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Chair

The Honourable Mark Eyking

Standing Committee on International Trade

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• (1535)

[English]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): I call the meeting to order.

Good afternoon. Welcome, everyone, to the Standing Committee on International Trade. We are continuing our study on progressive Canadian enterprises and small and medium-sized enterprises through e-commerce.

Sorry for our delay, but today is a very special day in Parliament. We are celebrating 150 years of Parliament being on the Hill, so we had some good speeches in the House.

Without further ado, we're going to continue with our study. This is our final meeting on e-commerce.

With us today as witnesses are the Business Development Bank of Canada, the Canada Post Corporation, Canadians for Tax Fairness, and Export Development Canada.

Folks, in case you're coming to committee for the first time, we'd like you to keep your presentations to five minutes or under, if you can, so we can have lots of dialogue with the MPs afterwards.

Without further ado, we're going to start with the Business Development Bank of Canada. We have Shannon Glenn, assistant vice-president for government relations.

Go ahead, Shannon. You have the floor.

Ms. Shannon Glenn (Assistant Vice-President, Government Relations, Business Development Bank of Canada): Thank you very much, Mr. Chair.

[Translation]

Good afternoon. It's a pleasure to be here. My name is Shannon Glenn, and I am assistant vice-president of government relations at the Business Development Bank of Canada, or BDC.

I'd like to start with a brief overview of the bank, after which I'll address the subject of the committee's study.

[English]

We are the only bank dedicated exclusively to entrepreneurs, and we are a financially sustainable crown corporation that does not rely on Canadian taxpayers. We work closely with 50,000 entrepreneurs operating in a range of sectors across the Canadian economy, and we provide support in the forms of loans, investments, and advice. We

do not provide grants or subsidies; rather, we operate on commercial terms and support creditworthy businesses for viable projects.

E-commerce is one of the most powerful digital technologies and is transforming the economy by creating new online markets. In fact, we have recently released a study on emerging trends shaping the Canadian business landscape. Our study highlighted the rise of e-commerce as an important trend.

The growth of e-commerce presents an excellent opportunity for Canadian companies to access a new world of competition. For many businesses, using technology to connect and engage with customers is no longer optional. The reality is that Internet and mobile devices are transforming the way consumers search for new products, get recommendations, interact with companies, and make payments.

Our chief economist, Pierre Cléroux, is projecting that retail e-commerce sales will double to \$56 billion by 2020, in large part from consumers living in an increasingly hyperconnected, high-speed world. Consequently, this means that any small shop can actually become a micromultinational, if you will, as low-cost e-commerce apps now allow any small enterprise to sell worldwide.

These findings are consistent with a growth strategy recommended in a 2015 BDC study, which explored the challenges faced by SMEs and recommended implementing an e-commerce strategy to target new markets and take opportunities previously only available to larger companies.

I'd like to take a moment to share a story about a company called From Rachel, which is a Montreal-based business founded by Carolyne Parent, Alyeska Guillaud, and Mélanie Heyberger in 2014. They provide an online subscription service offering great-looking, high-quality stockings to women who sign up to receive stockings every two, three, or more months.

Despite what seemed like a good idea, they experienced slow sales growth. To address this, they changed strategies. They conducted surveys and focus groups to identify how From Rachel could improve its customer experience. They realized they were sending out the same style of stockings each time, and that women actually wanted recommendations and a selection personalized to their tastes and needs. This proved to be a major turning point.

They developed an online questionnaire to identify customer preferences, and sales took off. Since then, they've quadrupled their sales each year. They have been featured on the French version of *Dragons' Den* and are now exploring plans to expand into the U.S.

This example demonstrates that e-commerce presents new opportunities for small companies to access international markets far more easily and cheaply than ever before.

However, these advantages are accompanied by some unique challenges. Consumers are approaching companies armed with more information than ever before, as the borderless nature of e-commerce is increasing the speed and intensity of competition. Also, with less than one-quarter of businesses with fewer than 20 employees currently using e-commerce platforms, our small enterprises have some catching up to do when it comes to digital technology adoption.

For these reasons, we have focused on building capacity through advice for our clients. We have a number of recommendations, which I can review in questions.

To conclude, we want more companies like From Rachel and we stand ready to support them to achieve their goals. Through its offerings, BDC continues to increase support for smaller firms in becoming more competitive globally, encouraging them to pursue digital technology adoption so that they can capitalize on the opportunities that e-commerce presents.

Thank you very much for taking the time. I'm happy to take questions.

• (1540)

The Chair: Thank you very much, Ms. Glenn.

We're going to the Canada Post Corporation. We have Mr. Hart, vice-president, parcels.

Go ahead, sir.

Mr. Rod Hart (Vice-President, Parcels, Canada Post Corporation): Thank you, Mr. Chair.

I'm pleased to have this opportunity to speak to Canada Post's role in enabling retailers to succeed in e-commerce. I'm joined by Dennis Jarvis, general manager of international product management at Canada Post.

First, here's some background. In 2015 Canada Post became the country's number-one parcel company, a position we still hold. We chose e-commerce as our growth strategy back in 2011. Within five years, we grew our annual parcels revenue by \$521 million. It reached \$1.74 billion in 2016, and we expect to exceed \$2 billion at the end of this year. We are a vital part of the e-commerce ecosystem.

We expect to see much more growth in e-commerce, both domestic and international. Canadian retailers lag both the U.S. and the U.K. in e-commerce sales as a percentage of total sales. The research firm eMarketer forecast that 10% of Canadian retail sales will be online in 2020, but the U.S. figure is 12.5% in 2020, and the U.K. is even higher than that.

Canada is also behind as an e-commerce exporter. Research by the International Post Corporation, or IPC, reveals that only 2% of

global online shoppers bought from Canada, while 67% bought from the U.S. The IPC also says that Canada's biggest e-commerce customers by far are the U.S., which accounts for 42% of exports by dollar value, and China, at 27%. Next come Australia at 4% and France and the U.K. at 3%.

There's an enormous opportunity for Canadian retailers to sell into foreign markets. For example, a recent Ipsos study found that 72% of U.S. consumers are open to purchasing from Canada, but only 20% have done so.

By adopting a global perspective, entrepreneurs and innovators can encourage the development of uniquely Canadian offerings and sell more of them to the world. However, the global opportunity is not the same for everyone. If your offer is uniquely Canadian, you have an opportunity. That said, Canadian businesses face many time-consuming challenges and may view exporting as complex. It is one more item on a long list of issues they need to address.

