

43. Ending Child Labour/Slavery in Canada's Supply Chain – A Government and Private Sector Solution

DESCRIPTION

Forced labour, including slavery and child labour, can be found in every country and just about every sector of the economy. The International Labour Organization (ILO) estimates that there are approximately 152 million child labourers globally, with 73 million children engaged in hazardous work and 4.3 million in forced labour. It also estimates that there are 25 million victims of forced labour worldwide with women and girls making up 71 percent of those victims. While some progress has been made in G7 and G20 countries, it is estimated by World Vision Canada that some 1200 companies in Canada imported goods at risk of being produced by child labour and forced labour as recently as 2015. That was a 31% increase since 2012.

BACKGROUND

According to the ILO, the definition of child labour refers to work that is mentally, physically, socially and/or morally dangerous and harmful to children and that interferes with their schooling. The ILO defines the worst form of child labour as all forms of slavery, such as trafficking of children and forced labour, child pornography and prostitution, the use of a child for illicit activities; or hazardous work, which is likely to harm the health, safety or morals of a child.

Forced labour is one of the worst forms of child labour as it is work or service that is demanded from any person under the threat of penalty and for which the person has not offered him or herself voluntarily.

Presently the Government of Canada has begun Phase 1 of a consultation process with all stakeholders on possible measures to address labour exploitation (a broader more inclusive definition encompassing all forms of child/slave labour issues). This in response to the 2018 report by the Subcommittee on International Human Rights of the Standing Committee on Foreign Affairs and International Development. The report highlights the importance of collaboration between the federal government and business along with provincial and territorial governments to eliminate child labour from global supply chains.

Still, other countries are accelerating their labour exploitation initiatives with ever increasing velocity.

- The California Transparency in Supply Chains Act (2010) require retailers here with worldwide gross receipts of over \$US100 million to make a one-time disclosure regarding their efforts to eradicate slavery and human trafficking from their direct supply chain for tangible goods for sale. Disclosures must be posted on company websites and must address verification, audits, certification, internal accountability and training efforts. Failure to produce disclosures may result in an injunction by the State's Attorney General.
- Canada and other States have endorsed the UK's 2017 Call to Action to end forced labour, modern slavery and trafficking.
- Australia, Canada, New Zealand, the UK and the United States in September 2018, launched the Principles to Guide Government Action to Combat Human Trafficking in Global Supply Chains.
- Germany has signaled in its National Action Plan on Business and Human Rights that industry should achieve certain metrics by 2020 – if not, it will pass legislation to mandate supply chain due diligence.
- The Netherlands has advanced sectoral “covenants” in various sectors including garment, gold, pension plans, banking and agri-food and have proposed the Dutch Child Labour Bill.
- Australia has passed the Australian Modern Slavery Act of 2018.
- France has passed the Law 2017-399 related to Duty of Vigilance of Parent Companies and Commissioning Companies.
- New South Wales has passed the Modern Slavery Act 2018.
- Switzerland has proposed the Responsible Business Initiative.
- The United States passed (effective March 2015) the US Federal Acquisition Regulation: Ending Trafficking in Persons
- The European Union implemented in 2017 the Non-Financial Reporting Directive requiring EU Member States to enact legislation requiring large public interest entities to report annually on issues such as human rights.

The adoption of traceability compliance in the supply chain is not a new concept in Canada. Since the 1950s, Canadian companies involved in the defence sector, have had to demonstrate full transparency and traceability of all parts and components throughout their entire supply chain, demonstrating that not only should it be done, it can and is being done.

Further evidence of accelerating labour exploitation initiatives can be found in the private member's bill introduced into the House of Commons (in the 42nd Parliament) entitled “C-423 – An Act respecting the fight against certain forms of modern slavery through the imposition of certain measures and amending the Customs Tariff” (the Bill). The Bill aims to further Canada's international commitment to eliminate modern slavery, especially child labour. A similar bill will undoubtedly be introduced into the 43rd Parliament, and if passed would follow a global trend in legislation to eliminate forced labour, child labour, human trafficking, and other forms of exploitation, responding to the 2012 United Nations Guiding Principles on Business and Human Rights, considered the global standard for corporate human rights obligations.

