

ECONOMIC NEWS

Quebec: International Exports Edge Up in 2019

HIGHLIGHTS

- ▶ In real terms, exports of goods abroad increased 6.0% in December after pulling back 7.4% the previous month.
- ▶ The annual variation stands at 0.4%, much slower than the 5.9% growth seen in 2018. The volume of exports for 2019 is \$80.8B.
- ▶ Of the 25 main products that Quebec exports, over half posted growth last year, including aluminum, aircraft and aircraft parts (except engines).
- ▶ The value of exports to the United States rose 3.3% in 2019. However, exports to Europe and Asia fell 7.0% and 5.0% respectively.

COMMENTS

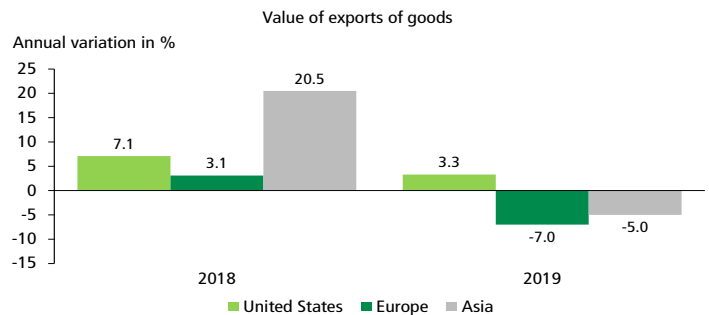
International exports ended 2019 on a positive note thanks to December's upswing. However, annual growth was tepid. Several obstacles hampered Quebec's international trade last year. For one, the U.S. imposed temporary tariffs on Canadian steel and aluminum from May 2018 to May 2019, creating a stumbling block for the industry. Nevertheless, the volume of aluminum exports rose 9.3% last year, as some of the output was sold off in non-American markets.

China's months-long ban on Canadian meat imports, which began in June 2019, had a negative impact on Quebec's pork exports. In terms of volume, they fell 0.4% in 2019 as a whole.

In addition to tariffs and the Chinese embargo on meat, the slowing global economy also had an impact on Quebec's exports in 2019. Real GDP growth for all countries, which went from 3.7% in 2018 to 2.9% last year, put an end to the strong export growth seen in previous years. In the United States, the economy's pace slowed from 2.9% in 2018 to 2.3% in 2019, resulting in a less sustained increase in Quebec shipments there.

GRAPH

2019 was a tougher year for international exports



Sources: Institut de la statistique du Québec and Desjardins, Economic Studies

IMPLICATIONS

Aside from December's upswing, Quebec's exports abroad remain sluggish. The prospects for 2020 aren't much better. The global economy isn't expected to pick up steam anytime soon, and the U.S. economy's pace should be slower than 2% this year. The Canada–United States–Mexico Agreement (CUSMA) should soon be ratified by Canada, removing one source of uncertainty. However, that won't be enough to allow Quebec's international shipments to rise this year.

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