



THE CANADIAN CHAMBER OF COMMERCE

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# **Obstacles to Free Trade in Canada: A Study on Internal Trade Barriers**

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## Background

Since Confederation, Canadians have been concerned about the ability of the free market to produce economically and socially acceptable results. Barriers to internal trade exist due to the nature of Canadian federalism, which assigns economic and regulatory powers to federal, provincial and territorial jurisdictions. In many cases, barriers are a result of provincial jurisdictions exerting their autonomy over economic and social policies.

Internal trade barriers increase the costs to both businesses and consumers and negatively impact the competitiveness of the Canadian economy. An earlier study of the Canadian Chamber of Commerce concluded that businesses receive no benefit from barriers to trade.<sup>1</sup> By creating closed provincial economies, inter-provincial trade barriers foster business practices that hinder the competitiveness of the Canadian economy. Barriers to trade encourage businesses to make strategic decisions based on the shelter provided by these barriers, rather than growing their business to compete internationally, creating in effect artificially sheltered small economies. In an age of globalization, Canadian businesses need to operate in a domestic environment where they can grow to a point where they can compete internationally.

The provincial, territorial, and federal governments have taken steps to eliminate barriers to trade. In 1994, the provincial, territorial, and federal governments signed the *Agreement on Internal Trade* (AIT), which took effect on July 1, 1995. The objective of the AIT is for the federal, provincial and territorial levels of government to work together to reduce and eliminate barriers to the free movement of persons, goods, services and investments within Canada, and to establish an open, efficient and stable domestic market. Further measures included the establishment of the *Internal Trade Secretariat*, which was given the mandate to oversee, support and report on the progress of the implementation of the AIT.

Implementation of the AIT has been unduly slow for a number of reasons, including a lack of sustained political will by the signatories to the agreement, an unenforceable dispute resolution process, and the inadequate level of resources dedicated to implementing the agreement. However, there appears to be a renewed political will, through the Council of the Federation, to implement the AIT. The Council of the Federation was initiated by provincial and territorial leaders at their annual meeting in July 2003; the Council became an official body in December 2003. The mandate of the Council of the Federation is to strengthen provincial and territorial collaboration by initially focusing on areas of common interest such as health care, internal trade and the fiscal imbalance. The Council of the Federation has developed a workplan<sup>2</sup>, with clear objectives and deliverables, to fully implement the AIT. The Canadian Chamber is encouraged by the Council of the Federation commitment to implementing the AIT. However, there must be sustained political will and resources dedicated by all Council members in order to fulfill the AIT requirements.

## Introduction

In order to assist the efforts of provincial and territorial governments in implementing the AIT, the Canadian Chamber of Commerce conducted an information gathering exercise with its members over the

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<sup>1</sup> D’Cruz, Joseph, “*Interprovincial Trade Barriers and Canadian Competitiveness: Report on a Survey by the Canadian Chamber of Commerce*”, November 1992.

<sup>2</sup> The Council of the Federation Internal Trade Workplan can be found at:  
[http://www.councilofthefederation.ca/pdfs/cof\\_workplan\\_e.pdf](http://www.councilofthefederation.ca/pdfs/cof_workplan_e.pdf)



summer of 2004 to identify barriers to trade. The provincial and territorial governments have identified the elimination of trade barriers as a priority in their efforts to improve the state of Canadian federalism. Too often, federal, provincial and territorial governments cite the lack of information regarding trade barriers as reason for inaction. Efforts are currently being made, through the newly formed Council of the Federation, to fully implement the AIT and identify and resolve existing trade barriers.

The Canadian Chamber of Commerce has long advocated for the removal of barriers to conducting business. Barriers to trade cover a broad spectrum and include the following: different regulatory standards between jurisdictions, labour mobility barriers, and, local preference for government procurement. Based on the Questionnaire results, the most common barrier to trade was regulatory differences between federal, provincial and territorial jurisdictions. For many larger firms (more than 100 employees) regulatory compliance represented an added cost to doing business, for small businesses (less than 100 employees), regulatory burden was cited as a factor for not expanding their operations into other provincial or territorial jurisdictions. This is worrisome, given the fact that small businesses represent 95% of the total businesses in Canada and employ approximately 65% of the Canadian workforce.

