



Standing Committee on Transport, Infrastructure and Communities  
Sixth Floor, 131 Queen Street  
House of Commons  
Ottawa ON  
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Via email: [TRAN@parl.gc.ca](mailto:TRAN@parl.gc.ca)

Dear Chair and Committee Members

The Global Cold Chain Alliance (GCCA) thanks you for the opportunity to submit this brief before the House of Commons Standing Committee on Transport, Infrastructure and Communities for your study of the state of Canada's supply chain.

The GCCA's membership includes 34 companies with 122 sites across Canada. Through its four Core Partners, GCCA represents more than 1,100 companies in 85 countries who serve the food industry by providing third-party, temperature-controlled supply chain services.

I am submitting this testimony on behalf of GCCA's members, who are working tirelessly to ensure that consumers have reliable access to safe, high-quality food across Canada and globally. GCCA represents all major sectors of the cold chain and unites partners to be innovative leaders in the third-party temperature-controlled logistics industry. The cold chain refers to the temperature management of perishable products to maintain quality and safety from the point of slaughter or harvest through the distribution chain to the final consumer. GCCA is committed to forging a universally strong cold chain where every product retains quality and safety through each link.

The cold chain serves as a crucial link in the supply chain, as our members ensure the food safety, security, and reliable access to over 213 billion pounds of perishable food annually. While parts of the country shut down, GCCA and our members realized the vital role our industry plays for the integrity of the food supply chain and remained open and operating throughout the pandemic.

GCCA appreciates the opportunity to provide testimony on challenges and opportunities for strengthening the food supply chain for the future. GCCA has identified major issues and trends currently impacting the food supply chain and offers recommendations including:

- Support for workforce development initiatives and policies to address labour challenges across the food supply chain.
- Regulatory flexibility to address current and future supply chain disruptions and shifts in consumer patterns.
- Increased support for continued development and implementation of supply chain technology, including the strengthening of cyber security across the food industry.
- Ensure that the federal government takes a coordinating role with the provincial or

local level to ensure that cold storage needs are taken into consideration.

- Ensure that funding for projects to improve the fluidity of supply chains is dedicated to the enhancement of cold chain infrastructure, which has a multiplier benefit on the agri-food supply chains.

Below are additional details on the key issues our industry has identified for consideration:

### **Labour Constraints**

The pandemic has placed strains on the labour market, causing major challenges to our members. Our members have faced a labour shortage during this pandemic making it difficult to meet growing demands. To stay operational, our members have been paying overtime and premium pay rates to those who are willing to work and in addition many have hired outside labour, which often comes with a hefty price tag. Increased flexibility within the Temporary Foreign Workers Program could help mitigate some of the labour challenges facing the food supply chain.

Even as lockdowns ease, finding labour has continued to be a challenge. While facilities have increased the starting wages and adjusted the pay of experienced workers along with the minimums increase, many people are choosing not to work in cold environments, even for more money and benefits. This is driving many companies to look at automation systems, which require automation technicians and additional specialty training in fields where there is not yet a developed pool of workers. We encourage the government to consider funding/subsidization of industry specific training to help strengthen the workforce.

### **Supply Chain Capacity and Infrastructure**

The food supply chain is interconnected and disruptions in one part of the chain have ripple effects upstream and downstream. It is important that the infrastructure of our ports for both imports and exports be modernized and automated to prevent the slow down or stoppage of commerce. Supply chain infrastructure for cold storage capacity is reliant on planned cycles of food producers harvesting produce and proteins. Supply chain disruptions continue to cause challenges to the efficient flow of import and export containers. In addition to negatively impacting the efficient movement of food through the chain, these disruptions to container availability and flow are also resulting in significant per diem, detention and demurrage charges outside of the control of our members. The disruption in flow of containers is also leading to added fuel and energy costs to keep refrigerated containers at the proper temperature to preserve food safety and quality while our members wait for the supply chain to move. In some cases, our members have been forced to use refrigerated trailers to be used for storage, as opposed to transportation, to hold product destined for export that has not been able to move due to port congestion. Supply chain disruptions have also caused increased costs related to critical materials and inputs and led to much longer lead times in procurement.

The food industry continues to experience significant challenges at port terminals. One of the major issues is a lack of land used to return empty containers. Currently, imports are exceeding exports on the west coast and in some cases, containers are returning to Asia empty, even though there is a large quantity of product destined for export that needs access to the containers. Predictable and consistent access to refrigerated containers will be critical to ensuring an efficient food supply chain in the future.

There are also challenges regarding the capacity for refrigerated transportation equipment. Current build times for key equipment are backed up to next year and prices are increasing due to raw material sourcing, component delays and Covid restrictions. Trailer manufacturers are having to slow their lines down due to lack of availability of components needed to build the units. Raw material is not stable in pricing, so it is difficult for manufacturers to provide pricing to their customers. Demand remains high and these issues will continue to place a strain on the food supply chain.

It is important to look for ways to build flexibility and collaboration within supply chain to meet potential disruptions in the future. We encourage solutions such as building increased capacity through projects such as the Deltaport expansion and establishing overflow container storage yards with appropriate access to shore power. It is also important to connect ports to the rest of the country with adequate highway infrastructure. The National Trade Corridor strategy has previously been used to build highway infrastructure near some ports, but there is need to provide additional connectivity to further support inter-provincial transport. GCCA also supports the creation of agreements with the United States to enable, during emergency events, the movement of freight through the United States without the requirement of using bonded carriers to facilitate supply chain resilience. Both government and industry will need to work together to build flexibility and cooperation to fill these gaps for the future.

### **Shifts in Consumer Buying Patterns**

Challenges with recent food supply disruptions presented by the pandemic were not due to a shortage of food in Canada. Rather, disruptions were largely caused by consumers shifting how and where they were purchasing food.

