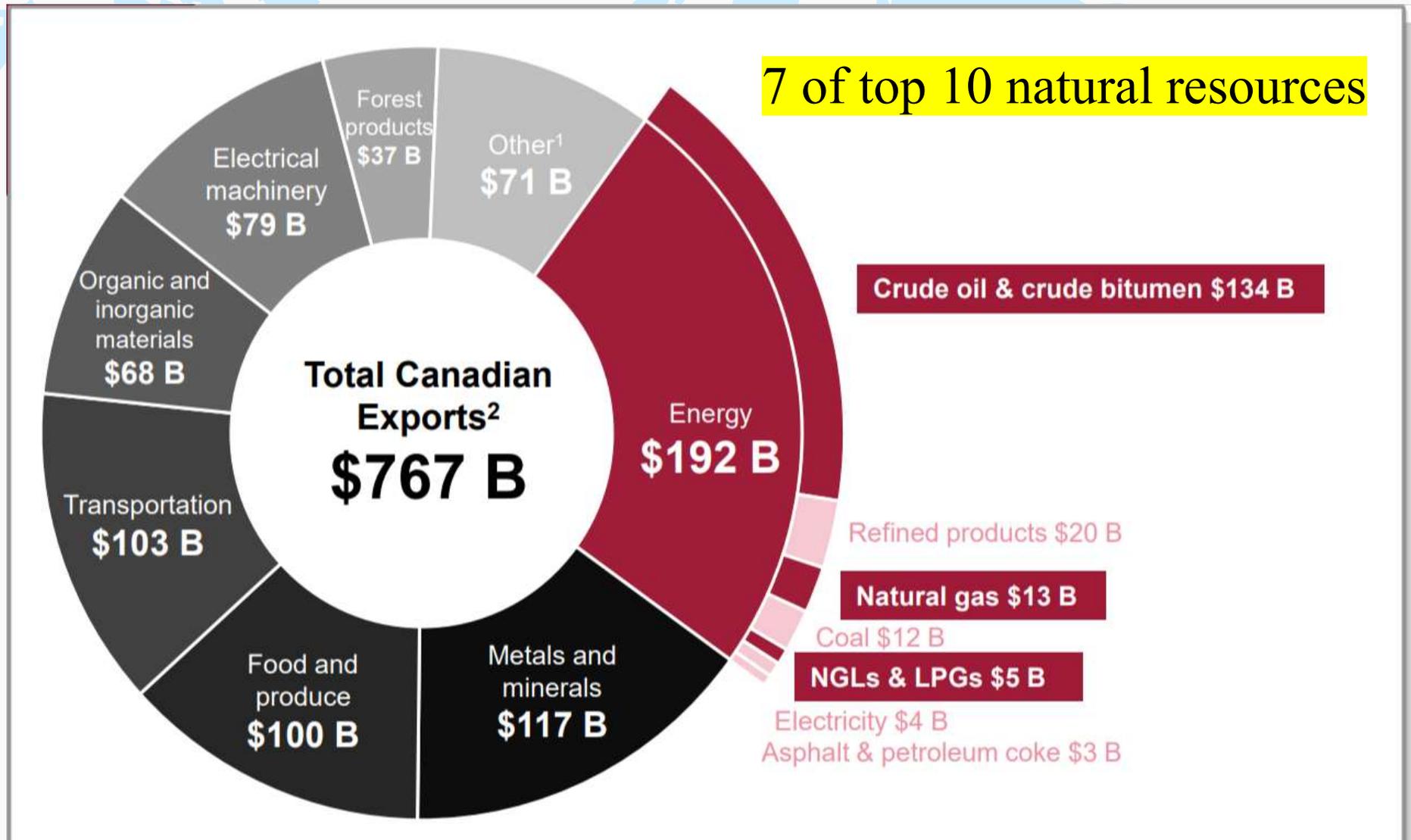


Stats Can, Intl trade in Services, 2020-25

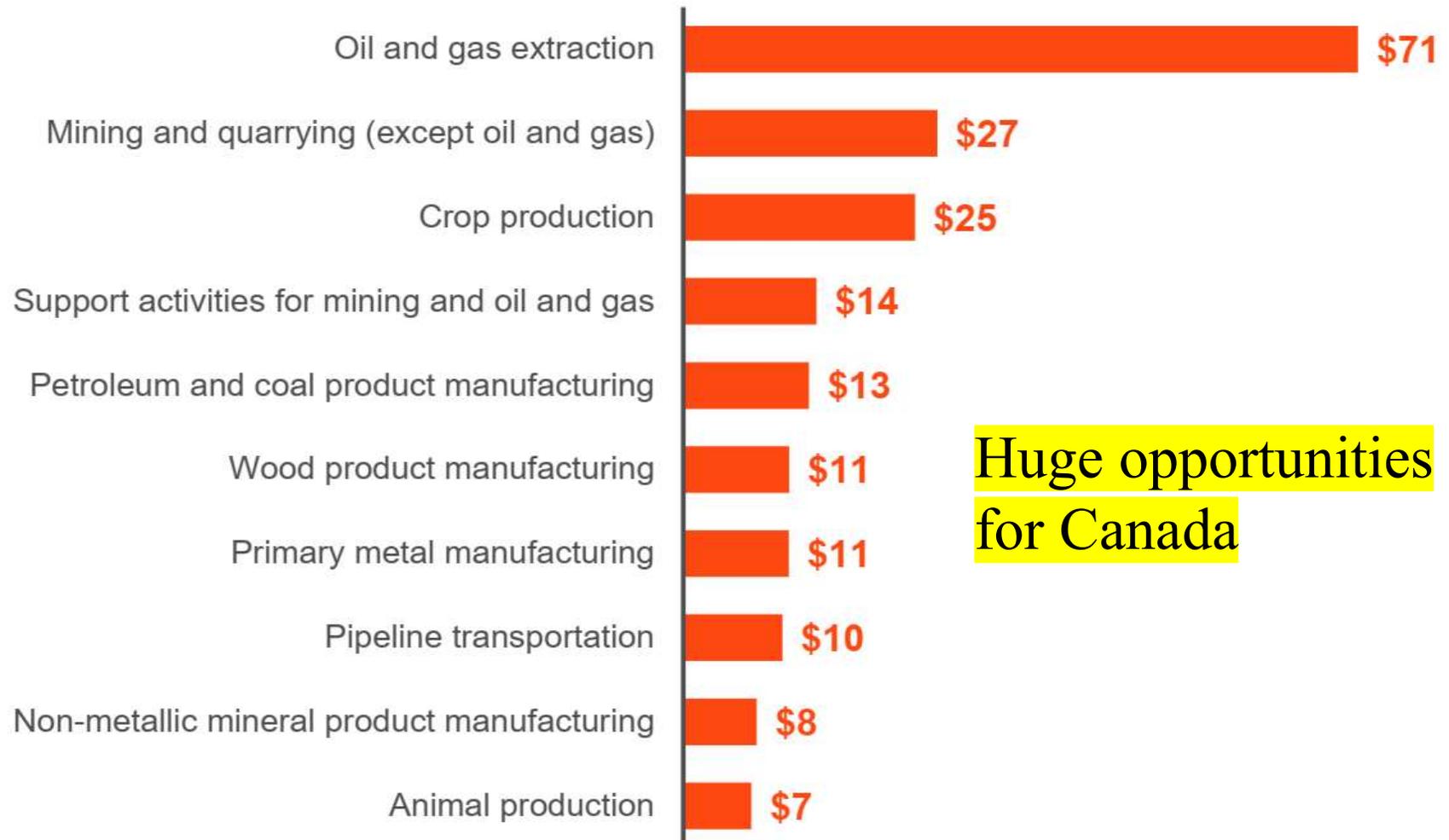
millions of dollars



CAPP, Canada's top 10 exports, 2024-25



Cdn Chamber, Top 10 natural resources sub-sectors GDP in 2023 (Billions)



CUSMA Options

- Cda must be ready to negotiate
- End SM, telecom protection in exchange for
- Eg tariff free access
- Eg accelerated critical minerals

Trade Beyond CUSMA

- Trade diversification – yes -
- Of natural resources to Asia & EU
- Eg oil, LNG, nuclear, lumber, ag
- NOT mfg goods – as EU & Asia don't want
- F-150 trucks, 2 ton SUVs