### **General Observations**

Based on the input received from the Questionnaire, barriers to trade do exist within Canada, costing Canadian businesses time and money, hampering productivity and ultimately the competitiveness of the Canadian economy. Over half of the companies that have encountered a trade barrier did not proceed to operate in that jurisdiction. This suggests that barriers to trade discourage business. Barriers to trade are not unique to any industry or to any particular province, territory, or region of Canada.

Of the 106 responses received, 37 companies have experienced barriers to trade within Canada. Further, of the respondents that operate in more than one province, 42% have encountered some form of a barrier. Most common barriers include complying with multiple sets of regulations, different licensing requirements, labour mobility barriers, local preferences for procurement, and local presence requirements.

### **Conclusions**

- Barriers to trade add to the cost of conducting business and discourage some businesses, especially small and medium sized businesses, from doing business in more than one jurisdiction. This in turn negatively impacts the competitiveness of Canadian businesses and the economy and thus limits the standard of living of Canadians.
- The Canadian Chamber of Commerce *Internal Trade Questionnaire* demonstrated that the most common barriers to trade were overlapping of regulations between jurisdictions, multiple licensing requirements, and local preferences in awarding government contracts.
- Having to comply with multiple, but similar, sets of regulation increases the cost to business and represents a barrier for small firms who do not have the capacity to dedicate resources to ensure compliance.
- The local preference requirement in awarding government contracts creates closed economies and does not ensure that taxpayers receive the best value for their tax dollars and inhibits competitive businesses from expanding their operations.



## Recommendations

The Canadian Chamber of Commerce recommends:

- The federal, provincial and territorial governments use this study as a starting point for an investigation and identification of existing government practices that discourage trade and the efficiency of the Canadian economy.
- The federal, provincial and territorial governments must work together to fully implement the *Agreement on Internal Trade* and resolve the identified barriers to trade, in order to ensure an economy where Canadian companies can grow and operate where they choose.



## **Internal Trade Barrier Study Information**

### **Points of Interest**

- Smaller firms of less than 50 employees were more likely not to proceed in operating in the province in which they have encountered a barrier to trade.
- Large companies, more than 500 employees, were more likely to work with the government to resolve the barrier than smaller companies.

### **Specific priorities of the respondents in terms of the removal of trade barriers:**

#### **Regulation**

- Achieve alignment in issues such as construction safety programs recognition and other such programs and regulation/permit issues.
- Harmonize regulations that affect vehicle requirements.
- Harmonize reporting at the provincial level (e.g. environmental reporting)
- Focus on an effective series of national regulations in the food industry to deal with composition, labelling and sale.
- Attain consistency in weights and dimensions (trucking), worker's compensation, safety measures and ratings.
- Standardize equipment regulations, for industrial equipment, across all jurisdictions. This would significantly lower the costs to contractors and owners and would encourage increased "flow" which would increase efficiency and lower cost to the user/contractor and ultimately to the project owner.

#### **Licensing**

- Need for consistent licensing is a huge issue in the securities and investment industry as well as for companies looking to get listed on stock exchanges. Also very difficult under the current system if a client moves to another province that where the broker is not licensed to hold multi provincial licenses.
- Eliminate need for domestic wine producers to sell through provincial liquor boards.
- Equalize trade mark-up in Ontario, Improve distribution (wine) opportunities in Ontario.
- Establish a national system for the authorization of professional engineering companies.
- Allow provincially registered meat plants to trade inter-provincially.
- Mutually accept corporate registries and generally acceptable engineering and inspection standards.
- Unify the national standards for training of employees and licensing, regulations and code interpretation.
- Allow all provincially or federally registered and incorporated companies to operate freely in all jurisdictions. Professionals registered in one province (i.e. engineers, geologists, geoscientists, architects, etc.) should be able to work within all jurisdictions without further registration requirements provided they are fully informed of the local provincial requirements for operations in that jurisdiction.
- Develop a national teacher certification body.



