



March 8, 2018

Hon. William Morneau, P.C., M.P.
Minister of Finance
90 Elgin Street
Ottawa, ON K1A 0G5

Dear Minister:

We are writing to offer a perspective on last week's federal budget that we hope will be helpful as the government plans its next steps.

The budget contains a number of measures of interest to Canadian businesses, including simplifying the rules for treating small business passive income, streamlining support programs for entrepreneurs, supporting capacity building for Indigenous peoples' self-determination, extending incentives for businesses to invest in energy-saving equipment, and initiatives to advance the full participation of women in Canada's economy.

We applaud these measures. However, as representatives of Canada's business communities, we are deeply concerned that the budget did not adequately address some of the most basic economic issues facing Canadians, including our declining competitiveness, weakening business investment, and a realistic plan to balance the federal government's books within a reasonable timeframe. As part of this broader strategy, a comprehensive review of Canada's tax system is urgently needed.

As we wrote to the Prime Minister and the Premiers last July, we are concerned that Canada's competitiveness is eroding across the board. Canada needs an internationally competitive business tax system and a modern regulatory environment that lessens the cost of compliance for businesses. In addition, the many spending programs announced in the budget will depend on a buoyant economy to fund them and permit the government meet its fiscal targets. These assumptions will be put to the test by a number of factors, including growing protectionism and uncertainty regarding the North American Free Trade Agreement (NAFTA), tax and regulatory reforms in the U.S., and the added cost of higher interest rates for Canadian consumers and for interest payments on government debt.

Statistics Canada has reported that in 2017 foreign direct investment in Canada declined by 27 per cent (the third year in a row it has done so) and capital investment by business is expected to decline this year.

To shield the Canadian economy against the headwinds that lie ahead, we need to implement measures now that will retain and attract business investment in Canada and that will allow our businesses to meet the burgeoning competition that exists throughout the global economy.

We urge the government to address these issues with urgency. A good start would be to convene a meeting of the three levels of government to discuss how to reverse the growing burden placed on Canadian businesses by the succession of new regulations, fees, taxes and other costs imposed by governments at a time when Canada's most important customer and competitor is undertaking the most sweeping tax and regulatory reforms in generations. Until this issue is addressed, we will continue to see investment moving away from Canada and into jurisdictions where the business climate is more attractive.

Canada's business community and our governments share the same goal: to provide a future of opportunity and hope for families throughout our country. On behalf of the more than 200,000 businesses that are part of the Canadian Chamber network, we offer to work with you and your colleagues to develop and implement a program to achieve this goal on behalf of all Canadians.

Sincerely,



Perrin Beatty
President & Chief Executive Officer, Canadian Chamber of Commerce



Chuck Davidson, President and Chief Executive Officer, Manitoba Chambers of Commerce



Stéphane Forget, MBA, Chief Executive Officer, Fédération des chambres de commerce du Québec



Ken Kobly, President and Chief Executive Officer, Alberta Chambers of Commerce



Val Litwin, President and Chief Executive Officer, British Columbia Chamber of Commerce



Steve McLellan, Chief Executive Officer, Saskatchewan Chamber of Commerce



Stanley Noel, Chair, Yukon Chamber of Commerce



Rocco Rossi, President and Chief Executive Officer, Ontario Chamber of Commerce



Sheri Somerville, President and Chief Executive Officer, Atlantic Chamber of Commerce



Trevor Wever, President, Northwest Territories Chamber of Commerce

c.c.: Rt. Hon. Justin Trudeau, Prime Minister of Canada
Hon. Navdeep Bains, Minister of Innovation, Science and Economic Development
Hon. Bardish Chagger, Minister of Small Business and Tourism