



*The Professional Path  
to Global Markets*



# **HUMAN RESOURCES:** A Vital Driver of Canadian International Trade Capacity and Capability

**EXECUTIVE SUMMARY**

A Twenty-First Century View on HR and  
International Trade in Canada

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**Canada** 

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## Background on the Forum for International Trade Training (FITT) and the Pre-Assessment Study

The Forum for International Trade Training (FITT) was established in 1992 as part of the Government of Canada's Sector Council Program. FITT is committed to developing and providing quality programs and professional certification in international trade designed to prepare businesses and individuals to compete successfully in world markets. FITT develops international business programs, sets competency standards, and designs the certification and accreditation programs for the Certified International Trade Professional (CITP) designation. The programs and services address human resource issues by providing employers with resources to build their international business capacity; assisting individuals in developing their international business skills and knowledge; and providing international business training support for educators and students. For further information about the organization, visit [www.FITT.ca](http://www.FITT.ca).

With support of Human Resources and Skills Development Canada (HRSDC), FITT has performed a pre-assessment of the current human resource challenges faced by Canadian businesses that are engaged in international trade in order to determine if there is a need to undertake a comprehensive human resource study of international trade. This report outlines the findings from the study. Prior to this pre-assessment, no international trade sector study has been performed in Canada and thus the pre-assessment has sought to:

- (1) **Define the international sector.** What is meant by international trade? What activities does it encompass?
- (2) **Define the labour force engaged in international trade.** What is the composition of the labour force? What are the demographics of workers? To what extent are international trade workers employed in each industry?

- (3) **Identify the trends that are impacting international trade.** What are the drivers that are shaping the growth of international trade and how will international trade change in the future? What are the human resource needs and requirements for international trade in the future?
- (4) **Determine gaps in human resource-related knowledge and determine the scope of future research needs.** Is there a need for an in-depth sector study of the human resource challenges in international trade?

To achieve these objectives, FITT selected a research method that coupled secondary research with industry engagement with 47 selected stakeholders in order to uncover and describe the realities that Canadian businesses face in international trade, as well as the human resource challenges that are emerging and shaping the sector's future. Interview participants included Canadian business leaders who are active in markets in North America, Europe, Latin America, Africa, the Middle East and Asia and represent a broad set of industries across Canada.<sup>1</sup> Senior government officials and education representatives were also interviewed. This report synthesizes the findings from the pre-assessment research and provides recommendations for a comprehensive assessment of the sector and its human resource challenges.

<sup>1</sup> See Appendix A for a complete description of the stakeholders participating in interviews.

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The full version of this report is available at [www.fitt.ca](http://www.fitt.ca)

## Executive Summary

### The Pre-Assessment Research Strongly Supports a Comprehensive Analysis of Human Resource Issues in International Trade

The pre-assessment research undertaken by FITT confirms some well-understood realities related to international trade in Canada, highlighting, in compelling fashion, the critical importance of human resources, international trade expertise, and training to Canada's future competitiveness and success in international business, trade and investment.

The pre-assessment confirms, through quantitative and qualitative observations and analysis, an understanding among political and business leaders in Canada of the direct and inescapable link between trade, investment, economic growth and national prosperity. Concern is expressed that many Canadians are unaware of this fundamental linkage, putting policy-making and strategies to build trade capacity at risk.

Focused research and extensive stakeholder consultations reaffirm several policy-related concerns, but do so with clear and consistent—perhaps unprecedented—focus on the fundamental importance of devising and implementing effective and innovative human resource policy and strategies linked directly to the international trade sector in Canada.

