Transforming Trade: 

Reforming our economic union to remove barriers to internal trade

Erin McGrath-Gaudet, Director, PEI and Intergovernmental Policy
Monique Moreau, Director, National Affairs

While Canada has been incredibly active in pursuing international trade agreements, efforts to remove barriers to the trade of goods and services within our own country have languished for almost a decade with little improvement. The tide on this may be beginning to shift with Premiers calling for a comprehensive renewal of the Agreement on Internal Trade at their annual Council of the Federation meeting in 2014 and the federal government also publishing a blueprint for modernizing internal trade in Canada.

Recognition of the importance of free trade within Canada is long overdue making it important that we proceed quickly towards concrete actions. Tinkering around the edges of existing frameworks, that have already proven to be largely ineffective, will do little to transform our economic union. It would require many decades to achieve a fully open and competitive Canadian economy if ambition continues to be limited to incremental efforts. Political leadership is crucial to ensure that any new or revitalized agreements on internal trade are timely, modern, and provide free and open access for small- and medium-sized businesses to markets across the country. With that in mind, CFIB is calling on governments to make meaningful reforms a priority.
Introduction

To the average Canadian, the concept of barriers to trade within Canada may seem ridiculous. After all, there are no guards at our provincial and territorial borders and no tariffs on goods or services when they pass from one province to another. While these types of barriers are what we normally expect as trade restrictions, the reality is that red tape—whether it be navigating a maze of different or conflicting rules in each jurisdiction, completing paperwork for different governments, or jumping through hoops to ensure compliance with a number of different bureaucracies—all too often limits the opportunities of Canadian firms to do business across the country and serve as a drag on our productivity and economic growth potential.

When it was ratified in 1994, Canada’s Agreement on Internal Trade (AIT) was heralded as a significant step forward for trade within Canada. However, the signing of the Comprehensive Economic and Trade Agreement (CETA) with Europe and other international trade agreements has highlighted how the AIT has, at best, not kept pace with a changing economic environment. CETA will effectively provide European companies with access to the Canadian market in a way that businesses in a neighboring province or territory may not have under the existing AIT.

Alongside the progress being made internationally, some examples of effective regional trade agreements do exist, such as the New West Partnership agreement between British Columbia, Alberta and Saskatchewan. While these regional agreements have expanded beyond the scope of the AIT, a comprehensive national approach is long overdue.

In the modern economic context, supply chains have become increasingly linked, and importing and exporting play an important role in economic growth. It only makes sense that small- and medium-sized enterprises (SMEs) across the country...
have fair and open access to markets within Canada so that they can pursue all economic opportunities. There is broad agreement amongst SMEs that the existence of barriers to internal trade is simply unjustified in a modern economy and that governments should make removing such barriers a priority for action (see Figure 1).

Figure 1:
Should Premiers commit to reducing trade barriers across provincial/territorial boundaries? (% response)

Source: CFIB, Survey on Internal Trade, April-May 2014, n=6,340

If we are to achieve the goal of free trade within Canada, political leadership by the federal government, and all provincial and territorial governments, is necessary. With the global economy changing around us, we must ensure that remnants of a protectionist era do not sink our opportunities for national and international success.

Cost of internal trade barriers

Years of research have attempted to quantify the cost of these internal trade barriers to the Canadian economy. The Canadian Manufacturers’ Association (CMA) estimated the cost at one per cent of GDP. Copeland (1998) argued that the gain to the economy from eliminating internal trade barriers would hover closer to 0.1 per cent or even lower at 0.05 per cent of GDP.¹ A consortium of business groups (including CFIB) has valued the cost at $14 billion dollars a year.²

Although there is a lack of consensus regarding the costs of internal trade barriers to the economy, there clearly is a cost to businesses. Such costs arise when businesses have to spend time and money to comply with different or conflicting rules and regulations in various provinces and territories. For example, firms operating in different provinces and territories need to register and report annually in almost all the jurisdictions where they do business. There are also inconsistent

¹ http://www.ppforum.ca/sites/default/files/Beaulieu%20-%20Exploring%20the%20economic%20impact%20of%20AIT%20chapters.pdf
regulations that mean something as simple as what is required in a first aid kit differs in each jurisdiction, and the numerous blends of ethanol in gasoline that see refiners mixing different batches depending on the jurisdiction. CFIB’s research has estimated the total cost of regulation from all levels of government to the Canadian business sector at $37 billion dollars a year. A portion of this cost is related to internal trade barriers and is a cost to the economy that can and should be addressed so as to increase the choices available to Canadians and to improve productivity and economic performance.

