

REMARKS OF INTERIM PRESIDENT AND CEO OF THE CANADIAN COMMERCIAL CORPORATION (CCC) ERNIE BRIARD AT ANNUAL PUBLIC MEETING FOR 2019-2020

DECEMBER 14, 2020

Thank you, Doug, and hello everyone.

I am delighted to have this opportunity to provide you with an operational overview of the past fiscal year at CCC, during which I will share further details about our results and accomplishments as well as highlight some of our key strategies in going forward.

As many of you might already know, CCC is the Government of Canada's international government-to-government contracting organization. For almost 75 years, this organization has helped Canadian exporters do business in government procurement markets that involve contracts that are complicated to negotiate and might otherwise be beyond their reach for any number of reasons.

As Doug outlined, our vision is to continue to be a trusted partner for exporters of all sizes as well as a key supporter of Canada's progressive and inclusive trade agenda.

We achieve this vision through excellence in risk assessment and international contracting, a commitment to Responsible Business Conduct, strategic diversification, and diligent project management.

As part of our day-to-day operations, we work closely with our government partners, including the Trade Commissioner Service, and Export Development Canada. We also work directly with Canada's Ambassadors, High Commissioners, and Canadian Forces Defence Attachés abroad.

Our priority sectors continue to be:

Aerospace, more specifically aircraft manufacturing, as well as more advanced manufacturing such as flight simulators, landing gear, and engines, and what is known as MRO -- maintenance, repair, and overhaul.

Along with the sales to Argentina and Bolivia that Doug has already mentioned, CCC is supporting De Havilland Aircraft of Canada to supply Biman Bangladesh Airlines Limited with three new aircraft. With its fast-growing economy, Bangladesh represents an excellent emerging-market opportunity for Canadian exporters of all sizes.

Clean Technology is another high-profile priority sector, through which CCC promotes Canadian companies offering solutions in renewable energy, water and waste-water treatment, soil remediation, environmental engineering and consulting.

Another priority sector is the Construction and Infrastructure sector where Canadian exporters are also recognized worldwide, especially in such areas as airport construction and redevelopment, power generation, roads and bridges, and transit. We are currently supporting Aecon and the Government of Bermuda through a 274-million-dollar redevelopment of the L.F. Wade International Airport, which will include state-of-the-art energy and water efficiency technologies. This modern airport will open on December 9, and as Aaron Adderly, President of Bermuda Skyport has noted, this project will have a multigenerational impact on the future of that island nation.

This is the second major infrastructure project that CCC has worked on with Aecon Group Inc., following the successful project to build Quito's international airport in Ecuador. CCC also worked with the Cameroon Ministry of Sport and Physical Education to rehabilitate the Stade de la Réunification in Douala, Cameroon, ensuring that the country would be ready to host the Africa Cup of Nations.

A full 18 percent of CCC contract value in 2019-2020 came from Information and Communications Technologies, primarily through the management of several international good cause lottery corporations.

We also work diligently to support Canadian Defence exporters, many of which benefit from our custodial role of the Defence Production Sharing Agreement that Doug mentioned earlier.

In 2019-2020, CCC assisted 85 Canadian exporters to sign 928 million dollars with the U.S. Department of Defense, far exceeding our target of 675 million dollars.

This is not to say that CCC does not work outside of these priority sectors, which we do regularly when supporting the export from Canada's agricultural and other industries.

Regardless of the sector CCC is involved in, one of the most important parts of our business model that makes us unique in our role supporting Canadian businesses, is that CCC signs contracts with other governments on behalf of the Government of Canada. What this means is that any contract CCC signs with another government, on behalf of a Canadian exporter, provides the assurance that the contract will be completed according to the terms and conditions set out in that contract.

The CCC guarantee is Canada's guarantee, both in terms of contract integrity but also with respects to doing business the way Canadians believe it should be done: in an environmentally, socially, and ethically responsible way.

I'd like to now turn to our financial and operational results, Because CCC is an outcome-based organization, numbers are very important to us and to our stakeholders, so let me review some of the key numbers from the fiscal year of 2019-2020.

CCC was active in 81 countries supporting exporters from across various industrial sectors. We worked with 157 customers, 40 percent of which were small- to medium-sized enterprises (known as SMEs). This is an increase of 7 percent over the previous year. In addition, approximately 1,480 Canadian SMEs formed part of the supply chains of CCC contracts, delivering significant downstream benefits.

As Doug mentioned, we are committed to increasing these SME engagement numbers in the coming year. We will do so through our dedicated SME program, which helps CCC play a critical role in developing connections between SME exporters and international buyers. Working with CCC allows smaller companies access pathways to new and emerging markets while limiting exposure to risk.

La CCC a été menée des actions dans 81 pays et a soutenu des exportateurs de divers secteurs industriels.

Nous avons travaillé avec 157 clients, dont 40 % étaient des petites et moyennes entreprises (PME), ce qui représente une augmentation de 7 % par rapport à l'année précédente. En outre, environ 1 480 PME canadiennes ont fait partie des chaînes d'approvisionnement des contrats de la CCC, ce qui a donné lieu à d'importants avantages d'aval.

Comme l'a mentionné M. Harrison, nous nous engageons à augmenter la participation de ces PME au cours de l'année à venir. Cela passera par notre programme dédié aux PME, qui permet à la CCC de jouer un rôle essentiel dans le développement de liens entre les PME exportatrices et les acheteurs internationaux. Grâce à la collaboration avec la Corporation, les petites entreprises peuvent accéder à des marchés nouveaux et émergents tout en limitant leur exposition au risque.

