

14TH EDC INDUSTRY STAKEHOLDER PANEL (2019)

EXECUTIVE SUMMARY

INTRODUCTION

Export Development Canada's (EDC) Industry Stakeholder Panel is composed of representatives from national industry associations, representing companies of all sizes from a variety of sectors (e.g. financial services, natural resources, clean technologies, manufacturing). The panel gathers annually to discuss trade related matters and provide input on how EDC can more effectively support Canadian companies. Two new participants joined the Panel in 2019: Canada's LGBT+ Chamber of Commerce and the Organization of Women in International Trade. This executive summary provides a brief account of the meetings held in Ottawa on May 27 and 28, 2019.

HIGHLIGHTS FROM THE EVENING RECEPTION

During the May 27th evening reception, EDC President and CEO Mairead Lavery welcomed guests, including Canada's Minister of Small Business and Export Promotion, the Honourable Mary Ng. Ms. Lavery provided a brief review of EDC's recent achievements including supporting businesses in leveraging the Trans-Pacific Trade Partnership, opening four new offices and bringing EDC's values to the forefront of its business.

Minister Ng spoke on the importance of leaders in industry and government working collaboratively on accessing new markets. The Minister noted that in 2017 only 12 percent of Canadian small- and medium-sized enterprises (SMEs) exported, with much of those exports going to the United States. This represents lost opportunities for export diversification, improved productivity and job creation. Minister Ng acknowledged that SMEs need enhanced support such as better access to capital, additional market research and information on navigating intellectual property concerns. The \$1.1 billion Export Diversification Strategy and federal support for the Trade Accelerator Program are examples of how the government is responding to these concerns.

HIGHLIGHTS FROM THE STAKEHOLDER PANEL DISCUSSIONS

Ms. Lavery welcomed participants to the May 28th panel at EDC's Head Office and shared reflections on her first 100 days in the role of President and CEO. Ms. Lavery introduced the senior members of her team as well as the facilitator for the session, Nadim Kara from Stratos.

Panelists then heard from two distinguished speakers who provided high-level macroeconomic and policy context for the day's discussions. Panelists then broke into groups to discuss the two themes for the day: trade diversification and responsible and sustainable business. Following the group discussions, participants reported back to the plenary. The day concluded with a round table discussion.

SETTING THE STAGE: THE ECONOMIC AND POLICY CONTEXT

Government of Canada Remarks – Dr. Ailish Campbell, Chief Trade Commissioner and Assistant Deputy Minister, Global Affairs Canada

Dr. Campbell spoke about the changing roles performed by the Trade Commissioner Service, in response to the evolution of trade in goods and services, such as the emergence of digital companies that are ‘born global’. She highlighted the importance of providing seamless service to Canadian companies, with a ‘no wrong door’ approach that enables businesses to be referred quickly to the appropriate supports. Dr. Campbell spoke briefly about the importance of Canada’s free trade agreements as enablers of export diversification while acknowledging the challenges of working with partners, and in jurisdictions, that have different rules, regulations and ways of doing business. Dr. Campbell also spoke about the benefits of inclusive trade with under-represented groups.

Global Economic Outlook – Peter Hall, Vice-President and Chief Economist, EDC

Mr. Hall presented on the macroeconomic factors affecting the global economy and highlighted the indicators such as pent-up demand in key sectors that suggest that current recession fears are unfounded. Mr. Hall also discussed some of the workforce challenges and wealth inequality that he posited may have contributed to a dramatic increase in popular support for extremist parties on both sides of the political spectrum. Mr. Hall closed with a call to action for Canadian companies to seize opportunities related to pent-up demand in the US market.

KEY THEMES FROM STAKEHOLDER PANEL DISCUSSIONS

Cross-Cutting Themes

- *SMEs are not fully aware of the resources available to support them:* Participants noted there is a low level of awareness among their members of the resources available to help them diversify their exports and operate responsibly.
- *SMEs need help to embrace digitization:* Across sectors, new technologies and trading platforms are transforming the risks and opportunities associated with international trade. Companies need help to seize opportunities and manage risks (e.g. cyber security).
- *SMEs benefit most from practical support services to compensate for limited time, competencies and resources:* SMEs value concrete advice in the form of practical operational guidance tools or mentorship and story-telling with peers, to support their efforts at diversifying exports and operating responsibly.
- *Government needs to show more pride in Canadian industry:* Some panel participants noted that their members feel that the government does not appreciate the positive outcomes of their sector, particularly resource industries. Other participants shared that Canada is too humble and should show more pride in its businesses on the world stage, celebrating their successes and sharing their stories globally.

