INTERNAL TRADE SECRETARIAT
ANNUAL REPORT

THE AGREEMENT ON INTERNAL TRADE

April, 1996
to
March, 1997

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Table of Contents

1. Highlights of the year in review 5

2. Overview of the Agreement on Internal Trade 7

- Contents of the Agreement 7
- Guiding Principles 7
- Sectoral Chapters 8
- Dispute Resolution 9
- Organizational Structure of the Agreement 10

3. Progress - Chapter by Chapter 12

- Chapters 1- 4 12
- Chapter 5 - Procurement 12
- Chapter 6 - Investment 13
- Chapter 7 - Labour Mobility 14
- Chapter 8 - Consumer Related Measures and Standards 16
- Chapter 9 - Agricultural and Food Goods 17
- Chapter 10 - Alcoholic Beverages 18
- Chapter 11 - Natural Resource Processing 19
- Chapter 12 - Energy 19
- Chapter 13 - Communications 20
- Chapter 14 - Transportation 20
- Chapter 15 - Environmental Protection 21
- Chapter 16 - Institutional Provisions 22
- Chapter 17 - Dispute Resolution Procedures 23
- Chapter 18 - Final Provisions 24

4. For More Information 26

Appendices

Committees and Working Groups ..... Appendix A
Internal Trade Secretariat ..... Appendix B
Dispute Resolution ..... Appendix C
Financial Statements ..... Appendix D

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1) Highlights of the year in review

During 1996/97, the first full year of operation for the Agreement on Internal Trade, the Parties to the agreement focussed their activities on continuing the negotiations mandated by the AIT which had not been completed prior to its signing and on establishing the rules and procedures necessary to ensure the effective functioning of the AIT.

In 1996/97, the Parties demonstrated a continued commitment to the AIT by fully engaging in negotiations to conclude the outstanding obligations of the Agreement and by initiating discussions aimed at reviewing exceptions and reservations in the areas covered by the Agreement.

In terms of the specific negotiations on outstanding issues, the highlights for this year were:

advancing the negotiations of the procurement provisions that would apply to the MASH sector;

advancing the negotiations to reduce the number of government entities excluded from the procurement rules; and,

advancing negotiations toward an Energy Chapter.

To ensure the effective functioning of the AIT, the Parties engaged in the following activities during 1996/97:

signing an environmental harmonization accord that provides a framework for promoting cooperation between the Parties on environmental management;

developing a common electronic tendering system;

initiating the development of a electronic system to facilitate the reconciliation of extra-provincial corporate registration and reporting requirements among the Parties;

providing guidelines to over 400 regulatory bodies regarding their obligations under the Labour Mobility Chapter;

preparing a template for harmonized cost of credit legislation; and,

initiating a consultation process with stakeholders to pursue greater national compatibility of transport trucks weight and dimension standards.

With increased awareness of the AIT among both government departments and the private sector, 1996/97 also saw the initiation of a number of disputes using the dispute settlement mechanisms provided for under the Agreement. The dispute resolution provisions of the AIT were fully engaged during this reporting year with 12 complaints

formally initiated. At year end, 4 disputes had been addressed and 8 remained to be resolved.

The following sections of this report provide details about the above, and other, activities undertaken under the AIT during this 1996/97.

2) Overview of the Agreement on Internal Trade

A) Contents of the Agreement

The Agreement on Internal Trade is an agreement among the federal, provincial and territorial governments to reduce and eliminate barriers to the free movement of people, goods, services and investment within Canada.

It provides:

& **general rules** which prevent governments from erecting new trade barriers and which require the reduction of existing barriers in areas covered under the Agreement;

& **specific obligations in 10 economic sectors** - such as government purchasing, investment and labour mobility - which together cover a significant amount of economic activity in Canada;

& for the **streamlining and harmonization of regulations and standards** (e.g. transportation, consumer protection);

& a **formal dispute resolution mechanism** that is accessible to governments as well as individuals and businesses (under certain conditions); and,

& **commitments to further liberalize trade** through continuing negotiations and specified work programs.

B) General Rules

The AIT is grounded on six general rules, established to prevent governments from erecting new trade barriers and to reduce existing barriers:

- **non-discrimination**
  Establishing equal treatment for all Canadian persons, goods, services and investments.

- **right of entry and exit**
  Prohibiting measures that restrict the movement of persons, goods, services or investments across provincial or territorial boundaries.

- **no obstacles**
  Ensuring federal/provincial/territorial government policies and practices do not create obstacles to trade.

- **legitimate objectives**
  Ensuring federal/provincial/territorial non-trade objectives which may cause some deviation from the above guidelines have a minimal adverse impact on interprovincial trade.

- **reconciliation**
  Providing the basis for eliminating trade barriers caused by differences in standards and regulations across Canada.

- **Transparency**
  Ensuring information is fully accessible to interested businesses, individuals and governments.

