INTERNAL TRADE SECRETARIAT
1998-99 ANNUAL REPORT

THE AGREEMENT ON INTERNAL TRADE

April, 1998
to
March, 1999

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March 2001

Transmittal Letter to the Committee on Internal Trade

I am pleased to submit to you the Internal Trade Secretariat's Annual Report for the Agreement on Internal Trade for the period April 1, 1998 to March 31, 1999.

Transparency regarding the activities associated with the implementation of the Agreement on Internal Trade (AIT) is assured in a timely fashion by the filing of audited financial statements within 60 days of the end of March of every year and by the regular updating of the "Progress to Date" section of the Secretariat's web site which can be located at the following address: www.intrasec.mb.ca. However, the current procedures for the production of the annual report still result in substantial delays.

The Secretariat has therefore implemented revised internal procedures for the production of the annual report and, as stated in our Operating Plan for 2001/2002, will ensure the production of each annual report within six months of the end of the fiscal year. We will be caught up in the production of annual reports by September 2001.

The Parties continue their work to complete outstanding obligations in the AIT. In the time period of this report, Parties reached agreement on a MASH Annex covering the procurement provisions for municipalities, municipal organizations, school boards, and publicly-funded academic, health and social service entities (the MASH sector). Even so, two of the Parties will not be adhering to the MASH Annex. However, despite the difficult negotiations and slow progress, all Parties remain fully committed to the implementation of the AIT.

With this reporting period being the fourth one since the coming into force of the AIT, Parties are starting to consider the future of the Agreement. To that effect, the Parties commenced work on three initiatives: 1. a broad based consultations project; 2. the creation of a working group on reporting to review the reporting provisions in the AIT; and 3. the preparation of a report to the Committee on Internal Trade (CIT) on the future of the AIT.

Although awareness of the AIT is increasing, particularly after the first dispute resolution panel process, there is still little knowledge of the AIT. The Secretariat continues to seek to increase the effectiveness of its ongoing outreach and communications program. In that regard, the Secretariat has been holding meetings with, and making presentations to, national and provincial business associations, labour associations, consumer groups as well as research institutes and other non-governmental organizations.

André Dimitrijevic
Executive Director
Internal Trade Secretariat

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Ministers of the Committee on Internal Trade[1]

Brian Tobin (federal co-chair) Minister of Industry Canada	Shirley McClellan (provincial co-chair) Minister of International & Intergovernmental Relations Alberta
Peter Mesheau (provincial vice co-chair) Minister of Investment and Exports New Brunswick	Sandra Kelly Minister of Industry, Trade & Technology Newfoundland & Labrador
Gordon Balser Minister of Economic Development Nova Scotia	Michael Currie Minister of Development & Technology Prince Edward Island
Guy Julien Ministre délégué à l'Industrie et au Commerce Québec	Al Palladini Minister of Economic Development & Trade Ontario
MaryAnn Mihychuk Minister of Industry, Trade & Mines Manitoba	Jack Hillson Minister of Intergovernmental and Aboriginal Affairs Saskatchewan
Tim Stevenson Minister of Employment and Investment British Columbia	Joe Handley Minister of Resources, Wildlife & Economic Development Northwest Territories
Pat Duncan Premier and Minister for Economic Development Yukon	

[1] As of December 2000

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1) Highlights of the Year in Review

In 1998/99, the Parties to the AIT continued to engage in negotiations, mandated by the Agreement, that are necessary for its implementation and for concluding the outstanding obligations in the Agreement.

In terms of the specific activities undertaken, the highlights for this year were:

finalizing the list of legislation governing the MASH sector for listing in the schedule to the new Annex 502.4 (MASH Annex) which sets out the procurement provisions that apply to the MASH sector;

several provinces undertaking educational sessions to inform the MASH sector about the provisions of the new MASH Annex;

continuing negotiations to ensure equal access for Canadian suppliers to procurement opportunities across the country;

continuing negotiations to reduce the number of government entities excluded from the procurement rules;

retaining a consultant to develop an electronic system for the implementation of Annex 606 which provides for the reconciliation of extra-provincial corporate registration and reporting requirements;

continuing negotiations to clarify the Code of Conduct on Incentives;

contracting with the Canadian Standards Association to develop a Canadian quality assurance standard for the procurement of computers by governments;

continuing negotiations to resolve the outstanding issue in the Energy Chapter which deals with the nature and extent of carve-outs for regional economic development programs;

elaborating the concept of a major public consultations project;

creating a Working Group to investigate the reporting requirement in Chapter 5 with a view to increasing their value and relevance;

preparing a report on incentives provided by foreign governments;

completing the first Chapter 17 dispute resolution panel process; and

developing a chapter specific dispute resolution procedure for handling complaints related to Chapter 8 - Consumer related Measures and Standards.

In 1998/99, 22 disputes were formally initiated using the dispute settlement mechanisms provided for under the Agreement. Of these, 18 had been addressed by year end and 4 remain to be resolved. Since the coming into force of the AIT in July 1995, there have been a total of 65 disputes filed to date of which 58 have been addressed. Further the average length of time to dispose of a dispute has been steadily dropping from 6.1 months in 1995/96 to 3.2 months in the current reporting period with an average of 4.3 months over the period since the coming into force of the AIT.

The following sections of this report provide details about the above, and other, activities undertaken under the AIT during the period 1998/99.

2) Overview of the Agreement on Internal Trade

A) Contents of the Agreement

The Agreement on Internal Trade (AIT) 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.

The AIT 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 governing the conduct of governments in key economic sectors** such as government purchasing, investment and labour mobility;

- for the **streamlining and harmonization of regulations and standards** in areas such as transportation and 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) Guiding Principles

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 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 that federal/provincial/territorial government policies and practices do not create or sustain obstacles to trade.

- **Legitimate Objectives**
  Ensuring that 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 chapters:

- **Procurement**
  Eliminating local price preferences, biased technical specifications, unfair registration requirements and other discriminatory practices for non-resident suppliers in order to ensure equal access to procurement for all interested Canadian suppliers. The provisions for extending this chapter to the MASH sector including municipalities, municipal organisations, school boards, and publicly-funded academic, health and social services have recently been 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 in order 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 in order 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 in order to allow Canadian firms to capitalize on economies of scale by servicing larger markets with the same products.

- **Agricultural and Food Products**
  Working to remove technical barriers between provinces, such as differing product and grade standards, and plant and animal health regulations. Reviewing supply management systems for dairy, poultry and eggs as well as western grain transportation and agricultural safety net programs and addressing the internal market aspects of these programs.

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

- **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 and use of public telecommunications networks and 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

With the exception of Chapter 13, each chapter has its own dispute settlement process. This can be initiated by an individual outlining the problem in writing to the Internal Trade Representative of the province or territory in which he or she resides or by a government (federal, provincial or territorial) initiating consultations where that government has concerns about the practices of another government. The governments involved will consult and try to find an 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

Only a government may initiate a **government-to-government** dispute resolution process.

For an individual or business, this procedure can be approached in two ways:

- An individual or business may request that their government pursue the **government-to-government** dispute resolution process. This process may lead to a request for the assistance of the Committee on Internal Trade and a dispute resolution panel of experts.