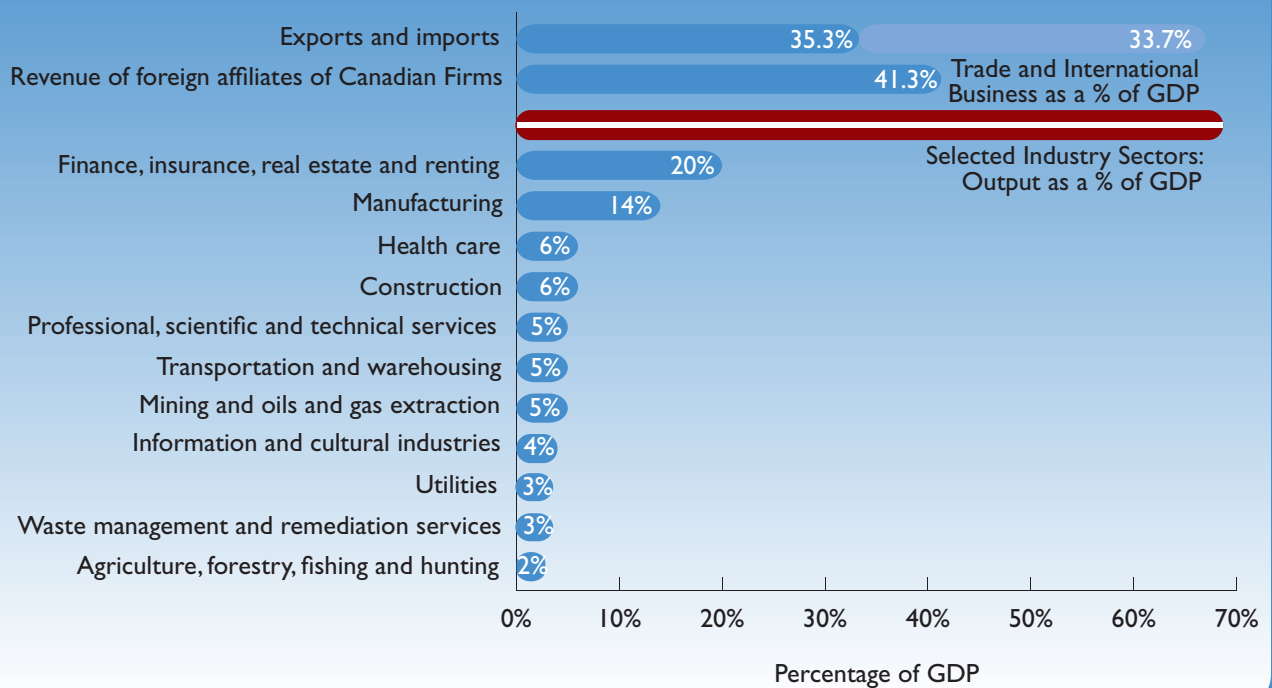
Stakeholders contributing to the pre-assessment analysis were, without exception, passionate and committed in their championing of Canada's potential in international markets, expressing an unmistakable and shared sense of urgency regarding the need for immediate and decisive action: business, government and academic stakeholders must come together to envision and deliver an effective human resource strategy to support any meaningful effort in positioning Canada for the realities of international business, trade and investment in the 21st Century.

The nature and pace of change in the international environment demands action—quickly—to ensure that Canada's position evolves by design, and not as a defensive reaction to inevitable competitive pressure. Any substantive, value-creating strategy will require sufficient, and sufficiently skilled, human resources versed in the complexities of international commerce.

The pre-assessment research highlights three major observations:

- 1. International trade is the most important driver shaping the performance of the Canadian economy.** While Canada has historically had a strong international trade position, Canada's trade performance is deteriorating and threatens to undermine Canadian economic growth and prosperity. This reality is expressed in macro-economic statistics, but, more importantly, it is the commercial reality faced by Canadian businesses of all sizes as they seek to engage in the international marketplace.
- 2. Many of Canada's greatest international trade challenges depend upon the development and delivery of effective and innovative human resource solutions.** The way we trade has changed. The focus of trade is not just about exports anymore; rather, an Integrative Trade paradigm has emerged that requires new skills to support new trade processes. In the new context, skills and competencies of workers play an increasingly critical role in enabling international trade. Just as foreign policy and support for trade finance have always been important enablers of trade, success in the future will depend on the strength of Canada's human resources for trade. Labour force shortages and gaps in human resource capacity and capabilities are a reality in Canada and will place us at a disadvantage, unless an effective, tailored and forward-looking human resource strategy is devised and executed—urgently.
- 3. An effective national human resource strategy is vital to support international trade activities and FITT is the ideal organization to lead a comprehensive sector study of the human resource challenges in international trade.** While an effective strategy is urgently needed, efforts are hampered by significant gaps in data and information required to adequately describe and quantify the labour force engaged in international trade and the human resource issues. An industry-led sector study of the human resource challenges of international trade is needed. FITT's extensive industry relationships, decades of leadership in international trade training, and acknowledged credibility across the sector combine to position FITT as an excellent industry facilitator to design and deliver a comprehensive sector study that focuses on human resources issues in international trade.

**Figure 1: Share of GDP International Trade vs. Selected Industry Sectors, Pre-Recession (2008)**



Sources: Canadian System of Accounts, DFAIT Office of the Chief Economist, and analysis by author

## International trade is the most important driver shaping the performance of the Canadian economy.

International trade has always been important for Canada, which has the second-highest level of international trade of the G7 nations, when measured as a percentage of GDP. The combined value of Canada's exports and imports was more than \$1.1-trillion, or 69% of the value of Canadian GDP in 2008 (prior to the recession).

- The Department of Foreign Affairs and International Trade has estimated that 21% of all jobs in Canada are directly or indirectly derived from merchandise exports alone.
- While exports drive a significant portion of Canada's jobs and output, these figures understate the total impact of international business in the Canadian economy. This is because they do not capture jobs created as a result of other aspects of international

business, such as management of foreign affiliates of Canadian firms or jobs related to importing. Sales from foreign affiliates of Canadian firms (which may be viewed as a substitute for exports) totalled \$508 billion in 2008, nearly matching the value of Canadian exports (\$564 billion). Canadian direct investment abroad nearly tripled from 1997 to 2008—from \$218 billion to over \$641 billion. According to the Statistics Canada Importer-Exporter Register, there were over 123,000 business establishments that were engaged in goods importing in 2008.<sup>2</sup> These establishments employ over 6.3 million workers, or just over one-third of the Canadian labour force.

