

February 26, 2024.

CIFFA Pre-Budget Submission

The Canadian International Freight Forwarders Association, CIFFA, is pleased to offer input to the federal government's Budget 2024.

CIFFA is an association representing approximately 10,000 employees of freight forwarder members in Canada who manage about 80% of freight traffic, both domestic and international. Our members are directly involved in the logistics of every mode, in each province, and we have been on the front lines during the challenging period when Covid created such chaos in the world's supply chains. We believe our members bring insights which are simply not available from other sources.

We also represent drayage companies (port truckers), customs brokers, freight brokers and warehouse companies. These are all essentially all key players in Canada's freight supply chain.

As we approach the next federal budget, our industry is experiencing reduced volumes of freight, owing to a decline in consumer demand due to inflation. The very severe human resource problems which afflicted the shipping sector following the Covid pandemic have somewhat declined, as a result. We see rising investor caution across our sector.

Funding for the Supply Chain office

An immediate priority is the development of the government's Supply Chain office. At CIFFA we had reservations about a sub-Cabinet office being effective in compelling cooperation among a range of government departments, but we are certainly supportive of the effort. We have met with the responsible officials and we are persuaded of their commitment, but the Office will require funding, personnel and extensive studies just to understand supply chain constraints, let alone mobilize federal resources to overcome them.

For the Office to have an impact we would encourage both public dialogue and periodic briefings to responsible federal Ministers, all in support of a clear workplan which is available to all of us.

Labour disruptions

We cannot avoid a comment about the ongoing labour battles between ocean shipping lines and local port workers, a battle being fought in many countries, including ours. We concede that there are a limited number of measures the Canadian federal government has to influence these disputes, but we have ample evidence of how damaging service disruptions

are to our economy. The long dispute at our West Coast ports cost us dearly and we are now seeing diversion of traffic away from the Port of Montreal as shippers watch the employer vs. longshoremen negotiations there with mounting anxiety. We do acknowledge the efforts of Labour Canada and its Minister to facilitate a successful negotiation, but it should be clear that the victims of another disruption will include importers/shippers across the country and especially small business in the Montreal region.

Infrastructure

CIFFA is a strong supporter of infrastructure investments designed to increase our efficiency and thus our competitiveness in international trade. As the chaos of the Covid epidemic brought greater awareness of the vulnerabilities of our trade-dependent economy, the government has made investments in supply chain infrastructure a higher priority. Two critical funding envelopes within the Fund are: Increasing the Fluidity of Canada's Supply Chains, which was launched at the end of 2021, and Relieving Supply Chain Congestion at Canadian Ports, which was launched early in 2022.

We urge the government to maintain and renew funding in these critical areas, and to ensure that a coherent strategy governs the application of these monies.

While government calls for proposals to design and build the infrastructure which permits our economy to grow, it has also legislated very extensive regulatory processes to protect the environment and the communities which are proximate to new developments.

The length of the review processes has correctly been identified as a major factor in discouraging investment, and slowing developments. While we recognize that there is a balance to be achieved, we fear that our regulatory climate has become so stifling it can reduce our ability to compete and therefore earn the prosperity we need to ensure standard of living.

Process efficiency

Increasing the efficiency of our supply chains is a shared effort between the operators working in the field and the government agencies which regulate them. A critical aspect of this effort is the improved collection of data and the improved use of that data to facilitate shipping while retaining security.

The Crown has talked extensively about "single window" data systems. One of the major funding envelopes in the National Trade Corridors Fund is for supply chain digitalization. But we are concerned that these concepts are not yet supported internally.

For example, both CBSA and Transport Canada have established pre-arrival cargo notification systems. Both have the authority to impose monetary penalties for failure to comply, but the systems are not shared! Shippers will be required to make two identical reports at different times with, theoretically, different decisions made by the two agencies.

Duplication of pre-flight cargo notification is costly in itself but will also create concern amongst shippers that the government is not committed to greater efficiency at all.

We encourage the government to continue exploring measures to facilitate trans-border trade efficiency through the various measures which have been discussed for many years:

- Trusted traders
- Fixes to pre-border notification programs, (requiring significant new funding for IT systems)
- high speed x-ray
- canine screening
- border infrastructure to move low-risk traffic out of normal traffic

These are all measures which have been debated with our U.S. trade partners (and in some cases, tested) and which need constant support in government planning.

We have often stated that Canada's supply chains are fragile at best, and frequently nearly broken. There has been ample evidence to support this over the last several years as environmental disasters, a pandemic, labour issues and infrastructure woes, not to mention geopolitical factors, contributed to that fragility.

But as the concept of a fluid supply chain becomes more recognized and championed for its contribution to our country's GDP, productivity and reputation as a trading nation, we are hopeful that things will improve over the long term for Canadian consumers and businesses. The Supply Chain Office created by this government is a good indicator that the role of a strong supply chain is supported.

We cannot ignore the weak spots, including the current labour environment, continued climate shocks and an economy with tightened monetary controls. And so we await with great anticipation a budget which recognizes these constraints and addresses concrete solutions.

Thank you for your review of our submission.

With best wishes,

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