

## MARKETS

**S&P/TSX**  
17,415.17  
+62.27  
+0.36%

**Dj Ind.**  
29,030.22  
+90.55  
+0.31%

**Dollar**  
US\$76.63¢  
+US0.07¢  
+0.09%

**Gold**  
US\$1,552.10  
+US\$9.70  
+0.63%

**Oil**  
US\$57.81  
-US\$0.42  
-0.72%

**Natural gas**  
US\$2.12  
-US\$0.07  
-3.06%

## THREE BAD ARGUMENTS FOR TARIFFS. FP9

### Turn ON

ROGERS FIRES UP  
CANADA'S FIRST 5G  
NETWORK. FP3



WORKPLACE LAW AS  
A PROFESSION? MAYBE  
NOT. LEVITT, FP7

### Turn OFF

CANADA'S BUSINESS VOICE, THURSDAY, JANUARY 16, 2020

#### TECH

## Bureau probes political parties

Data collection complaint from Balsillie group

JAMES MCLEOD

TORONTO • The Competition Bureau has confirmed that it launched an inquiry into the data collection practices of the federal Liberal, Conservative and New Democrat parties, in response to a complaint from the Centre for Digital Rights (CDR) an organization founded by businessman and tech advocate Jim Balsillie.

According to a letter provided to the media by the CDR on Oct. 25, Deputy Commissioner of Competition Josephine Palumbo said that the Bureau was investigating an allegation that the major political parties had made deceptive statements to the public within their privacy policies. On Wednesday, the Bureau confirmed it was looking into the allegation and that it is currently gathering facts, but could not comment further on the case.

The case is one of the five legal complaints that the CDR has made to various regulatory enforcement agencies in Canada, calling for action when it comes to political parties' use of citizens' private data. Similar complaints were sent to the federal Privacy Commissioner, the B.C. Information and Privacy Commissioner, the Commissioner of Elections Canada and the Chief Enforcement and Compliance Officer of the Canadian Radio-television and Telecommunications Commission.

The four other agencies confirmed that they received complaints, but all said they cannot comment further on the matter.

The CDR was set up by Balsillie in 2018 in the wake of the Cambridge Analytical scandal, where data from social media platform Facebook was used to create psychological profiles of voters in an attempt to target ads during the 2016 U.S. presidential campaign and the U.K. Brexit referendum.

The CDR wants Canadian political parties to be governed by the same kinds of laws as other organizations in Canada.

See DATA on FP3

## U.S.-China deal leaves lots of unanswered questions



Increase in U.S. products and services  
China agrees to purchase over next two years

NAOMI POWELL  
Analysis

The newly signed U.S.-China trade deal that includes a significant boost in Chinese purchases of American products has calmed global trade tensions for now, but leaves a number of crucial questions unanswered for Canadian exporters.

At a signing ceremony in Washington Wednesday, President Donald Trump touted the deal between the world's two biggest economic powers as a "landmark" agreement that most people "thought could never happen," — though analysts said it leaves a number of core structural issues unresolved.

"Together, we are righting the wrongs of the past and delivering a future of economic justice and security for American workers, farmers and families," Trump said at a White House press conference that included top Chinese officials.

Chinese vice-premier Liu He, who read a letter from Chinese president Xi Jinping, cited the deal as an example of how the two countries could resolve issues through dialogue and "mutual respect." The pact "is good for China, for the U.S. and for the whole world," Liu said through an interpreter.

See CHINA on FP2

**\$77.7B**  
in manufactured products

**\$37.6B**  
in services

**\$52.4B**  
in energy purchases

**\$32B**  
in agricultural products

## INSIDE

U.S.-CHINA ACCORD LEAVES CURRENCY WATCHERS MOSTLY UNIMPRESSED. FP2

HENRY OLSEN  
Comment in Washington

The stock market has been breathing a sigh of relief over Wednesday's "phase one" trade deal with China. They should take another breath, though, as this is simply a truce in a battle that will likely resume after November's election.

Both countries had ample reason to call a temporary halt to their struggle.

Chinese growth has slowed significantly, to its lowest point in nearly 30 years. Automobile sales dropped by more than 8 per cent last year, and that was on top of a 3 per cent decline in 2018. President Donald Trump's threat to impose even more tariffs on Chinese imports in mid-December forecast even further problems for the export-dependent Chinese economy if they took place.

Trump had his own reasons to hit the pause button on the trade war.

