

# CANADIAN BUSINESS AGENDA



October 2007

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

## *Chamber Outlines Priorities for New Session*

The Canadian Chamber of Commerce recently concluded its 78th Annual General Meeting in Markham, Ontario, where our members determined our policy direction for the next year. We recently sent Prime Minister Stephen Harper a letter outlining what we believe are the policy priorities for Canada's government going forward. The Chamber believes that the government's focus must be to boost Canadian prosperity by taking measures that are urgently needed to improve our economic competitiveness. As the government heads back to Ottawa for the fall session and a Speech from the Throne, we encourage all Members of Parliament to consider that Canada's prosperity can be achieved through:

### *Tax and Regulatory Competitiveness*

As Finance Minister Flaherty has stated on numerous occasions, "Canadians pay too much tax and deserve to keep more of their hard-earned money". While progress in providing tax relief has been made in recent years, the government must focus on reducing Canada's high-cost sources of taxes, like income taxes. The need for effective broad-based tax relief is intensified as global competitive pressures increase. Because Canada needs to act soon to remain competitive in world markets for both business and human resources, ad hoc changes to tax policy are not sufficient. Canada needs a strategic vision for tax policy.

Canadian businesses also require a regulatory environment that lets them fully utilize their capabilities. With the opportunities and competition brought by the explosive growth in economies like China and India, Canada has a choice - lead or lose. As a result, it is more important than ever to make the right policy and regulatory choices. Canadian prosperity is bound to the competitiveness of the North American market. Canada must encourage greater cooperation both within our country and with our continental partners to ensure that our businesses can compete effectively.

### *Addressing Skills Shortages*

Long-term economic growth relies on two key components: growth in the labour force and growth in productivity. Since Canada's labour force is expected to grow slowly, our productivity must be raised significantly and be sustained on a long-term basis. It is imperative that the Canadian government encourage participation in the labour market from both older workers and skilled immigrants, as well as other groups that do not participate fully today. As a start, we need to eliminate the financial disincentives that discourage older workers from participating in the workforce past the average retirement age. In addition, we must actively recruit the best minds and skills from around the world and ensure that new Canadians are able to participate fully in building Canada's economy and society.

### *A Competitive Energy and Climate Change Policy*

It is vital to ensure a stable, diverse and flexible energy supply that includes environmentally sound, cost-efficient uses of all available energy sources. We should invest in developing and commercializing new technologies and make certain they are economically and technically feasible before implementing them. We also need to ensure that we do not disrupt our energy network and put businesses at risk. Our market-based approach to energy should be maintained and strengthened. In addition to promoting continued improvements in energy efficiency, we must ensure that policies promoting "clean power" do so by specifying a consistent emission standard and do not arbitrarily exclude specific forms of energy production. The Canadian Chamber supports the federal government's long-term approach to mitigating climate change through reducing emissions intensity and recognizes that our *Kyoto Protocol* targets cannot be achieved within the First Commitment Period timeframe. To achieve our goal of significantly reducing global emissions of greenhouse gasses, we need to secure meaningful commitments from all major carbon-emitting economies, including the U.S., China and

India.

### *Boosting our Productivity and Competitiveness Domestically*

To compete globally, we need to put our own house in order by creating a fully functional domestic market. The *Agreement on Internal Trade* (AIT) needs to be strengthened and we must improve trade and mobility between provinces. We were encouraged to see the Council of the Federation recently agree to work towards strengthening the dispute settlement mechanism of the AIT, but more is needed to ensure that Canada remains an open and investment-friendly market. We urge the federal government to take a leadership role in ensuring that our nation has one market that stretches from sea to sea to sea.

The Canadian Chamber has long pressed for changes to current Canadian legislation and border enforcement regimes to properly protect intellectual property rights in Canada. It is very encouraging to see the *Intellectual Property Action Strategy* emerge from the recent North American Leaders' Summit, as well as the two House of Commons Parliamentary Committee reports calling for significant changes to the way that Canada approaches intellectual property rights. When Parliament meets in next week, it should act to better protect intellectual property rights and, in turn, enhance innovation in Canada.

### *Trade and the Border*

The global marketplace is being transformed, with new competitors entering every day. To ensure Canada's prosperity, we need to be globally competitive and internationally focused. The federal government can lead by example through a renewed and strengthened focus on, and commitment to, greater international engagement. Canada must champion trade and investment liberalization, in particular by showing political flexibility and encouraging other nations to follow our lead in order to achieve a positive conclusion to the Doha Round of trade negotiations. We must fight for framework policies that will enhance our prosperity and make Canada a location of choice for investment. In the Canadian Chamber's view, the *Global Commerce Strategy* is an excellent step forward, but more needs to be done. Our relationship with the United States is by far the most important and complex affiliation our country enjoys with any nation. The North American economy is integrated in such a way that input products may cross the border a number of times before the final products are completed, making efficiency at the border a critical element for our economic success. Effectively managing our bilateral relationship requires balancing North American security and economic needs to avoid

increasing border costs and wait times. While our economic relationship with the U.S. continues to grow, further investment in our border crossings and expanding participation in low-risk travel programs can address capacity issues without compromising North American security. Both countries urgently need the opening of new infrastructure to facilitate the flow of people, goods, and services while maintaining a secure and competitive North America.

