

**From:** "Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>

**To:** "Direct to Mayor and Council - DL"

**CC:** "City Manager's Correspondence Group - DL"  
"City Leadership Team - DL"

**Date:** 5/22/2020 3:43:30 PM

**Subject:** VEC Economy Report - May 22, 2020

**Attachments:** 2020-05-22 VEC ECONOMIC REPORT - FINAL.pdf

2020 05 22 - Global Affairs Chief Economist - Webinar forecasting - May ....pdf

Dear Mayor and Council,

Attached are the following:

**1. VEC Economy Report, May 8-May 22, 2020.**

- a. The next Economy report will be June 5

**2. Presentation from Global Affairs Chief Economist: Forecasting in COVID Times  Modern Art**

- a. For those who want a little extra reading on the impacts and forecasts to the global economy and insights to the future of Foreign Direct Investment (FDI) and Trade at a national level

Best,  
Sadhu

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Pronouns: he, him, his



*The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the Musqueam, Squamish, and Tsleil-Waututh peoples.*

# Vancouver Economic Commission

## COVID-19 Economic Update to City of Vancouver and VEC Staff

**May 22, 2020**

Updated: 22-May-2020

This document is a biweekly roundup of the COVID-19-related impacts, mitigations and recovery planning for the Vancouver economy with additional global insights and thought-leadership. The purpose is to provide a Vancouver-centric briefing to City of Vancouver Leadership and staff at the Vancouver Economic Commission.

### **Purpose**

1. Provide an overview of the Vancouver economy, including key COVID-19 related economic impacts, mitigations, and recovery planning efforts – by sector, where possible
2. Consolidate and escalate outstanding priority industry asks of all levels of government, including COV
3. Provide key regional and global insights by sector, including thought leadership, innovations and evolving economic recovery plans to inform COV and VEC's own recovery efforts

### **Disclaimer**

1. The information contained in this report is updated with continually evolving quantitative and qualitative data from various reputable sources
2. The insights in this report are drawn from the work of numerous other datasets that vary in scope and scale; as such, VEC acknowledges it has made judgment calls when processing the raw data to generate pertinent Vancouver-centric numbers for reporting and analysis
3. All effort has been undertaken to capture the best relevant available data and intelligence, but the findings may not be fully representative of all businesses and sectors
4. Key assumptions have been made to develop the most accurate metrics at the point of report delivery. These metrics and assumptions are under continuous review
5. Where applicable, VEC's analysis of impact on revenues, employment and business closures have been calculated using inputs from Statistics Canada, BC Chamber of Commerce surveys, or other reputable public data sources

### **Further Information:**

For a summary of the latest Government support and industry guidance to businesses and individuals, please refer to VEC's COVID-19 webpages: <https://www.vancouvereconomic.com/covid-19>



# Executive Summary

## A. COVID-19's lasting impact on the economy continues to reveal itself

The Canadian and global economy continues to contract at unprecedented levels and forecasts continue to get worse as time moves on. There is a wide disparity of the impact of COVID-19 on the economy and the anticipated recovery scenarios. As of May 2020, global GDP has contracted by -4.8% and Canada -10.7% as of May 2020 (Source: Global Affairs Canada).

There are two key factors driving the decline in GDP, COVID-19 and the energy crisis. Canada is in a relatively strong position to mitigate the impact of COVID-19 on the economy and ultimately whether an anticipated recession and a strong recovery due to Canada's historic relatively low levels of debt.

This report continues to highlight Vancouver-specific data and has been refined to highlight VEC's key focus sectors.

[Key Vancouver](#) data this week includes new sector specific numbers and trend-line analysis on employment and business closures. Key stats (some unchanged):

- **Employment:**
  - Approx. 90,000 jobs in Vancouver (22 percent of the workforce) have been laid off as of April 2020 <sup>[1]</sup>
  - 7.5% unemployment rate Apr 2020 *Vancouver CMA*
  - The highest rate of decline across Canada was found in youth aged 15 – 24, employment decreased in March by 15.4% - the decrease was entirely from the loss of part-time work, this is the lowest rate compared to 1976 – [Statistics Canada](#)
- **Revenue**
  - 27 percent drop in business revenues in Vancouver as of April 2020, equivalent to approx. \$2 billion less revenue generated per month
- **Business Closures:**
  - Approx. 13,400 businesses have temporarily or permanently closed in Vancouver as a result of COVID-19 (approx. 40 percent). Although the long-term impacts of the pandemic remain to be seen, the large majority of these are currently filed as temporary closures

## B. Provincial Reopening and Recovery Plans

The [Provincial Reopening & Recovery Table](#) highlights the plans of many provinces in the second half of May many Provinces entered the next stage of reopening. British Columbia officially entered Phase II on May 19, including rescinding its ban on dine-in restaurant options and personal services, instead replacing the ban with mandatory health and employment measures to enforce physical distancing for diners and shoppers. Pubs and nightclubs, however, remain closed.

To prepare for Phase II, WorkSafe BC created [industry specific guidelines](#) and protocols for businesses to refer to while they reopen. Despite these resources and the lifting of restrictions, however, many industries, including restaurants and salons, remain hesitant of how to operate safely for both staff and customers.

As the economy reopening continues, many voices – from citizens to private and public sectors organisations – continue to advocate for a sustainable, resilient and equitable recovery on a local, national and global scale. The [Thought Leadership](#) table features notable pieces on the topic, along with the way some jurisdictions and industries have embraced and adapted to new realities of work on the road to economic recovery.

## C. Priority Industry Requests to Government

Many of the government financial supports [this reporting period](#) answered some of the requests related to liquidity and financial needs from SME businesses.

Industry requests continue to demonstrate the continued need for further financial support by all levels of government. However, many of the asks have shifted to support on recovery-related initiatives, reopening, and retraining unemployed employees. There is growing attention, across a number of sectors, on the terms for available liability insurances to mitigate corporate and individual liability related to COVID-19 with concern that COVID-19 risks may not be included in liability insurance in the future.



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# 1. Industry Priority Asks of Government

The industry feedback and requests in this section has been collected through key VEC stakeholder channels and partners, with a focus on new and current government stimulus packages and the outstanding needs of the business community.

## 1.1 Top Outstanding Asks to Government

Asks for the City of Vancouver	
Type of Ask	Ask
Financial Support	A municipal-backed Startup-In-Residence Program
Financial Support	Property tax and business rate relief for businesses
Financial Support	Creation of municipal-backed ecosystem hub to support start-ups focused on enabling smart city solutions and initiatives
Health/Safety	Expand standard hours of construction to enable a higher degree of social distancing protocols at job sites
Health/Safety	Public promotion of the motion picture sector's safe working practice.
Reopening	Increase speed of permitting to help streamline the process to reopen businesses
Reopening	Support the film sector in accessing government and privately owned lands such as the Port of Vancouver, to allow staging of production vehicles and parking & reducing the need for on-street parking Downtown.
Reopening	Support from key City departments, such as FASE and the VPD, to allow for a quick restart of the film and TV sector

Asks for the Provincial Government	
Type of Ask	Ask
Financial Support	The Union of BC Municipalities <a href="#">wrote a letter</a> to Minister Selina Robinson seeking the expansion of the existing Property Tax Deferral Program, easing financial pressure for residential homeowners, and for recovery stimulus funding for infrastructure
Financial Support	Continued stability of the motion picture production incentives in order to maintain BC's competitive advantage and protect a \$3.6bn economic sector for the Province.
Financial Support	Incentivize buy local programs

Financial Support	Keep Carbon tax on schedule
Financial Support	Act quickly to support clean energy and cleantech and businesses by expanding existing initiatives and programs such as BC's Innovative Clean Energy fund (ICE)
Health/Safety	Ensure that the process for obtaining priority PPE items is streamlined and protocols are developed for who can access the materials
Health/Safety	Manufacturers are asking for current and forecasted demands of PPE as they consider ramping up their supply or retooling their facilities
Health/Safety	Further guidance and assistance for the restaurant industry to reopen at 50 percent capacity

### Asks for the Federal and Provincial Government

Type of Ask	Ask
Financial Support	Request for the creation of a workforce development fund of \$500 million, to be deployed for workforce training, with up to \$1,000 per employee
Financial Support	That economic relief measures (esp. operational relief and subsidies) consider the ongoing challenges to live performance venues, which will need to stay closed longer than other businesses
Financial Support	Design/create policy interventions incentivizing the flow of private capital through a matching program with venture capital companies for businesses who may not qualify for Federal financial programs
Financial Support	Expanded eligibility for Canada Emergency Commercial Rent Assistance (CECRA), covering businesses that have lost between 30–70 percent of revenue
Financial Support	Temporarily suspend hotel tax before lifting restrictions
Financial Support	Request for GST/HST relief waiver for the first quarter of 2020 to relieve financial stress on businesses

### Asks for the Federal Government

Type of Ask	Ask
Financial Support	To deploy Federal funding to infrastructure projects first, as municipal funding may be delayed
Financial Support	Motion picture sector remains included in the next phase of the Federal stabilization funding package
Financial Support	That any economic relief measures (esp. operational relief & subsidies) consider the ongoing challenges to the Post Production, Animation and Visual Effects sectors, as the



	business impact will commence in Q3/4, with potential large scale job losses and business closures. This is a shared issue with Montreal and Toronto.
Financial Support	Aid from the Ministry of Canadian Heritage for film and TV SMEs that may not qualify for existing relief programs.
Financial Support	Advocate for the Creative Sector to be included in the planning for the next phase of the Federal Stabilisation Funds.
Financial Support	Additional financial support for Public Transit (Translink)
Financial Support	Expand funding to BDC, SDTC, EDC, and WD with a mandate to ensure funds will get deployed
Financial Support	Top-up existing cleantech venture funds to unlock the capital already invested
Financial Support	Enable the NRC-IRAP to accelerate processing of SRED claims
Financial Support	Financial support for decarbonizing maritime fleets (BC Ferries, tugboats, barges and ship buildings)
Financial Support, Health & Safety	A <a href="#">letter</a> to the Prime Minister for sick pay coverage under the Employment Insurance Act during COVID-19, signed by many organizations in BC's business sector
Reopening	Invest in decarbonizing federal buildings and creation of a nation-wide retrofit investment program
Reopening	Although the immediate issue of renewing existing Temporary Foreign Workers visas has been alleviated, the sector relies heavily on attracting foreign talent as there is a shortage of skilled workers in the motion picture sectors across the country. Continued flexibility in TFW Visa regulations is required.

## 2. Key Government Announcements Impacting the Business Community

### 2.1 Latest Government Announcements identified as most beneficial / having the most positive impact

- The BC Restaurant and Food Services Associations wrote a [recent letter](#) to BC mayors and councillors requesting flexible, innovative and expedited patio permitting. Vancouver City Council [recently passed a motion](#) by Councillor Kirby-Yung on expedited patio permitting.
  - Staff anticipate an [upcoming proposal](#) by Councillors Wiebe and Fry for a bylaw designating public spaces for responsible alcohol consumption.
- The federal government extended eligibility for the [Canada Emergency Business Account \(CEBA\)](#) to include owner-operated small businesses
- For property owners to qualify for [Canada Emergency Commercial Rent Assistance \(CECRA\)](#) for small businesses, property owners must offer a minimum of 75 percent rent reduction for the months of April, May, and June; the program will launch on May 25

### 2.2 Provincial Reopening and Recovery Plans

Ten provinces to date announced reopening and recovery plans. The table below provides an overview and relevant quick links:


Provincial Reopening & Recovery Plans	
Province (with link)	Summary
<a href="#">Alberta</a>	<ul style="list-style-type: none"> <li>• Launching stage one of recovery as early as May 14, including opening farmers markets, museums and galleries, daycares, and out-of-school care with occupancy limits</li> <li>• Prior to Stage I, a few restrictions have been lifted such as boat launch access in some Provincial parks and opening gold courses</li> <li>• Allowing outdoor gatherings up to <a href="#">50 people</a></li> </ul>
<a href="#">British Columbia</a>	<ul style="list-style-type: none"> <li>• BC's Phase II began May 19 and includes permitting small social gatherings, restoring non-urgent surgery, opening provincial parks for day use and opening more non-essential businesses with safe operating plans</li> <li>• K-12 students will have the <a href="#">option to return to school</a> on a part-time June 1</li> <li>• <a href="#">WorkSafeBC</a> has released industry-specific guidelines for reopening</li> <li>• Reservations may be made for BC campsites beginning on May 25 for when campsite operations resume on June 1</li> </ul>
<a href="#">Manitoba</a>	<ul style="list-style-type: none"> <li>• Two phases have been announced, with more to come</li> <li>• <a href="#">Phase I</a> began May 4, including the restoration of non-urgent surgery, and the opening of: retail businesses, hair salons and barbers, museums, galleries and libraries</li> <li>• <a href="#">Phase II</a> will begin no sooner than June 1 with expanding public gatherings, restaurant dine-in restored and film production reopened</li> </ul>










<a href="#"><u>New Brunswick</u></a>	<ul style="list-style-type: none"> <li>• Each business has the responsibility to ensure they have an operational plan outlining how they will manage the safe opening and operation of business/service/organization in line with health requirements</li> <li>• Public health measures are applicable to phased reopening</li> <li>• The Province has a color-coded system: on May 8 they moved from “red” to “orange” – now allowing for two-household bubbles and gatherings with physical distancing for 10 or fewer people</li> </ul>
<a href="#"><u>Newfoundland and Labrador</u></a>	<ul style="list-style-type: none"> <li>• Now in <a href="#"><u>Alert IV</u></a>, can expand to a two-bubble household, funerals and weddings can have no more than 10 people, municipal parks are open without playground equipment and camping remains closed</li> <li>• It will take at least 28 days before moving onto Alert III</li> </ul>
<a href="#"><u>Nova Scotia</u></a>	<ul style="list-style-type: none"> <li>• Initial steps as of May 1 include reopening provincial and municipal parks and trails; permitting people to travel to cottages; and allowing drive-in religious services</li> <li>• On May 16, additional announcements permitted two-household social bubbles, reopening public beaches, and opening outdoor activities</li> </ul>
<a href="#"><u>Ontario</u></a>	<ul style="list-style-type: none"> <li>• Ontario's three-stage approach will slowly reopen more workplaces and public spaces/gatherings</li> <li>• For each stage, there are many considerations, including two-to-four week decreases in the number of new daily COVID-19 cases</li> <li>• As of May 19, the following will be open: retail stores with their own street-front entrances; tennis courts; horse racing; and libraries for pickup/delivery</li> </ul>
<a href="#"><u>Prince Edward Island</u></a>	<ul style="list-style-type: none"> <li>• PEI has four distinct phases, lifting measures over three-week periods: May 1; May 22; and June 12 are Phases I through III. Implementation date for the Phase IV is TBD</li> <li>• In Phase I, limited outdoor gatherings will be allowed for up to five individuals from different households, while maintaining physical distancing</li> <li>• Phase II beginning on May 22 will include outdoor gatherings of up to 10 people, or up to five people indoors, reopening of retail businesses such as retail outlets and greenhouses, and reopening of all childcare under Chief Public Health Office guidance</li> </ul>
<a href="#"><u>Quebec</u></a>	<ul style="list-style-type: none"> <li>• Quebec's reopening emphasises a gradual, sector-based approach. All retail trade and supply chain businesses with street access may reopen May 4 (excepting the Metropolitan Community of Montreal)</li> <li>• On May 11, all manufacturing businesses resumed activities with a maximum number of 50 gathered employees</li> </ul>
<a href="#"><u>Saskatchewan</u></a>	<ul style="list-style-type: none"> <li>• <a href="#"><u>Phase I</u></a> began May 4 and includes previously restricted medical services and guidelines for parks, campgrounds, boat launches, fishing, and golf courses</li> <li>• <a href="#"><u>Phase II</u></a> began May 19 with the re-opening of retail, shopping malls and select personal services</li> </ul>









## 2.3 New Key Announcements by all Levels of Government

Click on  for the link to government news release.