C) Sectoral Chapters

The AIT focuses on reducing trade barriers within eleven sectoral chapters by:

- **Procurement**
  Eliminating local price preferences, biased technical specifications, unfair registration requirements and other discriminatory practices for non-resident suppliers to ensure equal access to procurement for all interested Canadian suppliers. The provisions for extending this chapter to the MASH (municipalities, the academic community, school boards, health and social services) sector are being negotiated.

- **Investment**
  Preventing discriminatory treatment of Canadian business according to head-office location, limiting local residency requirements, prohibiting local content and purchasing conditions and standardizing corporate registration and reporting requirements to ensure Canadian firms are free to make business decisions based on market conditions.

- **Labour Mobility**
  Eliminating the current barriers of residency, certification and professional standards within individual provinces to enable qualified workers - such as accountants, lawyers, construction and tradespeople - to practice their occupation anywhere in Canada.

- **Consumer-Related Measures and Standards**
  Reconciling the varying consumer protection requirements of different provinces and territories which act as non-tariff barriers to allow Canadian firms to capitalize on economies of scale by servicing larger markets with the same products.

- **Agricultural and Food Products**
  Examining supply management systems for dairy, poultry and eggs. Working to remove technical barriers between provinces, such as differing product and grade standards, and plant and animal health regulations.

- **Alcoholic Beverages**
  Prohibiting discriminatory practices in areas such as product listing, pricing, distribution and merchandising between the liquor control boards and retail outlets of the provinces and territories.

- **Natural Resources Processing**

Prohibiting the introduction of new barriers relating to the processing of forestry, fisheries and mineral resource products.

- **Energy**
  Harmonizing the treatment of all forms of energy. The Chapter is still under negotiation.

- **Communications**
  Ensuring equal access to public telecommunications networks and use of public telecommunications services.

- **Transportation**
  Harmonizing the regulations applicable to commercial vehicles such as safety standards, weights and dimension rules, bills of lading, tax administration, and operating authority requirements.

- **Environmental Protection**
  Ensuring that federal, provincial or territorial environmental protection measures do not become non-tariff trade barriers.

D) Dispute Resolution

One of the key concepts of the Agreement on Internal Trade is to maximize cooperation and minimize conflict. Therefore progressive stages of dispute resolution procedures have been put in place to address the differences that will arise among governments, as well as those between governments and individuals.

i) Sectoral dispute avoidance and resolution processes

Most sectoral chapters have their own dispute settlement process providing opportunities for officials to resolve disputes. This can be initiated by an individual writing to their provincial Internal Trade Representative outlining the problem. The governments (federal/provincial/territorial) involved will consult and try to find a mutually acceptable solution. If this process is exhausted without success, the issue moves to the **formal dispute resolution process** under Chapter 17 of the Agreement.

ii) Formal dispute resolution procedures under Chapter 17

This procedure can be approached in two ways:

- With the support of their government, an individual or business may pursue a **government-to-government** procedure including the aid of the Committee on Internal Trade and a dispute resolution panel of experts; and,

- If the government choses not to step in, an individual or business may request a **private party to government dispute resolution** and request consultations. At this stage the complaint will be assessed by an independent screener, an ombudsman of sorts, who will determine the merit of the request. If a complaint has merit, a panel is called.

Assuming the panel stage of the dispute process is reached, the panel will hear the dispute and will produce its report within 45 days from the end of the hearings. If a government does not act to implement the panel's recommendation within 60 days, the report is made public. If the matter has not been resolved in a year, a government may take retaliatory action provided it is in the same sector as the measures found to be inconsistent with the Agreement, and is of equivalent economic impact.

E) The Organizational Structure of the Internal Trade Agreement

i) The Committee of Ministers on Internal Trade

The Agreement establishes a Committee of Ministers to oversee its implementation and operations. During the period covered by this report, the Committee was co-chaired by Manitoba and Canada. The Agreement calls for an annual meeting at the call of the chair.

The Committee of Ministers normally meets once a year, to deal with major issues and review progress with the Agreement. The Committee of Ministers has met three times since the Agreement came into effect and the end of this reporting period (in November, 1995; March, 1996; and, June 1996).

ii) Internal Trade Representatives

Governments have also established a committee of officials, the Internal Trade Representatives. The function of this group is to oversee the operation of the Agreement and the work program set out in it. Internal Trade Representatives meet as required, usually about six times a year. A list of Internal Trade Representatives is included in Section 3 of this report headed **For More Information**.

iii) Other Committees Under the Agreement

Several Chapters of the Agreement create committees of officials to carry out specific responsibilities outlined in the Chapter or assign responsibilities to existing committees of officials or to Ministerial level forums. For example, The Labour Mobility Chapter assigns overall responsibility for implementation of the Chapter to the Forum of Labour Market Ministers.