**Small businesses and internal trade**

**Goods & Services**

Not all businesses have goods or services to trade in other jurisdictions. Among SME respondents to a recent CFIB survey, 46 per cent had sold goods and services in another province or territory in the past three years while 73 per cent had purchased goods or services from outside their home jurisdiction (see Figure 2).

*Figure 2: Share of SMEs who sold or purchased goods or services in another province or territory during the last three years, by province (in %)*

For the most part, businesses are most likely to trade with businesses within their own region or a neighboring region (see Appendix A). There are, however, some exceptions. In the last three years, half of businesses from Newfoundland involved in trade sold goods or services to Alberta (50 per cent). Among those that trade, nearly half (40 per cent) of small businesses in Nova Scotia sold goods or services to

---

Alberta and over a third of businesses in Quebec sold to British Columbia (35 per cent) and Alberta (38 per cent).

**Barriers to Trade**

*Reasons for not trading*

For those SMEs who have not been purchasing or selling goods and services outside their home jurisdiction in the past three years, the main reason was that their product or service was simply not exportable (40 per cent). A lack of appropriate business contacts (18 per cent), the cost of exporting (14 per cent), and lack of information about trade opportunities (12 per cent) were also noteworthy reasons for not trading, as were regulatory and administrative barriers such as government regulations, paperwork, and taxation rules (see Figure 3).

Figure 3:

**Reasons for not purchasing or selling goods and services (% response)**

<table>
<thead>
<tr>
<th>Reason</th>
<th>% Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products/Services not exportable</td>
<td>40</td>
</tr>
<tr>
<td>Lack of contacts</td>
<td>18</td>
</tr>
<tr>
<td>Too expensive (e.g. cost of shipping, permits)</td>
<td>14</td>
</tr>
<tr>
<td>Lack of information on trade opportunities</td>
<td>12</td>
</tr>
<tr>
<td>Regulations (e.g. too many rules, conflicting rules, inspections)</td>
<td>11</td>
</tr>
<tr>
<td>Taxation rules too complex</td>
<td>10</td>
</tr>
<tr>
<td>Paperwork too burdensome</td>
<td>9</td>
</tr>
<tr>
<td>Lack of transportation (e.g. difficulty obtaining sufficient cargo space)</td>
<td>4</td>
</tr>
<tr>
<td>Other</td>
<td>19</td>
</tr>
<tr>
<td>No challenges</td>
<td>17</td>
</tr>
</tbody>
</table>

*Source: CFIB, Survey on Internal Trade, April-May 2014, n=6,340*

Many of the comments shared under the “other” category of responses revolved around different regulatory barriers. Licensing, differing labour legislation and workers’ compensation were the most cited barriers for those who are not currently trading with other jurisdictions.

**Challenges when trading**

For those SMEs that do trade within Canada, regulatory and administrative barriers, in their various forms, were the most prominent barriers to trade (see Figure 4). Different tax rules in different jurisdictions, complying with each jurisdiction’s
regulations, and completing all the necessary paperwork can be a significant investment in both time and money, especially for the smallest of businesses. The expenses associated with trade, whether it be shipping costs or paying for different permits and licenses, were also a significant challenge (34 per cent).

**Figure 4:**

Challenges when purchasing or selling goods and services (% response)

<table>
<thead>
<tr>
<th>Challenge</th>
<th>% Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxation rules too complicated</td>
<td>34</td>
</tr>
<tr>
<td>Too expensive (e.g. cost of shipping, permits)</td>
<td>34</td>
</tr>
<tr>
<td>Regulations (e.g. too many rules, conflicting rules, inspections)</td>
<td>31</td>
</tr>
<tr>
<td>Paperwork too burdensome</td>
<td>19</td>
</tr>
<tr>
<td>Lack of information on trade opportunities</td>
<td>14</td>
</tr>
<tr>
<td>Lack of contacts</td>
<td>13</td>
</tr>
<tr>
<td>Lack of transportation (e.g. difficulty obtaining sufficient cargo space)</td>
<td>7</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
</tr>
<tr>
<td>No challenges</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: CFIB, Survey on Internal Trade, April-May 2014, n=6,340

Most of the SMEs that trade within Canada have also traded their goods or services into the United States during the last three years (see Figure 5). While just over half felt as though their experience trading into the United States was about the same as trading with other provinces and territories, 14 per cent felt it was easier to trade into the United States than in Canada (see Figure 6). More specifically, a significant proportion of business owners in the finance, insurance, real estate and leasing sector (25 per cent), in the enterprises and administration management sector (25 per cent), and in the transportation sector (21 per cent) considered it was easier to trade into the United States than in Canada. This provides some indication that much work remains to simplify internal trade in Canada.

