



THE CANADIAN CHAMBER OF COMMERCE
LA CHAMBRE DE COMMERCE DU CANADA

The Voice of Canadian Business™
Le porte-parole des entreprises canadiennes^{MD}

Canada at a Crossroads: Opportunities & Challenges

**Speaking Notes for
The Hon. Perrin Beatty
President and CEO
The Canadian Chamber of Commerce**

**Richmond Hill Chamber of Commerce AGM
Sheraton Parkway Toronto North Hotel & Suites
600 Hwy. 7 East, Richmond Hill
June 26, 2008
5:30 p.m. – 7:30 p.m.**

Please Check Against Delivery

Thank you for the invitation to be with you this evening. Richmond Hill is one of the most beautiful communities in Canada, and I'm always delighted to have a chance to visit. And that is particularly the case this evening, when I've been able to learn more about the challenges and opportunities facing area businesses and about the activities of the Richmond Hill Chamber of Commerce.

Since joining the Canadian Chamber last August, I've seen the incredible contributions that Chambers make in every region of the country. And that is what makes the Chamber unique: it is the most broadly-based business association in Canada, and the 175,000 businesses that belong to over 350 chambers in our network have their roots deeply planted along the main streets of virtually every community in the country. Our members are engaged in the community: they create the jobs, pay the taxes, and contribute the leadership that provide the quality of life we enjoy in Canada.

Whether you are a volunteer on the Board, a business partner or a member of the chamber, your active involvement is what makes our network strong. Without your participation, we would not be “The Voice of Canadian Business” and we would not be the largest and most influential representative of Canadian business.

Let me now turn briefly to the challenges that face us as business leaders and as Canadians. While this is not a policy forum and we’ve all enjoyed a tremendous dinner, I can’t let the opportunity pass without mentioning three broad, critical areas of focus of the Canadian Chamber: cross-border trade, competitiveness in global markets, and the skills shortage in this country.

In January, the Canadian Chamber released its agenda for the year ahead, in a report called *Securing Canada’s Future*. It represents the views of the Canadian Chamber’s members on issues that will have a major impact on the quality of life of every Canadian family. While our initiatives cover a broad spectrum, each contributes to improving Canada’s competitiveness. I urge you to review this report and

welcome your comments. It is available on our website at
www.chamber.ca

Now let me come back to the three priorities I referred to earlier.

The first is cross border trade.

Canada-U.S. trade is worth about \$1.5 billion a day – the world's largest bilateral trading relationship. Since 9/11, shippers on both sides of the border have been subject to a growing number of inspections and fees. These risk becoming an unmanageable burden, especially as the North American economy slows in the wake of the U.S. sub-prime mortgage meltdown.

The security clampdown at the Canada-U.S. border is increasingly choking two-way trade, and Ottawa and Washington must act now to reduce the thickening, stickiness and costliness of our shared border. We urgently need to reduce costs for legitimate cargo and travelers. There are 10 million jobs between Canada and the United States that

depend on an open border. If we don't fix these problems, there's no guarantee that we will keep all those jobs.

To address this issue, the Canadian Chamber of Commerce and the U.S. Chamber of Commerce have released a first-ever joint report. The report lays out 17 recommendations for both of our governments to deliver over the next 18 months. It recognizes and fully embraces post-9/11 security realities, holding firm to the belief that we can keep our borders closed to terrorism yet open to trade.

At 28 pages, the report, titled, Finding the Balance: Reducing Border Costs While Strengthening Security, is thorough yet easy to read. It certainly caught the attention of the federal government, most notably Finance Minister Jim Flaherty. In just six days, six of our recommendations were met in the 2008 Budget. I won't go into more details, but do encourage you to review it.

The leaders of Canada, the United States and Mexico met April 21 and 22 in New Orleans, and we urged them to address these border issues. There were some positive outcomes in areas of importance to

Canadian business, but more needs to be done. The Canadian Chamber welcomes commitments on a number of Chamber priorities such as smarter and more secure borders, free flow of information and trade and regulatory cooperation. Prime Minister Harper led the discussion on the thickening of the border, which was a nod towards our border report. Furthermore, the leaders put special emphasis on the Windsor-Detroit crossing. However, much more needs to be done, and it needs to be done now. There are 10 million jobs in North America on the line and we are fighting to keep all of them, held by 10 million families, paying perhaps 10 million mortgages.