Appendix A lists the various committees with responsibilities related to the Agreement.

iv) The Internal Trade Secretariat

The Executive Director is responsible to the Committee of Ministers for activities related to the operation of the Agreement and supports the Committee of Internal Trade Representatives.

The Secretariat assists these Committees by coordinating the work program to implement and extend the Agreement, managing the dispute resolution process and providing information about the Agreement to the public.

Appendix B provides information on the staff of the Secretariat. Appendix D contains the audited Financial Statements for the Secretariat as of March 31, 1997.

3) Progress - Chapter by Chapter

A) Parts I - III General, Constitutional Authorities, General Rules (Chapters 1-4)

When the Agreement came into effect, these chapters set out the objectives, extent of the obligations and general rules of the Agreement. Since that time the Agreement has operated under these principles. There are no outstanding obligations in these four chapters, except to continue to adhere to the principles, rules and definitions.

B) Part IV Specific Rules

Procurement (Chapter Five)

When the Agreement came into effect, it:

- required that Government procurement contracts, over specified values, be equally accessible to all suppliers across Canada and that any goods, services and suppliers of other Parties receive treatment no less favourable than the best treatment of local goods, services and suppliers;

- required that calls for tenders be equally accessible to all Canadian suppliers, and that an electronic tendering system for contracts be developed;

- prohibited preferences for local content or materials;

- provided for the extension of coverage of the Agreement to municipalities, municipal organizations, school boards and publicly-funded academic, health and social service entities (MASH) by June 30, 1995; and,

- required that excluded entities and services be listed.

Prior to this reporting period, the Parties had:

- negotiated a draft of the procurement provisions that would apply to the MASH sector (municipalities, municipal organizations, school boards and publicly funded academic, health and social service entities);

- initiated negotiations to reduce exclusions of both government entities and services; and,

- prepared the system specifications for the development of a common electronic tendering system.

During this reporting period, the Parties have:

- advanced the negotiation of the procurement provisions that would apply to the MASH sector. Text was drafted for both a stand alone agreement outside of the AIT and an Annex to the AIT;

- continued negotiations to reduce exclusions of both government entities and services; and,

- contracted with a service provider for the development of a common electronic tendering system.

In the year ahead the Parties intend to:

- conclude the negotiations of the procurement provisions for the MASH sector;

- conclude the negotiations to reduce exclusions of both government entities and services; and,

- complete the development and implementation of the common electronic tendering system and extend the participation of governments in that system.

Investment (Chapter Six)

When the Agreement came into effect, it:

& prohibited discriminatory treatment of Canadian investors and businesses based on residency, place of incorporation or head office location;

& prohibited local presence and residency requirements as a condition of carrying on business or making an investment other than where necessary to meet a legitimate objective; and, required that any remaining requirements be listed in an annex by December 31, 1995 and examined by December 31, 1996 as to their appropriate retention, removal or replacement;

& required the preparation of a plan by July 15, 1995 to reconcile extra-provincial corporate registration and reporting requirements;

& prohibited imposition of local content, purchasing and sourcing requirements on investors or businesses from other Parties; and,

& set restrictions on the use of incentives, including prohibiting the use of incentives to attract businesses from one Party to another (“job-poaching”); and, required the preparation of an annual report on incentives.

Prior to this reporting period, the Parties had:

& prepared a draft list of remaining local presence and residency requirements for inclusion in Annex 604.4 (Local Presence and Residency Requirements) and initiated a process of examining these measures in order to make recommendations to the Ministers as to their retention, removal or replacement;

& prepared a work plan for reconciling extra-provincial registration and reporting requirements and made substantial progress towards the negotiation of specific obligations that will result in the reconciliation of these requirements; and,

& put in place a process for preparation of the annual report on incentives required by Annex 608.3.

During this reporting period, the Parties have:

& refined a list of remaining local presence and residency requirements (Annex 604.4) and agreed to an ongoing review of the list to further examine the measures;

& drafted an annex to the Agreement (Annex 606) aimed at reconciling extra-provincial corporate registration and reporting requirements; and, initiated development of a electronic registration and reporting system that will facilitate implementation of the Annex; and,

& completed a draft of the 1995\96 Annual Report on Incentives.

In the year ahead the Parties intend to:

- complete Annex 604.4, Annex 606 and the 1995\96 Annual Report on Incentives; and,

& continue development of the electronic extra-provincial corporate registration and reporting system.

Labour Mobility (Chapter Seven)

When the Agreement came into effect, it:

& eliminated residency requirements as an employment condition or as a condition of eligibility for licensing, certification or registration;

& specified that rules governing licensing, certification or registration of workers from other Parties must relate principally to worker competence, that they be published and that they not result in unnecessary delays or burdensome costs for workers;

& required Parties to mutually recognize the occupational qualifications required of workers from any other Party and established a process to harmonize occupational standards; and,

& made Parties responsible for seeking compliance with the obligations of the Chapter by other levels of government and by governmental and non-governmental bodies that have been delegated authority by law for matters covered by the Chapter; and, taking measures to ensure such compliance if it is not achieved voluntarily "within a reasonable period of time".

