

the government last fall, a recurring theme was the removal of interprovincial trade barriers. Canadians see these barriers as handicaps, not only to doing business but also to their ability to move around this country and take full advantage of job and educational opportunities, and as obstacles to their enjoying price-competitive Canadian goods and services as consumers. They are fed up and are demanding the removal of all barriers to the free movement of goods, people services and capital.

Interprovincial trade barriers are familiar to all of you. Let me give you an example from the wine industry in British Columbia and Ontario.

In the Okanagan Valley, Calona Wines produces wines from British Columbian grapes and imports wine from other countries for bottling. Calona has no problem selling its product in the Western provinces. But Ontario won't allow imported wine bottled in British Columbia to be sold in Ontario. What's more, the province treats wines produced outside Ontario the same as wines produced in the U.S. The result? Calona cannot build an economy of scale.

Meanwhile, Ontario wineries cannot sell their products in British Columbian wine stores. They must be sold through liquor boards at a higher markup than local wineries are charged, a regulation that led Cartier Wines and Beverages of Mississauga, Ontario, to establish a winery in British Columbia.

Now, because of barriers, Cartier has three wineries producing two million cases of wine. Its foreign competitors have one plant producing two to three million cases. The result? Higher overhead -- higher per-unit costs compared to the U.S. producers, which makes it tough for Cartier to compete. And unlike Calona, their American competitors can sell to every province in Canada.

By 1995, when the full effect of the Free Trade Agreement is in place, out-of-province wines will be marked up higher than, say, Californian wines. Similar stories could be told about industries and professions throughout the Canadian economy.

More and more Canadians are becoming aware of these barriers and they want to know why you can't use bricks made in one province on construction sites in another. They are tired of bearing the burden of paperwork that makes it at least as difficult for British Columbians to ship logs and woodchips to Alberta as to Japan.

They are amazed when they hear that local hospitals often find that they have to go to foreign markets to buy goods. Why? One reason is that local-preference procurement policies give foreigners a price advantage over Canadian products.