“...the regulations are so varied by province that one almost needs to hire trade lawyers to get things done. Trying to do business in other provinces is severely hampered by this reality. [...] dealing with these variables does not further buying Canadian.”

Insurance and financial brokerage, Alberta
Labour Mobility

Labour shortages continue to be an issue for many SMEs. In CFIB’s May 2015 Business Barometer, the number two concern for business owners regarding limitations on sales or production growth was a shortage of skilled labour. This is regularly reported to be a top constraint for businesses. Shortage of unskilled or semi-skilled workers was also a significant concern for business owners.

In an effort to cope with these shortages, 22 per cent of business owners have hired workers from other provinces. Of those who did so, more than half (58 per cent) of respondents indicated that they had no challenges when hiring these workers, while about one in five respondents (22 per cent) indicated that these out of province workers required more training. Other challenges when hiring out of province workers include the financial investment in relocating workers (21 per cent), and the time involved in getting these workers to their new home province (18 per cent). A small proportion (six per cent) of SME owners have hired professionals to help them find workers in another province (see Figure 7).
Figure 7:
What challenges have you experienced when hiring workers from another province or territory? (% response)

- No challenges: 58%
- Workers require more training (i.e. workers need to become familiar with different regulations): 22%
- Relocating requires financial investment (i.e. relocation or commuting expenses): 21%
- Relocating takes additional time before they are able to start work: 18%
- I have had to hire professional help to recruit: 6%

Source: CFIB, Survey on Internal Trade, April-May 2014, n=6,340

The amendments to the AIT in 2009 which recognizes worker certifications earned in any province or territory did help improve labour mobility. However, there remain a number of shortcomings that have been identified by small businesses that are worthy of further attention from governments as part of internal trade negotiations to ensure that businesses across the country have access to a wider pool of talent available to work anywhere in Canada and that workers will have a smooth transition should they choose to relocate to another province or territory. These include inconsistencies with apprenticeship requirements and training as well as registration requirements that can be slow and bureaucratic. Below are examples of comments our members had with regards to obstacles to labour mobility:

All facets of government should work together to ensure that training is standardized across Canada. No "new" rules and regulations! Review and delete and/or update "old" ones. It is almost impossible to navigate through "anything" the government has written! – Safety contractor, British Colombia

We are required to register for and administer workers compensation in each province, plus be registered with construction safety association in each province. Surely registration and good standing in one provincial jurisdiction should be sufficient. – Commercial diving, New Brunswick

We can’t do business in some provinces where we would provide labour since the workers compensation programs are very different. – Electrical contractors, Ontario

There is a big shortage of skilled workers in Canada as it is. Secondly, we are trying to attract young people to the skilled trades sector. How crazy is it to have barriers to skilled labour movement between areas of the same country! – Building equipment contractor, British Columbia
Impact of existing internal trade agreements

While the AIT and other agreements such as the New West Partnership have taken steps to improve the flow of goods and services across the country, their efforts have not necessarily been felt by the bulk of SMEs. Twenty-eight per cent of SMEs were simply not aware of the AIT, 24 per cent do not know what impact it had, and just over a third (36 per cent) felt as though the AIT has had no impact on their ability to trade with other provinces (see Figure 8).

Figure 8:
How has AIT impacted your ability to purchase or sell goods and/or services in other provinces or territories? (% response)

![Pie chart showing impact of AIT on SMEs]

Source: CFIB, Survey on Internal Trade, April-May 2014, n=6,340

Although not all businesses have products and services that they would be able to trade, it is clear from our data that there is potential for some to find new markets in other jurisdictions. In these cases, addressing regulatory and administrative barriers would go a long way to help them pursue those markets. Removing, or at least reducing and streamlining, these barriers would also help those who are currently trading with other provinces to be more productive and save the time, money and frustration they are currently spending on red tape.

Ways to Move Forward: Principles for Internal Trade

While it is encouraging that Premiers committed to a comprehensive review of the AIT at their August 2014 Council of the Federation meeting, it is imperative that meaningful and timely progress be made to improve the flow of goods, services, and labour. Regardless of whether they are involved in trade with other provinces and territories, SMEs across Canada clearly state that they want all governments to show leadership and ensure there is access to markets across the country.

