

trade flows, the proportion encountering difficulties was higher, with 30 percent indicating problems. According to the CMA those industries where restrictions were most evident included: machinery, electrical products, furniture, printing and publishing.

A study published in 1983 by the Ontario Economic Council, entitled Federalism and the Canadian Economic Union, suggested that losses from interprovincial barriers were quite modest for the economy as a whole. Nevertheless, such losses may be more appreciable for individual industry sectors, particularly those sectors where such barriers are a significant factor, such as the brewing, urban transit equipment industries, or the industries cited in the preceding paragraph.

Generally speaking, interprovincial barriers to trade are perceived as a problem by the premiers and at the First Ministers Conference in February 1985, elimination of barriers to interprovincial trade was raised as a trade issue. More recently the business Task Force on Canada-United States Trade Policy endorsed the desirability of tackling this problem.

Barriers to interprovincial trade have also attracted criticism from Canada's trading partners to the extent that they adversely affect international trade. For example, provincial liquor boards impose higher mark-ups on imported wine and liquor and effectively stop importation of beer, practices which have irritated other countries. As a result of the last round of GATT negotiations in 1979, the provinces gave an assurance that the differential mark-ups on wine would not be increased except as justified by commercial considerations, and that the difference in mark-up on spirits would reflect commercial considerations. However, some provinces have increased differentials considerably and the European Community has now requested GATT arbitration on the issue. In the past, trucking regulations have led to disputes with the United States. In the area of procurement practices, the United States has identified provincially owned Crown Corporations (primarily telephone and electrical utilities) as entities which it wants to be included under the GATT Agreement on Government Procurement. As a result, of this interest on the part of Canada's trading partners, federal and provincial barriers to internal trade may be expected to feature increasingly in international trade talks.

It is in this context that this paper examines selected federal and provincial barriers to trade. It should be noted that this paper does not attempt to examine the validity of arguments for or against provincial or federal practices and programs which relate primarily to regional or provincial development. Rather, it is only a preliminary identification of the implications of international trade negotiations for internal barriers to trade.