
COMPETE TO WIN
COMPETITION POLICY REVIEW PANEL REPORT

ANALYSIS OF THE REVIEW PANEL'S RECOMMENDATIONS

The Canadian Chamber is very pleased with the final report of the Competition Policy Review Panel. Many of the Canadian Chamber's recommendations were reflected in the Review Panel's recommendations, including being the only organization specifically identified in the Review Panel's recommendations when they endorsed the joint Canadian Chamber-US Chamber February 2008 border report. As well, the Canadian Chamber's submission was quoted within the report regarding the need for a more focused international strategy in close consultation with Canadian business.

The Canadian Chamber has been leading the Canadian business community's advocacy to the Competition Policy Review Panel. We will now continue our work to ensure that the necessary measures are taken to improve Canada's competitiveness by working with the federal government on the implementation of these recommendations. To this end, the Canadian Chamber has organized a broad coalition of business groups that issued a joint response to the report upon its release, will continue to monitor the implementation of the Review Panel's recommendations and will ensure that action is taken on the issue of Canada's competitiveness, including issuing a report card on progress in one year's time.

The Canadian Chamber's preliminary analysis of the Review Panel's 65 recommendations and how they correspond to the recommendations we made is laid out below.

Investment Canada Act

Most of our recommendations with respect to the *Investment Canada Act* were adopted by the Review Panel. The Canadian Chamber called for the raising of the monetary thresholds for transactions that are subject to review under the Act. We also laid out the need for greater transparency and accountability in the review process. Finally, in our op-ed in the *Globe and Mail* on January 14, 2008, we noted the need for a more mature attitude and approach to foreign investment, recognizing that it generally benefits Canada, rather than asking the foreign investor to demonstrate "what's in it for us." We will work with the federal government in the implementation of the "national interest" standard to ensure that it will be applied uniformly to all transactions.

Competition Act

Many of our recommendations in this area were also adopted. For example, we strongly support the recommended changes to the merger review practices. We also recommended the repeal of the pricing and the industry-specific provisions in the Act. While it was not one of our recommendations, we are also supportive of the Review Panel's suggestion to make the Competition Bureau strictly an enforcement body, rather than a policy and enforcement body as it currently is.



We are disappointed that the Review Panel recommended the creation of a *per se* criminal offence for conspiracy and cartels, as well as the institution of administrative monetary penalties of up to \$5 million for abuse of dominance cases. The Canadian Chamber has consistently argued that better enforcement of current provisions are needed, rather than these new powers.

Sectoral Investment Regimes

Overall, we are pleased with the recommendations made in this area. We strongly agree with the need to periodically review these regimes to ensure that they are still necessary and whether the existing restrictions achieve the stated policy goals.

We recommended the raising of the foreign ownership cap in the air transport sector. Also, while not raised specifically in our submission, the Canadian Chamber is very supportive of the conclusion of an Open Skies agreement with the European Union. In the uranium mining sector, similar to the Review Panel, we recognized the national security implications of investment in this sector and recommended removal of investment restrictions when an appropriate national security review mechanism is in place. We also recommended the removal of the political ban on bank mergers.

Competitiveness Agenda

The Canadian Chamber is very pleased with the competitiveness agenda laid out by the Review Panel and notes that most of the public policy elements that the Canadian Chamber identified as being a part of such an agenda were incorporated into the Review Panel's competitiveness agenda. These public policy issues include: taxation; the Canada-US border; international trade policy generally; the removal of barriers to internal trade; innovation and intellectual property rights; immigration policy and procedures; our corporate and securities laws; and the streamlining of regulation to ensure it does not impede competitiveness.

In terms of specific recommendations, we are very happy that the Review Panel has endorsed the joint Canadian Chamber-US Chamber February 2008 border report. We agree that the Canada-US border is our number one trade priority.

We are also pleased that the Review Panel has echoed our recommendation for changes to our corporate and personal income tax rates and to ensure that Canada's tax policies are internationally competitive. Further, we agree that provincial capital taxes need to be phased out and that all provinces should harmonize their provincial sales taxes with the GST.

We applaud the Review Panel's bold call to eliminate all barriers to internal trade by June 2011 and the establishment of a single national securities regulator.

With the Canadian Chamber's continuing work in the area of intellectual property, including the creation of the Canadian Intellectual Property Council, we strongly support the Review Panel's recommendations with the respect to innovation, intellectual property and counterfeiting and piracy.



The Canadian Chamber welcomes the Review Panel's call for a focused international strategy in close consultation with Canadian business – our recommendation on this is quoted in the report. We also recommended the simplification of Canada's model Foreign Investment Protection and Promotion Agreement and that Canada's international commercial strategy needs a whole-of-government approach.

The Canadian Chamber also welcomes the recommendations to use our immigration system as a tool to meet our labour market needs. We agree on the need to fast-track skilled applicants and to set service standards for the processing of applications.

With respect to Canada's corporate and securities laws and regulations, the Canadian Chamber identified this issue and highlighted the need for changes to provide Canadian companies and their Boards to make them less vulnerable to takeovers from foreign companies.

Finally, although not a specific recommendation by the Canadian Chamber, we are intrigued by the Review Panel's recommendation to create a Canadian Competitiveness Council. The Canadian Chamber agrees that the issue of competitiveness is one that needs continuous monitoring and action. To this end, the Canadian Chamber is leading a broad coalition of business groups that will be closely monitoring the federal government's progress in implementing the Review Panel's recommendations, including the issuance in one year's time of a report card on progress, and will continue to work toward the goal of a stronger, more competitive and more prosperous Canada.

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The Competition Policy Review Panel's report can be found at:
www.ic.gc.ca/epic/site/cprp-gepmc.nsf/en/h_00040e.html

The Canadian Chamber of Commerce's January 11, 2008 submission to the Competition Policy Review Panel can be found at:
www.chamber.ca/cmslib/general/080111Submission.pdf

