



**CANADIAN FEDERATION  
OF INDEPENDENT BUSINESS**

*In business for your business™*



# Business Opportunities in Canada: An SME Perspective



**Dan Kelly**

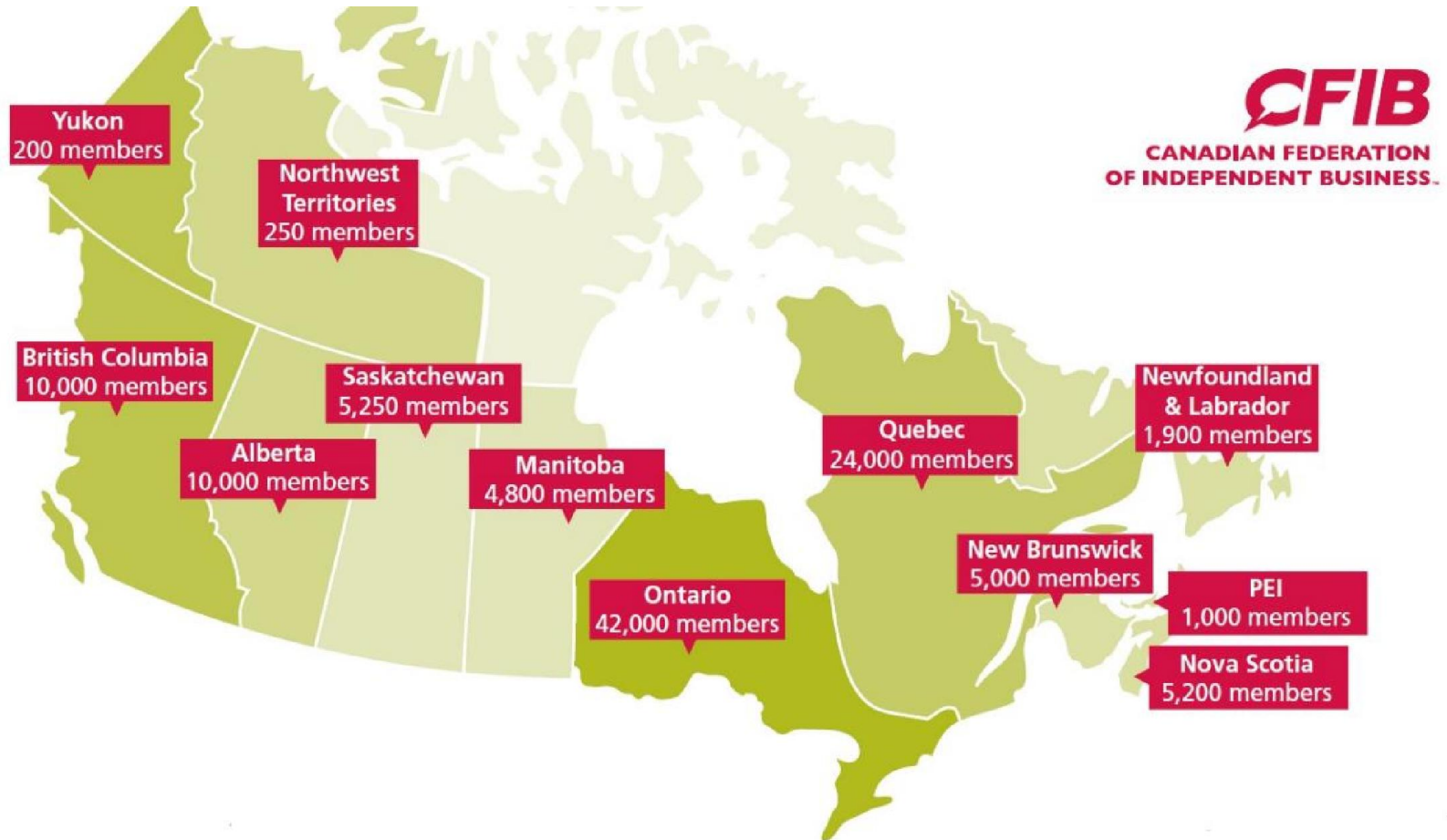
**President and CEO**

March 2019

# About the Canadian Federation of Independent Business (CFIB)

- Represents independent business only
- 110,000 business members across Canada
- Non-partisan, not-for-profit organization
- Active on federal, provincial and municipal issues
- Represents all sectors, all regions
- One member = one vote

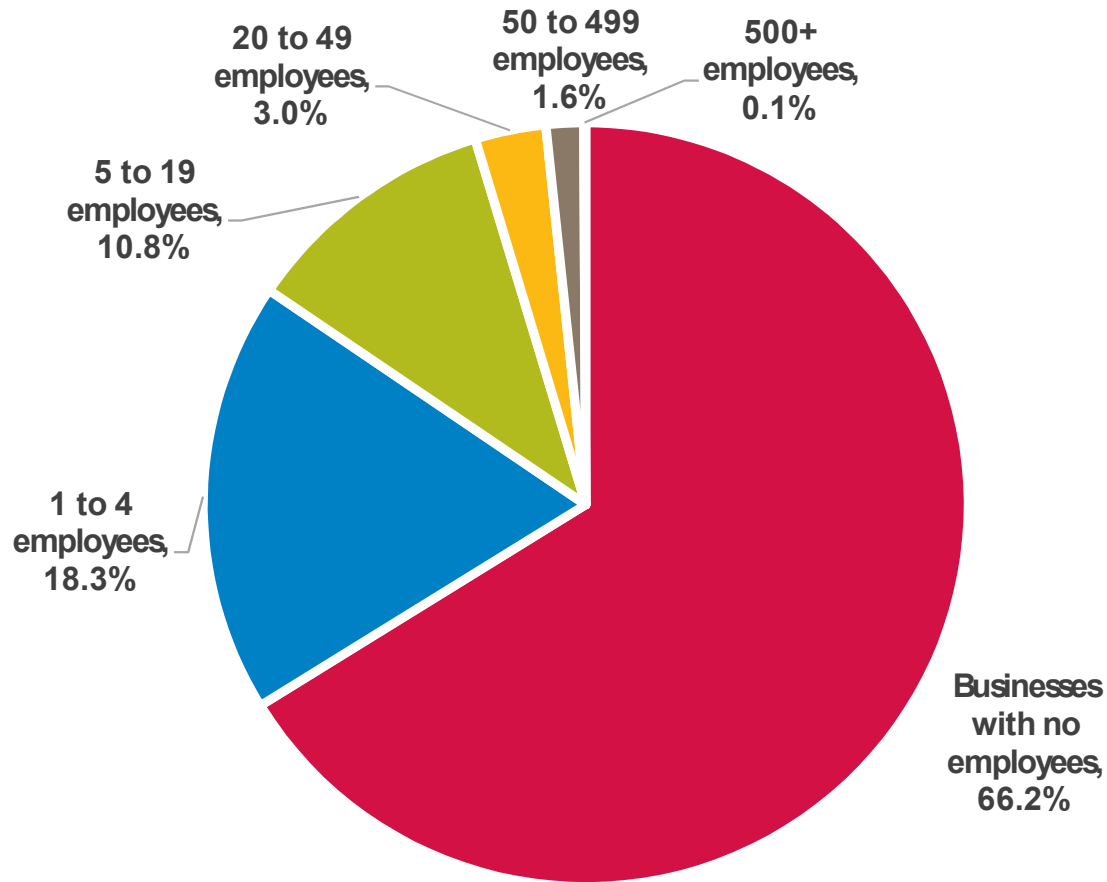
# Who is CFIB? - By Province



# CFIB: membership by sector

Sector	Number of members
Agriculture	7,200
Construction	12,000
Health, Education and Social Services	8,000
Hospitality	8,500
Manufacturing	12,000
Personal and Miscellaneous Services	12,000
Primary Industries	1,500
Professional and Business Services	14,000
Retail	24,800
Transportation and Communication	3,500
Wholesale	6,500

