

COVID-19 Canadian Supply Chain Issues

As of March 18, 2020

Key issues

- Canadian companies remain heavily reliant on international supply chains, including Canada-US and beyond North America. The Canadian and American governments' intention to maintain open flows of cross-border commercial traffic is critical, despite closing it to leisure travel.
- Canadian companies require significantly more granular information on the operationalization of Canada-US border measures announced March 18, as well as other previously announced border measures for non-US citizens/residents.

Current Supply Chain Concerns

Agriculture and Agri-Food

- Agriculture producers and processors are facing hugely uncertain macro-level trading conditions within the global market.
- With seeding season rapidly approaching, producers have concerns about the operation of retail operations – and the supply chains delivering products to them - to ensure they have the necessary inputs at the start of the crop season.

Air Cargo

- Passenger air traffic volumes have decreased because of COVID-19 hotspots, travel bans, and receding demand. This has reduced cargo capacity within passenger jets typically allocated for high-value cargo.
- Having essential service status is critical for air cargo companies to move goods across borders and support B2G, B2B, and B2C transactions.
- The dwindling supply of air cargo has driven up freight rates, which poses competitiveness challenges for SMEs.
- Industry is concerned about potential government announcements in the future with respect to restricting domestic air travel.
- Having global standards agreed at the G7 and G20 level is critical to properly implement an exclusion for air cargo from COVID-19 restrictions.

Domestic supply chain implications

- The energy and auto sectors are particularly integrated for the use of cross-border inputs. Those who fabricate intermediary products need their inputs to be able to service domestic OEMs.

Guidance documents

- The volume and frequency of government announcements has been highly problematic for industry to keep on top of, including where to seek more detailed guidance for specific company questions.
- Businesses need clarity in a timely manner on what activities are defined as 'essential' in the context of the temporary Canada-US border restrictions.
- When guidance on essential services is published, government needs to have a dynamic process to ensure rules are kept up to date and corrective action is undertaken to resolve unintended consequences.

- Government guidance – particularly available through Canada.ca – is proving too-high level and not granular enough for all businesses to make an accurate determination whether their cargo will be allowed to cross the border.
- Some specific areas where guidance is needed include:
 - Ability of either non-citizens or non-permanent residents to make essential commercial trips across the border.
 - Ability to re-position pallets across borders, especially those intended to carry food and medical supplies given the need to maintain high-standards.
 - Will commercial drivers deemed to be symptomatic at POEs be denied entry, or will they allowed to delivery the cargo to its destination before being required to go into self-isolation.
 - Misalignment or conflicting advice within the Canadian government, or between Canadian and American authorities on POE practices, such as temperature checks or the requirement to produce passports.
 - Expectations around self-isolation when Canadians return from an international destination.

Marine Cargo

- The government has shared clear guidance for Canadian-flagged vessels traversing the Great Lakes region.
- At POEs, the advice has been conflicting between government departments and this has cascading effects for cargo needing to be unloaded at ports.

Medical devices/technology

- Export restrictions imposed by certain countries are disrupting the flow of life-saving medical technology where it is needed most. This includes the disruption to the trade of final equipment as well as intermediary inputs needed before devices can go to the end-user. These problems have been compounded by the impact of air cargo volumes dropping.
- Technicians that have expertise to service medical technologies are critical to be able to move across borders to provide after-sales servicing on devices.

Non-COVID-19 Activities

- COVID-19 has become an all-consuming priority for businesses. Industry strongly feels that the government needs to pause all non-critical government consultations and regulatory implementation plans, especially those that could lead to situations of regulatory mis-alignment.
- Once the COVID-19 crisis passes, businesses are concerned about an avalanche of pent-up government regulatory-making. Government needs a gradual approach once we return to business as usual.

Rail

- Due to crew re-positioning, rail staff may not be in an operational role on a rail car for either their outbound or inbound travel, and may instead travel via a different mode. Rules need to ensure flexibility so that crew can get to where they are needed according to their schedules.

Next Steps

- Call to be convened on or about March 25 for next group update.
- Canadian Chamber to continue to share updates as they become available.

Resources

March 18 - [Canadian Chamber statement on Canada-US border issues.](#)

March 12 – [International Chamber of Commerce Letter to the G20](#)