Let me speak to how we enable e-commerce. We are more than a delivery company; we are a critical enabler of e-commerce. We have helped small e-commerce start-ups grow out of their garages and become multi-million-dollar enterprises exporting to the U.S. We are interconnected with e-commerce platforms such as Shopify, Magento, and WooCommerce, whose software powers e-commerce. We integrated our shipping and delivery tools into their platforms to help merchants operate effectively and ship abroad. We partner with them to educate the market.

In 2012, we invited retailers' brightest lights to shine at the first Canada Post E-Commerce Innovation Awards. This annual event helps us identify the rising stars in the industry; then we help them grow. We're an active partner, an enabler, a catalyst.

We also survey thousands of Canada's online shoppers to understand their evolving needs and preferences. We share our findings and insights with retailers in white papers, reports, and blogs on canadapost.ca. Our content helps them make better business decisions and improve their operations.

We also cross the country to industry conferences and partner conferences and host our own events. We've partnered with the e-commerce marketplaces eBay, Etsy, and Paypal to make shipping easier for merchants on these platforms. We've partnered with industry associations such as the Retail Council of Canada, and together we offer ongoing education.

Our Solutions for Small Business program saves about 530,000 members time and money as they ship orders, market their business, and run their online store.

We also work with international postal associations and in bilateral partnerships to better enable shipping services for e-commerce across our border.

A stronger e-commerce sector means a stronger Canada Post and a stronger Canada. For these reasons, we are committed to working with Canadian entrepreneurs and retailers to help them launch businesses, grow, innovate, and succeed in Canada and abroad.

In their early years, small and medium-sized enterprises tend to focus on the Canadian market. Exporting is a bit more challenging. They walk before they run. We help them. To run, and run well, they need more current and relevant trade data that would help them identify the export opportunities. They need to leverage resources, solutions, and tools to effectively take advantage of those opportunities. They could also benefit from more help to promote their brands abroad.

We hope this review has helped identify some of the opportunities and challenges. We would welcome your questions.

Thank you.

● (1545)

The Chair: Thank you, Mr. Hart.

I would also like to recognize with you today Mr. Dennis Jarvis, general manager for international product management. Thank you for coming, sir.

We are going to move over to Canadians for Tax Fairness. We have Mr. Howlett, the executive director.

Go ahead, sir. You have the floor.

Mr. Dennis Howlett (Executive Director, Canadians for Tax Fairness): Thank you very much for this opportunity to meet with you.

My main message is that Canadian e-commerce companies face a huge competitive disadvantage because their big foreign-based competitors are able to compete in the Canadian market without facing any taxes in terms of GST or corporate profit taxes. E-commerce companies, particularly big ones like Netflix, Google, Amazon, Facebook, Uber, and Airbnb, are capturing a huge and growing share of the Canadian market, but pay little or no taxes. They have been exempted from paying taxes by the Canada Revenue Agency because they have no physical presence in Canada and therefore are deemed not to be carrying on business in Canada. This policy is outdated.

You can't talk about how the government can support Canadian business to be able to compete and grow through electronic

commerce unless you address the need to level the playing field. The foreign-based e-commerce sector now has revenues of more than \$20 billion a year from sales in Canada. Just Google and Facebook together capture 64% of all Internet advertising dollars spent in Canada, over \$2.4 billion. Internet advertising is growing rapidly and now captures 34% of all ad spending, compared to 30% for television, 13% for daily newspapers, and only 14% for radio. Foreign e-commerce companies are squeezing out many Canadian media companies, taxi services, hotels, and retailers, including many small businesses. Good jobs are being lost. Canadian companies are losing, because of unfair competition, to foreign companies that pay little or no taxes.

The European Union, New Zealand, Australia, Norway, South Korea, Japan, Switzerland, and South Africa have all modernized their tax laws to respond to changing e-commerce reality. The OECD, in its base erosion and profit shifting action plan on "Addressing the Tax Challenges of the Digital Economy", has recommended ways that governments can collect value-added taxes where the product is purchased to help level the playing field between foreign and domestic suppliers. The OECD has just recently provided further technical advice in "Mechanisms for the Effective Collection of VAT/GST".

While the 2017 federal budget did include a requirement that ride-share businesses pay the GST, other foreign digital economy players have not been forced to play on a level playing field. Failure to update our tax policy creates unfair competition; causes significant job losses in the journalism, media, and cultural sectors; threatens the vitality of Canadian culture; and squanders the opportunity to raise several hundred million dollars in tax revenue for both federal and provincial governments.

We recommend that the Canadian government level the playing field by making all e-commerce companies with Canadian income above a certain threshold—perhaps a small business threshold of \$500,000—pay corporate income taxes on profits from products or services sold or rented in Canada. It's hard to say exactly how much this would raise, because many of these big companies don't report their profits by country, but it could raise maybe \$600 million a year.

At the very least, we need to start charging GST and HST for electronic commerce services that sell to Canadians above a certain threshold, and require them to collect and remit GST and HST on their sales in Canada to federal and provincial governments. We estimate that this could raise over \$2 billion a year. Mind you, two-thirds of that would go to provincial governments, but they may need the money even more than the federal government does. That would be a good thing for all Canadian citizens.

Thank you very much.

• (1550)

The Chair: Thank you, Mr. Howlett.

We are going to move over to Mr. Winterhalt. He is the vice-president of global trade for Export Development Canada.

Go ahead, sir. You have the floor.

Mr. Todd Winterhalt (Vice-President, Global Trade, Export Development Canada): Thank you.

Good afternoon, Mr. Chair and honourable members.

Thanks for much for inviting Export Development Canada to be before the committee today. We appreciate your interest in our work with Canadian exporters and our perspective on international trade, and more specifically on Canadian opportunities in the export sector through e-commerce.

As mentioned, I'm Todd Winterhalt. I am the vice-president of the global trade group at EDC. Maybe I'll add a little bit of context to our story. We are also a financially self-sustaining crown corporation operating at arm's length from the government, providing financial products, insurance, and expert advice to Canadian companies as they seek to export their goods and services throughout the world.

[*Translation*]

In 2016, just over 7,000 Canadian companies took advantage of EDC's services to pursue international business opportunities representing \$104 billion. That includes some 6,000 small and medium-sized businesses that received EDC support to facilitate export trade and investment abroad, activities totalling more than \$15 billion.

[*English*]

E-commerce has brought about one of the most important paradigm shifts in the world of international trade and has certainly pushed EDC to adapt its financial solutions to meet the needs of this growing segment.