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

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 the government complained against 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, the government that made the complaint 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 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 Canada and Ontario. The Agreement calls for an annual meeting at the call of the chairs.

The Committee on Internal Trade normally meets as needed to deal with major issues and review progress with the Agreement. The Committee has met four times since the Agreement came into effect and the end of this reporting period (in November, 1995; March, 1996; June 1996; and February 1998). In addition, conference calls have been arranged, as necessary, to deal with complaints launched under the dispute resolution procedures of the Agreement.

ii) Internal Trade Representatives

Each government has appointed Internal Trade Representatives. This committee of officials is responsible for overseeing the operation of the Agreement and the work program set out in the Agreement. Internal Trade Representatives meet as required, usually about six times a year. A list of Internal Trade Representatives is included in Section 4 of this report entitled **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 Internal Trade Secretariat is responsible to the Committee on Internal Trade for activities related to the administration and operation of the Agreement. The Secretariat supports the Internal Trade Representatives and the various committees under the Agreement by coordinating the work program to implement and extend the Agreement and by managing the dispute resolution process. In addition, it provides information about the Agreement to the public.

Appendix B provides information on the staff of the Secretariat. Appendix E contains the audited Financial Statements for the Secretariat as of March 31, 1999.

F) Obligations under the Agreement

The Internal Trade Secretariat keeps track of progress in implementing the Agreement on Internal Trade. In this regard, the Secretariat has prepared the two charts found in Appendix D. The first chart identifies outstanding obligations that are the responsibility of the Parties to the Agreement as a whole and groups the obligations by chapter and category. The second chart lists outstanding obligations that are the responsibility of individual Parties and that are not yet discharged.

- pursued 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, completed the development and implementation of the system, and extended the participation of governments in it.

During this reporting period, the Parties have:

- finalized the text of the new Annex which outlines provisions to cover procurement by the MASH sector and incorporated the new annex into the Third Protocol of Amendment for signature by Ministers;

- prepared for the implementation of the Annex on July 1, 1999;

- considered guidelines for MASH entities wishing to post tenders on their own websites;

- considered options for facilitating the access of Canadian suppliers to MASH sector tenders once the MASH Annex comes into effect on July 1, 1999;

- established a working group to review reporting requirements; and

- continued negotiations to include government entities of a commercial or industrial nature and drafted text for an annex covering such entities.

In the year ahead the Parties intend to:

- obtain ministerial signatures on the Third Protocol of Amendment so that the Annex on the procurement provisions for the MASH sector can come into effect as planned on July 1, 1999;

- investigate the feasibility of putting in place a “single window” to MASH sector procurements;

- finalize the review of reporting requirements; and

- conclude the negotiations to include government entities of a commercial or industrial nature by approving the text of an annex covering such entities, defining the specific entities that would be covered by such annex, determining the treatment of electrical utilities, and defining the treatment of entities that remain excluded.

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 those requirements are 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:

- completed a list of remaining local presence and residency requirements for inclusion in Annex 604.4 (Local Presence and Residency Requirements) and agreed to an ongoing review of the list in order to make recommendations to the Ministers as to their retention, removal or replacement;

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

- completed the 1995\96 Annual Report on Incentives.

During this reporting period, the Parties have:

- continued development of the electronic extra-provincial corporate registration and reporting system;

- prepared draft guidelines on the format and content of future Annual Reports on Incentives;

- initiated negotiations on clarifications and improvements to the Code of Conduct on Incentives (Annex 608.3).

In the year ahead the Parties intend to:

- complete development and implementation of the electronic extra-provincial corporate registration and reporting system;
- continue negotiations to clarify and improve the Code of Conduct on Incentives; and
- finalize guidelines on the content and format of Annual Reports on Incentives.

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 for 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 such as licensing or residency requirements as a condition of employment;
- taken steps to initiate the process of seeking compliance with the Chapter, including:
  - undertaking a survey of approximately 450 regulatory bodies on their licensing and certification practices,

- completed the first phase of a communication strategy designed to raise awareness of the Chapter,

- sent letters and a guideline document on how to comply with the Chapter to over 400 regulatory bodies advising them of their obligations and asking them to begin steps to comply,

- participated in numerous meetings with affected bodies to explain their obligations, advise them on issues and monitor their progress, and

- supported the provision of funding for regulatory bodies through a Human Resources Development Canada program to assist them in their compliance efforts;

- established a Labour Market Information Working Group to develop a strategy for collecting and disseminating labour market information to help workers who are considering moving to another jurisdiction.

During this reporting period, the Parties have:

- continued support of regulatory bodies in their efforts to comply with the Chapter including participating in over 40 regulators' national consortium meetings and preparing a document entitled *Guidelines for Regulatory Bodies to consider in developing a Mutual Recognition Agreement*;

- completed a survey of regulatory bodies to determine their progress on meeting the obligations of the Chapter; and

- continued to facilitate the resolution of complaints from workers under the Chapter.

In the year ahead the Parties intend to:

- develop a detailed plan to support achievement of full compliance with the obligations of the Chapter by July 1, 2001 as agreed by all First Ministers (except Quebec) in February, 1999;

- identify legislation governing regulatory bodies that will need to be changed and a work plan for introducing amendments to ensure the July 1, 2001 deadline is met;

- continue the work of the Labour Market Information Working Group including further development of the labour market information Web site to provide information on the licensing requirements of regulatory bodies; and

- develop a labour mobility communications strategy.

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 and began the process of amending legislation to implement the agreement;
- 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 prepared a drafting template for harmonized cost of credit legislation;
- drafted a dispute resolution process for the Chapter;
- completed a report on possible additional agreements on consumer-related measures and standards and agreed to develop an agreement on cooperative enforcement; and

- developed detailed implementation strategies for a national consumer awareness campaign.

During this reporting period, the Parties have :

- completed negotiation of a dispute resolution process as required by the Chapter;
- prepared a draft agenda for future cooperation on consumer issues;
- implemented a national consumer awareness campaign including:
  - a focus on fraud in the telemarketing and the loan brokerage businesses,
  - the preparation, publication and distribution of a consumer handbook;
- continued the harmonization of legislation respecting direct sales and cost of credit disclosure;
- finalized negotiation of a Cooperative Enforcement Agreement.

In the year ahead the Parties intend to:

- complete the harmonization of legislation respecting direct sales and cost of credit disclosure;
- finalize and implement an agenda for future cooperative action on consumer issues.

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 that constitute technical barriers to trade in agricultural and food goods;
- 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 consider 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;
- identified and discussed technical barriers to trade with policy implications;
- engaged in stakeholder consultations on broadening the scope and coverage of the Chapter; and
- brought under the coverage of the Chapter the following technical barriers to trade that have policy implications:
  - shipment of horticultural products in bulk containers,
  - absence of a Canada No. 1 Small potato grade,
  - margarine colouring restrictions and other margarine standards,
  - standards regarding dairy blends and imitation dairy products, and
  - fluid milk standards and distribution.

During this reporting period, the Parties have:

- identified a process for reviewing the scope and coverage of the Chapter; and
- undertook a national survey on regulatory measures in place for imitation dairy product marketing.

In the year ahead the Parties intend to:

- review the scope and coverage of the Chapter to broaden coverage and further liberalize internal trade in agricultural and food goods; and
- continue to reduce or eliminate technical barriers to trade and technical barriers to trade with policy implications.