- Prime Minister Stephen Harper summarized the current reality of international trade by concluding, "There isn't really a Canadian economy anymore. It is a global economy."<sup>3</sup>

<sup>2</sup> Note: These figures reflect only goods imports and exclude services.

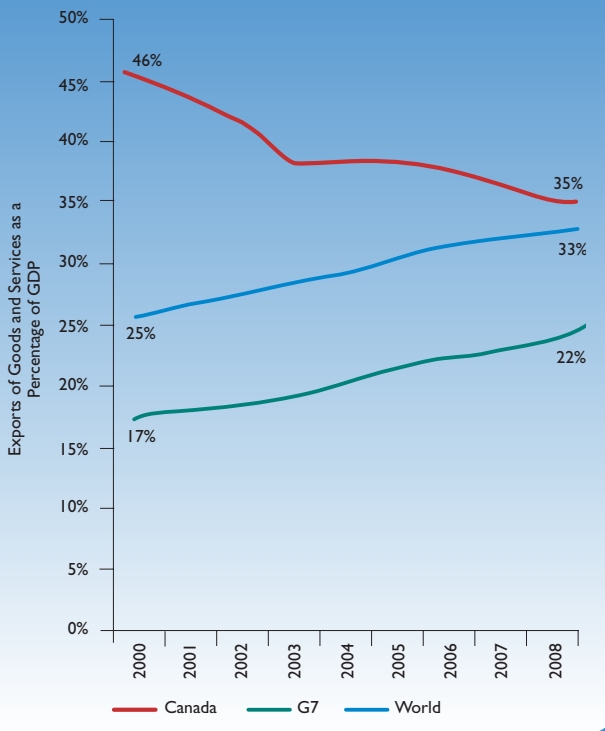
<sup>3</sup> Source: Speech made at the G20 Summit (July 2010).

**Canada’s historically strong international trade position is deteriorating and threatens to undermine Canadian economic growth and prosperity.**

The signing of Canada-US Free Trade Agreement in 1988 and subsequent signing of NAFTA in 1993 drove strong North American trade integration and resulted in strong export growth for Canada in the 1990s. Beginning in 2000, however, a distinctly different trend emerged in Canadian exports—a trend toward flat growth that has persisted through most of the 2000s, until 2009, when exports declined sharply in response to the US-led global economic recession.

- Over the 2000s, international trade as a percentage of GDP actually declined in Canada, in stark contrast to rest of the world and the G7 nations, where the importance of international trade is increasing.
- For instance, Germany’s merchandise exports more than doubled in the last decade and German exports to China increased seven-fold.<sup>4</sup> A study by the International Monetary Fund found that two dominant factors explain the increase in German

**Figure 2: Goods and Services Exports as a Percentage of GDP - Canada, the G7 and the World**



countries and (2) regionalized production (off-shoring) in the export sector.<sup>5</sup> Both of these drivers are underpinned by strong international business skills of workers in German firms.

- Australia’s exports also doubled, driven largely by growth in developing countries, which consume 61% of Australia’s merchandise exports. In addition, the country has benefited from strong growth in trade in the services sector, which generates revenues of over \$100 billion AUD (\$98.4 billion CAD) through overseas operations.<sup>6</sup>

- For Germany (and many other countries), international trade has become the engine of recovery from the economic crisis.<sup>7</sup> As both developed and developing countries benefit from international trade, the world economic order is being irreversibly reshaped. In this context, the gradual deterioration of Canada’s trade position has been a cause for alarm by economists at the Conference Board of Canada, the Bank of Canada, and other leading economic research institutions. An effective strategy to support and grow international business is urgently needed, but the strategies used in the past to drive trade growth are unlikely to work in the future because the challenges in international business have changed.

<sup>4</sup> See IMF Direction of Trade Statistics Database.

<sup>5</sup> See What Explains Germany’s Rebounding Export Market Share? (Danninger & Joutz, 2007). Last accessed December 10, 2010 at <http://www.imf.org/external/pubs/ft/wp/2007/wp0724.pdf>.

<sup>6</sup> See Services Sector Linkages. Last accessed March 2011 at <http://www.dfat.gov.au/publications/trade/Services-International-Linkages.pdf>.

