Building a “New East Partnership”

Breaking down interprovincial trade barriers in Atlantic Canada

Mitch Gallant, Public Policy and Entrepreneurship Intern

Free trade agreements are giving small businesses unprecedented access to international markets, but Canada’s most pervasive barriers to internal trade— the movement of goods, services, and labour across provincial boundaries— are often overlooked. These often invisible barriers harm Atlantic Canada’s productivity and potential for economic growth. For the region to meet the challenges of the future, the four Atlantic provinces need to co-operate in breaking down these barriers, creating a single market in which small businesses can thrive.

Introduction

With the signing of the Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union, Canadian businesses are to be granted unprecedented access to the largest single market in the world. Businesses in the EU will have reciprocal access to the Canadian market. CETA is unique amongst Canada’s trade agreements due to the scope and magnitude of the agreement and the unique powers afforded to provinces within the Canadian federation. The EU has insisted that the provinces be heavily involved in negotiating the minutiae of the agreement. This gives the provinces a seat at a bargaining table that has been historically reserved exclusively for the federal government.¹

There is a subtle irony in the provinces’ new role as international free trade negotiators. While CETA will have them focusing on how best to open their markets to European competition, there remain many internal barriers, remnants from a past era of protectionism, that prevent businesses from accessing markets just next door. In order to keep Canadian businesses competitive and ensure a strong national economic union in the face of this and other international agreements, it is imperative that these barriers be brought down.

No consensus exists on exactly how much these barriers cost the Canadian economy. But they can and do hamper the ability of businesses to trade and operate between provinces, and there is broad agreement amongst small and medium sized enterprises that their existence is simply unjustified in a modern economy. These barriers come in many forms, all of which harm the region's productivity levels and ability to grow.2

The Atlantic economy has a unique and pressing set of challenges to deal with in the long term future. The demographic change in the workforce is more pronounced than in other regions with many of the region's youngest residents leaving to seek opportunities elsewhere. In addition, our productivity levels, specifically in the three Maritime provinces, lag the country.3 As time goes on, this trend only serves to compound existing shortages of qualified labour. These challenges can not necessarily be met by a federal or national response. Their regional nature means the Atlantic provinces will need to co-operate to find solutions and an integral part of this co-operation will be breaking down interprovincial barriers that still exist.

The Agreement on Internal Trade (AIT), which came into force in 1995, was a comprehensive, coordinated effort by the provinces to reduce and remove the trade barriers that existed between them. While the AIT proved to be a significant first step, it has been slow to respond to a rapidly shifting global economy. New bilateral and multilateral agreements between provinces have superseded it: in the Atlantic region alone there exists the Partnership Agreement on Regulation and the Economy (Nova Scotia – New Brunswick), the Atlantic Procurement Agreement between the four Atlantic provinces, and a labour mobility agreement between Quebec and New Brunswick.

These minor agreements are a start, but lack the versatility of a more comprehensive agreement. The New West Partnership, an agreement between British Columbia, Alberta, and Saskatchewan, has generated much discussion on how a more modern trade agreement could operate. The success of the New West Partnership and the long standing co-operative relationship between the Atlantic provinces raises the question, “If they can do it, why can’t we?” A New East Partnership would constitute a major victory for consumers, businesses, and industry region-wide. The desire for regional co-operation has been repeatedly demonstrated, and the success of the Atlantic Procurement Agreement and the Atlantic Lottery Corporation prove the principle that regional co-operation can work when the political will is present.