Supporting Scale-Up, Exporting and Trade Diversification

- *Addressing structural issues:* Export success for some industries is contingent upon resolution of structural barriers related to access to capital, infrastructure, access to talent and support for innovation.
- *Foreign capital is a double-edged sword:* As SMEs scale-up and export, they can become targets for foreign acquisition. It is not clear how foreign investment affects efforts to diversify exports.

- *Free trade agreements are not enough:* For some sectors, exports can actually decrease after the signing of free-trade agreements due to the rise of non-tariff trade barriers.
- *Addressing barriers to inclusive growth:* Diverse groups (e.g. newcomers, women, Indigenous peoples and people identifying as LGBT+) are underrepresented in public and private supply chains. These systemic barriers prevent diverse-owned companies from unlocking value for all Canadians.
- *Value chains provide an important platform for diversification:* Many Canadian SMEs are integrating into North American and global value chains, which can be leveraged to help them to scale-up and export.
- *The China imperative:* Canadian SMEs that are interested in diversification need a China strategy.

Supporting Corporate Sustainability and Responsibility

- *Simplifying the language and practice of Corporate Sustainability and Responsibility (CSR):* SMEs often lack the time, resources and competencies to translate the myriad standards, initiatives and concepts associated with CSR into pragmatic action.
- *Tension between ethical leadership and the global marketplace:* While there is often a business case for companies to adopt leading ethical and sustainability practices, this can sometimes be a constraint to accessing or competing in new markets. The marketplace as well as governments need to generate incentives for CSR that can materialize over shorter time horizons.

RECOMMENDATIONS FOR EDC

In summary, participants suggested that EDC consider the following:

- Continue to explore new ways to let Canadian companies know about the services available to them;
- Be a champion for Canadian businesses, within the federal family, in relation to conveying what they need to enhance their resiliency and export success (particularly around structural issues like infrastructure, access to talent or innovation funding);
- Deepen and enhance its ‘trade creation’ initiatives, wherein EDC leverages its networks to position Canadian companies as suppliers of choice to the world;
- Work with other Government of Canada partners (e.g. the Trade Commissioner Service) to develop practical guidance and implementation support services for Canadian SMEs to:
 - operate responsibly and communicate (i.e. report on) their performance
 - identify and seize export opportunities arising from free trade agreements;
- Collaborate with industry, government and civil society to develop the ‘Canadian Brand’, and then champion/stand-by those companies deemed to be embodiments of that brand;
- Explore ways to incentivize and reward leading CSR practices;
- Adopt a sectoral approach to the delivery of core service lines; and
- Collaborate with other members of the federal family to help Canadian SMEs embrace the opportunities presented by all kinds of new technologies (e.g. cleantech, fintech, biotech, traditional information communication technologies, digitization, machine learning, automation)

APPENDIX: EDC INDUSTRY STAKEHOLDER PANEL PARTICIPANTS (2019)

In attendance:

Warren Ali

Vice President Innovation
Automotive Parts Manufacturers Association
(APMA)

Claire Citeau

Executive Director
Canadian Agri-Food Trade Alliance (CAFTA)

Bob Kirke

Executive Director
Canadian Apparel Federation (CAF)

Ryan McEachern

Managing Director
Mining Suppliers Trade Association (Canada)
(MSTA)

Neil Parmenter

President and CEO
Canadian Bankers Association (CBA)

Trevin S. Stratton

Chief Economist
Canadian Chamber of Commerce (CCC)

Corinne Pohlmann

Senior VP of National Affairs
Canadian Federation of Independent Business
(CFIB)

Dennis Darby

President
Canadian Manufacturers and Exporters (CME)

Derek Nighbor

President
Forest Products Association of Canada (FPAC)

Ben Chalmers

Senior Vice President
Mining Association of Canada (MAC)

Denis Leclerc

Chair and President, Écotech Québec
Canada Cleantech Alliance / Écotech Québec

Darrell Schuurman

Co-founder and CEO
Canadian LGBT+ Chamber of Commerce (CGLCC)

Alma Farias

Board Member
Organization of Women in International Trade
(OWIT) Toronto

Regrets:

- Aerospace Industries Association of Canada (AIAC)
- Association of Consulting Engineering Companies Canada (ACEC)
- Canadian Association of Defence and Security Industries (CADSI)
- Canadian Association of Importers and Exporters (IE Canada)
- Canadian Association of Petroleum Producers (CAPP)
- Canadian Construction Association (CCA)
- Information Technologies Association of Canada (ITAC)