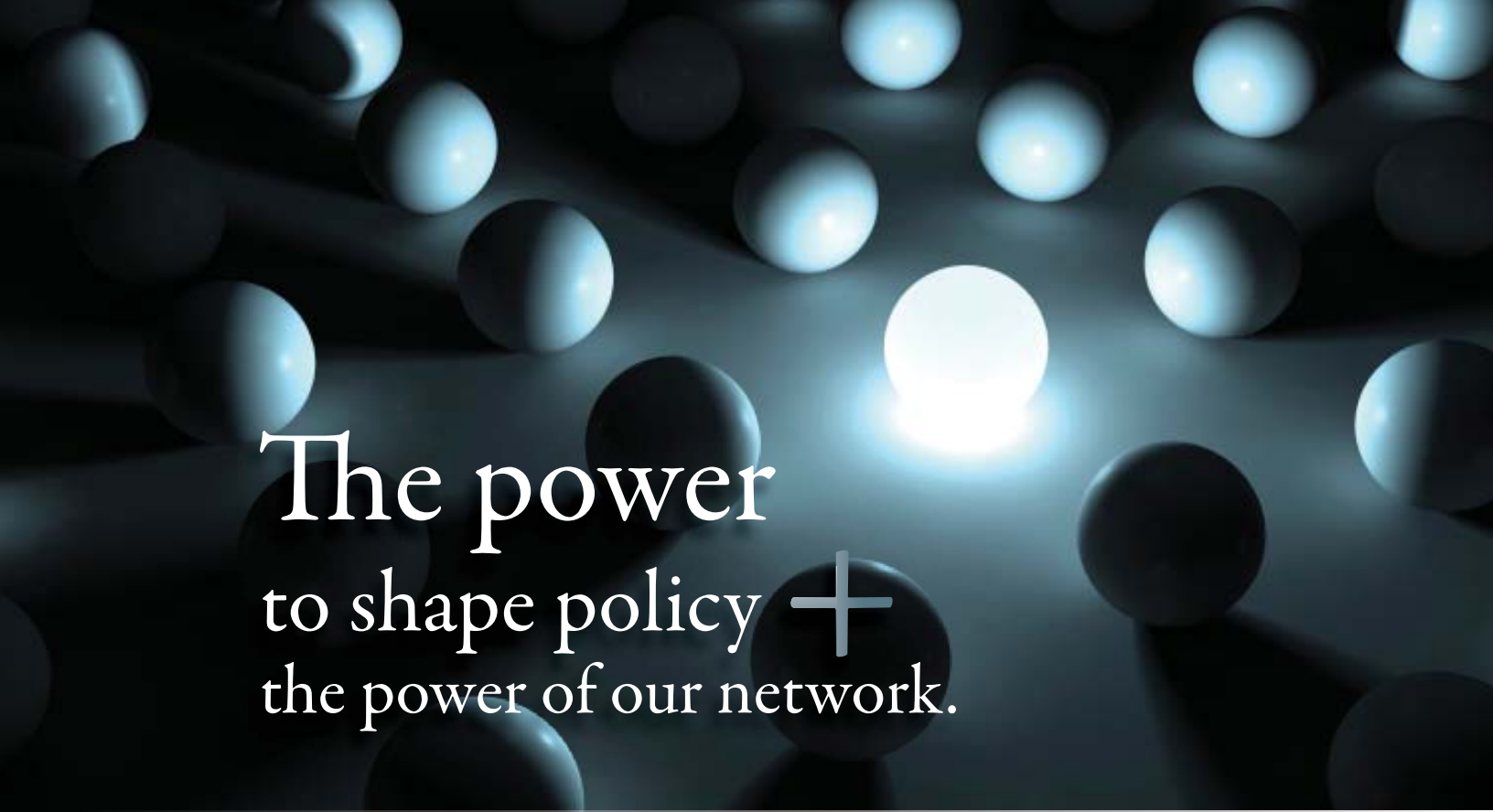




ELECTION 2011: THE CANADIAN BUSINESS GAME PLAN

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The power
to shape policy +
the power of our network.

