

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