

Robert Musgrave
RCT Chair
Director, Trade Policy and Negotiations
Ministry of Jobs, Economic Development and Competitiveness
Government of British Columbia

Re: CFIB Submission to Regulatory Reconciliation and Cooperation Table (RCT) Work Plan for 2021-2022

Dear Mr. Musgrave,

On behalf of 95,000 Canadian Federation of Independent Business (CFIB) members, we are writing to provide our input as the Regulatory Reconciliation and Cooperation Table (RCT) considers its Work Plan for 2021/2022. We recognize the efforts made by governments and the work of the RCT in the past years to reduce barriers to trade and enhance labour mobility in Canada. However, many high-profile barriers remain (e.g. shipping wine directly to consumers) and many reconciliation agreements have yet to be ratified by provinces. Instead of making a number of specific recommendations, as we have in the past, we have one simple recommendation.

The continued existence of unnecessary trade barriers, largely due to regulatory differences, has led to the perception that Canada is a laggard when it comes to modernizing its internal trade regime. Such negative perceptions make Canada less attractive for domestic and foreign investment.

The approach of considering individual barriers one by one will not help overcome this perception in a timely or efficient manner. Instead, **we recommend the RCT work to adopt a policy of mutual recognition around federal, provincial and territorial standards and regulations relating to the sale of all goods and services. Under this approach, we accept that exceptions can be taken and listed by provinces as needed (negative list approach). The negative list approach to goods, services, persons, and investments is already taken by the rest of the Canada Free Trade Agreement. However, without a parallel negative list approach to address differing regulations that restrict the sale of products and services, too many obstacles to trade remain. Without a bold, clear signal, uncertainties over whether any particular good or service may be sold across the country will continue to negatively impact business and investment decisions.**

This approach is already used between jurisdictions in other countries. In Australia's *Mutual Recognition Agreement (MRA)*, for instance, each jurisdiction agrees to recognize regulations that have been made and administered by other state or territorial jurisdictions, even if they differ. Under Australia's MRA, mutual recognition is subject to a negative list of exceptions detailing which goods are explicitly prohibited due to regulatory differences. **In other words, any good that can be legally sold in one jurisdiction can be sold in all other jurisdictions without meeting further requirements, unless an exception is taken. Canada can learn from Australia and has an opportunity to go further and become a recognized world leader in its approach to internal trade.**

The absence of mutual recognition of regulatory standards inhibits a business' ability to sell their goods and services. For example, Ontario requires that construction sites include toilets with an open-front toilet seat (flap that lifts), while other provinces have no such requirement. If you produce toilets with a fixed toilet seat, you are effectively prohibited from selling them to Ontario construction sites due to the different standard. Another good 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? While undoubtedly there will be some legitimate exceptions that can be listed, we believe most regulations and standards that support the sale of goods and services can be mutually recognized.

Trade both domestic and international will be key to Canada's economic recovery. By confirming that all goods and services sold in one jurisdiction can be sold in the others, Canada would send a strong signal that Canada is serious about creating an attractive investment climate. This benefits Canadians by increasing the choice of goods and services, reducing prices, generating new employment, and encouraging innovation.

CFIB appreciates the opportunity to provide input to the work of the RCT. If there are any questions, please do not hesitate to reach out to either of us.

Sincerely,

Laura Jones
Executive Vice President and Chief Strategic Officer

Corinne Pohlmann
Senior Vice President, National Affairs and Partnerships

Marvin Cruz
Research Manager

cc: Premiers, Trade Ministers, Small Business Ministers