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2 Andrea Pierce, “SME Profile: Interprovincial Trade” Industry Canada, Nov. 2013

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<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1989</td>
<td>Canada – US Free Trade Agreement (CUSFTA) – Canada’s first international free trade agreement comes into force</td>
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<tr>
<td>1994</td>
<td>North American Free Trade Agreement (NAFTA) – A more ambitious agreement, NAFTA supersedes CUSFTA and comes into force between Canada, the US, and Mexico, creating the world’s largest trade block</td>
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<tr>
<td>1995</td>
<td>Agreement on Internal Trade (AIT) – comprehensive internal trade agreement, signed by all provinces and territories (Nunavut has observer status)</td>
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<td>1996</td>
<td>Atlantic Procurement Agreement (APA) – the four Atlantic provinces agree to a set of common standards on government procurement practices</td>
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<td>2007</td>
<td>Trade, Investment, and Labour Mobility Agreement (TILMA) – Alberta and British Columbia agree to reduce internal barriers beyond what the AIT has been able to accomplish</td>
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<tr>
<td>2008</td>
<td>The APA is overhauled, with a new APA getting signed by all four provinces</td>
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<td>2008</td>
<td>New Brunswick and Quebec sign an agreement on labour mobility and skills recognition</td>
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<td>2009</td>
<td>Partnership Agreement on Regulation and the Economy (PARE) – New Brunswick and Nova Scotia sign an agreement that promises greater co-operation between the provinces</td>
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<tr>
<td>2010</td>
<td>New West Partnership Trade Agreement (NWP) – This agreement between British Columbia, Alberta, and Saskatchewan supersedes TILMA, creating Canada’s first regional trade block</td>
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Small Business Views

Businesses, both in the region and across Canada, are clear: they want governments to take leadership roles in ensuring their access to markets nationwide. Over 85 per cent of CFIB members believe that Canadian provincial and territorial premiers should commit to reducing barriers to the flow of goods and services across provinces and territories (see Figure 2).

Nine in ten small businesses agree that all businesses should have open access to all markets within Canada, and that the federal government should take a leadership role in ensuring an open marketplace in Canada (see Figure 3).

Not every business is able to sell its goods and services in other provinces, but almost three quarters of Canadian businesses make purchases from other markets. That number is even higher in Atlantic Canada – 82 per cent of Atlantic businesses buy out-of-province (see Figure 4).
Despite the prevalence of interprovincial trading, very few businesses are aware of existing agreements on internal trade, or how they impact their business. For example, when asked how the AIT impacted their ability to purchase or sell goods or services in other provinces and territories, 51 per cent of Atlantic businesses responded with “Don’t know,” or “Not aware” (see Figure 5). Only 9 per cent responded that it was beneficial, and 3 per cent that it was harmful.

Atlantic businesses experience a wide range of specific challenges when trading between provinces. The most common response was that it is simply too expensive. For those who do business outside their home province, regulations, complex tax rules, and paperwork also rank among the most common frustrations. Only 35 per cent of businesses in the region have not experienced challenges when doing business in another province (see Figure 6).
Figure 6

Challenges when selling or purchasing goods and/or services across provincial or territorial borders? (% response)

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Too expensive</td>
<td>37</td>
</tr>
<tr>
<td>No challenges</td>
<td>35</td>
</tr>
<tr>
<td>Regulations</td>
<td>27</td>
</tr>
<tr>
<td>Taxation rules are too complicated</td>
<td>26</td>
</tr>
<tr>
<td>Paperwork is too burdensome</td>
<td>15</td>
</tr>
<tr>
<td>Lack of information on trade opportunities</td>
<td>13</td>
</tr>
<tr>
<td>Lack of appropriate business contacts</td>
<td>11</td>
</tr>
<tr>
<td>Lack of appropriate transportation</td>
<td>8</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
</tr>
</tbody>
</table>

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

Regulatory Barriers

Physical and prohibitive trade barriers tend to be relatively easy to spot. Regulatory barriers, on the other hand, are often obscured by the significant red tape and paperwork burdens that small businesses already face, yet can still act as powerful disincentives to expansion for small businesses. The scope of a New East Partnership should be expansive, encompassing both prohibitive trade barriers and the many less visible barriers that are entrenched in the regulatory state.