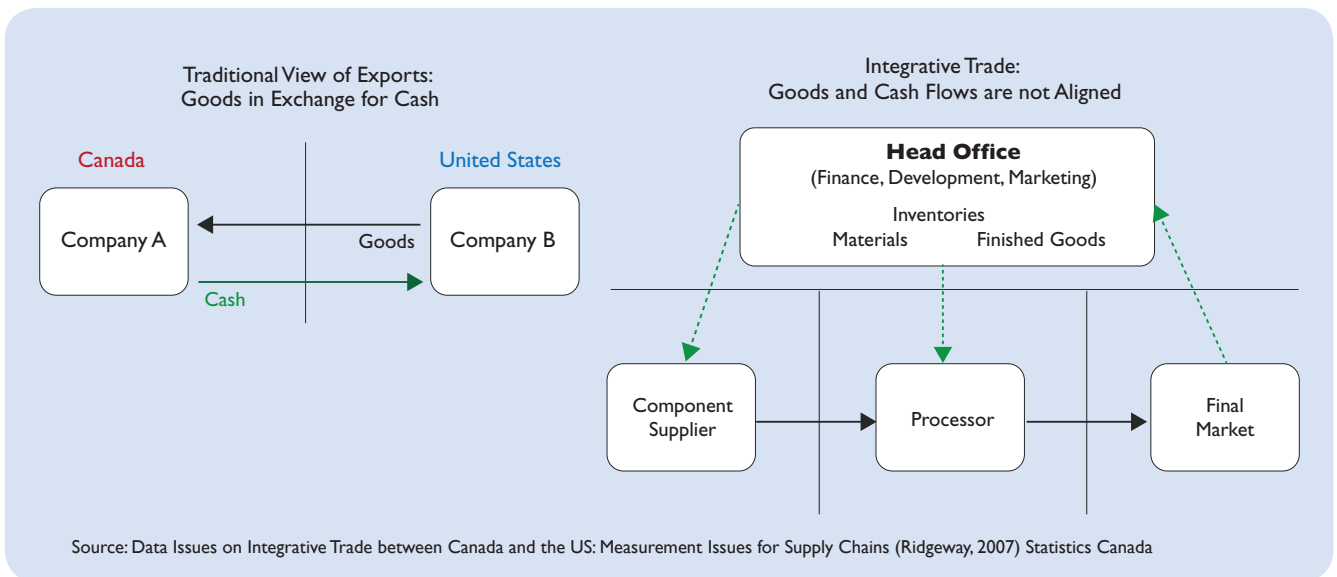
<sup>7</sup> See How Germany Is Helping Pull Europe out of Recession, (William Boston, Time Magazine) August 13, 2010; Last Accessed February 2011 at <http://www.time.com/time/business/article/0,8599,2010473,00.html#ixzz1FGZrzZin>.

## International trade has changed.

Globalization has complicated the way in which international business is understood and the concept of “Integrative Trade” has emerged to describe a much more complex global system in which goods, services and services related to goods are traded across many borders many times along global value chains,<sup>8</sup> powered by large amounts of foreign direct investment.

- Traditional views of international trade consist of a two-party export exchange, in which a Canadian manufacturer produces goods sold to an international customer in exchange for cash. To remain competitive, Canadian firms must now manage a more complex process to source materials in one country, source production and processing in another, and finally distribute in a third market (See Figure 3).

**Figure 3: Traditional and Integrative Models for Trade**



- A popular example that illustrates the Integrative Trade paradigm can be found in global value chains for the Apple iPhone, which is designed and owned by a US company, but is made of parts produced in many countries<sup>9</sup> and physically assembled in China. Trade statistics from both China and the United States consider the iPhone a Chinese export to the US, adding \$1.8 billion to the US trade deficit with China

in 2009.<sup>10,11</sup> At the same time, 55% of the value of an iPhone sale flows back to Apple in the US in the form of profits,<sup>12</sup> and margins are increasing as Apple lowers costs across the global supply chain. These profits, in turn, support and create jobs in the US, just in the same way that profits at RIM and other Canadian manufacturers create and support jobs in Canada.

<sup>8</sup> The term Value Chain in this report refers to all firms that play a role in the creation and delivery of a product or service. This includes functions such as research, development, marketing, sales, component suppliers, production, logistics, customer relationship management, and other functions that occur in the development and delivery of products and services. Supply chain operations are a segment of the value chain.

<sup>9</sup> Suppliers include German chipmaker Infineon, Britain-based ARM Holdings, South Korean electronics giant Samsung, and other suppliers from South Korea, Japan, Taipei, China, and the US.

<sup>10</sup> See Wall Street Journal article “Tech Supply Chain Exposes Limits of Trade Metrics” (Batson, December 15, 2010). Last accessed December 15, 2010 at <http://online.wsj.com/article/SB10001424052748704828104576021142902413796.html#ixzz18EB4Aqxg>.

<sup>11</sup> ADBI Working Paper 257: How the iPhone Widens the United States Trade Deficit with the People’s Republic of China (Xing and Detert, December 2010). Last accessed December 2010 at <http://www.adbi.org/files/2010.12.14.wp257.iphone.widens.us.trade.deficit.prc.pdf>.

<sup>12</sup> See Business Week article [http://www.businessweek.com/technology/content/jul2008/tc20080714\\_070565.htm](http://www.businessweek.com/technology/content/jul2008/tc20080714_070565.htm).

## Canada's success in the new global trade paradigm will be largely determined by the strength of the human resources that drive international trade.

Success in global markets is not just about merchandise exports anymore. As illustrated in the iPhone example, successful trade models often involve complex multi-directional flows of capital, goods and services. International firms require an increasingly greater depth of knowledge and wider breadth of competencies in order to compete. Furthermore, Canadian firms that do not have a history of international business face formidable challenges from innovative international competitors who are able to leverage global resources to compete in Canada. A talented labour force with effective international business skills is essential to survival and growth in practically all industries. The lack of skills for international trade is a serious problem<sup>13</sup> and our response will determine Canada's future as a trading nation.