### Updates from the City of Vancouver
















Link	Update Type	Description
	Financial Support	Property owners who missed the Empty Homes Tax declaration in 2017 and 2018 have a final opportunity to make the declaration and have their bill rescinded
	Financial Support	A map has been launched illustrating the more than 50 resources existing in Vancouver for residents who need access to free or low-cost foods
	Health/Safety	Vancouver Park Board will delay the annual opening of its five outdoor pools and will not immediately provide lifeguards for nine beaches until a thorough review has been done to protect swimmers and staff
	Reopening	The City has rescinded the order to shut down all restaurant table service
	Reopening	Beginning May 15, all 135 tennis courts in Vancouver are now open
	Reopening	SkyTrain service levels will return to 100 percent beginning week of May 25
	Reopening	50 kilometers of residential roads will be turned into "slow streets," allowing local access only, to increase room for walking and cycling

### Updates from the Provincial Government





Link	Update Type	Description
	Financial Support	The Province and Translink are working on a comprehensive solution to address COVID-19's financial impacts on Translink
	Financial Support	\$300,000 for the Buy-BC e-commerce fund to help BC farmers and food processors move products online. Successful applicants will receive \$5,000 to develop website
	Financial Support	SPARC BC has provided 3,500 smartphones to be distributed to community organizations that provide support for vulnerable people
	Financial Support	\$120 million allocated to begin cleaning up abandoned oil and gas operations in Northern BC
	Health/Safety	Provincial government has launched a survey to better understand the impact of the pandemic on people and inform future government decisions on resource allocation
	Health/Safety	BC has extended its State of Emergency until May 26

	Reopening	\$75 million to northern BC to support healthy community growth and build infrastructure during major resource developments
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## Updates from the Federal Government

Link	Update Type	Description
	Financial Support	Canadian Emergency Wage Subsidy (CEWS) will be extended through Aug 29, 2020
	Financial Support	\$500 million to support culture, heritage and sport sectors, including \$326.8 million to be administered by Canadian Heritage, \$88.8 million for the Canada Media Fund, \$55 million for the Canada Council for Arts, and \$27 million for Telefilm Canada
	Financial Support	Offering a Large Employer Emergency Financing Facility (LEEFE) to bridge financing for large Canadian businesses to keep employees on payroll – recipient companies will be required to publish annual climate-related disclosures
	Financial Support	The Business Credit Availability Program (BCAP) will be expanded for mid-sized companies, including loans up to \$60 million and guarantees up to \$80 million
	Financial Support	\$2.5 billion for 7 million seniors, including a one-time payment of \$300 for those eligible for Old Age Security; \$200 for those eligible for Guaranteed Income Supplement; and \$20 million for New Horizons for Seniors Program
	Financial Support	Canadian Emergency Student Benefit (CESB) application portal opened May 15
	Financial Support	\$469.4 million announced to support Canada's fish harvesters
	Financial Support	Regional Relief and Recovery Fund (RRRF) will devote \$962 million to help businesses – of this, \$304 million has been allocated to Western Canadian businesses
	Financial Support	Farm Credit Canada has allocated \$100 million to provide stability and flexibility while helping agricultural and food businesses rebuild
	Financial Support	\$450 million has been announced to help Canada's academic research community
	Financial Support	CECRA for small businesses requires the property owners to offer a minimum of 75% rent reduction for April, May, and June
	Financial Support	\$3 billion allocated to top up wages for essential workers, amounting to a lump-sum payment of about \$4 an hour for a 16-week period beginning on March 15, 2020
	Financial Support	Federation of Canadian Municipalities (FCM) announced \$300 million to support local housing providers as part of the Green Municipal Fund
	Financial Support	Expanded eligibility for CEBA, which is now extended to include many owner-operated small businesses and farmers
	Financial Support	\$75 million has been announced in new funding for Indigenous peoples in urban centres and off reserve



	Financial Support	The Federal government launched a new online tool, "Find financial help during COVID-19"
	Health/Safety	The Canada/US border will be closed for another 30 days
	Reopening	Some of Canada's national parks and historic sites will reopen for partial use on June 1
	Reopening	All levels of government have announced a combined \$3 billion on infrastructure projects to make facilities more pandemic-resistant. The federal government will pay 80 percent and the remaining 20 percent will be paid by provincial and municipal governments.

### 3. Economy at a Glance

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Contents and Quick Navigation:

- [3.1 Vancouver](#)
- [3.2 British Columbia](#)
- [3.3 Canada and Global](#)

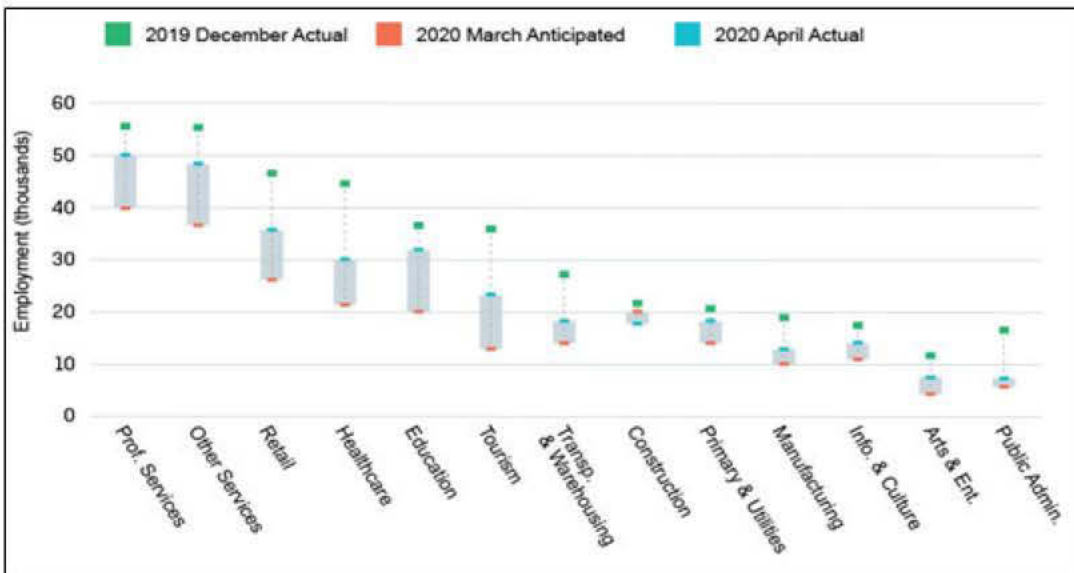
#### 3.1 Vancouver Economy at a Glance

##### 3.1.1 Employment

- Approx. 410,000 jobs existed in Vancouver prior to COVID-19
- Approx. 90,000 jobs in Vancouver (22 percent of the workforce) have been laid off as of April 2020 <sup>[1]</sup>
  - Approx. 172,000 workers in Vancouver were anticipated to be laid off. (Note: this was in March, prior to the announcement of the Federal government 75 percent wage subsidy) <sup>[2]</sup>

**Graph 1: Employment (Pre-, Post- Anticipated and Actual)**





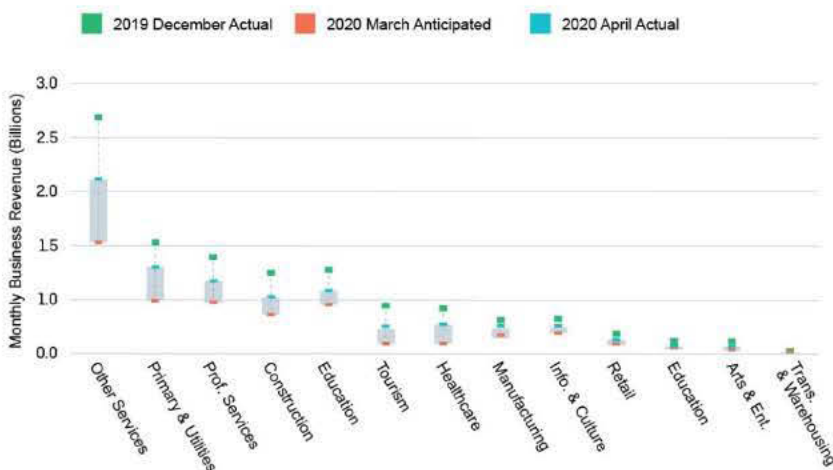
Source: Statistics Canada data (Business Register, Labour Force Survey and COVID Survey); BC Chamber of Commerce Survey

- Vancouver Airport Authority (YVR) issued layoff notices for 25 percent of their 550 employees

### 3.1.2 Revenue

- Pre-COVID-19, the Vancouver economy was estimated to bring in \$89 billion in revenues this year from small and medium-sized enterprises <sup>[3]</sup>
- There has been a 27 percent drop in business revenues in Vancouver as of April 2020
  - This is equivalent to approx. \$2 billion less revenue generated per month

**Graph 2: Small Medium Enterprises Revenues (Pre-, Post- Anticipated and Actual)**

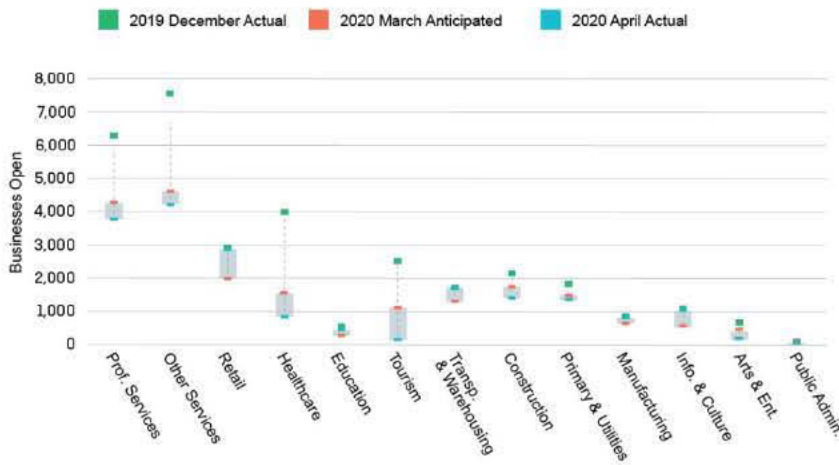


Source: Statistics Canada data (Business Register, Labour Force Survey and COVID Survey); BC Chamber of Commerce Survey

### 3.1.3 Businesses

- Pre-COVID-19, there were approx. 32,000 businesses operating in Vancouver
  - This is in addition to an approx. 100,000 sole proprietors or self-employed individuals
- Approx. 13,400 businesses have temporarily or permanently closed in Vancouver as a result of COVID-19 (approx. 40 percent). Although the long-term impacts of the pandemic remain to be seen, the large majority of these are currently filed as temporary closures
  - These numbers include approx. 2,000 accommodation and food service businesses, 2,500 professional, scientific & technical firms and more than 3,000 healthcare and social assistance organizations

**Graph 3: Businesses Open (Pre-, Post- Anticipated and Actual)**



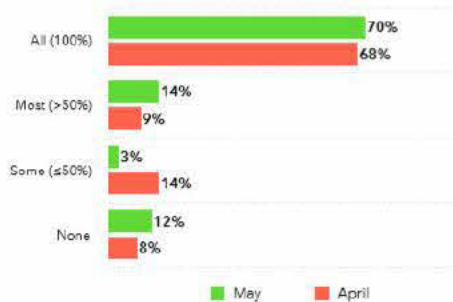
Source: Statistics Canada data (Business Register, Labour Force Survey and COVID Survey); BC Chamber of Commerce Survey

### 3.1.3 City of Vancouver Research

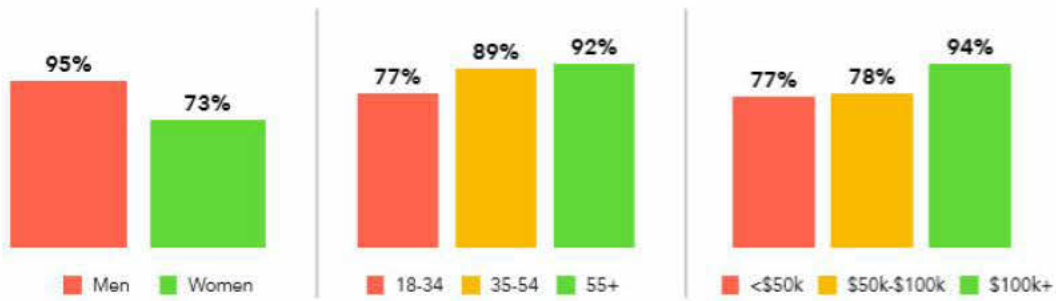
Between May 8–11, 2020 the City of Vancouver surveyed 321 residents via an online study to gauge the impact of COVID-19 on renters and homeowners, gathering insights of the pandemic's impact on various population segments. The margin of error is +/- 5.5 percentage points.

#### Renters

What proportion of your regular mortgage payment did you manage to pay this month?

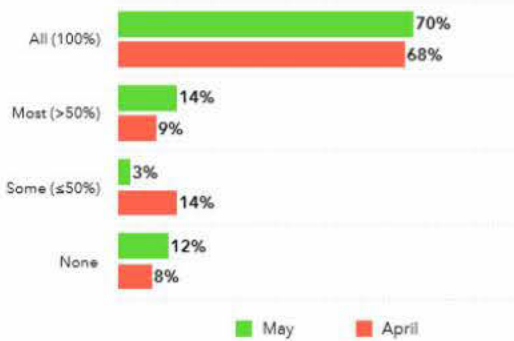


**Are you able to pay your full rent payment this month?**

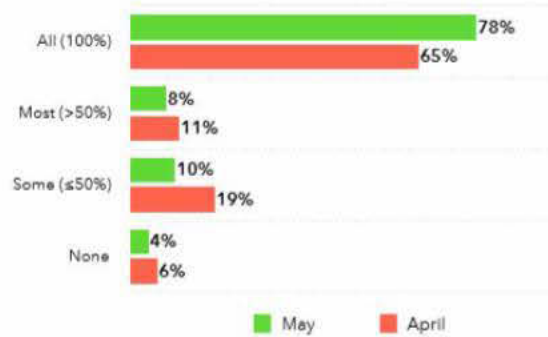


**Homeowners**

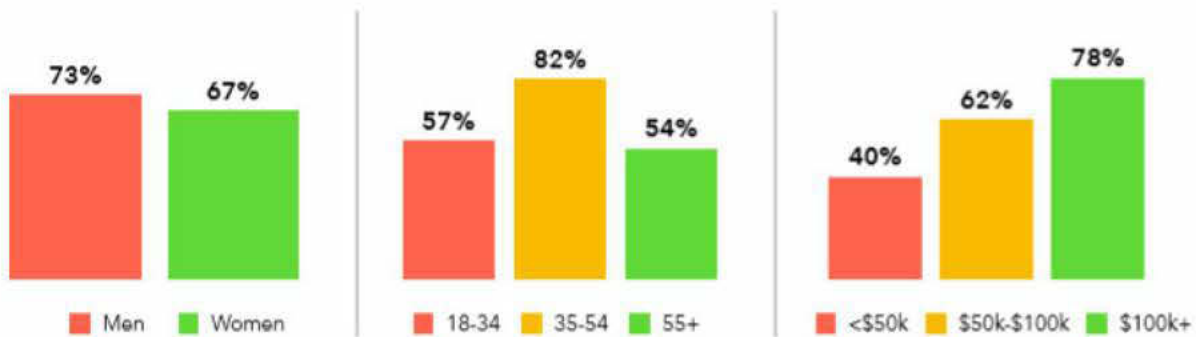
**What proportion of your regular mortgage payment did you manage to pay this month?**