Alcoholic Beverages (Chapter Ten)

When the Agreement came into effect, it:

- prohibited, with certain exceptions, discriminatory treatment by a Party in the 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 and reconciled the definition of “wine and wine products” with the Canadian Wine Standards;
- reviewed Ontario’s Canadian grape content requirements which Ontario has committed to removing by 1999;
- reviewed Nova Scotia’s practice (since eliminated) on differential floor pricing for beer and beer products; and
- 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.

During this reporting period, the Parties have:

- agreed to eliminate reservations on mark-up differentials for wine;
- agreed to eliminate Nova Scotia’s differential floor pricing for beer and beer products;
- agreed that Ontario will open its borders to out-of-province wine; and
- started development of a National Wine Standard.

In the year ahead the Parties intend to:

- develop a plan for removing the three non-conforming measures listed in the Chapter; and
- complete the development of the National Wine Standard and address how to implement the standard in a consistent manner.

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:

- undertaken a review of the Chapter; and
- not introduced any new barriers to trade in the processing of natural resources.

In the year ahead the Parties intend to:

- undertake the annual 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 negotiate an Energy Chapter in accordance with Article 1810 (Future Negotiations).

Prior to this reporting period, the Parties had:

- completed negotiations on a draft Chapter, with one issue still outstanding.

During this reporting period, the Parties have:

- developed options for addressing the remaining issue.

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 by a Party toward 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:

- revised standard motor carrier safety rules;
- completed a regulatory review;
- liberalized trade in urban bus procurement;
- deleted the obligation to extend the Chapter to local governments;
- 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; and
- developed an implementation plan on the future regulation of the intercity bus industry.

During this reporting period, the Parties have:

- implemented changes to national standards to bring about greater compatibility of standards on vehicle weights and dimensions and continued work to bring about greater regulatory compatibility;
- made progress in improving the uniformity of requirements for travel under special permit authorities;
- advanced work on completing the National Safety Code;

- eliminated extraprovincial truck carrier operating authorities in jurisdictions where they remained; and

- reviewed exempt measures listed in Annex 1410.1.

In the year ahead the Parties intend to:

- complete the National Safety Code Standard 14 - Compliance Review Safety Rating.

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;

- finalized a list of non-conforming measures; and

- ratified a Canada-wide Accord on Environmental Harmonization.

During this reporting period, the Parties have:

- continued to publish notifications of new or amended measures taken by member jurisdictions.

In the year ahead the Parties intend to:

- continue efforts to harmonize environmental measures that may affect interprovincial mobility and trade.

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 Internal Trade Secretariat, funded by all Parties, and appointed a Secretary;
- established the Committee on Internal Trade which met four times;
- prepared the Annual Reports for 1995-96 and 1996-97; and
- established a Working Group on Adjustment comprised of Internal Trade Representatives.

During this reporting period, the Parties have:

- held four meetings and two conference calls of the Internal Trade Representatives; and
- prepared the 1997-98 Annual Report.

In the year ahead the Parties intend to:

- hold the annual meeting of the Committee on Internal Trade; and
- prepare the 1998-99 Annual Report.

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 home Party does not initiate dispute resolution proceedings on that person's behalf.

Prior to this reporting period, the Parties had:

- initiated the compilation of a Roster of Panellists to be used for selecting members of a dispute resolution panel;

- approved panel Rules of Procedure;

- initiated the appointment of independent citizens to act as screeners in the event a person of a Party wishes to initiate dispute resolution procedures directly;

- developed operational guidelines for Panels; and

- established a Code of Conduct for panellists.

During this reporting period, the Parties have:

- dealt with 22 complaints that were identified or formally initiated during this reporting period. Of these, 18 were resolved in some manner and 4 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 (18 complaints). Further information on the status of all disputes is included in Appendix C.

- also dealt with 10 outstanding complaints that were identified or formally initiated prior to the reporting period, including one which was raised to the Agreement-wide level of the Chapter 17 dispute resolution procedures.

Average Length of Time to Disposition of Disputes Initiated or Identified during the Reporting Period

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	3.2	9	9	18
7	-	-	2	2
9	-	-	2	2
Total	3.2	9	13	22

In the year ahead the Parties intend to:

- finalize the Roster of Panellists; and

C complete the appointment of screeners from every Party.

Final Provisions (Chapter Eighteen)

When the Agreement came into effect, it:

- recognized the need for economic development programs but specified these measures were 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; and

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

- 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.

INTERNAL TRADE SECRETARIAT
1998-99 ANNUAL REPORT

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Appendix B

INTERNAL TRADE SECRETARIAT [3]

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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.

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[3] as of December 2000

Appendix C

DISPUTE/COMPLAINT TRACKING - SUMMARY TABLES [4]

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*
98/99 - 5 - PRE DAT	May 98	5	HRDC Data Entry	Premium DataScan Services	Canada	CITT	Denied	Aug. 98	P-OG
98/99 - 5 - LOT DEV	May 98	5	DFAIT Global Network	Lotus, Novell, Netscape	Canada	CITT	Not subject to AIT	Aug. 98	P-OG
98/99-5-INS GLO	May 98	5	HRD Moving	Installation Globale Normand Morin & Fils	Canada	CITT	Upheld	Aug. 98	P-OG
98/99-5-COR COR	June 98	5	Revenue Canada Y2K	Corel Corporation	Canada	CITT	Upheld	Oct. 98	P-OG
98/99-5-HEA TEC	Sept. 98	5	DND Heating Systems	M.D. Heat Tech Inc.	Canada	CITT	Denied	Dec. 98	P-OG
98/99-5-SER ST1	Oct. 98	5	DND Janitor Services	Service Star Building Cleaning	Canada	CITT	Upheld	Jan. 99	P-OG
98/99-5-SER ST2	Nov. 98	5	DND Janitor Services 2	Service Star Building Cleaning	Canada	CITT	Denied	Feb. 99	P-OG
98/99-5-POL BT1	Nov. 98	5	Inflatable Boats Procurement 1	Polaris Inflatable Boats (Canada) Ltd.	Canada	CITT	Upheld	Mar. 99	P-OG
98/99-5-POL BT2	Nov. 98	5	Inflatable Boats Procurement 2	Polaris Inflatable Boats (Canada) Ltd.	Canada	CITT	Upheld	Mar. 99	P-OG

[4] as of March 31, 1999

* Legend: P-OG person to own government; G-G(P) government to government requested by private party; G-G government to government