The most important principle for internal trade reforms from the perspective of SMEs is that it should be at least as easy to trade within Canada as it is with another country. There is also great interest in making sure that all businesses have open
access to markets within Canada and that the federal government should not just play a role but consider leading efforts to facilitate the enhancement of internal trade. Finally, about three-quarters of SMEs also believe that there should be appropriate consequences for governments that create barriers, for example in the form of fines (see Figure 9).

Figure 9:
What principles should governments focus on to address the flow of goods and services within Canada? (% responses)

<table>
<thead>
<tr>
<th>Principle in the Survey</th>
<th>Agree</th>
<th>Disagree</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>It should be as easy to trade with another province or territory as with another country</td>
<td>92</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>The federal government should take a leadership role in ensuring an open marketplace in Canada</td>
<td>91</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>All businesses should have open access to all markets within Canada</td>
<td>91</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>There should be appropriate consequences for government that create barriers</td>
<td>76</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>Provincial and territorial governments should protect local businesses from competitors in other provinces and territories</td>
<td>28</td>
<td>57</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: CFIB, Survey on Internal Trade, April-May 2014, n=6,340

Clearly, open access to all parts of Canada is highly desired by most SMEs from right across the country and it is time for the provincial, territorial and federal governments to act.

Guiding principles for Internal Free Trade Agreements

Regardless of whether or not reforms come in under the umbrella of enhancing and modernizing the AIT, expansion of the New West Partnership, or a new interprovincial trade agreement such as a *Canada Internal Free Trade Agreement*, CFIB recommends the following principles be adopted as key tenets of reform:

*Mutual recognition*

Mutual recognition implies that when a product or service complies with the legislation and regulation of one jurisdiction, it will be acceptable in each province and territory unless otherwise negotiated and explicitly stated. This approach has been used in the European Union as well as in Australia and Switzerland to remove
trade barriers between their states and cantons. Mutual recognition also formed the basis of 2009 reforms on labour mobility to the AIT. Defaulting to mutual recognition of all regulatory measures between provinces should be an immediate priority for all Premiers and Internal Trade Ministers.

**Negative List Approach**

One of the most essential components of modern internal and international trade agreements is an underlying assumption that all cross-border trade is permitted unless otherwise and explicitly stated. A commonly cited issue with the AIT is its positive list approach, where each area of trade has to be part of an enumerated list in order for the free trade provisions to apply to it. The negative list approach, central to the New West Partnership, prevents trade barriers on two fronts. Firstly, no new industry arising in the future will need to worry about archaic barriers that may apply to it or from being unintentionally excluded from trade agreements. Additionally, if a signatory to the agreement wants to maintain certain barriers in any specific industry, they would have to demonstrate the need for a special exemption. All governments should work towards adopting a negative list approach for internal trade agreements. It is a powerful, practical and political disincentive to protectionist behavior.

**Dispute Resolution/Enforcement**

Any compliance mechanism would need to strike a delicate balance between persuasion and punishment. A long standing grievance with the AIT is its compliance process. Disputes are long and drawn-out, and any resolutions they do reach are seldom satisfying to either party, or in the broader interests of liberalized trade. Additionally, compliance measures only extend to certain parts of the agreement - while the agreement states that no signatory shall erect new barriers to trade, there is no way under the terms of the agreement that this can be enforced. A swift negotiation between parties in good faith is always preferable to a litigious or adversarial dispute resolution process. Provinces are partners in trade relationships, working towards mutual prosperity, so punitive measures are seldom in the best interests of any party involved. There does remain a need for a deterrent to prevent infractions, but the inclusion of industry experts in the process will aid both sides in reaching sound policy conclusions.

In order to ensure more effective and efficient dispute resolution, we would propose a domestic equivalent to the investor-state dispute settlement as we already see through provisions in the North American Free Trade Agreement (NAFTA) where dispute can be launched directly with the governing body rather than the existing AIT process which requires businesses to first go through their provincial government.

---

4 William Dymond, Monique Moreau, “Canada”, Internal Markets & Multi-level Governance
Specific areas for immediate attention

In addition to adopting guiding principles when renewing discussions on internal trade, CFIB also recommends some very specific barriers to address early on that would have a significant impact among SMEs on the ground if properly addressed.

**Corporate Registration**

Before an incorporated business opens its doors anywhere in Canada, there is a sizable amount of paperwork that needs to be done. Some provinces have already agreed to eliminate corporate registration requirements for companies located in other jurisdictions. A common corporate registry, with provisions for information sharing between jurisdictions, would eliminate the tedious paperwork barrier for businesses wanting to expand to another province.