**What proportion of your property tax do you intend to pay to the City of Vancouver this year?**



**Are you able to pay your full mortgage payment this month?**



**3.2 British Columbia Economy at a Glance**

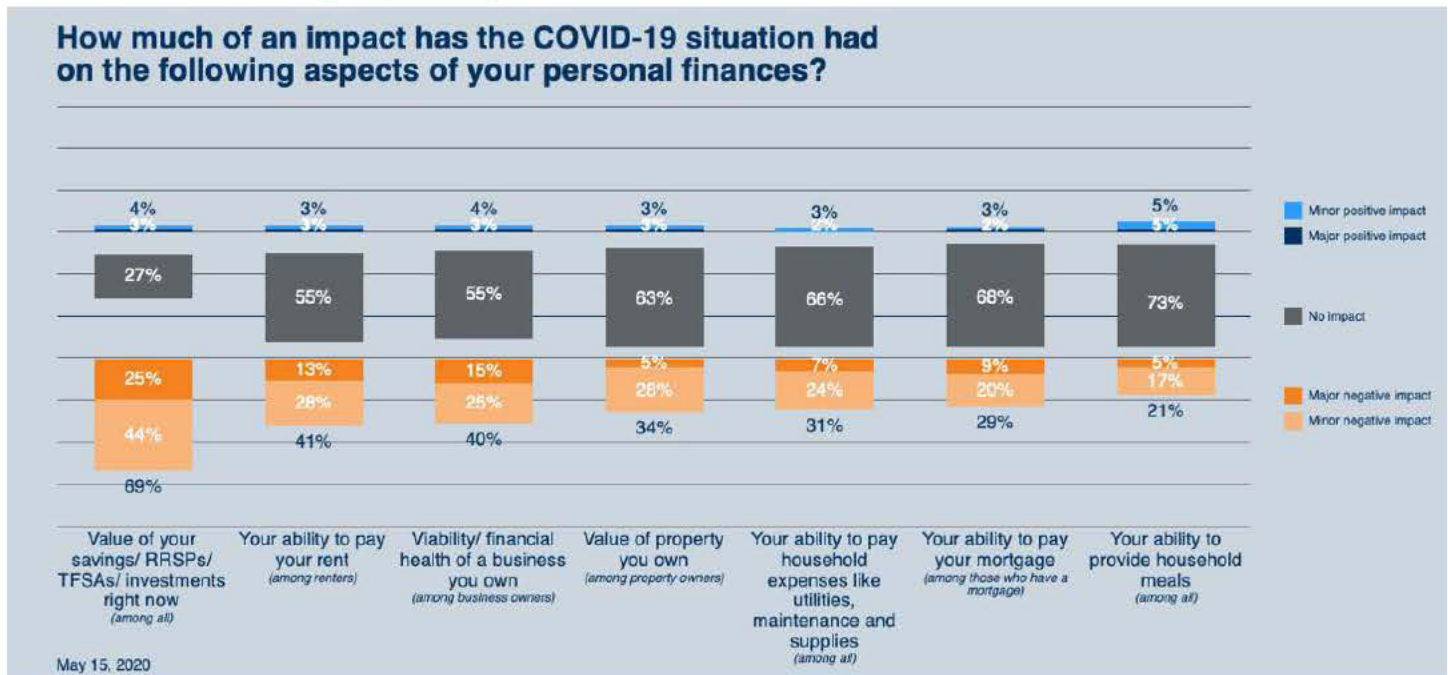
**3.2.1 Employment**

- BC employment fell 15.6 percent in April 2020 over February 2020; of this drop, 11 percent took place in March 2020 alone – [Statistics Canada](#)



### 3.2.2 Revenue

- BC and Manitoba are predicted to have the fastest economic recovery – [RBC Economics](#)
- 69 percent of British Columbians have noticed a negative impact of COVID-19 on their savings or RRSP account – [Insights West](#)



Source: [Insights West](#)

- Updated BC GDP predictions range from -4 to -7.3 percent in 2020: the full range is available [here](#) – [RBC Economics](#) and [Central 1](#)

### 3.2.3 Businesses

- Guiding principles for BC resilience include collaboration, not competition; diversification; skill investment; and regional planning for rural communities to build more robust economies – [Steve Pedigo, VP Strategy at Resonance, BC Economic Development Association](#)
- [BC Chamber of Commerce](#) has finished gathering responses for their third Pulse Check survey, with specific questions focused on the BC Recovery Plan. the numbers will be made public soon, and incorporated in VEC's next Economy report
- In a recent report top trends influencing the local economy included: technology and innovation, environmental degradation and climate change, social and demographic shifts and economic inequality – [Emerging Economy Task Force](#)

# Balanced Scorecard of Key Economic Metrics

● Improved    ● Neutral    ● Worsened

● **1.1%**

**Consumer Price Index**  
y-o-y Mar 2020  
Vancouver CMA

● **2.9%**

**Consumer Price Index, Food**  
y-o-y Mar 2020  
British Columbia

● **7.5%**

**Unemployment rate**  
Apr 2020  
Vancouver CMA

● **\$3.5B**

**Exports**  
Total, March 2020  
British Columbia

● **-16.6%**

**Exports**  
y-o-y March 2020  
British Columbia

● **-50.8%**

**Residential Unit Sales**  
y-o-y April 2020  
British Columbia

● **-30.2%**

**Housing Starts**  
2020f  
British Columbia

## Other Economic Metrics

● **-75%**

**Cruise Ship Passenger Revenue**  
2020f  
Port M. Vancouver

● **-\$7.6B**

**Decline in Direct Economic Impact from Cruise Industry**  
2020f  
Port M. Vancouver

● **-48.3%**

**Enplaned/Deplaned Passengers**  
y-o-y Mar 2020  
YVR

**GDP Forecasts**  
BC and Canada, percent



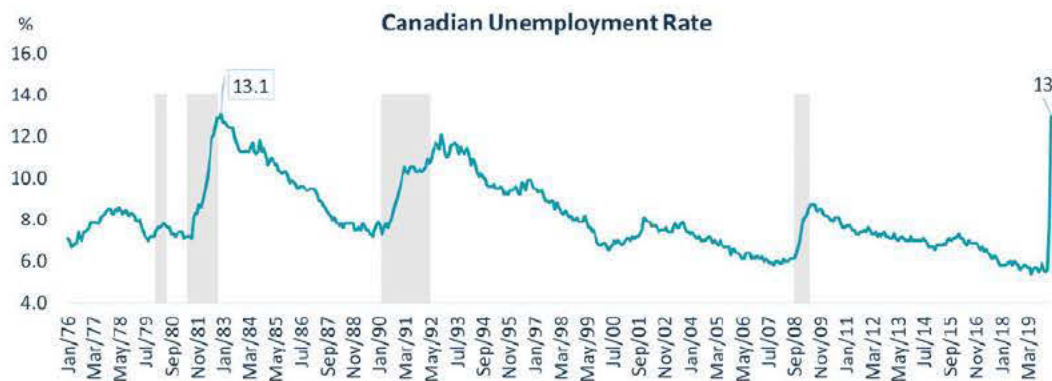
Sources: [British Columbia Real Estate Association](#), BC Stats, Business Research & Economic Advisors, [Central 1](#), Statistics Canada, Port Metro Vancouver, YVR.  
GDP: TD, RBC, Central 1, IMF



## 3.3 Global and Canadian Economy at a Glance

### 3.3.1 Employment

IN TWO MONTHS, CANADIAN LABOUR MARKET WENT FROM NEAR RECORD LOW UNEMPLOYMENT RATE TO NEAR RECORD HIGH



Data: Statistics Canada Table: 14-10-0287-01  
Source: Office of the Chief Economist, Global Affairs Canada

### Employment variation from February to April 2020, Canada

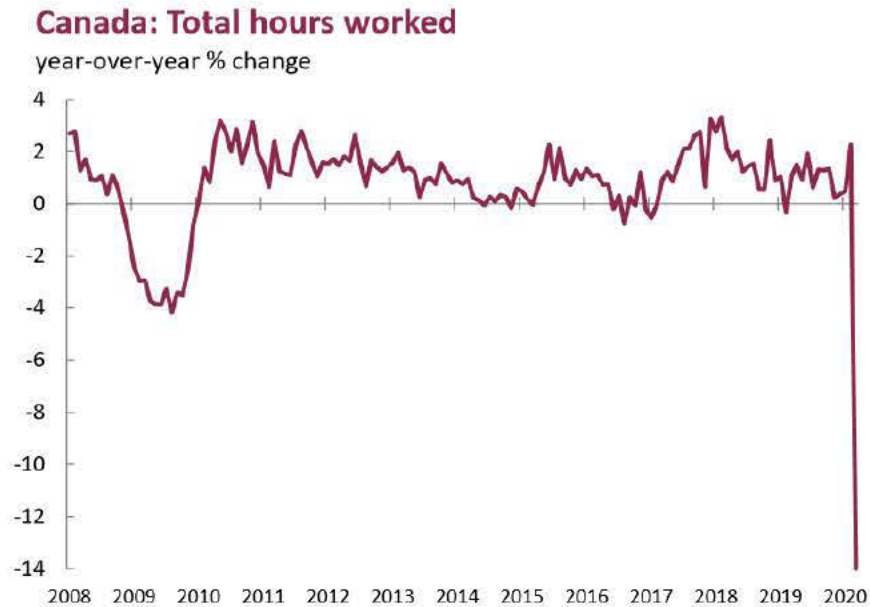
Selected sectors, thousands

Source: [Statistics Canada](#)

	March variation	April variation
<b>Accommodation and food services</b>	-294	-321
<b>Wholesale and retail trade</b>	-208	-375
<b>Construction</b>	-2	-314
<b>Manufacturing</b>	-35	-267
<b>Health care and social assistance</b>	-100	-129
<b>Information, culture and recreation</b>	-104	-82
<b>Educational services</b>	-125	-34

- The highest rate of decline was found in youth aged 15 – 24, employment decreased in March by 15.4% - the decrease was entirely from the loss of part-time work, this is the lowest rate compared to 1976 – [Statistics Canada](#)

- After the last recession in 2008 it took seven to eight years for jobs for those aged between 15 – 24 to return to pre-recession levels – [Ken Peacock, Chief Economist at BCBC, Vancouver Sun](#)
- Job losses saw a disproportionate impact on low-paid workers: half of those making under \$16/hr lost their jobs, while only one percent of those making over \$48/hr suffered job losses – [Canadian Centre for Policy Alternatives](#) and [Statistics Canada](#)
- Social and physical distancing requirements show historic reduction in hours worked by Canadians – [EDC](#)



Source: Haver Analytics; [EDC Economics](#)

### 3.3.2 Revenue

THE EXPECTED ECONOMIC CONTRACTION HAS BEEN GETTING WORSE WITH EACH NEW FORECAST



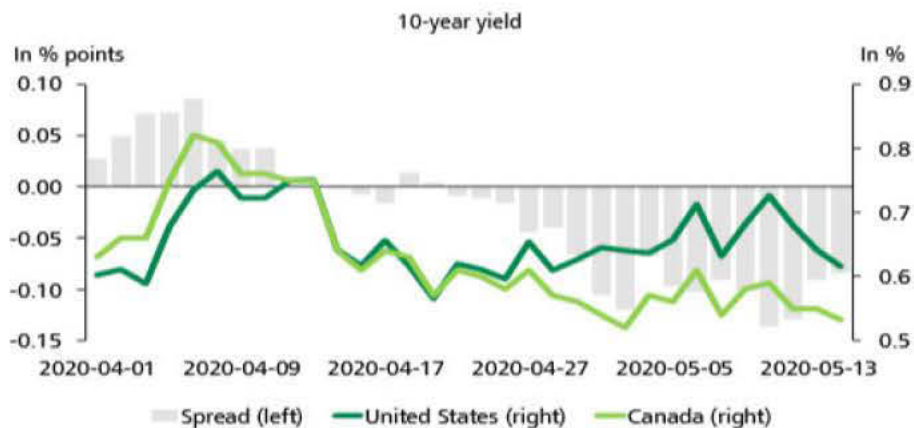
Data: Oxford Economics - World Economic Prospects Monthly  
Source: Global Affairs Canada, Office of the Chief Economist

- Factoring the slower easing of restrictions that initially planned and the energy sector shock, the forecast for 2020 GDP for Canada has been reduced to -7.1 percent – [National Bank of Canada](#)
- Canadian recession likely more severe than other countries: Macquarie’s David Doyle – [BNN Bloomberg](#)
- Canadian national home sales activity fell 57.6 percent on a year-over-year basis – [Canadian Real Estate Association](#)
- During COVID-19, Canadian’s debt-to-income levels spiked to an all-time high at 180 percent - [EDC](#)
- The Canadian financial system remains resilient – banks, bond funds and financial market infrastructures are strong enough to handle the challenging conditions imposed by COVID-19 – [Bank of Canada](#)
- As of April 2020, the current global account balance as a percentage of GDP is -0.9 percent – [International Monetary Fund](#)
- In 2018, Canada had the lowest public debt among G7 countries and at the end of 2019 was forecast to maintain this level of federal debt as a percent of GDP into 2019/2020 – [Government of Canada](#)

### 3.3.3 Businesses

- C40 Cities has launched a [Global Mayors Economic Recovery Task Force](#), including 40 mayors and city leaders from 25 different countries
- Renewed concerns on the stock market, as 10-year bond yields returned to near 0.5 percent – [Desjardins](#)

**GRAPH 2**  
**Bond markets**



Sources: Datastream and Desjardins, Economic Studies

- Industrial production in the U.S. has declined 15 percent year-over-year, and 11.2 percent in April – the worst monthly decline in the 101-year history of the index – [U.S. Federal Reserve Statistical Release](#)
- Canada rises to third place (out of 82) in global business environment ranking in 2020–2024 and remains first of the G7 countries. This is due to improvements in market opportunities, policies towards private enterprise and competition, policies towards foreign investment, and taxes. – [The Economist Intelligence Unit, April 2020](#)



- The global insurance sector and various [federal governments](#) are discussing how to handle retroactively covering business interruptions – in the US, it has become a topic of legislative debate – [KPMG](#)
-

## 4. Thought Leadership Resources

Key economic reports, blog posts and webinars published by VEC and other key stakeholders:

Thought Leadership for the Future Economy	
Source	Title
<b>Diversity &amp; Inclusion</b>	
<a href="#">BMJ Global Health</a>	Off the back burner: diverse and gender-inclusive decision-making for COVID-19 response and recovery
<a href="#">Hawaii State Commission</a>	Building Bridges, Not Walking on Backs: A Feminist Economic Recovery Plan for COVID-19
<a href="#">Generation Squeeze</a>	Your take on #BetterThanNormal, or life after Covid-19 – What you told us about how to make sure our country and economy work for everyone going forward
<a href="#">National Association for the Advancement of Colored People</a>	Ten Equity Implications of the Coronavirus COVID-19 Outbreak in the United States
<b>Equitable Financial Models</b>	
<a href="#">Forbes</a>	Not Back but Forward: What the Post COVID-19 Economic Recovery Models Are Getting Wrong
<a href="#">International Monetary Fund</a>	How Pandemics Leave the Poor Even Further Behind
<a href="#">United Nations</a>	Shared Responsibility, Global Solidarity: Responding to the socioeconomic impacts of COVID-19
<b>Local Economies &amp; Cities</b>	
<a href="#">Brookings</a>	How the Sustainable Development Goals can help cities focus on COVID-19 recovery on inclusion, equity and sustainability
<a href="#">Innovate BC</a>	May 2020 (Part I): Uplifting BC Tech/COVID-19 stories that caught my eye
<a href="#">National Public Radio</a>	Redesigning the COVID-19 City
<a href="#">VEC</a>	Impact enterprises will lead the global pandemic recovery: an interview with Decade
<b>Sustainability &amp; Renewable Energy</b>	
<a href="#">The New Republic</a>	Green Jobs Are the Answer to the Coronavirus Recession
<a href="#">TransitCenter</a>	A Green New Deal for City and Suburban Transportation
<a href="#">We Mean Business</a>	Build Back Better
<b>Workforce Resilience &amp; Retraining</b>	
<a href="#">Harvard Business Review</a>	Workforce Strategies for Post-COVID-19 Recovery
<a href="#">Resilient Recovery</a>	Let's build a more resilient Canada