He's entering an election year, and the trade war had been hurting farmers and manufacturers dependent upon Chinese-produced raw materials. Calling a temporary halt gives those producers a chance to grow, which in turn can only help Trump's re-election effort.

See TRADE on FP2

#### ENERGY

## HIGH COURT TO HEAR TMX CASE

Final attempt to halt pipeline expansion

MIA RABSON

OTTAWA • The B.C. government will ask Canada's high court Thursday to give it authority over what can flow through the expanded Trans Mountain pipeline from Alberta.

The case is a make-it-or-break-it affair for the multi-billion-dollar project: if B.C. is allowed to prevent heavy oil from flowing through the pipeline, it would crush the expansion's entire reason for being. It is also a significant case for the federal government, which bought the pipeline in 2018 when B.C.'s court challenge convinced Kinder Morgan Canada the political opposition created too much risk that the project would never be completed.

The federal government will argue that letting B.C. regulate what can flow through the pipeline would give the province a veto over interprovincial projects it doesn't like, counter to the constitutional authority given to Ottawa over any transportation project that crosses provincial boundaries.

B.C.'s NDP government, which was elected in 2017 in part on a promise to oppose the expansion, acknowledges the Constitution but says B.C. has authority to protect its environment. There, the province argues it should be able to restrict heavy oil flows in the pipeline because it is B.C. that will bear the environmental brunt of any spill if the pipeline ruptures.

B.C. specifically wants to be able to require companies to get permits before shipping heavy oil through pipelines in B.C. A permit could be withheld if a company can't show efforts to prevent a spill and policies to clean up and compensate if one does occur.

In a factum filed with the Supreme Court of Canada, the B.C. attorney general says "the heart of the Constitutional questions before this court" is whether B.C.'s authority to protect its own environment can include interfering in a federal project.

See TMX on FP8

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Don't forget, the RRSP deadline is March 2, 2020.



\*This is a combined bonus and regular annual interest rate paid on new deposits made to a CIBC RRSP Daily Interest Savings Account. The bonus and/or regular rates may change at any time without prior notice. The regular interest rate is earned on the full daily closing balance and paid monthly. For eligible accounts opened before the offer period, the bonus rate is earned only on the portion of the account's daily closing balance that exceeds the closing balance on January 1, 2020. For eligible accounts opened during the offer period, the bonus rate is earned on the full daily closing balance. New deposits may not exceed the maximum allowable by law. Bonus interest rate offer expires March 31, 2020. Bonus interest is calculated daily and paid monthly. Other conditions apply.



## ECONOMY

**DEFICIT STRATEGY  
COMES WITH RISKS,  
ANALYSIS FINDS**

**By continuing to post deficits** with no clear deadline for a return to balanced budgets, Ottawa is pursuing a risky strategy that could leave a steep bill for future generations, according to a study by HEC Montreal's Centre for Productivity and Prosperity. In an analysis released Wednesday, the authors concede that the federal government's decision to run deficits from 2015 to 2018 to stimulate growth was



a winning one. However, they say the situation has since changed. "Economic growth is relatively good and there is no recession in sight," said HEC professor Robert Gagné. But at some point, interest rates won't be as low as today, according to the authors. "All it will take is a few percentage points (increase), and the situation could deteriorate quite quickly," Gagné said. *The Canadian Press*



CHRISTINNE MUSCHI / BLOOMBERG

Pilots walk to board a brand-new Air Canada Airbus SE A220-300 aircraft — formerly the CSeries — in Montreal on Wednesday.

## AEROSPACE

**Air Canada's  
new jets  
won't ease  
'Max crunch'**

EMILY JACKSON

TORONTO • **Air Canada** will fly its first commercial flight on an Airbus A220-300 on Thursday, although the made-in-Quebec addition to its fleet isn't expected to ease the capacity crunch caused by the prolonged Boeing 737 Max grounding.

Canada's largest airline showcased the new jet, formerly known as the Bombardier CSeries and built at Bombardier's Mirabel facilities, at a ceremony near Montreal-Trudeau International on Wednesday in advance of the plane's inaugural flight from Montreal to Calgary.

Air Canada plans to add 17 of the fuel-efficient, spacious planes to its fleet by the end of the year, with 11 deliveries expected before the busiest summer season, Mark Galardo, Air Canada's vice-president of network planning, said in an interview.

