

Canadian Chamber of Commerce Releases 2014 Top 10 Barriers to Competitiveness

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For Immediate Release

(Fredericton, NB) – Improving Canada’s competitiveness requires an ambitious, aggressive and innovative private sector. Strategic thinking and smart public policies are also needed to address long-standing structural impediments that hinder businesses at a time when they need much greater flexibility to compete. The Canadian chamber and its network have a role to play in restoring Canada’s competitiveness.

The Fredericton Chamber of Commerce is announcing a major advocacy initiative from the Canadian Chamber of Commerce network, which is focused on harnessing the power of business and public policy to address the key barriers to Canada’s competitiveness and our national prosperity.

Canadian Chamber President and CEO Perrin Beatty stated: “Since launching this initiative, in cooperation with our network of chambers of commerce, we have made great progress in furthering our competitiveness agenda, particularly in addressing the barrier our members identified as being the greatest impediment to the success of Canadian business: the growing skills gap. The federal government and several provincial and territorial governments have also named this issue as the country’s biggest challenge.”

“Canada risks being swept aside. Improving Canada’s competitiveness requires an ambitious, aggressive and innovative private sector,” said Krista Ross, Fredericton chamber CEO. “Strategic thinking and smart public policies are needed to address long-standing structural impediments that hinder businesses at a time when they need the utmost in flexibility to compete.”

Over the past year, the Canadian chamber network, comprised of local chambers of commerce, large corporations and small businesses, has worked together to identify key barriers hindering our ability to compete. Through these consultations 10 critical policy and regulatory barriers have been identified which will be the focus of our advocacy and outreach activities. Effectively addressing these issues will sharpen our competitive edge and allow us to prosper in the global economy.

“The Canadian chamber network, including the Fredericton chamber, is uniquely positioned to lead this effort. We have long served as a key resource to solving the issues—by connecting multiple stakeholders including businesses, workers, educators and governments,” Ross added. “This is an approach we will continue to pursue in a collaborative effort to establish practical solutions toward a common goal: strengthening Canada’s competitiveness in a knowledge-based global economy so that our future prosperity and standard of living can be assured. As the voice of business in our community, it is important to continue the dialogue at all levels to reverse the trend.”

The Canadian chamber's *Top 10 Barriers to Competitiveness* for 2014 are:

1. Skills shortages

Canada's labour market is affected by a demographic shift resulting in retirements and a growing gap between the skills needed and those available. Business, governments and academia must work together to address the current and future skills needs of the workplace, concentrating particularly on four key areas: upskilling; education and employment connections; immigration; and Aboriginal workforce development. To better address skills shortages, Canada also needs improved data on the skills gap and the mobility of individuals. This is an area where the Fredericton chamber has been particularly active with the Business Immigrant Mentorship Program, Choose Fredericton, professional development opportunities and continued work with partner organizations such as post-secondary education institutions, First Nations organizations and government. The Fredericton chamber also submitted a policy resolution to the Canadian chamber annual general meeting last fall dealing with professional designations that is aimed at greater labour mobility.

2. Uncompetitive travel and tourism strategies

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, the very high cost of air travel in Canada and its layers of regulations, fees and taxes. Travel and tourism is a critical component of the city's economy and the chamber is an engaged stakeholder with partners such as the City of Fredericton and the Fredericton International Airport Authority

3. Inadequate plans for addressing deficiencies in public infrastructure

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 and a greater appreciation of the opportunities that exist for Canada to be more competitive through more modern public infrastructure. Adequate infrastructure is a subject that the Fredericton chamber often includes in briefs and presentations to municipal and provincial government officials. The chamber's Municipal Government Affairs Committee has recently conducted an infrastructure survey that will be used as part of a presentation to city council in the spring.

4. Barriers to success in global markets

Faced with a small domestic market, Canada's ability to compete depends on reliable access to foreign customers and production capabilities. But due largely to policy and regulatory barriers and operating challenges in foreign markets, Canadian businesses are not globalizing as quickly as their OECD peers. Canada must successfully negotiate trade agreements with key markets, renew its commitments to trade promotion and commercial diplomacy and update its tariff and customs policies. The Fredericton chamber is encouraged by the provincial government's focus on exporting through its *Growing Global Markets* strategy and disseminates this information to its membership.

5. 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. A question on this topic was posed to Premier Alward at the 2014 State of the Province Address. His response made it clear that much work remains to be done, even in Atlantic Canada.

6. A complex and costly tax system

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. 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. With increases to income and corporate tax in 2013 and a potential payroll tax looming in the New Brunswick Drug Plan, the effect of this issue is being felt acutely in New Brunswick.

7. Lack of clear sustainability policies

Public concerns over Canada's ability to responsibly develop its natural resources has led to project delays, constrained investment and limited access to some markets. International concerns have also overshadowed Canada's diplomatic and trade initiatives on occasion. For Canada to claim its rightful place as the world leader in responsible resource development, it must establish a credible climate policy, clarify businesses' duty to consult with Aboriginal peoples and aggressively contest unfounded allegations about its environmental stewardship. The Fredericton chamber has consistently supported development of natural resources that can be accomplished in a responsible and sustainable manner.

8. The severe shortage of economic development tools for businesses in Canada's territories

The federal government has a critical decision to make regarding Canada's territories if it is to fully leverage their economic potential. That decision is whether or not to provide them with tools to become more financially independent in the belief that doing so will unleash their ability to help the entire country be more competitive. Businesses see themselves as the means for the territories to achieve more financial independence from the federal government if they are provided with additional tools to enable them to do so.

9. Inconsistent regulatory policies between Canada and the U.S.

Inconsistencies between regulatory standards in Canada and the U.S. cost unnecessary time and money as these minor differences result in additional verification, inspection or testing of goods once they cross the border. Given the integrated nature of the two countries' economies, greater alignment and better mutual reliance in their regulatory approaches would lower costs for businesses and consumers, create more efficient supply chains, facilitate cross-border trade, reduce regulatory administrative costs for government and make Canada a more attractive location for foreign investment. This is an issue that was also addressed by a Fredericton chamber policy resolution at last year's annual general meeting regarding the Canada-USA price gap, which regulatory policies contribute to greatly.

10. Insufficient support for innovation in Canadian manufacturing

Manufacturing, the largest sector of the Canadian economy, has not yet fully recovered from the 2008 recession and remains significantly reduced from its pre-recession size. Canadian companies can no longer rely on traditional manufacturing processes to solve this problem. They must innovate to capitalize on new technology and processes that improve productivity in order to remain competitive. Businesses also need a policy framework that reflects the importance of the innovation ecosystem imperative.

The need for action is urgent. The standard of living of every Canadian depends on how well we respond to the challenge. We all must work together to identify and implement real, tangible solutions for breaking down the barriers to our competitiveness and for creating more opportunities and greater prosperity for Canadian businesses and families.

Consult the Canadian Chamber's [Top 10 Barriers to Competitiveness document](#) or visit [Chamber.ca](#) for more information.

*With more than 900 members, the **Fredericton Chamber of Commerce** is one of Atlantic Canada's largest chambers of commerce. A dynamic business organization, the Fredericton Chamber of Commerce is actively engaged in policy development that affects the competitiveness of our members and of the Canadian business environment.*

*The **Canadian Chamber of Commerce** is the vital connection between business and the federal government. It helps shape public policy and decision-making to the benefit of businesses, communities and families across Canada with a network of over 450 chambers of commerce and boards of trade, representing 200,000 businesses of all sizes in all sectors of the economy and in all regions. News and information are available at [Chamber.ca](#) or follow us on Twitter [@CdnChamberofCom](#).*

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