## 5. Sector Summaries

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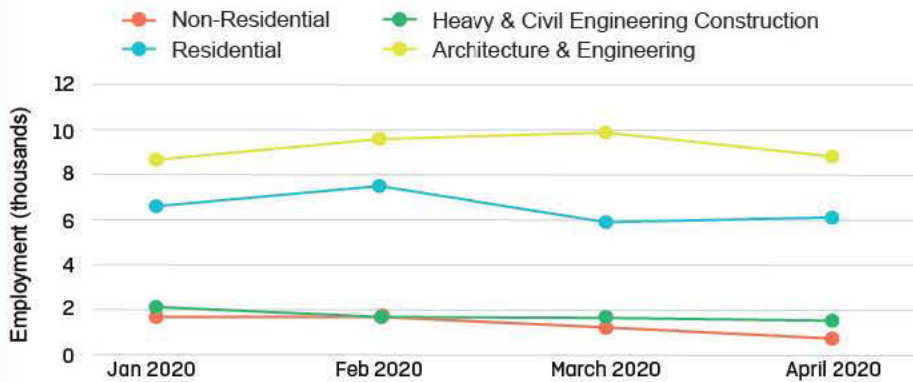
Contents and Quick Navigation:

- A. [Construction & Engineering](#)
- B. [Creative Sector](#)
- C. [Healthcare & Education](#)
- D. [Manufacturing & Local Food Supply](#)
- E. [Science and Technology](#)
- F. [Small Business Sectors](#)
- G. [Tourism & Retail](#)



## Sector Profile

### Construction & Engineering Employment, Vancouver



Source(s): Labour Force Survey, Statistics Canada

**-29%**

**Construction sector revenues**  
y-o-y Q1 2020, Canada

**50%**

**Construction sector business closures**  
As of April 2020, Canada

### Key Strategic Forum

BC Council of Construction Associations COVID-19 Cabinet

### Sector Activity

Residential and commercial construction, architecture, engineering

### COVID-19 Impact

Significant slowdown in construction; construction projects proceed with social distancing protocols in place

## Economic Impacts

- 39.4 percent year-over-year reduction in total home sales in [Greater Vancouver](#) for April 2020
- [Central 1](#) forecasts that there will be a sharp decline in housing construction, predicting a decline to 31,400 housing starts in 2020 from 45,000 units in 2019

## Primary Asks to Government and Government Response

### To Federal government:

- To deploy federal funding to infrastructure projects first, as municipal funding may be delayed (same as last report)
- Creation of a nation-wide retrofit investment program
- Invest in decarbonizing federal buildings

### To Federal and Provincial government:

- Workforce development of \$500 million to be deployed for workforce training, with up to \$1,000 per employee

### To Provincial government:

- Public inquiry into construction site sanitation, further laws, guidance, and oversight are required to protect workers

### To City of Vancouver (same as last report):

- Expanded standard hours of construction will enable social distancing protocols at job sites to be followed by a higher degree

## Innovations and Recovery Planning

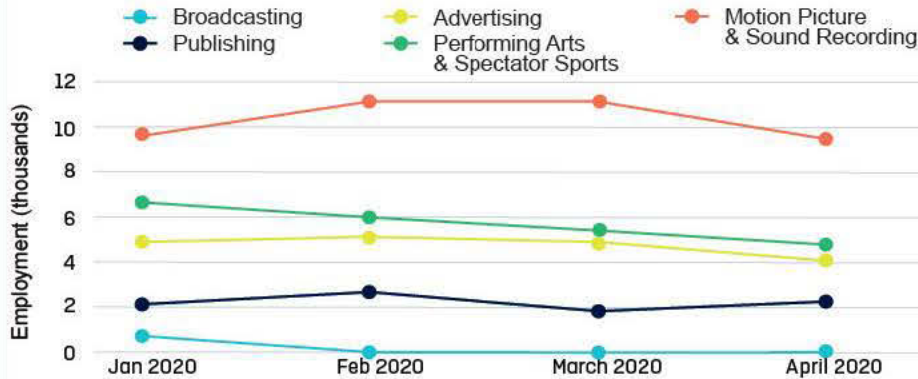
- In response to increased stress and anxiety at work, [BC Construction Association](#) made anti-harassment, hazing, and bullying resources available online to help fight transmission while supporting worksite safety and productivity
- [#lunchboxchallenge](#) allows businesses show appreciation for their frontline construction workers by providing lunch for them while also supporting local is a social initiative where businesses show appreciation for their frontline construction workers by providing lunch for them while also supporting local restaurants

# Creative Sector

[\(Return to Sector Index\)](#)

## Sector Profile

### Creative Sector Employment, Vancouver



Source(s): Labour Force Survey, Statistics Canada

**-22%**

**Information and Cultural Industries Revenues**  
y-o-y Q1 2020, Canada

**-42%**

**Performing Arts and Spectator Sports Revenues**  
y-o-y Q1 2020, Canada

<b>Key Strategic Forum</b>	Canadian File & Industry Taskforce, Vancouver Film, TV Animation and VFX Taskforce
<b>Sector Activity</b>	Film, TV, visual effects, animation, esports, video games
<b>COVID-19 Impact</b>	Significant impact with widespread venue closures and production cessation

## Economic Impacts

In 2018, live music and festivals generated nearly \$700 million in annual revenue and supported 15,000 jobs across all sectors. This year, the impacts of COVID-19 will be losses in the hundreds of millions <sup>[4]</sup>

## Primary Asks to Government and Government Response

### To Federal government:

- Motion picture sector remains included in the next phase of the Federal stabilization funding package
- Differing [quarantine requirements](#) depending on date of last COVID test, allowing for a competitive edge in the film industry for guest actors and crew who only need to be in the country for a few days

### To Federal and Provincial governments (same as last report):

- That any economic relief measures (esp. operational relief & subsidiaries) consider the ongoing challenges to live performance venues, which will need to stay closed longer than other businesses
- Automatic extensions to TFWs who have lost their jobs from COVID to find new employment within the same sector, and to release them from working exclusively for one company

### To Provincial government:

- Continued stability of the motion picture production incentives in order to maintain BC's competitive advantage and protect \$3.6 billion economic sector in the Province

### To City of Vancouver:

- Continued recognition from the City of Vancouver of the economic importance of the film and TV industry
- Public promotion of the motion picture's safe working practice
- Support the film sector in accessing government and privately owned lands such as the Port of Vancouver, to allow staging of production vehicles and parking & reducing the need for on-street parking Downtown

## Innovations and Recovery Planning

- [CAPE Group](#) is offering Mount Pleasant Community arts microgrants in amounts of \$500



# Healthcare & Education

[\(Return to Sector Index\)](#)

## Sector Profile

### Healthcare & Education Employment, Vancouver



Source(s): Labour Force Survey, Statistics Canada

● **-36%**

**Healthcare, Social Assistance and Educational Services revenues**  
y-y Q1 2020, Canada

● **75–77%**

**Healthcare, Social Assistance and Educational Services Business Closures**  
As of April 2020, Canada

### Key Strategic Forum

No local sector-wide forums identified

### Sector Activity

Hospitals, care homes and academia

### COVID-19 Impact

Impact to be determined

## Economic Impacts

- Many school districts are facing layoffs: almost [200 teachers](#) have been laid off from the Coquitlam school district due to a drop in international student enrollment
- At the end of 2019 there were 642,000 international students in Canada – 17,000 of which were at UBC alone – accounting for 20 percent of post-secondary enrollment in Canada <sup>[4]</sup>

## Primary Asks to Government and Government Response

- K–12 students will have the option to [return to class](#) beginning on June 1 on a part-time basis as part of [BC's Restart Plan](#). To ensure schools are safe, the number of students attending each day will be reduced. The goal is that students will be able to return to the classroom fulltime in September.

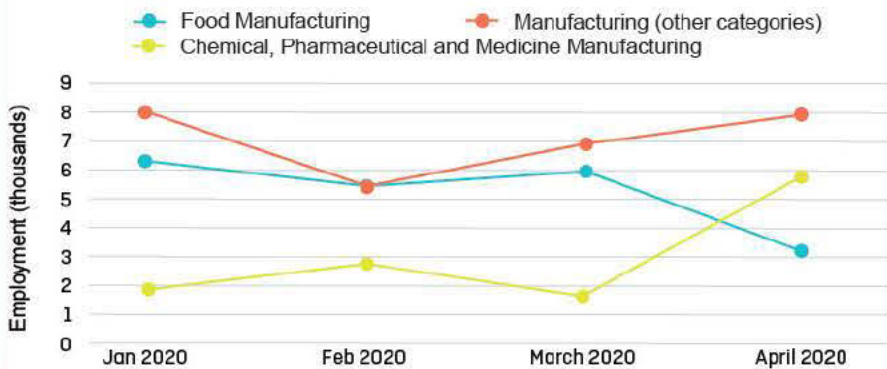
## Innovations and Recovery Planning

- [Enrollment in summer courses](#) has increased at many Canadian schools:
  - 32 percent increase at UBC's Vancouver campus; 45 percent at its Okanagan campus
  - 20 percent increase at University of Toronto
  - 8 percent increase at Dalhousie University



## Sector Profile

### Manufacturing & Local Food Supply Employment, Vancouver



Source(s): Labour Force Survey, Statistics Canada

**-22%**

**Manufacturing Revenues**  
y-o-y Q1 2020, Canada

**38%**

**Manufacturing Business Closures**  
As of April 2020, Canada

### Key Strategic Forum

BC Open Source COVID-19 Medical Supplies  
COVID Supply Chain Working Group

### Sector Activity

Manufacturing (including food manufacturing), agriculture, farmers markets

### COVID-19 Impact

Medium Impact – varies depending on type of supplies and current demand

## Economic Impacts

- Canadian [manufacturing sales](#) are down more than \$5 billion in March owing to COVID-19 impact
- Due to lower demand from restaurants, the [Chicken Farmers of Canada](#) have reduced the size of this [summer's flock by 12.6%](#) to help manage supply
- 61 people (one-fifth of workforce) at Superior Poultry have tested positive for COVID-19, they produce seven percent of BC's fresh chicken <sup>[5]</sup>
- Fish harvesters are facing a 40–50 percent price reduction for their harvests due to the inability to sell to restaurants and hotels <sup>[6]</sup>

## Primary Asks to Government and Government Response

### To the Provincial government (same as last report):

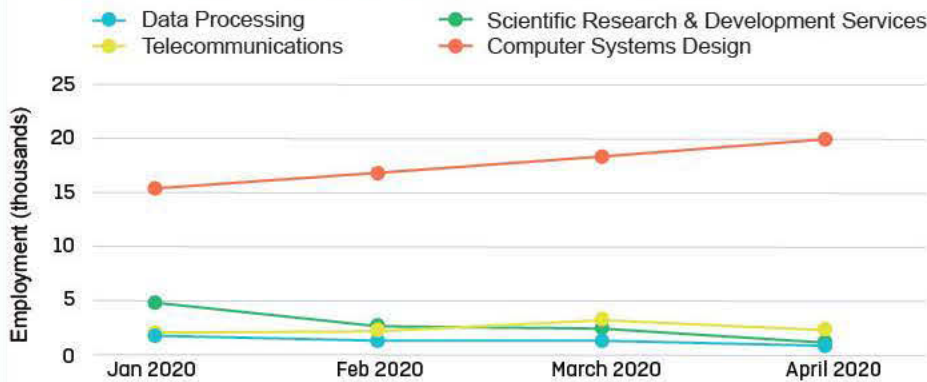
- Ensure that the process for obtaining priority PPE items is streamlined and protocols are developed for who can access these materials
- Manufacturers are requesting intel on current and forecasted demands of PPE as they consider ramping up supply or retooling their facilities

## Innovations and Recovery Planning

- The 24 manufacturers that make up the [Surrey Makes PPE Group](#) have been contacted by various organizations – such as school districts, local and provincial governments, and the RCMP – for multiple products, including face shields, hand sanitizer and disinfectant, medical masks, gowns and protective barriers

## Sector Profile

### Science & Technology Employment, Vancouver



Source(s): Labour Force Survey, Statistics Canada

**-25%**

**Professional, Scientific, and technical Services Revenues**  
y-o-y Q1 2020, Canada

**27%**

**Professional, Scientific, and Technical Services Business Closures**  
As of April 2020, Canada

### Key Strategic Forum

Tech Industry COVID-19 Taskforce

### Sector Activity

Tech (AI, software), cleantech and renewable energy, life sciences

### COVID-19 Impact

Impact to be determined – Many businesses in this sector have not been as dramatically impacted relative to other sectors of the economy

## Economic Impacts

*No new municipal or regional at this time*

## Primary Asks to Government and Government Response

**To Federal, Provincial and City of Vancouver governments (same as last report):**

- Support BC-made tech through government purchasing power
- Design/create policy interventions incentivizing the flow of private capital through a matching program with venture capital companies for businesses who may not qualify for federal financial programs

**To City of Vancouver (same as last report):**

- Creation of municipal-backed ecosystem hub to support startups focused on enabling smart city solutions and initiatives
- A municipal-backed [Start-up in Residence Program](#)

## Innovations and Recovery Planning

- [Lungpacer Medical](#), founded by SFU Professor Andy Hoffer, has received US FDA emergency use approval for its diaphragm electrical stimulation technology, helping patients recover breathing faculties after prolonged ventilator use
- [Traction Guest](#), a local Metro Vancouver business, has begun to pivot their business and created a contactless screening platform that enables visitors to check-in with a contactless screening platform
- [mCloud Technologies Corp.](#) has combined Internet of Things, cloud computing, AI, and analytics to produce new product for their AI-powered HVAC and indoor air quality platform with air purification technology to “seek and destroy” COVID-19 in buildings

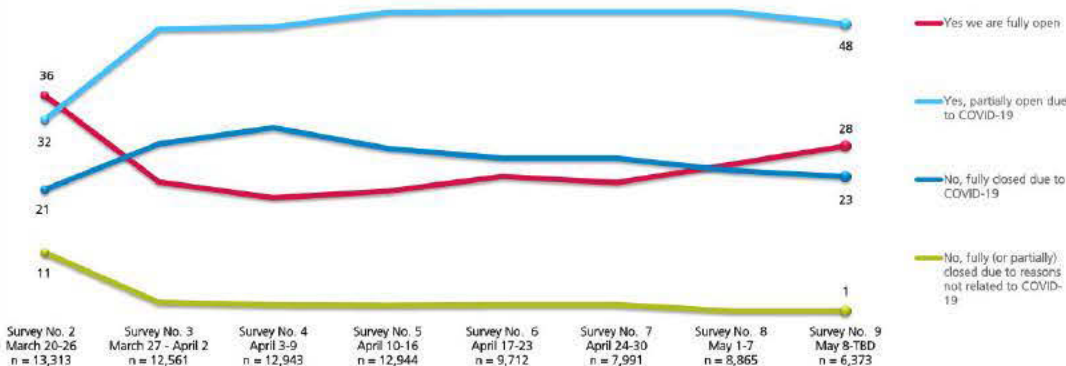


# Small Business Sectors

[\(Return to Sector Index\)](#)

