



December 10, 2015

The Right Honourable Justin P.J. Trudeau, P.C., M.P.
Prime Minister of Canada
Office of the Prime Minister
Langevin Block
80 Wellington Street
Ottawa, Ontario K1A 0A3

Dear Prime Minister:

In October, the Canadian Chamber of Commerce concluded its 86th Annual General Meeting (AGM) in Ottawa. A major highlight of the Canadian Chamber's AGM is the Policy Session. It is during the Policy Session that resolutions submitted by local chambers of commerce and boards of trade from throughout Canada are debated and voted on by accredited delegates. Once approved, these resolutions become policy of the Canadian Chamber for the following three years. In 2015, our delegates issued a clear and decisive national policy mandate that we intend to pursue vigorously with the federal government over the coming months.

Our renewed national policy mandate includes the following issues that falls within your portfolio as Minister of Intergovernmental Affairs.

Next Steps for Canada's Trade Relationship with the Asia-Pacific

Canada will need to do more than just sign trade agreements to succeed in Asia. Trading partners must provide real access to their domestic markets, including through the elimination of sector-specific non-tariff barriers and unfair financial or regulatory advantages. Canada should monitor these issues closely and, when necessary, use appropriate mechanisms to enforce agreements, including trade remedies and dispute settlement procedures. These essential functions require a well-resourced, professional border service and trade policy team that is in frequent contact with businesses on the ground.

The government needs to make sure that SMEs are aware of how they can take advantage of the economic opportunities that current and future agreements provide. Many SMEs do not have the resources to promote their products and services in markets where they have to deal with very different laws and customs.

Among the Canadian Chamber's recommendations in this resolution, we urge the government to continue to improve the effectiveness of Canada's trade promotion strategies and programs by:

- a. Streamlining access to federal and provincial/territorial trade promotion services.

Office of the President and Chief Executive Officer | Cabinet du président et chef de la direction

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- b. Creating a forward planning committee to coordinate with provincial/territorial governments on delegations and strategic foreign investment and export opportunities.
- c. Ensuring that federal trade officials have adequate resources to negotiate, monitor and enforce the results of trade agreements, as well as provide timely, effective service to clients at home and abroad.

I am also bringing the preceding resolution to the attention of Minister Dion and Minister Freeland.

Developing a National Urban Policy for Canadian Cities

In our increasingly globalized economy, cities and city-regions are increasingly the most prominent economic drivers of national economies, and they compete internationally. Cities in Canada house over 80% of our population and continue to grow rapidly due to immigration and continued urbanization within Canada. Modern infrastructure, notably rapid and predictable public transit and transportation (locally within cities and connecting cities within city-regions), and utilities, are essential to the efficient movement of people (employees) and commercial traffic, and to productivity. Yet Canadian cities and city-regions face a growing infrastructure gap relative to many international competitors, even as their populations continue to increase. In order for Canadian cities and city-regions, and all of Canada to prosper, they need a federally driven fiscal framework that will sustain their pressing infrastructure development/renewal and service needs.

The Canadian Chamber recommends that the federal government develop, in co-operation with the provinces and territories, a long-term National Urban Policy for Canadian Cities and Municipalities that:

- a. Creates a consistent and predictable long term public infrastructure funding stream for municipalities.
- b. Prioritizes multi-modal goods movement infrastructure funding that enhances the ability of Canadian Municipalities to compete in the Global Supply Chain and Intra-nationally.
- c. Recognizes and supports the role played by Municipalities in the settlement of Immigrants.
- d. Supports businesses to compete and collaborate with their counterparts in Global Cities.
- e. Support the development of globally competitive regional economic clusters in municipalities.

I am also bringing the preceding resolution to the attention of Minister Sohi as it falls within his portfolio.

