

NEWS RELEASE

Canadian Chamber Network Unveils Top 10 Barriers to Competitiveness for 2015

FOR IMMEDIATE RELEASE

Vancouver, February 5, 2015 – Today, the BC Chamber of Commerce in coordination with the Canadian Chamber of Commerce, and Canada’s nation-wide network of chambers of commerce, associations and businesses, unveiled the Canadian Chamber’s Top 10 Barriers to Competitiveness list for 2015.

The Top 10 Barriers to Competitiveness is an initiative the Canadian Chamber network undertook starting back in 2012 to draw attention to the numerous barriers that are holding back Canada’s full economic potential and to urge all levels of governments to act more swiftly in increasing our country’s ability to compete globally.

“Competitiveness is a term often used but not always understood as it is tough for government, and business for that matter, to fully identify what exactly hinders our productivity,” said BC Chamber President and CEO John Winter. “The Canadian Chamber Top 10 Barriers to Competitiveness is a helpful tool to focus government and business on what is impacting our global competitiveness and start to come up with solutions that will drive further economic growth in our provincial and national economies.”

Addressing the Top 10 Barriers to Competitiveness will go a long way towards restoring Canada’s competitiveness. The Canadian Chamber is calling on its own membership, on governments, on educators, on labour organizations and others to tackle and overcome these barriers. Effectively addressing these 10 barriers will sharpen Canada’s competitive edge and allow us to prosper in the global economy.

“Since launching this initiative, we have made great progress in furthering our competitiveness agenda on a number of issues. However, the barrier our members continue to identify as being the greatest impediment to the success of Canadian business is the skills gap,” said Canadian Chamber President and CEO Perrin Beatty. “There is a lot of work ahead. The federal government and several provincial and territorial governments have also named this issue as the country’s biggest challenge. We need to work together and make real progress in 2015.”

The following barriers from the 2015 Top 10 Barriers to Competitiveness have been raised as particular issues of concern by the BC Chamber of Commerce network:

Silos in skills development

Canada is not producing enough graduates with the skills needed for its economy. In B.C., this is a particularly acute issue as the province expects 1 million jobs created over the next decade. There are shortages and high demand forecast in a wide range of occupations. As a result of dramatic restrictions, the Temporary Foreign Worker Program no longer presents an effective path to meet short-term labour shortages. In the medium to long term, our education and training systems play a pivotal role in equipping us with people with the right skills. With a demographic reality about to hit our labour market, we need stronger efforts to coordinate between the silos of education and employers. The BC Chamber of Commerce has been a leading voice encouraging the B.C. government to allow more input from business into the K-12 curriculum all the way to the post-secondary training being offered to meet the skills needed by employers. Improving the links between education and employment is not the responsibility of educators and governments alone. Employers are directly implicated. The B.C. government has started this process through the BC Skills for Jobs Blueprint, but we need to continue to break the silos.

Lack of clarity regarding Aboriginal land title

Canadian governments have a fiduciary duty to consult and accommodate Aboriginal peoples when proposed developments have the potential to impact their constitutionally protected rights. However, governments are increasingly relying on project developers to assume responsibility for large parts of community consultation and accommodation. This has led to situations where proponents have no clear direction on the extent of the consultation and accommodation required. This year, the Canadian Chamber will explore alternatives to the current scenario for resolution of the development consultation process, which currently seems headed towards lengthy court challenges to produce jurisprudence that guides proponents, opponents and governments.

Internal barriers to trade

The lack of a single domestic market in Canada is a serious and self-imposed weakness in the Canadian economy. Tariff barriers between provinces are banned by the Canadian constitution, yet the national economy is fractured by a host of non-tariff barriers, particularly in procurement, energy, agriculture and transportation, and in the mobility of labour. The federal government must promote more meaningful sanctions against jurisdictions that practice protectionism against other Canadians while supporting those that embrace free internal trade.

Canada's tax system is too costly and complex

Canada over-relies on income and profit taxes rather than on taxes on consumption, which are relatively easy to collect and are least harmful to growth. B.C. competitiveness took a serious hit when the province reverted back to the old PST system from the value-added HST system. The

BC Chamber will continue to advocate a made-in B.C. value-added tax solution to the current PST. At the same time, Canada's tax code is also overly complex and imposes significant compliance costs on businesses and consumers while governments spend billions of dollars each year administering and enforcing convoluted tax laws. Canada must undertake a comprehensive review of its tax system with the aim of reducing its complexity and improving the way it raises tax revenue.

Canada's export infrastructure is not meeting our needs

Public investment in infrastructure has not kept up with Canada's economic needs. Now Canada's investment needs far exceed the availability of public funds. Bringing infrastructure in Canada back to the level needed to support prosperity will require an ongoing commitment by all levels of government, an active engagement with private sector stakeholders along the lines of the Asia-Pacific Gateway and Corridor Initiative in B.C. and across western Canada, as well as a greater appreciation of the opportunities that exist for Canada to be more competitive through more modern public infrastructure in the many global supply chains circling the world.

Canada is uncompetitive in the world's tourism sector

Canada has slid from the seventh largest tourist destination in the world to the 18th. Today, it is too often a high-cost, high-hassle destination with aging attractions infrastructure and inadequate marketing. Canada's travel and tourism sector is critical to its economy, and the government must both invest in national marketing initiatives and address Canada's inefficient visa system, particularly the International Experience Canada program for our resort destination communities in B.C. Also, the very high cost of air travel in Canada and its layers of regulations, fees/taxes, and air access issues impact the competitiveness of our tourism sector.

Canada is missing out on foreign trade opportunities

Canada's prosperity depends on access to international customers and participation in global supply chains. Faced with a small domestic market, exporting is often the only way to grow sales and build economies of scale. Moreover, sourcing from and investing abroad allows companies to exploit unique technologies, skill sets and cost advantages. However, Canadian businesses are not globalizing as quickly as their peers. To support the expansion of Canadian companies abroad, the federal government needs to build on recent success and take steps to conclude the next wave of high-quality trade agreements and strengthen Canada's system of trade promotion and economic diplomacy.

The Top 10 Barriers to Competitiveness also includes: **Entrepreneurs lack capital for Canada's fastest growing companies, Innovation rate is not sufficient to help manufacturing rebound, and Territorial businesses don't have the tools they need.**

For more detail on all the barriers, the Top 10 Barriers to Competitiveness document is available at Chamber.ca.

The BC Chamber is the largest and most broadly-based business organization in the province. Representing more than 125 Chambers of Commerce and 36,000 businesses of every size, sector and region of the province, the BC Chamber of Commerce is “The Voice of Business in BC.”

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