This is a brief summary of the priorities set by our members at our recent convention. The Canadian Chamber of Commerce would be very pleased to elaborate on them with any Members of Parliament.

As the House of Commons returns to business, the Canadian Chamber of Commerce hopes that MPs of all parties will set an agenda for the coming session that will help to enhance the standards of living for every family and community in Canada.

Along with our unique network of chambers of commerce members across the country, we look forward to working with elected representatives and government officials in promoting Canada's prosperity. We send every good wish for a productive and successful session.

### *Canadian Chamber goes on WHTI Mission to Washington*

In late September, the Canadian Chamber participated in an advocacy mission to Washington, DC as a member of the coalition on **Business for Economic Security Tourism and Trade** (BESTT). Members of the BESTT coalition met with a number of advisors to Senators and House representatives to push for a legislated implementation date of June 2009 and to ensure that a critical mass of documentation (including an enhanced drivers' licence) is in circulation prior to implementation.

Currently the Department Homeland Security is pushing for a phased-implementation beginning in January 2008, followed by the final phase in the summer of 2008. The meetings were positive and the Canadian Chamber continues to push for a June 2009 implementation date, which gives enough time to ensure that a critical mass of WHTI-compliant documentation is in circulation and that the general public in both countries is aware of the upcoming regulations. This will ensure that WHTI is implemented in an efficient manner that addresses both security and economic concerns.

Furthermore, DHS and the Department of Licensing for Washington State announced that the Washington State enhanced drivers' licence pilot project will begin in January 2008. The enhanced drivers' licence will denote the carrier's citizenship and be WHTI-compliant. This is a voluntary program and should cost approximately \$15 to participate. DHS is looking to expand the program to other states and provinces. In Canada, a number of provinces have expressed interest in developing their own enhanced drivers' licences. The Canadian Chamber encourages the federal government to move forward with this initiative.

### ***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 sometime 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, which was defeated at Third Reading earlier this year.

Bill C-257 was ultimately rejected because 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 an immediate and serious danger to the safety or health of the public. However, such a narrow scope does not take into account services that are essential to Canadian society and its economy.

Industries under federal jurisdiction are such because they are, in fact, 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 Canadian public. Such a narrow scope leaves out actual essential services and should therefore be defeated due to the harm it would cause to Canadian society and our economy.

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

### ***Canadian Chamber urges Government to review Pilotage Act***

In a September 20th submission, the Canadian Chamber, and a number of other business associations, urged the Canadian government to reintroduce Bill C-64, *An Act to Amend the Pilotage Act* once Parliament resumes.

The Canadian business community is concerned with the exorbitant fees charged by pilotage authorities and that the services and operations offered are run at less than optimal efficiency. Bill C-64 was a small, yet positive step forward, in addressing these concerns. For instance, Bill C-64 calls for the ability of pilotage authorities to hire contract and employee pilots simultaneously, and provides the Minister of Transport with the discretion to appoint a commercial arbitrator with a mandate to look at the business implications of increases to pilot remuneration.

Reintroducing Bill C-64 will provide the government and stakeholders with the opportunity of revisiting these positive provisions and further addressing other service and cost concerns the business community has with the *Pilotage Act*.

#### **Reminder about our Open House**

All MPs will have received an invitation to our  
Open House,  
Wednesday, October 17th from 5-7 P.M.

Our new President & CEO,  
The Honourable Perrin Beatty,  
our new Board Chair,  
John Peller, President & CEO of Andrew Peller Ltd.  
and our new offices await your visit.

We're now located at 360 Albert Street, Suite 420,  
Ottawa (Constitution Square).

If you have not RSVP'd, we'd like to hear from you.

*Please call Sarah Woolverton at (613) 238-4000, x227,  
or email at [swoolverton@chamber.ca](mailto:swoolverton@chamber.ca).*

We look forward to welcoming you!

*The Canadian Chamber of Commerce has been Canada's Voice of Business™ since 1925. Through our network of local chambers of commerce and boards of trade, at least one in every federal riding, we represent over 170,000 businesses. The Canadian Business Agenda is designed to keep you informed of business issues on a monthly basis. Please contact us on any issue in this newsletter that is of interest to you or your constituents.*