

CANADIAN

BUSINESS AGENDA



September 2007

A monthly update from the Canadian Chamber of Commerce on policy issues affecting Canada's business sector

Chamber Welcomes New President & CEO

In August, the leadership at the Canadian Chamber of Commerce changed hands and is being led by a familiar face, the Honourable Perrin Beatty. Prior to joining the Chamber, Mr. Beatty was the President and Chief Executive Officer of Canadian Manufacturers & Exporters. He also served as an MP and cabinet minister from 1972 to 1993, holding many different portfolios. He also served as the President & CEO of the CBC.

As he looks ahead, Mr. Beatty is excited about leading the Chamber at a time of unprecedented change – and challenge. He says that Canadian businesses are coping with new competition from low wage countries, a border that's becoming more burdensome, serious skills shortages and a dollar that has risen dramatically in value.

The issues that Mr. Beatty outlines as key to Canada's future success, touch businesses in communities across Canada - places that you represent as a Member of Parliament. These issues touch the livelihood of the country, the communities within it and that of your constituents. As you can imagine, with a network of chambers of commerce and boards of trade across Canada, we can speak with a powerful voice on any given issue from the ground up - from local chambers of commerce and boards of trade, through provincial and territorial chambers and the Canadian Chamber in Ottawa.

Over the summer the Canadian Chamber and its members have been working on a number of important policy issues important to businesses. This issue of *Canadian Business Agenda* focuses on some of the areas where the chamber network has been at work - perhaps, due to our collective advocacy efforts, some of these will sound familiar to you. As all MPs head back to the Hill this fall, we hope that they will consider the impact that these policies and legislation could have - not just on business, but on all Canadians.

SPP Leaders' Summit

In late August, the leaders of Canada, Mexico, and the United States concluded their two-day Security and Prosperity Partnership (SPP) Leaders' Summit and a number of announcements were made. The Canadian Chamber is encouraged by plans to maintain smart and secure borders, the

development of a regulatory framework, the establishment of an *Intellectual Property Action Strategy*, and taking an integrative approach to climate change and air pollution.

More specifically, regarding border management, the leaders reached an agreement to develop and coordinate the management of people and goods during a border incident, expand participation in the NEXUS and FAST programs, and move forward on enhancing capacity at the Windsor-Detroit crossing. In addition, working to remove the small yet costly regulatory differences that impede trade and investment, working to strengthen intellectual property protection, and encouraging the development of environmental technologies are all positive steps forward.

Finally, discussion on the need to smoothly implement the *Western Hemisphere Travel Initiative* (WHTI) at land and sea ports-of-entry and reach a strong and ambitious outcome to the WTO Doha negotiations were welcomed by the Chamber.

While there were a number of positive announcements coming out of the Leaders' Summit, the speed of progress must increase in order to decrease border costs and continue our ability to compete with other economies and emerging markets around the world.

Canadian Chamber Responds to WHTI Notice of Proposed Rule Making

Earlier this summer, the U.S. Department of Homeland Security (DHS) and the U.S. Department of State (DOS) released the *Notice of Proposed Rulemaking* (NPRM) for the land and sea portions of the *Western Hemisphere Travel Initiative* (WHTI). This document contains the proposed rules and implementation date of WHTI at land and sea ports-of-entry.

The NPRM calls for a summer 2008 implementation date, meaning that travelers will require WHTI-compliant documentation such as a passport or be a participant in a low-risk travel program such as NEXUS or FAST. While the NPRM states that DHS is open to developing alternative documents such as an enhanced drivers' licence, the NPRM makes no reference to a communication plan or ensuring that there is a critical mass of

The Canadian Chamber of Commerce is Canada's leading business organization speaking on behalf of a strong, diverse network of 170,000 members. Our membership of local chambers of commerce, boards of trade, associations and corporations, represents businesses of all sizes and sectors, in every federal riding across Canada.

