

## 2. COSTS OF REMOVAL

Since many of these barriers were erected for regional development purposes most of the costs associated with their removal are regional in nature. However, these costs would be manageable if proper implementation of the barrier removal process allowed for adjustments to take place over an appropriate time frame. Additionally, alternative regional development mechanisms must be addressed simultaneously with barrier removal to enhance the economic base of regions affected by the removal. This means that these costs must be determined and assessed in order to design an effective implementation plan for each type of barrier and to develop any necessary adjustment programs in specific cases.

### A. FEDERAL AND PROVINCIAL GOVERNMENT PROCUREMENT POLICIES

The most significant cost arising from the removal of procurement policies would be a negative regional economic and employment impact in those regions and provinces whose suppliers would not be able to compete with larger scale more efficient suppliers in other regions. This would create adjustment problems for local firms and labour markets as production shifted to other regions of the country. In effect, this could result in a concentration of government purchases in central Canada and greater import competition in provincial markets. These production shifts could also result in transfers of capital among regions and potential inter-regional labour flows as production facilities are rationalized in some sectors to meet national market demands. The greatest costs to regions would be lost employment opportunities that would create increased unemployment and labour market adjustment problems while regional economies adjusted to the new competitive procurement environment.