While not an exhaustive list, the pre-assessment research has identified at least a few important areas where new skills and competencies are needed:

- **Without the protection of a low-value currency, sharpened business development competencies are required to identify new opportunities and participate in global value chains.** Given that most global growth opportunities exist in developing markets, Canadian firms must develop the capacity to form business relationships in these less familiar markets where value chains, business practices and operational cost structures are often dramatically different from North America. Canadian firms must approach global markets with the flexibility to develop new solutions that meet the needs of new customers. The need for business development has never been more urgent than today, as some larger firms leave Canada in the wake of the global recession. As value chains reorganize, Canadian suppliers must be aggressive to find new customers in new markets.
  - **Firms urgently require skills to manage regulatory compliance.** The barriers to trade have changed: tariffs, once considered to be the most important barrier to trade, have been superseded by problems related to regulatory compliance, which today pose the greatest obstacle to international trade. In the 2009 Survey of Innovation and Business Strategy, firms reported that administrative obstacles in Canada and in foreign markets were the top obstacles to participation in global value chains.
- Regulatory compliance is highly complex and spans diverse regulation domains, including import/export regulations, duties and duty drawback rules, security compliance, product safety standards, environmental regulations, transportation regulations, work authorization regulations, rules for credential recognition, and other regulatory spheres. The challenge of complying with numerous regulations is complicated by the fact that the rules are different in every country and province in the world—and these rules are in a constant state of flux. Firms lack workers with skills and knowledge required to manage regulatory compliance; this gap not only deters firms from entering global markets, but is also costing Canadian firms billions of dollars in fines for non-compliance and inadequate regulatory compliance strategies—a situation that Ernst and Young has dubbed, the “multi-billion dollar black hole.” While the full costs of regulatory compliance are not tracked, the Statistics Canada Survey of Regulatory Compliance Costs (in Canada) found that small and medium-sized businesses in only five industrial sectors spent \$1.17 billion in 2008 filling out forms to comply with 11 government information obligations. Without skills for efficient and effective management of regulatory compliance, Canadian firms cannot compete.
- **There is a growing need for international trade skills in service sectors.** Trade in management services, professional/technical services, health services, education services, communication services and other commercial service sectors together represent a growing share of global trade. From 2005-2008, growth in Canadian service exports offset declining exports of goods, but growth in Canada's services exports lags behind most G7 countries and lags far behind the world. The challenges that are inherent to international marketing and provision of services differ from challenges for trade of goods, but little emphasis has been placed on developing skills required to compete in international services markets. Since service sectors represent 77% of all Canadian business establishments and 78% of employment, a strategy for extending services sector growth in international markets will be integral to sustaining Canadian economic growth.

<sup>13</sup> See Perspectives and Recommendations on Workforce Capabilities, 2005; Canadian Manufacturers and Exporters. Last accessed February, 2011 at <http://www.cme-mec.ca/download.php?file=fx8x5vuo.pdf>.

- **Canadian firms require skills to support innovation and gains in productivity.** Canadian firms cannot compete in an environment of a high Canadian Dollar if productivity levels remain at 75% of that of US firms.<sup>14</sup> Innovation is widely acknowledged as a driver of productivity gains—and better skills for innovation will be essential to success of Canadian businesses. Since a quarter of Canadian firms report that a lack of skills within their workforce is a major barrier to innovation, more effort should be given toward developing the right skills to enable innovative,<sup>15</sup> productive and competitive Canadian industries.

### **The return on investment of an effective pan-Canadian human resource strategy for international trade can be enormous.**

- A sector study of international trade will shed light on the human resource problems that adversely affect trade, while identifying solutions that strengthen Canada's international trade performance.
- Every additional \$1 billion in exports creates on average 11,000 new jobs. In addition, jobs at international businesses pay higher-than-average wages, which directly contribute to increased prosperity and quality of life. A highly skilled international business labour force lowers costs of business as firms make fewer mistakes and more quickly act on international opportunities.
- There are also dynamic benefits that come from a reinforcing positive cycle of increased trade. Participation in international markets has been shown to strengthen Canadian businesses, prompting investment in advanced technology and improving productivity.<sup>16</sup> This cycle leads to better resource allocation, increased capital formation, faster innovation and ultimately stronger human resource development.

### **Development of an effective human resource strategy for international trade is hampered by a lack of data to describe the sector's labour force and human resource issues.**

- Measurement and definitional issues cloud a complete understanding of the human resource challenges in international trade.
- Data to describe the labour force that supports international trade is very limited and there are practically no statistics on the number of workers who use international business skills, their occupations, worker shortages, or related measurements of the international trade labour force.
- Furthermore, analysis of the trade statistics that are available may lead to ill-informed conclusions. The iPhone example noted earlier offers one such illustration, but there are also problems related to what is covered—and not covered—in trade statistics. Most trade statistics focus on goods and, thus, analysis of trade statistics often gives a goods-centric picture of trade. Trade in services—and trade in solutions that combine goods with services—is not well tracked. The information requirements needed to support an effective international trade human resource strategy cannot be met with the statistics that are available.
- Business leaders that are active in international trade share (in interviews) a sense of urgency and frustration that many Canadian businesses do not participate in international markets, in part due to protectionist policies and in part due to indifference to the opportunities that exist. Given the importance of trade to the Canadian economy, these leaders worry about the long-term consequences to Canada's prosperity and competitive position. Stakeholders express this concern at the strategic level, with an underlying call to action from business and government leaders, as well as at the most tactical level in terms of the urgent need to respond to gaps in human resource training and development.