Prior to this reporting period, the Parties had:

& amended non-conforming measures; and,

& taken steps to initiate the process of seeking compliance with the Chapter, including:

- undertaking a survey of approximately 450 regulatory bodies on their current licensing and certification practices;
- completing the first phase of a communication strategy designed to raise awareness of the Chapter;
- preparing a draft of guidelines on how to comply with the Chapter for the use of occupational regulatory bodies; and,
- participating in numerous meetings with affected bodies to explain their obligations.

During this reporting period, the Parties have:

- sent letters and the final Guidelines document to over 400 regulatory bodies advising them of their obligations under the Chapter and asking them to begin to take steps to comply;

& participated in a number of meetings with affected regulatory bodies to advise them on issues and monitor their progress; and,

& reviewed applications submitted under a funding program through Human Resources Development Canada to assist regulatory bodies in their compliance efforts.

In the year ahead the Parties intend to:

- continue support of regulatory bodies in their efforts to comply with the Chapter, including development of a prototype mutual recognition agreement; and,

- continue to facilitate the resolution of complaints from workers under the Chapter, including the development of detailed procedures for consultations at the multilateral level.

Consumer Related Measures and Standards (Chapter Eight)

When the Agreement came into effect, it:

& prohibited the use of residency requirements as a condition for licensing, registration or certification as a supplier;

& required that discriminatory licensing, registration and certification fees applied to suppliers from another Party be eliminated by July 1, 1996;

& established a schedule for harmonizing specific consumer related measures:
  & direct selling contracts by July 1, 1995; to be adopted by July 1, 1996;
  & upholstered and stuffed article measures by January 1,1996; and,
  & cost of credit disclosure legislation by January 1, 1996; to be adopted by January 1, 1997.

& required a report to Consumer Ministers by July 1, 1997 on possible additional agreements on consumer related measures and standards, such as:

  & reciprocal investigative powers;
  & enforcement of revocation rights;
  & financial compensation for consumers; and,
  & enforcement of judgements.

Prior to this reporting period, the Parties had:

- eliminated all differential fees applied to suppliers from other Parties;

- reached agreement on standard contract content for direct sales across Canada;

- resolved outstanding issues with respect to differences and duplication of regulations of upholstered and stuffed articles;

- agreed on standard cost of credit disclosure requirements; and,

- drafted a dispute resolution process for the Chapter.

During this reporting period, the Parties have:

- prepared a drafting template for harmonized cost of credit legislation;

- begun the process of amending legislation to implement the agreement on direct sales contracts; and,

& completed a report on possible additional agreements on consumer related measures and standards and agreed to develop an agreement on cooperative enforcement.

In the year ahead the Parties intend to:

& complete the harmonization of legislation respecting direct sales by the end of 1997 and cost of credit disclosure by the end of 1998; and,

& complete negotiation of an agreement on cooperative enforcement.

Agricultural and Food Goods (Chapter Nine)

When the Agreement came into effect, it:

& applied the general rules governing non-discrimination, no restrictions on entry and exit, and no obstacles to trade to measures related to the internal trade of agricultural and food goods that constitute technical barriers to trade;

& committed the Parties to reducing or eliminating measures that constitute obstacles to internal trade in agricultural and food goods;

& prohibited further restrictions on internal trade, other than sanitary and phytosanitary measures;

& committed Parties to considering internal trade impacts when amending or adopting sanitary or phytosanitary measures;

& established a consultation process for the Parties; and,

& established procedures for ensuring transparency when measures are adopted or amended.

Prior to this reporting period, the parties had:

& engaged in discussions on reducing or eliminating technical barriers to trade; and,

& identified and discussed technical barriers to trade with policy implications.

During this reporting period, the Parties have:

& engaged in discussions on reducing or eliminating technical barriers to trade; and,

- identified and discussed technical barriers to trade with policy implications.

In the year ahead the Parties intend to:

- review of the scope and coverage of the Chapter to broaden coverage and further liberalize internal trade in agricultural and food goods; and,

- examine the following technical barriers to trade, that have policy implications, to bring them under the coverage of the Chapter:
  - shipment of horticultural products in bulk containers;
  - absence of a Canada No. 1 Small potato grade;
  - margarine colouring restrictions and other margarine standards; and,
  - fluid milk standards and distribution.

Alcoholic Beverages (Chapter Ten)

When the Agreement came into effect, it:

& prohibited, with certain exceptions, discriminatory treatment in listing, pricing, access and distribution of alcoholic beverages from other Parties;

& prohibited obstacles to trade through administrative procedures, labelling and packaging requirements, oenological measures and advertising regulations;

& limited fees and charges to the cost of the necessary service;

& committed Parties to reconciling standards-related measures;

& established a consultation process for the Parties; and,

& established procedures for ensuring transparency when measures are adopted or amended.

