



Trade: Building on our Strengths in Canada and Abroad

Québec City, July 18, 2008 - Premiers have taken decisive action to improve the flow of trade within Canada and to strengthen Canada's ability to improve its global trade in international markets.

Internal Trade

Premiers have expressed a collective commitment to resolve long-standing challenges related to domestic trade barriers by establishing a five-point plan dealing with Labour Mobility, Dispute Resolution, Energy, Agriculture and Reconciliation of Regulations.

The Council of the Federation is pleased to announce significant progress including progress in the movement toward full labour mobility, final agreement on a dispute resolution mechanism to effectively enforce Agreement on Internal Trade dispute settlement panel recommendations, final agreement on a revised chapter on agricultural and food goods, and a thorough review of systems for the harmonization of regulations in the transportation field.

Premiers announced an enhanced and effective dispute resolution mechanism to enforce AIT dispute panel recommendations in government-to-government disputes. Effective January 1, 2009, the strengthened mechanism includes the use of monetary penalties ranging from a maximum of \$250,000 for the smallest provinces and territories to a maximum of \$5 million for the largest.

The new rules will apply to disputes initiated after these rules take effect. For unresolved existing disputes, the original party will have the option of initiating a new dispute under these rules using an expedited process. Parties will be able to appeal an original panel's report on grounds including that a panel made errors in law, failed to observe a principle of natural justice or acted beyond its jurisdiction. The process will not use the court system to resolve disputes.

Premiers welcomed the recent agreement by Agriculture Ministers to finalize a new Agriculture chapter by October 31, 2008. Premiers noted that the new Chapter will ensure all technical measures that improperly limit the interprovincial trade of agricultural and food goods will be prohibited, and that federally and provincially regulated supply management systems and marketing boards be preserved. This new approach significantly departs from the current one where only a few measures are covered. Premiers directed Agriculture Ministers to work with the federal government to assess the legal implications of the new chapter and to finalize the chapter with a view to implementation by January 2009.

Labour Mobility

Emphasizing the critical importance of full labour mobility for all Canadians, Premiers directed Internal Trade ministers to amend the Agreement on Internal Trade (AIT) by January 1, 2009 to reach this goal.

These amendments will provide that:

- Any worker certified for an occupation by a regulatory authority of one province or territory shall be recognized as qualified to practice that occupation by all other provinces and territories; and
- Such recognition shall be granted expeditiously without further material training, examinations or assessment requirements.

Premiers further directed that any exceptions to full labour mobility would have to be clearly identified and justified as required to meet a legitimate objective such as the protection of health or public safety.

Premiers directed that, by the summer 2009 meeting of the Council of the Federation, these amendments will result in mutual recognition of occupational credentials between all provinces and territories. This will also benefit Canada's labour market since once certified in Canada, qualified foreign-trained workers will enjoy the same mobility rights as qualified Canadian workers.

Premiers noted that the AIT's enhanced dispute resolution mechanism, and their willingness to legislate, if necessary, will ensure full labour mobility rights for all Canadians.

Canada-U.S. Relations

Canada and the United States have a deep and long-standing relationship. Our continued partnership is essential to a strong and secure North America and Premiers urge the governments of Canada and the U.S. to resist measures that impede the efficient flow of people, goods and services. They are committed to working with State Governors to enhance the relationship between Canada and the U.S.

Premiers emphasized the importance of NAFTA and its enormous benefits to the U.S., Canada and Mexico. Since its implementation in 1994, total two-way merchandise trade between the U.S. and Canada has grown significantly and now represents \$577 billion per year. Canada is the number one foreign market for goods exported from 36 of the 50 states and the trading relationship between the two countries supports approximately 7.1 million jobs in the U.S. and 3 million jobs in Canada.

Premiers stressed the importance of a secure, efficient and convenient border. They noted the urgent need to improve aging border infrastructure to enable, among other benefits, the increased use of the NEXUS and FAST trusted traveler programs. Premiers also called for full federal government support of Enhanced Driver's License (EDL) initiatives.

Premiers agreed that Canada must enhance North American transportation corridors by aggressively and quickly pursuing open skies treaties with Asia Pacific countries and the European Union (EU). They noted that the U.S. has almost 80 such treaties and is implementing an agreement with the EU. Canada only has six completed agreements.

Premiers recognize the importance of our shared environment and seek to work with the governments of Canada, the U.S. and states on issues related to climate change and adaptation, cleaning up our shared air and improving our waters.

Premiers underscored the importance of Canada as a secure supplier of energy to the U.S. and emphasized that energy security and sustainable energy development must go

hand in hand. Premiers noted the importance of working with U.S. partners in developing green energy technologies.

Canada-EU Relations

In the context of globalization and integration of economies into international markets, Premiers share a common goal to transform the relationship between Canada and the European Union (EU) into a stronger partnership. They await the outcome of the Canada-EU Joint Study and expect that the federal government will move forward with a quick start to the formal negotiations. To this end, they support and urge the commencement of negotiations, at the next Summit between Canada and the EU, with a view to forming a new and modern economic partnership that meets the objectives of Provinces and Territories to improve the economic well-being of our respective societies.

Going beyond the traditional commercial agreement, this partnership would be adapted to the new economic realities by furthering liberalization of commerce and permitting an enhanced market access.

Any negotiations will address matters affecting provincial and territorial jurisdictions and responsibilities, the implementation of which would come under the jurisdiction of these governments. Therefore, it is important that provincial and territorial governments participate fully in these negotiations.

The anticipated ban on Canadian seal products by the EU represents a very serious threat to the economic viability of the Canadian sealing industry and the many northern and rural communities that depend on the seal harvest. The proposed action by the EU will also have a devastating effect on the livelihood of thousands of individuals that rely on this resource throughout Canada and Premiers expressed their concern about the negative impact of that ban on future discussions between Canada and the EU.

Premiers also noted that the Doha Round of the World Trade Organization negotiations is entering into a critical phase. Ministers from key member countries, including Canada, are meeting in Geneva starting July 21, 2008. A speedy and successful conclusion to the Doha Round will benefit Canada, as a significant trading country, as it seeks to improve its global trade, including with the European Union.

Premiers also called on the federal government to move rapidly to achieve free trade agreements with India, China, Korea, Singapore and other strong and important markets in the Asia-Pacific region.

Mission to China

The Council noted that Canada and China have a \$48 billion trading relationship – a relationship that has more than doubled over the past five years and that reaches most parts of our economy.

All provinces and territories are strengthening relationships and expanding market opportunities in China. Accordingly, the Council of the Federation and the Canada China Business Council announced on July 7 that they are planning a joint mission to China during the week of November 3, 2008. The mission will visit Beijing, Chongqing and Shanghai and will include Canadian businesses and delegations from at least five jurisdictions. (It has the support of China's most senior political leaders.) This mission

will be planned in close collaboration with the Department of Foreign Affairs and International Trade.

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