



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

IMPROVING EFFICIENCY AND RESILIENCY IN CANADA'S SUPPLY CHAINS

**Report of the Standing Committee on Transport,
Infrastructure and Communities**

Peter Schiefke, Chair

**NOVEMBER 2022
44th PARLIAMENT, 1st SESSION**

Published under the authority of the Speaker of the House of Commons

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Chair**

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NOTICE TO READER

Reports from committee presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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THE STANDING COMMITTEE ON TRANSPORT, INFRASTRUCTURE AND COMMUNITIES

has the honour to present its

SEVENTH REPORT

Pursuant to its mandate under Standing Order 108(2), the committee has studied the state of Canada's supply chain and has agreed to report the following:

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SUMMARY

This report is the third in a series of studies by the House of Commons Standing Committee on Transport, Infrastructure and Communities (the Committee) on the development of a Canadian transportation and logistics strategy. The first two reports, published in February and June of 2019, included case studies of the Niagara and Vancouver regions, and the Atlantic provinces and province of Quebec, respectively. This current report focuses on the state of Canada's supply chain, particularly considering the impacts of the COVID-19 pandemic and climate change, as well as ways to protect and strengthen Canada's supply chain infrastructure to improve its resiliency.

The Committee heard from many witnesses that Canada's supply chain has been impacted significantly by both the COVID-19 pandemic and recent extreme weather events. However, witnesses also identified other causes for current supply chain disruptions, including long-standing labour shortages, container shortages, geopolitical tensions such as the Russian invasion of Ukraine, shortages of semiconductor chips, and disharmony in certain regulatory and policy schemes.

Witnesses were nevertheless clear that these many disruptive factors serve to highlight pre-existing weaknesses in Canadian and global supply chains. The Committee heard many recommendations to increase resilience and strengthen Canada's supply network, including methods to improve supply chain visibility, identify and address bottlenecks, shorten supply chains, and improve current and future infrastructure.

Many of the recommendations made throughout this study repeat those made by the Committee in its two earlier reports, the [Interim Report on Establishing a Canadian Transportation and Logistics Strategy](#), and [Establishing a Canadian Transportation and Logistics Strategy: Part 2](#).

LIST OF RECOMMENDATIONS

As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.

Recommendation 1—Develop climate contingency plan

That the Government of Canada work with other levels of government, Indigenous communities and the private sector to anticipate and design contingencies in the event that future climate-related emergencies—such as extreme heat, forest fires, flooding and melting permafrost—disrupt the Canadian supply chain.

Recommendation 2—Immigration stream

That the Government of Canada work with Immigration, Refugees and Citizenship Canada, the Minister of Labour, other levels of government, labour organizations and the private sector to design an immigration stream specifically aimed at filling in labour gaps in the transportation sector such as truck drivers, pilots, mariners, skilled technicians, etc. and to encourage the entry into the workforce of traditionally under-represented groups in certain jobs.

Recommendation 3—Transportation training programs

That Transport Canada work with provinces and territories, as well as Employment and Social Development Canada, the Minister of Labour, the Minister of International Trade, Export Promotion, Small Business and Economic Development, other levels of government, the private sector and labour organizations to deliver programs (such as the *Sectoral Workforce Solutions Program*) to help fill in current and anticipated labour shortages in the transportation sector, including commercial drivers which would directly fund individuals, as opposed to businesses; and to encourage the entry into the workforce of traditionally under-represented groups in certain sectors.

Recommendation 4—Long-term agreements

That the Government of Canada continue to encourage labour groups and important transport employers such as the rail operators and marine ports to reach long-term collective-bargaining agreements in order to avoid costly labour disruptions and ensure greater predictability for shippers.

Recommendation 5—Corridor legislation

That the Government of Canada, with respect to federally-regulated jurisdictions, consider legislation to designate the operation of key supply chain corridors as an essential service and strengthen penalties for any individual or groups who illegally impede movement on these corridors; while preserving the rights of Canadians to protest in a lawful and peaceful manner.

Recommendation 6—Ferry sector labour shortage

That the Government of Canada seek to address labour shortages in the ferry sector and the broader marine sector by expediting the process for recognizing internationally trained mariners and working towards recognizing international mariner officer and engineering licenses and certifications.

Recommendation 7—National supply chain strategy

That the Government of Canada establish a long-term Supply Chain Strategy that takes into consideration the current and anticipated needs of Canadian shippers, and that such a strategy be aligned with a National Trade Strategy as well as with existing provincial and territorial strategies.

Recommendation 8—Supply chain Commissioner

That the Government of Canada establish a Supply Chain Commissioner reporting to the Minister of Transport with a mandate to recommend actions to improve supply chain efficiency, safety and reliability, in agreement with provinces and territories.

Recommendation 9—National anchorage strategy

That the Government of Canada develop a national anchorage strategy to help manage surge capacity on the water, which is essential to ensure that the appropriate number and size of anchorages are available in less impacted areas to support Canada's trade ambition and periodic supply chain disruptions.

Recommendation 10—Consultation Group

That the Government of Canada establish a permanent consultative group among a cross section of key supply chain actors similar to the ad hoc group put together during the floods in British Columbia.

Recommendation 11—Respond to Industry Strategy Council recommendations

That the Government of Canada undertake to follow up on the implementation of recommendations from Industry Strategy Council’s report entitled *Restart, recover, and reimagine prosperity for all Canadians* and to report its findings to the House of Commons.

Recommendation 12—Data sharing and transparency

That the Government of Canada consider new legislation, regulations and policies to require greater data sharing and transparency by key supply chain actors in order to encourage improved efficiency; with an emphasis on collecting and sharing data which is reliable, accurate and recurrent and which encourages greater cooperation and efficiency between supply chain actors.

Recommendation 13—Regulatory hurdles and digital platform

That the Government of Canada study all aspects of the transportation system to identify and reduce regulatory hurdles that unnecessarily slow down the transportation of goods and people; and consider creating one common digital technology platform to move and clear all goods.

Recommendation 14—Cybersecurity

That the Government of Canada’s cybersecurity strategy include a focus on the supply chain and critical transportation infrastructure (such as airport, marine ports and rail); and that it include an obligation for companies under federal jurisdiction to report any major cyberattack.

Recommendation 15—Harmonization of trade corridor capital investments

That the Government of Canada seek to harmonize multi-modal trade corridor capital investments with compatible initiatives in the United States.

Recommendation 16—Canada-United States bilateral dialogue

That Government of Canada officials continue their dialogue with United States counterparts to oppose “Buy America” policies, promote a North American procurement framework, and ensure bi-national continuity with respect to the *Merchant Marine Act* (Jones Act).

Recommendation 17—Trans-border regulatory exemptions

That the Government of Canada work with the United States to develop better real-time responses to urgent trans-border regulatory exemption requests in the event of future crises.

Recommendation 18—National Trade Corridors Fund

That the Government of Canada increase the funding for and make permanent the National Trade Corridors Fund.

Recommendation 19—Improve agri-food supply chains

That the Government of Canada ensure that funding for projects to improve the fluidity of supply chains consider the enhancement of perishable goods chain infrastructure, and, more broadly, the specific needs of agri-food supply chains.