Additional tri-partisan support for this type of legislation was evident in Canadian Federal politics with the establishment of the All Party Parliamentary Group to End Modern Slavery and Human Trafficking.

In addition the House of Commons Standing Committee on Foreign Affairs and International Development has issued an FAAE Committee Report entitled: A Call to Action: Ending the Use of All Forms of Child Labour in Supply Chains in which they point out the heavy prevalence of child labour and forced labour in sectors such as agriculture, be it for subsistence or commercial farming. According to the ILO 71% of all child labour occurs in the fishing, forestry, livestock herding and aquaculture industries.

In particular, the use of child labour has been widely documented in the harvesting of cocoa, coffee, tobacco and cotton picking for garment manufacturing.

In its Report: "In the Dark, Bringing Transparency to Canadian Supply Chain" the Peter A. Allard School of Law, at the University of British Columbia authors assert that major human rights abuses occur predominantly in the garment industry, e.g. the Rana Plaza building, which housed several factories that manufactured garments for numerous multinational companies. The building, which was illegally built on top of a former shopping center, collapsed on April 24th, 2013 in the Savar Upazila of Dhaka District, Bangladesh, killing 1,129 and injuring 2,500 people—the deadliest disaster in the history of the garment industry. To cut costs, many international corporations have outsourced their production to countries with lower labour costs and fewer labour regulations, such as Bangladesh.

The report also sheds light on other cases, such as exploited labour in Thailand's shrimp exports, where consumer awareness has been instrumental in effecting change. In 2015, news reports traced shrimp peeled by enslaved child labourers back to Thai exporting companies, who then shipped those shrimp to major grocery stores and restaurants in the United States and Canada, including Walmart, Whole Foods and Costco. The report also highlights massive abuses in the cotton industry as well as tobacco, mining, oil and gas, minerals and the entire extractive sector along with the many failed attempts to remedy these abuses legislatively.

In the report: "Modern Slavery Promotes Overfishing", the UBC Institute for the Oceans and Fisheries asserts that Labour abuses, including modern slavery, are 'hidden subsidies' that allow distant-water fishing fleets to remain profitable and promote overfishing. Researchers found that countries whose fleets rely heavily on government subsidies, fish far away from home ports, and fail to comprehensively report their actual catch, tend to fish beyond sustainable limits and are at higher risk of labour abuses.

"Crews on vessels from China, Taiwan, Thailand, South Korea and Russia are particularly at high risk because of a lack of regulatory oversight in those countries combined with the complexities of jurisdiction at sea. This makes it easier to force people to work excessively long hours, often under appalling conditions, to extract as much fish as possible in exchange for a low – or zero – pay."

Given the overwhelming evidence, the Canadian Chamber of Commerce feels that the time is now for Canadian leadership, both public and private to promote real corporate social responsibility CSR and oversight of global corporate supply chains. These issues are too important and urgent to be left to individual initiatives, the haphazard process of multilateral negotiations, or to the soft law guidelines of the UN and the Organisation for Economic Cooperation and Development (OECD). It is Canada's international obligation to combat human trafficking and bring Canada into line with human rights leaders in this area.

We recommend legislation that establishes a level playing field for all Canadian businesses while promoting best practices, supporting democratic values and protecting the country's national identity and brand abroad.