Globally, we see Chinese and American markets are very substantial, making up about 70% of the total global market share for all e-commerce sales. In 2017, together China and the U.S. e-commerce sales will reach nearly \$1.6 trillion, presenting a massive untapped market for Canadian companies. Online growth rates in both countries also outpaced their offline counterparts, with e-commerce annual sales growth rates at approximately 20% in China and 10% in the United States, compared to 3% in offline retail sale growth.

In Canada we conservatively estimate at EDC that there are over 10,000 Canadian companies with the potential to immediately sell

their products on international e-commerce platforms. Unfortunately, today Canada's share of that total market is quite limited. For example, only about 30 Canadian companies are actively selling their products on Alibaba, China's largest online retailer.

Our research has further shown us that although e-commerce allows Canadian companies to sell globally, sometimes from their own homes, most exporters, as my colleague from Canada Post mentioned, still prefer to test the waters in the U.S. first. Fortunately, of course, our American neighbours host the world's second-largest e-commerce platform in Amazon.com, last year boasting sales of about \$136 billion.

China and the United States aside, we see key markets in the United Kingdom, Germany, and France, all of whom, of course, are positively impacted or implicated in the CETA trade agreement. Another country with which Canada has a free trade agreement in force, South Korea, had \$40 billion in online sales in 2016. Clearly, the growth here and the potential for growth is staggering. We do understand, however, that many Canadian companies selling to e-commerce platforms are small and that the world of international trade can appear daunting to a first-time exporter.

This is where EDC hopes to play a bigger role. To respond to what we're learning in this space, EDC has begun adapting our own services to ensure that Canadian e-commerce companies are fully supported as they seek to export, whether it is for the first time or for the thousandth time. Shopify, for example, represents a great Canadian success story that EDC is happy to be a part of. Our work with Shopify has helped us to better understand the needs of e-commerce companies in Canada and how EDC's financial products can help. Understanding these needs has presented an opportunity for EDC to put a unique spin on many of our own financial offerings.

I'll detail very quickly three of those.

The first is matchmaking.

EDC, often in co-operation with the trade commissioner service, engages in matchmaking efforts to introduce Canadian suppliers to e-commerce platforms like Amazon, JD.com, or Alibaba. In two recent events over the past few months, for example, EDC has helped to introduce well over 200 Canadian companies to two Chinese e-commerce giants in order for them to pitch their products.

Quite simply, these connections matter. It's no surprise that e-commerce companies have a different set of financial needs from traditional exporters or brick-and-mortar retailers. We have been working to expand our financial products to meet these unique needs, but we have also been changing some of our traditional products, such as accounts receivable insurance, to take on some added flexibility. Indeed, accounts receivable insurance is our most-used product by Canadian e-commerce companies. They need to know that if they ship something overseas, they are covered in the case of nonpayment.

• (1555)

For small companies, losing one shipment to a foreign buyer and not being paid can mean losing a year's worth of cash flow, or even the end of their business altogether. In 2016, EDC provided risk-mitigating insurance to over 70 Canadian companies selling on Amazon, to name just one platform.

Finally, there is working capital. Our working capital solutions can be a great fit for Canadian companies that experience the immediate success that often comes online and that need to ramp up production almost overnight.

Finally, with every segment we see unique challenges and hurdles. However, the growth opportunities in the e-commerce space, coupled with the incredible market access that Canadian companies have through free trade agreements, position our companies to be among the world leaders in this sector.

Thanks again for your time. I look forward to your questions.

The Chair: Thank you, sir.

I thank all the witnesses for their presentations.

We're going to open up dialogue with the MPs, starting off with the Conservatives for five minutes.

Mr. Allison, you have the floor.

Mr. Dean Allison (Niagara West, CPC): Thank you very much to our witnesses here today. I give a shout-out to EDC and BDC. I love the work you guys do with entrepreneurs to help them grow their businesses. I know we've had a chance to hear from you guys a lot over the years.

Ms. Glenn, you talked about recommendations that you didn't give us, which you said you could talk about afterwards. Do you have those recommendations?

Ms. Shannon Glenn: Sure. I understand that my notes have been circulated. I would refer you to the third-to-last paragraph. There are specific solutions for businesses, such as suggestions that they create a digital ecosystem that has a mobile-friendly website with e-commerce capability and that they really emphasize their social media pages. They should avail themselves of tools that are readily available, such as Facebook ads or Google AdWords and so on, to really boost their online presence.

Mr. Dean Allison: Perfect.

It was good to hear about two billion packages going through. Does that include Purolator?

• (1600)

Mr. Rod Hart: No, it was two billion dollars' worth of goods.

Mr. Dean Allison: Sorry.

You talked about the 2% that don't ship from Canada. I think it was exactly 2% versus 67% that comes from the U.S.

My question to you and also to Mr. Winterhalt is, what are some of the complexities? Is it because of border issues? What are the things? Is it the size of our market versus the largeness of the U.S. and how far Europe is? We have trade deals, obviously, with some of these things that you would think would make it easier, but really we're talking about tariffs when it comes to deals. Talk to us about the complexity of what that actually is.

Mr. Rod Hart: What we've seen is that Canadian small businesses, which we're very close to, start off needing to get online, period. When they are looking at that, they think domestically only. The thought of crossing borders is a bit daunting.

What I think we've heard from them in recent years is that they need to have awareness of the international export opportunities available to them. I don't think they have that readily available. How they take advantage of them, what kind of regulatory hurdles they might need to go through in terms of paperwork or crossing borders or returns, as well as marketing and financial things, all come into play, and sometimes it all becomes a daunting prospect for a lot of the companies to grapple with.

A lot of them do, in fact, end up using some of the big marketplaces in the rest of the world, but I think many of them are fearful because of the unknown. We as a team of individuals here who have totally unique offerings to bring to the market. We need to improve the awareness level with regard to the financial opportunities and export opportunities abroad.

Mr. Dean Allison: Mr. Winterhalt, could you also tack on to that?

I'm hearing that filling out paperwork and all of those things are part of that difficulty, but what has your experience been?

Obviously Shopify and a lot of these online platforms probably help make that easier. We heard the other day from Startup Canada that a lot of new businesses are actually more online-savvy than maybe some of the older ones are.

Do you have any comments on that?

Mr. Todd Winterhalt: Yes, the timeline is interesting. If you go back five years, you would have seen a lot fewer companies even prepared to go global, as we say at EDC. Still, about 65% of all new exporters test out the U.S. market first and try to get their feet underneath them before they look to either a free trade market or an emerging market.