Recommendation 20—Inclusive infrastructure funding

That the Government of Canada consider ensuring that all projects that combine the transportation of goods and passengers be eligible for infrastructure, public transit and green funding, including ferry services.

Recommendation 21—Multi-modal trade corridors

That the Government of Canada expedite strategic infrastructure investments in multi-modal trade corridors, including maintaining asset management as well as establishing and investing in multi-modal trade corridor route redundancy.

Recommendation 22—Multi-modal transportation corridors

That the Government of Canada identify transportation corridors—such as the St-Lawrence Seaway and the Port of Prince Rupert—and emerging, underused and international ports—such as those in Atlantic Canada or Churchill, Manitoba—that could be used to a greater extent to provide redundancy in the event of disruptions in other parts of Canada’s supply chain; and help fund infrastructure improvements that would allow these ports and corridors to reach their full potential.

Recommendation 23—Great Lakes-St. Lawrence strategy

That the Government of Canada, in consideration of Canada’s ratified trade agreements, promote and invest in the strategic economic potential of the Great Lakes-St. Lawrence Seaway System, including prioritizing disciplined asset management along this trade corridor.

Recommendation 24—Business automation

That the Government of Canada implement financial measures to support the automation of Canadian and Quebec businesses.

Recommendation 25—Enhance Canada Border Services Agency Capacity

That the Government of Canada work with Public Safety Canada to enhance Canada Border Services Agency capacity during surge periods to eliminate delays.

Recommendation 26—Review regulatory processes for containers

That the Government of Canada should rapidly review regulatory processes to facilitate the movement of containers through terminals that are not currently managing containers and create additional surge capacity.

Recommendation 27—Smart ports

That the Government of Canada promote and invest in integrated distribution and logistics data and digital capacities for Canadian ports.

Recommendation 28—Port enhancements

That the Government of Canada take into consideration not just increased terminal capacity but enhanced logistics and transloading capabilities at our ports.

Recommendation 29—Port efficiency

That the Government of Canada work with other levels of government, the private sector and labour groups to encourage the appropriate application of emerging technology in order to improve port efficiency.

Recommendation 30—Port optimization

That the Government of Canada optimize ports to encourage greater efficiency and safety; better data sharing; greater involvement by Indigenous communities and surrounding communities.

Recommendation 31—Access to capital

That the Government of Canada consider changes to regulatory framework of port authorities to facilitate greater access to capital.

Recommendation 32—Short-sea shipping opportunities

That the Government of Canada develop additional surge capacity through greater use of short-sea shipping as a compliment to road and rail transportation, in particular in the movement of containers along the Great Lakes-St. Lawrence Seaway.

Based on the evidence heard during this study, the House of Commons Standing Committee on Transport, Infrastructure and Communities reiterates the following recommendations from its two earlier reports, the Interim Report on Establishing a Canadian Transportation and Logistics Strategy, and Establishing a Canadian Transportation and Logistics Strategy: Part 2.

Recommendation 33—Climate change

That Transport Canada, in cooperation with Environment and Climate Change Canada and Fisheries and Oceans Canada, continue to research the impacts of climate change on transportation infrastructure and the effects of increased marine traffic on coastal ecosystems.

Recommendation 34—National Trade Corridors Strategy

That the Government of Canada, in the context of the development of a National Trade Corridors Strategy, encourage enhanced dialogue with provinces and territories, Indigenous communities, businesses, government agencies and international economic partners with the goals of strengthening strategic local, national and international trade corridors and ensuring long-term investments in needed infrastructure.

Recommendation 35—National Trade Corridors Strategy and carbon footprint reduction

That the Government of Canada ensure that the development of a National Trade Corridors Strategy is consistent with the objective of reducing the carbon footprint of the transport sector and increasing the use of renewable energies.

Recommendation 36—Supply chain visibility initiatives

That Transport Canada encourage the introduction of supply chain visibility initiatives, such as the Vancouver Fraser Port Authority's Supply Chain Visibility Project.

Recommendation 37—Funding options for short-line railways

That the Government of Canada review its funding options for short-line rail operators in order to ensure that their networks are in good repair and to enable proper capital planning by them.

Recommendation 38—Funding short-sea shipping infrastructure

That the Government of Canada give consideration to funding the development of dedicated short distance sea shipping infrastructures.

Recommendation 39—Regulatory harmonization

That the Government of Canada work towards the increased harmonization of policies and regulations on freight transportation between both Canada and the United States, and across the country through consultation with provinces, territories and municipalities. In particular, harmonization should occur in relation to ballast water, capital infrastructure investments, the Great Lakes, and railway, air and road transport.

Recommendation 40—Port infrastructure

That the Government of Canada support the proactive planning and timely development of major port infrastructure projects that would support viable future trade opportunities, including international ports.

Recommendation 41—Increased use of the St. Lawrence Seaway

That the Government of Canada cooperate with all stakeholders—including the St. Lawrence Seaway Management Corporation, ports, marine operators and businesses, as well as provinces, territories and municipalities—to explore ways to increase year-round use of the St. Lawrence Seaway to transport goods within central Canada. As well, the Government of Canada should consider such issues as icebreaking capabilities, piloting fees, handling fees at terminals and docking fees.

Recommendation 42—Optimization of land ties

That the Government of Canada work with its provincial and municipal counterparts to optimize ties between roads and rail networks with a view to ensuring that such ties are the easiest and most efficient means of getting cargo into and out of a port.

Recommendation 43—West Coast land use planning

That the Government of Canada encourage greater dialogue among stakeholders involved in supply chains on Canada’s West Coast supply. Their dialogue should focus on the development of a better balance among land use requirements, the demand for local transportation and industries’ freight requirements.



IMPROVING EFFICIENCY AND RESILIENCY IN CANADA'S SUPPLY CHAINS

INTRODUCTION

Supply chains are not immune to global and domestic events and activities. Similar to how a physical jerk can damage the integrity of a metal chain, the wake of the COVID-19 pandemic and unprecedented climate change events have cascaded into various issues that highlight existing vulnerabilities throughout Canada's supply chain network.

The House of Commons Standing Committee on Transport, Infrastructure and Communities (the Committee) adopted the following [motion](#) on 31 January 2022:

That pursuant to Standing Order 108(2), the Committee study the state of Canada's supply chain; in particular, how the Covid pandemic and climate change are impacting it; the state of container transport of products in Canada; and ways to protect and strengthen Canada's supply chain infrastructure with a view to proposing solutions to make the supply chain more resilient.

The Committee dedicated six meetings to this study between 31 March 2022 and 5 May 2022. It heard from 42 witnesses and received five briefs. The following sections outline what various stakeholders discussed regarding the current state of Canada's supply chain and suggestions to protect and strengthen its infrastructure in the short- to long-term. This report is the third in a series of studies by the Committee to investigate the development of a Canadian transportation and logistics strategy. The Committee presented two reports in the 1st Session of the 42nd Parliament, highlighting ways in which the Government of Canada can improve the efficiency of the nation's trade corridors.¹

1 House of Commons, Standing Committee on Transport, Infrastructure and Communities (TRAN), [Interim Report on Establishing a Canadian Transportation and Logistics Strategy](#), Twenty-seventh report, February 2019; TRAN, [Establishing a Canadian Transportation and Logistics Strategy: Part 2](#), Thirty-second report, June 2019.



