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Call for more open trade Ottawa must put heat on 'laggard' provinces

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OTTAWA -- Some of Canada's most influential business groups are recommending a get-tough approach to inter-provincial trade through a tribunal empowered to open the clogged channels of commerce within Canada.

A coalition including such groups as the Canadian Bankers Association, the Canadian Chamber of Commerce, the Canadian Council of Chief Executives, the Canadian Federation of Independent Business and Canadian Manufacturers and Exporters called yesterday for a "bold" new approach to what has proved an intractable problem.

The National Business Coalition on Internal Trade is recommending federal legislation to establish a set of "open-trade principles," designed to create a free and open market for goods, labour and investment within Canada.

It also recommends a standing internal-trade tribunal that would operate on the basis of consultation and mediation, possible financial penalties and, ultimately, binding arbitration.

Moreover, if tribunal orders were not followed, the parties involved would have access to the courts, to resolve their issues.

The provinces have exhibited "a pattern of noncompliance, outright refusal and simply ignoring the rules that they themselves set up," said coalition spokesman Sean McPhee.

"So we are calling upon the federal government to take its proper constitutional authority to legislate a new, bolder approach to get the provinces to the table and get this economic union working the way it should."

For those familiar with the never-ending slog of provincial-trade obstacles, it may be a surprise that the Constitution of Canada grants exclusive powers to the federal government to regulate trade and commerce.

But what the framers of the constitution did not anticipate was the ascendancy of non-fiscal and non-tariff barriers, such as provincial government-procurement practices that favour resident producers.

Attempts to rectify that through the Agreement on Internal Trade signed in 1995 were "a patent failure," McPhee said, as disputants could ignore rulings against them and injured parties had no recourse to the courts.

Compounding the problem is that the level of commitment varies widely -- from the West, where B.C. and Alberta are today celebrating the first year of a widely hailed open-trade agreement, to Quebec and Ontario, which no less than the International Monetary Fund has described as "laggards" on internal trade.