Prior to this reporting period, the Parties had:

& reviewed Nova Scotia's differential floor pricing for beer and beer products, which has been gradually decreasing;

& reviewed the reservation of the right for New Brunswick and Quebec to apply differential costs of service to beer and beer products from other Parties, and facilitated initial discussions between Ontario, Quebec and New Brunswick on removing this reservation; and,

& reviewed Ontario's Canadian grape content requirements, which Ontario has committed to removing by 1999.

During this reporting period, the Parties have:

& reviewed and reconciled the definition of "wine and wine products" with the Canadian Wine Standards; and,

& held ongoing discussions on removing remaining reservations in the Chapter.

In the year ahead the Parties intend to:

& develop a plan for removing non-conforming measures listed in the Chapter.

Natural Resources Processing (Chapter Eleven)

When the Agreement came into effect, it:

& prohibited new discriminatory measures related to the production and sale of processed forestry, fisheries and mineral products and prohibited the creation of new barriers to trade in these areas; and,

& committed governments to reconciling regulations and standards that have an impact on the trade in the processing of natural resources.

Prior to this reporting period, the Parties had:

& refrained from introducing new barriers to trade in the processing of natural resources.

During this reporting period, the Parties have:

& continued to refrained from introducing new barriers.

In the year ahead the Parties intend to:

& undertake a complete review of the Chapter to assess whether it has met its objectives.

Energy (Chapter Twelve)

When the Agreement came into effect, it:

& committed the Parties to negotiating an Energy Chapter in accordance with Article 1810 (Future Negotiations).

Prior to this reporting period, the Parties had:

& engaged in negotiations to complete the drafting of the Chapter.

During this reporting period, the Parties have:

- developed an issues paper for review and direction by the Energy Ministers.

In the year ahead the Parties intend to:

& complete and adopt the Energy Chapter.

Communications (Chapter Thirteen)

When the Agreement came into effect, it:

& prohibited government-established or designated monopolies providing communication services or telecommunication facilities from using their monopoly position to engage in anticompetitive conduct in other markets; and,

& established a consultation process for the Parties.

In the year ahead the Parties intend to:

& reduce the differences between the policies and measures of the Province of Saskatchewan and the policies and measures of the Federal Government.

Transportation (Chapter Fourteen)

When the Agreement came into effect, it:

& prohibited, with certain exceptions, discriminatory treatment of carriers or trade in transportation services from other Parties;

& prohibited obstacles to trade in transportation services and restrictions on the movement of transportation services across provincial boundaries;

& committed Parties to reconciling regulatory and standards-related measures;

& committed Parties to phasing out measures that do not conform to the Agreement; and,

& established a consultation process for the Parties.

Prior to this reporting period, the Parties had:

& established standard motor carrier safety rules;

& initiated a regulatory review;

& liberalized trade in bus procurement; and,

& recommended deleting the obligation to extend the Chapter to local governments.

During this reporting period, the Parties have:

& eliminated extraprovincial truck carrier operating authorities in some Parties, and identified statutory and regulatory changes necessary to eliminate the operating authorities in other Parties;

- initiated a consultation process with stakeholders to pursue greater national compatibility of weight and dimension standards;

- developed an implementation plan on the future regulation of the intercity bus industry; and,

& met the deadlines on phasing out Annex 1411 Non-Conforming Measures.

In the year ahead the Parties intend to:

& continue work on more compatible standards on vehicle weights and dimensions;

& eliminate extraprovincial truck carrier operating authorities in jurisdictions where they remain;

& complete National Safety Code Standard 14 - Compliance Review Safety Rating;

& revise the Canadian Uniform Bill of Lading;

& complete the regulatory review;

& complete the phase out of intraprovincial trucking regulations as listed in Annex 1411; and,

& review exempt measures listed in Annex 1410.

Environmental Protection (Chapter Fifteen)

When the Agreement came into effect, it:

& committed Parties to taking environmental considerations into account when dealing with trade matters;

& prohibited the waiving or derogation of environmental measures as an encouragement for the establishment, acquisition, expansion, retention or ongoing business of an enterprise within the territory of a Party;

& confirmed the right of Parties to establish their own levels of environmental protection;

& committed the Parties to harmonizing environmental measures;

- committed Parties to phasing out measures that do not conform to the Agreement; and,

& established a consultation process for the Parties.

Prior to this reporting period, the Parties had:

& established a list of other governmental and non-governmental bodies covered by the Chapter.

In the year ahead the Parties intend to:

& harmonize environmental measures that may affect interprovincial mobility and trade; and,

& finalize a list of non-conforming measures.