File Number	Originating Year and Month	Chapter	File Name	Complainant	Defendent	Last Stage	Disposition	Disposition Month and Year	Type of Complaint*
98/99-5-ITS ELE	Jan. 99	5	Radar Jamming Systems	ITS Electronics	Canada	CITT	Denied	Apr-99	P-OG
98/99-5-MIL SYS	Jan. 99	5	Logistics Concept Study	MIL Systems	Canada	CITT	Upheld	Apr-99	P-OG
98/99-5-WES CAM	Jan. 99	5	Infrared Imaging Systems	Wescam Inc.	Canada	CITT	Upheld	Apr. 99	P-OG
98/99-5-COU AVI	Jan. 99	5	Aerial Surveillance	Cougar Aviation Ltd.	Canada	CITT	Denied	June 99	P-OG
98/99-5-RUI CON	Feb. 99	5	CSE Offices	Ruiter Construction	Canada	CITT	Denied	Apr. 99	P-OG
98/99-5-DEL TOU	Feb. 99	5	RCMP Resource Review	Deloitte & Touche Consulting	Canada	CITT	Denied	May 99	P-OG
98/99-5-NOV CAN	Feb. 99	5	DND Servers	Novell Canada	Canada	CITT	Upheld	June 99	P-OG
98/99-5-DOU BAR	Mar. 99	5	Revenue Can furniture	Douglas Barlett Assoc.	Canada	CITT	Upheld	June 99	P-OG
98/99-5-MAR MAN	Mar. 99	5	DND air mattresses	Marathon Mgmt Company.	Canada	CITT	Upheld	May 99	P-OG
98/99-7-COL OPT	Jan. 99	7	College of Opticians (BC)	Alberta	British Columbia	Chapter consults	Pending	Pending	G-G(P)
98/99 - 7 - CGA SK	May 98	7	Mobility of CGAs	Saskatchewan (A professional association)	Ontario	Request to carry forward	Pending	Pending	G-G(P)
98/99 - 9 - FCD PEI	Aug. 98	9	Fluid Milk Distribution	Nova Scotia (A Dairy)	Prince Edward Island	Panel constituted	Pending	Pending	G-G(P)
98/99-9-FCD NB	Apr. 98	9	Fluid Milk Distribution	Nova Scotia (A Dairy)	New Brunswick	Request for Ch. 17 process	Pending	Pending	G-G(P)

* Legend: P-OG person to own government; G-G(P) government to government requested by private party; G-G government to government

File Number	Originating Year and Month	Chapter	File Name	Complainant	Defendent	Last Stage	Disposition	Disposition Month and Year	Type of Complaint*
97/98 - 5 - TRA IND	Sept. 97	5	Armoured Vehicles	Trac Industries	Canada	CITT	Not subject to the AIT	Nov. 97	P-OG
97/98 - 5 - DMR CON	June 97	5	Firearm Registration	DMR Consulting	Canada	CITT	Denied	Sept. 97	P-OG
97/98 - 5 - HOV MAN	April 97	5	Army Tents	Hovey Manufacturing	Canada	CITT	Denied	July 97	P-OG
97/98 - 5 - OCE INC	Sept. 97	5	Snow Crab Software	Océanide Inc.	Canada	CITT	Not subject to the AIT	Nov. 97	P-OG
97/98-5-NOT ENV	Oct. 97	5	Ammo Disposal	NOTRA Environmental	Canada	CITT	Denied	Dec. 97	P-OG
97/98-5-WAN CAN	Dec. 97	5	National Revenue	Wang Canada	Canada	CITT	Upheld	Mar. 98	P-OG
97/98-5-SOC ODE	Jan. 98	5	Guatemala consulting	Societe de cooperation	Canada	CITT	Denied	April 98	P-OG
97/98-5-IBM CAN	Dec. 97	5	Data warehouse services	IBM Canada	Canada	CITT	Upheld	April 98	P-OG
97/98-5-TAC TEC	Jan. 98	5	Missile Defence Simulation	Tactical Technologies	Canada	CITT	Upheld	April 98	P-OG
97/98 - 5 - FRO COR	Dec. 97	5	Goose Bay Services	Frontec Corporation	Canada	CITT	Denied	May 98	P-OG
97/98 - 5 - FLO IND	Feb. 98	5	DND videoprobes	Flolite Industries	Canada	CITT	Denied	May 98	P-OG
97/98-5-BEL CAN	Mar. 98	5	Govt. Telecom Services	Bell Canada	Canada	CITT	Upheld	July 98	P-OG
97/98 - 9 - UNI LEV	Oct. 97	9	Margarine Colouring	Ontario	Quebec	Request for Ch. 17	Pending	Pending	G-G(P)
97/98 - 10 - NBL BEE	Mar. 98	10	Beer Entry	Quebec	New Brunswick	Chap. consults	Pending	Pending	G-G
97/98 - 15 - MMT	April 97	15	MMT	Alberta, and Saskatchewan,	Canada	Chapter 17 Panel	Measure removed	July 98	G-G

* Legend: P-OG person to own government; G-G(P) government to government requested by private party; G-G government to government

File Number	Originating Year and Month	Chapter	File Name	Complainant	Defendent	Last Stage	Disposition	Disposition Month and Year	Type of Complaint*
				Nova Scotia and Quebec as Intervenors					
96/97 - 5 - HEW RAN	Dec. 96	5	[computer company]	[computer company]	Saskatchewan	Screener	Denied	Jan. 98	P-OG
96/97 - 5 - ATL SAF	Mar. 97	5	Argentia remediation	Atlantic Safety Centre	Canada	CITT	Denied	May 97	P-OG
96/97 - 5 - MIR INT	Mar. 97	5	Justice Headquarters	Mirtech International Security	Canada	CITT	Denied	June 97	P-OG
96/97 - 5 - BEL CAN	Nov. 96	5	Military Message System	Bell Canada	Canada	CITT	Denied	Feb. 97	P-OG
96/97 - 5 - HER POM	Mar. 97	5	NRC Facility Design	Hervé Pomerleau Inc.	Canada	CITT	Denied	May 97	P-OG
96/97-5-PHI ENV	Jan. 97	5	Snag Airstrip	Philip Environmental	Canada	CITT	Upheld	April 97	P-OG
96/97-5-ACC CON	Mar. 97	5	Teleconference services	Accutel Conferencing Systems	Canada	CITT	Upheld	June 97	P-OG
96/97 - 7 - BUL	Sept. 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	Withdrawn	May 96	G-G(P)
96/97 - 7 - GIM	July 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	Upheld	Sept. 98	G-G(P)
96/97 - 10 - SPA	Sept. 96	10	[wine products]	British Columbia	Quebec	Chapter Consults	Withdrawn	Oct. 96	G-G
95/96 - 5 - AME DAT	Sept. 95	5	AmeriData	AmeriData Canada	Canada	CITT	Denied	Feb. 96	P-OG

* Legend: P-OG person to own government; G-G(P) government to government requested by private party; G-G government to government