## Sector Profile

### Small Business Closure Across Canada, as % of respondents



**25%**

**Workforce laid off, businesses with 1-4 employees**  
As of April 2020, Canada

**40%**

**Workforce laid off, businesses with 5-19 employees**  
As of April 2020, Canada

Source(s): [Canadian Federation of Independent Business](#)

<b>Key Strategic Forum</b>	BIA Partnership; Small Business COVID-19 Economic taskforce (terms of reference under review with industry)
<b>Sector Activity</b>	Small businesses (under 50 employees), startups, and businesses owned by underrepresented groups, such as indigenous and women entrepreneurs, physicians, dentists, and other clinics
<b>COVID-19 Impact</b>	High Impact – business closures, significant impact to operations, layoffs, all contributing to financial crisis

## Economic Impacts

Canadian Federation of Independent Businesses (“CFIB) completed a [survey](#) from May 5–6 of 1,201 SME owners across Canada

- 56.7 percent of respondents from BC indicated they had business optimism
- Capacity utilization rates across the country have increased to 44.3 percent, up from 34.7 percent in early April

In the week of May 8, CFIB conducted another [survey](#) specific to small businesses across Canada and received 6,404 responses:

- Almost half of respondents saw revenues drop 70 percent or more
- The average cumulative cost of COVID-19 to date was \$252,980 and the median was \$60,000
- 96 percent of respondents indicated help from their local government is still needed

## Primary Asks to Government and Government Response

**Ask to Federal & Provincial governments** (same as last report):

- Expand eligibility for CECRA, covering businesses that have lost between 30–70 percent of revenue

**Ask to Provincial government** (same as last report):

- Make CECRA automatic/mandatory for all small businesses who have lost more than 70 percent of revenue
- Incentivize buy local programs

## Innovations and Recovery Planning

- After [London Drugs announced](#) their plans to reserve shelf space for local businesses, [over 1,200](#) companies have submitted requests. Products started reaching shelves by May 15.
- Government of Canada will provide [\\$15 million](#) in additional funding to support women entrepreneurs through the [Women Entrepreneurship Strategy](#)

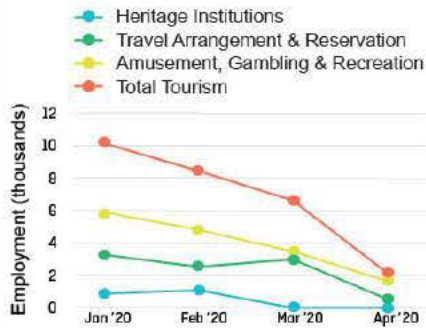


# Tourism & Retail

[\(Return to Sector Index\)](#)

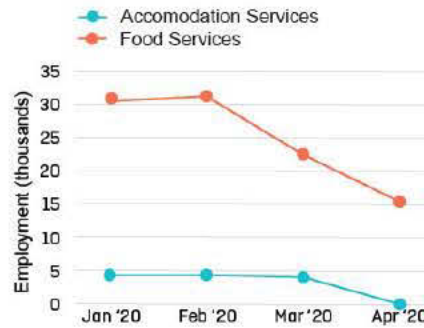
## Sector Profiles

### Tourism Sector Employment, Vancouver



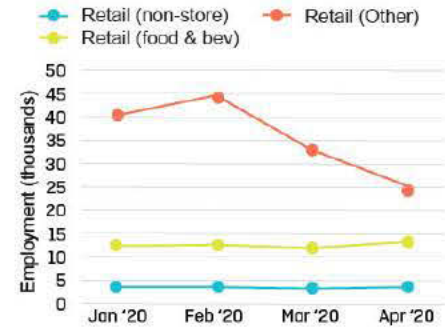
Source(s): Labour Force Survey

### Accommodation & Food Services Sector Employment, Vancouver



Source(s): Labour Force Survey

### Retail Sector Employment, Vancouver



Source(s): Labour Force Survey

● **-42%**

**Arts, Entertainment and Recreation Revenues**  
y-o-y Q1 2020, Canada

● **-46%**

**Accommodation and Food Services Revenues**  
y-o-y Q1 2020, Canada

● **-33%**

**Retail Trade Revenues**  
y-o-y Q1 2020, Canada

### Key Strategic Forum

Metro Vancouver Tourism and Hospitality Industry Response and Recovery Task Force

### Sector Activity

Hotel and restaurants, tourism and recreation, retail, and non-bricks and mortar retailers (online shopping)

### COVID-19 Impact

Significant impact with unprecedented low capacity levels and full closure non-essential services, tourism sector effectively on standstill

## Economic Impacts

- Forecasts suggest the province may lose approx. 130,000 jobs and \$16.8 billion in revenue from the tourism industry <sup>[4]</sup>
- As of May 7, the closure of approx. 64 percent of hotels displaced 64,700 employees. It is estimated 30–40 percent of hotels will remain closed <sup>[5]</sup>
- YVR is estimating an annual decrease in traffic levels of 8–15 million passengers for the next three years <sup>[5]</sup>

- Restaurants Canada surveyed 890 respondents representing 11,695 locations across Canada between May 1–5. Findings included:
- 70 percent of respondents were very or extremely worried that their business will not have enough liquidity to pay vendors, rent and other expenses over the next three months
  - 20 percent of respondents are dealing with a landlord who is unwilling to provide rent relief through CECRA or another arrangement

## Primary Asks to Government and Government Response

### Asks to Federal and Provincial governments (same as last report):

- Temporarily suspend hotel tax before lifting restrictions, and continue to work with the Federal government to support regrowth in the sector by funding tourism associations
- Request for GDT/HST relief waiver for the first quarter of 2020 to relieve financial stress for businesses
- \$10 billion loan to increase liquidity across all areas of tourism, including hospitality and restaurants

### Ask to Provincial government:

- Industry needs more financial help for restaurant reopening plans to be feasible at 50 percent capacity

## Innovations and Recovery Planning

- Destination BC is launching a series of webinars to support BC's tourism industry – [Supporting BC's Tourism Industry on the Road to Recovery, Response and Resilience from COVID-19](#)
- Retail Council of Canada in partnership with Boston Consulting Group are leveraging best practices to create a [Recovery Playbook](#), focusing on customer health & safety, employee wellbeing, retail operations, and merchandising and marketing
- The task force for this sector wrote a letter to Ministers Beare, Dix and Mungall with recommendations of processes to allow larger group gatherings in Q4 2020



## 6. Appendices

### Appendix A: Strategic Forums

A list of industry strategic forums focused on economic impacts and recovery (COVID-19) that VEC is actively engaged with:

Forum	Lead Organisation	High-level mandate	Membership
<b>Established</b>			
<b>BC Economic Disaster &amp; Relief Programming – COVID Economic Response &amp; Restart</b>	BC Economic Development Association	Convening weekly calls to knowledge share best practices, with guest speakers provide economic updates on various sectors	BCEDA members. Have been averaging about 110 economic developers every week
<b>BC Open Source COVID-19 Medical Supplies</b>	Consortium of Medical Supply Stakeholders	A primary point of contact for BC's hardware engineering and manufacturing community to communicate with Canadian and US counterparts, governments, local hospitals and Tier 1 medical device manufacturers	300+ businesses
<b>Building Operators and Managers Association of Canada COVID-19 Taskforce</b>	BOMA Canada	Established to share information and create efficient channels to work towards a coordinated industry response	BOMA Canada members
<b>C40 Green Economy Forum on COVID Economic Response</b>	C40	To share best practices in the recovery at the city level while keeping climate policy and green economic programs at the top of emerging agenda	Approximately a dozen C40 cities participate
<b>Canadian Film &amp; TV Industry Taskforce</b>	CMPA	Provincial and municipal representatives and national funding agencies. Sharing intelligence and briefing relevant federal minister	50+ orgs from across Canada
<b>City of Vancouver COVID-19 Business and Community Economic Recovery Steering Committee</b>	City of Vancouver	Coordinate and align COVID-19 economic recovery efforts across City of Vancouver and Vancouver Economic Commission	City of Vancouver and Vancouver Economic Leaders
<b>City of Vancouver Economic Impact Task Force (disbanding)</b>	City of Vancouver	Coordinate and align COVID-19 impact and mitigate efforts across COV and VEC	City of Vancouver and Vancouver Economic Leaders



<b>Consider Canada City Alliance</b>	CCCA	Top Canadian city EDOs working with the Minister of Small Business on recovery plan	Peers at Vancouver, Calgary, Edmonton, Saskatoon, Winnipeg, Ottawa, Toronto, Hamilton, Waterloo, Montreal, Quebec, Halifax
<b>COVID-19 Cabinet</b>	GVBOT, BCBC, BC Chamber	Advocate to all levels of government; procurement and supply chain needs; public safety while keeping the economy going	Founding members are BCBC, GVBOT and BC Chamber of Commerce (33 members in total as of March 20)
<b>COVID-19 National Think Tank</b>	EY	National think tank engaging thought leaders and Municipalities specific to COVID-19 mitigations and recovery plans	Canadian municipalities and thought leaders – TBC
<b>COVID Supply Chain Working Group</b>	Canadian Manufacturers and Exporters	Identify key shortages and inventory for the health care industry and external industries	Various levels of government and industry associations
<b>DTES Frontlines</b>	Community Impact Real Estate	Coordinate activities and support for social services (9 NPOs) in DTES	CIRES, EIC, Vancouver Foundation, EMBERS, VEC, Potluck, HAVE Café, Eastside Works, Mission Possible, HXBIA, Strathcona BIA
<b>Marine Ferries</b>	Transport Canada	Daily phone call to triage actions.	Canadian Ferries Association, Seaspan, ...others
<b>Moving in a Livable Region</b>	SFU Centre for Dialogue	Convening to advocate to save regional transit and other forms of mobility, see <a href="#">link</a>	Steering committee members are roughly 50 stakeholders across the region
<b>Regional Metro Leaders Economic Recovery</b>	Pacific Northwest Economic Region (PNWER)	Convening calls every two weeks to knowledge share best practices and learn from other metro regions	PNWER members include EDOs, Chambers of Commerce and related ministries; approximately 25 people
<b>SFU Community COVID-19 Response &amp; Recovery Network</b>	SFU	To mobilize the capacity and creativity of the SFU communities beyond the academy, they are building a network to help people connect, share resources, and act to enhance their collective impact	Roughly 80 people from across SFU
<b>Small Medium Businesses and BIAs</b>	BIA Partnership	Coordinate asks to government and recovery plans among Vancouver BIAs	22 BIAs

<b>Tech Industry COVID-19 Taskforce</b>	UBC/VEC	Biweekly meetings to share info on impact on the tech sector and development of mitigation and recovery strategies.	VEC, UBC, Innovate BC, BC Tech, SFU and Digital Supercluster
<b>Tourism Response and Recovery Task Force</b>	Tourism Vancouver	Response and recovery task force for Metro Vancouver's tourism & hospitality industry	
<b>Vancouver Film, TV, Animation and VFX Taskforce</b>	MPPIA & Creative BC	Impacts, mitigations and recovery plans across Vancouver's creative industries	Creative BC, VEC, MMPIA.
<b>Vancouver Pathfinders</b>	VEC / NRC	Data sharing platform for cleantech companies.	15 members

Other economy focused forums under development / consideration or where VEC is not an active member:

1. **Creative Economy** (terms of reference and membership under review)
2. **Green Friends** (looking to advocate for positive climate-friendly policy)
3. **Small Business COVID-19 Economic Taskforce** (exploring deferring to City of Vancouver COVID-19 Business and Community Economic Recovery Steering Committee engagement with the small business community)

## Appendix B – References

<sup>[1]</sup> Based on application of national survey on COVID impacts conducted by Statistics Canada in April to Vancouver baseline economic data

<sup>[2]</sup> Based on application of BC Chamber March survey on anticipated COVID impacts to Vancouver baseline economic data

<sup>[3]</sup> There are approximately 250 business in Vancouver that bring in more than \$50 million in annual revenues, adding an additional \$14 billion to \$44 billion in annual revenues to Vancouver's economy

<sup>[4]</sup> Pacific Office of the Ministry of Innovation, Science & Economic Development

<sup>[5]</sup> Ministry of Jobs, Economic Development & Competitiveness, Economic Policy Unit

<sup>[6]</sup> Western Economic Diversification Canada

Forecasting in COVID times, it's modern art!  
Forecasting in COVID times, it's modern art!



Government  
of Canada

Gouvernement  
du Canada

Canada



OFFICE OF  
THE CHIEF  
ECONOMIST

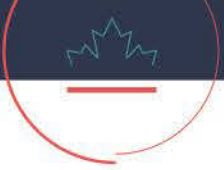
# FORECASTING IN COVID TIMES, IT'S MODERN ART!

May 2020

Presentation to GAC's partners for FDI attraction

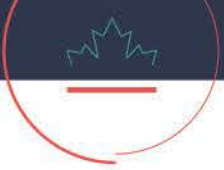
Marie-France Paquet, Chief Economist





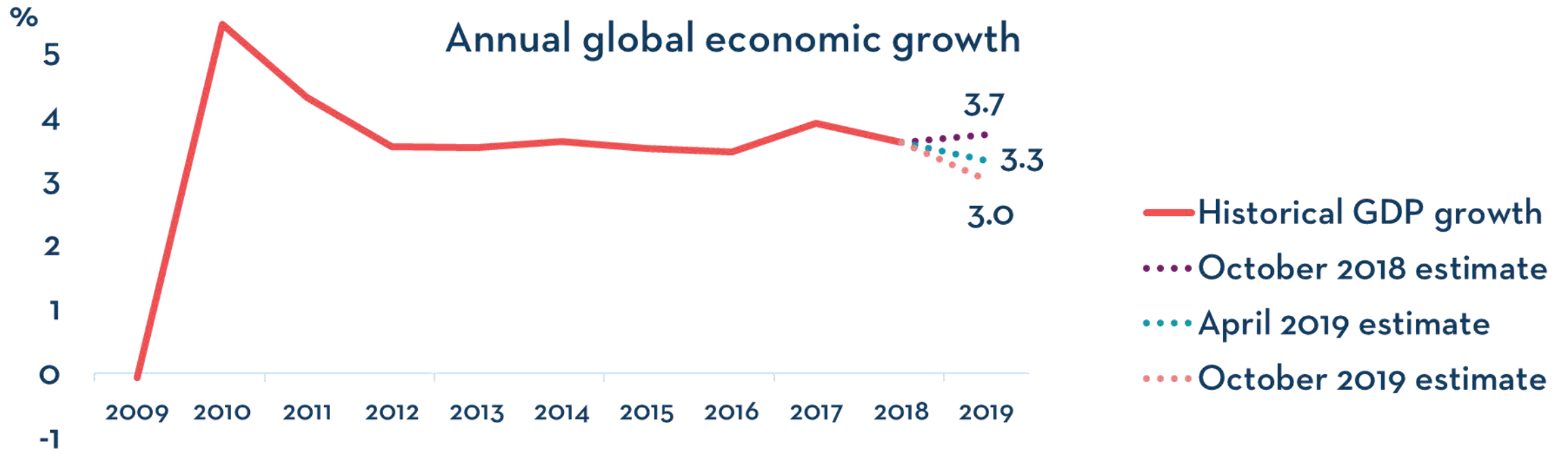
## OUTLINE OF PRESENTATION

1. The global economy was already slowing down
2. ....then COVID-19 started spreading
3. Now, economic and trade forecasts are gloomy at best
4. And what does it may mean for supply chains?