# Total business population in Canada



Source: Statistics Canada. Tables 552-0003, **553-0003** - Canadian business counts, location counts with and without employees, by employment size (NAICS), Canada and provinces, December 2015,

# The politics of trade: then

- Canadians were worried about Canada-US free trade prior to agreement
- SMEs supported Canada-US Free Trade and NAFTA
- Sky did not fall – far more winners than losers
- Canadians now generally supportive of free trade
- Canadian small firms supported
  - *CETA*
  - *CPTPP*

# Canada's Trade Agreements - Today

- CUSMA / USMCA
  - *Canada, United States, Mexico*
- CETA
  - *Canada + 28 European Union member states*
- CPTPP
  - *Canada + 10 Pacific Rim countries*
- Many bilateral free trade agreements
  - *Chile, Isreal, South Korea, etc.*

ANALYSIS

## Canada-EU trade, one year on: Canada's imports are rising faster than exports



As NAFTA 'takes up all the oxygen,' Canadians have been slow to make big moves into Europe

Janyce McGregor · CBC News · Posted: Sep 16, 2018 4:00 AM ET | Last Updated: September 16



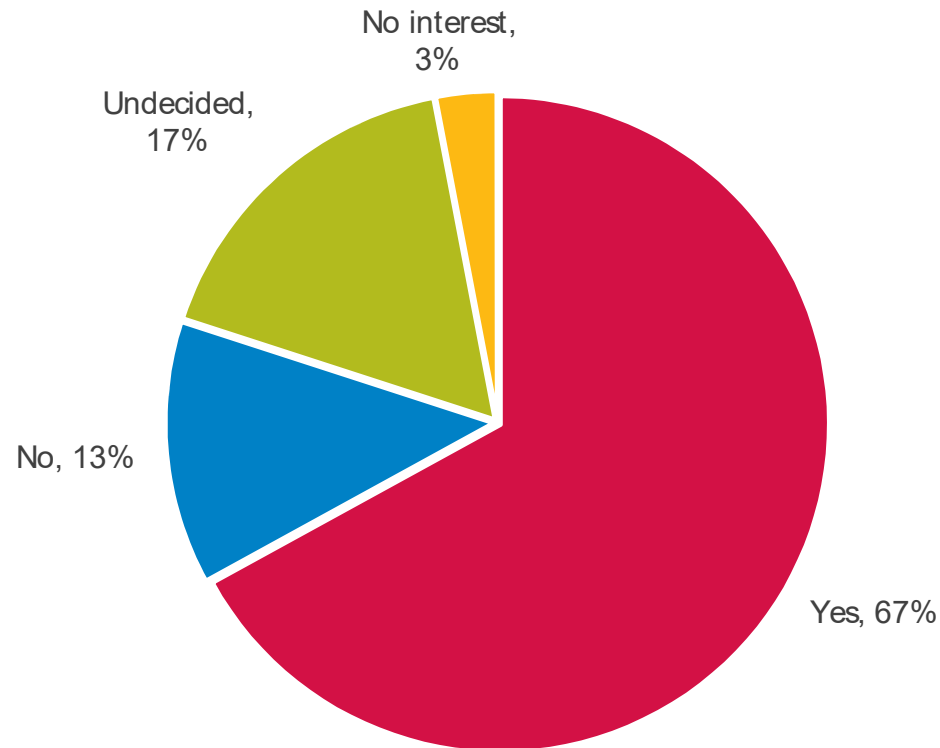
Prime Minister Justin Trudeau and European Council President Donald Tusk signed the Comprehensive Economic and Trade Agreement in Brussels in 2016. Most of its measures were provisionally applied last fall, as the 28 member states of the EU continue to hold ratification votes on the full agreement. (Francois Lenoir/Reuters)

[2037 comments](#)

When the Canadian government talks about trade diversification, the agreement it puts in the window is its wide-ranging trade deal with the European Union, which started to take hold one year ago this week.

