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In Davos, in January, Prime Minister Harper asked whether the industrialized countries had become complacent about their prosperity, taking their wealth as a given. In his words, “The wealth of western economies is no more inevitable than the poverty of emerging ones.”

Promoting sustainable economic growth isn’t a new issue for the Canadian Chamber. We have been working on it for a long time. The answer to the Prime Minister's question is clearly “yes.”

And we Canadians need to look closely at our own performance. We have become complacent, even as our ability to earn our prosperity slides into greater jeopardy. While we have been congratulating ourselves for emerging from the recession less damaged than others, we're not noticing that other countries grew through the recession and are growing at three or four times our rate today.

Many of you have visited Asia. When I travel there, I am stunned by the speed of change and the scale of growth. They are building the most modern industrial plants in the world, are investing heavily in research and development and are becoming emerging technological powers. They are competing for intellectual capital and are creating a well-educated workforce. They are coming up the ladder towards us much faster than any of us anticipated just a decade ago.

When I return to Canada, I have the opposite reaction. We seem unaware of the competitive threat posed by emerging, high-growth economies even though the figures make it clear. Our exporters are losing global market share and high value-added activities in global supply chains. Canada risks being swept aside, its influence diminished and ability to compete severely hampered as more aggressive nations power ahead.

The obvious question is what the Canadian Chamber, as the most important representative of Canadian business, intends to do about the problem.

Along with our network of Chambers of Commerce and Boards of Trade across the country, we are working on ten issues that challenge the competitiveness of Canadian businesses, weaken Canada's economy, and strengthen our rivals. With will and determination, we can make a difference in the coming months in addressing these barriers.

Most are familiar to you. They are well documented, although they remain unsolved. Many are self-imposed wounds – problems that have emerged from decades of compromise and convenience.

But the central reality is this: our prosperity is not assured. Our customers and our competitors don’t care why we are high cost, or slow.
They won't argue about our transportation costs, or wait patiently while we find the skilled workers we need...they'll just find other, more competitive, business partners.

Too often we behave like thirteen separate states instead of one nation. Too often Canadian governments pursue short-term objectives for political gain rather than focusing on the country's long-term interests. Too often Canadian businesses take the cautious route, waiting to follow our friends in other economies.

With our competitiveness agenda, we are calling on our own membership, on governments, on labour organizations, on educators, other business associations and Canadians from all walks of life to work together to attack the barriers that stand in the way of Canada's economic success, instead of tolerating them.

This is the issue the federal government must seize. And the time to do that is growing shorter: the government will soon be entering the second year of its mandate.

We recognize that rebuilding our economic house on more solid foundations cannot be achieved by government alone. We have to tackle the challenges we face as a society, by identifying specific, tangible actions to boost our competitiveness. The public policies we choose will determine the kind of country and the level of living standards we will enjoy in the decades ahead. Government can help create an advantage but it's up to businesses to stay on top of their game, refine their strategies, and invest in innovative products and technologies. The government can't do that part for us. We have to do it for ourselves.

Too often, we deal with challenges by looking for excuses or for someone to blame, instead of looking for solutions. I'm sure you will remember the public debate two weeks ago between the Premiers of Alberta and Ontario. It centered on whether a strong Alberta energy sector was bad for Canada because higher commodity prices drive up the value of the Canadian dollar and hurt manufacturing in Ontario.

There's no doubt that these are tough times for Ontario, which has long served as Canada's economic engine. The manufacturing sector – and particularly the automotive industry – is under severe pressure that is exacerbated by a Canadian dollar trading at par. Nor is there any doubt that the loonie tends to track crude oil prices.