## Examples of Internal Trade Barriers

### COMPANIES WITH MORE THAN 500 EMPLOYEES

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
More than 500	NB, QC, ON, MB, AB, BC	Manufacturer- automotive	Worked with the provincial government to resolve the barrier.	Not measured
<b>Barriers to trade:</b> <ul style="list-style-type: none"> <li>• Non-harmonized recycling programs for similar products in different provinces</li> <li>• Unique regulations for cost of credit, privacy, advertising, labelling</li> <li>• Contest rules differences between jurisdictions</li> <li>• Different insurance requirements between jurisdictions</li> </ul>				

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
More than 500	All jurisdictions	Service provider and distribution-pharmaceuticals	Accommodated the provincial requirements and proceeded to operate in the province. Worked with the provincial government to resolve the barrier.	\$10-\$20 million
<b>Barriers to trade:</b> <ul style="list-style-type: none"> <li>• Prevention of using market pricing from one province to the next through “lowest price” only government policies.</li> <li>• Free movement of drugs between pharmacies located in various provinces for the purpose of supplying US patients through US pharmacies is a diversion of sorts of the free movement of goods between provinces (also illegal to act as wholesaler unless they have an establishment license).</li> </ul>				



Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
More than 500	MB, SK, AB, BC	Service provider-financial services	Accommodated the provincial requirements and proceeded to operate in the province.	Not measured
<b>Barriers to trade:</b> <ul style="list-style-type: none"> <li>• Securities licensing requirements in each province.</li> <li>• Capital tax differences for each province.</li> </ul>				

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
More than 500	All jurisdictions	Service provider-Banking and investment services, insurance	Accommodated the provincial requirements and proceeded to operate in the province or territory.	Not measured
<b>Barrier to trade:</b> <ul style="list-style-type: none"> <li>• Securities licensing requirement in each province and territory.</li> </ul>				

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
More than 500	QC, ON, MB, SK, AB, BC	Service provider-transportation	Accommodated the provincial requirements and proceeded to operate in the province or territory. Did not proceed to operate in the provincial jurisdiction. Worked with the province to resolve the barrier.	Not estimated
<b>Barriers to trade:</b> <ul style="list-style-type: none"> <li>• Rail transportation is a federally regulated activity. Operating standards, therefore, are harmonized.</li> <li>• Differences in provincial taxation represent a barrier, as the cost of moving traffic from one province to another province may pass through a third province that has a much higher taxation scheme than either the originating or terminating province. The competitiveness of the customer in their markets, therefore, is adversely affected by the tax regime of a province in which the business and its customers are not resident.</li> </ul>				



Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
More than 500	NF	Service provider and manufacturer-petroleum refining	Did not proceed to operate in the provincial jurisdiction.	Not estimated
<b>Barrier to trade:</b>				
<ul style="list-style-type: none"> <li>Provisions in the <i>Coasting Trade Act</i> such as residency requirements for crew members.</li> </ul>				

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
More than 500	NS, NB, QC, ON, MB, SK, AB, BC, YK, NT	Service provider-transportation	Accommodated the provincial requirements and proceeded in operating in the province or territory. Did not proceed to operate in the provincial or territorial jurisdiction. Worked with the province or territory to resolve the barrier.	\$240,000
<b>Barrier to trade:</b>				
See Appendix A				

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
More than 500	All jurisdictions	Service provider-construction management	Accommodated the provincial or territorial requirements and proceeded to operate in the province or territory.	Not estimated.
<b>Barriers to trade:</b>				
<ul style="list-style-type: none"> <li>NWT rules and regulations whereby local resident contractors are given bid preference (construction) over out of province contractors. Part of the awarding of contracts involves stipulating target amounts of local content for labour, materials, equipment and tools being supplier to the project.</li> <li>In provinces like BC where there are publicly-funded insurance programs increased insurance costs are incurred. A company's fleet is insured on the basis of a composite rate for the entire fleet. In BC the ICBC program is mandatory. To level the playing field, those provinces with publicly-funded insurance programs should allow companies to opt out of the public program once the company has provided the government with verification of satisfactory insurance coverage.</li> <li>Mobility of construction workers between Ontario and Quebec.</li> <li>Different taxation regimes in different provinces.</li> <li>Non-recognition of BC captive insurance companies in other provinces.</li> </ul>				



Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
More than 500	QC, ON, AB, BC	Service provider-legal services	Accommodated the provincial requirements and proceeded to operate in the province.	Not estimated.
<b>Barrier to trade:</b> <ul style="list-style-type: none"> <li>Different taxation regimes in different provinces. Non-recognition of BC captive insurance companies in other provinces.</li> </ul>				

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
More than 500	All jurisdictions	Manufacturer-consumer products	Accommodated the provincial or territorial requirements and proceeded to operate in the province or territory. Did not proceed to operate in the provincial or territorial jurisdiction. Worked with the provincial or territorial government to resolve the barrier. See no need to fully adhere with the regulatory barrier because of the discretionary use of the regulation(s) by the provincial or territorial governments. Proceeded conducting business regardless of the regulation (s) because the company has a different legal interpretation of the regulation. Filed a complaint under the <i>Agreement on Internal Trade</i> (AIT).	\$2 million 1000 hours
<b>Barriers to trade:</b> <ul style="list-style-type: none"> <li>Many of these rules are, deliberately or curiously, inconsistent with the federal government's enactments in the <i>Food and Drugs Act</i>.</li> <li>Product requirement (or limits) imposed in the food sector designed to favour or support a particular agriculture sector impeding a national market.</li> </ul>				



Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
More than 500	AB, BC, YK, NT	Service provider and distribution-rental equipment	Accommodated the provincial or territorial requirements and proceeded to operate in the province or territory. Did not proceed to operate in the provincial or territorial jurisdiction. Worked with the provincial or territorial government to resolve the barrier.	Not estimated

**Barriers to trade:**

- Movement of labour, trades in particular (compounded by lack of consistency with unions in different jurisdiction).
- Safety and environmental (result in increased cost primarily due to need for provincial “specialists” i.e.: duplication/replication).
- Equipment movement: e.g.: in mining...regulations may make it difficult to move equipment from B.C. to Alberta.
- Transportation: load regulations, etc. Can move a large load from Mexico to Fort McMurray in one piece. If it had to cross into B.C., it would require breakdown!
- Environmental: standards vary dramatically for things like ground water and land access.
- Taxation: requires detailed administration and documentation for equipment that works in more than one jurisdiction.

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
More than 500	QC, ON	Service provider-Engineering services	Did not proceed to operate in the provincial jurisdiction.	\$20,000 250 hours

**Barrier to trade:**

- Provincial law number 17 for the province of Ontario. Impossible to get contracts from the province of Ontario and municipalities.



Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
More than 500	All jurisdictions	Manufacturer-Forest products	Accommodated the provincial or territorial requirements and proceeded to operate in the province.	Not Estimated

**Barrier to trade:**

- Trucking: Each province has its own rules and regulations with respect to motor vehicle weights and dimensions. For example, the length of a closed van, the number of axles on the ground and the weight that the trailer can carry varies between jurisdictions. A shipper moving product from the Maritimes to Toronto must load to the lowest common denominator to ensure that the load is not over weight in any jurisdiction.

**COMPANIES WITH BETWEEN 100-500 EMPLOYEES**

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
100-500	AB, BC, YK	Service provider-forestry	Did not proceed to operate in the provincial or territorial jurisdiction.	Not estimated

**Barrier to trade:**

- The NWT has specific procurement requirements that bidder companies must be resident and active in the NWT in order to be eligible to bid. Further to that are northern preference policies that provide additional financial offset benefits to northern and local companies.

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
100-500	NF, NS, NB, QC, ON, MB, AB, BC	Service provider-IT	Accommodated the provincial requirements.	\$10,000 80 hours

**Barrier to trade:**

- Language requirements, different interpretation of privacy laws.



Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Between 100-500	NF, NS, NB	Service provider-oil and gas, mining, telecom	Try and work the issue at a political level to get the interference in bidding practice reduced.	Not measured

**Barrier to trade:**

- Mostly local preference policy at many levels of government who try to impose this on clients. Different policy around safety programs not being equal from province to province - having to adjust internal management systems to fit the different jurisdictions.

