

Clow, Brian

From: Stickney, Matt
Sent: Tuesday, March 24, 2020 10:48 PM
To: Kim, Sabrina
Cc: Holland, Alyx; Wagner, Elise; Clow, Brian; Broadhurst, Jeremy; Garneau, Vincent
Subject: Re: Export Restrictions - PPEs

Adding Brian, Jeremy and Vincent.

Getting Freeland on the phone with the Americans seems relatively important.

Sent from my iPhone

On Mar 24, 2020, at 10:33 PM, Kim, Sabrina <Sabrina.Kim@pmo-cpm.gc.ca> wrote:

FYI from Paul:

“Any disruption to trade in medical devices between Canada and the U.S. could have a significant impact on the sector and on health care systems in Canada. The Canadian medical devices sector is highly dependent on the U.S. as both the primary destination market for Canadian exports and as a major source of imports of medical devices.

Imports of medical devices into Canada from the U.S. in 2018 totaled \$4.0 billion, accounting for 44% of Canada’s total imports of medical devices.”

Sabrina Kim
Issues Advisor
Office of the Prime Minister
613-795-7803

Begin forwarded message:

From: "Halucha, Paul" <Paul.Halucha@pco-bcp.gc.ca>
Date: March 24, 2020 at 8:41:49 PM EDT
To: "Kim, Sabrina" <Sabrina.Kim@pmo-cpm.gc.ca>
Subject: Fwd: Export Restrictions - PPEs

FYI

Sent from my iPhone

Current Status

- Canada does not have the manufacturing capacity to produce protective equipment (PPE) such as the N95 mask/respirator and only has limited capacity to produce other protective gear (e.g. isolation gowns, surgical masks, gloves, face shields).
- Any disruption to trade in medical devices between Canada and the U.S. could have a significant impact on the sector and on health care systems in Canada. The Canadian medical devices sector is highly dependent on the U.S. as both the primary destination market for Canadian exports and as a major source of imports of medical devices.
- Imports of medical devices into Canada from the U.S. in 2018 totaled \$4.0 billion, accounting for 44% of Canada's total imports of medical devices.
- The Canadian medical device sector is dominated by small and medium-size enterprises (SMEs) by number, and foreign-owned global companies by market share. A number of U.S.-owned MNEs as well as other U.S.-owned companies have medical device operations in Canada, some of which conduct manufacturing for the Canadian and global markets (often as a result of previous acquisitions of Canadian SMEs). Medtronic, the largest global medical device MNE, now has its principal executive office in Ireland but retains its operational headquarters in the U.S. Medtronic also has manufacturing operations in Canada.
- Various countries have put in place export bans/restrictions on key medical devices needed to fight COVID-19. Notably, the European Commission has issued an implementing regulation making the export outside the EU of specified personal protective equipment (PPE) subject to authorization, whether or not originating in the EU. Further product types may be added. The regulation, which will expire automatically after six weeks, also provides for the launch of an EU procurement procedure for PPE to counter the spread of COVID-19 under the Joint Procurement Agreement for medical countermeasures.
- The U.S. is also running low on key medical devices, such as masks, test swabs and ventilators. New York State alone is looking to procure 30,000 ventilators. The U.S. is looking to obtain a stockpile of 300 million N95 masks. Given the world demand for limited resources the U.S. may limit PPEs produced on their territory from being exported.
- There is an opportunity for both the U.S. and Canada to share resources to ensure both countries are equipped to combat the virus. Discussions should focus of key supply issues and collaboration on determining where resources could best be distributed to stem the spread of COVID-19 in North America.

Next steps

- The Minister of International Trade co-signed a joint statement on March 24, affirming Canada's commitment to ensuring supply chain connectivity, including keeping trade lines open, and refraining from the imposition of export controls, tariffs, and non-tariff barriers. Other co-signing countries include Australia, Brunei Darussalam, Chili, The Republic of the Union of Myanmar, New Zealand and Singapore.
- Analysis on countries imposing export restrictions is ongoing (see attached reporting). Departments are reviewing Canada's position regarding export restrictions for medical supplies and equipment, given Canada's reliance on imports for most of these products.
- Finance and GAC are prepared to support on statistical analysis on import sources, and ISED on domestic production. PCO is working to secure an official list of needs (at a tariff line level) from PHAC/PSPC to support this analysis.

<Watching Brief - COVID-19 export restrictions - 2020-03-24.docx>