Harmonizing Transportation of Oversized Shipments Across Canada

The interprovincial trade of over-dimensional freight (ODF) is restricted by a costly and complex, multi-jurisdictional permitting process, inconsistent weight and dimensional standards, exorbitant

fees and the need for repetitive route studies. These factors impede competitiveness and restrict the ability of industrial suppliers and fabricators to import and export their products to Canadian and global markets.

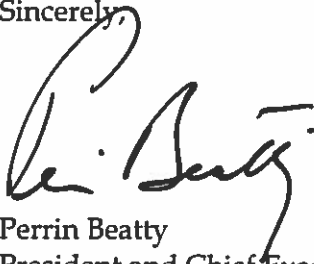
The Canadian Chamber recommends that the federal government continue to strengthen the 1995 Agreement on Internal Trade, by working with the provinces and territories through the Committee on Internal Trade to establish a Task Force that will work to:

- a. Harmonize width, height and weight standards for the transportation of over-dimensional freight;
- b. Identify choke points and recommend improvements to eventually increase size envelope and weight limits according to a single standard;
- c. Consult manufacturers, resource companies and shipping source jurisdictions in the planning phase to promote designs that can be tailored to the safe transportation of their products; and,
- d. Work with all levels of government to provide appropriate funding, within existing infrastructure programs and mechanisms, to ensure Over Dimensional Freight barriers are eliminated.

I am also bringing the preceding resolution to the attention of Minister Garneau, as aspects of it fall within his portfolio.

A copy of the complete text of these resolutions is attached.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Beatty', written over a large, faint circular watermark or stamp.

Perrin Beatty
President and Chief Executive Officer

Attachments

Next Steps for Canada's Trade Relationship with the Asia-Pacific

While the United States will continue to be Canada's largest trading partner, diversification to higher-growth markets, notably in Asia, is increasingly important to Canada's prosperity. An expanding consumer base and rapid urbanization continue to drive market opportunities in China, India, and Southeast Asia. Japan remains the world's third largest economy and, along with South Korea, a technology powerhouse with supply chain links throughout the region. Canada's strengths in industries like agri-food, energy, environmental technologies, financial services and infrastructure are closely aligned with the needs of the region. To take advantage of such opportunities, Canadian companies need public policies that enable them and help them compete.

Where we stand

Canada is doing more and more business with Asia. According to the Conference Board of Canada, Asia makes up 15 percent of Canada's international trade, up from 10 percent in 2003. But dig deeper and the numbers are less rosy. Imports have increased much faster than exports and Canada's market share in the region continues to fall. Canada's share of total foreign investment in Asia has also dropped compared to G7 peers, suggesting lower levels of supply chain integration and sales by overseas subsidiaries.

Increasingly, federal policymakers are trying to reverse this trend. After years of watching from the sidelines, Canada joined the 12-country Trans-Pacific Partnership (TPP) negotiations and recently concluded a trade agreement with South Korea. Canada landed the first offshore trading hub for Chinese currency in the Americas. The number of trade offices in China and India is growing and, part of Ottawa's drive to double the number of Canadian small and medium-sized enterprises (SMEs) in emerging markets by 2018.

The way forward

These are all steps in the right direction. But Asia has many suitors and Canada will have to work even harder and smarter to remove trade barriers, create a level playing field and help companies navigate new surroundings.

There is a need for more free trade agreements (FTAs) and foreign investment protection agreements (FIPAs). If TPP can be concluded, it would open up brand new market access in Vietnam and Malaysia and lower barriers for a wide range of existing exports to Japan. Depending on TPP's outcomes, Canada may secure additional benefits from Japan through a separate bilateral Economic Partnership Agreement (EPA). Negotiations with India on a Comprehensive Economic Partnership Agreement (CEPA) are back on track, following the recent state visit to Canada by Prime Minister Narendra Modi. Canada has started to pursue agreements with the members of the Association of Southeast Asian Nations (ASEAN).