RECOMMENDATIONS

That the Government of Canada:

1. Establish targeted legislation that is responsive to the needs of industry, the demands of Canadians and consumers, and the plight of victims and populations vulnerable to exploitation the world over no later than 2021 on the basis of Bill S-211 that is currently before Parliament. This legislation should draw on the lessons learned from the US and UK to produce supply chain disclosure legislation that requires all Canadian companies, tiered by organizational size over an initial annual revenue threshold of 35 million CAD to:
 - a. Disclose certified information on corporate supply chains;
 - b. include Director/Partner/Member sign-off on disclosures (rather than external auditors);
 - c. Collect and maintain non-commercially sensitive information, available to the public, including: a central database or government repository of corporate disclosure statements, including reports, links, and audits, if provided.
 - d. Incorporate provisions on equivalency with foreign supply chain transparency rules to reduce the administrative burden.
2. Consult with industry on a framework of rewards and penalties to ensure compliance with supply chain disclosure laws, which could recognize for companies that comply with transparency in supply chains disclosure and restrict federal procurement to companies that comply with disclosure requirements.
3. Continue the mandate of the Canada's Ombudsperson for Responsible Enterprise (CORE) to maintain critical elements so that it is capable of:
 - a. Soliciting grievances from affected parties abroad;
 - b. Investigating and monitoring complaints and industry practices;
 - c. Publishing reports, advising government and recommending steps to achieve both
 - d. reporting compliance and an abuse-free supply chain;
 - e. recommending trade measures for companies that do not co-operate in good faith
 - f. Instituting Ministerial intervention (in conjunction with Global Affairs Canada) where abuses/complaints persist
4. To ensure effectiveness of the aforementioned recommendations, mechanisms such as reporting anonymity should be implemented to offer protection to whistleblowers.

NOTES

156, 157, 158, 159, 160, 161, 162, 163

¹⁵⁶ Forms of Child Labour in Supply Chains

¹⁵⁷ FAAE Committee Report entitled: A Call to Action: Ending the Use of All

¹⁵⁸ "C-423 – An Act respecting the fight against certain forms of modern slavery through the imposition of certain measures and amending the Customs Tariff" (the Bill).

¹⁵⁹ Principles to Guide Government Action to Combat Human Trafficking in Global Supply Chains.

¹⁶⁰ UK's 2017 Call to Action to end forced labour, modern slavery and trafficking.

¹⁶¹ California Transparency in Supply Chains Act (2010)

¹⁶² (Vancouver: Allard School of Law, June 2017).

¹⁶³ In the Dark: Bringing Transparency to Canadian Supply Chains, Allard International Justice and Human Rights Clinic

44. Commercial Border Crossing Access

DESCRIPTION

The country relies heavily on accessible transportation corridors and border services to facilitate the ever-growing economy, particularly in expanding natural resource investments, development of supply chain manufacturing and applicable service sectors. Yet despite Canada's prosperous trading relationship with its neighbors in the U.S., there are still disparities that exist in adequate access to border facilities in order to facilitate efficient trade between Canada and the U.S.

BACKGROUND

Canada and the U.S. enjoy one of the most prosperous relationships in the world, with a staggering volume of bilateral trade totaling \$1.2 trillion in 2019¹⁶⁴, as well as close to 400,000 people crossing our shared borders each day. In particular, Montana and Canada continue a profitable trading relationship with bilateral trade flows totaling \$4.68 billion USD in 2018 .¹⁶⁵, Moreover, Canada continues to be Montana's most important customer with total Montana exports to Canada at \$680 million USD in 2018 while total Montana imports from Canada totaled \$4 billion USD. From 2011-2015 Alberta's exports to Montana have averaged \$2.52 billion annually with exports to Montana in 2015 totaling \$2.02 billion. These exports consist of primarily oil and natural gas, fertilizers, food wastes and cereals.¹⁶⁶

While 75 percent of Alberta's exports to the U.S. were carried by pipeline, 11 percent was carried by truck, representing a value of \$8.67 billion. Almost 78 percent of all exports to the U.S. were destined for the central, northeast and southeast parts of the country. In the same year, 42 percent or \$7.54 billion worth of imports from the U.S. were carried by truck. Almost 76 percent of this total originated from the central, northeast and southeast U.S.