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As Canada's largest and most influential business association, the Canadian Chamber of Commerce is the primary and vital connection between business and the federal government. It continually demonstrates impact on public policy and decision-making to the benefit of businesses, communities and families across Canada.

Experience the power of a network of over 420 chambers of commerce and boards of trade, representing 192,000 businesses of all sizes in all sectors of the economy and in all regions.

Be heard.

The Voice of Canadian Business™

connect!

PRESIDENT'S MESSAGE

The Canadian Chamber of Commerce's mission is to ensure Canada's businesses have the tools to succeed at home and in an intensely competitive global economy. When Canada's businesses are healthy, all Canadians benefit. When they are not, all Canadians feel the pain.

Canada's economic recovery is solid and becoming more balanced between domestic demand and net exports due to an increasing global appetite for commodities and better-than-expected growth in the United States (U.S.). Business investment in Canada remains robust and consumers continue to spend, albeit more cautiously, thanks to continued job creation momentum. More than 300,000 jobs have been added to Canada's economy in the last 12 months. Roughly three-quarters of those jobs were created by the private sector. We now expect Canada's economy to grow by 3.1 per cent in 2011.

With the Canadian dollar expected to trade near or above par for the balance of 2011, Canadian businesses must improve their productivity to compete internationally. Canadian exporters have lost considerable share in the U.S. market over the last decade and face greater competition both from traditional sources and from emerging market economies.

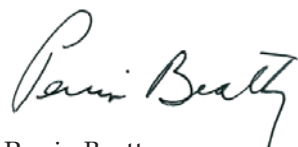
Government policies are critical to productivity growth and competitiveness. Canadian businesses—large and small—have benefitted greatly from low and stable inflation, well-regulated financial institutions, new free trade agreements, tariff reductions and a lower tax burden. Canada's tax competitiveness for new investment has dramatically improved and is now among the most attractive in the industrialized world. Like the Bank of Canada, however, the Canadian Chamber recognizes that "while the public sector can sow the seed of productivity gains, it is up to the private sector to reap the harvest."

Election 2011: The Canadian Business Game Plan presents the views of the Canadian Chamber and its members across Canada on issues that affect the long-term prosperity of our nation and the quality of life of every Canadian. Our perspectives cover a broad spectrum of issues, all of which are essential to Canada's productivity and competitiveness, including:

- pursuing fiscal policy that inspires confidence and certainty;
- seeking more opportunities in international markets;
- balancing the need for reliable and secure energy with a healthy environment;
- encouraging and rewarding innovation and fostering the knowledge-based economy; and
- ensuring employers—in particular small- and medium-sized businesses—have the tools they need to power economic growth.

We have come far from the depths of the recession. However, we cannot allow ourselves to become complacent and fall behind as our competitors power ahead.

Canadians face important choices in this election that will determine whether our children will have jobs and enjoy a high standard of living. If our governments and businesses demonstrate the vision to capitalize on our strengths, we can succeed in these uncertain times.



Perrin Beatty
President and Chief Executive Officer
The Canadian Chamber of Commerce

INSPIRING CONFIDENCE AND CREATING CERTAINTY

Canada must pursue growth-friendly fiscal consolidation, keep markets open and advance structural reforms to pave the way for sustainable growth led by the private sector.

Looking ahead

The federal government must proceed with a strong and credible plan to balance its budget over the medium term. Rising debt and debt service charges constrain fiscal flexibility and reduce the government's ability to act in areas that are crucial to our long-term competitiveness; for example, tackling high marginal personal income tax rates and meeting the challenges posed by an aging population. Fiscal consolidation measures should concentrate on cutting government spending as our economic recovery would be severely shackled by higher taxes.

The federal government must:

- **commit to reducing the federal debt-to-GDP ratio to 30 per cent, or lower, by 2015;**
- **retain legislated business tax rate reductions; and**
- **restrain its program spending growth to an average of less than two per cent annually, starting in fiscal 2011–12, as it works to balance its budget by 2015.**

OPENING MORE DOORS TO INTERNATIONAL MARKETS

A strong economic partnership with the U.S.

