



Current Policy Issues Affecting Canadian Business: February 2010

Earlier this year, the Canadian Chamber asked its members, including more than 300 local chambers of commerce and boards of trade nationwide, for their views on how the economy is performing in their regions and advice to the government as it prepares its 2010 budget.

What they told us is that a fragile, uneven economic recovery is underway, the strength and consistency of which varies amongst regions and sectors. Their message to the government is that it should continue with its economic stimulus commitments, but that it should not undertake new measures that would add to the deficit. Canadian businesses are also looking for a concrete plan to eliminate the deficit in a reasonable timeframe to avoid leaving a crushing debt on the shoulders of future generations.

We also heard that Canada needs to increase and diversify its international trade, as well as fight protectionism at home and abroad. On February 5 the Canadian and United States' governments announced an agreement on 'Buy American' provisions. It puts Canadian companies in a better position to benefit from remaining U.S. infrastructure stimulus funding and establishes a mechanism for negotiating further access to U.S. markets. This means we are now in a stronger position compared to our main competitors.

Many local chambers advised the government to think very carefully about the impact that increased payroll taxes, for example Employment Insurance premiums, could have on undermining businesses' ability to compete and discouraging them from creating employment.

We eagerly anticipate the federal budget on March 4 and the path forward it will lay out for Canada. The Canadian Chamber looks forward to continuing to work with all of the political parties to ensure that Canadian businesses have the tools they need to make them, our economy and the standard of living that depends upon it as competitive and robust as possible.

Hon. Perrin Beatty, President and Chief Executive Officer
The Canadian Chamber of Commerce

Save the date for 2010's foremost business event

Join leaders of the world's most prominent business associations as they exchange ideas on how to address the pressing global business issues to be discussed at the G8 and G20 Leaders' Summits hosted by Canada this year.

The G8/20 Business Summit will feature panel discussions amongst Canadian and international business leaders on key priorities: managing the global economic recovery and financial services reform, climate change, and furthering global growth through international trade.

Confirmed speakers include:

- Thomas J. Donohue, President and CEO, U.S. Chamber of Commerce
- William G. Parrett, Chairman, United States Council for International Business (USCIB)
- Jürgen Thumann, President, BUSINESSEUROPE
- Helen Alexander, President, Confederation of British Industries (CBI)
- Emma Marcegaglia, President, Confindustria
- Dr. Ing Hans-Peter Keitel, President, Federation of German Industries (BDI)
- Laurence Parisot, Présidente, Mouvement des Entreprises de France (MEDEF)
- Alexander N. Shokhin, President, Russian Union of Industrialists and Entrepreneurs (RSPP)
- Fujio Mitarai, Chairman, Nippon Keidanren / Chairman and CEO, Canon Inc.
- Hiromasa Yonekura, Vice Chairman, Nippon Keidanren / Chairman, Sumitomo Chemical Co.
- Fumiaki Watari, Vice Chairman, Nippon Keidanren / Chairman, Nippon Oil
- Hon. Perrin Beatty, President and CEO, The Canadian Chamber of Commerce
- Shaueen Bruder, Executive Vice President, Royal Bank of Canada and Chair of The Canadian Chamber of Commerce
- Richard L. George, President and CEO, Suncor Energy
- Bruce Ross, President, IBM Canada
- S. R. Cho, Chairman, Federation of Korean Industries (FKI) / Chairman and CEO, Hyosung Corporation
- Venu Srinivasan, President, Confederation of Indian Industries (CII) / Managing Director, Sundaram-Clayton Ltd.
- Heather Ridout, Chief Executive, Australian Industry Group

More information and registrations details are available at

<http://www.chamber.ca/index.php/en/upcoming-events/C218/> or by contacting Anne Argyris, Director, G8/20 Business Summit (aargyris@chamber.ca or 613-238-4000, ext. 223)

Canadian Chamber of Commerce to host Canada-EU Forum

The Canadian Chamber of Commerce an active advocate for an ambitious outcome to the Canada-EU Comprehensive Economic and Trade Agreement (CETA) negotiations. There is a need to reaffirm the importance of the CETA by voicing a strong commitment on the part of Canadian and European businesses to a successful outcome to the negotiations.

The Canadian Chamber is hosting, in partnership with BUSINESSEUROPE, a Canada-EU forum to coincide with the third round of CETA negotiations. Core to the proposed agenda is a panel of Canadian and European business leaders. Senior government officials from Canada and the EU are also expected to attend.

The forum will be held in Ottawa on April 28, 2010, at the Hilton Lac Leamy, and will coincide with the G8-G20 Business Summit on April 29th.

More details will follow as the agenda is finalized. We hope that parliamentarians will plan to attend.

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Canada and U.S. reach deal on 'Buy American'

On February 16th the Canadian and United States' governments announced the coming into force of the Buy American Agreement. This agreement grants Canadian firms access to seven state or municipal level government programs funded by the U.S. economic stimulus package to which they otherwise not have had access.