With the fewest number of highway/land border crossings within Canada, Alberta is also currently the only province bordering the U.S. to have one 24-hour border crossing, situated in Coutts, Alberta.

	24-Hour Crossings	Total Crossings	Population (2019)
British Columbia	8	19	5,071,000
Alberta	1	6	4,371,000
Saskatchewan	2	12	1,178,000
Manitoba	3	16	1,373,100
Ontario	13	14	14,659,000
Quebec	21	30	8,522,000
New Brunswick	12	18	780,000

¹⁶⁴ <https://www.international.gc.ca/economist-economiste/performance/monthly-mensuel.aspx?lang=eng>

¹⁶⁵ https://www.tradecommissioner.gc.ca/tcs-sdc/united-states-of-america-etats-unis-amerique/business_fact_sheets-fiches_documentaires_affaires.aspx?lang=eng#montana

¹⁶⁶ <http://open.alberta.ca/dataset/9269de23-6d7a-448e-867e-293b4b0568e1/resource/7bd5fe74-c023-4388-99e0-17bde9e5c6db/download/2016-Montana-Alberta-Relations-August-2016.pdf>

It is critical that we encourage the government to remove any barriers or encumbrances on imports and exports of our key sectors between Canada and the U.S. and work to improve international trade by removing pressure and congestion on a single 24-hour commercial port and corridor. To achieve these goals, it is important for the Canadian and U.S. Governments to work together to mirror expansion efforts on both sides of the border. For example, at the Port of Wild Horse in Alberta, the U.S. Customs and Border Protection (CBP) agency and the Canadian Border Services Agency (CBSA) consistently extend their operating hours in the summer, but frequently have had disparity in when the extended hours begin and end for the season. Additionally, when the opportunity arose for CBP to expand the border facility at the Port of Wild Horse and move forward with an enhanced facility, CBSA had not mirrored the expansion or evaluated the opportunity for a shared port facility. CBP was able to celebrate the opening of a new facility on April 1, 2011 and the facility on the Canadian side is aging and does not mirror the same facility standards.

Inadequate border facilities and a lack of technology is an impediment to the efficient movement of goods. By ensuring that facility standards mirror adjacent port facilities in the United States and that port facilities have Electronic Data Interchange (EDI) systems to facilitate electronic transmission and interchange of cargo would ensure a more efficient process in the movement of goods.

Transportation access is fuel for economic development. Regions with flexible, efficient transportation networks can access product markets, suppliers, vendors, workers and customers more efficiently and more cost effectively than those that do not. We need to encourage the further development of north/south trade and remove delays, restrictions and limitations on crossing times and access. Investment leads to trade, as companies' activities increasingly become part of the global value chain, necessitating not only clear and open investment rules, but also ensuring that goods and services produced have easy access to markets in both countries and internationally.

Increased border access would enhance economic development, investment and security as well as address growing safety concerns. It would also assist truck traffic by providing an alternate route, easing lineups and delays and it would improve tourism travel by allowing increased travel service between Canada and the United States.

It is in the best interest of Canada to expand trade linkages with the United States through transportation crossings and corridors that link Canada to the United States to facilitate a growing trading market. A continued effort is needed to eliminate the obstacles that continue to prevent the expansion of 24 hours commercial port facilities and promote this as access to a north-south trade corridor.

RECOMMENDATIONS

That the Government of Canada:

1. Accelerate dialogue with U.S. counterparts to ensure that the hours of Canadian border crossings consistently match the U.S. border hours in both traveler and commercial service hours and that facility standards are equivalent on both sides of the border.
2. Work to accommodate shared port of entry facilities where the opportunity exists.
3. Ensure that provinces with high volumes of bilateral trade and corridor traffic have access to sufficient 24-hour commercial border services and provinces with high volumes of trade and traffic volumes have more than a single 24-hour full-service commercial port of entry.
4. Improve the structures, facilities and technology in port facilities to better serve present needs.

