

Eliminate interprovincial trade barriers through the expansion of the Alberta-British Columbia Trade, Investment, and Labour Mobility Agreement (TILMA)

Background

As explicit tariffs between the provinces are strictly prohibited under Section 121 in *The Constitution Act of 1867*, most interprovincial barriers are the result of differing rules, regulations and regional programs. These internal trade barriers are enforced by provincial legislation that attempts to protect local vested interests at the expense of interprovincial competition.

Estimates on the costs of barriers in Canada range as high as \$14 billion per year.

To address these concerns, an Agreement on Internal Trade (AIT) was signed by the provinces in 1994. The objective of this agreement is for “parties to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services and investment in Canada, and to establish an open, efficient and stable market.”

The AIT is simply a commitment to agree to fairer trade in principle; it lacks any legal effect on a provincial or federal level. The dispute resolution mechanism is extremely complex and cumbersome, making it difficult to obtain a timely and inexpensive decision. Further, the dispute resolution mechanism is not enforceable by law.

The Government of Alberta is a strong proponent of the AIT, but recognizes the challenge in moving forward with consensus among all provinces and territories. So in April 2006, B.C. and Alberta signed the Trade, Investment, and Labour Mobility Agreement (TILMA). The agreement aims to eliminate all barriers to trade between the two provinces, creating the second largest economic region in Canada.

The agreement commences in 2007, with a transition period until April 2009 to allow both governments to bring measures into conformity. It has a stronger dispute resolution process than the AIT and is legally enforceable and has fiscal penalties for non-compliance.

Call to Action

Reducing the remaining interprovincial trade barriers is a vital part of creating an efficient and streamlined regulatory environment in which Canadian firms can flourish. Internal barriers only serve to decrease trade between provinces, encourage regional disparities, and undermine international competitiveness. They represent a significant cost to doing business, and must be eliminated.

The Alberta Chambers of Commerce commends the Government of Alberta for signing TILMA, a groundbreaking agreement. This agreement is an important step on the way to eliminating all interprovincial trade barriers across Canada.

The Alberta Chambers of Commerce recommends that the Government of Alberta:

1. Work with the Government of British Columbia to bring other provinces and territories under TILMA.
2. Continue to remove the remaining interprovincial trade barriers as quickly as possible through the AIT.
3. Alter the dispute resolution mechanism set out in the AIT to give the ability to issue a legally binding settlement.

(Co-sponsored by the Edmonton Chamber of Commerce and the Lloydminster Chamber of Commerce)