Progress with China, however, has stalled. It may be Canada's second largest export market, but the two countries have yet to formally explore, let alone start negotiations on an FTA. On Prime Minister Stephen Harper's 2014 visit to China, the two countries announced a 'track-two' dialogue that would evaluate different arrangements to enhance bilateral trade, but it has been subject to delays. Meanwhile, Canada's competitors are not waiting. Australia's new FTA with China is already putting Canadian businesses and farmers at a competitive disadvantage.

Canada will need to do more than just sign trade agreements to succeed in Asia. Trading partners must provide real access to their domestic markets, including through the elimination of sector-specific non-tariff barriers and unfair financial or regulatory advantages. Canada should monitor these issues closely and, when necessary, use appropriate mechanisms to enforce agreements, including trade remedies and dispute settlement procedures. These essential functions require a well-resourced, professional border service and trade policy team that is in frequent contact with businesses on the ground.

The government needs to make sure that SMEs are aware of how they can take advantage of the economic opportunities that current and future agreements provide. Many SMEs do not have the resources to promote their products and services in markets where they have to deal with very different laws and customs.

Government-to-government relationships are a key feature of doing business in Asia. High-level political engagement and exchanges, regulatory cooperation, foreign aid and development finance are important tools to boost private sector collaboration. The Canada-China Joint Agriculture Committee and Financial Sector Policy Dialogues with China and India, for instance, have been valuable channels to build trust and address market access issues for Canadian companies.

Canada's economic agenda in Asia is gathering steam. Working with relevant companies and industry groups to develop and execute a clear vision for the next phase will make sure that Canada can compete and win in the world's most dynamic region.

Recommendations

That the federal government:

1. Take a leading role in concluding and implementing an ambitious TPP that includes:
 - a. Comprehensive market access for goods and services, as well as realistic rules of origin.
 - b. High-standard rules to facilitate cross-border data flows and the movement of business people, improve regulatory transparency and strengthen investment and intellectual property protection.
2. Expand bilateral trade and investment agreements in Asia by:
 - a. Concluding joint feasibility studies on the costs, benefits and potential structure of FTAs with China and the Philippines.

- b. Concluding and implementing the Canada-India CEPA and FIPA.
 - c. Negotiating FIPAs with Taiwan and Macau.
3. Improve the local business climate for Canadian companies by:
- a. Ensuring commercially meaningful regulatory outcomes from bilateral sector committees and expanding them to include priority economies in ASEAN.
 - b. Targeting development aid to help local governments enact and enforce best practice laws and regulations in areas such as taxation, financial supervision, workplace health and safety, environment and consumer protection.
4. Continue to improve the effectiveness of Canada's trade promotion strategies and programs by:
- a. Streamlining access to federal and provincial/territorial trade promotion services.
 - b. Creating a forward planning committee to coordinate with provincial/territorial governments on delegations and strategic foreign investment and export opportunities.
 - c. Ensuring that federal trade officials have adequate resources to negotiate, monitor and enforce the results of trade agreements, as well as provide timely, effective service to clients at home and abroad.
5. Facilitate Canadian participation in regional infrastructure projects by:
- a. Working with local governments to develop private-public-partnership models.
 - b. Encouraging collaboration between Export Development Canada and regional financial institutions such as the Asian Infrastructure Investment Bank and Asian Development Bank.

Developing a National Urban Policy for Canadian Cities

Issue

In our increasingly globalized economy, cities and city-regions are increasingly the most prominent economic drivers of national economies, and they compete internationally. Cities in Canada house over 80% of our population and continue to grow rapidly due to immigration and continued urbanization within Canada. For example, by 2041 the Greater Toronto and Hamilton Area (GTHA) is expected to grow by 3.3 million to over 9.6 million, and Metro Vancouver by 1.1 million to 3.4 million – an increase of nearly 50% in both cases. However, Canadian cities are managed locally with sparse fiscal support from other levels of government. Modern infrastructure, notably rapid and predictable public transit and transportation (locally within cities and connecting cities within city-regions), and utilities, are essential to the efficient movement of people (employees) and commercial traffic, and to

productivity. Yet Canadian cities and city-regions face a growing infrastructure gap relative to many international competitors, even as their populations continue to increase. In order for Canadian cities and city-regions, and all of Canada to prosper, they need a federally driven fiscal framework that will sustain their pressing infrastructure development/renewal and service needs.

