

## V CONCLUSIONS AND RECOMMENDATIONS

The Task Force concludes that interprovincial trade barriers cause distortions and inefficiencies in the Canadian economy and have contributed to the creation of a fractured and less than optimum industrial structure. This is reflected in higher costs and lower productivity of Canadian industry and, hence, higher prices for consumers. This has served to reduce the competitiveness of Canadian industry in both domestic and international markets. Many of these barriers have also resulted in higher government expenditures, larger deficits and a greater burden for Canadian taxpayers. In part, the barriers involving tax incentives have contributed to the complexity of the Canadian tax system. The barriers in the eyes of foreigners have acted as impediments to international trade and have given rise to specific trade disputes with the U.S. Given the negative impacts of these barriers on the domestic economy and the international irritants surrounding them, the Task Force concludes that the permanent benefits of removing these barriers would outweigh the immediate costs associated with their dismantling.

However, despite this conclusion, there will be a continuing concern for regional development in Canada which must be taken into account in the adjustment process and the implementation plan involved in barrier removal. This concern however, could be reduced by the beneficial impact of greater access to U.S. markets achieved through the removal of these barriers in trade negotiations. Accordingly, the Task Force urges the federal and provincial governments to continue their consultations and efforts to dismantle interprovincial trade barriers and that this process should be undertaken primarily for domestic economic reasons with the U.S.-Canada trade negotiations acting as a further catalyst to the process. The Task Force believes that there has never been a more appropriate time to undertake this task given the current co-operative attitude between the two levels of government and the urgency of moving forward on the U.S.-Canada trade talks.