But the new planes won't boost capacity or replace flights on routes planned for the 737 Max jets, which are bigger than the A220 and thus designated for routes with higher traffic. Boeing's Max fleet was pulled from the skies last March after 346 died in two crashes caused by faulty software. Air Canada has pulled its 24 Max jets from its schedule until at least April 30 as it awaits regulatory re-approval.

Given the design differences — Air Canada's Max 8s have 169 seats and can travel farther than the 137-seater A220 — the airline planned to use them on different routes.

"Before the grounding of the Max, our intention was to have a Max fleet and an A220 fleet co-exist side-by-side," Galardo said. "The A220 is part of our planned deliveries, but it doesn't help us with the Max crunch."

Air Canada first ordered 45 of the new CSeries jets in 2016. The A220 was a "game-changer" given its high efficiency, Galardo said, noting it's the only aircraft designed specifically to seat that many people.

"In our estimation, (the A220) is the best aircraft in its class," he said. Its attributes include larger windows, enough overhead baggage space for every passenger to bring a carry-on with wheels and, at 19 inches, the widest economy seat on the market.

Air Canada was the first North American carrier to place a firm order for Bombardier's struggling aircraft program. In 2018, Bombardier sold control of the program to Airbus, which subsequently boosted sales for a total of about 600 planes.

"Our order came at a crucial juncture in the aircraft's history," Air Canada CEO Calin Rovinescu said at the event. "As the first North American carrier to place a firm order, we helped to put the program on solid footing, encouraging other global carriers to have confidence in placing orders that the aircraft model would survive."

Bombardier CEO Alain Bellemare, who also addressed the gathering, thanked Rovinescu for his commitment "at a time when not too many people believed in the program. This allowed us to re-energize the CSeries."

*Financial Post with files from Postmedia News*

## TELECOM

**Rogers fires up  
Canada's first  
5G network****Customers in  
holding pattern  
for devices**

JAMES MCLEOD

TORONTO • **Rogers Communications Inc.** marked a milestone on Wednesday as the telecom provider officially turned on its wireless 5G network in downtown areas of Toronto, Ottawa, Vancouver and Montreal.

But while Rogers says the next-generation network is now up and running, customers will not be able to access it for some time because devices have not yet been authorized to connect to it.

Officially lighting up the network, however, is a signal to device manufacturers that Rogers is open for business, and ready to work with companies such as Apple and Samsung to ensure 5G devices are compatible with network infrastructure.

In a news release Wednesday morning, Rogers chief executive Joe Natale said that the move toward 5G is as significant as when Rogers first went into wireless cellular networks.

"5G will not only power businesses, it will fuel entire industries and drive Canada's digital future," Natale said in the release.

In an interview with Financial Post, chief technology officer Jorge Fernandes cautioned that those effects would not be immediate.

"Initially people won't really see the difference from a consumer point of view," Fernandes said.

"Keep in mind the first release of 5G will use a non-standalone core. Basically what this means is that 5G will still use the 4G core. But over the next 12 to 18 months, a 5G standalone core will become available, so this is where some of the new capabilities of 5G will be brought to bear."

Telecom providers are excited about 5G because it's much faster than current networks. In addition

to providing much more bandwidth, allowing faster data transfer, 5G promises to eventually allow for much lower latency, reducing the delay from when you press a button on your phone to the time when the cell network sends a response. Fernandes said that eventually the hope is that 5G will enable new services with all manner of internet-connected devices.

Rogers has managed to get a jump on competitors Bell and Telus with the 5G rollout by partnering with Swedish equipment manufacturer Ericsson for its kit.

Both Bell and Telus want to use gear from Chinese manufacturer Huawei, which is considerably cheaper, but national security experts have raised concerns

**INITIALLY  
PEOPLE WON'T  
REALLY  
SEE THE  
DIFFERENCE.**

that the Huawei equipment might create the potential for foreign interference in critical communications systems.

In an emailed statement, Bell director of communications Marc Choma said Bell is also getting ready to launch its own early 5G network later this year once devices become available, but he hinted that the Huawei decision could delay broader rollout.

"Canada has the opportunity to lead the world in 5G if our regulatory environment continues to encourage wireless infrastructure investment," Choma said.

"Policies that hamper or restrict the significant capital investment required will lead to the opposite outcome."

There are already a handful of phones on the market in other parts of the world that offer 5G connectivity, but Rogers says that even if somebody brought one

of those phones to Canada, they won't be able to use the Rogers 5G network yet.

Their SIM cards won't be updated until device-makers are ready to sell their devices here, and the companies can engage in a full-scale marketing push for the next-generation network.

