



December 16, 2021

The Honourable François-Philippe Champagne, P.C., M.P.
Minister of Innovation, Science, and Industry
House of Commons
Ottawa, ON
K1N 0A6

RE: Supply Chain Disruptions in Canadian Manufacturing & Meeting Request

Dear Minister:

On behalf of the undersigned trade associations and all the members of the Canadian Manufacturing Coalition, we would like to share the manufacturing sector's grave concern with ongoing supply chain disruptions and to request a meeting with your officials to discuss, and explore solutions to these issues.

Canada has a tremendous opportunity to strengthen our critical manufacturing sector and to position ourselves as a reliable player in the future of global manufacturing. However, our window to capitalize on these opportunities is limited and we will miss it if we fail to mitigate current challenges and adequately prepare our industrial sector for the massive changes that are coming in the years ahead.

Today, manufacturers are currently seized by one major concern - supply chain disruptions. In a recent survey of Canadian manufacturers conducted by Canadian Manufacturers & Exporters (CME), nearly half of the companies surveyed reported supply chain challenges, while almost two-thirds have experienced an increase in raw material costs as a result. According to recent analyses, these supply chain problems will take months to be fully resolved.

It is important to note that many of the causes of these issues predate the COVID-19 pandemic. Canada's transportation network deficiencies are case in point. From our overwhelmed ports to container traffic bottlenecks, chronic disruptions in rail service, and trucking shortages, Canada does not move goods efficiently. Our challenges will be further exacerbated by ongoing flooding in British Columbia, and the US and Canadian governments' forthcoming requirements that all essential transportation workers crossing the border must be fully vaccinated.

Moreover, microchip, packaging, ingredient, and other shortages are hurting supply chains and manufacturers are increasingly struggling to find alternative sources of supply. Global events beyond their control will intensify these shortages as China plans to maintain its "zero-covid" policy, effectively guaranteeing uncertainty and disruption. Our heavy reliance on complex global supply chains has resulted in a decrease in

our domestic manufacturing capability. To correct this, we must undertake a thorough mapping of Canadian industrial supply chains to better understand our actual manufacturing capacity, and to better match manufacturers with local sources of supplies.

Lastly, “Buy America(an)” and other protectionist policies are a major threat to the integrated North American manufacturing system. The United States is pursuing an aggressive reshoring of their industrial capacity in several key sectors while using protectionist procurement policies to enhance these efforts. Canada must do more to ensure that we work closely with our US counterparts and to coordinate a North American approach to supply chain problems, as well as to be seen as both a reliable partner and an integral part of their market.

Our associations want to be proactive and try to prevent the worst of these impacts before they negatively impact consumers, businesses, and Canada’s economic performance. To address these challenges head on, we believe that the government should:

1. **Adopt a formal manufacturing strategy for Canada.** The government should adopt a formal industrial strategy, as proposed by Monique Leroux’s expert panel, that acts as an overarching plan to coordinate all government projects to promote key manufacturing sectors and our transition to more advanced manufacturing. This strategy should also include plans to take advantage of opportunities in North America and propose a net-zero industrial transition plan.
2. **Accelerate improvements to transportation and trade infrastructure.** The government should prioritize projects that improve national and export transportation corridors and commit more resources to ensure more ambitious construction timelines.
3. **Redouble coordination efforts with the US.** To mitigate current issues with Buy America and other protectionist policies, the Canadian government should develop a plan to better engage with its US and Mexican counterparts. Leveraging Competition and SME chapters, to name but two, in the new NAFTA would help bridge the current gap that exists and ensure integrated North American manufacturing continues to thrive.
4. **Commit funds to address short term problems.** The government should provide financial supports for companies and sectors experiencing dramatic supply chain disruptions. Additionally, resources should be dedicated to reducing immigration application backlogs and to dramatically streamline the Temporary Foreign Worker Program by adopting a trusted employer stream to curtail chronic labour shortages.

We propose convening a virtual meeting between members of the Canadian Manufacturing Coalition and yourself so that we can expand the lines of communication with your department. In this meeting, we could explore the solutions outlined above and provide your department with a direct line of sight into what is happening on the ground in our sector.

The members of the CMC stand ready to work with the government and your department to resolve these disruptive challenges, and we look forward to your favourable reply.

Sincerely,

Dennis A. Darby, P.Eng., ICD.D

President & CEO
Canadian Manufacturers & Exporters
Chair, Canadian Manufacturing
Coalition

Michael Graydon

President and CEO
Food and Consumer Products of
Canada

Don E. Moore

Director, Government and Industry
Relations
Canadian Transportation Equipment
Association

Carol McGlogan

President and CEO
Electro Federation of Canada

Mike Mueller

President & CEO
Aerospace Industries Association of
Canada

Jim Goetz

President and CEO
Canadian Beverage Association

Robert Cattle

Executive Director
Canadian Tooling & Machining
Association

Bob Masterson

President and CEO
Chemistry Industry Association of
Canada

Jean-François Champagne

President
Automotive Industries Association of
Canada

Sandra Wood

Executive Director
Canadian Kitchen Cabinet
Association

Brian Kingston

President and CEO
Canadian Vehicle Manufacturers
Association

Gurpreet Lail

President and CEO
Petroleum Services Association of
Canada

Nicole DeKort

President and CEO
Medtech Canada

Mike Baker

CEO
Wood Manufacturing Cluster of
Ontario

Carol Hochu

President and CEO
Tire and Rubber Association of
Canada

Jim Keon

President
Canadian Generic Pharmaceutical
Association

Grant Stuempfle

President
Canadian Foundry Association

Shannon Coombs

President
Canadian Consumer Specialty
Products Association