

CIAC SUPPLY CHAIN SURVEY REPORT



▶ BACKGROUND

In early 2022, the Chemistry Industry Association of Canada (CIAC) conducted a survey of its members on a range of supply chain matters linked to their Canadian operations. Topics included the state of rail, road and marine service, the impacts of transportation service on their operations and how member companies respond to these pressures.

CIAC received **29 responses** from **25 unique companies**.

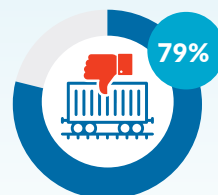
▶ SUMMARY

Individual Canadians and businesses are increasingly concerned about the reliability of supply chains to get them access to the essential products they need. A well-functioning supply chain is essential for supporting good jobs and keeping goods reliably moving in Canada.

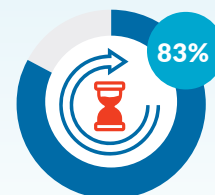
CIAC members have been engaged in supporting and informing supply chain policy for years. Our members rely on rail, road, and marine transport with each mode presenting unique and compounded challenges to the supply chain, including a truck-driver shortage, container shortages, and port congestion.

The survey found **76 per cent of CIAC members** noted their operations had been negatively impacted by the various supply chain disruptions over the last year. The impacts of these disruptions included:

- Reduced shipping reliability
- Lost Canadian production/shipments
- Lost Canadian sales
- Lost export sales
- Delays in shipping to customers
- Delays in receiving raw materials/inputs
- Increased transportation and logistics costs
- Increased labour costs



Shipping reliability



Transit time increase



Lost sales

These impacts are all adding up for members, especially when transportation costs rarely, if ever, decrease. Specifically, **79 per cent** of respondents told us that shipping reliability has become a serious issue, **83 per cent** said they have seen transit times increase, and **55 per cent** said they have lost sales in Canada and abroad.

This leads to less products getting to market, higher wait times for customers and in the end, higher prices for consumers. The ongoing supply chain challenges are extremely concerning and challenge our ability for growth and investment to the sector.



➤ KEY SURVEY FINDINGS



Overall Supply Chain Disruptions

- 76 per cent of respondents said their operations had been negatively impacted by supply chain disruptions
- All modes of transport are being impacted
- Rail was identified by 76 per cent of respondents as being a major pinch point within the supply chain network, with road at 31 per cent and marine at 21 per cent



Rail Transportation

- 58 per cent of respondents use rail for more than 50 per cent of their transport needs
- 41 per cent of respondents use rail for more than 75 per cent of their transportation needs
- 79 per cent of respondents are captive to at least one Class 1 railway company in Canada
- When service disruptions on Class 1 networks occur, 34 per cent of respondents report immediate impacts on regular operations and the remaining respondents note production impacts within 5 days
- 83 per cent reported longer transit times including issues such as missed switches and a reduction in service days
- 52 per cent reported higher service rates and increases in demurrage fees even as service declined
- 55 per cent reported lower Canadian output and sales to Canadian customers
- 79 per cent reported reduced shipping reliability
- 46 per cent said that rail service was deteriorating, 48 per cent said it was about the same and 7 per cent said it was improving



Marine Transportation

- 66 per cent of respondents rely on shipping containers for marine transport
- Longer transit times, increased rates and shortages of shipping containers were all cited as the most common impacts effecting marine shipping
- Costs for switching to alternative ports and the imbedded cost and time of transiting products to alternative ports are impacting respondents. Respondents are nearly evenly split between conditions getting worse, better or staying the same in regard to marine shipping with geography playing a role



Road Transportation

- Road supply chain impacts are leading to longer transit times, higher transportation rates and the unique cost and transit time pressures on moving dangerous goods are all impacting respondents
- 55 per cent of respondents say road supply chains are getting worse, which is the highest rate of deteriorating transportation networks in the survey

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