<sup>14</sup> See Canada's Productivity Trap, Globe and Mail Essay, Kevin Lynch; January 29, 2010.

<sup>15</sup> Ibid.

<sup>16</sup> See Remarks by Tiff Macklem, Senior Deputy Governor of the Bank of Canada – Speech made at Productivity Alberta, Edmonton, Alberta, February 1, 2011. Last accessed February 2011 at <http://www.bankofcanada.ca/en/speeches/2011/sp010211.html>.

**Now is the time to perform a comprehensive study of the sector’s human resource challenges and FITT is the obvious leader to facilitate the study.**

- An industry-led study of the sector’s human resource challenges will provide first-of-a-kind baseline labour force intelligence needed by all stakeholders to make informed decisions. It will also identify the best practices for international business education and training across all skill categories, building on what has worked in other nations, and establishing a Centre for Excellence in international business education.
- The Forum for International Trade Training (FITT) is well-suited to facilitate a sector study of international trade, given the organization’s nearly 20 years of

experience in international trade education and the breadth of its longstanding relationships with all major industry stakeholders.

In summary, this pre-assessment has identified three major challenges that must be met for Canada to be successful in the global economy. We must: (1) improve the depth of understanding of human resources that support trade, (2) align international trade training with the new processes evident in the emerging Integrative Trade paradigm, and (3) ensure firms have the human resources required to be internationally competitive.

Measure the international trade labour force and its human resource issues.	Identify HR gaps given the new realities of Integrative Trade.	Enable all Canadian firms to be internationally competitive.
<ul style="list-style-type: none"> <li>• International trade is the most important driver shaping the performance of the Canadian economy.</li> <li>• An effective strategy to acquire international trade competencies is needed for firms to compete in a global market.</li> <li>• The current lack of information on the international trade labour force is a problem.</li> <li>• The first step is developing an effective strategy to take a detailed baseline measurement of the international trade labour force and its human resource challenges.</li> <li>• A first-of-a-kind international labour force profile will support informed strategies to strengthen Canada’s trade performance.</li> </ul>	<ul style="list-style-type: none"> <li>• Trade has changed. It’s not just about exports anymore; rather, an Integrative Trade paradigm is emerging that requires a broader mix of skills in exporting and importing, foreign direct investment and management of global operations.</li> <li>• To reverse a decade of decline, Canadian businesses require new skills, including international business development skills, skills to manage regulatory compliance, and trade skills needed in service sectors.</li> <li>• As global value chains become longer and more complex, workers will require greater depth of knowledge. Knowledge requirements are multifaceted, including know-how to perform complex trade tasks, and know-who to leverage global business and social networks.</li> <li>• Gaps in education and training offerings must be identified. Trade training must then be aligned to the competencies needed within the emerging Integrative Trade paradigm.</li> </ul>	<ul style="list-style-type: none"> <li>• The shift in global power toward Asia and emerging markets is creating new opportunities for Canadian firms—but firms will be challenged by strong competition from emerging markets as well.</li> <li>• Canadian firms must improve productivity through innovation in order to be competitive in global markets.</li> <li>• There is a need to prepare for demographic shifts in Canada’s labour force, including plans to leverage the immigrant workforce and prepare for retirement of seasoned international trade workers.</li> <li>• FITT and other stakeholders must support, improve and strengthen the learning systems that ensure the availability of a highly educated and skilled international trade labour force.</li> </ul>

The full version of this report is organized into three key chapters. The first chapter provides additional background on the role of international trade within the Canadian economy, including a description of how international trade is changing and a discussion of challenges related to measurement of international trade. The second chapter describes and contextualizes trends that are shaping the future of international trade, which were identified through interviews and secondary research. The chapter provides

more extensive background on the drivers that impact Canadian firms, coloured by on-the-ground experience of leaders in international trade. The final chapter puts forth a three-fold definitional framework that identifies parameters to describe the international trade sector and its labour force. The three-fold framework is comprised of a macro-economic framework, a stakeholder framework and a competency or occupational framework summarized on page 13.

**Figure 2:** Three-Fold Framework for Defining International Trade and the International Trade Labour Force

Macroeconomic Framework	Stakeholder Framework	Competency Occupational Framework
<b>Definition in terms of</b> trade of goods, services, FDI and other investments	<b>Definition in terms of</b> actors in the sector	<b>Definition in terms of</b> international activities
<b>Describes</b> <ul style="list-style-type: none"> <li>• Trends in the sector</li> <li>• Size of the sector</li> <li>• Industry segmentation</li> <li>• Size segmentation</li> <li>• Global trade partners</li> </ul>	<b>Describes</b> <ul style="list-style-type: none"> <li>• Roles played by stakeholders</li> <li>• Interrelationships</li> <li>• Transactional view of the sector</li> <li>• Value chain view of the sector</li> </ul>	<b>Describes</b> <ul style="list-style-type: none"> <li>• Types of activities that enable infrastructure for international trade</li> <li>• Trends in sector functions</li> <li>• Skill requirements</li> </ul>
<b>Identifies</b> what is included in the sector.	<b>Identifies</b> who is involved in the sector.	<b>Identifies</b> what players in the sector do.