LONG-TERM AND SHORT-TERM DISRUPTIONS

“[The supply chain] system works like a symphony. It comes together, and all the pieces have to be working in harmony. When you see one piece of the entire system falling apart – and it could be truck, rail, containers or the labour component therein – you start hearing the symphony’s misbeats.”

[Ron Lemaire](#)

President, Canadian Produce Marketing Association

Many witnesses who testified before the Committee acknowledged the interconnectedness of the global supply chain system and shared their concerns on matters that are causing disruptions within their field or line of business in Canada. For example, [Joan Hardy](#), Vice-President of Sales and Marketing, Grain and Fertilizers at Canadian Pacific Railway, declared that no one single supply chain exists in the country as “[e]ach commodity has its own unique, interdependent and complex supply chain that links the producer with the final end-user.” According to [Julia Kuzeljevich](#), Director of Policy and Communications for the Canadian International Freight Forwarders Association, manageable disruptions such as weather-related delays are intensified when compounded with additional phenomena like blockades, strikes, the COVID-19 pandemic and related restrictions, travel restrictions, and the spike in consumer online purchases. The following sections outline common supply chain disruptors that witnesses raised before the Committee.

COVID-19 Pandemic

The Committee heard that the COVID-19 pandemic has accentuated and exacerbated pre-existing structural issues in the various sectors and industries of Canada’s supply chain. [Karen Kancens](#), Vice-President of the Shipping Federation of Canada, attributed most of the stress on the Canadian transportation system to a couple of factors, including “global lockdowns and worker shortages created by the COVID pandemic...” In contrast, [David Montpetit](#), President and Chief Executive Officer of the Western Canadian Shippers’ Coalition, pointed out that supply chain strains in the past two years such as labour and equipment shortages among all transportation modes were present well before the onset of the pandemic and believes that they will remain part of the supply chain imbalance.

[Hubert Rioux](#), Researcher at the Institut de recherche en économie contemporaine (IREC), claimed that the health crisis' main effect has been to highlight growing risks in the global supply chain, which include economic and financial crises, climate change, trade disputes, the resurgence of economic nationalism, geopolitical instability and migration movements. Similarly, [Christian Alan Buhagiar](#), President and Chief Executive Officer of Supply Chain Canada, agreed that the pandemic has brought forward the challenges that were already present such as production, sourcing, labour and transportation issues—all of which have led to many disruptions and shortages. [Mr. Lemaire](#), President of the Canadian Produce Marketing Association, underscored other complications that have been amplified over the past two years such as “port congestion, delays and exploding costs in container shipping, continuing labour shortages from farm to retail, growing costs of inputs and shortages and inconsistent product delivery.”

Climate Change and Extreme Weather Events

“[T]here has been an increased cost as a result of extreme climate change and extreme conditions.”

[Marc Brazeau](#)

President and Chief Executive Officer, Railway Association of Canada

A number of witnesses identified the effects of climate change—flooding, heat waves, cold snaps—as the most serious challenge to overcome, with British Columbia having experienced some of the worst in the past year.² For the agri-food sector, [Mr. Lemaire](#) expressed concern over the frequency and breadth of disruptions to supply and production caused by weather-related events. [James Bekkering](#), Chair of the Board for the National Cattle Feeders' Association, spoke to the Committee about the shortcomings he observed:

Last year's drought [...] was unprecedented, causing significant shortages of livestock feed and resulting in a surge of feed imports from the U.S. This increased feed demand, along with the fires and floods in B.C., exposed a multitude of weaknesses in our transportation systems. To date, dry, cold conditions in parts of western Canada are hampering the crop outlook, which may result in ongoing pressure on the transportation system.

2 TRAN, *Evidence*, 44th Parliament, 1st Session: [Marc Brazeau](#) (President and Chief Executive Officer, Railway Association of Canada [RAC]); [Sébastien Labbé](#) (Vice-President, Bulk, Rail Centric Supply Chain, Canadian National Railway Company [CNRC]); [Joan Hardy](#) (Vice-President, Sales and Marketing, Grain and Fertilizers, Canadian Pacific Railway); and [Kathleen Sullivan](#) (Chief Executive Officer, Food and Beverage Canada [FBC]).



As well, [Serge Buy](#), Chief Executive Officer of the Canadian Ferry Association, voiced that “erratic freeze-thaw cycles, flooding, erosion and other consequences of climate change have introduced an unprecedented level of uncertainty and risk” to the ferry sector.

Long-Term Environmental Sustainability Solutions

According to [Ms. Hardy](#), “Measuring the strength of Canada’s supply chains is fundamentally a question of resiliency.” While discussing how to boost Canada’s competitiveness and render the nation’s supply chain more robust, many witnesses concurred on the solution of decarbonization, whether it be by using short-sea shipping to offset rail and road emissions, powering vessels with alternative marine fuels, expanding electric and alternatively powered fleets, or implementing carbon pricing on imports.³

Witness testimonies indicate that certain businesses and companies will require additional support to adapt to climate change and reduce greenhouse gas emissions while transitioning towards low- and zero-emission forms of transportation. [Mr. Buy](#) maintained that the ferry sector has no dedicated support for this collective goal. Witnesses representing the auto manufacturing industry called for the government to help provide consumers with a better range of incentives for electric vehicle purchases and more funding commitment to charging infrastructure.⁴ In the words of [David W. Paterson](#), Vice-President of Corporate and Environmental Affairs at General Motors of Canada Limited, “Supply chains, therefore, are not just a challenge. They are a generational economic and environmental opportunity, but we will need to get the policy framework right.” He suggested to look towards Norway’s consumer incentives, as the country has the highest electric vehicle adoption level.⁵

[Daniel-Robert Gooch](#), President and Chief Executive Officer of the Association of Canadian Port Authorities, commended Canada for signing the Clydebank Declaration

3 TRAN, *Evidence*: [Chris Given](#) (Director, Government Relations, Seafarers’ International Union of Canada [SIUC]); [Ken Veldman](#) (Vice-President, Public Affairs & Sustainability, Prince Rupert Port Authority [PRPA]); [John Bayliss](#) (Executive Vice-President and Transformation Officer, Walmart Canada); [Patrick Gervais](#) (Vice-President, Marketing and Communications, Lion Electric [LE]); [Brian Kingston](#) (President and Chief Executive Officer, Canadian Vehicle Manufacturers’ Association [CVMA]); [Dennis A. Darby](#) (President and Chief Executive Officer, Canadian Manufacturers and Exporters [CME]); and [Hubert Rioux](#) (Researcher, Institut de recherche en économie contemporaine [IREC]).

4 TRAN, *Evidence*: [Randy White](#) (President, Sysco Canada [Sysco]); [Kingston](#) (CVMA); and [David W. Paterson](#) (Vice-President, Corporate and Environmental Affairs, General Motors of Canada Limited [GMC]).

5 For more information on Norway’s electric vehicle policy, see: Norsk elbilforening, [Norwegian EV policy](#).

for Green Shipping Corridors and urged the federal government to “scale up the support to port authorities” in the effort to accelerate the decarbonization of the shipping sector and the formation of green corridors.