Corporate Registration

Before an incorporated business opens its doors anywhere in Canada, there is a sizable amount of paperwork that needs to be done. While this is an understandable reality of doing business, the need to repeat significant chunks of that paperwork, filling out the same forms with the same information, anytime the business wants to expand across a border adds little, if any, value to the general public or government. This is a problem that is already recognized by government to some extent – when it comes to taxes, the CRA’s “one business, one number” policy is slowly but surely spreading across the country. Many business owners wonder why a similar policy is not adopted when it comes to submitting their business in each province’s corporate registry.

For a business, paying fees to each jurisdiction for providing them with the same information, and in some cases, retaining an agent in a jurisdiction just to be represented, is a completely unnecessary financial burden. The New West Partnership has implemented a successful mutual recognition system for registering corporations. As well, one of the outcomes of the Partnership Agreement for Regulation and the Economy between New Brunswick and Nova Scotia is a similar system of mutual recognition between businesses. The one deficiency in the latter system is with information sharing – a business registering in Nova Scotia may not need to register in New Brunswick, but its listing in the New Brunswick registry can often be incorrect or incomplete, due to a lack of information sharing policy between the two provinces. A New East Partnership can build on this pre-existing framework to establish a common corporate registry with full information sharing between jurisdictions, eliminating an entirely unnecessary barrier to regional expansion.

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4 Daniel Schwanen, Omar Chatur, “Registering in Harmony: The Case for Pan-Canadian Corporate Registration”, C.D. Howe Institute
5 Ibid
Securities Regulation

Each provincial jurisdiction having its own regulatory body with its own peculiarities hampers the ability of small financial businesses to operate across provinces, as well as the ability to set effective regulatory policy. Adopting a national, co-operative securities regulation system will unify the Canadian securities market, benefitting those who wish to trade across any borders, provincial or national. New Brunswick has recently joined Ontario, British Columbia, and Saskatchewan in an agreement in principle on a common regulator. Businesses across the country agree: it would be in the best interest of all four Atlantic provinces to join forces in working towards a national consensus on securities regulation.

Movement of Goods

The open flow of goods across provincial borders goes to the root of free trade. While CETA is poised to give Canadian producers unprecedented access to European economies, and vice versa, Atlantic Canada’s closest trading partners have always been neighboring provinces. In order to maintain this healthy relationship, regionally produced goods need to be able to get from point A to point B with as little disruption as possible.

Atlantic Canada’s roads and ferries are the primary conduits for transporting goods, and the trucking industry is responsible for the majority of goods transportation across them. The region is Canada’s gateway to the Atlantic, with its provinces maintaining more than 64,000 kilometers worth of roads and highways between them. 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 trucking industry have widespread ramifications for businesses in the region. Making it easier to move those goods will help to keep costs down, benefitting not only small businesses, but industries and consumers region-wide.

The importance of harmonizing provincial transportation regulations is clearly recognized by both business and government. The Atlantic Committee on Vehicle Weights & Dimensions succeeded in implementing uniform weight and dimension rules in early 2002, and in 2008 the conditions for receiving a permit for an oversize load were standardized as well. The push to harmonize regulations is an ongoing, yet slow process, thanks to the technical nature of most regulations. However, as task forces continue their focus on the technical side, there are large areas where the provinces still differ. For instance, a significant difference still exists in how each province deals with seasonal weight and road restrictions. This lack of standardized implementation processes and enforcement policy is a source of frustration for those in the industry for those times of the year where restrictions are in place in one province but not another.