Canada and the United States must continuously build upon their significant trading relationship to remain competitive. *More than eight million jobs in the United States and three million in Canada rely upon a strong and effective Canada-U.S. partnership.* North America's integrated supply chain gives Canada a significant advantage over our main competitors. Canada must, however, lead in pointing out the areas where both countries will benefit from working together more effectively.

A secure and trade-efficient border

There is \$1 million in Canada-U.S. trade every minute and 300,000 people crossing the border every day. It makes sense for us to work together to protect our economic and physical security. The border, however, has become a wall to trade. This must change. The

border needs to evolve into another link in the supply chain. It must become a process and not a barrier. The Windsor-Detroit bridge—the busiest Canada-U.S. border crossing—is a prime example of a choke point that no longer meets the needs of efficient trade.

The Canadian Chamber of Commerce calls upon the federal government to make the most of the recently-created bi-national Beyond the Border Working Group (BBWG) to work with the United States to ensure that our air, land and marine border points are secure and trade-efficient. In particular, we call on all political parties to endorse a new bridge crossing at Windsor/Detroit to ensure we have the capacity to grow our international trade in this critical corridor.

Regulatory reform

Regulatory barriers continue to impose a heavy burden on North America's economy. The "tyranny of small differences" between Canadian and U.S. regulations

inflicts unnecessary costs on businesses and dilutes the benefits of tariff reductions. The Canadian Chamber sees the creation of the Canada-U.S. Regulatory Cooperation Council (RCC) as a significant step in the right direction.

The Canadian Chamber of Commerce urges the federal government to work with the U.S. on the Regulatory Cooperation Council to identify and rapidly implement opportunities to align Canadian and American business regulations.

Going global: Driving productivity and growth through enhanced trade and investment ties with key markets

Canada is amongst the most trade-intensive countries in the G8. It is essential that governments continue to liberalize global trade and investment to ensure a strong, private sector-driven economic recovery. With progress stalled in World Trade Organization (WTO) Doha Round negotiations, Canada must enhance trade and investment ties with key advanced and developing economies by concluding high-quality free trade and foreign investment promotion and protection agreements. This will open more market access for Canadian goods and services and create jobs for Canadians.

The federal government must:

- **keep markets open to foreign trade and investment;**
- **conclude an ambitious Comprehensive Economic and Trade Agreement (CETA) with the European Union, our second most important trade and investment partner;**
- **strengthen our economic partnerships with China and India by pursuing Canada-India Comprehensive Economic Partnership Agreement (CEPA) negotiations and concluding the Canada-China Foreign Investment Promotion and Protection Agreement (FIPA);**
- **implement signed free trade agreements (FTAs) and focus on concluding FTA negotiations that will yield the greatest benefits to Canadian businesses and citizens; and**
- **defend Canadian interests by working with our international partners to enforce trade rules and remove the obstacles to open, rules-based trade and investment Canadian companies face in foreign jurisdictions.**



ENERGY AND A HEALTHY ENVIRONMENT FOR TODAY AND TOMORROW

The Canadian Chamber of Commerce calls upon all levels of government to work together to develop a comprehensive *Canadian Sustainable Energy Strategy*. This strategy will ensure Canada's energy supply is stable and derived from environmentally-sound, economic sources. It will also allow us to leverage our energy wealth in sustainable, value-added industries.

Business will be a driver of substantive technological solutions to addressing climate change. *Thoughtful, comprehensive energy and climate policies will help secure economic prosperity and provide Canadian businesses with opportunities to innovate and compete.* Such policies will spur innovation in new technology, create jobs, and increase investment to provide the foundation for a vibrant, lower-carbon economy.

The Canadian Chamber of Commerce supports an international agreement on climate change adaptation and mitigation that includes all major economies and major greenhouse gas (GHG) emitters. This agreement must include realistic commitments with different targets to reflect national circumstances, including Canada's vast geography and cold climate.