File Number	Originating Year and Month	Chapter	File Name	Complainant	Defendent	Last Stage	Disposition	Disposition Month and Year	Type of Complaint*
95/96 - 5 - ARR SY1	Jan. 96	5	Array Systems 1	Array Systems Computing	Canada	CITT	Upheld	April 96	P-OG
95/96 - 5 - ARR SY2	Jan. 96	5	Array Systems 2	Array Systems Computing	Canada	CITT	Denied	Mar. 96	P-OG
95/96 - 5 - CAB	Dec. 95	5	Cabletron	Cabletron Systems	Canada	CITT	Denied	Mar. 96	P-OG
95/96 - 5 - EMC EMA	Mar. 96	5	Tempest computers 2	Emcon Emanation Control	Canada	CITT	Denied	June 96	P-OG
95/96 - 5 - EQU IND	Mar. 96	5	Équipement Industriel	Équipement Industriel Champion	Canada	CITT	Denied	June 96	P-OG
95/96 - 5 - FPG HRI	Mar. 96	5	Banff Cadet Centre	FPG/HRI Joint Venture	Canada	CITT	Upheld	June 96	P-OG
95/96 - 5 - NWT TEN	July 95	5	Northwest Territories Tender	Alberta	Northwest Territories	Request for Information	Upheld	Feb. 96	G-G
95/96 - 5 - ONT CER	Oct. 95	5	Ontario Cert. of Approval	Alberta	Ontario	Request for Information	Not subject to the AIT	April 96	G-G
95/96 - 5 - SEC TEC	Mar. 96	5	Tempest computers 1	Secure Technologies Intl.	Canada	CITT	Upheld	June 96	P-OG
95/96 - 6 - UPS	July 95	6	UPS	British Columbia	New Brunswick	Ch. 17 Assistance	Withdrawn	Nov. 96	G-G
95/96 - 7 - AB MUN	Oct. 95	7	Alberta Municipal Government Act	British Columbia	Alberta	Request for Information	Not subject to the AIT	Oct. 95	G-G
95/96 - 7 - ONT BIL	Mar. 96	7	Ontario Billing Numbers	Alberta	Ontario	Request for Information	Not subject to the AIT	April 96	G-G(P)
95/96 - 7 - ONT EMC	Sept. 95	7	Ontario EMCA	Alberta	Ontario	Chapter Consults	Withdrawn	Mar. 97	G-G(P)
95/96 - 7 - TAY	Sept. -95	7	[chartered	Ontario	Saskatchewan	1711	Not subject to	Aug. 96	P-OG

* Legend: P-OG person to own government; G-G(P) government to government requested by private party; G-G government to government

File Number	Originating Year and Month	Chapter	File Name	Complainant	Defendent	Last Stage	Disposition	Disposition Month and Year	Type of Complaint*
			acountant]			Request for proceedings	the AIT		
95/96 - 7 - VAN RES	July 95	7	Vancouver Residency	Alberta	British Columbia	Request for Information	Withdrawn	July 95	G-G

* Legend: P-OG person to own government; G-G(P) government to government requested by private party; G-G government to government

SUMMARY STATISTICS [5]

Disputes By Chapter

Chapter	Disposition at Last Stage					
	Disposed				Pending	Total
	Upheld	Denied	Not subject to the AIT	Withdrawn by complainant or inactive		
5	20	23	4	0	0	47
6	0	0	0	1	0	1
7	1	1	3	3	3	11
9	0	0	0	0	3	3
10	0	0	0	1	1	2
14	0	0	0	0	0	0
15	1	0	0	0	0	1
Total	22	24	7	5	7	65

Disputes By Year

Year	Disposition at Last Stage					
	Disposed				Pending	Total
	Upheld	Denied	Not subject to the AIT	Withdrawn by complainant or inactive		
95/96	4	5	4	3	0	16
96/97	3	6	0	2	1	12
97/98	5	6	2	0	2	15
98/99	10	7	1	0	4	22

[5] as of March 31, 1999

Total	22	24	7	5	7	65

Average Length of Time to Disposition

Year	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
95/96	5.3	16	0	16
96/97	4.8	11	1	12
97/98	4.0	13	2	15
98/99	3.2	18	4	22
Total	4.3	58	7	65

Appendix D

OUTSTANDING OBLIGATIONS [6]

Introduction

The Internal Trade Secretariat keeps track of progress in implementing the Agreement on Internal Trade. As part of this monitoring task, two charts are prepared. Table "A-General" reports on actions taken within the reporting period of 1998-99 with respect to all obligations outstanding as of April 1, 1998, including those obligations which are the responsibility of other ministerial councils. The second table "B-Parties" tracks those obligations that are the responsibility of individual Parties and identifies which Parties have discharged their obligations.

A - GENERAL

Chapter 5: Procurement

Article	Outstanding Obligations	Timing	Responsibility	Status
	OBLIGATIONS TO NEGOTIATE			
517.1	Negotiate to reduce excluded government entities from the chapter.	July 1, 1996	Procurement Negotiating Table	Ongoing; draft Annex negotiated but finalization of lists yet to be completed. CIT to decide on treatment of entities that remain excluded.
	OBLIGATIONS TO REVIEW			
516.1	Undertake an initial review of the chapter, including threshold levels.	July 1, 1996	Procurement Negotiating Table	Never initiated
516.2	Review annually chapter and present findings and recommendations to Committee on Internal	March of every year	Procurement Negotiating Table	Never initiated

[6] as of December 2000

	Trade.			
516.4	Review opportunity to harmonize or reconcile bid protest procedures.	July 1, 1998	Procurement Negotiating Table	Never initiated
516.5	Review and finalize the list of excluded services from the chapter.	July 1, 1996	Procurement Negotiating Table	Suspended
508.4 (b)	Review non-conforming procurement measures.	January 1, 1998	CA, BC, YT, NT, PE and NF	Only CA and NF have completed.

RECURRING OBLIGATIONS

511.6	Prepare advertisement in a suitable newspaper format on procurement procedures for the Parties to publish.	Annually	Secretariat	Ongoing; 00/01 draft in progress
508.4 (a)	Prepare annual report of non-conforming procurement policies and programs.	Annually	Each Party	98/99 NT missing
511.1	Prepare annual report on procurement by 502.1A entities.	Annually	Each Party	95/96 NT missing 96/97 NS and ON missing 97/98 ON missing 98/99 QC, ON and NT missing
511.3 508.1 506.11 506.12	Prepare annual report on excluded procurement above threshold value.	Annually	Each Party	<u>Article 506</u> 96/97 NS and ON missing 97/98 ON missing 98/99 QC, ON and NT missing <u>Article 508.1</u> 95/96 MB and AB missing 96/97 NS, ON, MB and AB missing 97/98 ON, AB and YT missing 98/99 QC, ON, SK and NT missing

ADMINISTRATIVE OBLIGATIONS

513.7	Advise Secretariat of procurement panellists.	July 1, 1995	Each Party	BC, AB, SK and ON missing

Chapter 6: Investment

Article	Outstanding Obligations	Timing	Responsibility	Status
		OBLIGATIONS TO NEGOTIATE		
606	Reconcile extra-provincial corporation registration and reporting requirements.	No date	Working Group on Investment	Requirements reconciled through Annex 606. However, Parties unable to agree on electronic system to facilitate implementation.
615(d)	Clarify and improve Code of Conduct on Incentives.	No date	Working Group on Investment	Ongoing
		OBLIGATIONS TO REVIEW		
Annex 606 (21)	Review the operation, scope and coverage of the Annex on Extra-Provincial Corporate Registration and Reporting Requirements.	Every two years	Working Group on Investment	Suspended until electronic system to facilitate implementation of Annex 606 is in place.
		RECURRING OBLIGATIONS		
615 (b)	Prepare an annual report on incentives to be submitted to CIT.	Annually	Working Group on Investment	Annual 96/97 missing 97/98 missing 98/99 missing Presently waiting for incentives reports from Parties; 96/97 BC, MB and NT missing 97/98 NT, PE, NS, NB, AB, SK and BC missing 98/99 NT, PE, NS, NB, SK and BC missing
		ADMINISTRATIVE OBLIGATIONS		
All obligations have been met.				