The second issue I want to mention is global competitiveness.

While the Canadian economy continues to grow and many key indices like inflation and job growth remain positive, there should be growing concern with our country's declining global competitiveness. Instead, it has too often been met with a complacency that allows governments and business to side-step critical improvements. In simple terms, we need more efficient government spending pegged

to the rate of inflation, a more competitive tax structure, as well as major new investment in the skills and education of our labour force.

The irony of our success today is that, in some ways, it may be the greatest threat to our success in the future. If we allow ourselves to slip into a comfortable complacency, or to simply enjoy today's prosperity without taking a very close look at how our competitors are transforming their economies, we run a very real risk of being eclipsed by other countries.

The most important issues are long-term and structural. They include a skills problem well on its way to becoming a skills crisis, and competition from low-wage countries that can produce and ship their goods to Canada, often at a lower price than we can even purchase the component parts and materials we would need to produce similar goods here. We also run the risk of simply being left out as countries rush to sign bilateral and regional trade deals with each other. And many of our competitors invest a higher percentage of their GDPs in research and development, in upgrading the skills of their workforces and in their infrastructure than we do here.

There are also urgent issues that can't be deferred.

Canadian businesses face unprecedented challenges that grow daily.

Advances in information technology, trade and investment liberalization, and emerging competitors like China and India are redefining the world's economy. And, like countries throughout the globe, Canada must deal with ongoing credit market turbulence and major exchange rate instability.

I believe we Canadians are the most fortunate people on Earth in terms of our natural and social inheritance. In addition to resource wealth that is the envy of the world, we have a peaceful country, our people are well-educated and we are free to live our lives to the fullest. But we're really breaking faith both with the people who created that for us and with our kids, unless we do much better. The change that we need in Canada isn't incremental; it's transformational, and we won't do that unless we set our sights high.

Canadians are looking for leadership. I think they yearn for a departure from politics as usual. They want to see our leaders put partisan differences aside and take a longer view. And I believe business has a key role to play in terms of setting out a coherent vision and creating the conditions in which politicians are prepared to show leadership.

We have made remarkable progress as a country, but we also face serious challenges to our economic success in the future.

Directly related to Canada's ability to compete globally is the growing skills shortage confronting Canadian businesses, the third issue to which I referred earlier.

It is critical to our ability to be more competitive in a global economy, and the Canadian Chamber is determined to help find a solution.

Last summer the Canadian Chamber initiated a broad consultation of our member chambers and their workers to hear their views on this important issue. We heard from all areas of the country and all

sectors of the economy. This consultation will provide the foundation for an in-depth report later this spring.

We know that in finding the key people, Canada faces global competition for the best and brightest. Canada is not unique in its need to address the skilled labour shortage. Labour has become as mobile a factor of production as capital. We are not dealing with just a “made-in-Canada” problem – as Professor Richard Florida of the Rotman School of Management has pointed out, we are in global fight for talent, just as we are in a global fight for competitiveness on so many levels.

The quest to attract talent and the drive for competitiveness are closely linked. If we don’t have the brightest and the best, we will neither competitive nor productive. It is that simple. We simply must do better.

As anyone who has visited Asia in recent years can tell you, the global economy is being transformed and the rest of the world will not wait for Canada to resolve its skills issues. We need to attack them

with renewed urgency by investing more in educating and training our citizens, by actively recruiting the most talented and creative people in the world to come to Canada to help us build our country, by better assessing the experience and skills of immigrants to Canada, and by seeing learning, not as a canning process that fills up the minds of our young people and then ends as they are sent out into the labour force, but as a process that continues throughout our lifetimes.

The jobs that are worth having in the twenty-first century – the ones that pay well and have a future – are those that require skills and knowledge. It makes no sense for our children to be competing with unskilled workers in China on the basis of who will accept the lowest pay. Instead, we need to move up the value chain where the rewards are highest and where we have a competitive advantage.

We live in a world of unprecedented change and growing competition, but it can also be a time of opportunity, if we resist the temptation to descend into a wistful nostalgia for simpler times.

Succeeding in a globalized economy is challenging, but there is no turning back for Canada. The only possible course is to move ahead to build a better future for ourselves and our families. And as we do so, the role of the Canadian Chamber of Commerce network has never been more relevant it is today.

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