GHG emissions per person are down – not up – 2001-23

Between 2000 and 2023,
Canada's GHG emissions
decreased by

↓ **7%**

while GDP increased

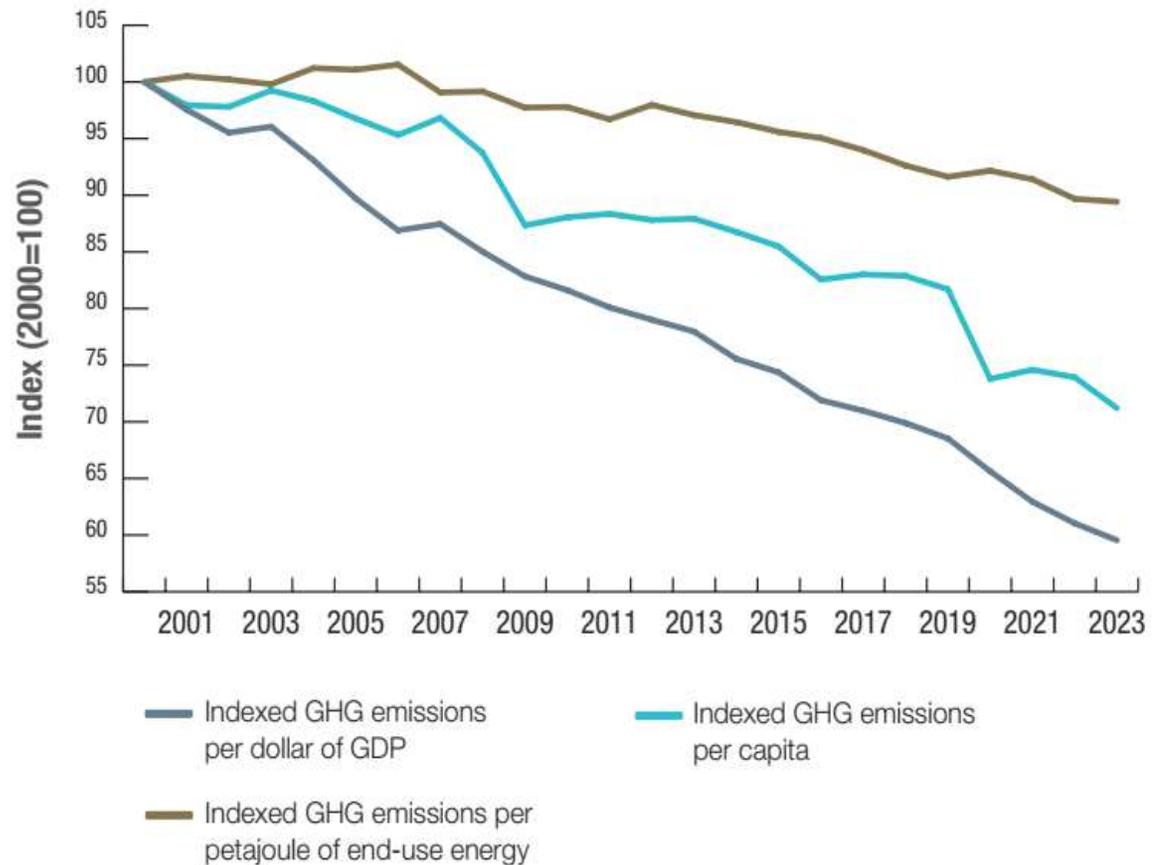
↑ **56%**

GHG emissions decreased

↓ **39%**

per dollar of GDP and
26.1%
per capita.

INDEXED TREND IN GHG EMISSIONS PER PERSON, PER UNIT OF GDP AND PER UNIT OF ENERGY CONSUMED, 2000–2023



What else?

- Govt must deregulate plethora of regs
- Fast track approval process to eg 1 year
- NOT 20 years to open a mine
- Must reduce Corp income tax rate

Summary

- must renew CUSMA to access largest mkt
- must also diversify trade w/ Asia & EU
- focus on natural resource & services exports
- auto mfg doomed if no access to US mkt
- must lower corp tax rates – highest in G7