**Transportation Regulations**

Businesses identify the most pressing barrier to trading with other provinces as cost, including the cost of shipping their goods. As such, the barriers faced by the transportation sector have widespread ramifications for SMEs. While there have been efforts in standardizing the permit acquisition process, applying for the various permits necessary for transporting loads across provincial borders constitutes a significant paperwork burden that could be relieved through further cooperation. This could include, for instance, having one single-trip fuel permit recognized country-wide and mutual recognition of single-trip commercial vehicle registration. Making it easier to move goods will help to keep costs down, benefitting not only SMEs, but larger industries and consumers.

There are also a number of other trucking regulations that vary widely from province to province that cause headaches for SMEs. Everything from truck dimensions, load limits and safety features, that can easily be aligned or recognized as legal by other provinces. We would encourage much more dialogue between provincial governments and the trucking industry so there is greater alignment of trucking rules.

**Professional and Trade Licensing**

While labour mobility amendments to the AIT have improved the mobility of workers across the country, there remain circumstances where mobility is limited or restricted. In some cases, administrative requirements for registering in a new province can be lengthy and require additional testing. While the Red Seal program has benefited business and workers across Canada, the designation only applies to larger trades, and even then, only those trades with designated status and guaranteed support from multiple provinces are considered.

Improved recognition of training and apprenticeships as well as encouraging professional and trade licensing groups to collaborate across jurisdictions to ensure that credentials are fully transferable are critical components of encouraging labour mobility. Government and educational institutions should also collaborate to ensure
that course sequencing and block releases for apprenticeship training allow workers to move seamlessly from one province or territory to another.

Worker’s Compensation and Occupational Health and Safety

Many businesses identify Workers’ Compensation legislation across Canada as confusing and difficult to navigate. Nowhere is this more evident than when a company tries to ensure it is compliant when workers are conducting business in another jurisdiction. Rules around when companies need to register with the workers’ compensation board in another province vary considerably. In British Columbia, for instance, an out-of-province business would need to register with WorkSafeBC if its out-of-province workers will be in the province for 15 or more days a year. In Nova Scotia, on the other hand, the same business would have to register with their workers’ compensation board if it had three or more workers in that province for 5 or more days in a calendar year.

Occupational health and safety regulations in each province can also vary widely in unexpected but costly ways. For instance, all provinces have requirements for businesses to have first aid kits; however each jurisdiction mandates a different first aid kit.

Workers’ compensation and occupational health and safety requirements are an ideal area for improved mutual recognition and, where absolutely necessary, harmonization of regulations. This will help to ensure that businesses are fulfilling their obligations and that their workers are protected, regardless of where their job site is located.

Conclusion

In today’s economy, few would argue the value of free trade. While international trade agreements provide opportunities for Canadian firms and the economy as a whole, for small businesses it is equally, if not more, important that there be free and open trade within Canada.

Governments at all levels should make establishing free trade within Canada a priority. Political will and resources should be directed to creating a Canada Internal Free Trade Agreement or similar internal trade agreement modelled on our principles of mutual recognition, a negative list approach, and effective dispute resolution. While it is encouraging that Premiers and the federal government have all publicly supported moving forward on this file, what matters most to small businesses is that meaningful and swift action is taken to ensure an open and competitive marketplace for firms within Canada.
Appendix A: Where small businesses sold goods and services in the past three years, by province (% response)