# THE GLOBAL ECONOMY WAS SLOWING DOWN

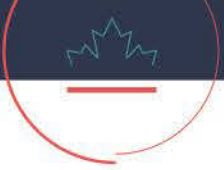
Though economic growth and trade was slowing down worldwide in 2019



Data: IMF World Economic Outlook

Source: Global Affairs Canada -Office of the Chief Economist





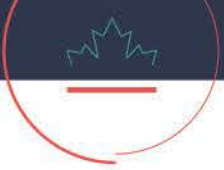
## THE CANADIAN ECONOMY WAS DOING « WELL »

And compared to now, it was fantastic!

- ❖ Inflation in check
- ❖ Very low interest rates
- ❖ Low unemployment rate

but...

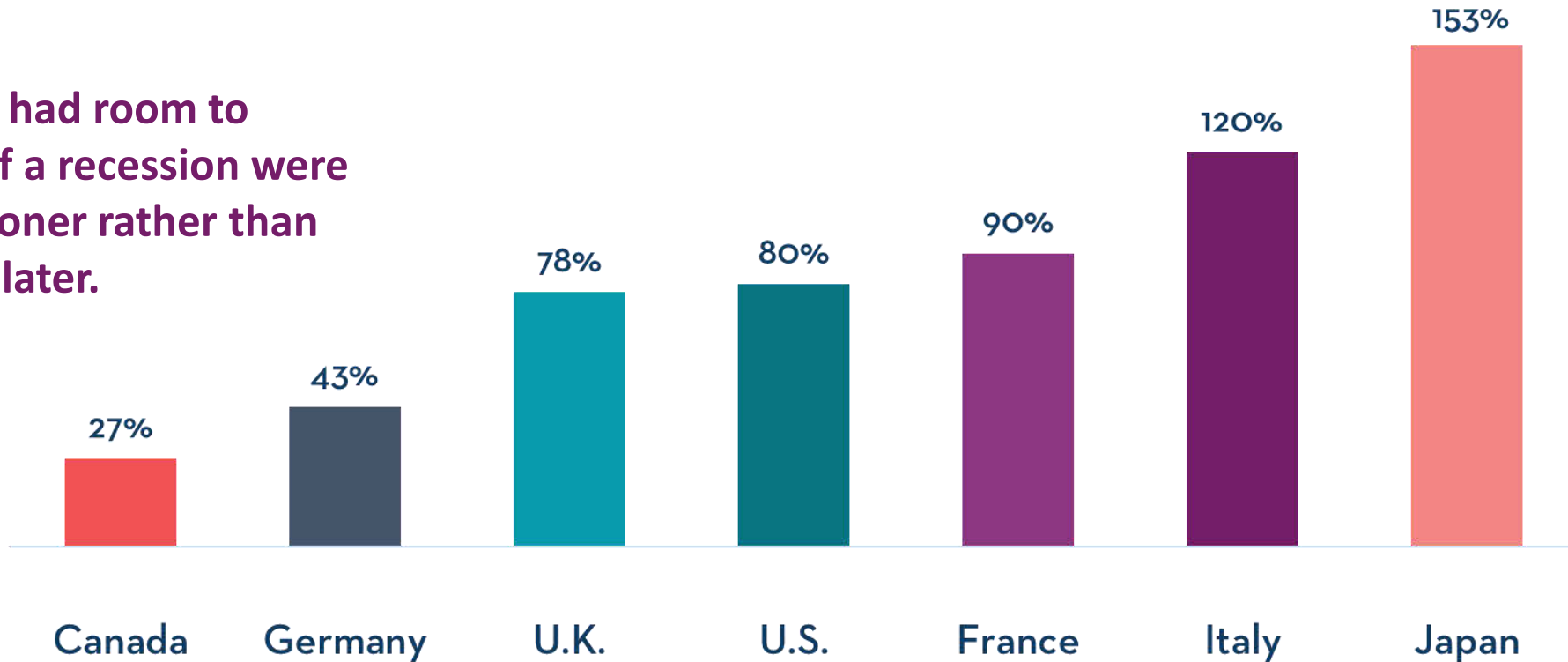
- ❖ Slowing economic growth
- ❖ Little room for further interest rates cuts
- ❖ High household debt



# AND COMPARED TO OTHER COUNTRIES, CANADA'S DEBT WAS UNDER CONTROL

General Government Net Debt as a ratio of GDP 2018

Canada had room to manoeuvre if a recession were to come sooner rather than later.

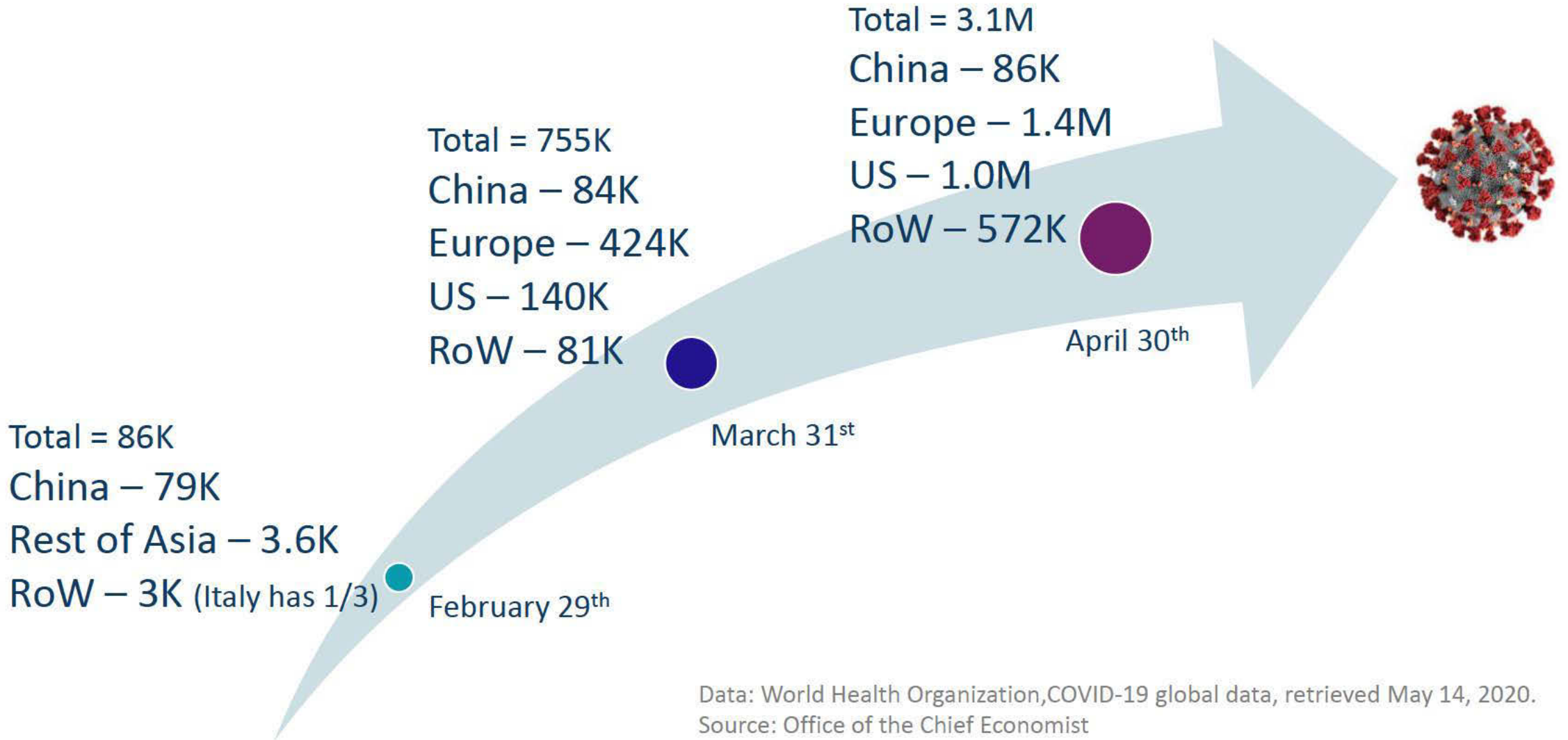


Data: : IMF, World Economic Outlook, October 2019  
Source: Global Affairs Canada -Office of the Chief Economist



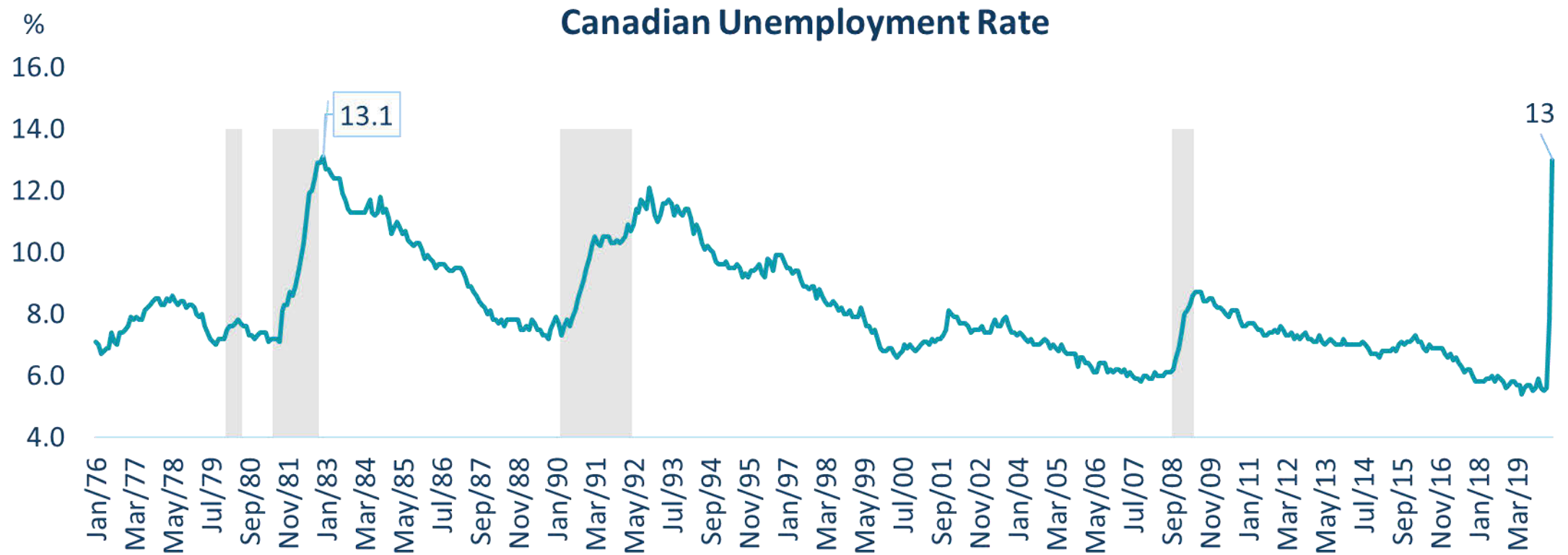


## ....THEN COVID-19 STARTED SPREADING



Data: World Health Organization, COVID-19 global data, retrieved May 14, 2020.  
Source: Office of the Chief Economist

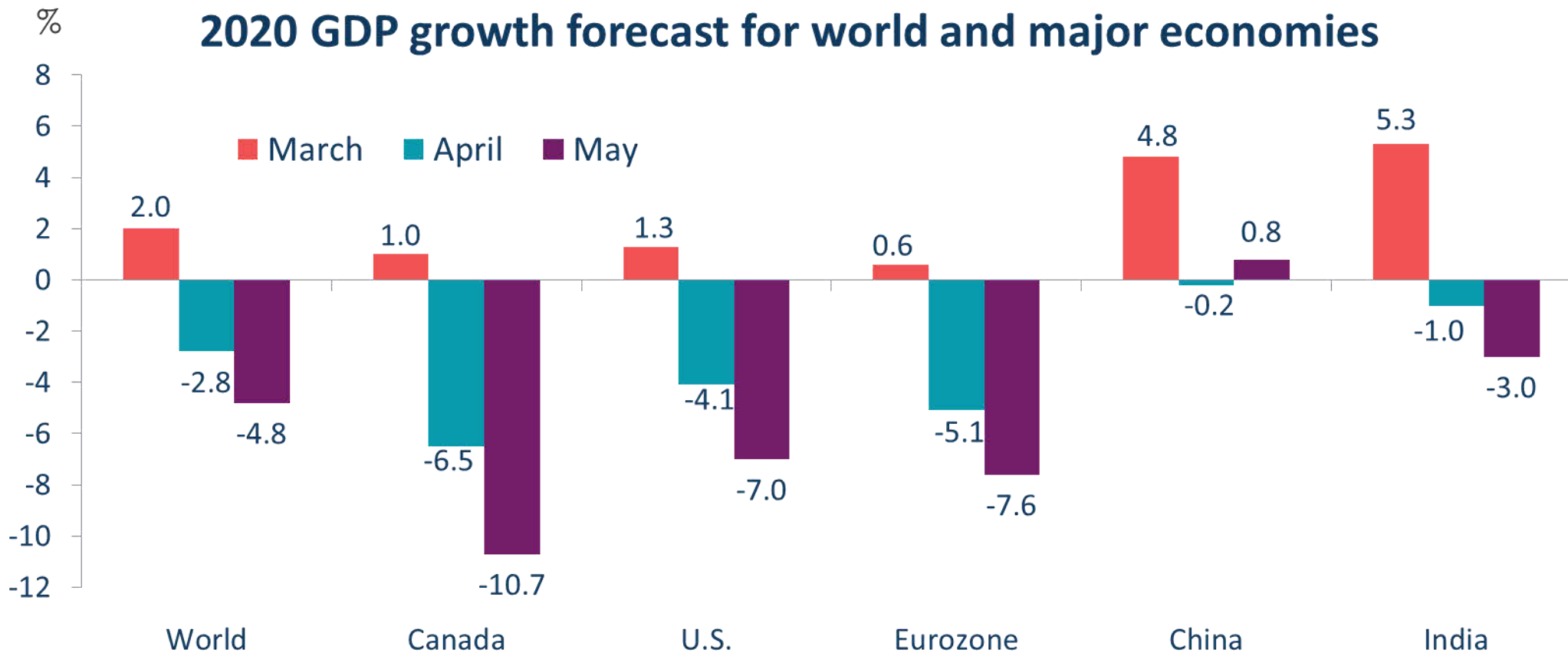
# IN TWO MONTHS, CANADIAN LABOUR MARKET WENT FROM NEAR RECORD LOW UNEMPLOYMENT RATE TO NEAR RECORD HIGH



Data: Statistics Canada Table: 14-10-0287-01  
 Source: Office of the Chief Economist, Global Affairs Canada