Further progress can also be made with regards to essential permits. While provinces have made a concerted effort in standardizing the permit acquisition process, the fact remains that applying for the various permits necessary for transporting loads across provincial borders constitutes a

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6 New Brunswick Department of Justice, “New Brunswick signs agreement in principle for the Cooperative Capital Markets Regulatory System”, July 2014
7 CFIB Member Mandate #229, January 2008
8 Atlantic Gateway and Trade Corridor Strategy”, 2010
9 New Brunswick Department of Transportation, “Charting the Course: Atlantic Canada Transportation Strategy 2008 – 2018”

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I purchased a truck in Ontario and the paperwork that had to be done to get it to Newfoundland was unbelievable, needed permits for every province, fuel permits for every province. It took about 2 weeks to get all the permits sorted out, and about $1500 in extra cost

NL Member, motor vehicle repair
significant paperwork burden that can be relieved through further cooperation. Having one single-trip fuel permit recognized region-wide, mutual recognition of single-trip commercial vehicle registration, and an easy online application center for all necessary permits could all help to ease the burden on small businesses that want to ship a low to moderate amount of goods through multiple provinces.

Case Study: Alcoholic Beverages

The craft brewery market in Atlantic Canada has undergone a veritable explosion in the past two decades, with internationally acclaimed products surfacing in microbreweries region-wide. Local wineries have established a foothold in a notoriously reputation-based market. Despite these burgeoning new industries, laws and regulations surrounding the trade of alcoholic beverages have barely evolved at all.

Bill C-311, a federal amendment designed to permit cross-border shipping of wine for personal use, has met a tepid response at the provincial level, with most provinces neglecting to pass legislation that would allow the changes to take effect (Nova Scotia has passed legislation respecting these changes, but is still in need of supplementary regulation for the full effect of the changes to be realized). The Federal 2014 Budget expanded these personal use exemptions to beer and spirits, leaving the remaining barriers to personal use importation squarely in the hands of provinces.

There are many policy options available to the Atlantic provinces on this front. First and foremost, direct-to-consumer shipping should be permitted in each province (if not for all products then at least for those produced regionally).

Secondly, the way distribution is handled needs to be carefully examined. Merging the four provincial crown corporations is not a new idea and both the monetary and administrative benefits of co-operation are admitted by the corporations themselves. However, this approach carries with it many of the distribution and capacity limits of the current model.

A reliable way to increase available shelf space for existing producers and potential new entrants is to dissolve the monopoly provincial crown corporations have on retail sales and allow any interested retailer to sell alcoholic beverages. Provinces have tinkered with this policy to an extent. For example Newfoundland & Labrador allows the sale of locally produced beer in corner stores. The most prominent Canadian example is that of Alberta. Since its movement to privatize the distribution of alcoholic beverages in 1993, the total number of retailers selling alcohol has more than doubled, and the number of unique products has multiplied by a factor of eight. The number of jobs in the industry has also increased four-fold.

The fact is that when producers are looking to expand across borders, they prefer the market with the fewest barriers to entry. If the alcohol distribution system were to be reformed, Atlantic wineries and microbreweries would undoubtedly find shelf space easier to access.

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Labour Mobility

Trade barriers exist not only for goods, but for human capital as well. Key to a business’ success is its ability to find qualified employees who have the skills to fit the job. The larger the labour market is, the more likely an employer is going to find the employees they need, and vice versa. If Atlantic Canada is to prosper, it must empower people with the skills and education to succeed, and the freedom to work anywhere in the region.

The availability of skilled labour in Atlantic Canada is critical to the region’s future. A shortage of qualified labour is looming: the Atlantic workforce is aging and retiring, with a population growth rate far below the national average. On top of this, in the short-term future, skill requirements in the workplace are facing a significant increase. Businesses across the region identify a shortage of qualified labour as one of the greatest challenges facing the region in the immediate future (see Figure 7). The Atlantic provinces run the risk of being caught flat-footed by these demands unless immediate action is taken to prevent the pool of qualified labour that are ready, willing, and able to work from drying up.

