



DEPARTMENT OF
CIVIL ENGINEERING

Ellis Hall
Queen's University
Kingston, Ontario, Canada K7L 3N6
Tel 613 533-2122 Fax 613 533-2128
dept@civil.queensu.ca
www.civil.queensu.ca

Tom Ewart
Managing Director
Research Network for Business Sustainability

Dear Mr. Ewart,

Thank you for the opportunity to provide input on the role of environmental issues in determining Canada's future competitiveness in the global marketplace. Our nation's economy is fundamentally intertwined with the well-being of the environment, and the health of one cannot be ensured without consideration of the other. For this reason, it is surprising that the consultation paper prepared by the Competition Policy Review Panel makes very little mention of how current and future trends in the environment will affect Canadian business. The following points summarize several of the ways in which environmental factors will have significant impacts on Canadian business competitiveness. These issues must be considered in order to ensure a competition policy which captures the full range of factors that will influence the future of global business competition.

1. The Definition of Productivity

In order to ensure sustainable, long-term economic health in Canada, the notion of a productive economy must be redefined. While standard measures such as the production of goods and services are of great importance in measuring productivity, it has become increasingly apparent that the productivity of natural ecosystems plays a vital role in determining the overall well-being of our country. Ecosystem services such as carbon sequestration by forests, crop pollination by bees, and water purification by wetlands all contribute the equivalent of billions of dollars of services per year to our country's productivity. A truly innovative and progressive policy on Canada's economic health should explicitly recognize the value of these services, and outline policy options for ensuring their preservation and growth.

This concept should also be recognized when considering the "net benefit" of any investment strategy. If a particular investment strategy is likely to have negative environmental externalities (for example, the carbon emissions resulting from increased international trade), the negative environmental effects should be factored into the calculation of net benefit. Only by considering the true economic *and* environmental costs and benefits of a competitiveness policy can we ensure the long-term health of Canada's economy.

2. Transportation

The consultation paper specifically mentions inexpensive transportation as one of the factors which makes increased international trade an attractive option for Canadian

economic growth. While the availability of foreign markets is certainly of great benefit to the Canadian economy, the implicit assumption is that low cost transportation is here to stay. However, cheap and easily accessible oil reserves are declining rapidly, and it is likely that transportation costs will increase significantly in the near future. A competition policy that hopes to be effective and relevant for the next several years should, at the very least, mention the possibility of increased transportation costs (both economic and environmental), as well as the effects this would have on the competitiveness of Canadian businesses in the global market.

3. Socio-Environmental Sustainability

A balance between economical, environmental and social needs is paramount for a sustainable economy. In the consultation paper, the discussion on ensuring / promoting more “higher value” jobs in the global value chains and encouraging off-shore “lower level” jobs is troubling. Developing countries should not be exploited for the benefit of our country. Furthermore, the labour force in Canada must include diverse levels and types of jobs, and the investor, business-person and consumer must realize the “true cost” of a business or product. Shifting “lower level” jobs such as manufacturing to developing nations will also impact the global environment. For example, environmental regulations in some countries are not as stringent as those in Canada. The NIMBY (‘Not in My Back Yard’) mentality is not acceptable as the quality of the global environment continues to degrade. It is evident that the well-being of Canada’s economy strongly depends on a healthy *global* economy and environment. Shifting industry to Canada may have a higher “economic” cost, but can potentially improve environmental and social costs.

‘Sharpening Canada’s Competitive Edge’ provides an economic-centric discussion for the future of Canadian businesses. However, in order to ensure long-term sustainability of the Canadian economy and successful competition in the world market, environmental and social aspects must also be considered. At this time of global flux, Canada should take the lead in creating socially-just and sustainable business practices and policies for a successful and competitive future.

Best regards,

Kevin Hall
Civil Engineering Department Head

Bryce Daigle, Jana Levison, Andrew Binns
Civil Engineering Graduate Students