That's true in the e-commerce space as well. It's not just traditional exports. There is certainly a great deal of comfort with either a domestic online sale or perhaps an American platform vis-à-vis something further afield.

I had mentioned we estimate there are about 10,000 Canadian companies that are quite likely to be successful should they move into the e-commerce space, but many of those—the vast majority, probably in excess of 8,000—are very small firms. These are firms where the president is also the mailroom person, the CFO, and the lunchroom monitor. They're trying to do everything. To think about putting their product or service on Alibaba or on JD.com is very daunting.

Some of it is awareness. I would 100% agree. Some of it is market factor as well. There's a comfort with a certain culture, and a risk aversion that's very much Canadian that I think goes along with that. I would argue that the telling of success stories from those few companies that have started to be successful would be very beneficial in trying to raise that awareness and make more companies interested in taking the leap.

Mr. Dean Allison: Thank you.

The Chair: Mr. Dhaliwal, you have five minutes.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): Thank you, Mr. Chair, and welcome to the presenters.

Even though all of you are very key for us in making decisions in the right direction, I'm going to focus on Mr. Dennis Howlett's presentation, because there is one issue he touched on that hits home. All politics is local, and locally it affected me a lot.

You mentioned important commerce companies are squeezing out many Canadian media companies, taxi companies, hotels, retailers, and also small businesses. If I look at my riding, my constituency of Surrey—Newton, I see that it's 85% small businesses. There are a large number of taxi owner-operators living in my constituency as well, and this has been a key in British Columbia, even though Uber hasn't come there yet.

They have taken a risk in their lives. When they are on the road, there's always a danger. They have invested their capital in buying those plates and maintaining them, and then they work long hours. Now all of a sudden Uber comes in, and their capital goes down the drain. They're at an age when their children are going to university, and it's even much harder now.

What could the government have done to avoid this situation, or what could the taxi companies have done, on the other hand, so this would not have occurred, even though we charged some GST? I think it's more than just putting a GST on Uber.

• (1605)

Mr. Dennis Howlett: We're not saying to shut out foreign e-commerce. You can't do that, but at the minimum you need to level the playing field.

In Uber's case, for example, Uber drivers were legally required to remit GST if they had an income above a certain level—I think it's \$30,000 or something like that—but Uber would not let them collect any cash or charge anything above what the Uber rate was. If they were going to be legal, they had to pay that out of their own pockets.

It's very good that the Liberal government has taken steps to correct this problem in the case of Uber, but the question I asked was, what about other areas? For example, there's Airbnb. It's one thing when it's a family that has an extra room or whatever and so on, but in the big cities, such as Toronto and Vancouver, a majority of the Airbnb places are businesses. They buy a whole condo and rent out all the rooms in the condo apartment. It is providing much more direct competition, and it doesn't help a small Canadian family that is trying to make ends meet by renting out a room. They should be required to pay at least the GST.

We argue that businesses should also pay corporate taxes, especially the big ones like Netflix, Google, Amazon, and Facebook. These companies are really huge in terms of the Canadian market.

Globally, there is a new consensus that value-added taxes should be paid in the country where there are sales, no matter what the platform. Similarly, corporate income taxes should be paid on the profits generated in that country. That's the new international consensus. The OECD is recommending this. It's time that Canada got with the times.

If we want to support Canadian businesses, they usually have to be able to get going in the Canadian market before they can move globally. It's not fair if their competitors here in Canada don't have to pay taxes and they do. We need to level the playing field so that Canadian companies will have a better chance of establishing e-commerce competence and will be able to move into the global market.

The Chair: Thank you, Mr. Dhaliwal and Mr. Howlett. We're going to move to the NDP.

I'd like to welcome Mr. Dusseault, from Sherbrooke.

Mr. Pierre-Luc Dusseault (Sherbrooke, NDP): Thank you.

The Chair: Welcome to our committee. You have the floor, sir, for five minutes.

Mr. Pierre-Luc Dusseault: Thank you, Mr. Chair.

[*Translation*]

Good afternoon. Welcome to the committee. I'm glad to be here with you.

My question is for the Canada Post officials. I'd like you to help me with some fact-checking. It has to do with certain things I've been told by people in my riding and elsewhere.

Is it true that a seller in China pays just 99¢ to send a package to Canada?

[*English*]

Mr. Dennis Jarvis (General Manager, International Product Management, Canada Post Corporation): There's quite a bit of history with regard to the relationships between the different posts and how they're compensated. In the past there were products designed for letters, such as registered mail, for example, or packets, and the posts would pay each other compensation that would be reflective of a letter. There's been a lot of work going on at the Universal Postal Union to change that compensation model.

Canada Post, working with others, has been working hard to change that. Effective in 2018, the compensation that China pays industrialized countries will increase by a factor of about 100%, depending on the product.

To build on that, though, those products are really not well suited to e-commerce. They were designed with letters in mind. The e-commerce world is evolving to the point where delivery confirmation and tracking is a standard requirement. The e-commerce platforms are requiring that of their sellers. The products that were used by those sellers in China and were very inexpensive don't provide that basic need for the market.

It's interesting that what we've seen at Canada Post over the last year or so is a tremendous growth in a product that we introduced a few years ago that includes tracking. There has been a flattening and actually a slight decline in the volume of the untracked services. Those sellers are voting with their wallets, if you will, in terms of how they're moving to attract service.

We would expect that to continue. As a result, we would very much expect that it will become less of an issue over time, because the markets do require the features that come with the more expensive products, and those are the types of products that Canadian e-commerce sellers use as well.

• (1610)

[Translation]

Mr. Pierre-Luc Dusseault: I'll take that as a yes.

A Chinese seller pays just 99¢ to send a package to Canada. Conversely, a Canadian seller has to pay \$10 or more, depending on how much the product weighs, to send a package to a neighbour with the same postal code. As I see it, that's a huge problem. At least, you recognized it was an issue that required the Universal Postal Union's attention.

I hope it does change. You mentioned the compensation model between posts, but I don't think that's enough. I'd like the committee to study the issue at some point, given how blatantly unfair it is.

Now I'd like to turn to another unfair situation. Mr. Howlett, you talked about how companies are treated from a tax standpoint. We can use my China example again, although where the company is registered matters little. Whether companies are registered in the Cayman Islands or Barbados, they are treated differently than merchants on Wellington Street, in Sherbrooke, say, since those businesses have to pay taxes. In a town like Sherbrooke, or any other Canadian city, merchants have to pay taxes, rent, and all the other overhead costs that go along with running a brick-and-mortar business.