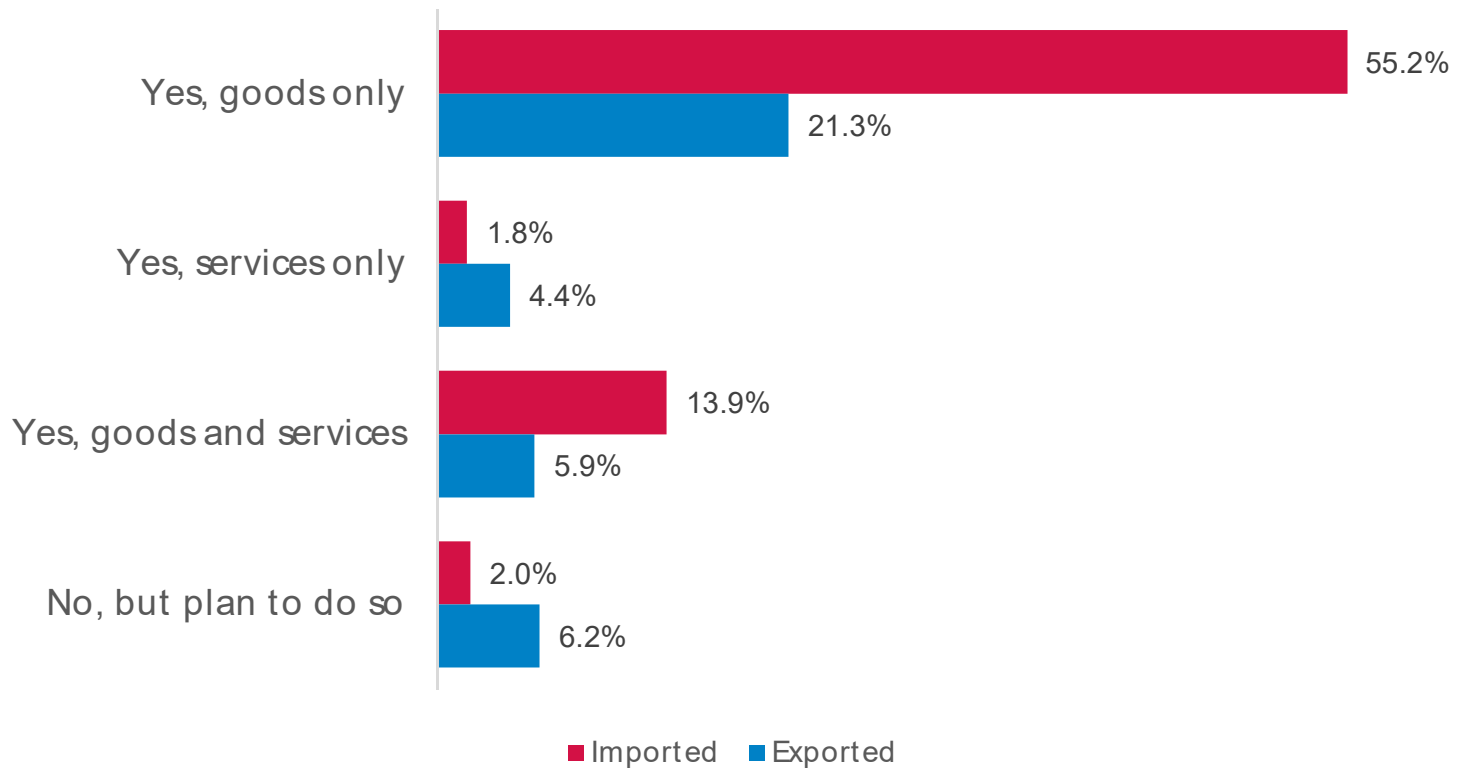


# Should Canada focus more on developing international free-trade agreements with countries other than the U.S.?



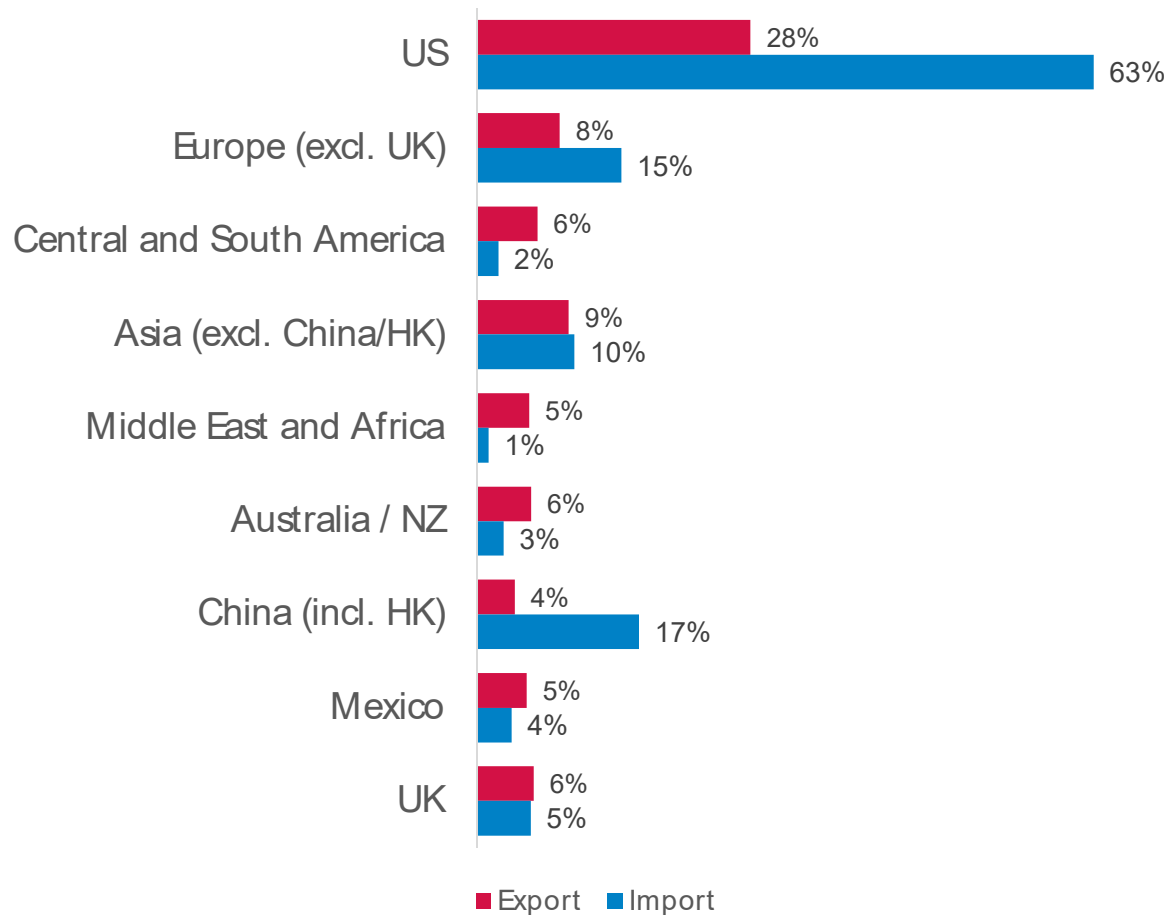
Source: CFIB *Mandate Survey*, June-July 2017, 6964 responses total

# In the past three years, has your business bought or sold goods and services to/from countries outside Canada? (all countries)



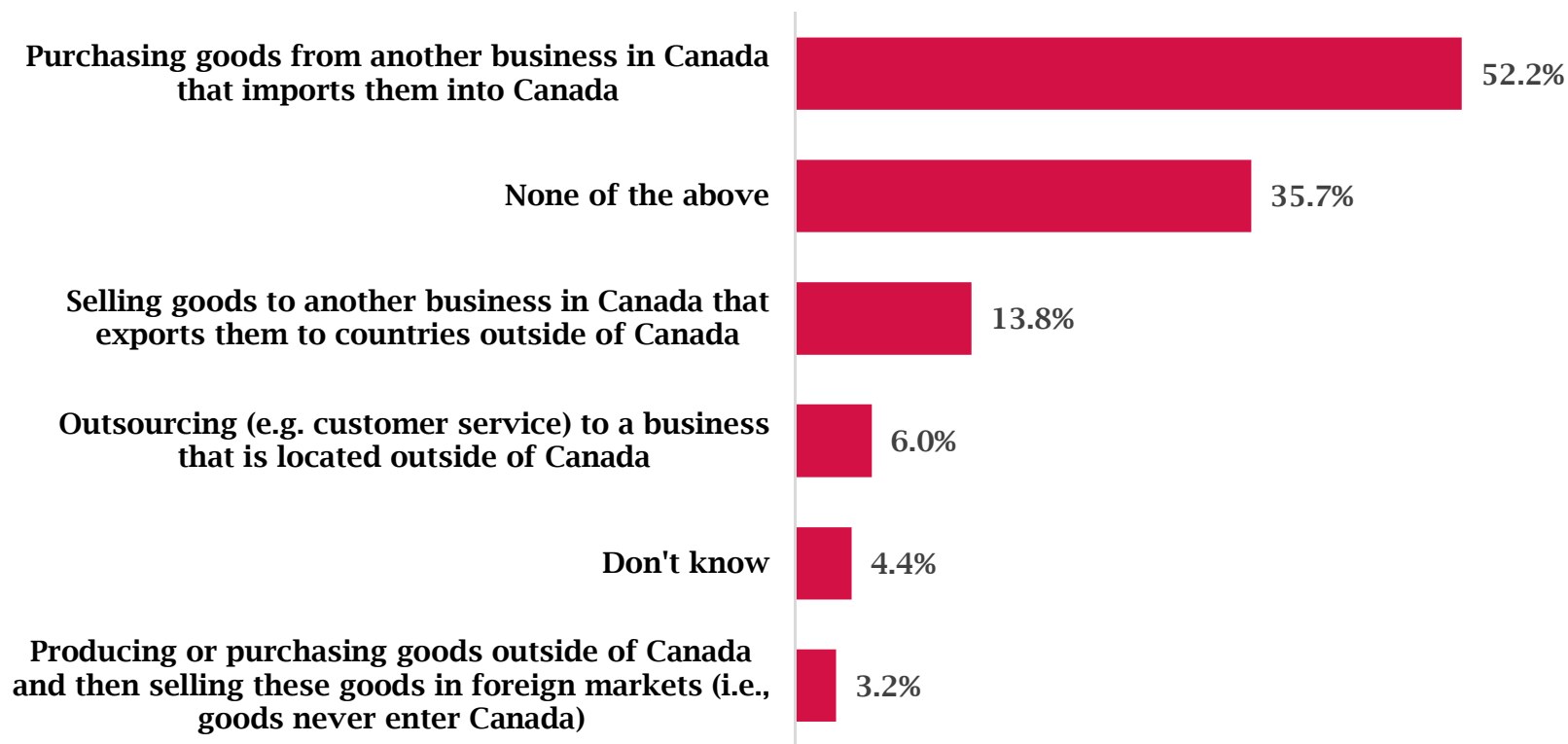
Source: CFIB, 2017 International Trade Survey, May-June 2017, 4399 responses total, 865 responses from firms trading with Europe