45. Canada Needs More Rigour in Regulatory Decision-making to Support National Competitiveness

DESCRIPTION

Government has a responsibility to Canadians to develop rules that protect public safety, but current processes that guide regulatory decision-making lack measures to ensure regulations imposed on business are necessary, proportionate and efficient. The nation's competitiveness requires a concerted effort to reduce regulatory red tape that inordinately burdens the productivity of Canada's smaller businesses and reduces our attractiveness as a place to invest.

BACKGROUND

Policy and regulation is a necessary function of providing good government. Canadians demand our politicians provide a framework of rules that guide personal and corporate behaviour to protect the rights and well-being for all citizens.

The reality of regulation and the parliamentary process of governing is inherently focussed on creating a code of required behaviours and the means of monitoring activity and enforcing compliance. New rules and regulations, unless thoughtfully directed, normally add to existing interpretation and compliance challenges, diverting significant time and human resources to non-revenue generating activity. The productivity and competitiveness of our businesses diminish and the attractiveness of Canada as a place to invest decreases every time a new regulation is introduced without a comprehensive assessment of the impact on business and the economy.

The concept of implementing comprehensive impact assessments of regulating social, environmental and economic influences have been requested repeatedly to improve regulation. However, the impact of complexity, redundancy, delays, and compliance burden have never been completely addressed to maximize clarity and regulatory efficiency. All levels of government have an obligation to demonstrate that regulatory decisions are based on a balanced consideration of social, environmental and economic impacts, including a clear recognition of the costs associated with project approvals and regulatory compliance.

The economic loss attributable to red tape and regulatory inefficiency is enormous, and well worth the effort of implementing guidance to regulatory decision-making. In some instances, like our highly complicated tax regime, a full overhaul of regulations may be needed. But in many cases, commitment to a statutory requirement to fully evaluate options and consider efficiencies will contribute to a reduction in regulatory complexity and improve competitiveness.

RECOMMENDATIONS

That the Government of Canada:

1. Establish a measurable objective for reducing the regulatory compliance burden (e.g., number of regulations, money saved) on businesses and report on progress annually.
2. Improve the cost-benefit analysis for new regulations by establishing an interdisciplinary, independent panel mandated to review the cost benefit analysis for all new regulatory proposals before they are submitted for Treasury Board approval.

46. Eliminate Unnecessary Exceptions to the Canadian Free Trade Agreement

DESCRIPTION

The Canadian Free Trade Agreement (CFTA) came into effect in 2017. While it has been generally well received as a replacement for the poorly constructed Agreement on Internal Trade (AIT), too many barriers to inter-provincial trade remain buried within the 120 pages of exceptions to the Agreement. Many of these exceptions concern dated economic matters. The sheer volume of exceptions serves to discourage trade across Canadian economies.

BACKGROUND

As explicit tariffs between the provinces are forbidden under section 121 of the Constitution Act of 1867, most interprovincial barriers are the result of differing rules, regulations, licensing requirements and regional programs. These barriers to internal trade are often enforced by provincial legislation in attempts to protect local interests, but ultimately amount to a convoluted set of contradictory rules and laws that expose Canadians and Canadian companies to flagrant costs and economic penalties.

The opportunities that exist for Canadians and Canadian business by the removal of internal trade barriers is considerable. In a recent post for Plant Advance Canadian Manufacturing, Sen. Jane Cordy from Nova Scotia noted that studies suggest that the constraints on internal trade between Canadian companies could be costing the Canadian economy up to \$130 billion per year.

In addition to the economic benefits that are sacrificed, Statistics Canada reported that these barriers are placing the equivalent of a 6.9 per cent tariff on goods flowing between provinces, adding increased costs to forfeited revenue. This is more than twice the size of the average world tariff on goods which now sits at roughly 2.9 per cent.

