



the **gandalf** group

C-Suite Survey - Executive Summary

October 11th, 2016 – The 44th 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 157 C-Suite executives at ROB1000 companies between September 7 & October 3 2016.

Trade & “Brexit”

- Few in the C-Suite are very worried about the impact of “Brexit”. However, the future of Europe and political developments more broadly are important concerns particularly as they impact free trade.
 - Most said the majority vote in Britain in favour of leaving the EU would have a very or somewhat negative impact on Europe’s economy. Only 10% said it would be very negative.
 - Most agreed (57%) it is likely that more states will follow Britain’s lead and vote to leave the EU in the near future.
 - 42% expect the “political environment for business” in Europe will worsen over the next five years.
 - 38% expect the “political environment for business” in the US will worsen over the next five years while 24% expect the political dynamic there will improve.
 - 37% are very worried about the implications of politics on trade agreements and free trade.
 - Fewer said they are very worried about Europe’s banks (23%) or a potential correction in equities markets (18%).
 - Only 17% of executives view Europe as a very important market for their business. It is less important than China (25%) and was rated as significantly less important to their businesses than both Canada (61%) and the US (55%) markets.

China & Canada

- Much of the discussion in the media about the recent visit by Prime Minister Trudeau to China focused on the importance of a “reset” in Canada-China relations. While most C-Suite executives agreed the trip was important, fewer believe the accomplishments of the visit *per se* were strongly positive.
 - The vast majority agreed Prime Minister’s trip to China was at least somewhat important (83%, including 29% who said it was very important).
 - Fewer (45%) said the outcome of the visit was positive, while 43% said the impact was neither positive nor negative.

TORONTO
65 Queen Street West, Suite 510
Toronto, ON M5H 2M5
T 416.644.4120

info@gandalfgroup.ca | gandalfgroup.ca

OTTAWA
116 Albert Street, Suite 300
Ottawa, ON K1P 5G3
T 613.699.8910

- The C-Suite is also divided on whether or not the Trudeau-Liberal government is better positioned than the Harper-Conservative government to advance relations with China: 40% believe it is better positioned while 41% believe it is neither better or worse off than the previous government in terms of its ability to engage with China.
- Most surveyed are in fact not worried about Canada's competitiveness in the Chinese market.
 - 57% agreed the amount of engagement by Canada's government with China in recent years has been about as good as could be expected while only 35% agreed Canada has fallen short of expectations.
 - Nearly half agreed (43%) that Canadian companies do about as well as comparable European or US companies when it comes to doing business in the Chinese market. Roughly half disagreed with this (46%).
 - Only about one in three thinks Canada's doing poorly in its trade relations with China (37%), most think Canada is doing at least somewhat well (59%).
- Most support pursuing a free trade agreement with China, with the caveat that there should be limits on Chinese state-owned business investment.
 - 82% strongly or somewhat support the idea of Canada negotiating a free trade agreement with China over the next five years – only 14% are opposed.
 - 70% said they support the Canadian government continuing to place limits on the ability of Chinese State-owned enterprises to invest in strategic Canadian industries such as the oil sands.

Approval of the Trudeau Liberal Government

- Another reason for the muted enthusiasm about Prime Minister Trudeau's visit is the inherent division of opinion in the C-Suite about the performance of the Liberal government.
 - Many either approve of the government's performance or are indifferent about how it has performed at the one-year mark since taking office. One in three strongly disapproves of the Trudeau government's performance to date.
 - 53% believe the government has met or exceeded expectations, while 45% said the government has fallen short of expectations.
 - This division of opinion is neither surprising nor recent. In December 2015, 48% of executives surveyed said the election of the new Liberal government was a somewhat negative development for business; an additional 11% said it was a very negative development.
 - Western Canadian executives and those in the oil-and-gas sector were more likely than others to strongly disapprove of the government's performance to date.

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

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