Institutional Provisions (Chapter Sixteen)

When the Agreement came into effect, it:

- required the creation of the Committee on Internal Trade, the Working Group on Adjustment and the Secretariat specifying frequency of meetings, funding and other relevant requirements.

Prior to this reporting period, the Parties had:

& established the Committee on Internal Trade which had met twice;

- drafted an annual Report for 1995-96;

& established a Working Group on Adjustment comprised of Internal Trade Representatives; and,

& established the Internal Trade Secretariat, funded by all Parties, and appointed a Secretary.

During this reporting period, the Parties have:

& held a meeting of the Committee on Internal Trade in June 1996.

In the year ahead the Parties intend to:

& ensure an annual meeting of the Committee on Internal Trade;

& complete the 1997-98 Annual Report; and,

Dispute Resolution Procedures (Chapter Seventeen)

When the Agreement came into effect, it:

& established a four-stage procedure for Parties to pursue complaints against other Parties if the complaining Party is of the opinion that the other Party has adopted or is maintaining a measure that does not conform to the Agreement;

& provided a mechanism by which a person of a Party may pursue a complaint against another Party by appealing to his home Party to initiate dispute resolution proceedings on the person's behalf; and,

& provided direct access for a person of a Party to dispute resolution proceedings in the event that the Party with which the person has a substantial connection does not initiate dispute resolution proceedings on that person's behalf.

Prior to this reporting period, the Parties had:

& compiled a Roster of Panellists to be used for selecting members of a dispute resolution panel;

& approved panel Rules of Procedure;

& appointed independent citizens to act as screeners in the event a person of a Party wishes to initiate dispute resolution procedures directly; and,

& established a Code of Conduct for panellists.

During this reporting period, the Parties have:

& developed operational guidelines for Panels;

& noted that 12 complaints were identified or formally initiated. Of these, 4 were resolved in some manner and 8 were yet to be resolved at the end of the reporting period. All of the complaints that were resolved were handled within the dispute resolution process of the applicable Chapter. The majority of complaints were under Chapter 5, Procurement (7 complaints) and Chapter 7, Labour Mobility (4 complaints). None were raised to the Agreement wide level of the Chapter 17 dispute resolution procedures. Further information on the status of disputes as of March 31, 1997 is included in Appendix C.

Average Length of Time to Disposition of Disputes

Chapter	Average Length of Time to Disposition in Months	Number of Disputes (for which Initiation and Disposition months are both known)	Number of Disputes Pending	Total Number of Disputes
5	4	1	6	7
7	2	2	2	4
10	1	1	0	1
Total	2.3	4	8	12

In the year ahead the Parties intend to:

- finalize the Roster of Panellists; and,

& appoint screeners from every Party.

Final Provisions (Chapter Eighteen)

When the Agreement came into effect, it:

- recognised the need for Regional economic development programs but specified these measures are not to impair unduly the intent of the Agreement and not be more trade restrictive than necessary to achieve specific objectives;

- set out exempt areas such as: aboriginal peoples; culture; national security; taxation and the financial sector;

- defined the relationship of the Agreement to international agreements; and,

- specified future negotiations, including the Energy Chapter and a review of the coverage of the Agreement.

Prior to this reporting period, the Parties had:

- requested that each Party prepare a written annual report on its programs relating to regional economic development.

During this reporting period, the Parties have:

- agreed to review the process of annual reporting on programs relating to regional economic development to increase the usefulness of the reports.

In the year ahead the Parties intend to:

- review the effectiveness of existing mechanisms for provincial consultation and participation in various international agreements; and,

- review the scope and coverage of the Agreement with recommendations for new measures or new chapters where appropriate.

4) For more Information...

A) Contact the Internal Trade Secretariat

The Internal Trade Secretariat
Suite 850, 125 Garry Street
Winnipeg, Manitoba R3C 3P2

Phone: (204) 987-8090
Facsimile (204) 942-8460
E-mail info@intrasec.mb.ca
Web site: http://www.intrasec.mb.ca

B) Contact an Internal Trade Representative (as of November 16, 1998)