Labour Shortages

Many witnesses emphasized the effects of labour shortages on Canada’s supply chain stability. [Francis Lalonde](#), Vice-President of Transportation at Walmart Canada, highlighted that “many supply chain jobs in Canada are in communities with an aging population and a slowing growth rate.”

[Chris Given](#), Director of Government Relations for the Seafarers’ International Union of Canada, described the difficult working conditions seafarers endured under contract extensions since the beginning of the pandemic. [Daniel Dagenais](#), Vice-President of Port Performance and Sustainable Development of the Montreal Port Authority, was more concerned about atypical schedules. [Mr. Buy](#) cited Transport Canada’s prediction that “43% of the marine transportation workforce will retire in the next 10 years.”⁶ He asserted a much higher percentage and a much shorter time frame for ferry workers and that only “regulatory work, increased immigration [and] work on automation” will solve additional pressures from vacancies.

[Kathleen Sullivan](#), Chief Executive Officer of Food and Beverage Canada, anticipated that “one quarter of the [food and beverage] industry’s workforce will reach the age of 65 in the next five years.” She reported that recent changes⁷ to Canada’s Temporary Foreign Worker Program (TFWP) will provide short-term relief while longer-term measures are still needed. [Randy White](#), President of Sysco Canada, reiterated that “there were over 22,000 open truck driver positions across Canada” by the end of 2021 and urged for speedier approval of applications to the TFWP.

In addition to reviewing some immigration policies, witnesses proposed other solutions that could help fill in labour gaps, such as increasing access to training, licencing and

6 See: Canadian Marine Industry Foundation, [National Youth Survey: Marine and the Next Generation](#), March 2022.

7 See: Employment and Social Development Canada, [Government of Canada announces Workforce Solutions Road Map – further changes to the Temporary Foreign Worker Program to address labour shortages across Canada](#), News release, 4 April 2022.



long-term career opportunities, increasing capital and automation, and providing a legislative framework for the fair and orderly resolution of labour disputes.⁸

Vessel Dwell Times and Container Shortages

[Ms. Kuzeljevich](#) indicated that a cargo ship normally takes 22 days to travel from Hong Kong to Vancouver, but that shipping company Maersk recently reported the average wait time for a berth in the Port of Vancouver to be around four weeks.⁹ Furthermore, Canada Border Services Agency (CBSA) inspection delays can result “in significant demurrage and detention costs to the importer...”.¹⁰ [Bruce Rodgers](#), Executive Director of the Canadian International Freight Forwarders Association, recounted how, in one instance, a one-day process ended up requiring 73 days to complete. [Marko Dekovic](#), Vice-President of Public Affairs at GCT Global Container Terminals Inc., clarified that the imbalance of readily available containers for Canadian exporters is not an issue of container terminal capacity. He went on to explain that vessels were backed up in anchorages due to rail service interruptions, whereas the shortage of containers is due to increased North American consumer demands, which have resulted “in ocean carriers and exporters from Asia evacuating containers to Asia more rapidly without having had a chance to go into a cycle of the supply chain here...”.

Participating in the discourse on container shipping capacity, [Ms. Kancens](#) argued against greater regulation of the container sector and prohibition of operational agreements between container lines as a solution to increasing capacity while lowering shipping costs. She stated that “most carriers rely on them to offset the extremely high capital costs of operating in the container shipping market” which then allows the partners to serve “across a wider range of ports on larger and more efficient vessels than would be possible if they were all operating individually.” According to Ms. Kancens, greater regulation would not resolve bottlenecks and delays, but instead “could potentially disincentivize some carriers from serving the Canadian market altogether.”

8 TRAN, *Evidence*: [Given](#) (SIUC), [Ron Lemaire](#) (President, Canadian Produce Marketing Association [CPMA]); [Monette Pasher](#) (Interim President, Canadian Airports Council [CAC]); [Darby](#) (CME); [Bob Masterson](#) (President and Chief Executive Officer, Chemistry Industry Association of Canada [CIAC]); and [Tyler Bjornson](#) (Consultant, Western Grain Elevator Association [WGEA]).

9 See: Maersk, [Maersk Asia Pacific market update \(April 2022\)](#).

10 TRAN, *Evidence*: [Bruce Rodgers](#) (Executive Director, Canadian International Freight Forwarders Association [CIFFA]).

Additional Disruptions

While expressing concerns about Canada's reputation as a reliable supplier of goods and resources, witnesses remarked, among other aspects, how geopolitical tensions, semiconductor chip shortages, and regulatory changes were recent drivers of supply chain challenges.

Geopolitical Tensions

Of the witnesses who mentioned Russia's invasion of Ukraine, [Mr. Buhagiar](#) cautioned the Committee that there are not enough discussions on cybersecurity risks among suppliers. [Ms. Sullivan](#) traced the origins of price increases for wheat and Canadian flour to the war in Ukraine, as she cited both countries combined represent "almost 30% of the world's wheat exports." [Mr. Bekkering](#) also commented that the global food crisis added "further stress to the livestock supply chain."

[Brian Kingston](#), President and Chief Executive Officer of the Canadian Vehicle Manufacturer's Association, reminded that "companies on both sides of the [Canada–United States] border undertook extraordinary measures and cost burdens to deal with the sudden trade diversion" due to the blockade at the Windsor-Ambassador Bridge¹¹ in February 2022.

Semiconductor Chip Shortage

A few witnesses spoke about the shortage of semiconductors as a main culprit behind supply chain challenges.¹² [David Adams](#), President and Chief Executive Officer of Global Automakers of Canada, spoke in more detail of the ongoing shortage, "which has resulted in lost vehicle production globally of about 12 million units." He explained that the result of lower vehicle inventories for the past two years "has had the secondary impact of higher prices for new vehicles and subsequently for used vehicles as well."

11 See: Transport Canada, [Statistical Addendum 2020](#), June 2021, p. 101. Of note, data for the Windsor-Ambassador Bridge located in southwestern Ontario show that it is Canada's busiest border crossing point for road trade with the United States. The sum of the value of exports and imports that crossed the bridge in 2020 amounted to \$110,868 million.

12 TRAN, *Evidence*: [Kingston](#) (CVMA); [Darby](#) (CME); and [Paterson](#) (GMC).



Regulatory and Policy Disharmony

The Committee heard of a variety of regulatory misalignments that have had a negative impact on supply chain integrity. In the agri-food sector, Canadian food supplier drivers were stuck at border crossings and could not re-enter the country because of frequently updated COVID-19 regulations.¹³ Also, cattle transporters grappled with federal regulations that, according to them, fail to consolidate mandated breaks for both driver and livestock.¹⁴

The Committee also heard that updates relating to the Canada-United States-Mexico Agreement¹⁵ had a significant impact on vehicle manufacturers,¹⁶ while other small to mid-size manufacturing companies struggle to accommodate evolving regulations on carbon emissions reductions.¹⁷ Moreover, [Dennis A. Darby](#), President and Chief Executive Officer of Canadian Manufacturers and Exporters, focused on current United States protectionist measures such as “Buy America” policies and proposed the integration of a North American supply chain.