Grocery (retail) and food service (restaurants) are the two main channels by which consumers access food. Both channels have very different requirements as to size of packaging, preparation, and distribution supply chain channels. At the beginning of the pandemic, Canada experienced what seemed like shortages in the grocery stores for two main reasons 1) abrupt shifting consumer buying patterns 2) surge buying.

In a matter of days, the Canadian consumer shifted from purchasing 50 percent of their food from restaurants to nearly 100 percent from grocery as the nation sheltered in place. Restaurant and grocery have two different channels (customer/vendor relationships) that do not typically crossover.

One of the challenges related to shifting consumer patterns is that current packaging practices are very different between food service and retail. For example, food processors package specifically for restaurants in much larger quantities such as 20-pound packages, while packages for retail are usually much smaller, such as 2-pound packages. In many cases, product in 20 lbs and 50 lbs packages could not be used for retail and sat idle in cold storage facilities. This created the illusion of food shortages.

We recognize there are some regulatory and even private sector limitations to how product can be redirected. However, the future ability to redirect food products between channels will be imperative to mitigate the impacts of shocks to the supply chain. We recommend additional emphasis on “last mile” cold chain infrastructure to support the changing consumer needs. Provinces should be engaged to provide development support to municipalities to prioritize cold chain development projects. For example, a GCCA member’s new build in Greater Vancouver has a 2-1 ratio of planning approvals to actual construction time, holding back much needed capacity.

Development of allowances in standards/regulations for low-risk food items to be converted from bulk to retail packaging during emergency situations could limit shortages, reducing waste and lost product. This could be done by building packaging option capacities at the food processor that transforms the food to have the capability to shift restaurant (bulk) packaging to consumer packaging so that they could shift to the different channels Grocery/Restaurant if needed. The issue could also be addressed at the end of the supply chain, where distribution centers or grocery stores could breakdown restaurant quantity packaging to consumer packaging.

Another challenge to the food supply chain was surge panic buying. It is important that Canadian consumers have confidence in the food supply chain and that product will reliably be on the shelves. Surge buying creates a bubble that takes time for food production and distribution to catch up. The problem is compounded as once shelves are bare, the consumers continue to surge buy when available which creates additional bubbles. Better end-to-end supply chain visibility would help provide stakeholders, government, and consumers the confidence in the cold chain distribution.

The shift in consumer patterns also impacts refrigerated transportation. Within cold chain transportation, equipment in distribution to the grocery and food service is very different in specifications and design. The workhorse of grocery is a 48' to 53' refrigerated trailer, as opposed to food service distributors that may require a 28' or 36' refrigerated multi-temperature trailer to distribute multiple stops in smaller areas. When these two channel competitors attempt to work together, the smaller refrigerated trailers due to their capacity make them harder to utilize in the grocery business. These two very different distribution channel segments will need to continue to communicate and work with one another to help ensure efficient asset utilization in the future.

### **Food Supply Chain Technology**

Further advancements in supply chain technology and logistics need to be explored and implemented. Due to sourcing efficiencies that have been gained and supply chains getting longer, supply chains have become more vulnerable to disruptions. The lengthy and complex networks of contemporary supply chains make them difficult to regulate and manage. This is compounded with a linear disconnected supply chain of one up, one back where data resides in individual company systems that cannot be shared in the supply chain ecosystem. Visibility will be key to building a more resilient cold chain.

Digitization can be an important step to increasing the resiliency of the supply chain. The process would include marking, digitizing and utilizing data at the product level across the supply chain. The use of IoT markers, like RFID can automate the process without physically engaging the product, as well as provide economic benefits and improve visibility to the supply chain. This visibility would allow supply chain stakeholders to provide real-time inventory data, understanding when and where to surge or transform a product and provide consumer confidence in the supply chain to reduce future panic surge buying. In addition, the ability to scan and retrieve documents can remove friction along the supply chain.

With the increased reliance on technology across the food supply chain, the threats to cyber security become even more challenging. GCCA members ranging from single facility companies to companies with locations worldwide have been targeted with cyber-attacks. Those attacks, coupled with high profile incidents involving the meat and oil industries highlight the risks to the supply chain. GCCA encourages the Government of Canada to work with industry to develop additional resources to assist the food industry in strengthening cyber security.

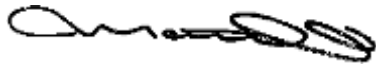
To provide federal support to meet supply chain technology needs, we recommend that the Canadian Digital Adoption Program add projects for supply chain technology and cyber security as eligible investments.

### **Funding Program Opportunities**

GCCA members experienced, and continue to experience, significant added expenses as they work to maintain the viability of the food supply chain. The financial impacts of the pandemic have placed major constraints on the ability of our members to invest in facility improvements and capacity expansions. Resources were shifted away from capital budgets to address the extraordinary expenses incurred responding to the pandemic. GCCA has been encouraged by the funding in Budget 2021 of \$1.9B over 4 years for the National Trade Corridor, as well as the \$603.2 million proposed in Budget 2022 to support supply chain projects through Transport Canada. The Government of Canada needs to ensure that food logistics companies have access to expanded funding to help strengthen the food supply chain for the future.

Thank you for the opportunity to provide testimony on behalf of GCCA and its members across the cold chain. The food supply chain has shown great resiliency throughout the pandemic, thanks to the efforts of essential workers. However, there are opportunities to address challenges and strengthen the food supply chain for the future. We stand ready to support the Government of Canada as it reviews the supply chain and considers new policies. Please let us know how we can be a resource to support these important efforts.

Sincerely,



Matthew Ott, CAE, CMP  
President & CEO