During the past three years, has your business imported from and/or exported its goods and/or services to the following markets? (all countries)



Source: CFIB, 2017 International Trade Survey, May-June 2017, 4577 responses total, 603 responses from firms trading with Europe

## Direct or indirect involvement in global trade? (Select as many as apply) (EU respondents only)



Source: CFIB, 2017 International Trade Survey, May-June 2017, 4399 responses total

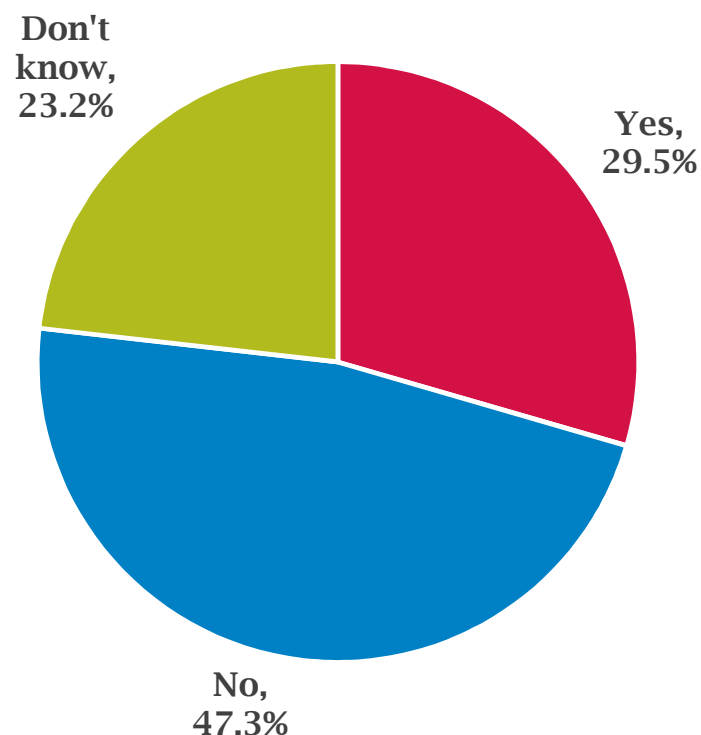
## How did you first find out about opportunities to import and/or export goods and/or services outside of Canada? (% responses)



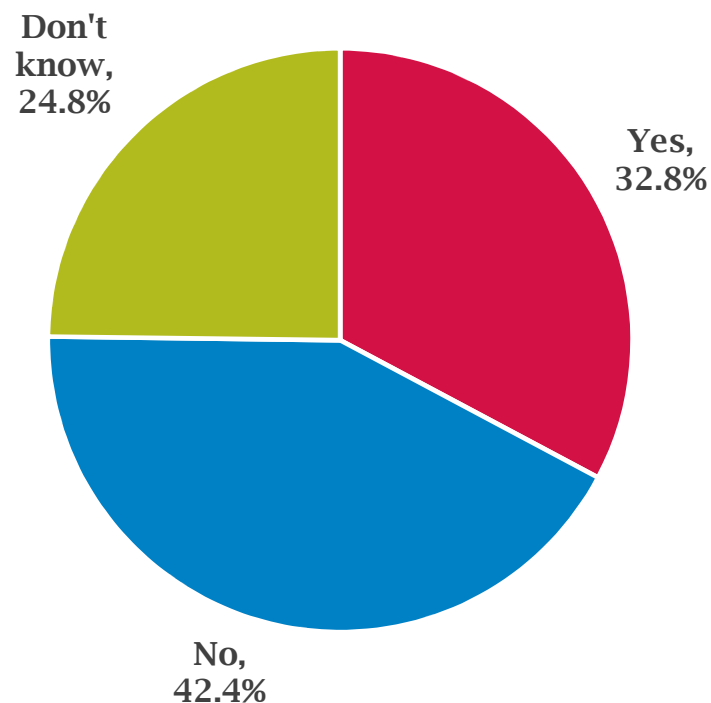
Source: CFIB, 2017 International Trade Survey, May-June 2017, 4399 responses total

Does your business plan to increase the amount (i.e. the dollar value) that it imports from and/or exports to countries outside of Canada in the next three years?