But that discussion misses the point. First, as Jack Mintz of the School of Public Policy at the University of Calgary recently pointed out, the pressure on central Canada's manufacturers, and particularly on the automotive industry, mirrors conditions in states like Michigan and Ohio. It is not unique to Canada. The contraction of the North American auto industry has resulted from what he says are bad management practices and high labour costs that cannot compete with low-cost countries.
A second point is equally important. Whether we like having our currency trade at par or not is immaterial. Barring the sort of currency manipulation we deplore on the part of other countries, our dollar's value is set by international markets. We can complain about it as much as we want, but it's like complaining about winter in Calgary – you may not like it, but you're well-advised to dress warmly when you go outside in January.

The energy sector did not cause our lagging productivity. In fact, our energy companies are among the most efficient and innovative in the world.

It is hard to think of any other country where politicians would debate whether having an abundance of resource wealth is an asset or liability. Every province, starting with Ontario, will benefit from the economic activity the Oil Sands generate. While most of the direct benefits are in Alberta, the Canadian Energy Research Institute predicts that Ontario will see 65,520 oil sands-related jobs created over the next 25 years. I have seen the economic spin-offs myself in companies like Babcock and Wilcox in Cambridge, which builds boilers for the Kearl Oil Sands project. Babcock and Wilcox employees, in turn, buy cars, pay taxes, eat in restaurants, shop in stores and renovate their homes in Cambridge. The whole community benefits, and this is only one example.

The most important issue is not the value of Canada’s dollar on any given day, but how our productivity compares with our major trading partners. That is the area we can control. It depends on our own behaviour and not on the assessment of others. Sadly, our performance continues to lag. Canadian productivity (measured as output per hour worked) is about 23 percent lower than in the US, and the gap has grown in recent years.

Imagine what life in Canada would look like if we were twenty percent more productive, with substantially higher incomes for Canadian families, greater ability for governments to pay for public services, and companies that could meet or undercut their competitors’ prices. The benefits would be enormous.

Canadian businesses understand this issue. That’s why Canadian manufacturers are investing heavily in new, more efficient machinery and equipment for their plants. Unlike the 1990’s and the early part of the last decade, they can no longer rely on a dollar worth 60-70 US cents, low energy prices and relatively lower labour costs to compete. They need to make critical investments to increase productivity and contain unit labour costs to improve their competitiveness.

Since a large portion of machinery and equipment is imported, now is an especially good time to invest, when interest rates are low and the Canadian dollar is strong. Investing in research and development, and in skills training, also helps increase productivity and bring down unit labour costs.

Let me focus first on the skills issue – Canada’s growing human resource crisis – which will be the Canadian Chamber’s highest priority for 2012.
I know this is a central issue for Alberta’s energy industry. According to the Alberta Government’s occupational demand and supply outlook, over the next ten years, Alberta’s labour market demand is expected to grow by approximately 607,000 workers but only 492,000 workers, on net, are expected to join the labour force. Thus, by 2021, Alberta’s cumulative labour shortage could reach over 114,000 workers.

The Petroleum Human Resources Council estimates that 39,000 new workers will be needed 2020 to replace retirees, and as many as 130,000 new energy workers may be needed by the end of the decade.

These won’t be low-pay, low-skill positions. The sector’s need for highly trained professionals like geologists, industrial engineers and heavy duty equipment mechanics could double over the next decade. Getting the right people in the right places will be essential to realizing the national benefit of Canada’s energy resources.

To compete in the twenty-first century economy, Canada needs a twenty-first century workforce. As baby boomers move on, all new net growth in our labour force will come from immigration. We need to attract large numbers of people with the right skills and do a much better job of putting those skills to work when they get here. Additionally, we’ll need to tap the pool of underutilized talent—our Aboriginal peoples, older workers, youth and people with disabilities. We need to do a better job of predicting what skills will be most in need in coming years, informing young Canadians about where the greatest opportunities are, and upgrading the skills of people who are already in our workforce. And we need to recognize that far too many Canadians lack the most basic survival skills for operating in a modern economy: numeracy, literacy, communications and the ability to work in teams.

None of these issues is new, but they have become more urgent, and our failure to address them is causing us to fall behind. It’s time to stop shooting for the bronze and to set a higher standard.