WHTI-compliant documentation in circulation prior to implementation. The Canadian Chamber, and a number of our members, have made submissions to the U.S. government calling for a critical mass of WHTI-compliant documentation (i.e. passports, NEXUS, FAST, and enhanced drivers' licences) to be in circulation prior to WHTI implementation at land and sea ports-of-entry. Expanding NEXUS and FAST participation, and completing an enhanced drivers' licence pilot project prior to implementation will help to ensure that a critical mass of the travelling public have WHTI-compliant documentation. Furthermore, a communications campaign is needed to ensure the citizens of North America are familiar with both what is needed today and the new rules. With effort, the Canadian Chamber believes that this can be attained by the June 2009 deadline set by Congress.

In addition to submissions made to DHS and DOS, the Canadian Chamber and a number of our members have been advocating to Canadian federal and provincial governments to begin work with DHS on an enhanced drivers' licence that would denote the carrier's citizenship and be considered WHTI compliant once approved by the U.S. government. The enhanced drivers' licence represents efficient and affordable documentation for Canada-U.S. travel.

Bill C-415 – Going to Second Reading

Bill C-415 – *An Act to Amend the Canada Labour Code (replacement workers)* will be going to Second Reading this fall and is designed to ban the use of replacement workers in federally-regulated industries such as transportation, telecommunications, and banking. This bill is very similar to Bill C-257 (defeated at Third Reading earlier this year).

Bill C-257 was ultimately rejected as it did not contain any provisions to ensure the protection of "essential services" in the event of a work stoppage. Bill C-415 attempts to address this issue by ensuring the operation of facilities or production of goods to the extent necessary to prevent immediate and serious danger to the safety or health of the public. Such a narrow scope does not take into account services that are essential to Canada and Canadians.

Industries under federal jurisdiction are such because they are essential. For example, Parliament recognized earlier this year that CN provides an essential service by legislating an end to their work stoppage. The negative implications of a work stoppage in any federally-regulated industry would be felt all over the country.

Despite some small amendments, Bill C-415, like Bill C-257, does not address the need to maintain the continuity of essential services. The "essential services" provision in Bill C-415 simply deals with emergency-type services that have an immediate effect on the health and safety of the public. Such a narrow scope leaves out actual essential services and should therefore be defeated due

to the harm it may cause to Canadians and our economy. The Canadian Chamber will continue to oppose this bill.

Canadian Chamber Submission to the Expert Panel on Older Workers

Earlier this year, Minister of Human Resources and Social Development Monte Solberg created an expert panel to undertake a study on the labour market conditions facing older workers. The Canadian Chamber's panel submission calls to eliminate tax and other disincentives that discourage older workers who wish to stay employed, and whose employers wish to retain them, to continue to work past age 65 and ensure that the valuable skills and resources of older workers are not left behind.

The recommendations in the Chamber's document are directed to both the public and the private sector. At the government level, reforming the Canada Pension Plan and the Old Age Security program, allowing access to pensions for part-time workers, introducing tax pre-paid savings plans (TPSPs), enhancing learning opportunities and addressing the issue of mandatory retirement in all jurisdictions, are all necessary steps in encouraging later retirement and prolonged workforce participation. At the private sector level, organizations must develop alternate work arrangements such as phased retirement, flex time work arrangements, broadband distance learning, and address the issue of mandatory retirement.

Counterfeiting & Piracy: Critical Issue for Business and Consumer Alike

Virtually no industry escapes the illegal activity of counterfeiting and piracy. Intellectual property is an essential element for promoting investments in research and innovation, international trade and investment, consumer protection and overall economic growth. In the rapidly changing global economy, protecting intellectual property is critical to ensuring a competitive Canada. Legislative changes and additional resources are required to adequately address the problem and bring Canada in line with its international trading partners.

The Canadian Chamber made this issue a priority item this year. Two Parliamentary Committees (Public Safety and National Security and Industry Committees) have studied the issue and have issued unanimous reports that call for positive changes to better protect intellectual property rights in Canada. The government is expected to release its response to these reports in October.

Earlier this year, the Canadian Chamber endorsed a comprehensive report on counterfeiting and piracy in Canada entitled "*A Road Map for Change*" that was produced by the Canadian Anti-Counterfeiting Network. In addition, an *Intellectual Property Action Strategy* to work towards better protection of intellectual property was announced at this year's North American Leaders' Summit. The Canadian Chamber will

be following the progress of this action strategy to ensure action is taken by the government.