Export

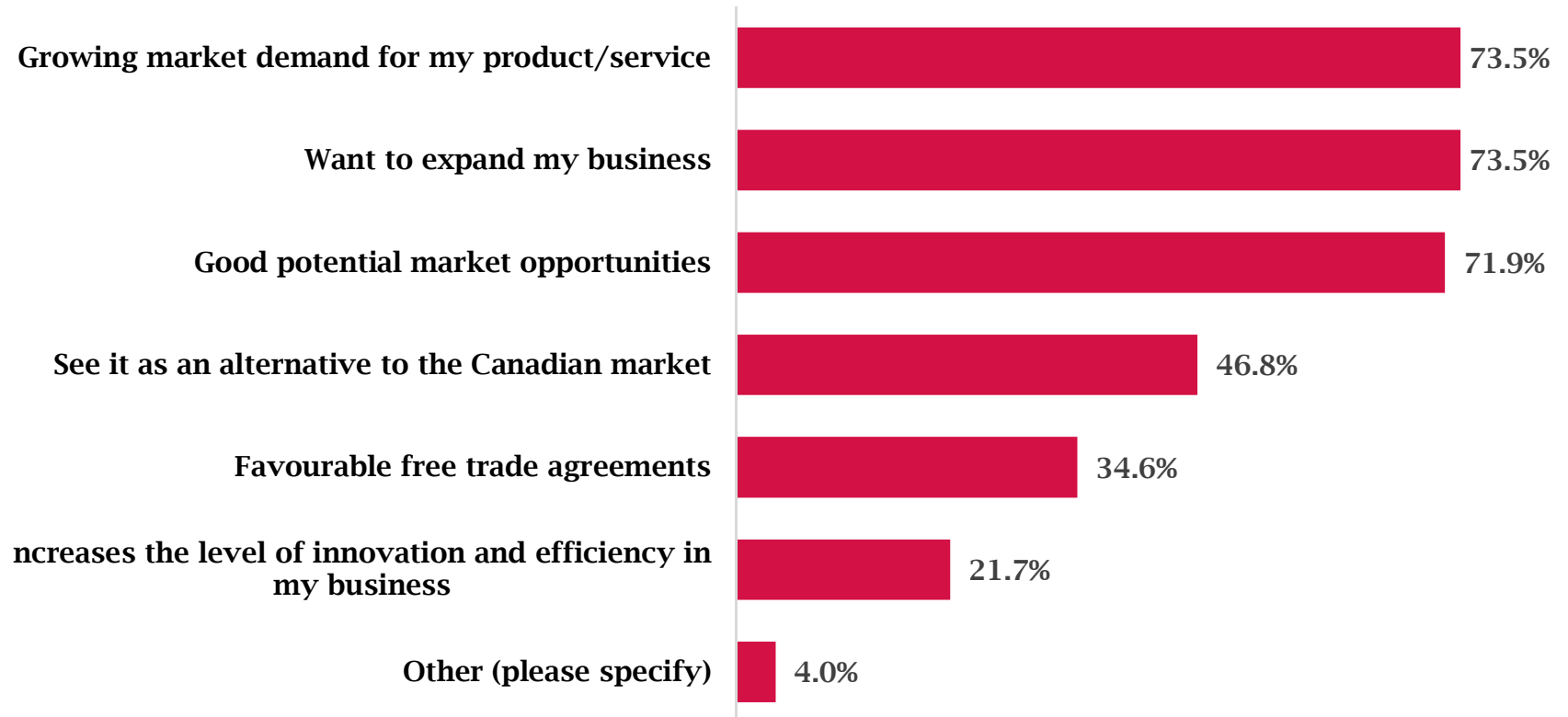


Import



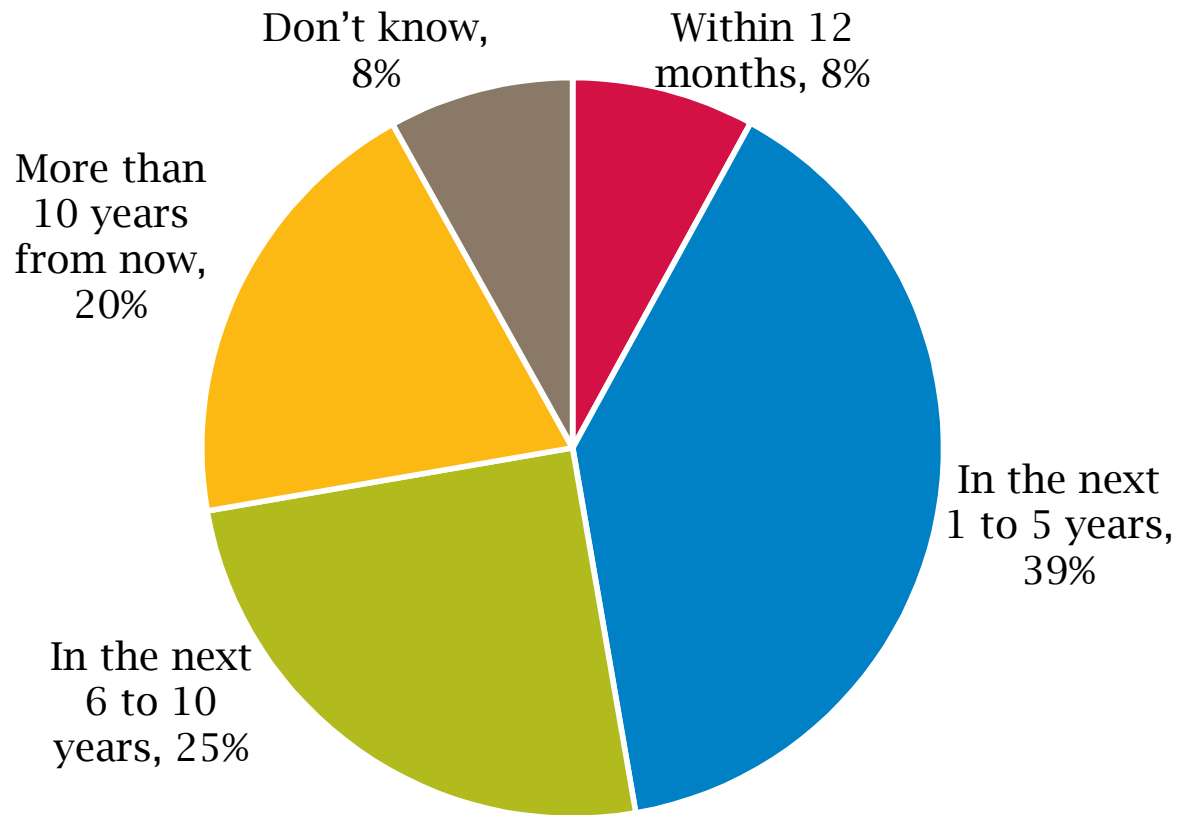
Source: CFIB, 2017 International Trade Survey, May-June 2017, 4399 responses total

# What influences your decision to increase the amount that your business exports to countries outside of Canada? (Select as many as apply)



Source: CFIB, 2017 International Trade Survey, May-June 2017, 4399 responses total

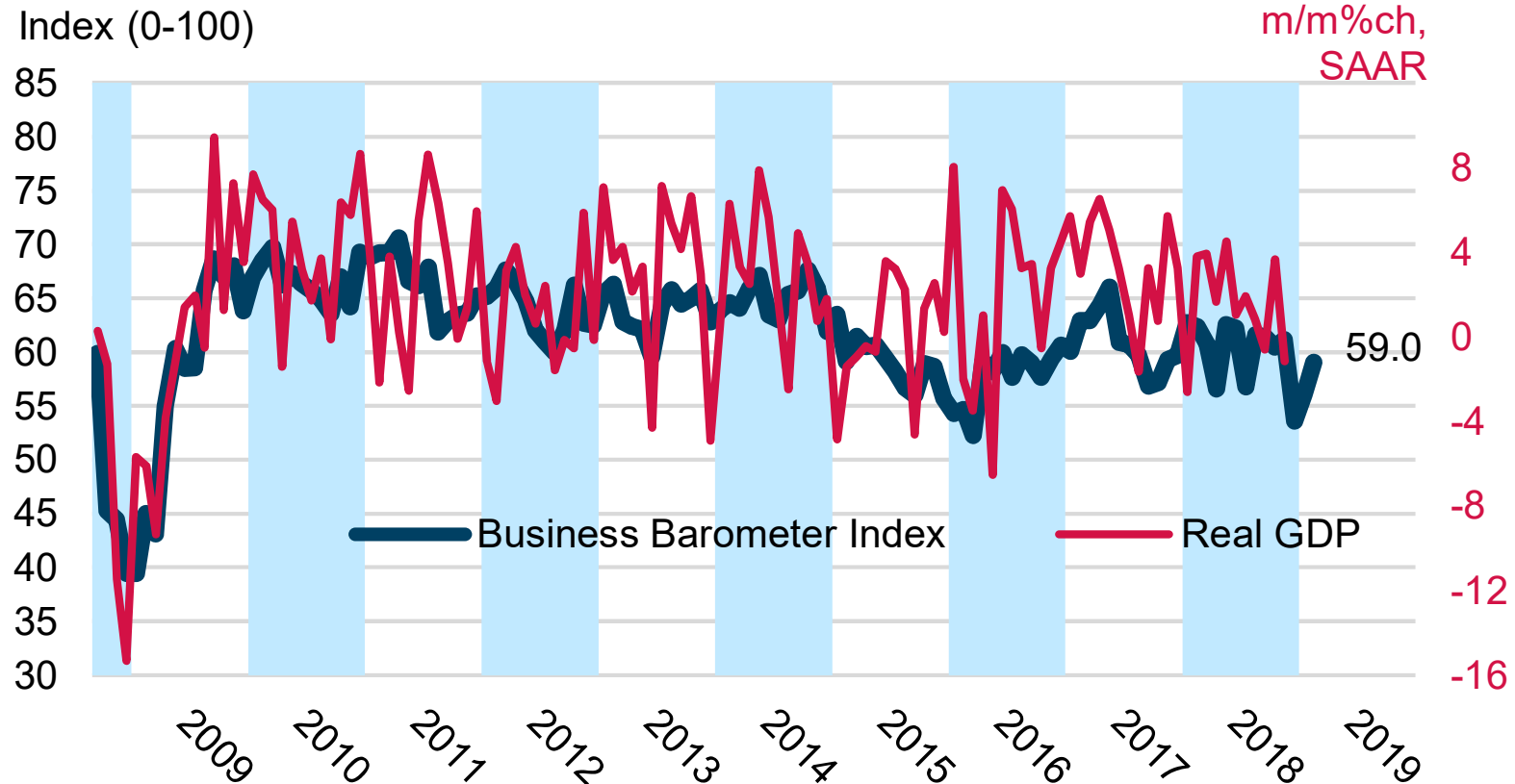
# Approximately when do you expect to exit (sell, transfer, wind-down) your business?



