



## Policy Issues Affecting Canadian Business: September 2010

Later this month, delegates from local chambers of commerce and boards of trade from across Canada will assemble at the Canadian Chamber of Commerce's 85<sup>th</sup> Annual General Meeting in Gatineau to debate our policy agenda. These delegates represent the 420 members of the Canadian Chamber network, speaking for more than 192,000 businesses of all sizes from coast-to-coast-to-coast. They will debate more than 60 resolutions that address issues as diverse as taxation, the environment, international trade, skills, intellectual property, and transportation. Those resolutions adopted will become part of the policy platform the Canadian Chamber will work to advance with the federal government.

It is the grass-roots participation in policy development and advocacy that makes the Canadian Chamber so different from any other business organization.

You have many issues, one of the most pressing of which is a softening economic recovery, to address as you head into the fall session of Parliament. The Canadian Chamber is committed to working with all of you to advance a business agenda that encourages growth and promotes prosperity for all Canadians.

Hon. Perrin Beatty  
President and Chief Executive Officer, Canadian Chamber of Commerce

### *A poor time to impose maximum allowable EI premium increases*

The Canadian Chamber of Commerce has expressed deep concerns to the Minister of Finance over reports that the government may be called upon to permit the maximum allowable increase to Employment Insurance (EI) premiums after a two-year freeze. This would increase the cost of retaining current employees, let alone hiring new ones, at the very time when we need to ensure that the private sector resumes its role as the primary engine of economic growth.

The government's response to the recession, including economic stimulus measures and other temporary initiatives like freezing EI premiums for two years and enhancing EI benefits for long-tenured workers, has helped Canada weather the economic downturn better than most other countries. The Canadian Chamber has strongly supported these measures and also agrees with the government's intention to turn its focus to balancing the country's books.

At the same time, we have also been clear that, for the recovery to succeed, governments need to refrain from increasing taxes and other charges that hinder job creation, entrepreneurship and investment. We have urged the government to keep payroll tax increases, including to EI premiums, at manageable levels by taking other approaches, such as amending the rate-setting formula to balance the EI account over a business cycle of up to 10 years to help mitigate the impact of premium increases on employers and employees.

Higher taxes, whether imposed directly or in the form of payroll taxes, make business less competitive and kill jobs. As they recover from the recession and face global competition that grows more fierce each day, Canada's business need to see the costs imposed by government decrease, not increase.

Given the fragility of the recovery, particularly in the American economy which is so important to our own economic health, we urge the government to take a more measured approach to balancing the EI account that reflects our current economic realities and employers' efforts to deal with them.

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### ***Bill C-300 to be debated at Third Reading***

Bill C-300: *An Act respecting Corporate Accountability for the Activities of Mining, Oil or Gas in Developing Countries* will be debated at Third Reading immediately upon the return of the House of Commons.

Bill C-300 proposes a series of punitive measures if a Canadian oil, gas or mining company is judged to have behaved in a manner that is inconsistent with yet-to-be defined guidelines. If found by the Minister of International Trade and/or the Minister of Foreign Affairs to be breaching any of the guidelines, the company's Export Development Canada (EDC) financing, Canada Pension Plan investment and other government resources would be cut.

This would put Canadian extractive sector companies operating in developing countries - and the smaller companies serve them - at a significant competitive disadvantage as their international competitors would not be subject to the same risk. Competitors could even use the process proposed by Bill C-300 to stop Canadian companies' current projects and stall new ones. If passed, C-300 would see a Canadian company judged to not be complying with the guidelines - which have yet to be determined - damaged financially and its reputation in tatters while leaving the allegedly harmed parties no better, and potentially worse, off.

Canada's extractive companies know the competitive advantage afforded to those having solid reputations for responsible conduct. They ask that the government's *Building the Canadian Advantage*:

*A Corporate Social Responsibility (CSR) Strategy for the Canadian International Extractive Sector* be given time to make itself felt.

Bill C-300, while well-meaning, cannot live up to its objectives as it lacks some important context that could do more to damage to the extractive sector than it intends. It should be defeated at Third Reading.

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***Canadian Chamber of Commerce releases second report exploring how the energy sector can bolster Canadian prosperity***

Energy is Canada's strategic advantage. Encouraging the development of this sector and leveraging its entire value chain will provide even greater benefits for all Canadians including jobs, investment and tax revenues that can be used to pay for Canadian social programs and other government priorities. A long-range, inclusive Canadian Sustainable Energy Strategy would allow the energy sector to develop sustainable industries including chemical manufacturing, carbon capture and storage, resource upgrading, advanced nuclear manufacturing as well as the manufacturing of energy production parts and equipment.

In [\*Powering up Canadian prosperity: Growing the energy-sector value chain\*](#), the Canadian Chamber of Commerce explores actions that would create growth in the energy value chain and includes recommendations on how the federal government can help facilitate it.

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***Economic Edge '10 to examine how technology will fundamentally change the energy industry for both producers and users***

On September 28, business leaders will meet in Gatineau to tackle two issues critical to Canadian competitiveness; energy and innovation. Presented by the Canadian Chamber of Commerce and the Energy Policy Institute of Canada (EPIC), this event will address what needs to be done to ensure the energy sector takes its rightful place in Canada's innovation and productivity.

The agenda is available [here](#) and you may register [here](#).

*Canadian Chamber report urges the government and businesses to come together to reconsider our approach to China*

China is poised to become the world's second largest economy this year with markets representing 1.3 billion increasingly sophisticated consumers and deep pools of capital. Canada must bolster its trade and investment ties with China as it strives to enhance its international trade opportunities.

[Canada-China: Building a strong economic partnership](#) examines Canada's progress to date in maximizing our relationship with China. It makes practical recommendations on what needs to be done by governments and business in both Canada and China to bring our two-way economic exchanges to the next level.

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*Taking Advantage of the Digital Economy*

The Canadian Chamber of Commerce welcomed the federal government's announcement in Budget 2010 that a Digital Economy Strategy will be developed and implemented. The Canadian Chamber has played a leading role in advocating for this strategy by working with leading technology companies and producing policy papers that encourage a strong partnership between government and business to make this strategy work. E-business is a key enabler of productivity growth, increasing profit and decreasing costs for Canadian firms. While most enterprises are aware that doing business electronically is a prerequisite for success in today's global economy, many businesses, especially smaller ones, remain unaware of the value of e-business. It is widely accepted that productivity is directly linked to policies that encourage innovation and the adoption of technology. While the business community understands the government's current financial constraints, there are pioneering ways to work together to advance the digital economy strategy.

In late July, the Canadian Chamber filed a [submission](#) to the government outlining its views on how best to implement the Digital Economy Strategy in Canada.

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