



THE AGREEMENT ON INTERNAL TRADE



On July 18, 1994, the 10 provinces, two territories and the federal government signed the Agreement on Internal Trade, which came into effect on July 1, 1995. The Agreement addresses policies and programs that restrict trade or reduce the mobility of people, goods, services and investments between provinces.

THE AGREEMENT ON INTERNAL TRADE PROVIDES:

- **SIX GENERAL RULES** which prevent governments from erecting new trade barriers and which require the reduction of existing rules in areas covered under the Agreement;
- **SECTORAL CHAPTERS** outlining specific obligations in 10 economic sectors — such as government purchasing, labour mobility and investment — that cover most economic activity in Canada;
- **INSTITUTIONAL PROVISIONS** to establish the structure for the effective operation of the Agreement;

- **DISPUTE RESOLUTION PROCEDURES** that are accessible to individuals and businesses as well as governments; and
- **A COMMITMENT** to further liberalize trade through continuing negotiations and specific programs.

GENERAL RULES

The Agreement sets out six general rules which prevent governments from maintaining trade barriers and which provide for the harmonization or reconciliation of government regulations:

1 Reciprocal non-discrimination

Governments must treat people, goods, services and investments from other provinces at least as well as they treat their own.

2 Right to entry and exit

Governments must not adopt or maintain barriers which prevent or restrict people, goods, services and investments from entering or leaving a province.

3 No obstacles

Governments must ensure that their policies and practices do not create obstacles to internal trade.

4 Legitimate objectives

The Agreement recognizes that a government may have to deviate from the general rules for legitimate reasons, such as public safety or environmental protection. Measures taken to achieve a legitimate objective must minimize trade restrictions as much as possible and must not create disguised trade barriers.

5 Reconciliation of standards

Governments must reconcile their standards and regulations on a range of issues outlined in the Agreement.

6 Transparency

Government acts, regulations and policies affecting trade must be readily available to interested businesses, individuals and governments. To this end, governments have identified a specific person or office where businesses and individuals can obtain information about their policies affecting domestic trade.

INSTITUTIONAL PROVISIONS

The following institutional structure has been established for the effective operation of the Agreement:

THE COMMITTEE ON INTERNAL TRADE

This is the committee of cabinet ministers responsible for the implementation and operation of the Agreement.

THE INTERNAL TRADE SECRETARIAT

The Internal Trade Secretariat, based in Winnipeg, provides administrative and operational support to the Committee on Internal Trade and any working groups and sub-committees that it establishes.

DISPUTE RESOLUTION PROCEDURES

Although the Agreement anticipates that the main avenue for resolving disputes will be discussion and negotiation, a formal dispute resolution process has been established. Governments, private companies or individuals can lodge complaints.

GOVERNMENT-TO-GOVERNMENT DISPUTES

The government-to-government dispute resolution process involves consultation, assistance from the Committee on Internal Trade, and finally reference to an impartial panel for review. The result of such a review will be made public, providing a strong incentive for governments to comply with panel rulings.

PERSON-TO-GOVERNMENT DISPUTES

Persons or companies may request the assistance of a government to pursue their case. The process involves consultation initially, with ultimate recourse to a panel. Where a government is not prepared to act on behalf of a complainant, the latter may take steps to establish a panel, provided that an independent screener rules that the case is not frivolous. In most cases, the first point of contact will be a provincial government official. The federal government may initiate dispute settlement procedures on behalf of a private party only if the party suffers discrimination because it is a federally incorporated or regulated entity.

COSTS

Governments are responsible for their own costs of pursuing disputes. Panels can, however, award costs — but not damages — to private companies or individuals.

KEY MEASURES

GOVERNMENT PROCUREMENT

Governments have agreed to establish a framework which will ensure equal access for all Canadian suppliers to government procurement contracts for goods or services. Discrimination against suppliers in other provinces is prohibited and governments must make opportunities known.

INVESTMENT

Governments have agreed to a code of conduct which prohibits special incentives to businesses to relocate from other provinces. Grants to assist businesses to undercut competitors from other provinces are also prohibited.

TRANSPORTATION

Governments have agreed to reconcile differences in regulations relating to the operation of commercial vehicles. These include measures relating to safety standards, weights and dimensions, bills of lading, tax administration and operating authority requirements for extra-provincial trucking.

LABOUR MOBILITY

Governments have agreed to recognize the qualifications of workers from other provinces and to reconcile differences in occupational standards.

CONSUMER-RELATED MEASURES AND STANDARDS

Governments have agreed to cooperate in the enforcement of consumer protection laws. They have agreed to harmonize legislation and to standardize regulations for direct selling and the disclosure of cost of credit.

AGRICULTURAL AND FOOD PRODUCTS

Governments have agreed to harmonize standards in areas such as the grading and inspection of meat, the production of organic food and the registration procedures for breeding livestock.

FUTURE NEGOTIATIONS

The 10 provinces, two territories and the federal government have made provisions for the future negotiation of measures deemed appropriate for inclusion in the Agreement on Internal Trade.

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