

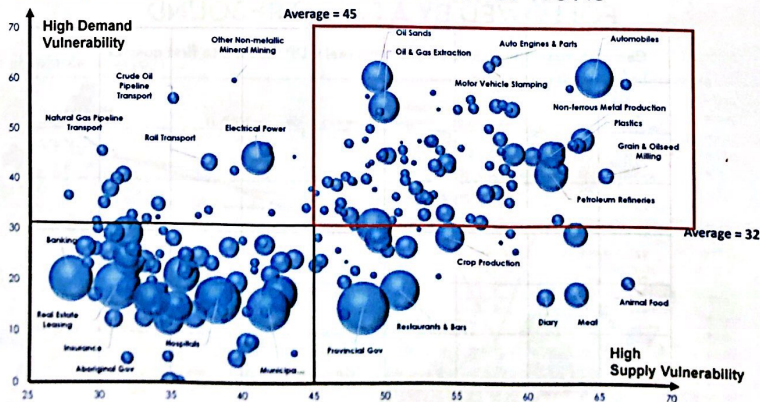
OFFICE OF THE CHIEF ECONOMIST

THE INTERNATIONAL SUPPLY CHAIN STORY - THERE AND BACK AGAIN- PRESENTATION TO CSLs

Aaron Sydor  
Director – Trade and Economic Analysis  
Nov 1, 2022

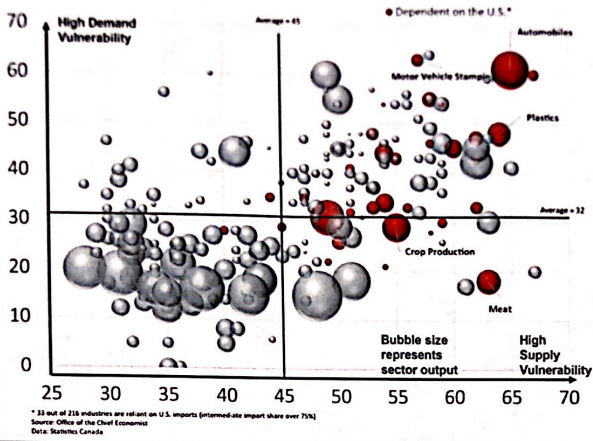
OFFICE OF THE CHIEF ECONOMIST

IDENTIFY CANADIAN INDUSTRIES THAT ARE MOST VULNERABLE TO INTERNATIONAL DISRUPTIONS



Source: Office of the Chief Economist  
Data: Statistics Canada, Office of the Chief Economist Calculations

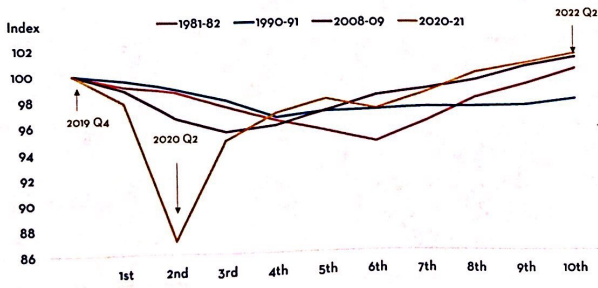
# A HIGH SHARE OF INPUTS COMING FROM THE U.S. IS A KEY CONTRIBUTOR TO VULNERABILITY...



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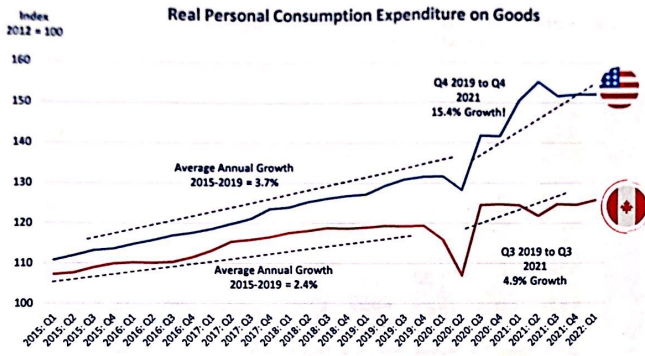
## CANADA'S UNPRECEDENTED GDP DECLINE FOLLOWED BY A SHARP REBOUND

Canada's quarterly recession patterns, real GDP indexed to first quarter before each recession

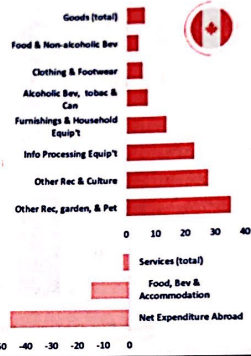


Index values for each recession: 1981-82 (100=1981Q2), 1990-91 (100=1990Q1), 2008-09 (100=2008Q3), 2020 (100=2019Q4)  
 Sources: Global Affairs Canada calculations; Statistics Canada Table 36-10-0104-01