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Between 100-500	All jurisdictions	Manufacturer-wine	Accommodated the provincial or territorial requirements and proceeded to operate in the province.	Not estimated

**Barriers to trade:**

- Higher mark up tax in Ontario.
- Restricted access to listing in provinces outside BC especially Ontario.
- Zero access to private wine store distribution in Ontario.

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Between 100-500	ON, AB	Service provider-mining and agriculture	Did not proceed to operate in the provincial jurisdiction.	Not estimated

**Barrier to trade:**

- Required to establish an operation in Saskatchewan in order to bid on work in that province.
- In order to work in Quebec, had to be 10% better in price than Quebec contractors.



## COMPANIES WITH BETWEEN 50-100 EMPLOYEES

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Between 50-100	NS, NB, ON, SK	Service provider-professional services (architecture)	Did not proceed to operate in the provincial jurisdiction (QC).	\$10,000/project
<b>Barrier to trade:</b> <ul style="list-style-type: none"> <li>Architects are required to be licensed in each jurisdiction in which they operate.</li> </ul>				

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Between 50-100	ON, SK, AB, BC, YK, NT	Manufacturer-steel fabrication	Accommodated the provincial or territorial requirements. Worked with provincial or territorial government to resolve barrier	\$25,000-\$100,000 50 to 300 hours
<b>Barriers to trade:</b> <ul style="list-style-type: none"> <li>Inter-provincial corporate registration.</li> <li>Variations in highway specifications requiring inspection costs for out of province professionals.</li> </ul>				

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Between 50-100	MB, SK, AB, BC, NT	Processor-meat	Did not proceed to operate in the provincial or territorial jurisdiction.	\$10 million a year in lost sales.
<b>Barrier to trade:</b> <ul style="list-style-type: none"> <li>Multiple levels of meat inspection, provincial and federal.</li> </ul>				



## COMPANIES WITH LESS THAN 50 EMPLOYEES

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Less than 50	NB	Commercial construction	Accommodated the provincial requirements. Did not proceed to operate in the provincial jurisdiction.	Not estimated

### Barriers to trade:

- An engineer licensed in Quebec was not able to directly transfer his license to New Brunswick and had to go through several months of paperwork and additional testing to become licensed in the province of New Brunswick.
- A company looking into constructing and owning a building in Quebec in order to lease to an existing client was required to obtain the services of a Quebec-based construction company, architect, engineer... in order to proceed. Whereas they frequently build and own in Nova Scotia without a problem.

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Less than 50	NS, NB	Service provider and manufacturer-forestry	Accommodated the provincial requirements.	100 hours

### Barrier to trade:

- Trucking regulations in different provinces cause problems. Not all trucks can travel in New Brunswick and PEI with certain forestry products.

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Less than 50	BC	Manufacturer-wine producer/wholesaler	Accommodated the provincial requirements and proceeded to operate in the province.	\$50-\$100,000

### Barrier to trade:

- Provincial government liquor control monopolies have extremely high markups making the retail price unattractive. These monopolies inhibit the access to specialty or small volume retail channels as the provincial government liquor control agencies are extremely slow to act.



Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Less than 50	NB, ON	Service provider-Professional engineering services	Accommodated the provincial requirements and proceeded to operate in the province. Did not proceed to operate in the provincial jurisdiction	\$2,500 16 hours

**Barriers to trade:**

- Provincial regulations require engineering companies to obtain and maintain *Certificates of Authorization* to practice professional engineering in their respective provinces. There is not a national system to allow free interchange of engineering services. This involves up front expenditures and time to make the application, prove suitability and obtain the required certificate.
- In addition, there are ongoing payments of annual fees to maintain status. The fee schedules are heavily weighted to favour larger organizations because costs are not related to the number of employees or engineers involved. This makes it very costly for those in private practice and small companies. Similarly, engineers have to pay annual dues to each province where they practice.

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Less than 50	ON, MB, AB, BC	Manufacturer-grape grower and wine producer	Did not proceed to operate in the provincial jurisdiction	Not measured

**Barriers to trade:**

- Listing application restriction.
- No reciprocal direct delivery in Ontario.



Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Less than 50	PEI	Service provider-Geomatics	Did not proceed to operate in the provincial jurisdiction. Filed a complaint with provincial governments.	\$200,000

**Barriers to trade:**

- Quebec - required an establishment in Quebec in order to qualify to bid on work in the province.
- Saskatchewan - required having a Saskatchewan surveyor on staff in order to conduct work in Saskatchewan.
- Alberta, British Columbia, and Ontario - provincial governments do not advertise their work nationally.

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Less than 50	BC	Service provider-hospitality	Did not proceed to operate in the provincial jurisdiction.	Not estimated

**Barrier to trade:**

- Cannot get Ontario wines in BC. It is much easier to get wines from outside of Canada.

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Less than 50	BC	Manufacturer-wine	Did not proceed to operate in the provincial jurisdiction.	Not estimated

**Barrier to trade:**

- Individual provincial liquor boards and regulations seriously inhibit distribution of BC wines outside of BC. It's worse than trying to "export" outside the country.



Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Less than 50	NS, NB	Service provider and manufacturer-construction	Did not proceed to operate in the provincial jurisdiction. Saw no need to fully adhere with the regulatory barrier because of the discretionary use of the regulation by the provincial government.	Not estimated

**Barriers to trade:**

- Labour/employee accreditation not being honoured or recognized.
- Differing regulations and/or interpretations of national code.

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Less than 50	NB, NS, QC, AB	Service provider-multi media	Did not proceed to operate in the provincial jurisdiction.	Not estimated

**Barrier to trade:**

- Local preference in awarding of a contract.

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Less than 50	NB, ON, AB	Service provider and manufacturer	Did not proceed to operate in the provincial jurisdiction.	Not estimated

**Barrier to trade:**

- Looked at a project in Quebec, after bidding process was informed that the bid was not considered because the company did not have a Quebec presence.

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Less than 50	All jurisdictions	Manufacturer-wine	Accommodated the provincial or territorial requirements and proceeded operating in the province.	Not estimated

**Barriers to trade:**

- Higher mark up tax in Ontario.
- Restricted access to listing in provinces outside BC especially Ontario.
- Zero access to private wine store distribution in Ontario.



Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Less than 50	ON	Manufacturer-consulting	Did not proceed to operate in the provincial or territorial jurisdiction.	Not estimated
<b>Barriers to trade:</b> <ul style="list-style-type: none"> <li>• Requirements for professional registration.</li> <li>• Geoscience professionals are not transferable from one province to another.</li> <li>• Where transferable an extra levee or membership fee is applied.</li> </ul>				

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Less than 50	All jurisdictions	Service provider-education	Did not proceed to operate in the provincial jurisdiction	Not estimated
<b>Barrier to trade:</b> <ul style="list-style-type: none"> <li>• Teacher certification by province.</li> </ul>				

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Less than 50	NB	Service provider-construction	Accommodated the provincial or territorial requirements and proceeded to operate in the province or territory.	\$1,500
<b>Barrier to trade:</b> <ul style="list-style-type: none"> <li>• Can't do construction projects in Quebec.</li> </ul>				

Company size (number of employees)	Jurisdiction of operations	Nature of business and industry	Action taken	Cost of barrier on a yearly basis
Less than 50	QC, ON	Service provider-Insurance broker	Accommodated the provincial or territorial requirements and proceeded to operate in the province or territory.	Not estimated
<b>Barriers to trade:</b> <ul style="list-style-type: none"> <li>• Different laws that affect the insurance industry.</li> <li>• Different insurance broker permits between the provinces of Ontario and Quebec.</li> </ul>				