<table>
<thead>
<tr>
<th>Suppliers</th>
<th>BC</th>
<th>AB</th>
<th>SK</th>
<th>MB</th>
<th>ON</th>
<th>QC</th>
<th>NB</th>
<th>NS</th>
<th>PE</th>
<th>NL</th>
<th>YK</th>
<th>NT</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC</td>
<td>89*</td>
<td>95</td>
<td>56</td>
<td>43</td>
<td>58</td>
<td>31</td>
<td>20</td>
<td>24</td>
<td>13</td>
<td>19</td>
<td>27</td>
<td>21</td>
</tr>
<tr>
<td>AB</td>
<td>85</td>
<td>85*</td>
<td>81</td>
<td>37</td>
<td>37</td>
<td>19</td>
<td>14</td>
<td>15</td>
<td>9</td>
<td>14</td>
<td>19</td>
<td>25</td>
</tr>
<tr>
<td>SK</td>
<td>44</td>
<td>90</td>
<td>80*</td>
<td>66</td>
<td>31</td>
<td>14</td>
<td>12</td>
<td>10</td>
<td>2</td>
<td>6</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>MB</td>
<td>43</td>
<td>64</td>
<td>87</td>
<td>82*</td>
<td>80</td>
<td>21</td>
<td>17</td>
<td>16</td>
<td>9</td>
<td>7</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td>ON</td>
<td>59</td>
<td>64</td>
<td>40</td>
<td>50</td>
<td>74*</td>
<td>71</td>
<td>42</td>
<td>51</td>
<td>28</td>
<td>33</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>QC</td>
<td>35</td>
<td>38</td>
<td>21</td>
<td>21</td>
<td>87</td>
<td>65*</td>
<td>53</td>
<td>32</td>
<td>19</td>
<td>25</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>NB</td>
<td>19</td>
<td>26</td>
<td>9</td>
<td>9</td>
<td>48</td>
<td>43</td>
<td>78*</td>
<td>85</td>
<td>49</td>
<td>42</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>NS</td>
<td>25</td>
<td>40</td>
<td>15</td>
<td>13</td>
<td>49</td>
<td>26</td>
<td>86</td>
<td>82*</td>
<td>60</td>
<td>62</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>PE</td>
<td>23</td>
<td>27</td>
<td>23</td>
<td>23</td>
<td>82</td>
<td>50</td>
<td>73</td>
<td>86</td>
<td>73*</td>
<td>50</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>NL</td>
<td>17</td>
<td>50</td>
<td>17</td>
<td>25</td>
<td>50</td>
<td>17</td>
<td>50</td>
<td>58</td>
<td>42</td>
<td>67*</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>YK</td>
<td>100</td>
<td>50</td>
<td>25</td>
<td>0</td>
<td>0</td>
<td>25</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100*</td>
<td>100</td>
</tr>
<tr>
<td>NT</td>
<td>53</td>
<td>80</td>
<td>27</td>
<td>7</td>
<td>33</td>
<td>7</td>
<td>13</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>13</td>
<td>73*</td>
</tr>
</tbody>
</table>

Source: CFIB, Survey on Internal Trade, April-May 2014, n=6,340

To illustrate how to read the table, take Ontario as an example. Of those businesses that sold goods/services in other provinces or territories in the past three years, 59 per cent did so in British Columbia, 64 per cent in Alberta, 40 per cent in Saskatchewan, and so forth.

*Please note that for sales within the same province (e.g. from an Ontario seller to an Ontario purchaser), it is likely that some respondents understood the question differently and excluded their own province (see question 4 of the survey included at the end of the report). Also, the numbers only include businesses that traded with other provinces or territories. The actual percentage might therefore be higher.
Appendix B: Where small businesses purchased goods and services in the past three years, by province (% response)

<table>
<thead>
<tr>
<th>Suppliers</th>
<th>BC</th>
<th>AB</th>
<th>SK</th>
<th>MB</th>
<th>ON</th>
<th>QC</th>
<th>NB</th>
<th>NS</th>
<th>PE</th>
<th>NL</th>
<th>YK</th>
<th>NT</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC</td>
<td>78</td>
<td>75</td>
<td>16</td>
<td>18</td>
<td>79</td>
<td>32</td>
<td>5</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>AB</td>
<td>78</td>
<td>71*</td>
<td>43</td>
<td>23</td>
<td>69</td>
<td>29</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>SK</td>
<td>49</td>
<td>86</td>
<td>62*</td>
<td>58</td>
<td>66</td>
<td>25</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>MB</td>
<td>46</td>
<td>65</td>
<td>52</td>
<td>63*</td>
<td>82</td>
<td>31</td>
<td>5</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>ON</td>
<td>50</td>
<td>31</td>
<td>9</td>
<td>20</td>
<td>57*</td>
<td>70</td>
<td>11</td>
<td>12</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>QC</td>
<td>25</td>
<td>18</td>
<td>3</td>
<td>7</td>
<td>92</td>
<td>51*</td>
<td>16</td>
<td>6</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NB</td>
<td>25</td>
<td>18</td>
<td>3</td>
<td>4</td>
<td>77</td>
<td>67</td>
<td>58*</td>
<td>69</td>
<td>19</td>
<td>7</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NS</td>
<td>28</td>
<td>21</td>
<td>5</td>
<td>8</td>
<td>83</td>
<td>54</td>
<td>57</td>
<td>65*</td>
<td>16</td>
<td>13</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>PE</td>
<td>21</td>
<td>17</td>
<td>4</td>
<td>58</td>
<td>83</td>
<td>44</td>
<td>81</td>
<td>67</td>
<td>60*</td>
<td>13</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>NL</td>
<td>46</td>
<td>30</td>
<td>6</td>
<td>11</td>
<td>89</td>
<td>69</td>
<td>39</td>
<td>67</td>
<td>6</td>
<td>56*</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>YK</td>
<td>100</td>
<td>93</td>
<td>7</td>
<td>0</td>
<td>60</td>
<td>20</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>60*</td>
<td>13</td>
</tr>
<tr>
<td>NT</td>
<td>91</td>
<td>100</td>
<td>23</td>
<td>23</td>
<td>73</td>
<td>9</td>
<td>14</td>
<td>14</td>
<td>5</td>
<td>5</td>
<td>14</td>
<td>73*</td>
</tr>
</tbody>
</table>

