NIAGARA TRADE AND THE COVID-19 EFFECT

MCMASTER FORUM EVENT #1
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NIAGARA TRADE CHARACTERISTICS

Export values by destination:

- Total: $4.7B
- North America: $4.48B
- Europe: $82.3M
- Asia: $70.3M
- Oceania: $25.3M
- South America: $24.5M
- Africa: $9.4M
- Middle East: $5.6M

Top export commodities by value:

- Machinery: $1.8B
- Nickel and articles thereof: $724.9M
- Chemicals: $507.9M
- Plastics and articles thereof: $297.5M
- Vehicles: $255.6M
- Agricultural products: $177.4M
NIAGARA TRADE CHARACTERISTICS

Top industry sectors by export values:

- Manufacturing: $4.2B
- Wholesale trade: $207.4M
- Agriculture: $121.9M
- Construction: $46.5M
- Real estate: $17.6M

Top industry sectors by number of exporting firms:

- Total exporting firms: 641
- Manufacturing: 256
- Wholesale trade: 128
- Agriculture: 80
- Retail trade: 32
- Construction: 26
NIAGARA TRADE CHARACTERISTICS

Import values by origin:

- Total imports: $2.4B
- North America: $1.3B
- Europe: $604.2M
- Asia: $436.3M
- South America: $37.6M
- Africa: $27.6M
- Oceania: $15.7M
- Middle East: $8.3M

Top import commodities by value:

- Machinery: $397.7M
- Chemicals: $359.0M
- Plastics: $230.7M
- Iron or steel: $120.5M
- Vessels: $118.0M
- Electrical machinery: $93.6M
NIAGARA TRADE CHARACTERISTICS

Top industry sectors by import values:

- Manufacturing: $1.3B
- Wholesale trade: $532.8M
- Retail trade: $203.3M
- Transportation/warehousing: $153.6M
- Agriculture: $87.2M

Top industry sectors by number of importing firms:

- Total importing firms: 1,774
- Agriculture: 321
- Professional, scientific, technical services: 301
- Construction: 283
- Manufacturing: 136
- Transportation and warehousing: 126
NIAGARA’S INTEREST IN GOODS MOVEMENT

Strategic Location for Investment

• Binational region
• Multi-modal transportation network
• 2 Class 1 and 1 shortline railroad
• Welland Canal and port facilities
• 4 major highways
• 4 border crossings, 2 commercial vehicle crossings
• 1 international railway bridge

Economic Trade Corridor

• 11.4% of all Canada-US trade transits Niagara
• $46.4 billion in exports to the US
• $47.5 billion in imports from the US
• $2.7 billion in exports transits Niagara border and the US onto non-US international markets
• $10 billion in goods transit the Welland Canal-St. Lawrence Seaway
• Foreign Trade Zone point
NIAGARA’S INTEREST IN GOODS MOVEMENT

Niagara Goods Movement and Export Diversification Project

- Investigate the nature of goods movement within Niagara
- Investigate the potential and mechanisms for greater export diversification
- Gain insights on sector-specific cost breakdowns and the utilization of trade routes and modes/supply chains.
- Capture data and evidence on the following topics:
  - Elements of supply chains
  - Trade patterns
  - Exporting attitudes and challenges
  - Regional pressures and needs
  - Attitudes towards logistics technologies
  - Other segments
    - Urban-rural dimensions
    - E-commerce
    - Exporting beyond the US,
COVID-19 EFFECT

• Reshoring of supply chains to North America
• Diversifying of supply chains to reduce risk of dependence on one country, region or supplier
• Inventory strategies could change for larger businesses to stockpiling critical need and strategic components versus just-in-time
• Key suppliers will building strong and preferential relationships with what they perceive as key customers
• Need to develop a means to enhance visibility and planning across supply chains
• Businesses will need to become more agile and flexible while adapting new, time-competitive distribution networks
• US-China relations are poised to worsen throughout 2020 due to political environment
• FDI and exports are concentrated globally. Niagara and Canada does not have much influence; however, reshoring could erode China’s pre-COVID-19 position
• Protectionism will rise being led by the US and trade relationships will be fragile despite trade agreements (USMCA, CETA, CPTTP)
COVID-19 EFFECT

• Companies will require far more capital in order to operate in the COVID-19 era
• The largest companies and regions will get the most attention, which puts Niagara and other smaller regions at a disadvantage
• Major lifestyles changes will impact product demand and trade patterns, i.e. potential for many consumer products (health, hygiene) will be delivered via e-commerce
• Business retention and expansion will need much more attention from economic development offices to assist businesses in navigating the COVID-19 era reality