STRUCTURAL CAUSES AND SOLUTIONS TO SUPPLY CHAIN ISSUES IN CANADA

“Trade corridors are under much strain and, in some regions, have begun to break down. A comprehensive review of all modes to fully identify these challenges is necessary, including looking at bottlenecks and underutilized corridors, and identifying opportunities to move national trade corridor funding and infrastructure focus accordingly.”

[David Montpetit](#)

President and Chief Executive Officer, Western Canadian Shippers’ Coalition

13 TRAN, *Evidence*: [White](#) (Sysco).

14 TRAN, *Evidence*: [James Bekkering](#) (Chair of the Board, National Cattle Feeders’ Association [NCF]).

15 See: BDO Canada, “Automotive sector,” [What is CUSMA? Scoping the Impact of the new NAFTA](#).

16 TRAN, *Evidence*: [Paterson](#) (GMC).

17 TRAN, *Evidence*: [Sullivan](#) (FBC); and [Janice Tranberg](#) (President and Chief Executive Officer, (NCF)).

As the Committee heard throughout this study, supply chain issues are complex and interconnected, and there is no single solution to address them all.¹⁸ It is precisely due to this interconnection that many witnesses strongly recommended the development of a national supply chain strategy, to holistically evaluate the state of Canada's supply chains and coordinate their development and growth.¹⁹ In fact, [Mr. Buhagiar](#) further expanded this idea to suggest a North American supply chain strategy would be even more beneficial to ensuring an efficient flow of goods, while other witnesses proposed a complimentary manufacturing or industrial strategy.²⁰

Leadership and Oversight

Another potential approach to strengthening Canada's supply chains is the establishment of a Supply Chain Commissioner, as proposed by [Mr. Lemaire](#). This government-appointed position, selected from within the industry, would ensure oversight over multiple jurisdictions and departments. [He](#) further recommended that such an individual have direct experience with the variety of transportation modes used throughout Canada, that the role be ensured a significant level of authority, and that it not be housed within Transport Canada.

Though they did not specifically refer to a Commissioner, [Mr. Kingston](#) and [Mr. Paterson](#) similarly agreed with the need for clear federal leadership to provide guidance and direction in a variety of areas.

Visibility and Data collection

[Mr. Buhagiar](#) explained to the Committee that, given the complexity of the supply chain network, an individual corporation may have a different level of visibility into its own supply chain, which he described as follows:

You can imagine that, in a chain, you have tier one, or those that supply you. Tier two supplies your suppliers. Downstream, you may have multiple levels, depending on how complex your corporation is. Many Canadian corporations—again, many of

18 TRAN, *Evidence*: [Guy Milette](#) (Chair of the Board of Directors, (CPMA)); [Lemaire](#) (CPMA); [Dave Carey](#) (Vice-President, Government and Industry Relations, Canadian Canola Growers Association [CCGA]); and [Christian Alan Buhagiar](#) (President and Chief Executive Officer, Supply Chain Canada [SCC]).

19 TRAN, *Evidence*: [Buhagiar](#) (SCC); [Daniel-Robert Gooch](#) (President and Chief Executive Officer, Association of Canadian Port Authorities [ACPA]); [Brazeau](#) (RAC); [David Montpetit](#) (President and Chief Executive Officer, Western Canadian Shippers' Coalition [WCSC]); [Rodgers](#) (CIFFA); [Francis Lalonde](#) (Vice-President, Transportation, Walmart Canada); and ACPA ([brief](#)).

20 TRAN, *Evidence*: [Darby](#) (CME); and [Sullivan](#) (FBC).



these challenges are not unique to Canada—only have the ability to see tier one and maybe tier two. They don't have the visibility, downstream, into their supply chains to understand exactly where things are coming from.

Some witnesses advocated for an improvement of visibility as a way of optimizing supply chains, identifying bottlenecks, predicting potential disruptions, and more effectively directing infrastructure funding.²¹ [Mr. Gooch](#) proposed new technologies such as artificial intelligence as a way of achieving this goal, while [David Miller](#), Senior Advisor to the Executive of the Vancouver Fraser Port Authority, emphasized “the importance of data sharing among all the supply chain players.” [Mr. Buhagiar](#), while agreeing with the importance of data sharing, pointed out that this solution would first require “a single operative working language” that is not currently used.

Innovation and Improvements to Existing Infrastructure

Port congestion was identified by some witnesses as another contributing factor to supply chain disruptions,²² with the Committee hearing several potential avenues for improvement. Some witnesses proposed increased investment in technology and automation,²³ a solution that some argued should seek to support, not replace, labour.²⁴ [Mr. Gooch](#) also reported that set borrowing limits can hamper a port authority’s ability to move forward on large projects, and that a simplified approach to amending the authority’s letters patent would help to address this issue.

Many also spoke positively of the National Trade Corridors Fund (NTCF),²⁵ which some argued should be continued beyond its current end date of 31 March 2028 or even made permanent.²⁶ [Ms. Hardy](#) recommended a quicker funding approval process for projects “that can provide immediate tangible improvements for Canada’s supply chains.”

21 TRAN, *Evidence*: [Daniel Dagenais](#) (Vice-President, Port Performance and Sustainable Development, Montreal Port Authority [MPA]); and [Montpetit](#) (WCSC).

22 TRAN, *Evidence*: [Lemaire](#) (CPMA); [Milette](#) (CPMA); and [Buhagiar](#) (SCC).

23 TRAN, *Evidence*: [Buhagiar](#) (SCC); [Gooch](#) (ACPA); [Dagenais](#) (MPA); and [Rodgers](#) (CIIFFA).

24 TRAN, *Evidence*: [Buhagiar](#) (SCC); and [Lemaire](#) (CPMA).

25 TRAN, *Evidence*: [Gooch](#) (ACPA); [Labbé](#) (CNRC); [Brazeau](#) (RAC); [David Miller](#) (Senior Advisor to the Executive, Vancouver Fraser Port Authority); [Larissa Fenn](#) (Director, Public Affairs and Corporate Secretary, Hamilton-Oshawa Port Authority (HOPA)); and [Robert Lewis-Manning](#) (President, Chamber of Shipping).

26 TRAN, *Evidence*: [Gooch](#) (ACPA); and [Pasher](#) (CAC).

Some witnesses also suggested more targeted funding, for small marine ports²⁷ and for small airports,²⁸ either within the NTCF, or as a separate, parallel funding stream. With regards to funding for short-line railways, however, [Mr. Brazeau](#) recommended the creation of a dedicated program “to ensure that they continue to reinvest in infrastructure and their rolling stock.” [He](#) explained that the NTCF is not currently supporting short-line railways and recommended an approach inspired by those currently used in the United States and through provincial programs in Quebec. Such an approach would provide a combination of tax incentives and capital project incentives, as well as direct funding.

Addressing Rail Monopolies

Some witnesses identified rail “monopolies”, particularly in western Canada, as a potential supply chain bottleneck.²⁹ [Steve Pratte](#), Manager of Policy Development of the Canadian Canola Growers Association, spoke to the Committee of the need for tightened contractual relationships between railways and shippers of grain product, and for establishing more robust reciprocal penalties.³⁰ As [Tyler Bjornson](#), Consultant for the Western Grain Elevator Association, explained, in 2018, the *Transportation Modernization Act* introduced a requirement for reciprocal penalties to be embedded into service level agreements. He was very critical of this approach, as it would require shippers to negotiate with a monopoly. Instead, he proposed directly regulating reciprocal penalties, which would require railways to pay for non-delivery. [Kara Edwards](#), Director of Transportation for the Chemistry Industry Association of Canada, also spoke of the imbalanced relationship between shippers and railways. She recommended that the Canadian Transportation Agency be granted broader authority to help address this imbalance.