# LARGE DEMAND SHOCK



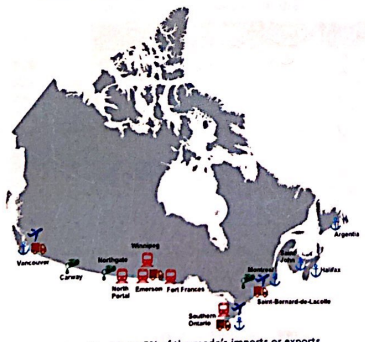
**Real Personal Consumption Expenditure % Change, 2019 Q4 to 2021 Q1**



Data: Statistics Canada, U.S. Bureau of Economic Analysis  
 Source: Office of the Chief Economist - Global Affairs Canada

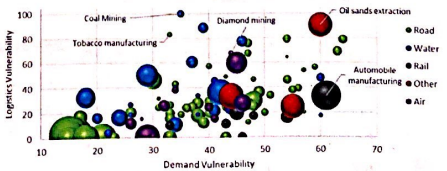
## INCORPORATING PORTS OF ENTRY/EXIT AND MODES OF TRANSPORT INTO OUR MODEL

**Location of major Canadian ports**

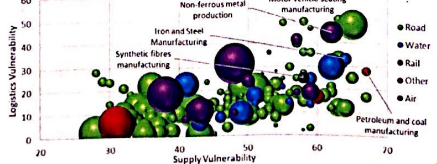


\* Each indicated port is at least 5% of the mode's imports or exports  
 Source: Office of the Chief Economist - Global Affairs Canada

**Downstream Logistics and Demand Vulnerability**

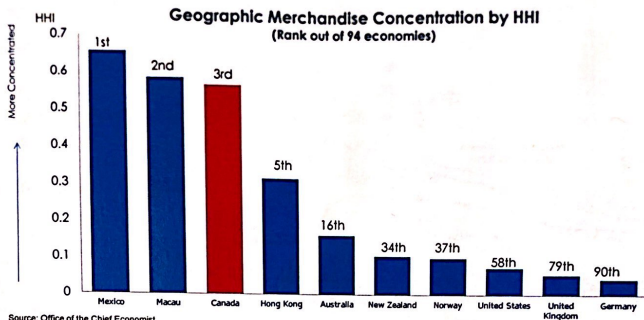


**Upstream Logistics and Supply Vulnerability**



Note: The logistics vulnerability displayed comes from the given mode only, it is not total logistics vulnerability.

## GEOGRAPHIC CONCENTRATION OF CANADIAN EXPORTS



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## TOP 5 SUPPLIERS FOR CANADIAN IMPORTS\*

(Number of products)

Country	Largest Supplier	Dominant Supplier**
United States	5,411	1,259
China	1,845	120
Germany	203	13
Italy	201	12
Mexico	177	16

\* Products with multiple suppliers

\*\* More than 90% of import value

Data: Statistics Canada

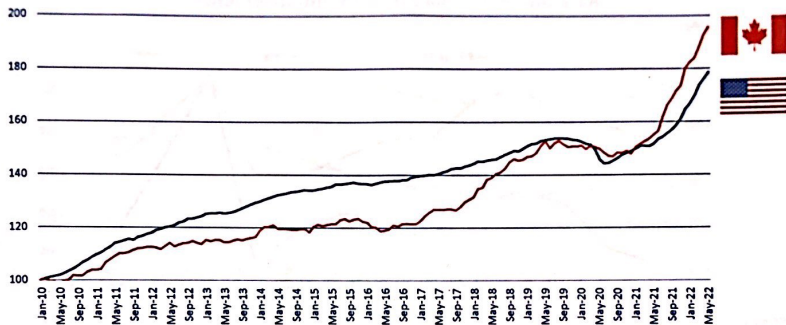
Source: Office of the Chief Economist, Global Affairs Canada

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# INVENTORIES IS THE EASIEST WAY TO DEAL WITH SHORT-TERM DISRUPTIONS TO CRITICAL INPUTS

## Canadian Manufacturing Inventories and U.S. Total Business Inventories

Jan 2010 = 100

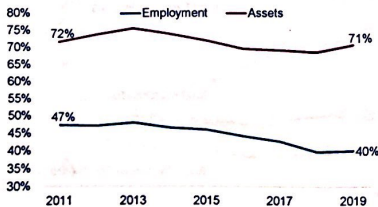


Data: Statistics Canada, U.S. Census Bureau

Source: Office of the Chief Economist, Global Affairs Canada

## NO SIGNS OF RESHORING OR NEARSHORING AMONG CANADIAN OR US MULTINATIONALS IN YEARS LEADING UP TO THE PANDEMIC

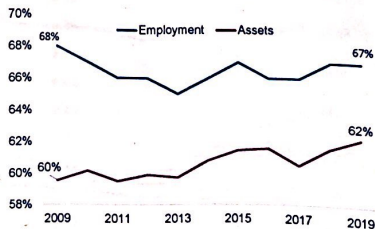
Canadian Multinational Enterprise (MNE)  
Employment and Assets in the  
Manufacturing Industry  
(domestic as a share of total)