Data plans and a more comprehensive rollout will wait until business partnerships are cemented, and companies start selling their phones in Canada later this year.

Rogers has said by the end of 2020 it intends to offer 5G in 20 Canadian markets, but the full rollout will take years.

Scott Young, infrastructure analyst with Toronto-based research firm InfoTech Research Group, noted that the high-frequency radio spectrum that allows for low-latency 5G won't be made available by the federal government until 2021.

"This puts Canada on track for deploying 5G within the low and mid bands first, and not being able to realize the benefits of the higher achievable speeds of the millimetre wave until later," Young said in an email.

More broadly, Young said some of the hype around 5G is wearing off. While fully-deployed networks may eventually allow for advanced technologies such as autonomous vehicles connected to wireless networks, for now, it mostly just means faster cellphone data.

"Optimism surrounding new generations of technology are common, but when the rubber hits the road, reality sets in," Young said. "The actual difference between newly deployed modern 4G LTE and the first deployments of 5G technology is incremental, not transformational."

In its news release announcing the 5G network launch, Rogers said it was joining a partnership with Vodafone, Verizon, KT, Telstra and América Móvil to discuss 5G issues.

Fernandes said that with a lot of the new capabilities around 5G, there's still a lot of work to be done figuring out how to configure the network, and how to make the capabilities available, especially to large enterprise customers.

For example, if a car company wants its vehicles to connect to the 5G network to help with autonomous driving, standardizing how that will work, and how telecom companies will bill for those services, remains to be finalized.

*Financial Post*

**Complaint alleges privacy  
policy for parties misleading**

## DATA

Continued from FPI

The group is lobbying for changes to the Personal Information Protection and Electronic Documents Act (PIPEDA) to make it explicitly clear that political parties must obey the law.

Before the 2019 federal election, the Liberal government signalled that it intended to overhaul PIPEDA and Innovation Minister Navdeep Bains published a "Digital Charter" document laying out 10 principles that would guide the changes. However, while the Digital Charter included talk about online misinformation and maintaining the integrity of elections, it didn't specifically mention political parties.

When contacted by the Financial Post, the New Democratic Party said it operated within the regulations that apply to political parties and that it was "fully co-operating" with the probe.

The Liberal Party of Canada did not respond to a request for comment, while the Conservative Party of Canada offered no immediate comment.

In an interview, Conservative innovation critic Michelle Rempel Garner said that she supports the idea of regulating how political parties use data, but that it shouldn't happen piecemeal. She said she wants Canadians to have more control over how their data is used in all aspects of life. "We really don't have a good system writ large on this particular issue, and I think we need to start thinking outside the box on how to give Canadians more tools to address that," she said.

New Democrat MP Charlie Angus, said he also supports regulating political parties on data, but he doesn't like the approach of just folding it into PIPEDA.

"There needs to be a specific set of rules for political parties, because it's about democratic engagement," Angus said.

"It's not the same as a commercial transaction, and there are already carve-outs you can get during campaigns to try to reach voters. That being said, how much data we are allowed to keep on voters I think is certainly something that needs to be looked at." Bill Hearn, a lawyer representing CDR,

argues that, in the meantime, politicians should already be obeying those laws.

Conventional wisdom in Canada is that political parties aren't covered by laws like PIPEDA or the Competition Act, because it isn't spelled out in the text of the legislation, but Hearn argues that because they aren't specifically exempted, they're actually covered.

"Many people, smart people, take the view that political parties are somehow in this loophole, this gap, that somehow our laws have not kept pace with the digital world," Hearn said.

"We're actually saying the opposite. It's a mistake, and a dangerous mistake and misconception to say there are no laws."

In the Competition Bureau case, the CDR has assembled a group of six complainants to formally request an investigation, alleging that the privacy policies of the political parties are actively misleading because they give the impression that they are following the law.

"Nowhere in the privacy policies do they talk about the fact that they take the list of electors from Elections Canada, combine it with other information they may scrape from social media platforms, and create almost a digital voodoo doll ... of voters," Hearn said.

"They have a lot of information, a profile on you, and they score you for or against them, and they use that at least to communicate with you, and perhaps do other things."

If political parties were covered by PIPEDA, they would be required to reveal all of the personal information they hold on an individual citizen, if somebody submitted a request. PIPEDA also requires organizations to disclose if they've suffered any sort of privacy breach.

*Financial Post*



Michelle Rempel Garner