In his October 22nd 2019 article for The Frontier Centre for Public Policy, economic consultant Fergus Hodgson cites trucking and transport as a perfect example: Ranging from the sizes and weights of vehicles allowed on highways to the types of tires, trucks crossing across provincial lines go from legal to illegal. This cripples the Canadian industry's productivity as it adds unnecessary costs to transportation. There is no wonder why some companies prefer to import goods from the United States, where trucks only need one license.

The Canadian provinces have made a number of efforts to reduce these barriers. Most recently, the Agreement on Internal Trade (AIT) was established in 1995 and ended 2017. The AIT was poorly regarded for its numerous exclusions and lack of meaningful dispute resolution process. The Canadian Free Trade Agreement (CFTA) replaced the AIT July 1, 2017 and was generally well received for implementing a strong and well-defined dispute resolution process with enforceability measures.

In western Canada, The Trade, Investment, Labour Mobility Agreement (TILMA) is a trade agreement between Alberta and BC which was developed out of their dissatisfaction with the AIT. It remains in effect today because the AIT failed to address regulated marketing and supply management in Agriculture. While some have advocated that the TILMA be adopted by all – that idea has been largely rejected by the Provinces.

Strong case studies exist in Australia that clearly demonstrate how inter-provincial trade can be enhanced with some simple measures. In comparing Australia and Canada there are some distinct similarities including provincial and territorial requirements, indigenous treaties, diverse geography and land size, as well as a mix of urban and rural needs from coast to coast. Australia has seen barriers toward inter-provincial trade decrease due in part to a desire to make it a priority amongst federal and provincial policy makers, judicial activism in support of eliminating trade barriers, and the desire for a federalist stance in relation to inter-provincial trade. The case study provides a window into how the Federal Government can involve itself and become a facilitator to make inter-provincial trade a top priority amongst policy makers, judges, business and every Canadian who stands to benefit from such efforts.

As an example – producers in a number of provinces create some of the finest beer, wine and spirits in the world. So why should it be acceptable that vineyards in a particular province are able to sell to international markets but not to other Canadians in neighbouring provinces. Furthermore, many of the exceptions contained in the CFTA make explicit the requirement to maintain a commercial presence within their home province and seemingly ignore the long accepted economic realities of e-commerce and online sales.

Ontario Exception 2, for example, exists in order to comply with the Real Estate and Business Brokers Act from 2002 to protect that Real Estate services be supplied through a commercial presence in Ontario. This concept of requiring a “local office” and of allowing localized rules and regulations of industries which operate across provinces permeates across exceptions and places undue restrictions for industries such as travel agents, the trades, and a number of other sectors impacting goods and services within the CFTA.

The damage that interprovincial trade barriers are doing is clear. For best practices in removing these barriers, we might look to Australia which began eliminating its internal trade barriers in the early 1990s. The Mutual Recognition Accord (1992) and the creation of a Productivity Commission (1997), facilitated by Australia’s court system eventually removed nearly all regulatory barriers to internal trade.

RECOMMENDATIONS

That the Government of Canada:

1. Commence a full review of the CFTA in consultation with Canadian businesses of all sizes across effected sectors as a continuation of the work from the 2018 Open Caucus.
2. Engage in negotiations with the Provinces in order to reduce and remove any irrelevant and dated exceptions to the CFTA, which are giving international businesses an advantage over Canadian competitors within our own borders.
3. Engage in negotiations with the Provinces in order to align the various localized Provincial rules, regulations and requirements which render Canadian businesses at a disadvantage due to the complex and differing regulatory regimes with which they must comply in each province in which they wish to operate while foreign competitors are often exempt, and specifically those associated with the transportation sector where our national productivity is severely impeded by this issue.

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¹⁶⁷ Smith, Andrew, and Jatinder Mann, Federalism and Sub-National Protectionism: a Comparison of the Internal Trade Regimes of Canada and Australia, Institute of Intergovernmental Relations School of Policy Studies, Queens University Working Paper: 2015-01, (14).

