

Sent by email

May 24, 2022

Subject: Now is the time to prioritize eliminating internal trade and labour mobility barriers

Dear Premiers:

As you know, the Canadian Federation of Independent Business (CFIB) is a non-partisan, not-for-profit organization representing the interests of 95,000 small and medium-sized enterprises (SMEs) across Canada. We are writing to request that you once again prioritize eliminating internal trade and labour mobility barriers.

July 1, 2022, marks the 5th anniversary of the Canadian Free Trade Agreement (CFTA) coming into force. Since the agreement was signed, some progress has been made to reduce internal trade barriers and improve labour mobility across the country. However, CFIB is concerned progress is too slow and that significant barriers remain. For context, only 11 agreements covering 14 of the 35 items on the Regulatory Reconciliation and Cooperation Table (RCT) work plan have been ratified by provincial, territorial and federal representatives. Of these 11 agreements, only three have been fully implemented by all provinces and territories. This lack of progress is a clear indication stronger political leadership is needed.

Other high-profile barriers outside the purview of the RCT also remain in place. For example, the absence of free movement of wine, beer, and spirits across provincial borders is still making international headlines. Federal requirements around meat inspections are another long-standing irritant that have not been resolved. The requirement hinders the movement of meat across provincial and territorial borders (restrictions that we understand were loosened during COVID to ensure meat was stocked in grocery stores). More must be done to make a difference on the ground for Canadian businesses and signal to the rest of the world that Canada is a place without barriers to the movement of people, goods, services, and capital.

Instead of making numerous specific recommendations on internal trade and labour mobility, as we have in the past, we have one simple recommendation: **CFIB recommends Canada's leaders move quickly to adopt a mutual recognition agreement encompassing all federal, provincial and territorial regulatory measures that impose requirements on the sale or use of all goods and services – such that any good or service that may be sold or used in one province may be readily sold or used in all other provinces and territories without having to meet any additional requirements.**

Under this approach, we would expect provinces and territories to mutually recognize each other's regulatory standards. One example is differing occupational health and safety requirements with respect

to everything from work boots to fall protection. If a company is meeting the health and safety standards of one province, why would that not be sufficient for any province? We accept that exceptions can be taken by provinces and territories as needed (negative list approach). This approach is preferred to the current process of identifying barriers and taking years to sign and implement a reconciliation agreement.

We are also writing to let you know that our Internal Trade Report Card will be released in late June, coinciding with the anniversary of the CFTA, and will evaluate specific indicators of progress. As part of this work, we have been meeting with officials across Canada as we work to finalize our methodology. Any province that accepts our bold recommendation to mutually recognize all provincial and territorial standards and regulations will automatically receive an A grade on our Report Card.

Removing domestic trade barriers is key to Canada's economic recovery. By confirming that each jurisdiction in Canada mutually recognizes all other provincial and territorial standards and regulations, Canada would send a strong signal to the rest of the world that it is serious about creating an attractive investment climate. Mutual recognition would be a great benefit to both Canadian businesses and consumers by increasing the choice of goods and services, reducing prices in a high inflation environment, generating new employment, and encouraging innovation.

On behalf of small business owners across Canada, we sincerely hope you consider our recommendation to take this bold step toward mutual recognition and become a leader on this file. We look forward to continuing to meet with your leads on internal trade as we continue to finalize our reports' methodology. If you have any questions, please do not hesitate to contact us.

Sincerely,



Laura Jones
Executive Vice President &
Chief Strategic Officer



Corinne Pohlmann
Senior Vice President,
National Affairs & Partnerships

cc: Prime Minister Justin Trudeau, Trade Ministers, Small Business Ministers