Several witnesses also strongly recommended establishing rail as an essential service, to ensure the flow of essential goods is not interrupted by labour disputes involving a railway company when no alternative transportation is available.³¹ Meanwhile,

27 TRAN, Evidence: [Gooch](#) (ACPA).

28 TRAN, Evidence: [Pasher](#) (CAC).

29 TRAN, Evidence: [Carey](#) (CCGA); [Bekkering](#) (NCFA); [Tranberg](#) (NCFA); and [Bjornson](#) (WGEA).

30 The Canadian Transportation Agency's *Freight Rail Service and Rates: a Guide* defines “reciprocal financial penalties”, in the context of a negotiated agreement between a freight shipper and a railway, as “the penalty to be paid if [the shipper] or the railway fail to uphold [their] part of the agreement”.

31 TRAN, Evidence: [Bekkering](#) (NCFA); [Tranberg](#) (NCFA); [Bjornson](#) (WGEA); [Darby](#) (CME); and CIAC ([brief](#)).



[Mr. Lemaire](#) expressed the need for a way of prioritizing the movement of perishable and essential goods.

Establishing additional corridors

The importance of resiliency was a common theme throughout this study. As [Mr. Dekovic](#) explained, “You could have seven new terminals built in the Port of Vancouver, and each one of them would be cut off if the infrastructure coming to it, road and rail, was not enabled or didn't have resilience.”

Several witnesses told the Committee that expanding the number of trade corridors would improve supply chain resilience, [Mr. Brazeau](#) spoke in general of building new marine or inland ports,³² and [Mr. Kingston](#) and [Mr. Paterson](#) referenced the need to complete the Gordie Howe International Bridge.³³

[Mr. Dagenais](#) was uncertain that new marine ports would be necessary, though he did underscore the complementary role that the network of existing ports can play for each other. However, a commonly mentioned challenge to developing new ports was the limited resources of the CBSA. Witnesses had a generally positive view of the work of the CBSA but noted that the Agency is stretched to capacity as it is and would benefit from increased staffing.³⁴

[Mr. Given](#) proposed cabotage, or domestic marine freight transportation, as a means of reducing congestion on trucking routes, particularly along the St-Lawrence seaway, as “one seaway-sized vessel is capable of carrying the same cargo load as approximately 300 railcars, or almost 1,000 trucks.” [He](#) clarified this approach was not meant to replace trucking, but rather to diversify transportation routes. The Committee also heard of the important role played by ferries in ensuring supply links to ferry-dependent communities throughout Canada.³⁵ [Mr. Buy](#) and the Canadian Ferry Association, in its [brief](#), argued that the ferry industry is often excluded from funding programs and requires significant support.

32 TRAN, *Evidence*: [Brazeau](#) (RAC).

33 The [Gordie Howe International Bridge project](#) is a public-private partnership, the objective of which is to construct a bridge spanning the international border between Windsor, Ontario and Detroit, Michigan.

34 TRAN, *Evidence*: [Buhagiar](#) (SCC); [Lemaire](#) (CPMA); [Gooch](#) (ACPA); [Pasher](#) (CAC); [Rodgers](#) (CFFA); [Kingston](#) (CVMA); [Fenn](#) (HOPA); and [Paterson](#) (GMC).

35 TRAN, *Evidence*: [Serge Buy](#) (Chief Executive Officer, Canadian Ferry Association [CFA]); and CFA ([brief](#)).

[Robert Lewis-Manning](#), President of the Chamber of Shipping, similarly suggested that Transport Canada consider facilitating the expansion of shortsea shipping, or coastal marine freight transportation, on a regional basis. According to [Mr. Dekovic](#), at least one ongoing expansion project at the Global Container Terminals Canada Deltaport terminal in Delta, British Columbia, is being designed to offer the optionality for shortsea shipping, in the event that appropriate terminals be developed along the Fraser River.

In Eastern Canada, some witnesses indicated the potential for a broader expanded use of the St-Lawrence seaway and the Great Lakes.³⁶ According to [Mr. Given](#),

the tie-in with the rail lines and the access to such a large market via the Great Lakes are really important for marine shipping. As for the ways in which we can take advantage of some of those opportunities, I think you could look at some of the vacant land that's along the Seaway as a potential container depot, where you could have some of that short-sea shipping, removing some of the congestion off the highways and the rail lines, as well as moving containers into that region, which can then be trucked or moved via vessel down into some of the larger markets in the U.S.

[Bob Masterson](#), President and Chief Executive Officer of the Chemistry Industry Association of Canada, agreed that the Great Lakes offer an opportunity for trade routes with the United States. However, he argued that more focus should be put on seafaring ports, particularly those with ties to Asian markets. [Larissa Fenn](#), Director, Public Affairs and Corporate Secretary for the Hamilton-Oshawa Port Authority, pointed out that the Port of Hamilton is indeed internationally oriented. [She](#) added that underutilized spaces in the Niagara region also provide an opportunity to address what she called “an acute shortage of multimodal-served industrial spaces” in Ontario.

On the West Coast, [Ken Veldman](#), Vice-President of Public Affairs & Sustainability of the Prince Rupert Port Authority, suggested that greater resiliency could be achieved by enhancing the capacities of both the Port of Vancouver and the Port of Prince Rupert. The latter, [he](#) argued, is in the midst of significant development and is well-placed to play a growing role in the export of future fuels. [Mr. Dekovic](#) agreed that Prince Rupert has the potential to act as “a backup for Vancouver” but indicated that additional rail capacity and a more diverse local market should be considered in expanding it for such a role. [Greg Rogge](#), Director of Land Operations for the Vancouver Port Authority, spoke of the potential to leverage inland capacity, for example in Calgary, though he noted this would still require increased container capacity within marine ports.

36 TRAN, *Evidence*: [Gooch](#) (ACPA); [Fenn](#) (HOPA); and [Buhagiar](#) (SCC).



Strengthening domestic supply chains

The need to tighten domestic supply chains was a central theme of this study. In Mr. Rioux's words,

"the COVID-19 crisis revealed the vulnerabilities of economies that are too dependent on global value chains. They were destabilized by the closure of plants and restrictions on exports, highlighting the risks of deindustrialization and offshoring. The rise in geopolitical tensions such as economic nationalism around the world will only increase the number and severity of the risks associated with too much globalization of supply chains."³⁷

Throughout this study, the Committee heard several suggestions relating to reducing Canada's reliance on external supply chains. According to [Mr. Buhagiar](#), "It's vital that Canada become more self-reliant, have more internal capacity and have systems that can collaborate more easily to solve these challenges." Some witnesses recommended encouraging domestic manufacturing capacity and enhancing Canadian export capacity.³⁸ [Mr. Paterson](#) praised the critical minerals plan outlined in the government of Canada's Budget 2022 in fostering the ability for domestic production of electric vehicle batteries.