Chapter 7: Labour Mobility

Article	Outstanding Obligations	Timing	Responsibility	Status
		OBLIGATIONS TO NEGOTIATE		
703.1	Seek compliance of chapter by non-governmental bodies that exercise authority delegated by law, governmental bodies and forms of municipal governments.	Reasonable time	Parties	Ongoing
703.2	Parties to adopt and maintain measures to ensure compliance by non-governmental bodies that exercise authority delegated by law, governmental bodies and forms of municipal governments.	Reasonable time	Parties	Ongoing
703.4	Seek compliance of chapter by non-governmental bodies other than those that exercise authority delegated by law.	No date	Parties	Ongoing
708	Mutually recognize or reconcile qualifications or occupational standards.	Reasonable date	Parties	Ongoing
		OBLIGATIONS TO REVIEW		
	All obligations have been met.			
		RECURRING OBLIGATIONS		
712.1 (c)	Produce an annual report on the chapter to be submitted to CIT.	Annually	Forum of Labour Ministers	Annual 98/99 missing
		ADMINISTRATIVE OBLIGATIONS		
	All obligations have been met.			

Chapter 8: Consumer-Related Measures

Article	Outstanding Obligations	Timing	Responsibility	Status
OBLIGATIONS TO NEGOTIATE				
807.1 Annex 807.1	Reconcile consumer-related measures and adopt harmonized measures: eg., direct selling, upholstered and stuffed articles measures, cost of credit disclosure.	Various dates but all prior to January 1, 1997	Parties	Ongoing; almost complete and outstanding work is advancing fairly quickly.
OBLIGATIONS TO REVIEW				
All obligations have been met.				
RECURRING OBLIGATIONS				
All obligations have been met.				
ADMINISTRATIVE OBLIGATIONS				
All obligations have been met.				

Chapter 9: Agricultural and Food Goods

Article	Outstanding Obligations	Timing	Responsibility	Status
OBLIGATIONS TO NEGOTIATE				
All obligations have been met.				
OBLIGATIONS TO REVIEW				
902.4	Review scope and coverage of the chapter.	September 1, 1997	Ministers of Agriculture	Ongoing; a draft illustrative Chapter has been prepared.
903.2	Review supply management for poultry, eggs and dairy, and agricultural safety nets.	No date	Ministers of Agriculture	Ongoing
RECURRING OBLIGATIONS				

All obligations have been met.

ADMINISTRATIVE OBLIGATIONS

All obligations have been met.

Chapter 10: Alcoholic Beverages

Article	Outstanding Obligations	Timing	Responsibility	Status
OBLIGATIONS TO NEGOTIATE				
1007	Harmonize by developing National Wine Standards.	No date	Parties	Ongoing; implementation issues remain
1011.b	British Columbia and Quebec to negotiate equivalent access for wine and wine products.	March 31, 1997	British Columbia and Quebec	Never initiated

OBLIGATIONS TO REVIEW

All obligations have been met.

RECURRING OBLIGATIONS

All obligations have been met.

ADMINISTRATIVE OBLIGATIONS

All obligations have been met.

Chapter 11: Natural Resources Processing

Article	Outstanding Obligations	Timing	Responsibility	Status

OBLIGATIONS TO NEGOTIATE

All obligations have been met.

OBLIGATIONS TO REVIEW

All obligations have been met.

RECURRING OBLIGATIONS

All obligations have been met.

ADMINISTRATIVE OBLIGATIONS				
Annex 1102.3	Notification of measures to which the Agreement does not apply	No date	British Columbia	Missing

Chapter 12: Energy

Article	Outstanding Obligations	Timing	Responsibility	Status
OBLIGATIONS TO NEGOTIATE				
1810.3	Complete and adopt a chapter on energy.	July 1, 1995	Parties	Ongoing; draft chapter approved -regional economic development referred to CIT.
OBLIGATIONS TO REVIEW				
No obligations				
RECURRING OBLIGATIONS				
No obligations				
ADMINISTRATIVE OBLIGATIONS				
No obligations				

Chapter 13: Communications

Article	Outstanding Obligations	Timing	Responsibility	Status
OBLIGATIONS TO NEGOTIATE				
All obligations have been met.				
OBLIGATIONS TO REVIEW				
All obligations have been met.				
RECURRING OBLIGATIONS				
All obligations have been met.				

		ADMINISTRATIVE OBLIGATIONS		
1303.1	Establish a Committee on Communications-Related Measures.	No date	Parties	Suspended; no issues identified.
1303.2	Committee on Communications-Related Measures to monitor implementation of Chapter and to identify measures that need to be reconciled.	No date	Committee on Communications-Related Measures	Never initiated

Chapter 14: Transportation

Article	Outstanding Obligations	Timing	Responsibility	Status
		OBLIGATIONS TO NEGOTIATE		
1408.1	Establish a uniform national bill of lading.	July 1, 1995	Parties	Suspended; bills of lading considered relatively consistent
1408.1	Parties to develop and maintain uniform rules for motor vehicle weights and dimensions.	No date	Parties	Ongoing
1408.1	Motor Carrier Safety Code - implement National Safety Code:	January 1, 1996	Parties	
	- hours of service			– Ongoing; draft standard proposed and being drafted
	- security of loads			– Ongoing; standard approved with implementation to begin
	- commercial vehicle maintenance			– Ongoing; changes proposed
	- on-road inspections			– Ongoing; changes proposed
	- trip inspections			– Ongoing; changes proposed

	- compliance review - safety ratings - facility audits			– Ongoing; standard approved but currently being drafted – Ongoing; standard near approval
1408.1	Establish a work plan for the creation of a harmonized mechanism for the designation of agents for service of notices of proceedings.	July 1, 1995	Council of Ministers of Transportation	Suspended; issue deemed covered by Chapter 6.
1408.1	Establish a work plan for the creation of a harmonized mechanism to collect fuel and sales taxes and vehicle registration fees.	July 1, 1995	Council of Ministers of Transportation	Ongoing; discussed as needed
1410.2	Endeavor to negotiate to liberalize or remove measures listed in Annex 1410.1- including bus industry economic regulation	Every two years	Council of Ministers of Transportation	Ongoing

OBLIGATIONS TO REVIEW

All obligations have been met.

RECURRING OBLIGATIONS

All obligations have been met.

ADMINISTRATIVE OBLIGATIONS

All obligations have been met.

Chapter 15: Environmental Protection

Article	Outstanding Obligations	Timing	Responsibility	Status
		OBLIGATION TO NEGOTIATE		
1508	Harmonize environmental measures.	No date	Parties	Ongoing; three sub-agreements being worked on.
		OBLIGATIONS TO REVIEW		
		All obligations have been met.		
		RECURRING OBLIGATIONS		
		All obligations have been met.		
		ADMINISTRATIVE OBLIGATIONS		
		All obligations have been met.		

