

INTERNAL TRADE IN CANADA: A MATTER OF NATIONAL IMPORTANCE

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CANADIAN CHAMBER OF COMMERCE

- Canada's leading business organization, with over 170,000 members across the country
- The strength of a national organization with over 350 community chambers and boards of trade in all provinces and territories
- A focus on public policy advocacy on issues of critical interest to business with a goal to foster a strong, competitive economic environment that benefits all Canadians

CANADA'S ECONOMIC CLIMATE: FISCAL POLICY

Deficit financing has been eliminated

This provides the opportunity to develop a fiscal policy agenda that focuses on:

- debt reduction
- developing a competitive tax system (personal, payroll and corporate)
- developing a strategy for managing government spending

CANADA'S ECONOMIC CLIMATE: TRADE POLICY

Liberalization of trade is a policy priority

- Both federal and provincial governments are recognizing the importance of international trade
- Canada's market size demands it
- Rules-based trading regimes such as WTO, NAFTA, GATT have enhanced our global opportunities
- FTAA will provide further opportunities

CANADA'S ECONOMIC CLIMATE: INTERNAL TRADE

- Interprovincial trade is important for our economic growth, accounting for 20% GDP

- International trade has outgrown interprovincial trade, accounting for more than 45% of GDP
- Canadian businesses are finding growth opportunities in international markets

INTERPROVINCIAL BARRIERS

- Barriers to trade, investment and mobility exist
- Barriers have a negative impact on the ability of Canadian firms to grow within Canada
- Even the perception that barriers exist will have a negative impact on business decisions to invest and expand

INTERPROVINCIAL TRADE MATTERS FOR BUSINESS

At the time of the AIT signing, the CCC commissioned a survey of businesses throughout the country

- 95% responded that interprovincial trade was important for their provincial economies
- 79% responded that interprovincial trade was important for their company operations

INTERPROVINCIAL MOBILITY MATTERS FOR BUSINESS

- Business is concerned that economic growth will outpace natural growth of the labour force
- Skills shortages is a significant concern for many industries and regions
- Qualification / certifications need to be recognized across jurisdictions

CHALLENGES OF A WEAK ECONOMIC UNION

- Loss of efficiency
- Forgo the economies of scale necessary to compete globally
- Not attractive to foreign direct investment

COMPETITIVE IMPLICATIONS

- Canada's emergence as a leader in the global economy will only be realized when we capitalize on the full economic potential of our coun-

try

- To achieve this potential, Canada's domestic economy must be open, efficient and stable
- Clear, enforceable rules are necessary to eliminate barriers to trade, investment and mobility

AGREEMENT ON INTERNAL TRADE

- The Canadian Chamber has been supportive of the *Agreement* and its fundamental principles
- The *Agreement* is a positive approach to a rules-based regime for Canada's domestic market
- The Committee of Ministers on Internal Trade has not displayed a determined commitment to implementing the *Agreement* and making it work
- A new impetus is needed to turn this political agreement into part of Canada's economic policy

UNFINISHED BUSINESS

Many obligations are still outstanding

- **Energy** ministers to complete the energy chapter by July 1995 - not yet completed
- **Agriculture** ministers to review and expend the agriculture chapter in 1997 - not yet complete
- **Transportation** standards to be harmonized and lead the national harmonization - progress is slow
- Provincial reporting standards for companies are still different across jurisdictions

DISPUTE RESOLUTION PROCESS

- Dispute resolution process is difficult to access and engage
- AIT process has been unable to resolve complaints and eliminate barriers
 - Coloured Margarine
 - Public accounting in Ontario
 - Construction labour
- This is especially problematic for SMEs with limited resources to pursue complaints

MOVING FORWARD

- Complete the outstanding AIT obligations
- Amend the decision-making process
- Increase the enforceability of the rules
- Improve awareness of internal trade issues

AMEND THE DECISION-MAKING PROCESS

- Consensus decision-making allows for stalemate
- Majority rule would encourage consensus and allow for progress

IMPROVE THE ENFORCEABILITY OF THE AGREEMENT

- Rules are not useful unless they are enforceable
- Dispute resolution process is not accessible or effective
- This especially true for SMEs who lack the resources and time to engage the process

INCREASE AWARENESS

- Greater information on internal trade and the *Agreement* is needed for public, business and policymakers
- Develop quantitative data to define the problem and raise awareness

NOT JUST GOVERNMENTS

- All parties have a role in enhancing trade and mobility in Canada
- Business must continue to identify barriers and promote their elimination

Canadian Chamber of Commerce
Canada's Largest and Most Representative
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