Canada	Tom Wallace Industry Canada, 5th Flr East, Room 590C, 235 Queen Street, Ottawa, Ontario K1A 0H5	Tel: (613) 954-9633 Fax: (613) 954-8042 E-mail: wallace.tom@ic.gc.ca
Newfoundland & Labrador	Tom Fleming Industry, Trade & Technology 4th Flr, West Block, Confederation Building, St. John's, Newfoundland A1B 4J6	Tel: (709) 729-5859 Fax: (709) 729-5936 E-mail: tfleming@ditt.gov.nf.ca
Nova Scotia	Greg Bent Nova Scotia Economic Development & Tourism, 1800 Argyle St., Suite 520, Halifax, Nova Scotia B3J 2R7	Tel: (902) 424-8669 Fax: (902) 424-5739 E-mail: gbent@gov.ns.ca
New Brunswick	Harry Quinlan Economic Development & Tourism, Centennial Building, Room 577, 670 King Street, Fredericton, New Brunswick E3B 5H1	Tel: (506) 453-5011 Fax: (506) 444-5299 E-mail: harryq@gov.nb.ca
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Saskatchewan	Robert Perrin Saskatchewan Intergovernmental & Aboriginal Affairs, 11th Flr., 1919 Saskatchewan Drive, Regina, Saskatchewan S4P 3V7	Tel: (306) 787-2171 Fax: (306) 787-8883 E-mail: robert.perrin.iaa@govmail.gov.sk.ca
Alberta	Jim Ogilvy Alberta Intergovernmental and Aboriginal Affairs, Commerce Place, 10155 -102 St NW., Floor 12, Edmonton, Alberta T5J 4G8	Tel: (403) 422-1129 Fax: (403) 427-0699 E-mail: jao@inter.gov.ab.ca
British Columbia	Noel Schacter Ministry of Employment & Investment, 4th floor, 1810 Blanshard Street, Victoria, British Columbia V8W 9N3	Tel: (250) 952-0708 Fax:: (250) 952-0716 E-mail: noel.schacter@gems5.gov.bc.ca
Northwest Territories	Terry Lancaster Resources, Wildlife & Economic Development, Government of the NWT, P.O. Box 1320, Yellowknife, NWT X1A 2L9	Tel: (867) 873-7360 Fax: (867) 873-0101 E-mail: terry_lancaster@gov.nt.ca
Yukon	Robert Snyder Economic Development, Shopper's Plaza, 4th Floor, Main Street Box 2703, Whitehorse, Yukon Y1A 2C6	Tel: (867) 667-3014 Fax: (867) 667-8601 E-mail: bob.snyder@gov.yk.ca

INTERNAL TRADE SECRETARIAT
ANNUAL REPORT

Appendix A

COMMITTEES AND WORKING GROUPS WITH RESPONSIBILITIES RELATED TO THE AGREEMENT ON INTERNAL TRADE

General

Committee on Internal Trade

- Internal Trade Representatives
- Working Group on Adjustment

Chapter Five: Procurement

Procurement Negotiating Table

- Working Group on Electronic Tendering

Chapter Six: Investment

Working Group on Investment

Chapter Seven: Labour Mobility

Forum of Labour Market Ministers

- Labour Mobility Coordinating Group
- Labour Mobility Information Initiative Task Team
- Canadian Council of Directors of Apprenticeship Task Team

Council of Ministers of Education for Canada

- Advisory Committee of Deputy Ministers of Education Working Group

Chapter Eight: Consumer Related Measures and Standards

Federal-Provincial-Territorial Ministers Responsible for Consumer Affairs

- Committee on Consumer Related Measures and Standards (Consumer Measures Committee)

INTERNAL TRADE SECRETARIAT
ANNUAL REPORT

Chapter Nine: Agricultural and Food Goods

Ministers of Agriculture

- Federal-Provincial Agri-Food Inspection Committee
- Federal-Provincial Trade Policy Committee

Chapter Ten: Alcoholic Beverages

Alcoholic Beverages Working Group

Chapter Eleven: Natural Resources Processing

Working Group on Processing of Natural Resources

Chapter Twelve: Energy

Council of Energy Ministers

- Energy Sector Negotiating Table

Chapter Thirteen: Communications

Committee on Communications-Related Measures

Chapter Fourteen: Transportation

Council of Ministers Responsible for Transportation and Highway Safety

- Canadian Council of Motor Transport Administrators

Chapter Fifteen: Environmental Protection

Canadian Council of Ministers of the Environment

Appendix B

Internal Trade Secretariat

Suite 850, 125 Garry Street
Winnipeg, Manitoba
R3C 3P2

Phone: (204) 987-8090
Fax: (204) 942-8460

Web site: http://www.intrasec.mb.ca
E-mail: info@intrasec.mb.ca

The Internal Trade Secretariat provides administrative and operational support to the Committee of Ministers responsible for the Agreement on Internal Trade. The Agreement aims to reduce and eliminate barriers to the free movement of persons, goods, services and investments within Canada and to establish an open, stable domestic market.