## Appendix A: Additional trade barrier information

### 1. Legislative areas that potentially impact inter-provincial business:

- a) Legislation on hours of service for carriers and drivers – Provincial departments of transportation are involved in *Hours of Service* changes but, in the end, to this point, a national standard is agreed.
- b) Legislation for transportation of dangerous goods – *Dangerous Goods* regulations are consistent. However, *Hazmat* regulations and permits can be different. For example, treated seed loads are not an issue to load and ship in the west but are considered hazardous material in Ontario, requiring special permits to move. Another example is waste batteries that have different permit requirements in different provinces and may take up to two or three provincial permits just to move an individual load across the prairies.
- c) Legislation for weights and dimensions – Provinces have varying regulations on legal weights and dimensions.
  - Different weights on different axle spreads
  - Different trailer combination lengths
  - Different seasonal restrictionsThis causes trade-offs in equipment specification when it must run nationally and can be confusing to operators.
- d) Canadian and international legislation governing customs and immigration – A shortage of qualified, long-distance truck operators is a national and, indeed, a North American issue. As this trade is not recognized as a skilled trade by federal standards, it is difficult to bring new operators to Canada as immigrants. In this case, the Saskatchewan provincial government, working with local industry, has recently had success in getting approval to bring in a limited number of new operators from Great Britain. This would be an example of one province unilaterally accommodating a provincial need in cooperation with the federal government.
- e) Legislation of highway safety codes and related regulation – While traffic and safety regulations vary provincially and even municipally, most are posted and not a major issue. However, some examples of inconsistencies that cause paperwork and leave room for error include:
  - Vehicle safety inspections have different requirements and different time frames (six to twelve months). Each province does recognize a current valid sticker from another jurisdiction but keeping track of vehicles that are coming due is complicated by the different time rules of the province that issued the last inspection.
  - Safety infractions are measured and tracked inconsistently, resulting in varying safety ratings by province. CVOR (Ontario) and CVSA (Alberta) are the most diligent. A common database would be positive for inter-provincial carriers.
  - Different provinces have different requirements and testing for qualification for a commercial driver's license. Operators must follow the regulation of their province of domicile. For example, in order to monitor operator qualifications the company must interact with several jurisdictions to acquire abstracts.



- Acceptable practice for load constraints for various cargo configurations can vary at the interpretation of individual scale officers.
- f) Legal requirement governing the carriage of goods – Generally, most transactions are governed by the *Federal Bill of Lading Act*. However, various provincial scales can put different interpretations to requirements. For example, a *Bill of Lading* for a typical courier load where individual identification of each package is not possible. Some scales accept a general description. For other provinces, need to ensure each tractor carries an exemption letter from each courier account.
  - g) Legislation related to environmental matters and agriculture – In the case of an accident or spill, the company may be involved with various federal, provincial or even local regulations and requirements. The only course of action is to call out an environmental consultant familiar with the local area to guide the company.

Regulatory change in reaction to the Kyoto/greenhouse gas issue has not been an inter-provincial issue to this point, but it has the potential to be significant should individual provinces elect to depart from federal direction and institute regulations on engine emissions on their own.

- h) Legislation to occupational health and safety – *Occupational Health & Safety* requirements are again variable. The company generally follows Alberta standards for operators as that is where the company is plated. Terminals in different provinces try to follow provincial and local regulations. Operators face conflicting requirements for safety equipment and procedures at different customers. This may be driven by different local regulations as well as by individual customer interpretation and requirements.

Provincial Worker's Compensation regulations are a particular burden to administrate for owner/operators, who must each comply in their own jurisdiction. In some cases, the company can report, file payment, etc. for them, in other cases, it cannot.

- i) Labour legislation – As a federally regulated company, the company generally follows federal labour code.
- j) Financial – The most obvious financial issue is the lack of harmonization of provincial sales taxes. Different rates are the minor aspect of the problem. Different application to various commodities and different records and reporting are more onerous. For companies routinely making daily purchases in various provinces in the normal conduct of business, these varying regulations result in much confusion and can create multiple records.

Another significant financial issue to this industry is the lack of a national highways funding plan or initiative. This results in wide variations in the quality of the physical highway infrastructure on which the industry depends. Lack of infrastructure can increase costs both as the result of damage to equipment and because of delays in transit.



## **Appendix B: Study Methodology**

The *Internal Trade Questionnaire* targeted businesses operating in Canada. The questionnaire was distributed on July 17, 2004 to Canadian Chamber of Commerce corporate members, associations and local chambers that are members of the Canadian Chamber. The Canadian Chamber requested that the association and local chamber members distribute the questionnaire to their respective memberships. The questionnaire closed on September 3, 2004. Completed questionnaires were received from companies ranging in size from self-employed to over 500 employees.