There are also many other challenges for Canadian businesses to overcome. Our list of top ten barriers includes two areas of particular importance to the energy sector: addressing our broken regulatory regime and improving our nation’s capacity to innovate.

Instead of shoring up the competitiveness of Canadian business, our regulatory system is one of the key factors holding us back. In 2011 the World Economic Forum identified “inefficient government bureaucracy” as the most problematic factor for doing business in Canada.

Our elaborate regulatory review process is duplicative and often confusing. In the energy sector, regulation is increasingly focused on sustainable and community-oriented decision-making. New projects must contend with information gathering and public consultation requirements that are more detailed than even before. Investors and pipeline project proponents are concerned about regulatory review and approval. Navigating through the regulatory project approval process has become increasingly complex, inefficient and expensive, impeding development projects that have implications for the national economy far beyond the oil patch.
A nation that earns a large part of its export revenue from natural resources, especially crude and petroleum gases, cannot afford to be slow and inefficient about decisions affecting these industries. It's not a question of weakening environmental concerns; it's the challenge of performing public duties professionally. What we have today falls far short of where we need to be.

The regulatory system is also sidelining a debate that should take place at the highest levels of government. Issues like energy security and market access are undoubtedly important, which is precisely why they should be addressed through parliamentary and policy channels, not through the regulatory process. By all means, let us ensure that major projects are sustainable and that they respect the needs of local communities, but too many projects face death by delay as opposed to any conscious and transparent decision.

Creating the right climate for innovation to flourish is critically important as the energy sector continues to reduce and mitigate its environmental footprint. Building on past successes to cut emissions through new technologies and innovative practices can help the industry deal with social license issues and improve international perceptions of Canadian energy.

The solutions developed to help reduce the energy industry’s impacts on air, water and land could have a larger payoff by fostering the growth of Canadian Clean Tech – an industry that could reach $3 trillion globally by 2020 if current growth rates continue.

How can government support environmental innovation? We have heard a great deal about the need to revamp the Scientific Research and Experimental Investment Tax Credit, the federal government’s key support for innovation in Canada. The Chamber has some suggestions on how to improve the program, but we should also look at other tools, like Sustainable Development Technology Canada, to see if they are configured to make a real contribution.

Of course, the industry has not been sitting back and waiting for government to solve these issues: the recent creation of the Canada’s Oil Sands Innovation Alliance is an example of industry taking concrete steps to develop and deploy new environmental technologies. The breakthroughs that engineers and scientists make here in Alberta will better protect Canada's environment, but they will also be exportable to a world desperately hungry for environmentally friendly ways to promote a reliable and affordable supply of energy.

These, then, are some of the areas where the Canadian Chamber will focus our efforts. Our website - www.chambertop10.ca - will be a resource for businesses and local chambers across the country. We will conduct roundtables with chamber members and with business leaders to learn about the skills issue and to target improvements to our strategies and programs.

As a matter of fact, we are conducting a roundtable with a number of you after today’s event to discuss some of the most pressing issues around skills shortages in Alberta.
Local chambers will do their own outreach to bring communities together to identify their unique challenges and mobilise the resources needed to solve them. In a country as diverse as Canada, it's not one-size-fits-all, but solutions tailored to meet local needs that will make the difference.

We plan an initiative that is far more hands-on than just another study. The test of our success will not be the quality of a report, but whether we can actually make a difference. Transforming our economy by improving the competitiveness of our nation is vital both for our businesses and for Canadian workers.

No-one suggests that it will be easy, any more than it was easy for the waves of settlers who left everything behind to pursue the promise they saw in western Canada. We are all beneficiaries of what they built.

The challenge for this generation is to prove that we are worthy of our inheritance. We are blessed in a thousand different ways by our vast geography, our natural wealth, and the industry and diversity of our people. What we need now is the confidence and the determination to compete with the very best in the world and to demonstrate that we can win.