Can you give us an example of measures other countries have taken to rectify that problem, things we could do to make e-commerce companies play by the same tax rules as Canadian companies? What actions did they take to make sure the point of sale was taken into account, as opposed to the foreign location where the transaction was conducted?

[English]

The Chair: It will be a quick answer.

Mr. Dennis Howlett: The key problem here is not so much where goods are being shipped, because usually sales taxes are applied there. It's where there are services or things such as software, movie rentals, e-books, and so on that the biggest unfair competition takes place. Those services—advertising is the other huge one—are not being taxed, and that provides unfair competition.

You're quite correct that part of the whole thing that's going on here is that Netflix, Google, Amazon, and Facebook are setting up many parts of their businesses in tax havens, thereby avoiding even U.S. taxes, so it's even worse in terms of unfair competition, because they're not paying anything at all in many cases.

The Chair: Thank you, sir.

We're going to move to the Liberals now. Madam Lapointe, you have the floor.

[Translation]

Ms. Linda Lapointe (Rivière-des-Mille-Îles, Lib.): Thank you, Mr. Chair.

Good afternoon everyone. Thank you for being here today. Your participation is appreciated.

Mr. Winterhalt, you said that you provide insurance to companies that export goods, to ensure they are covered in the case of non-payment. Do you offer that kind of insurance for electronic products and services?

• (1615)

[English]

Mr. Todd Winterhalt: Today we are just starting to get into that space, to recognize the change. For 75 years we have focused on traditional goods and services exports. As we move into software as a service, for example, the needs in that segment are changing. That's an area where I'm very happy to say we partner with our sister crown, BDC, in terms of looking at how we can help in particular the smaller companies to successfully either finance or insure the sale of software as a service. We're just starting to get into that space.

We already have products today that work, for example, when a Canadian company sells an actual good or service to a major platform in China, such as JD.com. Traditional export is still very much taking place there. There's a product or service that gets shipped to China, and there's an e-platform that has to pay for that product or service. There's currently an accounts receivable insurance product that can be used to support that.

[Translation]

Ms. Linda Lapointe: I know of a company that wants to provide services and sell knowledge-based products.

How could it manage its accounts receivable in relation to the sale of knowledge-based products?

Is that the direction you are moving in?

Mr. Todd Winterhalt: Yes.

Ms. Linda Lapointe: Very well.

You said earlier that only 30 Canadian companies were selling their products on Alibaba. What improvements are needed to help companies join the platform and take advantage of the opportunities available to them?

[English]

Mr. Todd Winterhalt: Thank you.

I again think it comes back to awareness of the opportunities that are present. Because most of the companies that we're talking about are small or medium-sized exporters, there's a lack of understanding, first of all, for what the opportunities are, what the risks are, secondarily, and then what's available to help mitigate some of those risks.

This is where I think we see some real application in terms of the broader federal family coming together, partnering through Global Affairs Canada, the trade commissioner service, BDC, and EDC to make the knowledge and the opportunities much more available to mitigate some of those risks, almost as a package solution in a sense.

Today it is still very much up to an individual company to do their own investigation and hopefully find what they need to be successful. By working together, I think we can mitigate a lot of that awareness gap that is present today, as well as make our products and services more available to Canadian exporters.

[Translation]

Ms. Linda Lapointe: Thank you.

Against the backdrop of the new free-trade agreement with Europe, how would you work with companies to make sure they could take advantage of the opportunities available to them?

[English]

Mr. Todd Winterhalt: Again, it's perhaps a very similar response to the Asian opportunities that are present.

A little bit closer to home for many companies, we certainly see, in terms of Canadian export trends, about 30% of new Canadian companies that have never exported choose a free trade market as their first market. About 60% to 65% choose the United States still, but about 30% would take the leap to go to a free trade market such as CETA would now offer as an opportunity for us.

We certainly are counselling and advising Canadian companies that are interested in diversifying their markets and are looking beyond the United States or even a local market that Europe is a great opportunity for them. Quite simply, CETA will lower tariffs on 98% of all goods from day one. That is in contrast to an old NAFTA model, if you want to go back a bit in the past, under which about 24% of all goods had an immediate reduction to zero. I think this is very persuasive. Canadian companies see that pretty much any product or service they may have would have a significant preferential treatment in Europe. That would include things that are delivered electronically or through an e-commerce platform.

[Translation]

Ms. Linda Lapointe: Do I have another 30 seconds?

[English]

The Chair: No, I think it's getting too late to get one in there.

[Translation]

Ms. Linda Lapointe: Thank you.

[English]

The Chair: That ends our first round, and we're going to start our second round off with the Liberals.

Mr. Fonseca, you have the floor. Go ahead, sir.

Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.): Thank you very much, Mr. Chair.

Thank you to the presenters.

I want to follow up a little on what Mr. Dusseault was asking of Canada Post.

One of the things I'd like to know is on this 99¢. It looks like we are then subsidizing all these products coming from countries like China, and I guess other transitional countries. How much would that cost Canada Post a year?

Mr. Dennis Jarvis: On the 99¢, the compensation model between posts is based on the product that's sent, and it's based on generally both a piece rate and a per-kilogram rate. We could come up with a lot of different numbers, depending on what the weight of the item was.

• (1620)

Mr. Peter Fonseca: Just aggregate, have you crunched the numbers? How much does Canada Post lose every year by providing this preferential service to all of these countries that are shipping stuff into Canada and then being able to distribute it through Canada Post?

Mr. Rod Hart: We don't have those numbers to be able to provide them to you right now.

I think the most important thing is that we're not providing these preferred rates willingly. They're established rates within the Universal Postal Union, and these rates were intended to be used more for letter-type services. Those prices are starting to catch up.

I think the solutions that Mr. Jarvis was talking about—

Mr. Peter Fonseca: Mr. Hart, I'm sorry to interrupt, but I understand that. I'm just trying to find out....

I'm surprised that Canada Post has not figured out just how much it's losing on all these products. I understand it's changing, but that would be a good thing to know, to measure, to have a good understanding.

I have the biggest Canada Post distribution centre in my riding, Gateway. I went there to tour the facility, and there were thousands and thousands of packages pouring in from China. All I heard from employees and others is how much money Canada Post is losing in having to deliver this service. We're basically subsidizing China, or subsidizing other countries like China, through these products, and I think that hurts our business here.