Data: Statistics Canada

Source: Office of the Chief Economist, Global Affairs Canada

U.S. Multinational Enterprises (MNE)  
Employment and Assets  
(domestic as share of total)

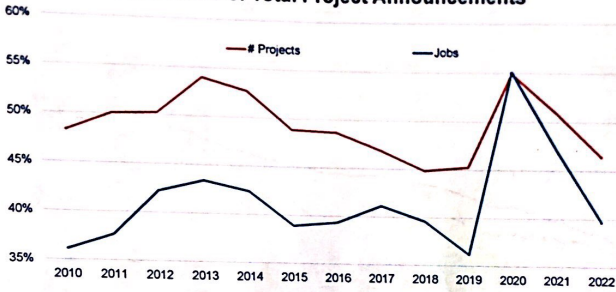


Data: Bureau of Economic Analysis

Source: Office of the Chief Economist, Global Affairs Canada

# DATA ON PROJECT ANNOUNCEMENTS ALSO SHOW THAT U.S. FIRMS ARE NOT YET EXPANDING DOMESTICALLY

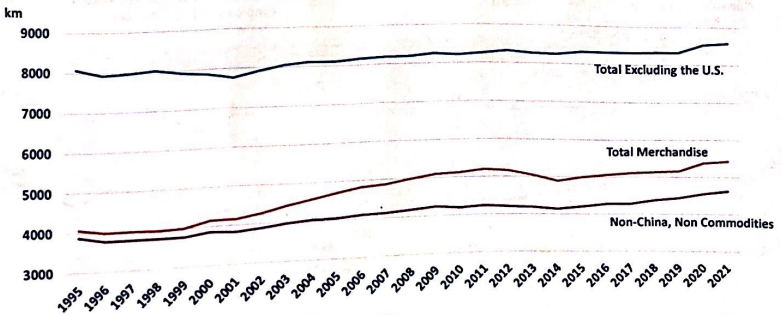
## Domestic Project Announcements by U.S. Owned Enterprises As a Share of Total Project Announcements



Data: FDI markets  
 Source: Office of the Chief Economist, Global Affairs Canada  
 \* Up to June 2022

# LITTLE EVIDENCE OF NEARSHORING...ON AGGREGATE THE OPPOSITE IS TRUE

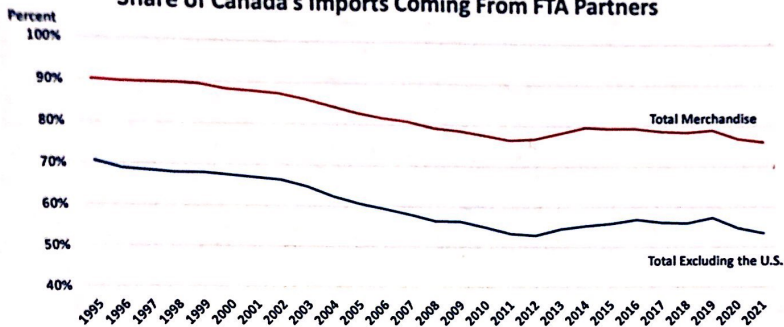
## Average Distance Travelled by Canadian Merchandise Imports



Data: Statistics Canada and Centre d'Etudes Prospectives et d'Informations Internationales (CEPII)  
 Source: Office of the Chief Economist, Global Affairs Canada

# MANY WAYS TO DEFINE "FRIEND", BUT LITTLE EVIDENCE OF FRIEND-SHORING

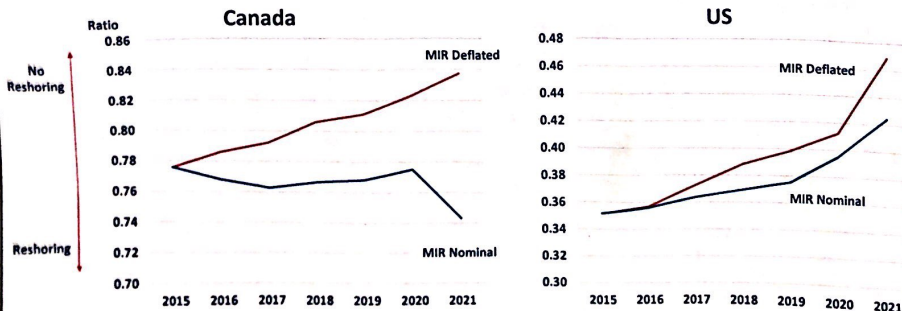
## Share of Canada's Imports Coming From FTA Partners



Data: Statistics Canada and Global Affairs Canada  
 Source: Office of the Chief Economist, Global Affairs Canada

# THERE IS ALSO LITTLE EVIDENCE OF RESHORING TO CANADA OR US

## Manufacturing Import to Production (MIR)



Data: Statistics Canada and US Census Department  
 Source: Office of the Chief Economist, Global Affairs Canada