The federal government must finalize a domestic climate change mitigation regime that puts a price on GHG emissions (through either a carbon tax or cap-and-trade system) and provides alternatives for compliance such as an offset system or the opportunity to invest in a technology fund.

TOWARDS A SUSTAINABLE FUTURE

There has been evidence of water management issues in Canada, accompanied by calls for a national water strategy, for more than a decade. Our vast share of the world's freshwater reserves gives Canada a special responsibility to protect and use our water wisely.

The Canadian Chamber of Commerce calls on the federal government to:

- **bring the provinces and territories together to urgently develop policies on water management issues; and**
- **develop and implement a means to inform Canadians on the quality and quantity of all water reserves and their uses by activity (including the quality and quantity of water returned to waterways).**

The Canadian Chamber of Commerce recognizes the need for a consistent and integrated approach to the management of waste and recyclables that incorporates

social, environmental and economic considerations. Our members support the goal of substantially reducing the quantity of waste society generates, recognizing that all segments of society, including business, share the responsibility.

The Canadian Chamber of Commerce calls on the federal government to work with the provincial, territorial and municipal governments to develop an integrated approach to waste management that considers all sources. The approach should combine source reduction, re-use, recycling, composting and recovery options (such as waste-to-energy), as well as treatment and disposal methods to meet the needs of each business or community based on sanitation requirements, sound environmental science and responsible economic principles.

ENCOURAGING AND REWARDING INNOVATION

Canada's productivity will be limited, and other nations will continue to surpass us as a destination for both domestic and international business investment, without sufficient investment in—and dedication to—information and communications technologies (ICT) and innovation and intellectual property rights protection. *Canada must take back its proper place as a world leader in ICT innovation and the protection of intellectual property rights.*

Federal initiatives like the Science Research and Experimental Development (SR&ED) tax incentive program are critical to the early success of many Canadian companies. Unfortunately, the program's administration—which results in tax credits not being delivered in a predictable, timely and cost-effective manner—is frustrating to businesses. The current narrow focus of the Canada Revenue Agency regarding what is supported and how SR&ED claims should be documented is simply not delivering the broad-based incentive that was intended.

Venture capital is also a key element for early-stage success. Recent initiatives to remove a tax reporting burden on foreign investors, specifically in the ICT, clean technology and life sciences sectors, encourage home-grown research and development.

Updated copyright legislation will bring Canada up-to-date with all major industrial economies. Tougher laws and enforcement against counterfeiting and piracy will better protect consumers from shoddy and often dangerous products such as knock-off electronics and medicines, and stronger statutes will also make it more difficult for criminal syndicates to profit from the sale of counterfeit products.

The Canadian Chamber of Commerce calls on the federal government to:

- **foster the knowledge economy by encouraging innovation and the creation of research and development clusters by reforming the administration of the SR&ED program;**
- **pass updated copyright legislation that meets international best practices;**
- **implement stronger data protection measures in the life sciences sector and give research-based companies the right to appeal adverse court decisions regarding patent challenges; and**
- **introduce stronger anti-counterfeiting and piracy legislation that:**
 - **gives customs officials new search and seizure powers, and**
 - **provides additional customs resources to search suspect shipments for counterfeit goods.**



SUPPORTING THE BUSINESSES THAT EMPLOY CANADIAN FAMILIES

Employers power Canada's economy. With the right economic conditions and access to skilled workers and a sufficiently flexible regulatory framework, Canada's employers create jobs, innovate and support a higher standard of living for all Canadians.

Clearing the way for SMEs to drive our economy

Small- and medium-sized enterprises (SMEs) are the backbone of Canada's economy. They employ 64 per cent of private sector workers in approximately 6.7 million jobs and account for 45 per cent of Canada's GDP. Policies that reduce the tax and administrative burden on SMEs create jobs and prosperity.

Small businesses have fewer resources to devote to regulatory compliance, and this burden can affect their ability to create jobs, compete and invest. It can also hinder company growth, obstruct innovation and discourage start-ups.

