



5 Minutes for Business: The Accelerating Pace of Change

When we say the pace of change is accelerating, we mean that in many sectors, critical foundations of industry structure—the economic fundamentals, the borders of industries, the value of different assets, even the types of competitors—are rapidly shifting.

Every December, the Canadian Chamber of Commerce predicts the issues, opportunities and outlook for the year ahead in our [Crystal Ball Report](#). We gather insights from the people on the ground who are running businesses, creating jobs and wealth, but also living through Canada's economic challenges.

At the global level, our members expressed difficulties navigating an environment where economic ties, trade routes and growth rates are constantly in flux. The long-term trend toward global economic connectivity appears to be stagnating, if not reversing. [Total capital flows](#) declined from 21.4% of GDP in 2007 to 6.9% of GDP in 2017. The [growth of trade](#) compared with the growth of GDP slowed in 2018 and is projected to continue to decline next year. The implications for Canadian business are profound as they contribute to economic uncertainty and have the potential to disrupt global supply chains, capital markets and labour mobility over the long run.

At the national level, it appears likely that the Canadian economy is poised for late-cycle growth in 2019 and beyond. [IMF](#) anticipates Canadian economic growth will hover around 2.1% in 2018 and 2.0% in 2019. [Deloitte](#) projects a decline to 1.4% growth in 2020. At the same time, the Canadian economy is in the process of a lagging structural transition from growth driven by consumption and housing activity to export-led growth and business investment. Rising interest rates and a deteriorating fiscal position are projected for 2019. Canadian businesses should take note as this will have important implications for growth prospects, employment costs, debt servicing and investment decisions.

At the firm level, change cycles and product cycles have been compressed, creating an operating environment driven by new technologies and competition. Not only is the speed of change getting faster, markets are able to adopt new technologies faster. Software, big data, social media, mobile devices, cloud and application programming interfaces are among the newest internet trends that allow businesses to have more innovation opportunities and more new channels they can leverage. These technology drivers are forcing a dramatic acceleration in what businesses can and should do to remain competitive and relevant. As new technologies are created at an increasingly faster pace and as they are adopted at record speeds by markets, we believe a first-mover advantage will be amplified as change continues to come at a breakneck speed.

Now more than ever, it is crucial that Canada fosters an agile regulatory system so our businesses can move fast and create tax and fiscal policies that spur business investment in the technology and skills needed for our businesses to succeed.

The world is moving fast and the economy is changing rapidly. While the degree of change can be uncomfortable or even destructive, it can also contain the seeds of opportunity. The uncertainty created by the accelerating pace of change begs caution, but ultimately fortune will favour the bold firms and governments that can seize upon the speed of the turning moment.

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