Source: CFIB, Survey on Internal Trade, April-May 2014, n=6,340

To illustrate how to read the table, take Manitoba as an example. Of those businesses that purchased goods/services in other provinces or territories in the past three years, 46 per cent did so in British Columbia, 65 per cent in Alberta, 52 per cent in Saskatchewan, and so forth.

*Please note that for purchases within the same province (e.g. to a Manitoba purchaser from a Manitoba supplier), it is likely that some respondents understood the question differently and excluded their own province (see question 6 of the survey included at the end of the report). Also, the numbers only include businesses that traded with other provinces or territories. The actual percentage might therefore be higher.
Internal Trade Survey

Moving goods, services, and sometimes workers, across interprovincial borders can be complicated in Canada. While much attention has been paid to international trade agreements, buying and selling goods across provincial jurisdictions within Canada is also important to the economy. The recent federal budget highlighted the need to improve the flow of goods, services, and workers within Canada by removing existing barriers, better aligning regulatory and paperwork requirements, and improving the current agreements related to the flow of goods and services within Canada.

CFIB needs your feedback to ensure that the views and experience of small business owners are included in these discussions and reflected in any new initiatives aimed at improving the flow of goods, services and workers within Canada.

To ensure that our scanner accurately records your answers, please mark clearly within the appropriate boxes.

There have been recent attempts to improve the flow of goods and services between provinces and remove barriers that impede internal trade. One example of a barrier are the different regulations across provinces and territories regarding cargo weight limits that affect which highways and roads can be used to transport goods, which size tires must be used, etc.

1. Should the Canadian provincial and territorial premiers commit to reducing barriers to the flow of goods and services across provinces and territories? (Select one answer only)
   - Yes
   - No
   - Don’t know

2. What principles should the federal, provincial and territorial governments focus on when addressing the flow of goods and services within Canada? (Select one for each line)
   - All businesses should have open access to all markets within Canada
   - There should be appropriate consequences for governments that create barriers (e.g., fines)
   - It should be as easy to sell or purchase goods and/or services in another province or territory as in another country
   - The federal government should take a leadership role in ensuring an open marketplace in Canada
   - Provincial and territorial governments should protect local businesses from competitors in other provinces and territories

3. During the past three years, did your business sell goods and/or services in other provinces or territories? (Select one answer only)
   - Yes
   - No (Skip to Question 5)

4. In which of the following markets have you sold goods and/or services in the past three years? (Select as many as apply)
   - British Columbia
   - Alberta
   - Saskatchewan
   - Manitoba
   - Ontario
   - Quebec
   - New Brunswick
   - Nova Scotia
   - Newfoundland and Labrador
   - Prince Edward Island
   - Yukon
   - Northwest Territories
   - Nunavut
   - Outside of Canada

5. During the past three years, did your business purchase goods and/or services in other provinces or territories? (Select one answer only)
   - Yes
   - No (Skip to Question 12)

6. In which of the following markets have you purchased goods and/or services in the past three years? (Select as many as apply)
   - British Columbia
   - Alberta
   - Saskatchewan
   - Manitoba
   - Ontario
   - Quebec
   - New Brunswick
   - Nova Scotia
   - Newfoundland and Labrador
   - Prince Edward Island
   - Yukon
   - Northwest Territories
   - Nunavut
   - Outside of Canada
The New West Partnership Trade Agreement is meant to remove barriers to the free movement of goods, services, investment, and workers within and between British Columbia, Alberta and Saskatchewan. This agreement replaced the Trade Investment and Labour Mobility Agreement (TILMA) between British Columbia and Alberta.