![Figure 7](image)

**Greatest challenges facing Atlantic Canada (% response)**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Tax burden</td>
<td>68</td>
</tr>
<tr>
<td>Aging population</td>
<td>68</td>
</tr>
<tr>
<td>Outmigration of young people</td>
<td>64</td>
</tr>
<tr>
<td>Shortage of qualified labour</td>
<td>60</td>
</tr>
<tr>
<td>Increasing healthcare costs</td>
<td>49</td>
</tr>
<tr>
<td>Lack of federal and provincial</td>
<td>42</td>
</tr>
<tr>
<td>Rising infrastructure costs</td>
<td>38</td>
</tr>
<tr>
<td>Lack of immigration</td>
<td>18</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
</tr>
<tr>
<td>None of the above</td>
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</table>

Source: CFIB, Atlantic Skilled Worker and Apprenticeship Survey, August 2013, n = 665

Skilled Trades

There are two main gateways for entry into a skilled trade: trade qualification and apprenticeship. Apprenticeship gets students out of the classroom and into the workplace, giving them hands-on experience, all under the watchful eye of a certified mentor known as a journeyperson. After logging a sufficient number of hours, they may then take a certification exam. Apprentices will typically amass their required hours more quickly, and have lower fail rates, than trade qualifiers – yet 35% of skilled trades in Atlantic Canada still do not have an apprenticeship program.

The regulation of apprenticeship programs falls under provincial jurisdiction, which means that programs can vary widely between the four Atlantic provinces. For example, apprentices pursuing

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certification as a Mobile Crane Operator require twice as many hours in PEI as they do in New Brunswick (6,000 as opposed to 3,000). In Newfoundland & Labrador, Mobile Crane Operation is a compulsory trade, meaning the apprenticeship system is mandatory, yet in Nova Scotia there is no apprenticeship training available at all.15 This disjointed approach prevents a fluid pool of certified tradespeople from flowing around the region.

This issue, along with other issues plaguing the apprenticeship system, has been recognized by the Council of Atlantic Premiers, who have just this spring signed a Memorandum of Understanding on Apprenticeship Harmonization.16 It’s an indicator of positive progress, taking the process of harmonization a step further than the existing Atlantic Workforce Partnership (AWP). The step, however, is a small one: only ten trades in total will be harmonized, and of the ten, six will not be addressed until harmonization is achieved in the first four pilot project trades (cook, instrumentation technician, bricklayer, and construction electrician). There are many more trades that are in need of harmonization, and the agreement makes no mention of expanding apprenticeship programs in order to cover these trades.

The Atlantic Provinces need to be more ambitious in their plans regarding apprenticeship harmonization under the terms of a New East Partnership. This should include a plan that would see most, if not all, of the region’s apprenticeship programs fully harmonized as soon as possible. The plan would include the alignment of training requirements and trade designations across provinces, and working with teaching institutions. Allowing apprentices to study and complete their apprenticeship in any Atlantic province without having to worry about recognition of their credentials is integral to the development and retention of skilled workers.

New policy aimed at promoting the apprenticeship system can be incorporated into a labour mobility agreement. A New East Partnership should facilitate the development of an apprenticeship training program for any skilled trade with both a willing apprentice and journeyman. Existing regulation or lack of program funding should never stand in the way of those wishing to learn. The construction of an online regional database of apprentices would also be highly beneficial - 47% of business owners say they have difficulty finding an apprentice despite being willing and capable of training one.17 A database would ease that difficulty, and help to establish early connections between employers and apprentices.

Professional & Trade Licensing

Professional licensing that operates on a province-by-province basis also frustrates the efforts of businesses to operate in more than one province. National mobility agreements between most professional associations indicate that the difference in qualifications between provinces is not substantive, but merely administrative. The expansion of the Red Seal program, which allows for skilled trade credentials to be recognized interprovincially, has benefitted businesses across Canada. However, Red Seal designation only applies to larger trades, and even then, only those trades with designated status and guaranteed support from multiple provinces are considered.