[Mr. Darby](#) told the Committee that automation in the manufacturing sector would increase competitiveness and the scale of production, thereby reducing reliance on foreign suppliers, though he indicated manufacturers need more support to accelerate adoption of automation technologies. [Ms. Sullivan](#) offered that the Canadian food and beverage industry falls "well behind other countries" in adopting technology automation.

In terms of agricultural products, [Guy Milette](#), Chair of the Board of Directors of the Canadian Produce Marketing Association, was in favour of promoting local supply chains when possible, though he pointed out that many fruits or vegetables must necessarily be imported to Canada, at least part of the year. [He](#) also suggested that it would be preferable to encourage the creation of multiple microproducers across various regions, rather than give current microproducers greater access to the supply chain, in order to maintain local distribution.

To strengthen domestic supply chains, the IREC, in its [brief](#), emphasizes the importance of putting in place policies to substitute imports with local production. This substitution

37 IREC ([brief](#)).

38 TRAN, *Evidence*: [Gervais](#) (LE); [Darby](#) (CME); [Sullivan](#) (FBC); and [Veldman](#) (PRPA).

would strengthen our supply chains by limiting our dependence on internationalized chains. The economic crisis of 2008 and the COVID-19 crisis are good examples of the impact of over-reliance on imports on our economy. The brief highlights the importance of policies such as carbon pricing on imports, local content requirements in public contracts, and the implementation of industrial policies for strategic sectors in achieving this objective.

CONCLUSION

Throughout its study, the Committee heard of how phenomena from the past couple of years—including COVID-19, climate change, long-standing labour shortages, container shortages, geopolitics and conflicting regulations—have compromised Canada's supply chain infrastructure and had an impact on the people, businesses and companies that are integral to it. Witnesses proposed solutions aimed to bolster supply chain resiliency and sustain future growth in Canada. Examples include supplementing labour forces with greater access to licensing and long-term career opportunities, innovating existing infrastructure through targeted support for smaller marine ports, small airports and short-line railways, increasing the number of trade corridors by completing construction of the Gordie Howe International Bridge, and optimizing underutilized industrial spaces such as the Niagara region. Their testimonies also indicated that further action is required in respect to intergovernmental collaboration with provinces and municipalities, ongoing dialogue with international partners, public-private partnerships, funding, and strategic investments.

APPENDIX A LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee’s [webpage for this study](#).

Organizations and Individuals	Date	Meeting
Canadian Canola Growers Association Dave Carey, Vice-President Government and Industry Relations Steve Pratte, Senior Manager Transportation and Biofuel Policy	2022/03/31	11
Canadian Produce Marketing Association Ron Lemaire, President Guy Milette, Chair of the Board of Directors	2022/03/31	11
Supply Chain Canada Christian Alan Buhagiar, President and Chief Executive Officer	2022/03/31	11
Association of Canadian Port Authorities Daniel-Robert Gooch, President and Chief Executive Officer	2022/04/04	12
Canadian Airports Council Monette Pasher, Interim President	2022/04/04	12
Chemistry Industry Association of Canada Kara Edwards, Director Transportation Bob Masterson, President and Chief Executive Officer	2022/04/04	12
GCT Global Container Terminals Inc. Marko Dekovic, Vice-President Public Affairs	2022/04/04	12
Seafarers' International Union of Canada Chris Given, Director Government Relations	2022/04/04	12

Organizations and Individuals	Date	Meeting
Shipping Federation of Canada Karen Kancens, Vice-President	2022/04/04	12
Canadian International Freight Forwarders Association Julia Kuzeljevich, Director Policy and Communications Bruce Rodgers, Executive Director	2022/04/25	13
Canadian National Railway Company Sebastien Labbe, Vice-President Bulk, Rail Centric Supply Chain	2022/04/25	13
Canadian Pacific Railway Joan Hardy, Vice-President Sales and Marketing, Grain and Fertilizers	2022/04/25	13
Montreal Port Authority Daniel Dagenais, Vice-President Port Performance and Sustainable Development	2022/04/25	13
Railway Association of Canada Marc Brazeau, President and Chief Executive Officer	2022/04/25	13
Western Canadian Shippers' Coalition David Montpetit, President and Chief Executive Officer	2022/04/25	13
Canadian Ferry Association Serge Buy, Chief Executive Officer	2022/04/28	14
Chamber of Shipping Robert Lewis-Manning, President	2022/04/28	14
Food and Beverage Canada Kathleen Sullivan, Chief Executive Officer	2022/04/28	14
Institut de recherche en économie contemporaine Hubert Rioux, Researcher	2022/04/28	14
Sysco Canada Randy White, President	2022/04/28	14

Organizations and Individuals	Date	Meeting
Walmart Canada John Bayliss, Executive Vice-President and Transformation Officer Francis Lalonde, Vice-President Transportation	2022/04/28	14
Canadian Vehicle Manufacturers' Association Brian Kingston, President and Chief Executive Officer	2022/05/02	15
General Motors of Canada Limited David W. Paterson, Vice-President Corporate and Environmental Affairs	2022/05/02	15
Global Automakers of Canada David Adams, President and Chief Executive Officer	2022/05/02	15
Lion Electric Patrick Gervais, Vice-President Marketing and Communications	2022/05/02	15
Prince Rupert Port Authority Ken Veldman, Vice-President Public Affairs & Sustainability	2022/05/02	15
Sysco Canada Randy White, President	2022/05/02	15
Vancouver Fraser Port Authority David Miller, Senior Advisor to the Executive Greg Rogge, Director Land Operations	2022/05/02	15
Canadian Ferry Association Serge Buy, Chief Executive Officer	2022/05/05	16
Canadian Manufacturers and Exporters Dennis A. Darby, President and Chief Executive Officer	2022/05/05	16
Chamber of Shipping Robert Lewis-Manning, President	2022/05/05	16
Food and Beverage Canada Kathleen Sullivan, Chief Executive Officer	2022/05/05	16

Organizations and Individuals	Date	Meeting
Hamilton-Oshawa Port Authority Larissa Fenn, Director Public Affairs and Corporate Secretary	2022/05/05	16
National Cattle Feeders' Association James Bekkering, Chair of the Board Janice Tranberg, President and Chief Executive Officer	2022/05/05	16
Western Grain Elevator Association Tyler Bjornson, Consultant	2022/05/05	16

APPENDIX B LIST OF BRIEFS

The following is an alphabetical list of organizations and individuals who submitted briefs to the committee related to this report. For more information, please consult the committee's [webpage for this study](#).

Association of Canadian Port Authorities

Canadian Ferry Association

Chemistry Industry Association of Canada

Global Cold Chain Alliance

Institut de recherche en économie contemporaine

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this Report.

A copy of the relevant Minutes of Proceedings ([Meetings Nos. 11 to 16, 23, 24, 28 and 29](#)) is tabled.

Respectfully submitted,

Peter Schiefke
Chair



Bloc Québécois Dissenting Opinion on the Report *Improving efficiency and resiliency in Canada's supply chains*

October 7, 2022

Introduction

First of all, the Bloc Québécois commends the members of the Committee and the staff of the Library of Parliament for their professionalism and work on this study, and thanks all the witnesses and citizens who have contributed to the debate on what needs to be done to make supply chains more resilient.

