

CMC Priorities for Action in Budget 2009 and Beyond

Government's Role :

Government has a leading role to play in creating a framework that enables value-adding industries to restructure, invest in innovation, and seize new business opportunities.

Canada not act in isolation. As governments in other countries move to support their own economies and institutions, it is important to ensure that changes to our own policy and regulatory environment do not disadvantage Canadian businesses in highly competitive globally traded sectors.

Government must meet the policy objectives of the Cabinet Directive on Streamlining Regulation are achieved by ensuring that :

- **regulatory frameworks enable innovation and competitiveness,**
- **simplify and streamline regulatory compliance,**
- **ensure that new regulations are thoroughly vetted to assess their real impact on our international competitiveness, and**

Government must be vigilant to ensure that markets around the world remain open to Canadian exporters.

Canada's existing trade rules must be firmly enforced to prevent market distorting trade practices on the part of offshore producers seeking relief from economic pressures by exporting unfairly into our markets.

Priority One : Liquidity

Address immediate liquidity problems by ensuring that credit continues to be available to consumers and businesses within Canada.

- Without action to address the current liquidity problems, other economic measures and policy initiatives will be academic if companies have closed their doors.
- Tightened credit is leading to a steep downturn in consumer and business spending.
- Viable, highly competitive businesses are threatened as inventories rise, investments are postponed, and orders fall off sharply or are cancelled.
- Customers are looking for stability and are struggling to find the credit they require. Suppliers and distributors are also under significant financial pressure.

Canadian businesses need to raise additional credit to maintain operations and to avoid more widespread lay-offs and closures.

Government must act urgently to ensure that financing remains available to otherwise creditworthy companies.

- The Minister of Finance and the Bank of Canada have taken important and positive steps to backstop Canadian banks and ensure liquidity in our credit markets. But...
- Credit is still not available for many of our businesses.

We urge Government to introduce temporary guarantees for loans and lines of credit so that our financial system works for otherwise creditworthy businesses facing the prospect of a sharp downturn in demand.

The Business Development Bank and Export Development Canada should be more proactive in providing credit and financial support in response to volatile market conditions.

Priority Two : Invest in Infrastructure

Counter recessionary pressures with investments that strengthen Canada's competitiveness and offset the economic slowdown.

Target public investments that improve critical transportation, border, communications, and energy infrastructure.

Encourage businesses to invest in new technologies, innovation, and skills through policy approaches and tax incentives.

- These are the wealth-creating assets of a 21st century economy.
- They are the investments that we need to build and sustain more competitive value-adding industries in Canada.

Government support for innovation should focus on projects that Canadian businesses can commercialize.

Priority Three : Tax Improvements

Implement policy measures that will improve the long-term strength and competitiveness of the Canadian economy.

Planned corporate Tax reductions should be accelerated.

Government should immediately:

- **Extend the two-year depreciation for investments in manufacturing and processing machinery and equipment introduced in Budget 2007 for at least an additional five-year period to allow sufficient time for companies to acquire the technologies and put them in place;**
- **Make Scientific Research and Experimental Development Tax Credits refundable and take immediate steps to improve the administration of the SR&ED tax credit system following on the commitment made in Budget 2008; and,**
- **Introduce an Employers' Training Tax Credit.**
- **Extend the EI Work-Sharing Program so companies can preserve jobs using worksharing program beyond the current limit of 38 weeks.**

All these measures were unanimously supported by the Standing Committees on Industry Science and Technology and Finance in the last Parliament.