Source: CFIB, 2018 Succession Planning Survey, May 2018, 2507 responses total



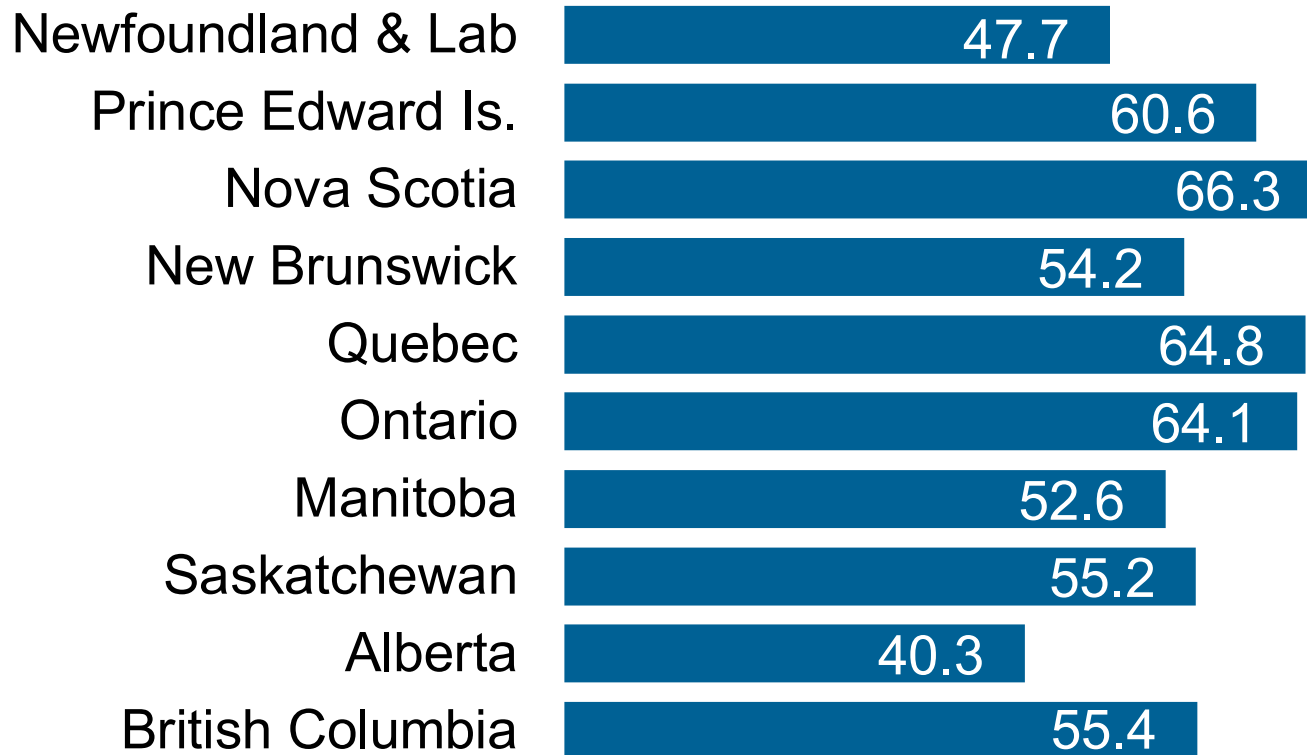
# CFIB Business Barometer – February 2019