47. Regulatory Reconciliation after Covid-19

DESCRIPTION

Interprovincial non-tariff trade barriers are a costly setback to business productivity in Canada. As the economy recovers from COVID-19, facilitating internal trade will help strengthen competitiveness, accelerate re-employment, support small business growth, and encourage investment in Canada's relatively small market.

BACKGROUND

Regulatory differences between jurisdictions have long made it more expensive to do business within Canada. In 2017, Statistics Canada estimated that the amount of economic activity restricted by non-tariff trade barriers was tantamount to having a 7 percent tariff on interprovincial trade.¹⁶⁸ Moreover, this challenge is not an inevitable feature of federalism, since similar studies have found no evidence that state borders impede trade within the United States.¹⁶⁹

The opportunity cost of internal trade barriers is especially high in the context of economic recovery post-COVID-19, when the focus needs to be on restoring business activity as efficiently as possible. For entrepreneurs, the current patchwork of financial regulations, procurement systems, health and safety standards, and other regulations make it difficult to raise capital and take advantage of economies of scale to grow their small businesses. Moreover, the pandemic – and trends that preceded it – have restricted global trade and reinforced protectionist behaviours. With more limited access to international markets, companies within Canada will need to make the most of internal trade opportunities to sell their goods and services.

Further, with unemployment at a record high, labour mobility will be more important than ever. Inconsistent licensing and certification requirements between provinces and territories will prevent Canadians from rapidly re-skilling and re-entering the workforce.

Canada took a step in the right direction by establishing the Regulatory Reconciliation and Cooperation Table (RCT) under the Canada Free Trade Agreement (CFTA). Since 2018, the RCT has made considerable progress identifying and harmonizing regulations in areas that are cumbersome for businesses, such as transportation and health and safety. This work should continue post-COVID-19.

Each non-tariff trade barrier exist for a reason. Some are simply a product of jurisdictions working in parallel. Others are designed to reflect the unique characteristics of a region or protect local industries and retain tax revenue for a regional government. Harmonization can be a difficult and lengthy process, particularly when there are financial implications for one or more parties.

¹⁶⁸ Statistics Canada. 2017. "Study: Estimating the effect of provincial borders on trade." <https://www150.statcan.gc.ca/n1/daily-quotidien/170914/dq170914d-eng.htm>.

¹⁶⁹ Ibid.

One way to fast-track the process is through mutual recognition agreements, a method used by Australia and New Zealand. In the 1990s, governments in the two countries agreed to mutually recognize compliance with each other's laws for the sale of goods and the registration of occupations, subject to limited exceptions.¹⁷⁰ As a result, businesses that meets standards in one jurisdiction are able to sell goods and services in other without meeting additionally requirements and registered occupations are considered equivalent if the activities authorized are substantially the same. Mutual recognition agreements have proven to be an effective way to accelerate productivity growth and other economic objectives.¹⁷¹ While such a broad approach may not be appropriate for Canada, it could be applied on a more limited basis in situations where regional governments agree on the objectives of their respective regulations.

RECOMMENDATIONS

That the Government of Canada:

1. Continue investing in the work of the Regulatory Reconciliation and Cooperation Table (RCT), with a renewed focus and commitment to addressing regulatory barriers that hinder economic recovery.
2. Assess opportunities to apply mutual recognition agreements more broadly to specific sectors or occupations.
3. Consider where funding can be offered as an incentive to provincial/territorial governments that agree to address interprovincial trade barriers, where the expectation of a loss in revenue is otherwise an obstacle.
4. Encourage the provinces/territories to join the New West Partnership Trade Agreement (NWPTA).

¹⁷⁰ Government of Australia. 2015. Mutual Recognition Schemes: Productivity Commission Research Report. <https://www.pc.gov.au/inquiries/completed/mutual-recognition-schemes/report/mutual-recognition-schemes.pdf>.

¹⁷¹ Ibid.