



2013

Skills shortages

Governments and businesses across regions and sectors will need to work cooperatively and aggressively to address this ubiquitous issue, particularly in four key areas: upskilling, immigration policies, education-employment alignment and Aboriginal education and workforce development.

Barriers to world markets for Canadian energy products

The overseas market will be of critical economic importance to Canada in the 21st century. Federal and provincial governments must act now to support the development of the infrastructure and relationships needed to realize the full potential of Canada's energy endowment, or risk missing out on a historic opportunity.

Inadequate workforce productivity

Improved trends in business investment in productivity-enhancing technologies and equipment are encouraging but still leave Canada underperforming relative to its competitors. To improve its productivity, Canada must leverage advanced technologies and efficient infrastructure, support efforts to raise literacy and numeracy levels among workers and ensure its EI program is not a disincentive to work.

Inadequate public infrastructure planning

Government commitments to infrastructure have been intermittent and the criteria changeable, making private sector investment difficult and expensive. Mobilizing private investment to finance public goals is essential for infrastructure development.

Tax complexity and structure

Canada's tax system over-relies on income and profit taxes, the most economically-damaging forms of taxation. Canada's tax system is also overly complex and, as a result, imposes unnecessary and significant compliance and administration costs on businesses and consumers. Canada must create a simple, fair and growth-oriented tax system.

Poor innovation performance

Canada lacks a definitive innovation strategy that brings coherence to the many government policies and programs affecting private research, academic research and commercialization. A clear approach that leads to action is urgently needed. Poor innovation leaves Canadian business vulnerable to competitors and to changing economic conditions.

Deficient strategies for trade success in new markets

Canada's competitiveness is constrained by a focus on slow-growing, traditional markets. Canada must reduce its dependency upon its usual trading partners and expand its access to new markets in Asia, Africa and South America. Legal access to these markets is but the first step. Canada needs to construct trade strategies that will turn access into success.

Internal barriers to trade

Canada is still far from being a barrier-free internal market. Internal trade barriers cost Canada's economy more than \$14 billion each year. Canadian business still has to petition governments for the "right" to sell goods and services in Canada. Canadian business needs a new agreement that will deliver a single, unimpeded marketplace for internal trade, labour mobility and investment.

Uncompetitive travel and tourism strategies

Through a combination of high transportation costs and steadily reduced marketing efforts, Canada has slipped from seventh place among the world's tourism destinations to 18th place in just a decade. A huge industry, critical in every region, is struggling with its competitiveness and needs public policies that are forward looking and supportive.

Lack of access to capital

A critical element of business competitiveness in any industry is access to capital – be it through venture capital or through foreign direct investment. Canada must support a sustainable private-sector led venture capital market and increase its appeal to foreign investors.