

Alberta's Update

ON THE AGREEMENT ON INTERNAL TRADE

May 2006

The Agreement on Internal Trade (AIT) is an undertaking amongst the thirteen federal, provincial, and territorial governments in Canada (it was signed prior to the creation of Nunavut) to ensure a more open, accessible, and stable domestic market.

Alberta's Priorities

The last Committee on Internal Trade (CIT) meeting took place in June 2005. The CIT oversees the AIT, which is aimed at reducing and eliminating trade barriers between provinces, and is comprised of federal, provincial and territorial Ministers. It is aided by the Internal Trade Secretariat, which provides administrative and operational support to the functioning of the agreement.

The current work of the CIT is greatly influenced by the Council of the Federation's (COF) Internal Trade Workplan that identified a number of areas in which the AIT could be improved, including government procurement, labour mobility and dispute resolution, as well as the completion of an Energy Chapter and a review of the Agricultural and Food Goods Chapter. Alberta is leading the negotiations on the Energy Chapter and is working with B.C. to address gaps between the AIT and issues outside of the AIT.

The following is a summary of Alberta's priorities and how they are currently being addressed:

New Round of AIT Negotiations

The COF's Internal Trade Workplan has led to the AIT's signatories examining all aspects of the AIT. The discussions generated by the COF workplan have required all Parties to consider the entire agreement in terms of benefits and improvements to achieve free trade in Canada.

Alberta supports the continuation of these discussions and will seek approval for a number of initiatives at the next CIT meeting. The COF's internal trade workplan can be found at:

http://www.councilofthefederation.ca/pdfs/cof_workplan_e.pdf.

Additionally, the most recent progress report on the COF workplan can be found at:

http://www.iir.gov.ab.ca/trade_policy/documents/IntTradeProgress-Jan2006.pdf

Dispute Resolution Process

Alberta supports the improvements being made to the AIT's dispute resolution process through the COF internal trade workplan. In particular, Alberta supports establishing clearer and firmer rules in regard to panel selection and panel report implementation, with consequences for non-compliance. Alberta sees the improvement of the AIT's dispute resolution mechanisms as one of the most important aspects of the COF's internal trade workplan.

Alberta has successfully used the existing AIT dispute resolution mechanism four times in the past to address federal regulatory barriers and provincial regulations affecting trade of dairy substitutes. Additional details about these disputes is available at:

http://www.iir.gov.ab.ca/trade_policy/interprovincial_dispute_resolution.asp

Decision-Making Process

Under the current rules, consensus among all signatories is required to make any changes to the current AIT. Alberta continues to support this model, but also supports regular annual meetings of the CIT and allowing Parties to enter into trade enhancing arrangements as provided for under the AIT.

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Strengthening Existing Obligations

Alberta supports strengthening obligations under the AIT in those areas that are weak.

Adjustments to the language in various parts of the AIT, including the chapters on the general rules and agriculture may be required. Alberta also supports the negotiation of a default formula or triggering mechanism to automatically set deadlines when obligations have passed their original due dates. Alberta views the AIT's provisions for Parties to enter into trade enhancement agreements on a bilateral or plurilateral basis as beneficial and is currently negotiating a trade enhancement agreement with B.C.

Future Directions

The COF's internal trade workplan will continue to shape the work of the CIT for the near future, as work is continuing on a number of these issues.

Chair of the CIT

The CIT has agreed to move to a single Chair system instead of the previous co-chair arrangement. Nova Scotia is the current Chair of the CIT.

Alberta's Perspective on the AIT

Alberta supports the AIT, but believes that the Agreement can be improved through continuing negotiations, such as those initiated by the COF's Internal Trade Workplan. Among the areas that can be improved are the Agreement's dispute resolution mechanism and the expansion of the Agreement to cover additional sectors of the economy such as energy.

For more information

Further information on the AIT can be found on Alberta's International and Intergovernmental Relations' web site at:

http://www.iir.gov.ab.ca/trade_policy/interprovincia.l.asp

The Internal Trade Secretariat's website also contains information about the Agreement and is located at www.intrasec.mb.ca.