We're here to work for Canadians and for their benefit, so I hope that will get changed, and changed quickly. I'd like to know how much we are losing by providing that service.

I know you have no control over that.

Mr. Rod Hart: We also desperately want to see that changed as well, and we're very active on that front, Mr. Fonseca.

Mr. Peter Fonseca: Thank you.

Mr. Howlett, with regard to Uber, you were saying that they cap people at \$30,000, or those who are driving for Uber stop so that they don't pay any taxes. Uber doesn't allow that. I know they offshore their money.

With regard to Airbnb, that wouldn't be the case, right? You can get up to a certain amount of money. What would you do to level the playing field with Airbnb? I understand they have a tax haven in Ireland. What would you do to level the playing field?

Mr. Dennis Howlett: We can't really impose the differential rules on foreign-based e-commerce that we enforce on Canada, but we need to have the same rules.

If an Airbnb operation is below the threshold for having to collect and remit GST/HST, then fine, they don't have to. However, more and more Airbnb operations are now businesses, and they're making more than \$30,000 a year. I can't remember exactly what the latest GST threshold is, but if that's the case, then they should collect and remit GST.

In the case of Airbnb and Uber, some of these global companies have been quite willing to accommodate, and they've accommodated in other countries. Even in Canada, Airbnb has agreed to pay some of the municipal hotel taxes and so on, in Montreal, and that's being considered in Toronto now and elsewhere.

The government needs to say, "Hey, guys, you have to play by the same rules that Canadian companies play by", and I'm sure they will do so.

There is an issue, though, with Airbnb. In some big cities, such as Toronto and Vancouver, it is squeezing out some of the rental housing and low-income housing, so it is having some adverse effects for Canadians in that way.

The Chair: You have time for one quick question with a quick answer.

Mr. Peter Fonseca: To BDC and EDC, how many of your customers are requesting your support and your services when it comes to e-commerce? What percentage of them?

Ms. Shannon Glenn: We don't track that specifically in terms of a market segment.

Typically, our products are bundled in different ways. We provide a number of services that relate to expanding into new markets. We have financing services. We have advisory services. For instance, we have a very specific product targeted to high-growth firms around expanding in the U.S. We have a number of online tools that are free and that companies can access, as well as a referral program between EDC and BDC. There is a lot of collaborative work with the trade commissioners within each of our local offices.

They can bundle these services as they see fit, so it would be very hard for us to track specifically e-commerce versus other activities.

• (1625)

The Chair: Thank you.

We're going to go to the Conservatives now.

Mr. Dreeshen, you have the floor, sir.

Mr. Earl Dreeshen (Red Deer—Mountain View, CPC): Thank you, Mr. Chair.

Thanks to all of our witnesses today.

I think I'll start off dealing with Canada Post.

In the discussions that have taken place so far, one of the things mentioned was that the reason for these prices is the Universal Postal Union agreement. When we send to someplace else, then, are we subject to that same price, such that we would be paying the 99¢ if we chose to send to China or some other country? I'm curious about how this Universal Postal Union agreement affects Canadians.

Mr. Dennis Jarvis: What we're trying to do at Canada Post is leverage the different streams so that we can bring products to market that are very beneficial to e-commerce sellers that are sending outside the country.

One example is that we introduced a service that leverages lightweight product categories called Small Packet and Tracked Packet in the UPU environment. We introduced that a few years ago. We've been able to drive significant volume for e-commerce sellers as a result of that, taking it to significant millions of pieces per year. That was specifically targeted to the e-commerce market.

We are very focused on leveraging whatever streams we can within the UPU, but we're also working with other organizations, through bilateral agreements and other things, to drive as much growth as we can and bring cost-effective products to market that are very well suited to the e-commerce market.

Mr. Earl Dreeshen: Thank you.

Again, the point I was trying to get at was the reciprocity of how we are engaged in that compared with our competitors. I think that was the point being brought out.

The second thing I want to talk about is this. Industry, Science and Technology is about to study rural and remote Internet access and service and so on.

BDC and EDC, when you look at your customers, are there aspects of this that you feel we should be working to improve? I know from when we were down in the U.S. with that committee that the U.S. has the same issue there.

Ms. Glenn, could you perhaps fill us in a bit there?

Ms. Shannon Glenn: In the survey we just conducted on emerging trends, there are a number of concerns that companies raised with respect to e-commerce, but I don't have the numbers here in terms of all of the concerns. The top ones were shipping costs, hassles of returns, and worries about cybersecurity, as opposed to connectivity. That said, we certainly recognize that it's a challenge on the intuitive level, but we don't have that quantification.

Mr. Earl Dreeshen: Maybe I will just finish off, in the few moments I have remaining, talking about cybersecurity and the other types of insurance that were described earlier, the risk mitigation products that are out there.

When you are bringing in a product from other countries, you also have to look at the authenticity of the goods that are coming in and whether or not that is also being addressed. It's one thing to make sure we are getting the payments, but are whatever systems on whatever platforms might become available ensuring that this authenticity is being checked? What can someone who wishes to get into this buying, selling, and trading expect for support when it comes to counterfeit goods?

Mr. Todd Winterhalt: It's very much a real concern, I think, for many Canadian companies, especially when they're looking to a new market for the first time, and in particular a new partner that they've never worked with before. What we've done at EDC to try to help raise the level of awareness and help companies do their own due diligence around those risks is to suggest fairly hands-on engagement with the counterparty.

If we use the example of China, because that's often brought up, there are a number of e-commerce platforms there that are taking counterfeit issues and cybersecurity issues very seriously, and one in particular that we work with has such a stringent policy now in place that if anyone is found to have on-boarded a counterfeit product, not only is that company removed from their platform for life, but the account manager on the Chinese side is also terminated.

There's a growing realization that to play in this space internationally, this is a primary concern for many western companies, Canadian companies included. That is still very much a responsibility that's borne by the Canadian company, and part of what we would do through our advisory services is try to help Canadian companies understand that and select the right partners to do business with internationally.

There, again to Ms. Glenn's comments, we do partner with BDC and the trade commissioner service, by way of example, to try to get that message out to Canadian exporters.

• (1630)

The Chair: Thank you, sir.

We're going to move on now to the Liberals.

Ms. Ludwig, you have the floor.

Ms. Karen Ludwig (New Brunswick Southwest, Lib.): Thank you for your excellent presentations.

I had three areas, just listening to your testimony today, that I would like to learn more about from you.

One is the area of cash flow and access to capital. The next area is female entrepreneurs, and the last area would be non-tariff barriers and shipping across borders.