7. Overall, how has the New West Partnership impacted your business? (Select one answer only)
   - It has benefited my business
   - It has harmed my business
   - Other (Please specify)

   It has not had an impact
   - Don’t know
   - I was not aware of the New West Partnership Agreement

*Note: for Nova Scotia, New Brunswick members only who answered “Yes” to Question 3 or Question 5

The Partnership Agreement on Regulation and the Economy was signed by Nova Scotia and New Brunswick to reduce barriers to the free movement of goods, services and workers between the two provinces.

8. Overall, how has the Partnership Agreement on Regulation and the Economy impacted your business? (Select one answer only)
   - It has benefited my business
   - It has harmed my business
   - Other (Please specify)

   It has not had an impact
   - Don’t know
   - I was not aware of the Partnership Agreement on Regulation and the Economy

*If answered “Yes” to Question 3 and/or Question 5

The Agreement on Internal Trade came into force in 1995 to reduce and eliminate barriers to the free movement of goods, services, investment and workers within Canada.

9. How has the Agreement on Internal Trade impacted your ability to purchase or sell goods and/or services in other provinces or territories? (Select one answer only)
   - It has benefited my business
   - It has harmed my business
   - Other (Please specify)

   It has not had an impact
   - Don’t know
   - I was not aware of the Agreement on Internal Trade

10. What challenges does your business face when selling or purchasing goods and/or services across provincial or territorial borders? (Select as many as apply)
   - Regulations (e.g. too many rules, conflicting rules across jurisdictions, inspections)
   - Paperwork is too burdensome
   - Taxation rules are too complicated (e.g. what tax to charge in other jurisdictions)
   - Too expensive (e.g. cost of shipping, permits)
   - Lack of information on trade opportunities
   - Lack of appropriate business contacts
   - Lack of appropriate transportation (e.g. difficulty obtaining sufficient cargo space)
   - Other (Please specify)

   No challenges

11. Please provide additional detail about the challenges that you have faced when selling or purchasing goods and/or services in other provinces or territories.

[Blank space for additional detail]
12. What are your reasons for not selling or purchasing goods and/or services in other provinces or territories?
(Select as many as apply)
- Products/services are not exportable
- Regulations are too complex (e.g. too many rules, conflicting rules, inspections)
- Paperwork is too burdensome
- Taxation rules are too complicated (e.g. what tax to charge in other jurisdictions)
- Too expensive (e.g. cost of shipping, permits)
- Lack of information on trade opportunities
- Lack of appropriate business contacts
- Lack of appropriate transportation (e.g. difficulty obtaining sufficient cargo space)
- Other (Please specify)

*If answered “No” to Question 3 and Question 5

13. Considering all the steps your business must follow regarding the sales or purchases of goods and/or services across provincial or territorial borders (e.g. permits, inspections) how many hours per month do you and your staff spend:

a. Filling out forms and doing government-related paperwork?

b. Ensuring that your business complies with all existing regulations regarding: reading, training, verification, administration, time spent with accountants, lawyers and consultants?

*If answered “Yes” to Question 3 or Question 5

15. During the past three years, have you sold or purchased goods and/or services in the United States? (Select one answer only)
- Yes
- No (Skip to Question 18)

16. Thinking of your sales or purchases in the United States and in other Canadian provinces or territories, which of the following statements best reflects your experience? (Select one answer only)
- It is easier to purchase or sell in the United States than in other provinces and territories
- It is harder to purchase or sell in the United States than in other provinces and territories
- My experience purchasing or selling in the United States is about the same as in other provinces and territories

*If answered “Yes” to Question 3 or Question 5

17. Please provide additional detail on your experience purchasing or selling in the United States compared to other provinces and territories within Canada.

18. During the past three years, have you hired workers who had previously been working in another province or territory? (Select one answer only)
- Yes
- No (Skip to Question 21)
- Don’t know (Skip to Question 21)
19. What challenges have you experienced when hiring workers from another province or territory? (Select as many as apply)

- Workers from other provinces require more training (i.e. workers need to become familiar with different regulations)
- I have had to hire professional help to recruit in another province
- Relocating workers requires additional time before they are able to start work
- Relocating workers requires additional financial investment (i.e. relocation or commuting expenses)
- Other (Please specify) ____________________________

- I have not experienced any challenges

20. Have you experienced any challenges or delays related to workers from another province or territory becoming certified or registered in your province or territory? For example, a dental hygienist may be certified in one province but is required to take additional testing in another province to meet that province’s regulatory standards. (Select one answer only)

- Yes, please explain:
- No
- Don’t know/Not applicable

21. Comments: