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# Government of Canada's support for the international trade of small and medium-sized businesses

Speaking Notes for  
Mark Agnew, Director, International Policy  
&  
Susanna Cluff-Clyburne, Sr. Director, Parliamentary Affairs

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**Please check against delivery**

Thank you Mr. Chair and good morning honourable members. My name is Mark Agnew and I'm the Director of International Policy at the Canadian Chamber of Commerce. Susanna Cluff-Clyburne, Sr. Director of Parliamentary Affairs, who also holds the small and medium business file at the Canadian Chamber, is with me.

It's a pleasure for us to be here this morning to provide the perspectives of our SME members on how the government can help them take advantage of free trade agreements to expand their businesses internationally.

We see both the CETA and CPTPP agreements opening new goods and services export opportunities for Canadian companies. Tariff liberalization is the headline outcome, which is relatively straightforward to understand, but when it comes to services the opportunities are not as well understood. The CETA and CPTPP's labour mobility provisions provide opportunities for Canadian businesses looking to temporarily enter a market to provide services under different entry categories, such as intra-company transferees or contractual service suppliers. However, even once the negotiations are completed, the work is only just beginning.

Taking advantage of the agreement requires – among other things - three key ingredients: understanding its provisions, making connections with local buyers, and navigating the local regulatory environment. Susanna will speak to the first two, but I'll just touch briefly on the third.

Our negotiators do a fantastic job negotiating trade deals, but they're not the cure-all for trade barriers. Governments will rightly maintain their local regulatory measures which companies have to navigate. It is vital that we continue to close the regulatory gaps through mutual recognition or other means to ensure that non-tariff barriers do not prevent companies from utilizing tariff preferences, or enhanced services market access. Bodies such as the Canada-EU Regulatory Cooperation Forum may not be politically salacious, but are operationally crucial.

I'll pass it over now to Susanna to get more into the program side.

(Susanna)

Thank you Mark.

Several of our small and medium sized members operate internationally. And for some, the vast majority of their customers are in other countries. These companies are continuously looking to grow their businesses in international markets and they

appreciate programs like the CanExport Program and the Trade Commissioner Service.

Our members told us that the government could greatly assist them in determining if there are opportunities in trade agreements by providing explanations of agreements' impacts sector-by-sector basis rather than agreement-by-agreement. Small and medium entrepreneurs do not have the time to reach each trade agreement.

Our members also told us that the Trade Commissioner Service, while very helpful to businesses seeking their ways in foreign markets, could have more impact if it adopted more of a "push" approach to communicating its services. We believe it could do so very effectively through the Canadian Chamber, which has a network of some 450 provincial, territorial, regional and local chambers of commerce, as well as other business associations.

Once a business has identified an opportunity in a foreign market, it needs local partners to assist it in navigating market conditions, regulations, etc. The government could provide more effective assistance by making available a vetted list of in-country legal, regulatory and other consultants in a digital, searchable, format.

In 2017, Export Development Canada reported that only 4% of Canada's SMEs are exporters compared to 27% in France; 24% in Japan and 28% in Germany.

Our members believe our government could help increase the percentage of Canadian SMEs exporting by:

1. Looking to its G7 colleagues for best practices in programs they offer to help their small and medium business export;
2. Reconsidering the metrics for measuring its success in exports, for example using the number of businesses exporting rather than focusing only on the gross dollar amount; and
3. Promoting the success stories of Canadian SMEs that are operating internationally.

Thank you for the opportunity to meet with you this morning. We look forward to the question and answer discussion.