On the first one, I'm just going to give you an example. I was on the airplane last night flying in from Saint John. I sat next to a business member, and he said the challenge for many Canadian businesses is difficulty getting access to capital. He said that many Canadian banks do not want to invest in some of the higher-risk companies, because, as you know, EDC works specifically at mitigating risk. Now they're going to foreign investors, and he gave the example, Madam Glenn, that BDC charges an interest rate of around 8% for that specific sector versus a Canadian bank, which is much lower, so I'm wondering if you can speak to that, specifically

about the access to capital on the cash flow side. Also, for businesses to expand, they need access to capital, and 8% interest can be a little high.

Ms. Shannon Glenn: Your question is with respect to our broader mandate, and as I mentioned in my introductory remarks, our mandate is to be commercially viable. The trade-off is that our risk tolerance is much higher than the chartered banks. That said, we do have to price to compensate in order to remain commercially viable and to continue to grow to support entrepreneurs. That is the trade-off. They would be able to go to the chartered banks, but their request for financing might not get accepted.

Ms. Karen Ludwig: Perhaps we could just build on that. I'd like to get some feedback from all of you.

You gave the example, Mr. Winterhalt, of EDC being here and offering services for 70 years. We haven't really seen a great output in terms of increased risk and greater expansion into international markets. As I think you mentioned, Canadian businesses tend to be risk-averse. If we look at how we help companies expand and take that risk, what are some of the opportunities, and in particular for women? We've heard in this committee and others that women are often at a greater disadvantage when it comes to getting debt financing and cash flow financing, with limited networks. How do we also encourage more women to get involved in trade?

To Mr. Hart from Canada Post, one of the challenges with shipping that I know some businesses in my area look at is how long it takes to get the parcel—i.e., if we're looking at a good—across the border and then through customs. Many businesses will actually go through the commercial side, claim the item, pay the duty or whatever they have to do at that point, and then ship on the U.S. side. They're saying that's faster.

Those are two big topics, but perhaps you could speak to how to help grow opportunities for exporters and encourage people to get more involved in exporting.

Mr. Rod Hart: I can start with the shipping one, if you like.

Ms. Karen Ludwig: Thank you.

Mr. Rod Hart: In crossing borders, for us there are multiple parties involved. The first and most important is the border services agency. They perform a very important job in terms of what is admissible into a country.

Unlike the commercial stream, the postal stream requires that all items be presented to customs for their inspection. That inspection could include an X-ray. It could include a secondary inspection, unlike the commercial stream. In the commercial stream, it's a known shipper, and the known shipper therefore has a lower risk profile. They will only pick out the items they actually want to see. It's a very small fraction. On the postal side, it's more of an anonymous type of sender going to an anonymous receiver.

The cross-border time lag is very important and is starting to get tighter and tighter. We're recognizing the importance of the customs inspection process. One of the things we will be looking at in working with other posts and customs authorities is how to leverage data better. We will be looking at advance data to be able to streamline those processes so that they can see in advance what's coming to them. They don't need to sit on and hold everything and inspect everything or X-ray everything.

Certainly one of the things we're seeing with certain countries, and China would be one of them, is that when items are coming in, they want to see all of them. They want to X-ray everything. They're obviously looking for certain items in their inspection under their risk profiles. There are opportunities to streamline that, and we are working with other posts and customs authorities to do that.

• (1635)

The Chair: Thank you. That wraps up your time.

We'll go to the Conservatives now.

Mr. Carrie, you have the floor.

Mr. Colin Carrie (Oshawa, CPC): Thank you very much, Mr. Chair.

I want to continue with Canada Post with regard to the parcel side of the business. What do you see as the potential growth you have on the parcel side, as opposed to the door-to-door delivery type of thing? Is there a great upside in that regard?

Mr. Rod Hart: I'm sorry; I'm trying to understand your question.

Mr. Colin Carrie: There will be an expansion of e-commerce over the next few decades. What percentage of your business at Canada Post right now is the parcel service versus, say, door-to-door traditional delivery, and what's the potential?

Mr. Rod Hart: The parcel service is about a third of our business, and it is growing past that. It has been growing phenomenally, with double-digit growth. We'll see close to 20% growth this year over last year. We don't see that slowing down too much over the next number of years, partly because we think Canada has a lot more room to grow, with about 7% or 7.5% of total resale sales being online. I think in the U.K. and places in Europe it's in the mid-teens. There's a tremendous amount of upside.

We are certainly converting our network and transitioning our network from one that has been more mail-dominated with some parcels to one that is much more parcel-centric and that does some mail as well.

Mr. Colin Carrie: What about the potential for technological advances? I know that Amazon, for example, is directly thinking about drones or different ways of delivering. Is Canada Post looking at different forms of delivery? Where would you say you are on the map in that regard, as far as international comparisons are concerned?

Mr. Rod Hart: I would say we're not going to be cutting edge and bleeding edge on a lot of that technology. I would say that we are learning lots. We are exploring potential opportunities. When you think of how to service Canada and this incredible geography, you ask if there are opportunities for leveraging drones or others to get mail to certain parts of Canada more economically versus how it

might be done today. We would certainly be more of a follower, but I would say that we're staying very close to what's happening in drones and unmanned vehicles and many of those technologies. We will have some of our engineering folk staying very close to that to see how it could be applied to Canada Post.

Mr. Colin Carrie: For rural and remote communities, I believe one of my colleagues talked a little about broadband and Internet service throughout. Would the ability for these rural and remote communities to have access to internet services help as far as expanding your business at Canada Post is concerned? Do you see a relationship there?

Mr. Rod Hart: We already go to every single address, whether it's rural and remote, and we're one of the only carriers that does that. I think access to broadband Internet is going to fuel more online shopping and more access for those communities to purchase from retailers abroad, outside the country, as well as within Canada, and therefore bring more volumes to Canada Post to deliver up in those more remote areas. It's an opportunity for us.

Mr. Colin Carrie: For sure.

The Chair: Good. Thank you, Mr. Carrie.

We're going to move over to the NDP now.

You have three minutes, Mr. Dusseault.

[Translation]

Mr. Pierre-Luc Dusseault: Thank you, Mr. Chair.

I'd like to revisit the Universal Postal Union issue.

I agree with Mr. Fonseca's characterization that we are practically subsidizing Chinese companies so that they can flood the Canadian market. I'm shocked, though, that Canada Post hasn't been able to put a figure on the size of the problem.