However, it is the opinion of the Bloc Québécois that this report not only fails to address the core of the problem, but also intrudes into the areas of jurisdiction of Quebec and the provinces.

Lack of vision

This report is the report of a committee that is unable to address the issue of supply chains in a broader way than just the transport of goods. These are such serious problems that they require a broad approach in order to solve them. Simply focusing on this segment is at best short-sighted, at worst willful blindness.

The reality is that the committee, in addition to looking at the problems directly related to transportation, should have considered the need to shorten our supply chains. The logic is simple: the longer the supply chain, the higher the risk that it will experience failures. The pandemic has amply demonstrated this, but we could also think of the bottlenecks that are forming in certain ports or the blocking of certain transportation routes.

It is therefore not viable for Quebec and Canada to continue to depend on such long supply chains, especially in a world where the just-in-time method reigns. It was therefore necessary to consider the measures to be put in place in order to shorten them, which unfortunately does not appear in the recommendations of the report.

Intrusions into Quebec and provincial jurisdictions

While the committee misses the mark on improving supply chain resiliency, several recommendations in the report are a direct invitation to the federal government to intervene in jurisdictions that are not its own.

Of particular note are the recommendations regarding the *Immigration stream* and the *Transportation Training Program*.

In the first case, economic immigration is the responsibility of the Government of Quebec under the 1991 *Accord Canada-Québec relatif à l'immigration et à l'admission temporaire des aubains*. Therefore, it does not have to receive such intervention from the federal government when the former is empowered to make decisions on its needs in the field.

In the second case, workforce training is an exclusive jurisdiction of Quebec. Therefore, the committee should not invite the federal government to interfere in matters that do not concern it.

We cannot endorse these recommendations or any containing this kind of undesirable intervention in Quebec's business.

Once again, the Canadian parties are not shy about inviting the federal government to interfere in matters that do not concern it. This is a blatant lack of consideration for Quebec and the provinces, which are nevertheless best placed to understand what their needs are. This "Ottawa knows best" mentality is illegitimate knowing that Ottawa does not even properly manage what is its responsibility. It cannot therefore properly manage what does not belong to him.

Tackling the root problem

In order to really address supply chain issues, the committee should have focused on what is at least partly within its control: economic development and trade policy. There is a vast amount of work to undertake, as Hubert Rioux, researcher from the Institute for Research in Contemporary Economics (IRÉC), pointed out during his visit to the committee:

« Compared with western economies that are currently implementing very vigorous relocation policies, Canada has been rather modest. Since the 1980s, even despite the awareness the health crisis has brought, the Canadian federal government has persisted in fostering a more liberal and light-touch approach in economic development. It has not adopted any industrial policies per se. This is still true two years after Canada's Industry Strategy Council submitted its report. »

Thus, by refusing to adopt industrial policies and by refusing to put in place the measures necessary for the development of local production capacity, Canada has made itself dependent on imports and, by extension, on long and fragile supply chains.

If Canada is serious about making its supply chains more resilient, it must put in place the policies necessary for the relocation of certain strategic industries and that promotes import substitution. Major players in the industries of the future, such as Lion Electric, spoke to the committee about the importance of such policies, through Patrick Gervais, Vice-President, Marketing and Communications:

« [...] It makes sense to bring in legislation that will foster product development and manufacturing in Canada. As we've always said, you have to build where you sell. That's really important to us.

We will certainly support policies that help foster green development. »

Among the necessary measures, we have singled out four that do not appear in the report: the imposition of carbon pricing on imports, the implementation of industrial policies focused on shortening supply chains, the imposition of local content quotas in public contracts and support for research and development in small and medium-sized enterprises.

These will all have the effect in one way or another of supporting the emergence of strong local production that will allow us to substitute significant shares of our imports.

Just take the case of carbon pricing of imports. This will have the double advantage of rebalancing the market between local productions from Quebec and Canada, which have a low carbon content, and imports that are much more polluting, but much less expensive, and of putting in place a major incentive to reduce the production of greenhouse gases. This measure received the support of several speakers on the committee, including that of Dennis Darby, President and CEO of Canadian Manufacturers & Exporters:

« Let me tell you that border carbon adjustment taxes on imports are something that would help level the playing field. It's a complex area, but I agree, it's an area that could help Canada remember that a third of our economy is exports, so we we have to be able to export our goods and materials and food products competitively. If we are able to do that with a lower carbon footprint than a substitute from another market, we certainly have a place within our whole greenhouse gas reduction and our whole competitiveness to look at those carbon adjustment taxes. I agree, it would then level the playing field and in some cases, like you said, it will provide an advantage to Canadian manufacturers—so yes. »

By implementing stringent environmental measures without taking into account that the rest of the world is not subject to these same standards, we put our companies at a disadvantage compared to foreign companies. It is therefore essential to put this measure in place to correct the inequities.

By implementing such a measure, as the European Union will do in 2026, the federal government would create the winning conditions for the relocation of production from abroad in important sectors. This would be an important step towards significant substitution of our imports. It is rather incomprehensible that Canada wants to tax carbon at home, but not that which comes from elsewhere. Could it be that the dogma of the blind opening of markets has permeated Canada's dominant ideology to the point that it has come to surpass the fight against climate change as a priority? If so, that would be particularly disturbing.

The other measures we are proposing also point in the same direction and speak for themselves. Yet we don't understand why these aren't already in place here. Most countries in the world have such measures and yet Canada stubbornly refuses to use them. These are not revolutionary, just good measures to support our local producers.

As far as trade and industrial policies are concerned, the Canadian logic of not supporting local production still eludes us. Canada obviously does not realize that it they are the great naïve of international trade by sticking to a liberal policy while the vast majority of our partners and competitors have opted for several years to favor local products. Unfortunately, this is yet another example where Canada, through its action or inaction, is harming Quebec's economy.

Conclusion

We therefore dissent from this report, because it is sorely lacking in vision and interferes with Quebec's jurisdictions. While we believe that it is essential to encourage our economic exchanges with foreign countries, we are of the opinion that free trade should not be done at the expense of the national interest and the planet.

Canada therefore does not seem to have learned any lessons from supply disruptions during the COVID-19 crisis, where we saw many countries prioritize their interests before those of other nations. A completely natural phenomenon in times of crisis. Canada has suffered the full brunt of the consequences of its deindustrialization where it has passively let go of certain sectors that are nevertheless neuralgic. It seems surprising to us that there is no desire to remedy the situation for the future.

We were hopeful that the committee would understand the need for strong actions to make our supply chains more resilient while respecting constitutional jurisdictions. Unfortunately, we are once again proven that another day spent in Canada only brings another disappointment for the Bloc Québécois and Quebec.

Recommendations of the Bloc Québécois

That the Government of Canada commit to implementing carbon pricing on imports by the end of 2026, like the European Union.

That the Government of Canada, in favour of shortening Canada's supply chains, implement industrial policies to financially support strategic economic sectors and to foster networks between local producers and suppliers.

That the Government of Canada revise its position on public procurement to impose local content quotas in public contracts.

That the Government of Canada implement measures to encourage and support research and development in small- and medium-sized enterprises.