ITS Staff

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INTERNAL TRADE SECRETARIAT
ANNUAL REPORT

Appendix C

DISPUTE/COMPLAINT TRACKING - SUMMARY TABLES

NUMBER AND STATUS OF COMPLAINTS SINCE COMING-INTO-FORCE

File Number	Originating Year and Month	Chapter	File Name	Complainant	Defendent	Last Stage	Disposition	Disposition Month and Year	Type of Complaint*
96/97 - 5 - HEW RAN	Dec-96	5	[computer company]	[computer company]	Saskatchewan	Screener	Pending	Pending	P-OG
96/97 - 5 - ATL SAF	Mar. 97	5	Argentia remediation	Atlantic Safety Centre	Canada	Screener	Pending	Pending	P-OG
96/97 - 5 - MIR INT	Mar. 97	5	Justice Headquarters	Mirtech International Security	Canada	Screener	Pending	Pending	P-OG
96/97 - 5 - BEL CAN	Nov. 96	5	Military Message System	Bell Canada	Canada	Screener	Denied	Feb. 97	P-OG
96/97 - 5 - HER POM	Mar. 97	5	NRC Facility Design	Hervé Pomerleau Inc.	Canada	Screener	Pending	Pending	P-OG
96/97-5-PHI ENV	Jan. 97	5	Snag Airstrip	Philip Environmental	Canada	Screener	Pending	Pending	P-OG
96/97-5-ACC CON	Mar. 97	5	Teleconference services	Accutel Conferencing Systems	Canada	Screener	Pending	Pending	P-OG
96/97 - 7 - BUL	Sep-96	7	[dental assistant]	Alberta	Manitoba	Chapter Assistance	Pending	Pending	G-G(P)
96/97 - 7- CRE	May-96	7	[embalmer]	Alberta	Saskatchewan	Chapter Consults	Suspended at request of person	May-96	G-G(P)
96/97 - 7 - GIM	Jul-96	7	[medical services]	Alberta	Saskatchewan	Screener	Denied	Nov-96	P-OG
96/97 - 7 - NF DEN	Feb-97	7	NF Denturists	Nova Scotia	Newfoundland	Chapter Assistance	Pending	Pending	G-G(P)
96/97 - 10 - SPA	Sep-96	10	[wine products]	British Columbia	Quebec	Chapter Consults	Dropped	Oct-96	G-G

*** Legend: Informal - no process started, P - private party, G - government, P-OG - private party dealing with own government, G-G(P) - government to government, requested by private party.**

INTERNAL TRADE SECRETARIAT
ANNUAL REPORT

SUMMARY STATISTICS

Disputes By Chapter

Chapter	Disposition at Last Stage					Total
	Dropped/No Action	Denied	Pending	Complaint no basis/expired/exempt	Resolved/Upheld	
5	0	1	6	0	0	7
6	0	0	0	0	0	0
7	1	1	2	0	0	4
9	0	0	0	0	0	0
10	1	0	0	0	0	1
14	0	0	0	0	0	0
15	0	0	0	0	0	0
known/Not Identified	0	0	0	0	0	0
Total	2	2	8	0	0	12

Appendix D

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To the Management Board of the

We have audited the balance sheet of the as at March 31, 1997 and the statement of revenue and expenditures and surplus for the year then ended. These financial statements are the responsibility of Internal Trade Secretariat management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Internal Trade Secretariat management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the as at March 31, 1997 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Winnipeg, Canada,
June 10, 1997.

ERNST&YOUNG
Chartered Accountants

As at March 31		
	$	$
Cash		
Goods and services tax recoverable		-
Contributions receivable		
Federal Government *[note 3]*	-	
Computers, furniture, and office equipment *[note 2]*		
Accounts payable and accrued liabilities		
Deferred contributions		
Federal Government *[note 3]*		
Provinces and Territories *[note 4]*		

See accompanying notes

On behalf of the Internal Trade Secretariat

Executive Director

A Dimitrijevic

Year ended March 31

	$	$
Contributions		
Federal Government *[note 3]*		176,860
Provinces and T21TTT1 1 Tf=0.0001()TjETEMC B13.98 30tori Tm(21TTT1 1 Tf=0.0002001 60032616 517.1		

March 31, 1997

The Internal Trade Secretariat is an unincorporated association which was established on August 1, 1995, as required by the Agreement on Internal Trade. The objective of this agreement is to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services, and investments within Canada.

The Internal Trade Secretariat's role is to provide administrative and operational support to the Committee on Internal Trade and other working groups or committees set up to implement the Agreement on Internal Trade.

The financial statements have been prepared by Internal Trade Secretariat management in accordance with accounting principles generally accepted in Canada ["Canadian GAAP"]. The financial statements have, in management's opinion, been prepared using careful judgement within reasonable limits of materiality.

Fixed assets are charged to expenditures in the year of purchase. During the period, $20,647 of fixed assets were expensed.

Contributions from jurisdictions are recognized in the accounts on the accrual basis of accounting.

	Provinces and Territories
Deferred contributions, end of period	
March 31, 1997	

The Internal Trade Secretariat is committed to make minimum annual rental payments under a lease which expires August 15, 2001 as follows:

	$
1998	18,400
1999	18,400
2000	18,400
2001	18,400
2002	7,500

In addition, the organization is responsible for their share of common area costs which currently totals approximately $1,700 per month.

The operations of the Internal Trade Secretariat are dependent upon the continued funding from territorial, provincial and federal jurisdictions.

A statement of cash flows has not been prepared as it provides no additional information.