



## **Premiers Strike an Agreement in Principle on Internal Trade**

**WHITEHORSE, July 22, 2016** – Premiers are committed to maintaining a modern and competitive Canadian market. They recognize the role that more open internal trade can play in helping businesses be more productive, create jobs, and grow the economy.

Premiers reached an agreement in principle on a new Canadian Free Trade Agreement (CFTA). The CFTA is a ground-breaking agreement that will support their vision for promoting trade, investment and labour mobility across provincial and territorial boundaries, as part of a broader economic vision for Canada.

Its achievements include broad coverage of the Canadian economy, reduced regulatory burden and enhanced procurement opportunities. Unlike the previous AIT, this agreement will be based on a "negative list" approach, where all government measures will be covered unless specifically excluded.

Premiers directed their trade ministers to finalize remaining technical issues around the agreement, working with the federal government, and submit it for consideration by First Ministers.

Premiers noted the agreement includes the establishment of a working group on alcoholic beverages, which will explore opportunities to improve trade in beer, wine and spirits across Canada.

This agreement will replace the Agreement on Internal Trade and enhance trade between provinces and territories.

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## KEY ELEMENTS OF THE NEW CANADIAN FREE TRADE AGREEMENT

### **Broad Coverage of the Canadian Economy**

The proposed agreement would update and replace the existing Agreement on Internal Trade (AIT). The previous agreement only covered specific sectors, while the new agreement will apply to virtually the entire Canadian economy, with any exceptions explicitly identified. This will bring unprecedented transparency to how provinces, territories and the federal government regulate the movement of goods, services, investment and labour across the country. Key highlights include:

- ***Support for Innovation*** - The new agreement ensures open access to new products and services that will benefit Canadians. Since the initial internal trade agreement was signed more than 20 years ago, technology has advanced and commercial innovations have multiplied. Trade in new goods and services will be supported by the rules of the new agreement, promoting long-term economic development.
- ***Increased Consumer Choice*** - The agreement's rules will apply to the entire Canadian economy. As a result, consumers can expect to access a wider range of goods and services that are produced in other provinces and territories. This will benefit consumers by providing them with more choice in Canadian-produced goods and services.
- ***Improved Access for the Services Industry Across Canada*** - The agreement will result in better and more transparent access to services (e.g., real estate, telecommunications, and engineering). For instance, residency requirements in a number of provinces and territories will be improved to provide greater access, making it easier for service suppliers to expand their operations.

### **Reduced Regulatory Burden**

Provinces and territories have agreed to reduce unnecessary differences in regulations identified as barriers to trade which can raise operating costs for companies. The agreement will establish a new mechanism to address these barriers, which will help eliminate burdens in a range of areas. These could include the hours truckers can operate their vehicles in other provinces, the shipping of equipment across Canada, and the freer flow of gasoline across the country. The agreement contains a robust process to address these barriers. It has rules to promote regulatory cooperation that will enable common approaches to new regulatory areas, such as emerging technologies.

### **Improved Procurement Opportunities**

Overall, provinces and territories have agreed to substantially expand access to their individual government procurement. This will provide a more level playing field for Canadian suppliers by expanding access to contracts tendered by all levels of government and will open up procurement markets to competitive bidding by Canadian businesses, increasing choice and value for taxpayers. Provinces and territories have also agreed to a more transparent and effective dispute resolution process for procurement for provincial, territorial and federal government purchases.