Chapter 16: Institutional Provisions

Article	Outstanding Obligations	Timing	Responsibility	Status
		OBLIGATION TO NEGOTIATE		
		All obligations have been met.		
		OBLIGATION TO REVIEW		
		All obligations have been met.		
		RECURRING OBLIGATIONS		
1602.2	Report on the effects of the Agreement in each province and make recommendations to assist Parties to adjust.	Annually	Working Group on Adjustment	Never initiated
1601.6	Prepare annual report on functioning of Agreement including Dispute Resolution Procedures.	Annually	Committee on Internal Trade	Annual 98/99 missing

		ADMINISTRATIVE OBLIGATIONS		
1602.3	Working Group on Adjustment to meet.	Semi-Annually or at such other time as might be agreed.	Working Group on Adjustment	Never Initiated

Chapter 17: Dispute Resolution

Article	Outstanding Obligations	Timing	Responsibility	Status
		OBLIGATIONS TO NEGOTIATE		
		All obligations have been met.		
		OBLIGATIONS TO REVIEW		
		All obligations have been met.		
		RECURRING OBLIGATIONS		
		All obligations have been met.		
		ADMINISTRATIVE OBLIGATIONS		
1705.1	Advise Secretariat of roster of panellists.	No date	Each Party	SK, NB, PE and BC missing
1713.1	Advise Secretariat of screeners.	July 1, 1995	Each Party	SK, NB, and PE missing

Chapter 18: Final Provisions

Article	Outstanding Obligations	Timing	Responsibility	Status
		OBLIGATIONS TO NEGOTIATE		
		All obligations have been met.		
		OBLIGATIONS TO REVIEW		
1809.4	Review effectiveness of mechanisms for consultation and participation in international negotiations.	July 1, 1996	Parties	Never initiated
1810.4	Review scope and coverage of Agreement.	Annually	Committee on Internal Trade	Never initiated

RECURRING OBLIGATIONS

1801.3 (c)	Report annually on regional economic development programs.	Annually	Each Party	Annual 96/97 BC, MB, QC, NB, NT and AB missing 97/98 BC, MB, NB and AB missing 98/99 BC, MB, ON, NB, NT and AB missing (PE, SK and NS have advised that they do not have regional economic programs).
1801.4	Conduct an evaluation of their regional development programs and provide public report.	Every five years starting July 1, 2000 or after their adoption	Each Party	Missing - All Parties except CA (PE, SK and NS have advised that they do not have regional economic programs).

ADMINISTRATIVE OBLIGATIONS

1801.3 (a)	Advise Secretariat of Regional Development Programs	Reasonable time after July 1, 1995	Each Party	MB, AB and BC - missing (PE, SK and NS have advised that they do not have regional economic programs).

B - PARTIES [7]

CANADA

Article	Administrative or Recurring Obligations	Timing	Status
None			

NEWFOUNDLAND

Article	Administrative or Recurring Obligations	Timing	Status
None			

NOVA SCOTIA

Article	Administrative or Recurring Obligations	Timing	Status
Chapter 5: Procurement			
511.1	Annual report on procurement by 502.1A entities.	Annually	96/97 missing
511.3 508.1 506.11 506.12	Annual report on excluded procurement above threshold value.	Annually	96/97 missing
Chapter 6: Investment			
615(b)	Annual Report on Incentives.	Annually	97/98, 98/99 missing

[7] as of December 2000

INTERNAL TRADE SECRETARIAT
1998-99 ANNUAL REPORT

ETEMC BDC /MCID 708DnB-0.00101 Tc 00 0 099 T9

QUEBEC

Article	Administrative or Recurring Obligations	Timing	Status
Chapter 5: Procurement			
511.1	Annual report on procurement by 502.1A entities.	Annually	98/99 missing
511.3 508.1 506.11 506.12	Annual report on excluded procurement above threshold value.	Annually	98/99 missing
Chapter 18: Final Provisions			
1801.3(c)	Report annually on regional economic development programs.	Annually	96/97 missing
1801.4 1801.5	Conduct an evaluation of regional development programs and to provide a public report.	Every five years starting July 1, 2000 or after their adoption	Missing

ONTARIO

Article	Administrative or Recurring Obligations	Timing	Status
Chapter 5: Procurement			
511.1	Annual report on procurement by 502.1A entities.	Annually	96/97, 97/98 and 98/99 missing
511.3 508.1 506.11 506.12	Annual report on excluded procurement above threshold value.	Annually	96/97, 97/98 and 98/99 missing
513.7	Advise Secretariat of procurement panellists.	July 1, 1995	Missing
Chapter 18: Final Provisions			
1801.3(c)	Report annually on regional economic development programs.	Annually	98/99 missing
1801.4 1801.5	Conduct an evaluation of their regional development programs and to provide a public report.	Every five years	Missing

		starting July 1, 2000 or after their adoption	

MANITOBA

Article	Administrative or Recurring Obligations	Timing	Status
Chapter 18: Final Provisions			
1801.3(a)	Advise Secretariat of Regional Development Programs.	Reasonable time after July 1, 1995	Missing
1801.3(c)	Report annually on regional economic development programs.	Annually	96/97, 97/98 and 98/99 missing
1801.4 1804.5	Conduct an evaluation of regional development programs and to provide a public report.	Every five years starting July 1, 2000 or after their adoption	Missing

SASKATCHEWAN

Article	Administrative or Recurring Obligations	Timing	Status
Chapter 5: Procurement			
508.1	Annual report on procurement excluded for regional economic development programs.	Annually	98/99 missing
513.7	Advise Secretariat of procurement panellists.	July 1, 1995	Missing
Chapter 6: Investment			
615(b)	Annual Reports on Incentives.	Annually	97/98, 98/99 missing
Chapter 17: Dispute Resolution			
1705.1	Advise Secretariat of roster of panellists.	No date	Missing
1713.1	Advise Secretariat of screeners.	July 1, 1995	Missing

ALBERTA

Article	Administrative or Recurring Obligations	Timing	Status
Chapter 5: Procurement			
513.7	Advise Secretariat of procurement panellists.	July 1, 1995	Missing
Chapter 6: Investment			
615(b)	Annual Reports on Incentives.	Annually	97/98 missing

BRITISH COLUMBIA

Article	Administrative or Recurring Obligations	Timing	Status
Chapter 5: Procurement			
508.4. b	Review non-conforming procurement measures.	January 1, 1998	Missing
513.7	Advise Secretariat of procurement panellists.	July 1, 1995	Missing
Chapter 6: Investment			
615(b)	Annual Report on Incentives.	Annually	96/97, 97/98, 98/99 missing
Chapter 11: Natural Resources Processing			
Annex 1102.3	Notification of measures to which the Agreement does not apply.	No date	Missing
Chapter 14: Transportation			
1411	Phase out economic entry test for local trucking.	January 1, 1998	Full elimination delayed pending repeal of Part III of MVTA.
Chapter 17: Dispute Resolution			
1705.1	Advise Secretariat of Roster of Panellists.	No date	Missing

Chapter 18: Final Provisions			
1801.3(a)	Advise Secretariat of Regional Development Programs.	Reasonable time after July 1, 1995	Missing
1801.3 (c)	Report annually on regional economic development programs.	Annually	96/97, 97/98 and 98/99 missing
1801.4 1801.5	Conduct an evaluation of regional development programs and to provide a public report.	Every five years starting July 1, 2000 or after their adoption	Missing

