



Current Policy Issues Affecting Canadian Business: April 2009

Welcome to **Canadian Business Agenda's** new format. While its appearance is different, its objective remains to keep Parliamentarians updated on issues of importance to Canadian businesses and the communities they serve across Canada. I hope that you find **Canadian Business Agenda** informative and invite you to contact our policy team members if you wish to discuss an issue in more depth.

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

Government tables response to the Report of the Advisory Group to the National Roundtables on Corporate Social Responsibility and the Canadian Extractive Industry in Developing Countries

Building the Canadian Advantage: A Corporate Social Responsibility (CSR) Strategy for the Canadian International Extractive Sector leverages existing social responsibility guidelines and reporting mechanisms, while clearly articulating the government's expectations of companies to behave in a socially responsible manner. It acknowledges the critical role of governments in developing countries and commits to providing additional resources to them, through CIDA, NRCan, DFAIT and international bodies such as the Extractive Industries Transparency Initiative (EITI). The CSR Centre of Excellence announced in the response will augment the expertise of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) to provide additional resources to companies to improve their practices.

The newly-established Office of the Extractive Sector CSR Counsellor, which will report to the Minister of International Trade and report to Parliament annually, strikes a balance amongst stakeholders while maintaining the primacy of DFAIT's National Contact Point in promoting the OECD's Guidelines for Multinational Enterprises. The government's response also acknowledges the ongoing responsibility of the government and its agencies/crown corporations, e.g., CIDA and EDC, to use existing regulations as incentives for/measurements of socially responsible behaviour.

Building the Canadian Advantage is consistent with the position of the Canadian Chamber and its members in the extractive industries sector, i.e., that socially responsible behaviour continue to be promoted and supported by the government. A process of proactively working with companies before they run into problems and then actively working with them to solve any issues that may arise ensures both Canada and Canadian companies are seen as world leaders. Canadian companies understand that their activities abroad must respect best practices and provide better lives for the people living in the countries where they operate.

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Restricting the use of replacement workers could cripple an already weak economy

Local chambers are telling their MPs about the damage legislation restricting the use of **replacement workers** by federally-regulated employers during a strike could have on businesses already weakened by the economic crisis. For the thousands of small businesses/employers that depend upon critical infrastructure providers, the impact would be devastating.

The services provided by federally-regulated employers are essential to keeping businesses – and the nation’s economy – working. That is why Parliament has acted in the past to legislate the end to work stoppages in federally-regulated industries, as was the case in 2007 during a labour dispute in the railway sector.

In the event of a strike, it would not take long for the impact of companies providing transportation, telecommunications and financial services 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.

We urge Parliamentarians to vote against legislation and motions which have the potential to paralyze Canadian businesses and, in turn, our economy. The members of the Canadian Chamber believe that any change to the Canada Labour Code deserves extensive study and should not be undertaken lightly.

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Government urged to provide pension funding relief

The Canadian Chamber was pleased to participate in consultations on the most appropriate means to strengthen the legislative and regulatory framework for **registered pension plans** subject to the *Pension Benefits Standards Act, 1985*. Sharp decline in global equity markets and long-term interest rates have substantially reduced the funded status of Canadian defined benefit pension plans, including federally regulated private pension plans. As a result, many plan sponsors are required to make substantially higher contributions to offset substantial pension losses during a recession when they can least afford it. As a result of these large special payments, companies must divert scarce financial resources from capital investment – at a time when Canada needs it most. Their competitiveness, and Canada's, undermined.

The federal government has proposed temporary solvency funding relief for federally regulated pension plans. The intent is to allow pension plans to extend their solvency funding payment schedule (i.e., amortization period) from five to 10 years in respect of solvency deficiencies. Both members and retirees would need to agree to the extended schedule, or the difference between the five and 10 year payment schedule would need to be secured by a letter of credit.

The Canadian Chamber communicated to the government that obtaining the consent of employees and retirees to extend the repayment schedule will be difficult. In particular, the requirement for retiree consent may preclude access to funding relief for the very employers and plan sponsors that most need the relief. They believe the option to extend the amortization period should not be conditional upon consent. Our members agree that the five-year solvency deficit amortization period should be extended to at least 10 years and applied consistently to all companies so businesses can spread their solvency payments over a longer period of time, freeing funds for operations. Our members also agree that the use of a letter of credit should not be mandatory.

We strongly urge the government to take rapid action to provide the funding relief many employers are urgently seeking while aiming to enhance the security of existing pension plan benefits.

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Protecting Intellectual Property Rights (IPR) in Canada

The Canadian Chamber continues to call for legislation to better protect IPR in Canada. The government has committed to tackling two key elements of protecting IPR: legislation to allow for the search and seizure of suspected **counterfeit goods** at border points and gateways; and the re-introduction of updated **copyright** legislation. To better assist businesses in getting more attention on IPR issues, the Canadian Chamber established the Canadian Intellectual Property Council (CIPC) in 2008.

In February 2009, CIPC launched a white paper that was distributed to all Parliamentarians that mapped a way forward for intellectual property rights. **Intellectual property** rights are critical to most businesses. In today's knowledge-based economy, it is important to have adequate measures to protect them as we compete in a global environment. There have been many calls for updates to Canadian IP rights legislation. In 2007, the House of Commons Public Safety and Industry, Science and Technology (INDU) Committees issued reports on IPR calling for sweeping changes to the way Canada protects IPR and the Canadian public. In 2008, the Competition Policy Review Panel's Final Report noted that changes were needed to better protect IPR for Canada to remain competitive.

The government made commitments in the Speech from the Throne and in policy documents that updates can be expected. With no action to date, industry stakeholders are anxious to see progress.

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Canadian Chamber urges passage of free trade agreements with Colombia and Peru

We are pleased to see the government has introduced legislation to put in place **free trade agreements** with **Colombia** and **Peru**. A number of Canadian companies are active in these countries and these agreements offer many opportunities for Canadian exporters, investors and jobs. In 2008, two-way trade between Canada and Colombia was \$1.3 billion. Between Canada and Peru it was \$2.8 billion. These free trade agreements create an opportunity for Canada to gain a competitive advantage in these markets. In addition to eliminating tariffs and other trade and investment barriers, they would provide greater market access for Canadian agri-food, goods and services providers.

While some are campaigning against the free trade agreement with Colombia, we strongly believe the Colombian government has made real progress in the important areas of democracy and human rights. It is important that Canada not undermine this progress by denying the passage of this agreement.

We urge Parliament to pass both pieces of legislation as quickly as possible.

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