

**A Mixed Picture of Terrorism:
Terrorist Threat Perceived as Declining, Yet Ottawa Earns
Failing Grade for Preventing Would-Be Terrorists from
Entering the Country and Panel Calls for Tough Trade and
Investment Prohibitions against Terror-Sponsors like Iran**

**BDO Dunwoody CEO/Business Leader Poll
by COMPAS in the Financial Post
for Publication September 10, 2007**



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1.0. Introduction

The CEOs and business leaders on the COMPAS business panel present a mixed picture of Canada's security situation on the sixth anniversary of 9/11. Panelists perceive the threat of terrorism to be more moderate than in the past. Yet they give the federal government one of its rare failing grades for weakness in preventing would-be terrorists from stepping onto Canadian soil. Meanwhile panelists uncharacteristically call for tough trade and investment prohibitions against terror-sponsoring countries like Iran.

As for the policies and preparations of panelists' companies, panelists are divided broadly into equal-sized groups—those that have made preparations in the event of a terrorist crisis and those that have not.

These are the key findings from the current web-survey of the panel of CEOs and business leaders undertaken for the *Financial Post* under sponsorship of BDO Dunwoody LLP.

2.0. Terrorism Risk Declining in Canada But Ottawa Earns Failing Grade for Preventing Would-Be Terrorists from Entering

The likelihood of a serious terrorism incident in Canada is far lower than last year in the judgment of the business panel, as shown in table 2a. In the view of business panelists, the declining threat is attributable in part to Canada's international efforts to fight terrorism and its bilateral collaboration with the United States, as shown in table 2b. Meanwhile Canada is doing less well at preventing would-be terrorists from stepping onto our soil; on this matter, the federal governments earns one of its rare failing grades.



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Despite the declining probability of a serious terrorism incident affecting Canadian business, a majority of the panel believes that the federal government should have in place a special task force with the mandate to help business recover in the unlikely event of a seriously incapacitating terrorist event, as shown in table 2c.

Table 2a: (Q4) On a 100 point probability scale, what do you estimate to be the probability over the next 12 months of each of the following types of crisis that would be serious enough to require at least a temporary change in how your organization was working? RANDOMIZE

	September 2007	September 2006
A serious health crisis or contagion	24	28 ¹
A serious terrorism incident	22	31
A serious environmental problem	21	23

Table 2b: (Q1) Six years after the 9/11 terrorism attacks, using a 100-point scale, how would you rate the federal government's performance in...

	Mean
Preventing acts of terrorism in Canada	62
In fighting terrorism abroad	62
Working with the U.S. government to keep open the Canada-U.S. border for trade and travel	59
Preventing would-be terrorists from entering the country	49

¹ In 2006, the question referred to "a serious contagion like the bird flu."



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Table 2c: (Q2) Canada has emergency task forces to help the wpublic in the case of health scares such as SARS. Should we have a similar task force to help business recover in the event of a serious terrorist act? How much do you agree on a 7 point scale where 7 means agree strongly and 1, the opposite?

Mean	7	6	5	4	3	2	1	DNK
4.7	18	20	18	16	8	8	8	3

Some verbatim comments:

In many respects our entry requirements are more difficult [than the Americans'] and it is notable, some U.S. prejudices notwithstanding, that terrorists get into the U.S. via the U.S. not Canada. That said, greater harmonization may well be desirable, but not just to please the U.S. if the result is that more terrorists start using Canada as the point of entry for the U.S., as we would still get blamed.

I fear that we recently imported possible terrorists from Lebanon as a result of Israeli-Hezbollah conflict. I hope I am wrong, but they did not seem like they were favourable to Canada.

Canada has done little to seriously curtail immigration of undesirables. The only reason we have not had a serious terrorist incident is because we are perceived to be a soft permeable target for entry to the USA. A terrorist attack might force us to tighten up and close that hole.

Our present Government is taking the terrorist issue much more seriously than the previous Government. It is clear that we have a threat living in our midst that to date has been very clever. We must recognize that the National, narcissistic "holier than thou" culture that took root under the previous Government should not continue to prevail.



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The previous government seemed not to be on the same page as the U.S. ... To reduce the potential for friction between Canada and the USA, we should work to get to a mutually satisfactory position as soon as possible. Again, we should keep in mind the significant level of trade between our countries. To make the U.S. more comfortable with Canada, we should take steps that get us to that position.

The recent disclosures by Sun Media about their intrusion into restricted areas at Dorval Airport (Montreal - now Trudeau Airport) are frightening... Canada appears to allow people into the country in inverse proportion to their desirability as immigrants.

3.0. Canada Should Take Tough Line on Trade and Business with Terrorist States

Normally strong advocates of free trade and minimal governmental intervention in business affairs, business panelists take a tough line on relations with terror-sponsoring states like Iran. The overwhelming majority favour prohibiting investments or loans involving these countries, as shown in table 3. A decided majority favours banning all trade.



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Table 3: (Q5) Please indicate how much you agree with the following opinions about trading with countries like Iran, which are perceived as publicly advocating terror and providing covert arms support to terrorists. On a 7 point scale where 7 means strongly agree and 1, the opposite, how much do you agree with the opinion that RANDOMIZE

Canadian companies and individuals should not be allowed to invest or lend money to states that sponsor terrorism								
Mean	7	6	5	4	3	2	1	DNK
5.8	55	14	11	8	2	7	3	1
All trade with terrorist countries and their businesses should be prohibited								
Mean	7	6	5	4	3	2	1	DNK
5.1	42	11	10	9	11	10	6	1
Trade with the governments of terrorist countries should be prohibited but business trade allowed								
Mean	7	6	5	4	3	2	1	DNK
3.0	4	10	16	10	7	13	37	3
All trade should be allowed with terrorist countries that is not of an overtly military nature (e.g. no military vehicles or small arms)								
Mean	7	6	5	4	3	2	1	DNK
2.8	7	8	9	10	8	16	42	1

4.0. Half of Firms Have Given No Consideration to Preparedness

About half of companies have not discussed making preparations for a potential crisis involving terrorism, a serious contagion, or an environmental crisis, as shown in table 4a. Meanwhile, according to panelists, firms are about



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equally divided with respect to whether they have undertaken any preventive planning with an eye on a potential terrorism crisis, as shown in table 4b.

Table 4a: (Q3) Does your own company have a plan for decentralized operations as a protection in the event of a terrorist attack, serious contagion, or environmental crisis? [TRACKER JULY 18 2005] [ROTATE POLES]

	September 2007	September 2006	July 2005	November 2001
The company hasn't discussed the subject	47	46	65	59
Company operations are already decentralized	29	23	21	24
The idea of a crisis plan has been discussed but no decision has been made	12	16	6	15
The company adopted a crisis plan but it has not yet been implemented	6	6	4	2
Don't know or no opinion	6	9	5	NA



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Table 4b: (Q6) Thinking of Canadian businesses with international interests, how have their strategies or plans changed since 9/11 insofar as you can tell?(In Percent)

	Initial Coding of Responses	Non or Low Action Categories Combined
Definite Increased security/awareness of risks/cross-country monitoring/restrictions on travel	40	40
Small or negligible changes involving business patterns or security preparedness	26	40
No changes whatsoever	14	
Other	15	15
Don't know or can't tell	6	6

5.0. Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted September 5 – 7, 2007. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of 120 are deemed accurate to within approximate 9.0 percentage points 19 times out of 20. The principal and co-investigator on this study are Conrad Winn, Ph.D. and Tamara Gottlieb.