Source: CFIB, *Business Barometer*, 829 responses, February 2019

# CFIB Business Barometer – February 2019

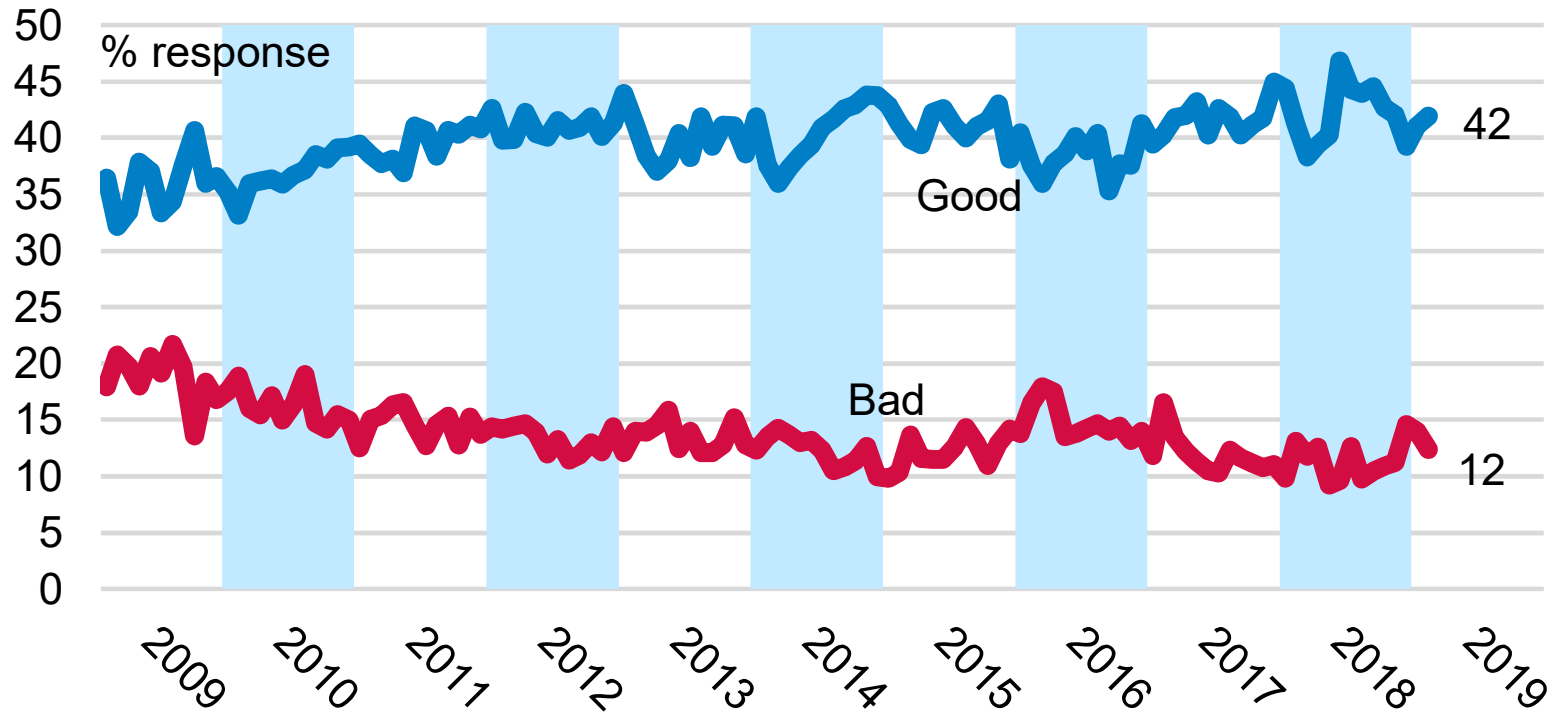
## *By province*



Source: CFIB, *Business Barometer*, 829 responses, February 2019

# CFIB Business Barometer – February 2019

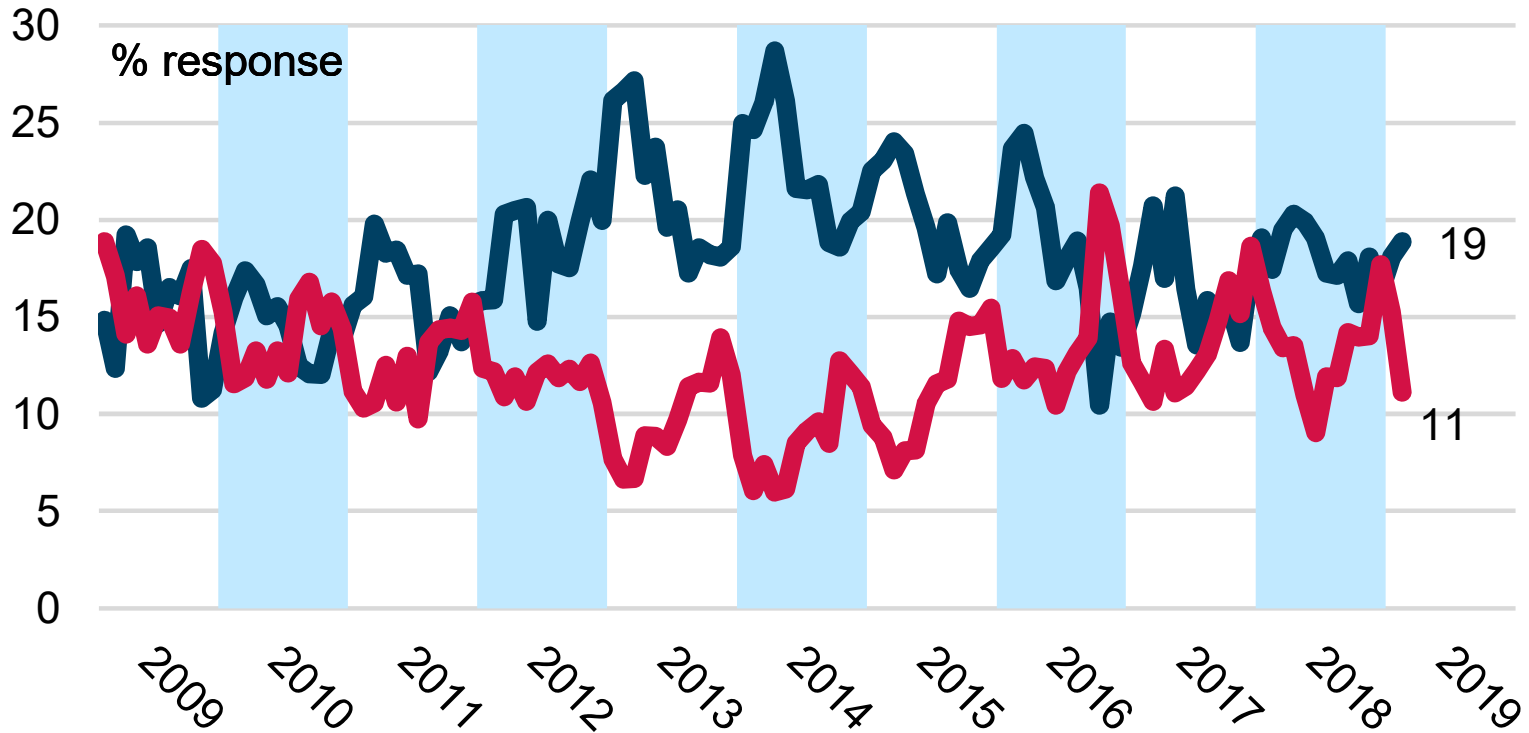
## *General State of business health*



Source: CFIB, *Business Barometer*, 829 responses, February 2019

# CFIB Business Barometer – February 2019

## *Full-time staffing plans, next 3 months*



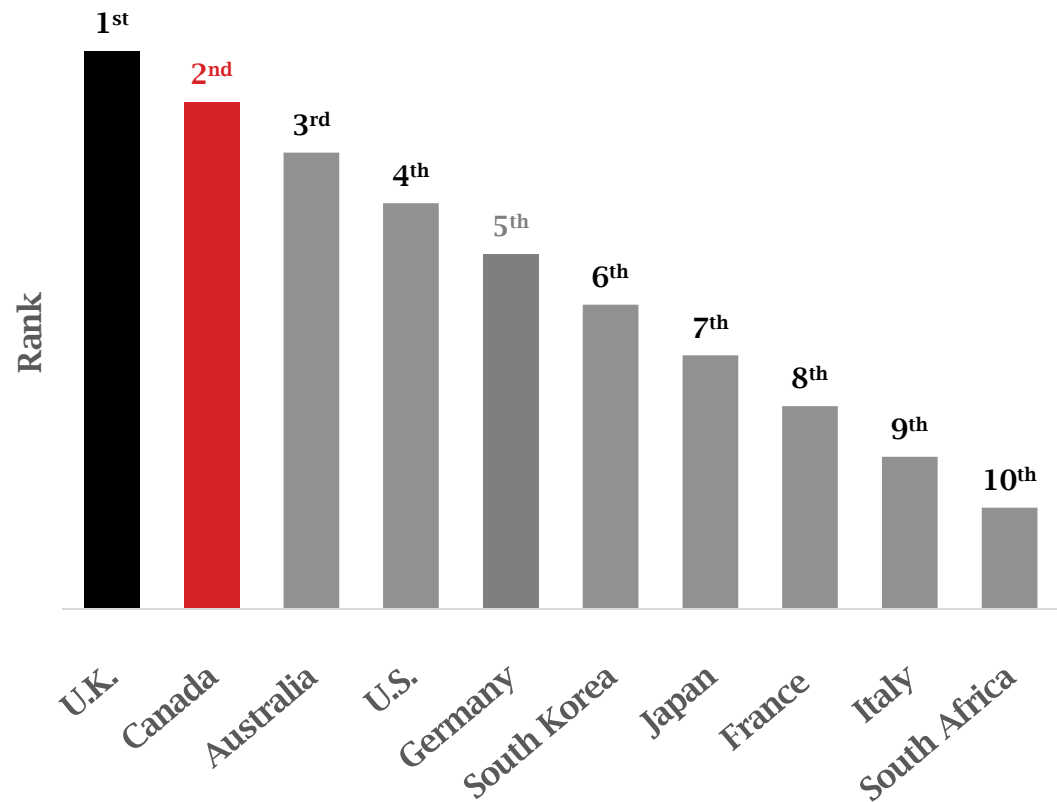
Source: CFIB, *Business Barometer*, 829 responses, February 2019

# Canada is acclaimed by Forbes for its superior business climate

- Canada ranked second in the G20 and stood fifth overall in Forbes' latest 153-country annual study, *The Best Countries for Business*.
- Canada ranks particularly well on several study elements, including degree of personal freedom (first overall) and red tape involved in starting a business (second overall).