The Canadian Chamber of Commerce applauds the creation of the Red Tape Reduction Commission to lessen the burden of federal regulation on SMEs. However, Canada's small- and medium-sized businesses need action now so they can achieve their potential.

The Canadian Chamber of Commerce calls upon the federal government to:

- **significantly reduce SMEs' regulatory burden within one year of the tabling of the Red Tape Reduction Commission's report;**
- **provide new tools to SMEs to help them understand how to comply with federal regulations; and**
- **eliminate duplication and overlap in federal regulations by improving coordination between regulators and programs.**

An affordable Employment Insurance (EI) Program

Employers pay 58 per cent of EI premiums (an estimated \$10.2 billion in 2010-11). Changes to the program that add to employers' costs would curtail new hiring when it is needed most to sustain economic growth. These costs are ultimately passed on to customers as higher prices or to employees as lower wages. The large "wedge" created between the cost of hiring employees and workers' take-home pay stifles productivity and damages the economy's long-term performance.

To reduce the EI burden on employers, the federal government must:

- **amend the present rate-setting formula with a view of balancing the EI Account over the business cycle of up to 10 years;**
- **operate the EI program as a true insurance program to provide income support to qualified individuals temporarily unemployed through no fault of their own by removing social program aspects of EI from the regular premium structure and funding them from general revenue; and**
- **reduce (over five years) the employer EI premium rate to equal that paid by employees and implement a system that reimburses over-contributions by employers.**

Giving federally-regulated employers the flexibility to serve Canadians

Federally-regulated employers provide essential services—including transportation (air, rail, trucking), long-shoring, telecommunications and banking—to Canadians. In the last Parliament, some members, once again, proposed amendments to the *Canada Labour Code* that would prevent federally-regulated employers from using replacement workers during labour disruptions.

Canadians, quite rightly, consider the services provided by federally-regulated employers essential to their personal well-being and to that of the entire country. A disruption of the services these companies provide would cause significant harm to the health, safety and welfare of Canadians and to our economy. Federally-regulated employers need regulation that is fair and clear to ensure they understand their responsibilities to their employees. At the same time, they need the latitude to meet the needs of their operations and the thousands of businesses of all sizes—and millions of Canadians—depending upon them. *The Canada Labour Code carefully balances the rights of both parties in collective bargaining. Replacement workers are essential to maintaining critical infrastructure for Canadians—and Canadian business—during labour disputes.*

The government must not prejudice the collective bargaining process by limiting the ability to employ replacement workers in labour disputes.

Businesses need the right employees to compete

Businesses are keenly aware of their employees' role in their success. Members of the Canadian Chamber of Commerce have indicated that skills and training remain among their top priorities. They know that having the right people is critical to their competitiveness and survival.

Federal government policy needs to encourage immigrants to settle in regions where their skills and qualifications are needed. Canada also needs a national foreign qualifications recognition scheme. The federal government must recognize that our shortage of skilled workers—due primarily to our aging population—cannot be addressed solely through immigration. Canada must leverage its young, rapidly-growing Aboriginal population and other underrepresented workers, including seniors and persons with disabilities, to meet the country's long-term labour needs.

The Canadian Chamber of Commerce urges the federal government to:

- **continue to better inform prospective immigrants—in their home countries—on where their qualifications and skills are needed and adequately prepare them for integration into Canadian society;**
- **work with local chambers of commerce, municipalities, post-secondary institutions and other community agencies to collect accurate and timely data on current and future labour needs to better match immigrants with regional workforce requirements;**
- **meet its commitment to work with the provinces and territories to fully implement a Canada-wide framework to recognize foreign qualifications;**
- **take additional measures to improve the educational success and labour force participation of Aboriginal Canadians and other underrepresented workers; and**
- **ensure the laws and regulations governing the relationships between federally-regulated employers and their employees are flexible enough to protect their respective rights while allowing these companies to serve Canadians safely and effectively.**

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