

FOODSERVICE INDUSTRY BENEFITS OF ELIMINATING INTERPROVINCIAL TRADE BARRIERS

Eliminating interprovincial trade barriers in Canada could significantly benefit the foodservice industry by enhancing efficiency, reducing costs and red tape, and fostering economic growth. Currently, these barriers—stemming from regulatory discrepancies, transportation restrictions, and supply management systems—impede the seamless flow of goods and services across provincial lines. It has been estimated that full liberalization of interprovincial trade could increase our GDP per capita by four per cent. Interprovincial trade barriers add between 7.8 and 14.5 per cent to the price of goods and services we purchase. Canada's Internal Trade Minister said removing existing barriers “could lower prices by up to 15 per cent, boost productivity by up to seven per cent and add up to \$200 billion to the domestic economy.

Key Benefits:

- 1. Cost Reduction:** Removing trade barriers can lower operational costs for foodservice businesses by facilitating access to a broader range of suppliers and products. This increased competition can lead to more competitive pricing, benefiting both businesses and consumers. A report by the International Monetary Fund suggests that eliminating internal trade barriers could boost Canada's overall economic productivity by 3.8%, translating to significant economic gains.
- 2. Enhanced Supply Chain Efficiency:** Streamlining interprovincial trade allows for more efficient distribution networks, reducing delays and logistical challenges. This efficiency is crucial for an industry forced to manage inventory levels and perishable goods in the foodservice sector, ensuring fresher products and minimizing waste. Supply chain efficiency (just in time) will also lower inventories leading to improved cash flows for the restaurant industry. Economic Resilience: Strengthening internal trade can mitigate the impact of external economic disruptions, such as international trade disputes or tariffs. By bolstering interprovincial commerce, Canada can reduce its reliance on external markets and enhance national economic stability. For instance, in response to international trade tensions, there have been calls to dismantle unnecessary internal trade barriers to keep goods and services flowing within Canada.
- 3. Market Expansion:** Eliminating barriers opens new markets for foodservice providers, allowing them to expand their customer base across provincial borders. This expansion can lead to increased revenues and business growth.

Restaurants Canada advocates for the removal of interprovincial trade barriers on food, liquor, and labour. A May 2024 Business in Vancouver article [Interprovincial trade barriers continue to frustrate business and depress GDP](#) provides a good summary of interprovincial trade barriers impacting the foodservice industry. Provinces should be working together to harmonize regulations including licensing, professional certifications, and inspection standards.

Examples include:

Liquor

- Harmonizing and providing cross Canada recognition of various provincial responsible liquor service certifications and liquor licensing requirements to improve labour mobility and standardize liquor licensing requirements which would remove considerable red tape for companies operating in multiple provinces.
- Introduce full wholesale licensee liquor pricing and harmonize liquor mark-ups to ensure wholesale liquor prices are more equivalent across Canada.
- Remove liquor related interprovincial trade barriers ensuring competitively priced liquor products from any province are available across Canada providing Canadian consumers with more liquor product choices.

Food

- Harmonize food safety standards, regulations, and inspections including food safety certifications to improve efficiency and labour mobility between provinces.
- Review supply management and reduce supply managed food product interprovincial trade restrictions resulting in reduced prices and better product selection across Canada.
- Remove provincial food marketing restrictions and harmonize buy local definitions.

Labour

- Harmonize provincial Employment Standards & Occupational Health and Safety regulations to reduce interprovincial red tape to ensure more consistent employment practices across Canada.
- Harmonize provincial professional trade training and accreditation standards for both domestic and foreign workers ensuring training standard and accreditation equivalency in all provinces.
- Harmonize provincial Workers Compensation policies to reduce interprovincial red tape to ensure more consistent workers compensation policies across Canada.

Transportation

In 2023, the Canadian Trucking Alliance released a report identifying interprovincial trucking barriers. A few illustrative examples that these reports identified include:

- Differing driver qualifications for long combination vehicles (lcvs);
- Variations in trailer registration validity periods;
- 60 Ft. 6 In. Semi-trailers not uniformly accepted across Canada;
- Differing weight allowances for self-steer quad semi-trailers depending on tire size;
- Varying caps on the maximum sizes of tow trucks;
- Burdensome and non-harmonized oversize/overweight permitting processes;
- Absence of a national oversize/overweight corridor;
- Non-uniform winter road maintenance standards;
- Insufficient access to rest areas; and
- Inconsistent oversight and monitoring of trucking companies

The Macdonald-Laurier Institute estimate that the gain from removing these transportation internal barriers to be approximately **\$1.6 billion annually**.

In conclusion, **dismantling interprovincial trade barriers holds the potential to revitalize Canada's foodservice industry** by reducing costs and red tape, improving supply chain efficiency, and fostering economic resilience and growth for foodservice businesses across Canada.

WE MAKE THINGS TOGETHER



Source: Agriculture and Agri-food Canada.

THE TIME IS NOW TO MAKE CANADA'S PROVINCES AS INTEGRATED AS WE ARE WITH THE UNITED STATES.