

## **Address Ontario-Quebec economic mobility**

Submitted by the Timmins Chamber of Commerce

Co-sponsored by the Thunder Bay Chamber of Commerce, Greater Sudbury Chamber of Commerce, and the Sault Ste. Marie Chamber of Commerce

**Adopted by the Ontario Chamber of Commerce – April 2018**

### **Issue:**

Overly broad efforts to address general regulatory barriers have proven insufficient to address long-standing significant challenges for the flow of commerce between Ontario and Quebec.

### **Background:**

Ontario and Quebec share a uniquely important economic relationship within Canada's business landscape: with a combined GDP of more than \$1 trillion, the Ontario-Quebec region is the fourth largest in North America, after California, Texas and New York.<sup>1</sup> Trade of goods and services between Ontario and Quebec has grown by nearly 11 percent over the last 10 years, from \$75.8 billion to \$84 billion<sup>2</sup>. The two provinces account for nearly two thirds of Canada's population, almost 60 percent of its GDP, and 53 percent of its interprovincial trade.<sup>3</sup>

However, despite the importance of their integrated economies, there remain many unique regulatory and cultural barriers between the two that pose considerable challenges to a truly equitable flow of commerce. This has perhaps been most visibly evident within the construction sector, with Ontario associations having pointed to Quebec's construction market as one of the most heavily regulated in North America.<sup>4</sup> This led to retaliatory legislation by the Ontario government in the form of the restrictive Fairness is a Two-Way Street Act, which was passed in 1999, and repealed in 2006 in favor of a more collaborative approach, though ongoing concerns resulted in a failed effort to revive it via private member's bill in 2013.<sup>5</sup>

Although they're often far less visible, similar sectoral challenges exist for Ontario businesses in other areas, including forestry, environmental testing, transportation, and countless additional sectors; the lack of documentation around the extent and sectoral breadth of this problem forces many individual industries to lobby Quebec for piecemeal solutions, if they have the resources to pursue them at all. In some cases, the lack of communication or knowledge about these issues can lead to Ontario businesses unknowingly incurring significant fines.

The economic harm posed by these unique challenges has been recognized by the two provinces in the form of the Ontario-Quebec Trade and Cooperation Agreement (OQTCA), which also effectively serves to recognize their special trade relationship.<sup>6</sup> Last updated in 2015, it is designed to simplify the flow of commerce between the two provinces, and while it offers a framework for discussion, its overly broad nature fails to effectively address much of this ongoing regulatory concern.

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<sup>1</sup> Government of Ontario, Ontario and Quebec Strengthen Interprovincial Trade, May 2015

<https://news.ontario.ca/opo/en/2015/05/ontario-and-quebec-strengthen-interprovincial-trade.htm>

<sup>2</sup> Quebec and Ontario Working Together to Fuel Innovation and Growth, Services Quebec, Sept. 22 2017,

<http://www.fil-information.gouv.qc.ca/Pages/Article.aspx?aiguillage=ajd&type=1&lang=en&idArticle=2509223140>

<sup>3</sup> Ibid.

<sup>4</sup> Ottawa Construction Association, Resources: Working in Quebec <http://www.o.ca/resources/quebec.php>

<sup>5</sup> CBC News, Bill to restrict Quebec construction workers in Ontario defeated, Sept. 2013

<http://www.cbc.ca/news/canada/ottawa/bill-to-restrict-quebec-construction-workers-in-ontario-defeated-1.1703959>

<sup>6</sup> Government of Ontario, Trade and Cooperation Agreement Between Ontario and Quebec

<https://www.ontario.ca/document/trade-and-cooperation-agreement-between-ontario-and-quebec-0>

The federal government attempted to rectify these and other such regulatory misalignments through the Canadian Free Trade Agreement (CFTA) in April 2017.<sup>7</sup> While it provides some progressive relief measures on specific areas such as procurement, roughly one-third of the 300-page document is dedicated to provincial exemptions, creating opt-out measures on many key files for the Ontario-Quebec relationship.<sup>8</sup> Moreover, there exist many regulatory concerns that exist within Quebec that fall outside of the CFTA's intended purview.

These gaps mean that these issues must be addressed on a province-by-province basis; this approach that is mirrored by the Canadian Chamber of Commerce's *10 Ways to Build a Canada That Wins 2018*, which states that despite the CFTA's advances, "progress will depend on the adoption of best practices in regulatory management by governments across Canada".<sup>9</sup> As such, identifying and addressing these unique barriers will be best achieved by direct cooperation between Ontario and Quebec.

Barriers to business also exist at the cultural level: according to the 2016 census, 44 percent of Quebec residents are able to speak Ontario's dominant language, whereas only 11 percent of Ontario residents are able to speak Quebec's.<sup>10</sup> As a result, Ontario businesses have a generally higher barrier to entry to Quebec markets than the reverse, though some neighboring border communities – such as the City of Temiskaming Shores, the City of Ville-Marie, their associated Chambers of Commerce, and the Temiskaming First Nation – are finding success by working collaboratively to build relationships, find common ground, and advance shared economic goals.

## **Recommendations:**

### **The Ontario Chamber of Commerce urges the Government of Ontario to:**

1. Work with Ontario businesses to identify and remove barriers to the movement of services, labour, and goods between Ontario and Quebec, with a focus on industry-specific regulations, standards, and certifications.
2. Create and promote programs designed to foster relationship-building between Ontario and Quebec business communities, including measures to improve business support for bilingual access.
3. Work with business organizations and associations to better communicate industry-specific challenges and opportunities of doing business in Quebec, as well as the measures required to meet regulatory compliance.

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<sup>7</sup> Canadian Free Trade Agreement, Canadian Free Trade Agreement Finalized, April 2017 <https://www.cfta-alec.ca/wp-content/uploads/2017/06/CFTA-news-release-1.pdf>

<sup>8</sup> Global News, Forget that out-of-province beer: On booze and most other things, new interprovincial trade deal falls short, April 2017 <https://globalnews.ca/news/3364019/forget-that-out-of-province-beer-on-booze-and-most-other-things-new-interprovincial-trade-deal-falls-short/>

<sup>9</sup> Canadian Chamber of Commerce, 10 Ways to Build a Canada That Wins, Feb. 5, 2018 <http://www.chamber.ca/advocacy/10-ways-2018/>

<sup>10</sup> Statistics Canada, English-French bilingualism reaches new heights, August 2017 <http://www12.statcan.gc.ca/census-recensement/2016/as-sa/98-200-x/2016009/98-200-x2016009-eng.cfm>