At the business level this issue is hugely important. But it also becomes a consumer safety issue when one starts to look at the number of counterfeit items that are appearing in the marketplace and making their way into Canadian homes.

Canadian Chamber Applauds CSR Report

In July, the Canadian Chamber - following extensive consultations with members - offered its formal response to the Advisory Group Report of the National Roundtables on Corporate Social Responsibility (CSR) and the Canadian Extractive Sector in Developing Countries. The Canadian Chamber found the Advisory Group's report to be a valuable one, with many beneficial recommendations that should be implemented. The Chamber strongly supports the recommendations to build capacity in Canadian and host governments and extractive companies and the call for greater transparency and accountability for civil society organizations.

The Chamber also had proposals for changes regarding some of the recommendations. Of primary importance to the members of the Canadian Chamber is the need for the recommended fact-finding role to be part of an enhanced National Contact Point (NCP), rather than an independent ombudsman. This would require a revamped, adequately funded operational mandate and reporting structure for the NCP. The federal government should be supporting existing government institutions with the proper resources and mandates (particularly ones where it is under an international obligation to maintain), rather than undermining them through the establishment of duplicate institutions - especially where no objective data indicates a sufficient volume of incidents that would warrant such a costly use of taxpayer dollars. Other countries have successfully established an NCP with the recommended structure with the support of industry, civil society, labour and government - there is no reason why Canada could not do the same.

Finally, the Canadian Chamber believes that broader consultation is needed with respect to a number of recommendations that have the potential to impact industries in the extractive sector as well as beyond the extractive sector.

The Canadian Chamber's formal response can be found at: <http://www.chamber.ca/cmslib/general/070726ResponseAdvisoryGroup.pdf>.

Canadian Chamber Weighs In on Foreign Investment & Urges Canadian Companies to think Big Picture

On July 30, an op-ed written by Michael Murphy, Executive Vice President, Policy, appeared in the *Globe and Mail's Report on Business* section. In the article, Mr. Murphy lamented that Canada is currently debating the wrong questions regarding investment.

Instead, discussions should be taking place around things such as:

what is needed to assist Canadian companies to become global champions? How can Canada promote sustainable job creation in a global economy?

Foreign investment is beneficial to the Canadian economy and Canadian companies. Unfortunately, not enough Canadian companies are actively participating in the global economy.

The ideas piece urged Canadians to think on a bigger scale and to become more ambitious. It is important that government put in place the proper framework policies that are conducive to efficient economic management.

Read the op-ed at <http://www.theglobeandmail.com/servlet/story/RTGAM.20070730.wagenda0730/BNStory/robnews/>.

Chamber Opposes Cheese Changes

In mid-June, proposed amendments to the compositional standards for cheese in Canada were published in the *Canada Gazette, Part I*. The Canadian Chamber, along with numerous Canadian companies, health professionals and foreign governments, voiced its opposition to these proposed amendments, as they undermine Canadian competitiveness, ignore the need for innovation and increased productivity and imposed unnecessary costs on the Canadian economy.

According to the Canadian government's own estimates, the proposed amendments will decrease the productivity of Canadian factories producing cheese by approximately 25% and will result in increased costs to Canadian consumers of well over \$72 million, which will disproportionately affect Canada's vulnerable and poor. Beyond the domestic implications, these proposed amendments are a new trade barrier that violates many of our international commitments through the WTO and NAFTA. Our trading partners have already expressed their disapproval of these measures, including by terminating negotiations regarding increased access for other Canadian agricultural products; other forms of retaliation against Canadian products are possible.

In addition, the proposed amendments could have detrimental effects on the health of Canadians by limiting the availability of lower-fat cheese in the Canadian marketplace. Health Canada's new nutritional guidance document, *Eating Well with Canada's Food Guide*, recommends that Canadians consume lower fat cheese in order to eat better and to reduce their risk of heart disease and diabetes.

The Canadian Chamber continues to advocate for measures that make Canada a more productive and competitive economy and looks forward to working with the government to create measures, unlike the ones proposed, that will achieve that goal.

For more information on the Canadian Chamber of Commerce & our policy initiatives, consult www.chamber.ca or contact Chris Gray, cgray@chamber.ca, (613) 238-4000, x251