

Executive Summary – 2014 EDC Industry Stakeholder Panel

INTRODUCTION

EDC brings together leaders of national business and industry associations each year to share insights on Canadian trade and investment issues and provide input on how EDC can improve their services. The EDC Industry Stakeholder Panel consists of nineteen members from a variety of sectors. This executive summary provides a brief account of the meeting held on May 14 and 15, 2014.

EVENING WELCOME RECEPTION

There were two guest speakers during the evening reception at the Rideau Club. Ms. Susan Bincoletto, Assistant Deputy Minister and Chief Trade Commissioner at Foreign Affairs, Trade and Development Canada (DFATD), and the Honorable Ed Fast, Minister of International Trade. Ms. Bincoletto shared with the panel the Global Markets Action Plan (GMAP) and explained how the Plan includes priority markets and sectors, a focus on small-medium sized businesses (SMEs), and a commitment to work together with its partners such as EDC and Business Development Canada (BDC). The top three priorities for the Trade Commissioner Service (TCS) are: 1) extractives; 2) defense procurement and 3) international education. The Honorable Ed Fast spoke to the panel after dinner and exclaimed that he was the “luckiest guy on the Hill” to be working on a file that is at the forefront of what is driving economic growth. Building on Ms. Bincoletto’s comments, he stated that the TCS is paying close attention to small businesses within the GMAP and urged small businesses to expand their businesses to emerging markets. EDC, TCS and others need to help ensure that the tools such as financing, insurance and matchmaking are available to these companies to seize these business opportunities. Canadian exporters often need to import goods and services into Canada in order to export and Minister Fast explained how import barriers hurt trade and thus need to be reviewed carefully.

STAKEHOLDER PANEL - OPENING REMARKS

EDC’s President and CEO, Benoit Daignault explained how EDC works closely with its partners to support Canadian companies doing business abroad. While this is well known with its existing clients, many companies in Canada are not aware of EDC’s services and EDC needs to convey this message more broadly, especially to SMEs. Mr. Daignault added that since the panel started meeting in 2006, many of its insights have helped shape EDC’s programs, such as: the Export Guarantee Program at 100%; providing bonding and insuring capacity with public-private partnerships (PPP) projects for the construction sector; and developing financial relationships with major buyers.

TOUR DE TABLE

Overall, the sentiment on business confidence among all thirteen industry leaders was positive. Industries are experiencing growth and the challenge is on keeping up with demand, finding capacity to support growth, and entering emerging markets. A number of industry leaders praised the GMAP for responding to competitiveness issues and addressing their sector needs. Common themes from the industry leaders included:

- *Entering emerging markets:* While the opportunities are clear, the barriers to entry are high: from cultural barriers, to CSR challenges, to the use of different standards and legal systems, to the overall lack of the rule of law and political and economic instability. EDC can provide additional support through matchmaking, supporting partnerships, providing more marketing opportunities and developing tools and services to overcome these barriers.
- *Investing in innovation:* Between staying ahead of the curve (automotive industry); transforming an entire industry (forest product industry); and building a whole new industry (marine renewable technologies) – the need to innovate is urgent. Panel members wondered how EDC could help finance innovation – especially when the risks and outcomes are unknown.
- *Retaining labour:* Many industries are feeling the labour shortage. This is especially true for high-skilled industries such as IT and high-volume work such as construction. Changes to the temporary foreign workers program and anticipated labour cost increases (e.g. from provincial pension schemes) are causing concern across Canada.
- *Improving transportation, logistics and importing:* Canada needs to improve the reliability of its transportation system and support importers at the border for a healthy trading system.
- *Relationship with EDC and the TCS:* The majority of industry leaders commended EDC and the TCS for supporting industries during tough economic times and providing excellent customer service. Echoing what Mr. Daignault mentioned earlier, EDC's services are not reaching SMEs broadly enough.

HIGHLIGHTS OF EDC'S SPRING 2014 GLOBAL EXPORT FORECAST

Peter Hall, VP and Chief Economist, provided a brief overview of EDC's Spring 2014 Global Export Forecast. The consensus in the analytical community is that economic growth is here to stay. Leading indicators across the OECD countries are collectively on the rise; consumers and businesses have pent-up demand and are willing and wanting to engage in economic activity; and fiscal austerity is coming to an end. While global growth is back, Mr. Hall noted a few of the challenges to maintaining growth, including: easing domestic demand, labour and investment restraints, and the unwinding of quantitative easing.

RISKS AND CHALLENGES IN DEALING WITH CORRUPTION, BRIBERY, AND FRAUD

The market for bribes worldwide is over \$1 trillion. Canadian companies are less likely than its peers to enter into emerging markets, and Signi Schneider, VP, Corporate Social Responsibility at EDC, wondered if it was because of the fear that these types of ethical risks could not be mitigated. A number of industry leaders shared their perspectives on how bribery and corruption are affecting their industries and many commented how this was a key barrier for doing business in emerging markets. Ms. Schneider provided a few practical steps to protect Canadian businesses doing business abroad and many industry leaders agreed that more tools and support in this area are required.

CLOSING REMARKS

Mr. Daignault and Ms. Bincoletto thanked the industry members and noted that the insights from the panel are valuable and have ultimately led to better services for Canadian companies. Moving forward, EDC and TCS will focus on providing more strategic support, especially for SMEs. EDC, the TCS and its partners will continue to collaborate and make more linkages to improve their service offerings.