15 Katie Phillips, “Coming Up Short: Barriers to Apprenticeship and the Shortage of Labour (Appendix)”, CFIB
16 “Atlantic Premiers Focused on Economic Growth”, Council of Atlantic Premiers, May 2014
17 Katie Phillips, “Coming Up Short: Barriers to Apprenticeship and the Shortage of Labour”, CFIB
Small businesses seem to have a clear vision of their ideal solution: mutual recognition of qualifications, licenses, and standards between provinces. In order to move the region forward, there needs to be an agreement to maintain a presumption of validity for the trade qualifications and credentials of professionals from any Atlantic province, instead of placing an administrative burden on businesses and professionals to obtain a new set of documents reaffirming that they possess the skills they have already certified. A New East Partnership should operate on a system of automatic recognition for professional qualification.

Worker’s Compensation

The supply of skilled workers is not the only issue that holds back a fluid labour force. Anywhere labour is involved, so is regulation. Businesses are quick to point out that there are many regulatory frameworks that can turn operating in multiple provinces into a major headache.

Many businesses identify the nebulous details of each province’s Workers Compensation legislation as confusing and difficult to navigate. The administrative costs of such a system are a major burden, both in terms of hours put into paperwork and the amount of institutional knowledge required to navigate these systems on a routine basis.

Designing regulations to protect workers is a nuanced craft, and simplification can only go so far. However, the region’s Workers’ Compensation Boards must act co-operatively going forward, in order to create a more cohesive policy for firms with employees that will be working across provincial borders. The purpose of the Inter-jurisdictional Agreement on Workers’ Compensation is to ensure no worker is “denied fair and equitable compensation” no matter which board has jurisdiction over the work site. Businesses, on the other hand, are too often left with more questions than answers when looking for information on inter-jurisdictional registration. When compensation boards exclude any extra-jurisdictional dimension in their work plans, they unintentionally erect monetary and regulatory barriers for small businesses looking to expand their operations.

Atlantic Canada could look to the Australian model for inspiration. The Australian approach involved crafting a comprehensive development plan to harmonize both Occupational Health & Safety Requirements and Workers’ Compensation policies across all Australian territories and states. The plan includes creating single gateways (“one-stop shops”) for employers looking for cross-jurisdictional information, sourcing common materials and resources for employers and workers, and establishing inter-jurisdictional working groups to identify and recommend focus areas for regulatory harmonization. Implementation of a similar plan by the Atlantic provinces would be welcome news for existing and prospective multi-province employers.

Best Practices

The importance of reflecting upon past successes and failures is not lost in drafting agreements. Some of the most important pieces of a New East Partnership can be found in what has and has not worked in previous agreements, whether in this region or other jurisdictions. The text of the New West Partnership, an agreement between provinces operating under the same federal framework, will hold a particular significance in informing what ought be included in a modern Canadian internal trade agreement.

Negative list approach

There exists a great power in presumptions. One of the most essential components of modern regional trade agreements is an underlying assumption that all cross-border trade is permitted unless explicitly modeled out. 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 need worry about archaic barriers that may apply to it. And additionally, if a signatory to the agreement wants to maintain certain barriers in any specific industry, they have to fight to get a special exemption. It is a powerful practical and political disincentive to protectionist behavior.

Superior text

In past efforts to harmonize regulations across borders, and when there exists a conflict between agreements or laws relating to trade and regulation, there has always been the dilemma of which standard to adopt. This has the potential to lead to a problematic tendency of “regulating up,” where all jurisdictions adopt the policies of the strictest regulator, or side with the more restrictive provision in cases where agreements conflict, so as to eliminate the need for any jurisdiction to remove regulations from the books. This may comply in letter with free trade agreements, but not in spirit. The superior text provision of the New West Partnership is designed to directly combat this. A New East Partnership can take inspiration from this, so as not to interfere with the AIT or the elements of PARE that are applicable. A superior text approach does not provide a definitive answer to which provision is more conducive to trade, but it should help to reduce compliance issues where the more liberal provision is clear.

Dispute resolution

Any dispute resolution mechanism that would exist in a New East Partnership 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. Not to mention that compliance measures only extend to certain parts of the agreement: while it is stated in the agreement 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, yet there does remain a need for a deterrent to prevent infractions. The inclusion of industry experts and small business representatives in the process will aid both sides in reaching sound policy conclusions.