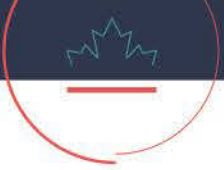


# THE EXPECTED ECONOMIC CONTRACTION HAS BEEN GETTING WORSE WITH EACH NEW FORECAST

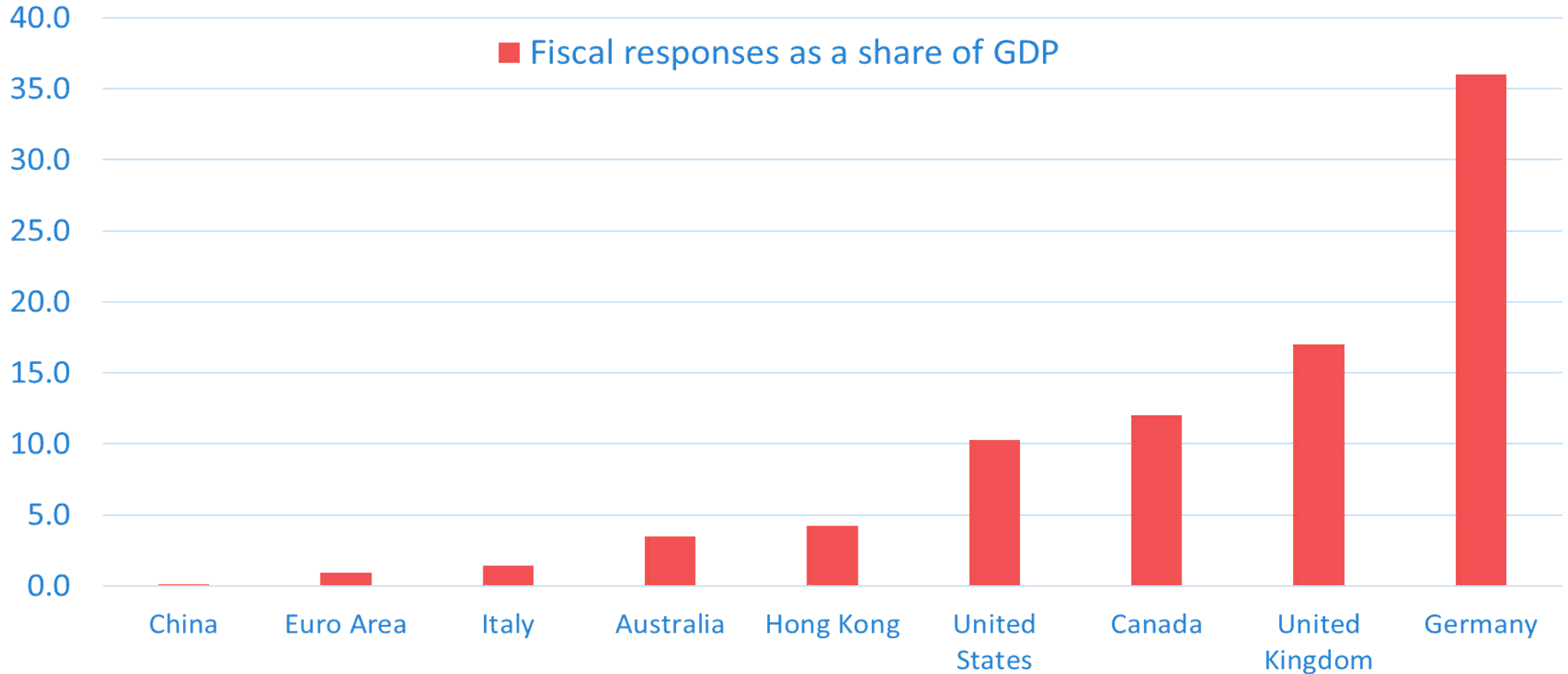


Data: Oxford Economics - World Economic Prospect Monthly  
Source: Global Affairs Canada, Office of the Chief Economist





## FISCAL POLICY MEASURES ANNOUNCED IN SOME COUNTRIES



Data: TD Economics April 16, 2020

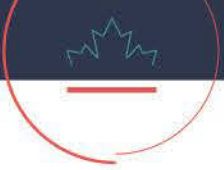
Source: Global Affairs Canada -Office of the Chief Economist



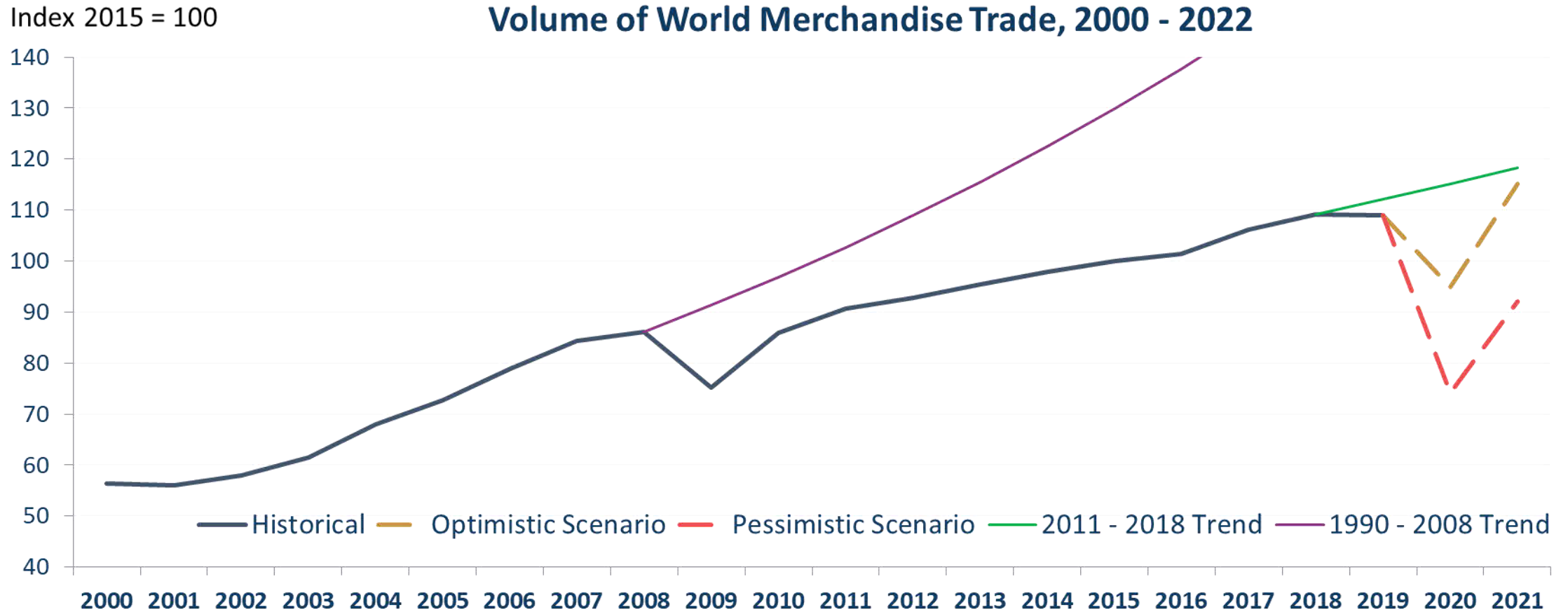
# THERE IS A HIGH DEGREE OF DISPERSION AMONG FORECASTS, BUT OFTEN DEPENDS ON WHEN THEY WERE MADE

## Summary of 2020 Economic Growth Forecasts

	World	Canada	U.S.	Eurozone	China	India
<b>BMO Economics – May 15<sup>th</sup></b>	-3.1	-6.0	-5.0	-7.3	1.0	
<b>RBC Economics – May 8<sup>th</sup></b>		-7.1	-5.4			
<b>Oxford Economics – May 6<sup>th</sup></b>	-4.8	-10.7	-7.0	-7.6	0.8	-3.0
<b>Desjardins – May 1<sup>st</sup></b>	-2.9	-6.4	-4.7	-6.8	1.0	2.0
<b>TD Economics – April 20<sup>th</sup></b>		-7.5	-6.2			
<b>Scotiabank Economics – April 17<sup>th</sup></b>	-2.8	-9.1	-6.3	-7.1	1.6	2.1
<b>CIBC Capital Market – April 16</b>		-6.9	-6.2			
<b>IMF - April 2020</b>	-3.0	-6.2	-5.9	-7.5	1.2	1.9



# FORECASTING TRADE IS JUST AS MUCH OF AN ART





## FORECASTING THE IMPACT ON FDI FLOWS IS EVEN HARDER

### 15 % decline

Expected earnings (EE) of MNEs

- Airlines (-42%)
- Automotive (-44%)
- Energy (-13%)

UNCTAD

### 30-40 % decline

Updated EE of MNEs:

- Airlines (-116%)
- Automotive (-47%)
- Energy (-208%)

UNCTAD

3 scenarios

Optimistic

**30-40% decline** in 2020  
back to 2019 levels in 2021

Middle

**35-45% decline** in 2020  
some sectors recover in 2021

Pessimistic

**>40%** in 2020 and flat in 2021

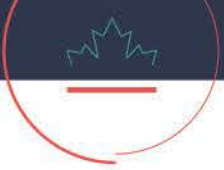
OECD

Early March

Late March

Early May

Note: UNCTAD forecasts are for 2020-2021 global FDI flows compared to 2019 flows. OECD forecasts are compared to FDI flows in first 6 months of 2019.  
Data: UNCTAD, Special Issues #34 and #35 of Investment Trends Monitor; and  
OECD, « Foreign direct investment flows in the time of COVID-19 », May 4, 2020



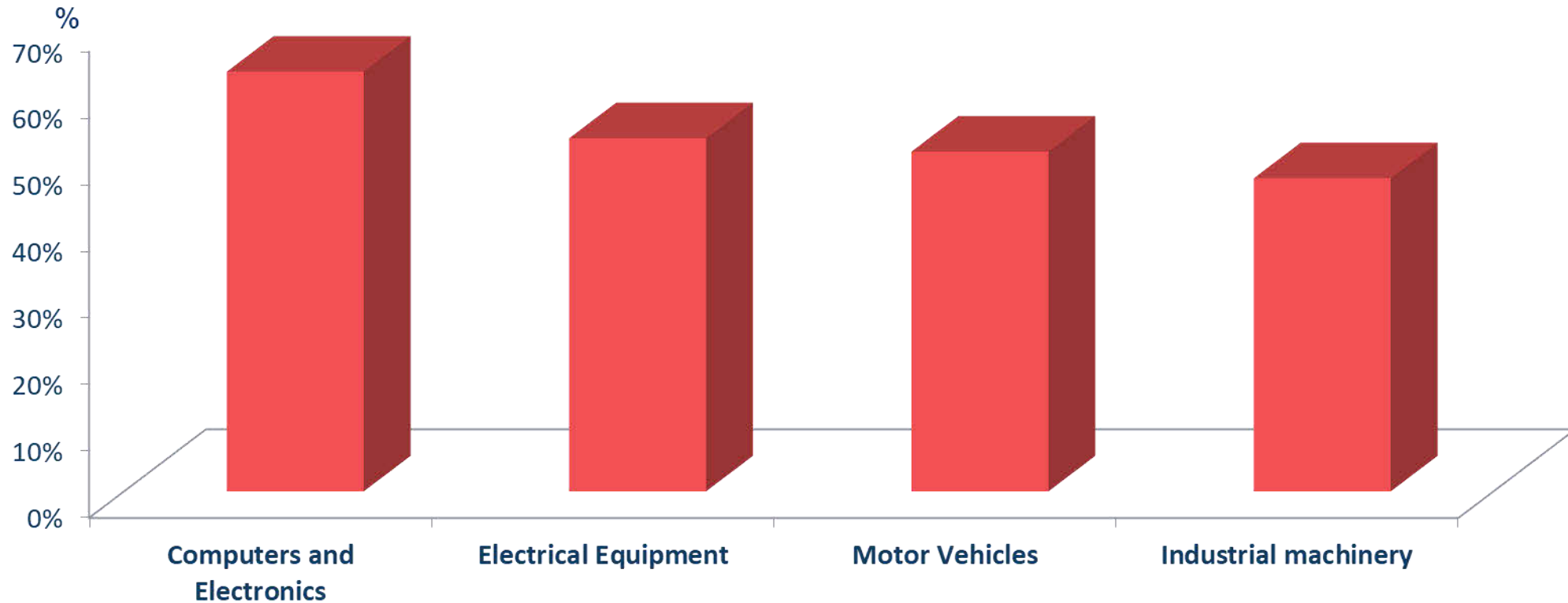
## AND WHAT DOES IT MAY MEAN FOR SUPPLY CHAINS?

The Office of the Chief Economist's analysis on the sourcing of PPE and some medical devices to find potential alternative sources using trade data:

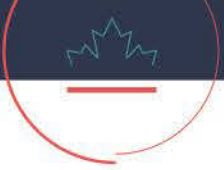
1. Focuses on most vulnerable products given the degree of concentration of sourcing to look beyond immediate PPE and medical devices
2. Covers over 200 sectors of economic activity in Canada
3. Looks at downstream and upstream in the production chain.

# SOME LARGE, EXPORT-ORIENTED INDUSTRIES DEPEND HEAVILY ON IMPORTED INTERMEDIATE INPUTS

## Imports of Intermediate Inputs as a Share of Total Output

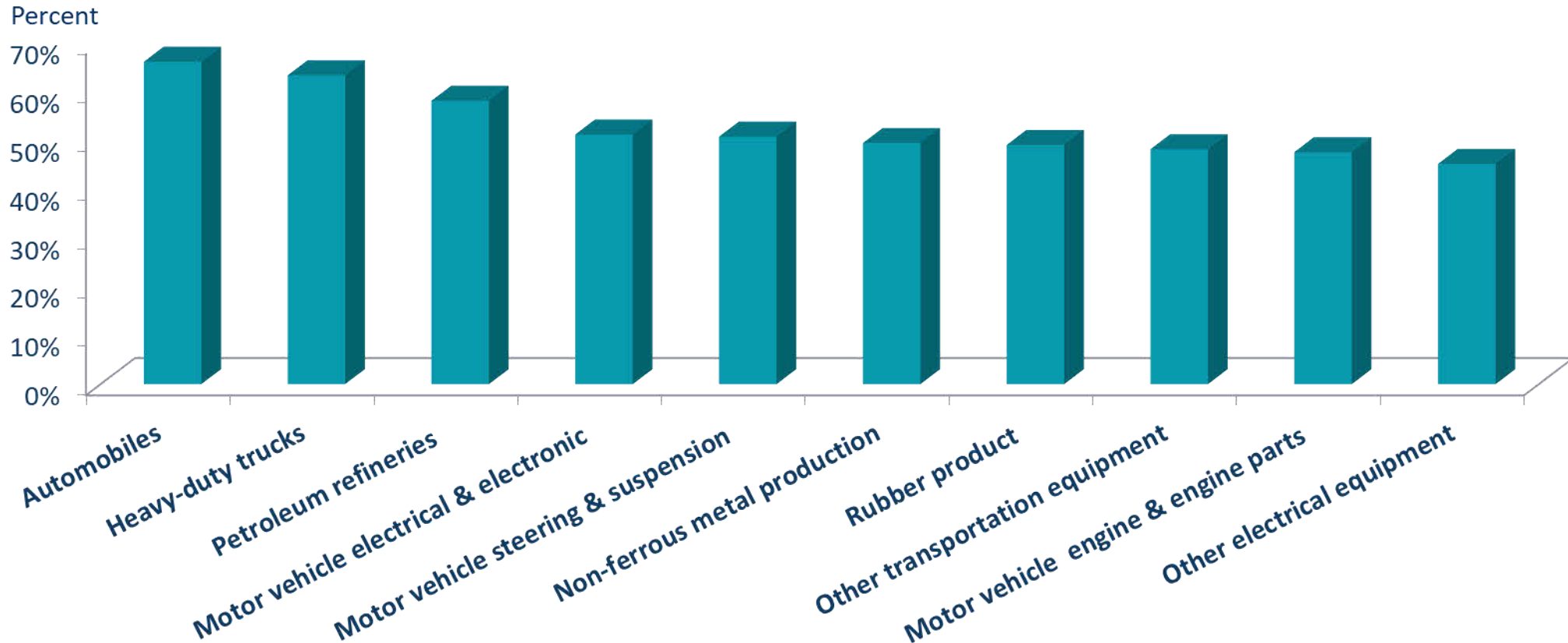


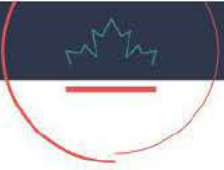




# EXPORTS RELY HEAVILY ON IMPORTED INPUTS AS PART OF VALUE-CHAINS

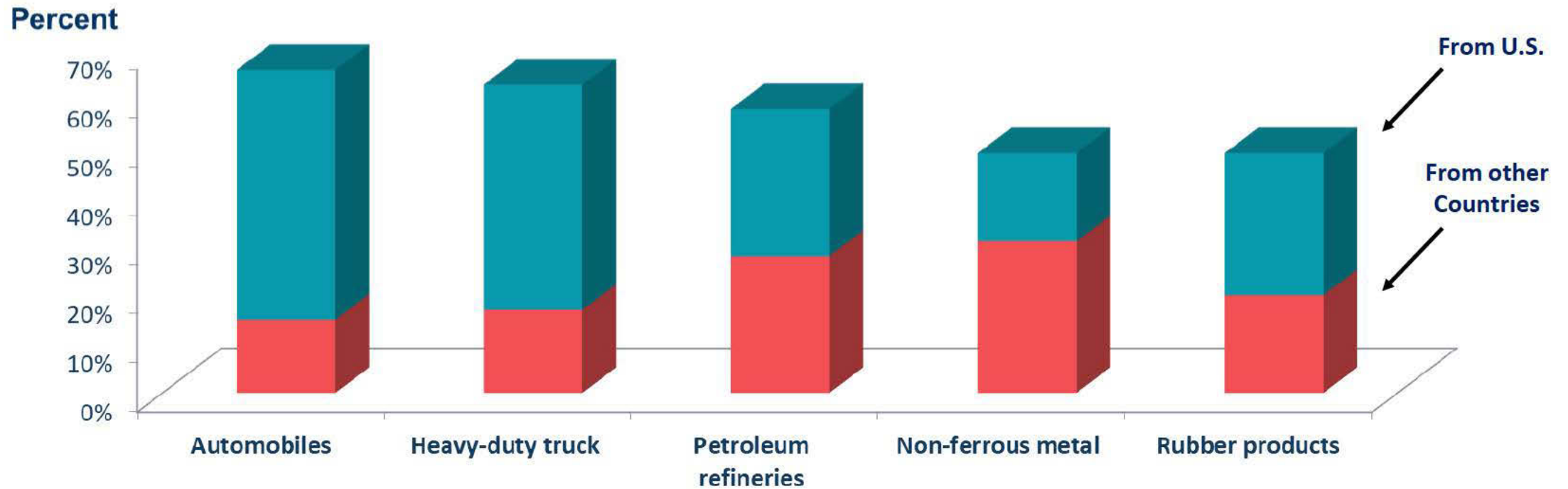
## Imported Intermediates Embodied in Exports as a Share of Export Value





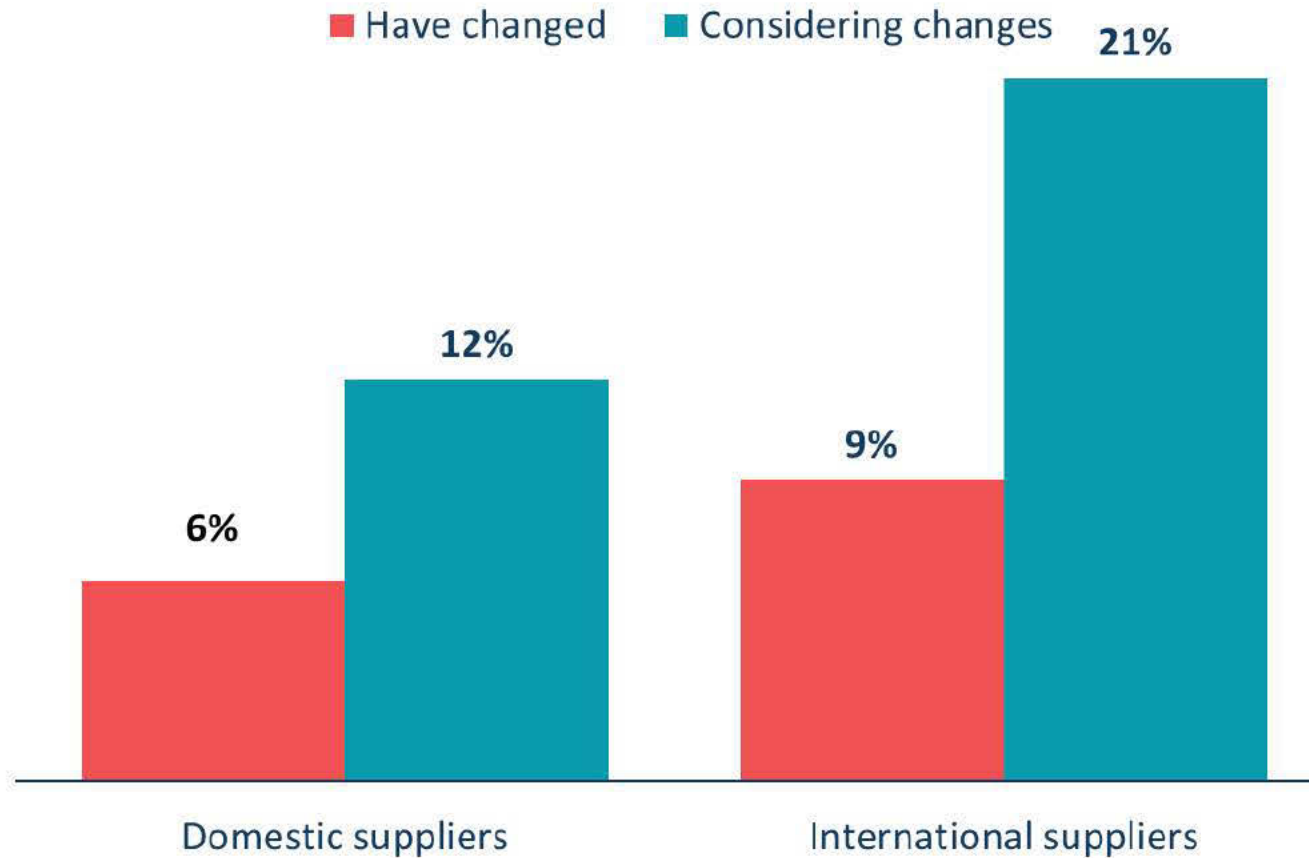
# FOR MANY INDUSTRIES, THOSE VALUE-CHAINS ARE PREDOMINANTLY NORTH-SOUTH

## Imported Intermediates Embodied in Exports as a Share of Export Value



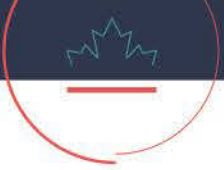
# EDC'S SURVEY FINDS THAT SUPPLY CHAINS ARE ADJUSTING IN REAL TIME

Survey Question: Are you adjusting the countries and/or suppliers you source your inputs from?  
(Percent of respondents)



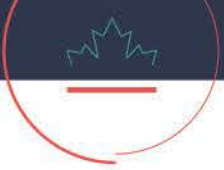
Source: EDC Research Panel Survey, mid-April 2020.





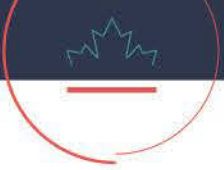
# THE INTERNATIONAL SUPPLY VULNERABILITY AND DEMAND VULNERABILITY INDICES

1. The international supply vulnerability index is constructed with four key components, these include:
  - Reliance on intermediate inputs
  - Reliance on imports of intermediate inputs
  - Geographic concentration of imports
  - Number of imported products on the “Imports of Limited Supply List”
2. The international demand vulnerability index has three components:
  - Reliance on exports
  - Geographic concentration of exports
  - Reliance on indirect exports (i.e. contributing value added to the exports of another Canadian sector)



## **SOME INPUTS ARE IMPORTED FROM ONLY A FEW COUNTRIES**

1. Canada imported nearly ten thousand unique products in 2019, with over 2000 being identified as vulnerable to supply chain disruptions in this report.
2. Vulnerable products are mainly concentrated in the agri-food sector but are also commonly found in chemicals & fertilizers and metals & minerals.
3. Pharmaceutical products and medical supplies have relatively diverse import sources, but alternative suppliers for certain essential products like defibrillators are still limited.



## TOP 5 SUPPLIERS FOR CANADIAN IMPORTS\* (NUMBER OF PRODUCTS)

Country	Largest Supplier	Dominant Supplier**
United States	5,411	1,259
China	1,845	120
Germany	203	13
Italy	201	12
Mexico	177	16

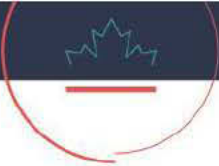
\* Products with multiple suppliers

\*\* More than 90% of import value

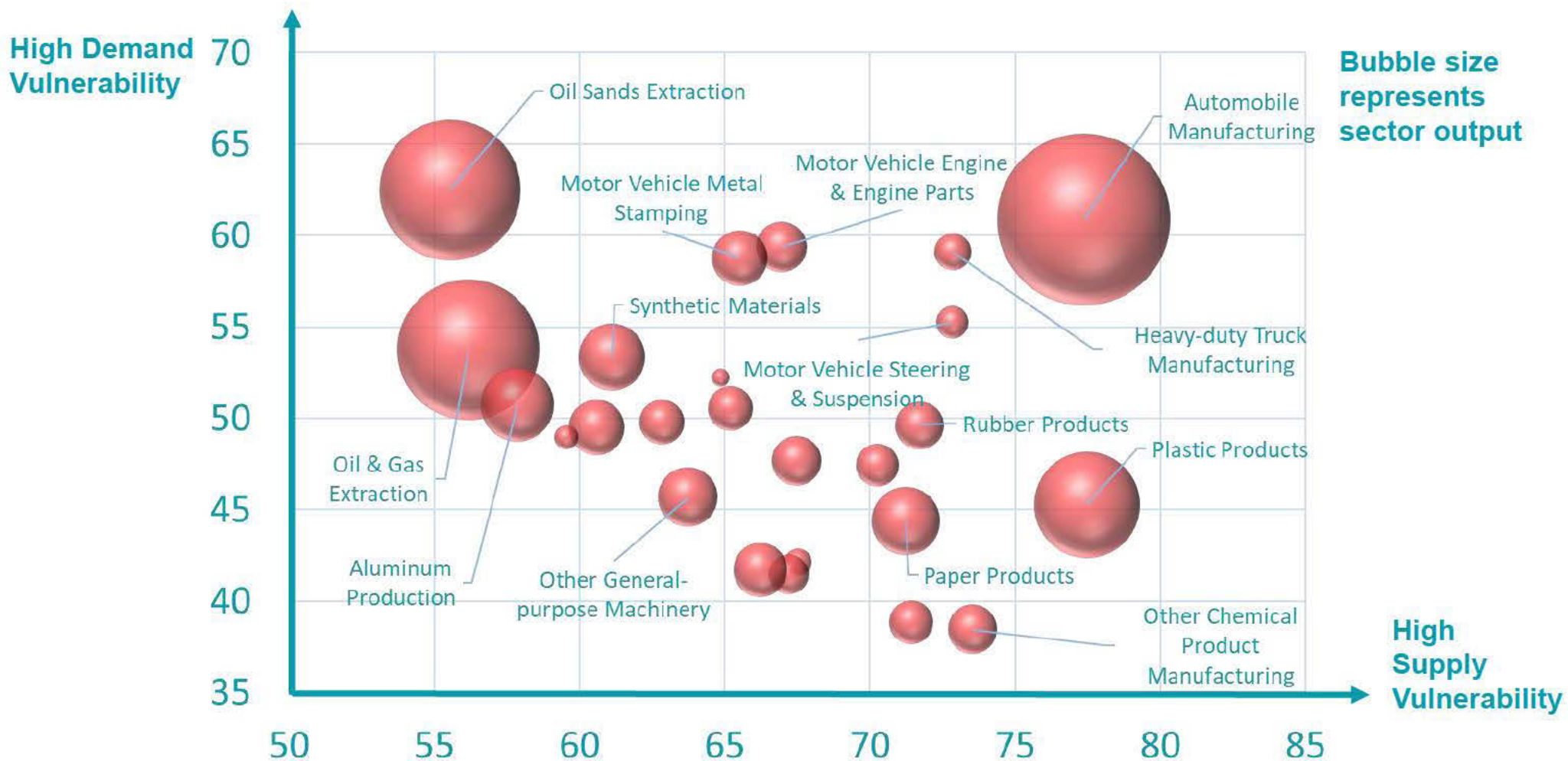


## DISTRIBUTION OF LIMITED SUPPLY PRODUCTS BY SECTOR (NO MORE THAN THREE SUPPLIERS)

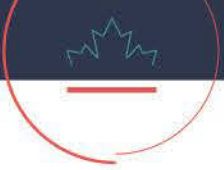
Sector	Definition	Number of Products
Agri-food	HS 1-24	863
Chemicals & Fertilizers	HS 28, 29, 31-38	338
Metals & Minerals	HS 25, 26, 27, 68-81	316
Wood & paper	HS 44-49	215
Clothing & Textiles	HS 41-43, 50-67	122
Transport Equipment	HS 86-89	122
Machinery	HS 84, 90	78
Misc. Manufactures	HS 49, 82-83, 91-96	72
Fuels	HS 27	62
Plastics & Rubber	HS 39-40	60
Electronics	HS 85	34
Pharmaceutical Products	HS 30	19
Other	HS 97-99	14
Sub-total	All HS Chapters	2,315



# TOP 25 SECTORS MOST VULNERABLE TO DISRUPTIONS



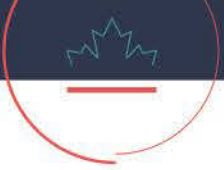
Data: Statistics Canada, Office of the Chief Economist Calculations  
Source: Office of the Chief Economist, Global Affairs Canada



## NEXT STEPS

1. Transportation dimension
2. Inventories
3. More in-depth look at specific industries





## TAKE-HOME MESSAGES

1. As the Canadian and global economies recuperate from their COVID-induced lockdowns, each industry will face their own particular challenges with re-establishing their international linkages.
2. In Canada, manufacturing sectors are particularly vulnerable as they are the most open to international trade, relying on both foreign suppliers for inputs and foreign markets for sales.
3. Retail and service industries, on the other hand, are generally more reliant on domestic markets and suppliers and may be less vulnerable to disruption.
4. The vulnerabilities of international supply chains must be weighed against their many benefits including improved competitiveness and productivity which contribute to higher wages for workers and lower prices for consumers.

# THE OFFICE OF THE CHIEF ECONOMIST

## **We Provide Support for:**

- Trade negotiations
- Export promotion
- FDI promotion and attraction
- Trade litigation
- Advocacy
- Public outreach

## **We work with:**

- Stats Canada, ISED, BoC, EDC, etc
- Multilateral organizations such as OECD, WTO, UN, etc
- Conference Board, CD Howe, CIGI, etc.
- Universities

## **We undertake trade and investment research and report on Canada's performance:**

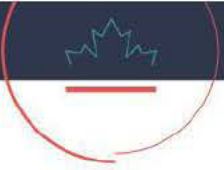
- *Monthly Trade Report*
- *Think Canada – Invest in Canada*
- *Quarterly Economic Outlook*

## **We produce the annual State of Trade report:**

- A comprehensive annual report on Canada international trade and investment performance

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# THE OFFICE OF THE CHIEF ECONOMIST