Due to the integration of the Canadian and U.S. economies, negotiators on both sides of the border have been working on reaching a deal that would benefit both countries.

The Canadian Chamber, which has been a strong advocate for an agreement, welcomes this outcome as an important first step. While more work needs to be done to counter protectionism in the U.S., the deal has put us in a better position compared to our main competitors and has resulted in greater co-operation amongst the provincial, territorial and federal governments. The depth of the offer and the speed at which the provincial, territorial and federal governments came together is an important precedent which puts us in a good position for the negotiation of future agreements.

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National Transportation Strategy Pillar # 4: An Economically, Environmentally and Socially Sustainable Plan

In December 2009, the Canadian Chamber of Commerce launched the fourth and final pillar of its National Transportation Series: *An Economically, Environmentally and Socially Sustainable Plan*. Throughout 2009 the Canadian Chamber published four reports scoping out what is needed for the development of a National Transportation Strategy for Canada. The fourth report in this series examines Canadian transportation through the lens of sustainability, recommending the adoption of a strategy that weighs infrastructure and regulatory projects against the economic, social and environmental axes of sustainable development.

The full text of the paper is available at <http://www.chamber.ca/images/uploads/Reports/Pillar-4.pdf>

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Small Business and Information and Communications Technology

The Canadian Chamber recently released a report on the level of adoption of e-business solutions by small businesses in Canada.

Powering Up the Network: A Report on Small Business Use of E-Business Solutions in Canada benchmark's Canada's progress to date in information and communications technology (ICT) and e-commerce adoption among small businesses and provides concrete recommendations for government and business to work hand-in-hand to get Canada back on top. More than 900 businesses from across Canada responded to the survey that determined how businesses were using the internet, what business-to-business transactions were taking place and how small businesses were protecting their networks. This report builds on the recommendations outlined in a June 2009 Canadian Chamber report entitled: *Mapping the Future of the Digital Economy: Key to Canada's Economic Success*.

The report can be found at: <http://www.chamber.ca/images/uploads/Reports/2010/Powering-up-the-NetworkFeb2010.pdf>

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Replacement Workers Private Member's Bill to be debated when the House returns

Bill C-386, introduced by Mario Laframboise (Bloc Québécois) on May 14, 2009, would restrict the use of replacement workers by federally-regulated employers. The bill proposes to prohibit employers subject to the *Canada Labour Code* from hiring replacement workers to perform the duties of employees during a labour disruption. Fines of \$50,000 per day (for corporations) and \$1,000 (for individuals) could apply to federally-regulated employers who do hire replacement workers.

While the bill places the obligation upon employers to continue to provide essential services, operate facilities and produce goods “to the extent necessary to prevent an immediate and serious danger to the safety or health of the public”, there are many services essential to the wellbeing of Canadians and the functioning of our economy that fall outside of this narrow definition. These include telecommunications and financial services, air travel, as well as the transportation of manufactured goods and their components on land, water or air.

The Canadian Chamber’s position is that Bill C-386 should be defeated at Second Reading. Federally-regulated employers provide critical infrastructure to Canadian businesses and our citizens. In the event of a strike, it would not take long for the impact of these companies having to shut down to be felt by the thousands of businesses – and millions of Canadians - who depend upon them in every community across Canada.

A disruption of the services provided by federally-regulated critical infrastructure providers would be devastating to our soft economic recovery. This is not the time to inflict further harm on the businesses and consumers that depend upon these companies.

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Labour shortages will resurface after the economy fully recovers

The Canadian Chamber of Commerce cautions that an aging population and low birth rate will exert significant strains on Canada’s labour market in a report entitled: *Recession, Recovery and the Future Evolution of the Labour Market* which was released to coincide with the federal/provincial/territorial meeting of labour ministers on February 22.

According to the report, demographic trends are not alone in exerting pressure on Canada’s labour market. Globalization and technological advances are changing the composition of the workforce, transforming the nature of work, and reshaping the workplace. Our nation’s competitiveness and continued prosperity will depend on maximizing the education and skill levels of Canadians, and on the ability of our workforce to create and apply ideas and knowledge.

To realize Canada's full potential and realize this country's promises, businesses of all sizes will need to tap Canada's pool of underutilized talent - older workers, Aboriginal peoples, the disabled and new immigrants. An affordable, accessible and high quality post-secondary education system will continue to be critical to ensuring a large and growing pool of skilled and knowledgeable workers to meet future labour market needs. For First Nations, Métis, Inuit, and the disabled, post-secondary education participation rates continue to be very low, and we need to do more to ensure affordable access to a high-quality education for them so they can effectively integrate and contribute in Canada's labour market.

Recession, Recovery and the Future Evolution of the Labour Market can be viewed at <http://www.chamber.ca/images/uploads/Reports/2010/Labour-Market220210.pdf>

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