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 to removing trade barriers 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.

19 William Dymond, Monique Moreau, “Canada”, Internal Markets & Multi-level Governance
Conclusion

Trade is a much more expansive subject than can be summarized in a single document. There are many more areas where an in-depth look at interprovincial barriers is warranted if a New East Partnership were to be formulated: energy, natural resources, the environment, and agriculture. These areas are important to the region, and a short discussion will not do them justice. This ought not, however, deter negotiations on a new, all-encompassing trade agreement. The best practices outlined in this report can help to inform such an agreement’s structure, and its policy recommendations remain valid even if they cannot be packaged into one comprehensive agreement.

Over the past 20 years, the doctrine of free trade has broadened in scope, and is today more than ever about the free flow of capital across borders rather than simply goods. If the New East is to be a true free trade zone, businesses and investors need to have the ability to deploy their financial resources wherever they are needed, without facing unnecessary regulatory roadblocks in the process. A trade agreement between the Atlantic provinces would help to make discussions on new regional growth policies the norm instead of the exception.

The one message to retain from this report, above all, is that businesses have made it clear that they favor free and open access to all provincial markets. International trade may dominate the airwaves, but the most common trading partners have always been found close to home. In the face of international competition and the lack of an effective national internal trade agreement, the Atlantic provinces can take the reins and be the source of their own success, breaking down the boundaries between them and working more co-operatively as a region. Each province has its own unique perspective to speak from, and that is ultimately what will make a New East Partnership strong – the ability to learn from each other, and determine what can be done to bring forth the best that small businesses in the region have to offer.

Summary & Recommendations

Interprovincial trade barriers can block the flow of goods, services, and labour but they also block the Atlantic region’s potential for economic growth. They come in many forms, be they expressly prohibitive barriers, or less visible regulatory barriers. Small businesses across the region and across Canada are in broad agreement that these barriers should be removed. While Canadian Premiers’ recently announced their interest in a comprehensive renewal of the AIT, which has the potential to have a positive impact on internal trade, this report proposes a “New East Partnership,” akin to the New West Partnership between BC, Alberta, and Saskatchewan, as a broad and comprehensive trade agreement for the Atlantic region which would either supplement AIT changes or precede what could be lengthy negotiations on the AIT.

A comprehensive “New East Partnership” should aim to include:

- A common corporate registry, with provisions for information sharing between jurisdictions, eliminating a tedious paperwork barrier for businesses wanting to expand to another province
- Further action on a regional transportation strategy, including common implementation policies for seasonal weight restrictions, and making fuel permits easy to access and recognized regionally
- Allowing direct-to-consumer shipping for producers of beer, wine, and spirits, and the removal of policies that stifle trade, including a reimagining of the liquor distribution system in Atlantic Canada
- A plan to harmonize apprenticeships, ensuring that no trade is left behind, along with a regional database of apprentices that would connect small businesses with apprentices region-wide
- **Automatic recognition of professional and trade credentials**, so that small businesses do not hold the burden of ensuring that their licences and those of their employees are valid when performing work in other provinces.

- **A regional approach to Worker’s Compensation** that extends beyond the current interjurisdictional agreement, harmonizing policy, implementing single gateways for interjurisdictional information, sourcing common materials, and establishing interjurisdictional working groups to highlight areas in need of improvement.

- **A negative list approach**, guaranteeing that free trade provisions will apply to all sectors of the economy, rather than limiting them to those enumerated in a list.

- **A superior text** provision, explicitly stating that in situations where multiple free trade agreements apply, the provision most conducive to liberalized trade will always prevail.

- Compliance processes that prioritize **good-faith negotiation** ahead of litigation & monetary penalties, and include **industry experts & small business representatives**.

- Emphasis on **mutual recognition** wherever possible rather than risking that regulations will be harmonized-up and to avoid lengthy negotiations over which regulations will prevail.