



New Domestic Trade Agreements in Manitoba

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Importance of Domestic Trade Agreements to Manitoba

- Trade an important contributor to Manitoba economy (exports = 52% of GDP)
- Interprovincial exports as important to Manitoba as international exports (54% over last 5 years)
- Nationally, internal trade represents about 20% of Canada's annual GDP, or \$385 billion (almost 40 per cent of provincial and territorial exports)

New West Partnership Trade Agreement

- Manitoba joined New West Partnership Trade Agreement (NWPTA) effective January 1, 2017
- Includes all Western Provinces – BC, Alberta, Saskatchewan, Manitoba
- Uses a comprehensive, “negative list approach “
 - (i.e. covers all areas and all government entities unless there is an exception or a transition measure)

NWPTA: Key Obligations

- No Obstacles
- Non-Discrimination
- Legitimate Objectives
- Transparency
- Standards and Regulations

NWPTA: Special Provisions

- The NWPTA augments the general rules with “special provisions” in the following areas:
 - Investment
 - Business Subsidies
 - Labour Mobility
 - Procurement
 - Transportation

NWPTA: General Exceptions

- NWPTA also has general exceptions common to trade agreements, i.e.
 - Aboriginal peoples
 - Taxation and associated compliance mechanisms (subject to non-discrimination and business subsidies provisions)
 - Social policy, including labour standards and codes, minimum wages, employment insurance, social assistance benefits and workers compensation
 - Land use (subject to non-discrimination provisions)

NWPTA: Other Exceptions

- Government procurement
- Energy and minerals
- Forests, fish and wildlife
- Party-Specific exceptions – BC, AB, SK, MB

Canadian Free Trade Agreement (CFTA)

- December 2014: A comprehensive renewal of the 1995 Agreement on Internal Trade (AIT) was launched.
- July 22, 2016: Premiers announced agreement in principle.
- April 7, 2017: All federal, provincial, territorial governments formally announced the conclusion of the CFTA negotiations.
- July 1, 2017: The CFTA enters into force, replacing the AIT.

CFTA: Key Features

- Replaces the existing AIT
- Covers all federal, provincial and territorial governments
- More ambitious and comprehensive than AIT. Like the NWPTA uses a “negative list” approach
- New goods and services automatically covered
- Aligns domestic trade commitments with those in Canada’s international agreements, such as the Canada-EU Comprehensive and Economic Trade Agreement (CETA)

CFTA: Modernized Trade Rules

- **Free Flow of Goods:** New rules to ensure that technical regulations do not create unnecessary obstacles to trade.
- **Open Markets for Services:** Incorporates international rules to ensure service providers do not face discriminatory licensing or residency requirements or other restrictions that would impact their ability to provide services across Canada (e.g. limits on the number of service suppliers that may operate in a province or territory).
- **Investment Protections:** Rules to ensure that investors will not be barred or restricted from investing in another jurisdiction.

CFTA: Modernized Trade Rules

- **Monopolies and Government Enterprises:** When undertaking commercial activities in Canada, they must provide non-discriminatory treatment and act solely in accordance with commercial considerations in their purchase or sale of a good or service, or their treatment of investors.
- **Government Procurement:** Rules ensure a level playing field for companies operating across Canada. Strengthened dispute mechanisms that allow individual suppliers to challenge contested bids. Governments will implement a single electronic portal to find procurement opportunities.

CFTA: New Regulatory Provisions to Enhance Internal Trade

- **Regulatory Reconciliation:** CFTA establishes a process to reconcile regulations that act as a barrier to trade, investment or labour mobility within Canada.
- **Regulatory Notification:** publish descriptions of any proposed regulatory measure that significantly impacts internal trade and consider comments and feedback from other governments, businesses and the public.
- **Regulatory Cooperation:** cooperate in the development of future regulations to facilitate innovation, competition and growth in emerging industries, technologies and sectors.

CFTA: Future Actions

- **Alcohol:** By July 2018, a working group will report back to Ministers responsible for Internal Trade with recommendations to enhance trade in wine, beer and spirits within Canada.
- **Financial Services:** By December 2017, the Parties engaged in exploratory discussions to assess the incorporation of rules applicable to financial services into the Agreement.