Coming back to the numbers:

For 2019-20, CCC signed new export contracts valued at 1.25 billion dollars. While this result fell short of our target of 1.5 billion dollars, it is indicative of the challenging global markets as well as the cyclical nature of large contracts in government procurement markets.

Importantly, we processed these contracts in far less time than ever before. Workflow adjustments in several key areas reduced the cumulative processing time by 100 days. We also delivered 3.17 billion dollars in goods and services abroad, as we delivered on our existing contract commitments.

Overall, CCC activities across all sectors supported 13,000 Canadian jobs, many of them in fields related to advanced manufacturing, engineering, and innovation or technology.

As Doug noted, diversification was very much a focus during the past fiscal year. We accomplished this in two ways:

1. Through an increased business volume and more diversified contract portfolio in the U.S., and
2. By signing several contracts in new international markets, specifically Bolivia and Argentina, where we excelled with our Aerospace product line.

CCC's contracting expertise also assisted the Government of Canada through a number of sourcing projects providing assistance internally for a number of Global Affairs programs. The value of these sourcing contracts signed increased by 28 percent over the previous year, totaling over 15 million dollars.

In terms of overall financials, CCC recorded net earnings of just under 2.6 million dollars, a decrease of 1.5 million dollars from the previous year. This was primarily the result of 5.3 million dollars in lower revenues due to lower fees for service as some major projects were coming through to completion.

These numbers are somewhat disappointing, but they do reflect the global challenges that CCC and other organizations faced in the 2019-2020 fiscal year. It is unfortunate that our ability to convert opportunities into contract signings was impacted by difficult market conditions resulting in lower value of contracts signed as well as customers served.

Despite these challenges, CCC continued to enhance its internal processes, bolstering its already robust policies, and working continuously to streamline, and improve existing products and services.

And for these reasons, and others, I am very optimistic that the coming year presents several opportunities for CCC to strengthen its position within the trade portfolio. CCC is leaner, more agile, and more responsive than it has ever been. Our processing times have been shortened by 100 days and thanks to the SME Project team, we can now develop and launch products to market in ways that will help SMEs to take advantage of more international opportunities.

As I mentioned earlier, we are also well positioned to assist the Government of Canada departments and agencies in effectively and efficiently fulfilling their complex sourcing needs, which we anticipate will only become more urgent as the pandemic continues along with the global uncertainty it brings.

Through our sourcing activities, CCC supports a wide range of capacity-building programs in such areas as:

- Emergency disaster relief support
- Assisting foreign governments in their efforts to fight cross-border crimes like fraud, corruption, and human trafficking
- Supporting both domestic and international anti-terrorism efforts
- Facilitating Canada's contributions to international scientific collaborations and other such endeavours.

This is important work that not only continues to diversify CCC's portfolio but also helps to make the world a safer place in which Canadians can work and live.

Consequently, none of what CCC achieved in 2019-2020 could have been accomplished without a team that is committed, dedicated, and unwavering in their support of Canadian exporters and their customers around the world.

Talented employees are essential to any business, and nowhere is this more evident than when representing Canada and Canadian businesses globally. I am always deeply impressed by the integrity and resilience of a team of professionals that deliver so much under such challenging circumstances. I am proud to have a chance to work with them, and I cannot thank them enough for their hard work.

And our hard work will continue into the coming year and beyond.

We will continue to grow SME engagement across the country and assist them in optimizing their export potential. We firmly believe that SMEs are a key driver of Canada's economic growth and will continue to do all we can to make their pathway into the international market as risk free and profitable as possible. We remain focused in our efforts to continue growing the number of SME customers served.

We will also continue to grow through diversification, creating new market opportunities across a range of industry sectors and geographic markets.

Likewise, we will continue to leverage our roles as Canada's custodian of the DPSA and as a trusted sourcing support for Government agencies and departments. Both areas realized substantial growth in 2019-2020, and we believe that there is more growth to come as we move forward.

Moreover, we will continue to hold ourselves and others to the highest standard of responsible business conduct through our enhanced RBC Framework and our commitment to transparency, diversity, and to the best practices of environmentally and socially responsible governance.

Lastly, we will continue to become more nimble, more responsive, and more streamlined at every level of the organization. We are fully committed to continue the enhancement of our professional capabilities to ensure that we are fully aligned and responsive to the needs of Canadian exporters.

In closing, I want to thank our employees, as well as our Board of Directors, for all their work during the past year.

Through your hard work and guidance CCC is stronger, and more focused than ever.

Doug, thank you personally for your leadership of the Board and for the strategic guidance you have provided to me and to this organization throughout the past year.

This now concludes the Canadian Commercial Corporation's Annual Public Meeting. On behalf of everyone at CCC, and particularly our Board of Directors, thank you for joining us.

Voilà qui conclut l'Assemblée publique annuelle de la Corporation commerciale canadienne. Au nom de tous les membres de la CCC et de notre Conseil d'administration, je vous remercie de vous être joints à nous.

I encourage you to learn more about CCC by visiting our website and reading our Annual Report. I also invite you to submit any questions you may have about today's presentations, or at any other time during the year. Simply email them to communications@CCC.ca.

We appreciate your interest in CCC and in the important work we do to help Canadian exporters.

Thank you again to everyone online for joining us today.