**Top 10 Countries in the G20 for Business 2018\***



\*Chart based on analysis of country rankings. Country rankings are based on the following eleven categories of quantitative and qualitative indicators: trade freedom, monetary freedom, property rights, innovation, technology, red tape, investor protection, corruption, personal freedom, tax burden and market performance.

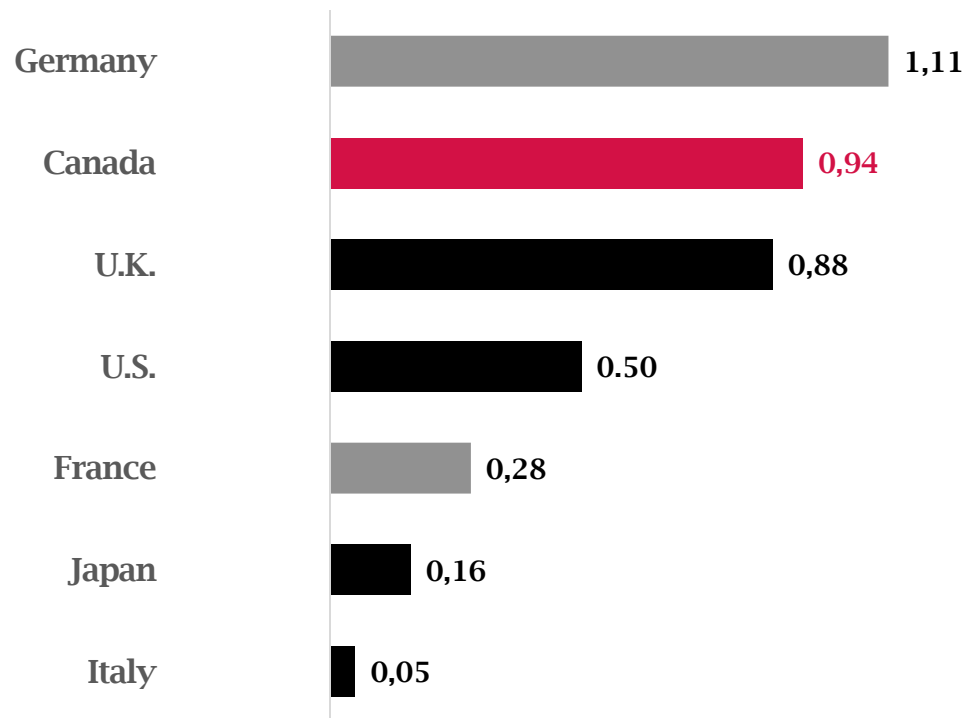
Source: Forbes Publishing, December 2017.

# Canada has high potential for investment and growth in infrastructure.

- Canada ranks first in the G7 and fourth overall in a recent study measuring a country's potential for investment and growth in its economic infrastructure.\*



## Average Annual Employment Growth (%) 2008-2017



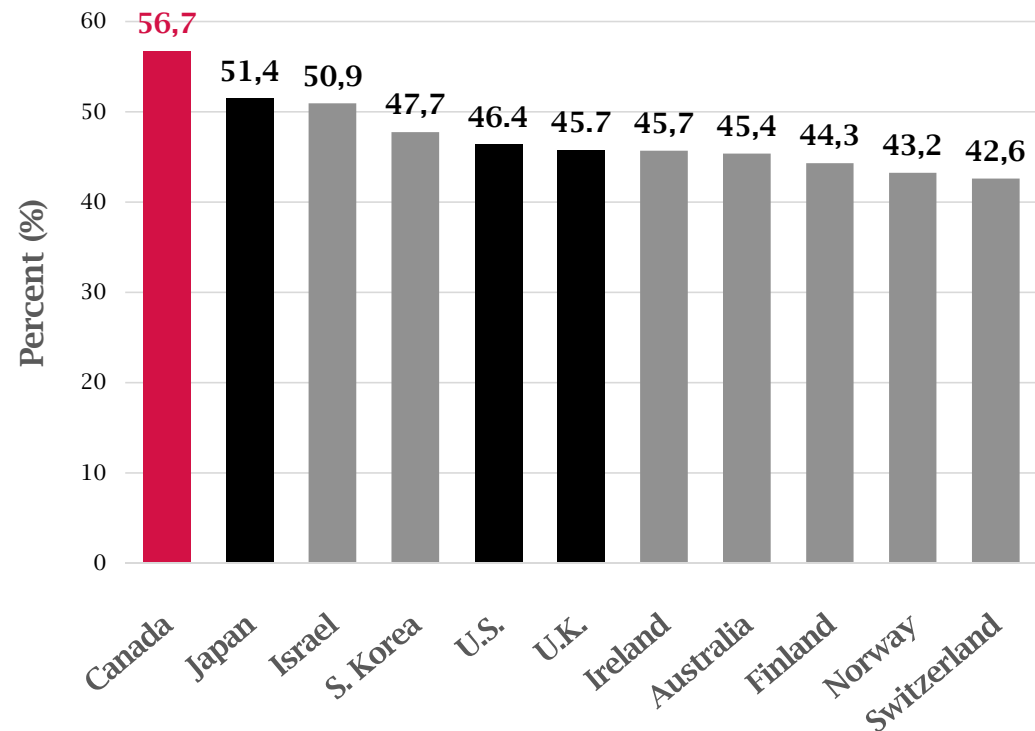
Source: *Global Infrastructure Investment Index*, ARCADIS NV Consulting, May 2016

\* Standing among 41 countries. Economic infrastructure is the core internal facility of a country that makes business activity possible, such as communication, transportation, distribution, finance and energy supply. These assets are fundamental to society and economic growth.

# Canada has one of the world's best-educated talent pools and some of the best universities...

- Canada's talent pool is the most highly educated among OECD member countries, with over half of its population aged 25-64 having attained tertiary-level education.
- The 2018-2019 edition of the U.K.-based *Quacquarelli Symonds* (QS) rankings places three Canadian universities among the top 50 in the world:
  - University of Toronto 28<sup>th</sup>
  - McGill University 33<sup>rd</sup>
  - University of British Columbia 47<sup>th</sup>

**Percentage of Individuals Aged 25-64 Having Attained Tertiary Level Education**  
Top OECD Countries, 2017



Source: OECD, Education at a Glance, September 2018

# Parting thoughts

- Growing role for SMEs in trade
- Imports are important too
- Trade in services are a big opportunity
- Need to build stronger SME-to-SME connections
- Many opportunities for investors