

# Compete to win

*“Competition matters. It brings dynamism to our economy. It means good jobs for our citizens. It is not merely an economic concept. Being open to competition serves Canada’s national interest.”*

Competition Policy Review Panel, *Compete to Win*, June 2008, Preface

**THE COMPETITION POLICY REVIEW PANEL** recommended more global offence by Canadian business, not government defence. In its report, released in June 2008, the Panel concluded that “raising Canada’s overall economic performance through greater competition will provide Canadians with a higher standard of living.”

To achieve this, the Panel set out its Competitiveness Agenda for Canada, aimed at raising productivity and competitive intensity throughout the economy. Success will depend on stronger domestic markets and more innovative and entrepreneurial firms that can compete internationally. The Panel recognizes that it will be difficult and take time to win in the increasingly competitive world, but that we cannot wait to begin the journey. Delay will only make the challenge harder.

Fundamentally, the Panel believes that policies and regulations must be evaluated in a global context, not just a national focus, and that Canada needs a process to enable continuous review and refinement to changing global circumstances. The Panel set out a series of recommendations to create the legal foundations that enable competition and to establish public policy priorities for action.

## UPDATE THE LEGAL FOUNDATIONS TO ENCOURAGE COMPETITIVENESS

The Panel recommended updates to the Investment Canada Act, legislation covering sectoral regimes, and the Competition Act.

- Canada currently requires the review of proposed foreign investment over monetary thresholds under the Investment Canada Act. The Panel welcomes foreign investment and recommended increasing the threshold for review to \$1 billion and shifting the onus for approval from the applicant to the minister and from the criterion of “net benefit” to “contrary to Canada’s national interest.” It asked for updating the administration of the Act to guarantee greater clarity and transparency for application to cultural businesses, with provision for a distinct approach to reflect the economic value and broader review by the Minister of Canadian Heritage.
- Canada has foreign ownership restrictions in several sectors that can impede improvements in competitive intensity. The Panel recommended reducing these restrictions through regular, periodic reviews of these framework policies in air transport, uranium mining, telecommunications and broadcasting, and financial services. More specifically, it called for completing the Open Skies negotiations with the European Union and reciprocal arrangements with other countries; liberalizing foreign ownership in the uranium mining sector, subject to national security considerations; adopting a two-phased approach to liberalizing foreign ownership in telecom and broadcasting companies; and ending the opposition to mergers between large financial institutions.
- The Panel also concluded that, while the Competition Act is modern and flexible, some updates will improve productivity and that the Competition Bureau should continue to focus on enforcing and promoting compliance. Proposed updates include harmonizing legal requirements with the United States, reducing the time allowed for the Commissioner of

Competition to challenge a merger, amending obsolete or ineffective criminal provisions, and encouraging heightened advocacy for competition in Canada.

## PURSUE PRIORITIES FOR ACTION IN THE PANEL’S COMPETITIVENESS AGENDA

The Panel is convinced that national competitiveness will be achieved when government policies ensure the right foundation for businesses to succeed in the global economy. It emphasizes that policies must continuously be adjusted along the way to enhance Canadian firms’ ability to compete in the world.

- The Agenda recommends a more competitive tax regime, through lowering corporate taxes and those for lower- and middle- income Canadians, eliminating capital taxes, and harmonizing sales taxes. Governments should focus more on value-added taxes and conduct ongoing assessments to ensure our tax provisions support Canadian firms’ ability to compete domestically and globally.
- Canada needs to attract and develop the best talent to have the best workforce in the world. The Panel recommends ongoing investment in education and training to the highest standards with more partnerships with business and international exchanges as well as tuning immigration policy to meet labour market needs.
- So Canada’s large urban centers can continue to thrive, the Panel urges the Federal Government to support municipal investment in infrastructures, education, and immigration. Provincial and local governments should explore alternative funding mechanisms to secure and grow revenues.
- The Panel encourages the Federal Government to strengthen the Canadian economic union by encouraging elimination of trade barriers between the provinces and territories and better harmonizing securities regulation.
- On international trade and investment, Canada should place a high priority on reinforcing trade with the United States and set priorities for extended international trade and investment opportunities.
- The Government should encourage innovation and protect intellectual property by making sure that R&D tax regimes are supportive and that patent and copyright laws are effective.
- The Panel recommends the creation of an independent Canadian Competitiveness Council as an advocacy body for raising competitiveness. Its mandate is to drive the change in the public and private mindset to accord competitiveness and prosperity the highest priority among Canadians.

The Panel’s Competitiveness Agenda is a call for Canadians to commit to a national coordinated journey to raise our competitive intensity, productivity, and prosperity in the fast-changing global economy. The goal is ambitious, the challenges are many, but we can become the best by competing to win.