Background

In 2008, the federally-appointed Competition Policy Review Panel noted, “large, dynamic urban centres have a national importance that transcends their significance to a region or a province, in the same way that national railways were recognized in the 1800s as having a national significance.”¹ Within North America, metropolitan areas also generate an overwhelming 86% of the combined GDP of Canada, Mexico and United States.² Increasingly, cities and city-regions prosper in their ability to compete for opportunity with cities and city-regions internationally; having modern infrastructure including transit/transportation and utilities are key determinants of the ability of businesses in cities and city-regions to boost productivity, draw investment and talent, and compete.

Amongst their many responsibilities, Canada’s cities are most importantly active in providing services such as public transit, goods movement, affordable housing, economic development and immigration settlement. In many instances, while the federal and provincial governments have various programs and funding envelopes to support the provision of these services, there has been a chronic lack of stable fiscal support for municipalities. As a result, Canadian cities have large infrastructure and transportation deficits and challenges competing in the global economy. For example, in an annual ranking of Global Cities, major Canadian metropolitan areas like Vancouver, Toronto and Halifax frequently score poorly against their peers in the Transportation Category.³ The lack of consistent public transit and goods movement infrastructure investment for example in the GTHA region alone costs the economy \$6 billion annually, and will rise to \$15 billion annually by 2031 without sufficient levels of investment.

To its credit, the federal government has begun investing in municipalities over the last two decades, first through the Gas Tax Fund and more recently with the 2015 federal budget’s Building Canada Fund (\$14 billion over the next 10 years). However, the fact remains that these funding envelopes are generally contingent on fiscal policy governed by partisan politics, and even when combined with provincial funding, they remain largely insufficient relative to the infrastructure deficits they are meant to overcome. The uncertainty generated by a lack of long-term transit or infrastructure strategy in Canada is incongruent with urban policy planning systems that are dependent on certainty.

¹ Competition Policy Review Panel (2008), *Compete to Win: Final Report* - June 2008 (p73).

² *Cities and Metros as Hubs of Advanced Industries and Integrated Goods Trade*, 2014. Brookings Institute.

³ Toronto Board of Trade: 2015 Scorecard on Prosperity
https://www.bot.com/Portals/0/unsecure/Advocacy/Scorecard_2015.pdf

Rather than provide all municipalities with equal per capita shares, this long-term plan needs to have a greater strategic focus on Canada's urban centres. For example, under the 2015 Building Canada funding proposal, all provinces regardless of population determinants get the base amount of \$250 million, while the base allocation is supplemented per capita payments, the overall sum is still uneven per capita across various provinces.

The need for federal support extends from coast to coast. An effective policy should work directly with municipalities and the provinces (notably provincial agencies responsible for infrastructure), while also leveraging the support of local chambers of commerce, citizens, associations and private sector partners (including by leveraging the successful P3 models developed in Canada) to develop grassroots solutions to local challenges.

Recommendations

That the federal government:

1. Develop, in co-operation with the provinces and territories, a long-term National Urban Policy for Canadian Cities and Municipalities that:
 - a. Creates a consistent and predictable long term public infrastructure funding stream for municipalities.
 - b. Prioritizes multi-modal goods movement infrastructure funding that enhances the ability of Canadian Municipalities to compete in the Global Supply Chain and Intranationally.
 - c. Recognizes and supports the role played by Municipalities in the settlement of Immigrants.
 - d. Supports businesses to compete and collaborate with their counterparts in Global Cities.
 - e. Support the development of globally competitive regional economic clusters in municipalities.

