

EXECUTIVE SUMMARY

Canada is a political federation based on the concept of an economic union. To achieve the benefits which derive from this political-economic structure, there must be no barriers to the free movement of goods, services and factors of production among participating jurisdictions. Government policies have created barriers, both deliberately and unintentionally, thereby causing market distortions and reducing the benefits of specialization and exchange within the union. These policies have also been viewed by Canada's trading partners as either restricting access for their goods and services or providing unfair advantage to Canadian goods and services in their home markets. This has invited retaliation and limits the gains from international trade. For these reasons the ITAC undertook this study of interprovincial trade barriers.

From an exhaustive inventory of barriers identified, the Task Force focused and classified six types of policies which most distort interprovincial trade and which are likely to be of central concern in the context of U.S.-Canada trade negotiations. These barriers are federal and provincial government procurement policies; provincial practices in areas such as liquor boards, resource development and services; agricultural policies; and regional and industrial incentive programs.

The Task Force suggests that the benefits of removing interprovincial trade barriers would be national in scope and permanently available to Canadians. The freer flow of goods and services among regions would result in a more efficient, rationalized industrial structure that is more capable of competing with international producers both in domestic and export markets. Consumers would benefit from these efficiencies through lower prices and enhanced availability of goods and services. In addition, taxpayers would gain from reduced fiscal demands by governments as well