If my understanding is correct, the Universal Postal Union has an established compensation model. Are you able to tell us how much the Chinese government has paid Canada in compensation over the past few years?

• (1640)

[English]

Mr. Rod Hart: We do not have that with us right now, sir.

[Translation]

Mr. Pierre-Luc Dusseault: No? I would think that information was available somewhere. I have trouble believing that the Canadian government doesn't know.

[English]

Mr. Rod Hart: Sure. We would have the information. We deem what we get paid by commercial entities or postal entities as commercial, so we don't publicize that or make it public.

[Translation]

Mr. Pierre-Luc Dusseault: At least we do have data on how much we are, more or less, subsidizing Chinese companies under that agreement.

You said you were hoping it would change, and that's good. You see that it is indeed a problem and you want things to change. Who is responsible for fixing the problem once and for all, so that it's fair for companies on both sides of the border?

[English]

Mr. Rod Hart: We've been addressing this situation over the last number of years. I can say that it's been on a couple of fronts. One is that we have established new services with China that would give them access to a track service, which obviously costs more but would meet the needs of Canadian receivers much better. Tracking and delivery confirmation and service standards are a bit more in line with what e-commerce shoppers expect. Right now, what they are taking advantage of has no delivery standards, has no tracking, no guarantee, and therefore does not get priority treatment in terms of how it gets delivered. It can take a long time to actually cross those borders and get delivered.

We have been working on a couple of fronts. One, as my colleague Mr Jarvis mentioned, is that at the Universal Postal Union, together with a whole bunch of other countries that feel the same way we do—given that China is a huge net exporter of these kinds of small, low-value items that clog up the network and are taking advantage of very dated postal rates—we have been successful in moving, over the next number of years, some increments that will cause the compensation for the cost of those services to China to increase significantly and be much more in line with some of the costs that they incur.

The real opportunity, though, is that those services were never meant for the e-commerce opportunity. They were never meant for full tracking within a reasonable time frame of delivery. We're encouraged by seeing the tremendous growth in that service over the last couple of years. In this year, I think we have almost 300% growth in that particular service, because Canadians are becoming more demanding on how they receive items from China. They don't want to wait weeks. They would like to have those items in days.

The Chair: Thank you. That wraps up your time.

[Translation]

Ms. Linda Lapointe: I'd like to ask a question.

[English]

The Chair: There is a little time for the Liberals to ask a question.

Ms. Linda Lapointe: I have a short question on that part.

The Chair: Go ahead, Madame Lapointe.

[Translation]

Ms. Linda Lapointe: Thank you.

You said that parcel tracking was a new service. What percentage does it make up? Are you able to put a number on it?

[English]

Mr. Rod Hart: The tracked service we have—

Ms. Linda Lapointe: With China.

Mr. Rod Hart: —with China is.... Tracking is not new for Canada Post, but in terms of the service we launched with China.... I'm not sure we shared the numbers publicly, but it's in the millions now, and we've only had—

[Translation]

Ms. Linda Lapointe: What's the percentage today? Is it 5%, 10%, 20%, or 30%?

[English]

Mr. Rod Hart: It's now overtaking the volumes that were previously in the un-track stream, if we can say that, so it's that type of growth.

The Chair: Go ahead, Mr. Peterson.

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): Thank you, Mr. Chair, and thank you everybody for being here. It's very insightful information.

My next question is to Mr. Winterhalt and Ms. Glenn. How well do you guys work together and share information? Of course, part of BDC's mandate is to make sure small and medium-sized enterprises in Canada get to grow as Canadian companies, and part of that could obviously be export and tapping into export and foreign markets.

Do you guys share information and databases, and help small and medium-sized enterprises in conjunction with each other when you're fulfilling your mandates?

• (1645)

Ms. Shannon Glenn: I had already made reference to a long-standing MOU that EDC and BDC have in terms of referrals. We also have our presidents speak very regularly in terms of having a president-to-president discussion and action items flowing from there in terms of how we can continue to better our relationship and make sure that our various clients and prospects understand how our various products are complementary to each other.

There is a healthy middle ground where BDC has, for instance, some financing to support expansion into foreign markets, but it's still around the space that we operate in, which is term lending for specific projects. We have other initiatives, such as a collaboration with EDC and Global Affairs Canada on a tariff finder tool, so we're also in the information-sharing space as well.

Mr. Todd Winterhalt: To add to that, the relationship has definitely deepened over the last number of years. Shannon mentioned the referral program. In the last three years, about 1,200 Canadian companies were referred between the two organizations at the right point in time, and that's important. There's a business horizon there, an early-stage need for working capital domestically to grow the business. Pre-exporting squarely falls to BDC, and then once they're ready to go international, there's a good hand-off to EDC.

There are a number of other programs we also collaborate on, including the accelerated growth service, which is very much targeted to the small and medium-sized exporter or new business. It's actually a broad, whole-of-government approach in which we're just two of the key players.

Mr. Kyle Peterson: I asked that particularly today because in Bill C-63, the budget implementation bill, there are some changes coming to the Business Development Bank of Canada Act. The changes are meant to give some new funds, a kick-start, to innovative companies, cleantech companies, companies that are going to be participating in the new economy, which would of course include e-commerce and international trade by definition. There's a great opportunity for the Canadian economy to grow through trade because of some new trade deals that are now online and the types of skills we can leverage.

I know there's the MOU, and I know you two work together. What client-facing dashboard or portal... How could someone who is trying to... They don't really care if it's BDC or EDC or if you're an SME. Is there a one-stop shop? Is that in place now, or is that getting any better?

Mr. Todd Winterhalt: I can discuss a new program we launched last year, called the trade connections network, which is essentially that. It's an online portal. It's needs-based, so a Canadian company goes in today and answers three fairly simple questions, it would then be provided access or direction to federal—today only federal

—programs that would fit the bill depending on its needs. That's not just EDC-specific. If that company needs a BDC product, it would direct the company to BDC. If it's an IRAP service, for example, or from NRC, the company would be directed there. We're starting to do exactly that.

Mr. Kyle Peterson: Thank you.

The Chair: Thank you.

That wraps up the second round. We're very fortunate. With the speeches on the Hill today, every member had a chance to ask a question. We had good questions, good dialogue, and of course great panellists.

We will finish the study on e-commerce, and you are welcome to have a copy of it. That wraps up the final panel we have on it.

Before I shut down the meeting, on Wednesday we're going to continue with our study on multiculturalism and international trade.

Thank you again, panellists, for coming. You did a great job.

The meeting is adjourned.

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