Harmonizing Transportation of Oversized Shipments Across Canada

Issue

The interprovincial trade of over-dimensional freight (ODF) is restricted by a costly and complex, multi-jurisdictional permitting process, inconsistent weight and dimensional standards, exorbitant fees and the need for repetitive route studies. These factors impede competitiveness and restrict the ability of industrial suppliers and fabricators to import and export their products to Canadian and global markets.

Background

PROLOG Canada Inc. estimates that a volume of over 50 million tonnes of freight will be imported into Western Canada over the next 20 years to maintain, upgrade and expand energy, mining and pipeline projects. Of this volume, energy companies and their engineers estimate that some 50% will be ODF, with much of the balance entering Alberta in legal-sized loads, and subsequently assembled into modules in southern Alberta, for the final ODF trip north.

According to a 2007-2008 Industry Canada working paper on interprovincial trade barriers, trucking regulation is a main impediment to interprovincial trade and this includes weights and dimensions regulations which differ across provinces and territories. "The resulting non-uniformity in regulation imposed additional costs on truckers ... in all provinces they travelled through."⁴

The 1995 Agreement on Internal Trade attempts to reconcile the variety of trucking regulations in order to promote open and efficient trade and some individual provinces have followed through. The Government of British Columbia, the Federal Government and private sector partners are working together on a \$90 million project to establish road-rail and utility corridors in Northern B.C. to support international trade as part of its 10-year transportation plan.

Alberta's "High Load Corridor" (HLC) has designated an ever-increasing network of highway routes for the transportation of oversized shipments that are up to 9 metres high, 7.32 metres wide and 35 metres long with gross vehicle weights up to 380 tonnes. Saskatchewan's High Clearance/Heavy Haul Corridor is now included in the HLC with Alberta. And on February 11, 2011 Manitoba and Saskatchewan signed a Memorandum of Understanding on the Harmonization of Regulations and cooperation on Transportation Issues including "special permit conditions for oversize and overweight indivisible loads."⁵

⁴ Interprovincial Trade Barriers Towards Goods and Services in Canada: An Issues Paper for Industry Canada, John Whalley, University of Western Ontario, Working Paper, 2007-08 [https://www.ic.gc.ca/eic/site/eas-aes.nsf/vwapj/wp200708.pdf/\\$file/wp200708.pdf](https://www.ic.gc.ca/eic/site/eas-aes.nsf/vwapj/wp200708.pdf/$file/wp200708.pdf)

⁵ <https://www.gov.mb.ca/mit/mcd/pdf/transportationmbsk.pdf>

However, ODF transportation remains a trade barrier between eastern and western Canada. Sarnia Lambton Industrial Alliance, a coalition of over 30 manufacturing-related companies in Sarnia-Lambton, Ontario, recently lost a bid to manufacture and ship 80 units valued at \$12 million for the oil & gas industry in Alberta. Shipping costs of \$3 million raised the cost by an additional 20%, the majority of which is attributed to the lack of ODF infrastructure and regulatory adherence. While the movement of equipment for large capital projects is improving in Western Canada, interprovincial barriers to trade still exist east to west impeding the ability of domestic manufactured and fabricated goods to displace foreign sourced products.

By enhancing the flow of goods through an Over Dimension Freight Corridor and regulatory network Canada will also be better positioned to leverage and export to global markets its expertise in manufacturing equipment for resource extraction and value added processes.

Recommendations

That the federal government continue to strengthen the 1995 Agreement on Internal Trade, by working with the provinces and territories through the Committee on Internal Trade to establish a Task Force that will work to:

1. Harmonize width, height and weight standards for the transportation of over-dimensional freight;
2. Identify choke points and recommend improvements to eventually increase size envelope and weight limits according to a single standard;
3. Consult manufacturers, resource companies and shipping source jurisdictions in the planning phase to promote designs that can be tailored to the safe transportation of their products; and,
4. Work with all levels of government to provide appropriate funding, within existing infrastructure programs and mechanisms, to ensure Over Dimensional Freight barriers are eliminated.