



**Canadian  
Manufacturers &  
Exporters**

Canada's Leading  
Business Network

**Manufacturiers et  
Exportateurs du  
Canada**

Le réseau d'affaires  
par excellence du Canada

July 25, 2006

Mr. Leonard St. Aubin  
Acting Director General  
Telecommunications Policy Branch  
300 Slater Street, 16<sup>th</sup> floor  
Ottawa, Ontario  
K1A 0C8

Dear Mr. St. Aubin:

**Re: *Canada Gazette*, Part I – June 17, 2006**

**Order under Section 8 of the Telecommunications Act – Policy Direction to the Canadian Radio-Television and Telecommunications Commission**

I am writing on behalf of Canadian Manufacturers & Exporters with respect to the Gazette Notice on the proposed Policy Direction to the CRTC.

Canadian Manufacturers & Exporters (CME) is Canada's largest trade and industry association. Its mandate is to promote the competitiveness of Canadian manufacturers and enable the success of Canadian businesses in world markets. The CME takes a strong interest in telecommunications policy and regulation, from the perspective of both the manufacturers of telecommunications equipment and the competitiveness of Canada's manufacturing sector as a whole. Last year, the CME made submissions in both rounds of the consultation process of the Telecommunications Policy Review Panel.

In CME's view, Canada's telecommunications policy must become an enabler of business growth, economic competitiveness, and productivity enhancement. The Information and Communications Technologies (ICT) sector, including telecommunications, is critical to the overall competitiveness and success of Canadian business. Manufacturing has been the sector that has gained the greatest productivity benefits from investments in advanced ICT-driven technologies. We are therefore very gratified to see the Government take an important preliminary step toward telecom policy change with the proposed policy direction to the CRTC.

Through this policy direction, the Government advises the Commission to "rely on market forces to the maximum extent feasible as the means of achieving the telecommunications policy objectives." This is a critical signal by the Government that market forces, not regulation *per se*, must be allowed to drive the evolution of telecommunications services.

It is especially noteworthy that the Government states that the "concept of reliance on market forces to the maximum extent feasible fits with the Government's overall objective of improving the competitiveness and productivity of the Canadian economy."<sup>1</sup> On this key point, the CME agrees completely.

We share the Government's view that "maintaining the current regulatory framework is not a viable option if the Government wants to improve the productivity and competitiveness of the Canada economy, and ensure a strong, internationally competitive telecommunications industry."<sup>2</sup>

<sup>1</sup> *Canada Gazette Part I*, June 17, 2006, p. 1606


<sup>2</sup> *Ibid*, p. 1607

As the CME noted in our submission to the TPR Panel in August 2005, "managed 'markets' cannot yield the dynamic changes that are a key benefit of real competition." We also recommended that Canada's telecommunications policy should ensure that regulation would only intervene in exceptional circumstances where clearly required. The Government has recognized this too, and is acting with a positive initial response to one of the Panel's recommendations.

In conclusion, the CME endorses the policy direction as proposed and published in the *Canada Gazette*.

The CME now urges the Government to move quickly toward the legislative changes that were recommended by the Panel to implement substantive policy reform for Canada's telecommunications sector in the interests of Canada's international competitiveness, business success, and productivity growth.

Yours truly,

A handwritten signature in black ink, appearing to read "Jayson Myers", with a stylized flourish at the end.

Jayson Myers  
Senior Vice President & Chief Economist