**The macroeconomic framework** defines the sector in terms of trade of goods and services, foreign direct investment, portfolio investments and other transfers—the components that comprise Canada’s Balance of Payments. The macroeconomic definitional framework is based on economic data collected through surveys and administrative records that are used to construct Canada’s national accounts. The framework is useful to describe trends in trade flows, the size of trade flows, the segmentation of trade flows by industry and international relationships of global trading partners.

**The stakeholder framework** identifies the actors in the sector that play direct and indirect roles to facilitate Integrative Trade. The framework is useful for describing the roles played by stakeholders across the global value chains.

**The competency framework** identifies the activities and tasks that workers in the sector perform. Proper performance of international business activities requires specific competencies, skills and knowledge among workers. These competencies are often critical to a business’s operations, although they often do not comprise all of the skills that a worker requires to perform his or her work (for instance, an accountant working in customs compliance will require accounting skills in addition to trade compliance knowledge and competencies).

The following section provides an outline of a set of recommendations for developing an effective human resource strategy to support and strengthen international trade.

# I. Recommendations for Developing a Human Resource Strategy to Strengthen International Trade

Measure the international trade labour force and its human resource issues.	Identify gaps given the new realities of Integrative Trade.	Equip all Canadian firms to be internationally competitive.
<p><b>A1. Develop a baseline first-of-a-kind comprehensive international labour force statistical profile to describe the workforce engaged in international business in Canada.</b></p> <p>The profile will:</p> <ul style="list-style-type: none"> <li>Describe characteristics of the international trade labour force and its challenges in all industries.</li> <li>Explore and define the scope of competencies and occupations the international trade sector.</li> <li>Assess employer demand for all international trade skills (both established skills and emerging ones).</li> <li>Measure all segments of the labour force, including those engaged in trade in services.</li> <li>Identify the demographic profile of the workforce.</li> <li>Raise awareness of international trade and the role played by the labour force supporting international trade.</li> <li>Collect information needed to develop effective international trade policy and related educational policy and curriculum.</li> </ul> <p><b>A2. Determine the scope of skills that are required for Integrative Trade processes.</b></p> <ul style="list-style-type: none"> <li>Identify the competencies required by employers.</li> <li>Identify the differences in skills that are in demand by different industries.</li> <li>Determine differences in skills needed for different trade activities. (i.e., what are the differences in regulatory compliance skills for importers, exporters, and multi-nationals?)</li> <li>Explore the demand for new competencies being required of importers and related occupations in procurement. (i.e., product development skills, international logistics skills, and relationship management skills with global suppliers).</li> <li>Determine the scope of competencies for an emerging senior level global supply chain executive occupation.</li> <li>Determine how the roles and skill requirements of stakeholders will change in the context of Integrative Trade.</li> </ul>	<p><b>B1. Analyze the human resource issues that are challenges to international trade</b></p> <ul style="list-style-type: none"> <li>Identify skills shortages that are barriers to trade growth and determine the impacts of these shortages.</li> <li>Prioritize competency gaps that are most critical.</li> <li>Determine what can be done to effectively increase greater participation in international markets and global value chains.</li> <li>Explore the human resource factors that keep service sector firms from engaging international markets.</li> <li>Determine why Canada's trade in services is growing at a slow rate and identify the skills and resources needed to increase international engagement of firms in services sectors.</li> <li>Determine the extent to which credential recognition and/or barriers to international movements of persons hampers growth in services imports and exports.</li> </ul> <p><b>B2. Determine the competencies needed in the Integrative Trade paradigm. If feasible, identify the NOC<sup>17</sup> occupations of workers that require these competencies.</b></p> <ul style="list-style-type: none"> <li>Determine the scope of competencies needed for Integrative Trade. This includes skills for business development in new markets, for regulatory compliance, for management of imports/global procurement, for trade in services, for management of formal R&amp;D, for informal innovation, technology commercialization, international sourcing of capital, trade finance, and other spheres of skills required in Integrative Trade.</li> <li>Determine specialized skills and competencies required for specific stakeholders. For instance, what are the competencies required of economic development professionals who attract inward foreign direct investment to Canada? What are skills required by freight forwarders?<sup>18</sup></li> <li>Evaluate the feasibility of linking competency standards with occupations defined in the NOC. Which occupations are affected when a domestic firm begins to participate in international markets? What new competencies are required of all workers?</li> </ul>	<p><b>C1. Ensure the availability of effective training and education for all levels of workers and learners in all occupations that are affected by international trade.</b></p> <ul style="list-style-type: none"> <li>Ensure the availability of formal international trade training.</li> <li>Identify and promote strategies that encourage Canadian entrepreneurship in global markets.</li> <li>Ensure the availability of training targeted toward businesses that are being affected by transitions in global value chains (i.e., the ability to find new international customers, identify new suppliers, and develop new service offerings within global value chains).</li> <li>Promote the inclusion of an international business training component for all occupations—not only for workers with an international business focus in their work. Similar to IT skills, which affect most jobs, international business considerations should be integrated into education for all professions.</li> </ul> <p><b>C2. Promote best practices for human resource issues in international trade.</b></p> <ul style="list-style-type: none"> <li>Perform a global scan for best practices for management of trade compliance with a focus on best practices used by firms in the EU, where trade compliance strategies are more advanced.</li> <li>Benchmark cooperative business development practices in emerging markets. Explore how stakeholders such as the DFAIT, EDC, sectoral business associations, and educational/research networks can help firms achieve more effective social and business network utilization within emerging markets and global value chains.</li> </ul> <p><b>C3. Promote awareness of careers in international trade</b> and benchmark awareness strategies used in Canada with that of other countries.</p> <p style="text-align: right;"><i>Continued on page 15</i></p>