NORTHWEST TERRITORIES

Article	Administrative or Recurring Obligations	Timing	Status
Chapter 5: Procurement			
508.4(a)	Annual report on non-conforming procurement policies and programs.	Annually	98/99 missing
511.1	Annual report on procurement by 502.1A entities.	Annually	95/96, 98/99 missing
511.3 508.1 506.11 506.12	Annual report on excluded procurement above threshold value.	Annually	98/99 missing
Chapter 6: Investment			
615(b)	Annual Report on Incentives.	Annually	96/97, 97/98, 98/99 missing
Chapter 18: Final Provisions			
1801.3(c)	Report annually on regional economic development programs.	Annually	96/97 and 98/99 missing
1801.4 1801.5	Conduct an evaluation of regional development programs and to provide a public report.	Every five years starting July 1, 2000 or after their	Missing

		adoption	

YUKON

Article	Administrative or Recurring Obligations	Timing	Status
	Chapter 5: Procurement		
508.1	Annual report on procurement excluded for regional economic development purposes.	Annually	97/98 missing
	Chapter 18: Final Provisions		
1801.4 1804.5	Conduct an evaluation of regional development programs and to provide a public report.	Every five years starting July, 2000 or after their adoption	Missing

Appendix E

FINANCIAL STATEMENTS

INTERNAL TRADE SECRETARIAT

March 31, 1999

AUDITORS' REPORT

To the Management Board of the
Internal Trade Secretariat

We have audited the balance sheet of the Internal Trade Secretariat as at March 31, 1999 and the statement of revenue and expenditures and net assets 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.

As outlined in note 8 to the financial statements, the Internal Trade Secretariat does not capitalize and amortize its capital assets. In this respect only, the financial statements are not in accordance with generally accepted accounting principles.

In our opinion, except for the effects of the failure to capitalize and amortize capital assets as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Internal Trade Secretariat as at March 31, 1999 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,
May 14, 1999. **Chartered Accountants**

Internal Trade Secretariat

BALANCE SHEET

As at March 31

	1999 $	1998 $
ASSETS		
Current		
Cash	**153,437**	**29,405**
Dispute panel costs recoverable	**—**	**16,807**
Goods and services tax recoverable	**15,199**	**14,160**
Contributions receivable		
Federal Government *[note 3]*	**—**	**16,390**
Prepaid rent	**—**	**3,249**
	168,636	**80,011**
Capital assets		
Computers, furniture, and office equipment *[note 2]*	**1**	**1**
	168,637	**80,012**
LIABILITIES AND SURPLUS		
Current		
Accounts payable and accrued liabilities	**111,953**	**42,984**
Deferred contributions		
Federal Government *[note 3]*	**40,917**	**—**
Provinces and Territories *[note 4]*	**15,767**	**37,028**
Total current liabilities	**168,637**	**80,012**
Net assets	**—**	**—**
	168,637	**80,012**

See accompanying notes

On behalf of the Internal Trade Secretariat

Executive Director

Internal Trade Secretariat

STATEMENT OF REVENUE AND EXPENDITURES AND NET ASSETS

Year ended March 31

	1999 $	1998 $
REVENUE		
Contributions		
Federal Government *[note 3]*	**401,549**	**373,489**
Provinces and Territories *[note 4]*	**405,933**	**374,442**
Interest		
Federal Government bank account *[note 3]*	**7,064**	**3,133**
Provinces and Territories bank account *[note 4]*	**2,680**	**2,180**
	817,226	**753,244**
EXPENDITURES		
Capital assets		
Computers	**10,844**	**11,691**
Furniture	**—**	**909**
Office equipment	**444**	**595**
Communications	**12,460**	**17,620**
Consulting	**13,000**	**2,375**
Facility costs	**38,985**	**38,985**
Goods and services tax [net]	**15,199**	**14,160**
Legal and accounting	**15,565**	**18,851**
Meetings and conferences	**74,214**	**37,090**
Office expenses	**50,940**	**47,317**
Personnel	**368,377**	**386,401**
Projects	**97,983**	**58,684**
Training	**2,160**	**2,600**
Translation	**53,588**	**51,874**
Travel	**63,467**	**64,092**
	817,226	**753,244**
Excess of revenue over expenditures for the year	**—**	**—**
Net assets, beginning of year	**—**	**—**
Net assets, end of year	**—**	**—**

See accompanying notes

Internal Trade Secretariat

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

1. STATUS AND NATURE OF ACTIVITIES

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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Capital assets

Capital assets are charged to expenditures in the year of purchase. During the year $11,288 [1998 - $13,195] of capital assets were expensed. Generally accepted accounting principles require that capital assets be capitalized and amortized over their estimated useful life. The effect of this policy is described in note 8.

Revenue recognition

The Internal Trade Secretariat follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions receivable are recognized if the amount can be reasonably estimated and ultimate collection is reasonably assured.

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

3. CONTRIBUTIONS - FEDERAL GOVERNMENT

Based on a Funding Agreement with the Federal Government, the Internal Trade Secretariat is to receive contributions to cover 50% of eligible expenditures incurred during the year.

The details of contributions from the Federal Government for the year are as follows:

	1999 $	1998 $
Deferred contributions (contributions receivable), beginning of year	**(16,390)**	**35,636**
Contributions received during the year	**458,856**	**321,463**
	442,466	**357,099**
Required contributions		
50% of the eligible expenditures of $817,226 [1998 - $753,244]	**408,613**	**376,622**
Deduct interest earned on advances from the Federal Government	**(7,064)**	**(3,133)**
	401,549	**373,489**
Deferred contributions (contributions receivable), end of year	**40,917**	**(16,390)**

4. CONTRIBUTIONS - PROVINCES AND TERRITORIES

Based on the Agreement on Internal Trade, the Internal Trade Secretariat is to receive contributions to cover 50% of eligible expenditures incurred during the year from the Provinces and Territories.

The details of contributions from the Provinces and Territories for the year are as follows:

	1999 $	1998 $
Deferred contributions, beginning of year	**37,028**	**75,552**
Contributions received during the year	**384,672**	**335,918**
	421,700	**411,470**
Required contributions		
50% of the eligible expenditures of $817,226 [1998 - $753,244]	**408,613**	**376,622**
Deduct interest earned on advances from the Provinces and Territories	**(2,680)**	**(2,180)**
	405,933	**374,442**
Deferred contributions, end of year	**15,767**	**37,028**

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

5. LEASE COMMITMENTS

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

	$
2000	**18,400**
2001	**16,867**

In addition, the organization is responsible for their share of common area costs which currently totals approximately $1,800 per month.

6. ECONOMIC DEPENDENCE

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

7. STATEMENT OF CASH FLOWS

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

8. CAPITAL ASSETS

The Internal Trade Secretariat charges capital asset additions to expenditures in the year of purchase. In this respect, the financial statements are not in accordance with generally accepted accounting principles which require that capital assets be capitalized and amortized over their useful life. The estimated useful life of the capital asset components which include computers, furniture and office equipment is usually 5 years. If capital assets had been capitalized and amortized over their estimated useful life of five years, the capital assets expensed for the current year would have been reduced by $11,288 [1998 - $13,195], amortization expense would have been increased by $31,591 [1998 - $31,846], contribution revenue would have been increased by $20,303 [1998 - $18,651], and capital assets and deferred contributions on the balance sheet would each have been increased by $49,451 [1998 - $23,355].

9. YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.