CFTA: Elements Retained from Agreement on Internal Trade

- **Labour Mobility:** requires that workers in regulated occupations continue to be able to work anywhere in Canada without significant additional training or assessment.
- **Exceptions:** general exceptions in areas such as national security, culture, taxation, supply management and for Aboriginal peoples.
- **Dispute Resolution:** incorporates the AIT's dispute settlement chapter with some enhancements including: increasing the maximum monetary penalties and streamlining the process for a dispute brought by a private enterprise or individual against a Party.

Procurement Highlights

- The NWPTA and CFTA involve precedent-setting commitments to promote open procurement practices with expanded coverage of procurements:
 - Manitoba covers all entities (including all crown corporations) under both agreements.
 - the energy sector and many energy utilities are covered in the CFTA, resulting in more than \$4.7 billion per year in procurement being opened up to broader competition.
 - Architects and engineers from across the country will be able to openly compete for most government contracts.
 - CFTA Thresholds are now adjusted annually for inflation.

Procurement Thresholds

Procurement	Canadian Free Trade Agreement	New West Partnership Trade Agreement
Federal	Goods – \$25,300 Services - \$101,100 Construction - \$101,100	
Provincial	Goods – \$25,300 Services - \$101,100 Construction - \$101,100	Goods – \$10,000 Services - \$75,000 Construction - \$100,000
MASH	Goods or Services - \$101,100 Construction - \$252,700	Goods or Services - \$75,000 Construction - \$200,000
Hydro	Covered	Covered
Crown Corporations	Goods or Services - \$505,400 Construction - \$5,053,900	Goods - \$25,000 Services - \$100,000 Construction - \$100,000

Procurement	Canadian Free Trade Agreement	New West Partnership Trade Agreement	NAFTA – US* Only	WTO GPA	CETA
Federal	Goods – \$25,300 Services - \$101,100 Construction - \$101,100		Goods - \$32,900 Services - \$106,000 Construction - \$13.7 million**	Goods/Services – \$237,700 (130,000 SDRs) Construction – \$9.1 million (5.0M SDR)	Goods/Services – \$237,700 (130,000 SDRs) Construction – \$9.1 million (5.0M SDR)
Provincial	Goods – \$25,300 Services - \$101,100 Construction - \$101,100	Goods – \$10,000 Services - \$75,000 Construction - \$100,000	Not covered	Goods/ Services – \$649,100 (355,00 SDR) Construction – \$9.1 million (5.0M SDR)	Goods/Services - \$365,700 (200,000 SDR) Construction - \$9.1 million (5.0M SDR)
MASH	Goods or Services - \$101,100 Construction - \$252,700	Goods or Services - \$75,000 Construction - \$200,000	Not covered	Not covered	Goods/Services - \$365,700 (200,000 SDR) Construction - \$9.1 million (5.0M SDR)
Hydro	Covered	Covered	Not covered	Not covered	Goods - \$731,400 (400,000 SDR)
Crown Corporations	Goods or Services - \$505,400 Construction - \$5,053,900	Goods - \$25,000 Services - \$100,000 Construction - \$100,000	Not covered	Not covered	MBLL covered Goods/Services - \$649,100 (355,000 SDR) Construction - \$9.1 million (5.0M SDR)

Procurement Highlights Cont'd

- **No local preference:** This means that tender evaluation criteria cannot include factors that afford local preference (either on price or other factors). Any exceptions are clearly listed in the agreement (either as general exceptions or for a specific Party)
- **Bid Protest Mechanism:** An independent “bid protest mechanism” to allow suppliers to challenge procurements they believe were not conducted in accordance with the agreement’s rules.

Implementation

- Officials from Growth, Enterprise and Trade also consulted and engaged EMC's across all government to ensure each Department was aware of its obligations under trade agreements.
- Dispute Settlement – *New West Partnership Trade Agreement Implementation Act*.
- “Guidelines to the Procurement Obligations of Domestic and International Trade Agreements”
http://www.newwestpartnershiptrade.ca/pdf/13-08-21_Procurement_Guidelines_final%20for%20distribution.pdf

Summary

- In the last year or so there has been significant movement forward in addressing barriers to interprovincial trade, particularly in the area of increased coverage of government procurement obligations.
- Further progress is anticipated, particularly in the area of overlap and duplication in standards and regulations.

Thank you

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