<sup>17</sup> See the National Occupational Classification System.

<sup>18</sup> See the Stakeholder Definitional Framework in Chapter 3 for a more complete discussion of the stakeholders involved in international trade.

Measure the international trade labour force and its human resource issues.	Identify gaps given the new realities of Integrative Trade.	Equip all Canadian firms to be internationally competitive.
<p><b>A3. Measure the current and projected future demand for workers and skills.</b></p> <ul style="list-style-type: none"> <li>• Measure demand for both cross-sector skills (such as remote workforce management skills) and skills relevant to specific sectors (e.g., trade finance skills).</li> <li>• Measure demand for workers in occupations with international trade skills.</li> </ul> <p><b>A4. Measure the human resource challenges for international trade and the human resource practices of firms.</b></p> <ul style="list-style-type: none"> <li>• Measure the human resource practices that are in use by international firms (e.g., training practices, retention and recruitment, etc.).</li> <li>• Identify the human resource challenges experienced by firms that participate in global markets.</li> <li>• Measure the human resource challenges that keep some Canadian firms from participating in global markets.</li> <li>• Determine the degree to which firms experience different human resource challenges and the severity of the challenges.</li> </ul> <p><b>A5. Explore the relationship between productivity, innovation and international business.</b> What skills are needed to increase productivity, innovation and international competitiveness?</p> <p><b>A6. Measure the availability of training, education and learning resources that are offered.</b></p>	<p><b>B3. Assess the current and planned education offerings in light of training needs.</b></p> <ul style="list-style-type: none"> <li>• Identify skills development needs and gaps at the senior manager level and for workers in specialized occupations.</li> <li>• Evaluate post-secondary education offerings to identify gaps in training offerings.</li> <li>• Evaluate secondary education offerings. Do offerings prepare students with an adequate awareness of careers in international trade?</li> <li>• Determine needs for occupational standards and related resources to strengthen education curriculum at the technical (apprenticeship) and professional levels.</li> <li>• Identify needs among trade training and education providers.</li> <li>• Explore new competency requirements for the Certified International Trade Professional (CITP) designation, as well as requirements for other specialized occupations in international trade.</li> </ul> <p><b>B4. Evaluate the alignment of resources allocated for trade support/training versus needs in the sector.</b> Are adequate resources available to support trade?</p>	<p><b>C4. Encourage the development of strategies to retain and attract workers in international trade occupations.</b></p> <ul style="list-style-type: none"> <li>• Develop an appropriate strategy to attract, equip and support immigrants in the international trade labour force.</li> <li>• Promote strategies to retain workers in high-demand occupations, especially those recruited on a global basis.</li> <li>• Strengthen other human resource practices related to international trade workers (planning for retirements, management of corporate knowledge, etc.)</li> </ul> <p><b>C5. Ensure that research and educational offerings by FITT do not duplicate efforts of related organizations.</b></p> <p><b>C6. Take action to close gaps in training and support for emerging competency categories identified in the pre-assessment study including:</b></p> <ul style="list-style-type: none"> <li>• Regulatory compliance.</li> <li>• International trade supply chain executive.</li> <li>• International business development (especially for industries strongly impacted by the reorganization of value chains following the recession).</li> </ul>

## Conclusion

The Steering Committee unanimously recommends that a comprehensive sector study of international trade be performed. All evidence points to the conclusion that such a study will be highly useful for all stakeholders and will provide the information that is critically needed to develop and execute an effective human resource strategy to strengthen Canada's international trade position. The Forum for International Trade Training (FITT) is the ideal organization to lead this study, as a firmly established and respected partner for international trade education in Canada.

The Steering Committee acknowledges that there are many recommendations that have come forth from the pre-assessment research, not all of which can be fully addressed in a sector study. There are opportunities for FITT and all international trade stakeholders to take a leadership role in the recommendations that have been identified through the pre-assessment. Canada's future prosperity is at risk and the human resource challenges of international trade are numerous, formidable and urgent. To reverse a decade of decline and drive forward Canada's international trade capacity and capability, stakeholders must have the right information and take coordinated, immediate and decisive action.



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to Global Markets***

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