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C-Suite Survey - Executive Summary

June 20, 2016 – The 43rd edition of the C-Suite Quarterly Survey is conducted on behalf of KPMG; published by the *Globe & Mail's Report on Business* and broadcast by *BNN*. Telephone interviews were conducted with 158 C-Suite executives at ROB1000 companies between May 12 & June 8 2016.

This edition of the survey reveals that the C-Suite is concerned about anti-free trade rhetoric emanating from the US presidential debates and wants lawmakers to press on with more open policies to trade and labour in spite of what Republican and Democratic party leadership hopefuls have said.

- Many in the C-Suite want more open trade relations with China.
 - Most (51%) believe the Canada-China trade relationship is too restrictive. Only 9% think China should have less access to Canadian markets, while others think the trading relationship is just right.
 - Most (78%) said they would support the negotiation and ratification of a Canada-China free trade agreement within the next five years. However only 23% strongly support moving ahead with a Canada-China deal, 55% somewhat support the idea.
- The C-Suite is even more supportive of the Trans-Pacific Partnership (TPP) & building on NAFTA.
 - In a forced choice...:
 - 41% said an expanded customs union (i.e. common tariff) between Canada and the US would do the most to improve Canada's economic prospects
 - 31% said ratification of the TPP would be the most beneficial
 - Only 21% said a Canada-China free trade deal would do the most to improve Canadian economic growth of the three possible trading agreements tested.
 - 90% would support the negotiation of a customs union between Canada and the US to allow for the removal of all tariffs between the two countries, and as many non-tariff barriers as possible, within the next ten years (53% strongly support this).
 - 86% would support a similar customs union between Canada, the US and Mexico (although fewer strongly support this: 33%).
 - 87% support the ratification of the TPP (43% strongly support)
 - 87% would support a new visa policy that allows as much labour mobility between the US and Canada as possible. (Most would support a similar labour policy between Canada, the US & Mexico but again there is much less strong support for this.)
 - Most agreed that whoever wins the US presidency in the fall will go back on their rhetoric and make no changes to NAFTA. However, the C-Suite is less certain about the TPP:

- Most think it's at least somewhat likely the next President will try to renegotiate the TPP and nearly half (42%) think the next President may block ratification.
 - Most agreed the failure to ratify the TPP and Canada-Europe trade agreements will have a somewhat negative impact on Canada's economy – only 15% said it would be very negative.
 - Despite comments made by both Trump and Clinton against the TPP, only 4% think Congress and Canada's Parliament should abandon their reviews of the negotiated deal.
 - 91% want US and Canadian law makers to continue their review of the TPP and seriously consider voting for its ratification despite what the nominees have said.
 - Incidentally, the C-Suite would much rather see Hillary Clinton become President.
 - 65% said they prefer Clinton in a forced choice, only 21% prefer Trump.
 - Nearly all in the C-Suite agreed that governments and the business community need to do more to inform the public how NAFTA and trade agreements have benefited Canada.
 - 96% agreed NAFTA has been good for Canada, on balance – 68% strongly agree.
- The C-Suite is less pessimistic this quarter about the prospects for Canadian economic growth over the next 12 months; an improvement compared tracking over the past four quarters.
 - 7 out of 10 in the C-Suite expect moderate growth for Canada's economy over the next 12 months; up from just 4 out of 10 last quarter. That said not one executive in the C-Suite expects strong growth for Canada's economy over that time frame suggesting simply that the worst is over and few expect any further contraction in GDP.
 - Canada's trade deficit reached a historic low in March, yet most agree this will resolve itself when commodities rally. Only 35% said Canada has a structural or long-term trade deficit.
 - Few expect a US recession: only 11% expects the US economy to contract in the next year.
 - However, 84% think it's at least somewhat likely that the global economy will post no better than low GDP growth over the next decade (41% think it's very likely).
- The new federal Liberal government led by PM Trudeau receives mixed reviews from the C-Suite.
 - A clear majority at least somewhat approves of its direction when it comes to pledged infrastructure investments and representing Canada on the world stage.
 - A bare majority approves of its direction on climate change:
 - 56% at least somewhat approve, but only 14% strongly approve.
 - A clear majority (71%) supports a regulatory approach to limiting GHG emissions.
 - Fewer (although still 56%) would support participating in a carbon emissions trading market and only half (50%) would support a tax on carbon emissions however. Support for a carbon tax is down 13 points over the last decade.
 - The government gets mixed ratings for its approach to the economy and security & defense.
 - Most in the C-Suite disapprove of the government's handling of pipelines assessments & approvals and most disapprove of its handling of fiscal policy or the country's finances.

More detailed information and data pertaining to additional questions including a presentation of this quarter's findings are available in PowerPoint from Gandalfgroup.ca .