FROM THE EDITOR

BY KRISTINA URQUHART

Advanced manufacturing key to Canada's post-COVID future

It was welcome news at the end of March when French-owned pharmaceutical giant Sanofi announced plans to construct a $925-million influenza vaccine manufacturing facility in Toronto — though not only for the new jobs it would bring, or the economic boost it would inject into a challenged economy coming out of COVID-19.

It also wasn't only about Canada having domestic vaccine production in the event of another pandemic — though that is very welcome news indeed. No, Sanofi choosing to add another facility in Canada when the company also has a presence in 99 other countries showed the world that Canada is worth investing in.

Consider this: a report on the future of Canada's post-pandemic supply chain targets the advanced manufacturing sector as a prime market for growth — and a place where automation solutions can take centre stage.

Invest in Canada, a federal body charged with attracting foreign investment, recently commissioned KPMG to analyze which of the country's supply chains offer the best opportunities. The study, called *Advantage Canada: Reshaping Supply Chain Investment Opportunities After COVID-19*, identified advanced manufacturing in particular as primed for expansion: 40 per cent of manufacturers in Canada use advanced technologies, and GDP growth in advanced manufacturing was 3.7 per cent between 2017 and 2019.

The pandemic highlighted just how much risk global supply chains are under — the reliance on low-cost production with "just-in-time" delivery has, over time, led to offshoring, with "lean" distribution centres located closer to end customers. While manufacturers have been able to save on cost of labour by driving production away from Canada, the product bottlenecks felt during the COVID crisis revealed there can be hidden costs to operating with long supply chains.

As global supply chains shift to more regional or local ones, companies are establishing "micro supply chains" that bring products and supply networks closer to customers, cutting down on delivery costs and reducing supply shortages.

The report authors say potential investors should consider Canada as they redistribute their supply chains, because it is a stable democracy and has trade agreements in place with North America, South America, Europe and Asia. Canada offers access to water, energy and other resources, and employs a high-talent workforce as a result of quality schools and open immigration. There are policies in place to protect intellectual property, and the made-in-Canada brand is recognized around the world as one of high standards. Canada is also home to manufacturing sectors that need reinvention, such as aerospace and automotive.

An ecosystem of suppliers will be required to get construction and machine building underway, and to support Sanofi's plant once its up and running.

There are still supply chain risks for investors to be aware of such as border closures, which at the time of this writing have been in effect since the beginning of the pandemic. Ongoing geopolitical issues with the U.S. and China and the ensuing unpredictability could possibly affect Canada's export markets.

But the benefits outnumber the risks, says KPMG — and the quick response of the manufacturing supply chain to retool and produce medical supplies needed for COVID-19 means there are key investment opportunities for international automation vendors as well. The concentration of manufacturers and suppliers between the Windsor-to-Quebec corridor allows for direct access to OEMs while still being close to Canada's biggest consumer bases.

The new Sanofi plant, for example, will create 1,225 jobs by the time it is completed in 2027. But an entire ecosystem of suppliers will be required to get the construction and machine building underway, and to support it once its up and running. Good news for the automation suppliers here at home: you're already invested in Canada. Time to start preparing your bids. | **MA**

CONNECT

@AutomationMag kurquhart@annexbusinessmedia.com /company/automation-mag

MANUFACTURING AUTOMATION

Your resource for Canada's industrial automation news

Reader Service
Print and digital subscription inquires or changes, please contact:
Urszula Grzyb,
Audience Development Manager
Tel: (416) 510-5180
Fax: (416) 510-6875
Email: ugrzyb@annexbusinessmedia.com
Mail: 111 Gordon Baker Rd., Suite 400, Toronto, ON M2H 3R1

EDITOR
Kristina Urquhart
kurquhart@annexbusinessmedia.com
Tel: 416-442-5600

ASSOCIATE PUBLISHER
Kathryn Swan
kswan@annexbusinessmedia.com
Tel: 647-339-4880

GROUP PUBLISHER
Paul Grossinger
pgrossinger@annexbusinessmedia.com

MEDIA DESIGNER
Graham Jeffrey
gjeffrey@annexbusinessmedia.com

ACCOUNT COORDINATOR
Debbie Smith
dsmith@annexbusinessmedia.com
Tel: 416-442-5600 ext 3221

COO
Scott Jamieson
sjamieson@annexbusinessmedia.com

CONTRIBUTING WRITERS
Alena Barreca, Thomas Burke, Paul Hogendoorn, Karen Smock, Jacob Stoller, Lyall Watson

Manufacturing AUTOMATION is published seven times a year by:

Annex Business Media
111 Gordon Baker Rd.,
Suite 400, Toronto, ON, M2H 3R1
Tel: 416-442-5600
Fax: 416-442-2191

Printed in Canada **ISSN 1480-2996**
Publication Mail Agreement #40065710

SUBSCRIPTION RATES
Canada — $43 per year
United States — $75.50 (US) per year
Foreign — $86 (US) per year
Students — $20.50 per year

ANNEX PRIVACY OFFICER
email: privacy@annexbusinessmedia.com
Tel: 800-668-2374

Funded by the Government of Canada | Canada

Association Partner