

NOTES FOR REMARKS BY: CHRISTIAN BUHAGIAR, PRESIDENT AND CEO, SUPPLY CHAIN CANADA

TO: THE HOUSE OF COMMONS OF CANADA STANDING COMMITTEE ON TRANSPORTATION

SPEAKING NOTES (DRAFT)

- Good afternoon. On behalf of Supply Chain Canada and our members, I want to start by thanking the committee for the opportunity to speak with you today.
- The COVID-19 crisis has, over the last two years, demonstrated how vulnerable our supply chain can be.
- Disruptions create real challenges in the everyday life of Canadians.
- Supply chain issues do fuel inflation – and resolving global supply chain issues would help with inflation.
- But the issues are complex and multi-faceted.
- Labour disruptions, challenges related to production, sourcing, and transportation have all created challenges and disruptions, coupled with the challenge of increased demand in certain sectors.
- I want to take a moment to recognize the hard work and innovative approach that so many supply chain professionals took. They rose to the challenge and ensured that Canadians were supplied and supported through great effort. I saw the innovation, collaboration, and plain old elbow grease and hard work myself every day.
- But disruptions have been real, and they will continue to present challenges moving forward. Supply chains are complex, multi-factor systems that have significant downstream effect – which means while things are improving, the challenges are by no means over.
- We are pleased that the Government of Canada is creating a Supply Chain Task Force to make recommendations on short and long-term actions support the supply chain.
- We ourselves have a Supply Chain Modernization Task Force that we created in March 2020 when we recognized the magnitude of the challenges the sector was facing, and we hope the two task forces will be able to collaborate closely.

COVID/CLIMATE IMPACTS ON SUPPLY CHAIN

- COVID-19 has revealed and exacerbated weaknesses that already existed in the system.
- Challenges have included production, sourcing, labour and transportation issues have led to many disruptions and shortages.
- It's vital that Canada becomes more self-reliant, has more internal capacity, and has systems that can collaborate more easily together to solve challenges. Think, for instance, of a port authority that can more easily integrate with rail and shipping to quickly increase or decrease capacity as needed. It would be significant in smoothing the chain.

STATE OF CONTAINER TRANSPORTATION

- The COVID-19 pandemic saw changes in demand pattern from consumers, major congestion at various ports across Canada, and high container rates.
- This has resulted in increased freight rates, causing Canadian exporters to secure vital containers for transportation of goods.
- Today, approximately 12% of global ocean vessel capacity is unavailable due to delays – prior to the pandemic that was more normally at 2%.

WAYS TO PROTECT AND STRENGTHEN SUPPLY CHAIN INFRASTRUCTURE IN CANADA (SOLUTIONS)

- Existing infrastructure also is a major concern.
- Canada must focus on increasing the capacity and scalability of our gateway and ports to ensure that our supply chains remain healthy and prepared for future impacts.
- The modernization and digitization, including the automation of some duties, of existing infrastructure will help to ensure that industry workers have the capability to move cargo efficiently and responsively. This is a major overhaul that we believe is critical.
- The infrastructure of our five major gateways is extremely stretched. Port infrastructure modernization is a heavy financial burden, and oftentimes a drawn-out process, which generally deters the private sector from making improvements.
- It will be valuable to work with the private sector to ensure the infrastructure is upgraded and capable.
- It will reduce dwell times, smoothing the functioning of the entire chain and loosening bottlenecks.

CONCLUDING REMARKS

- A smooth and reliable supply chain helps to ensure that cross-border trade between Canada and partners is predictable.
- It is vital that governments and industry leaders work toward improving logistical systems across Canada to allow for a more interconnected and collaborative approach.
- Supply chain solutions cannot be implemented through an isolated approach. Solutions cannot be provided through just one government jurisdiction. A collaborative approach between all levels of government is needed to properly address the difficulties faced by different sectors of the supply chain.
- The interconnectedness of supply chains in Canada requires an ambitious national strategy aimed at tackling the challenges of the various sectors.
- Thank you. I would be pleased to answer any questions you may have at this time.

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