

**Canadian Free Trade Agreement's
Regulatory Reconciliation and Cooperation Table**

2020 Annual Report



**CANADIAN
FREE TRADE
AGREEMENT
ACCORD DE
LIBRE-ÉCHANGE
CANADIEN**

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Message from the Chair

As Chair of the Regulatory Reconciliation and Cooperation Table (RCT) for 2021 British Columbia would like to thank the 2020 Chair, the Government of Newfoundland and Labrador, for its leadership in moving forward the various RCT Work Plan items and other initiatives outlined in this report. We would like to also thank the other RCT members and the numerous government officials who worked on the Work Plan items, and the stakeholders who provided input to the RCT to aid in the development of the Work Plans.

Introduction

The *Canadian Free Trade Agreement* (CFTA) entered into force on July 1, 2017, with the objective of reducing and eliminating, to the extent possible, barriers to the free movement of persons, goods, services, and investments within Canada and establishing an open, efficient, and stable domestic market. The CFTA commits all Canadian provinces, territories and the federal government to a comprehensive framework that will help achieve a modern and competitive economic union for all Canadians.

An important feature of the CFTA is the creation of the Regulatory Reconciliation and Cooperation Table (RCT). The RCT has a mandate to reduce barriers to trade, investment, and labour mobility within Canada by leading efforts to:

- 1) Identify and reconcile differing regulatory measures between the federal government, provinces and territories that act as barriers to trade, investment, or labour mobility; and
- 2) Lead cooperation efforts in the development of future regulatory measures in order to avoid the creation of new barriers to trade.

At least annually, the RCT updates its Work Plan, which identifies regulatory areas for national reconciliation and cooperation efforts. This can be achieved by mutual recognition, harmonization, or other means. The Work Plan, developed by all Parties of the CFTA, includes input from stakeholders and is publicly available on the [RCT website](#). An important feature of the RCT is that consensus is not a requirement for moving forward on individual workplan items. Parties that do not have regulations to align or are not in a position to align can take an exception.

RCT Achievements in 2020

In 2020, RCT and technical Working Group officials were somewhat hindered from meeting to conduct negotiations to resolve identified regulatory barriers. While the reconciliation work of technical Working Groups continued via phone calls and on-line meetings, the effect of the COVID-19 pandemic was to delay timelines. The RCT also worked to improve its internal operations to facilitate greater success post-pandemic.

In addition, several RCT agreements reached important milestones in 2020:

- Significant progress made towards completion of the Fall Protection Agreement, with common occupational health and safety standards that appropriately protect the worker and workplace safety;
- The *CRN for Pressure Equipment Reconciliation Agreement* took effect on January 2, 2020, allowing for the mutual recognition of the review of pressure vessel equipment design by Participating Parties;
- Parties signed the *Upholstered and Stuffed Articles Reconciliation Agreement*, aimed to eliminate red tape and reconcile regulatory measures that act as a barrier to trade in upholstered and stuffed articles within Canada; and

- Signing commenced on four agreements:
 - the *Construction Codes Reconciliation Agreement*, which will enable Parties to identify, reduce, or eliminate existing variations between their construction codes and the National codes by 2025, and minimize new variations in the future;
 - the *Corporate Registry Reconciliation Agreement*, to reconcile differences in corporate registration and reporting requirements between Parties in order to alleviate the burden placed on businesses seeking to expand their operations across the country;
 - the *Energy Efficiency Standards for Household Appliances Reconciliation Agreement*, where Participating Parties agreed to align their respective regulations by reconciling differences regarding the energy efficiency rules for household appliances; and
 - the *Aquaculture Site Marking Reconciliation Agreement*, where Newfoundland and Labrador, and Nova Scotia will align their site marking requirements with federal requirements in order to reduce the variance between, and duplication of, regulations and procedures. Other provinces either do not have corresponding regulations or defer to the federal regulations.

Summaries of endorsed agreements are posted on the RCT website.

The RCT also made key progress in other areas:

- Increased its outreach to over 30 diverse national stakeholders;
- Built and expanded linkages with regulatory groups;
- Developed documents and templates to facilitate regulatory reconciliation and regulatory cooperation; and
- Conducted an extensive review of the RCT's internal administrative procedures to improve efficiency.

RCT 2020-2021 Work Plan

The RCT's third annual (2020-2021) [Work Plan](#) was released publicly on September 25, 2020. This Work Plan added four new items to the existing Work Plan.

The new items for reconciliation are:

1. Energy Using and Saving Products.
Differences in energy efficiency standards regulations between jurisdictions may lead to duplicative requirements for industry and create internal trade obstacles across provincial and territorial borders, adding additional costs and reducing consumer choice. The RCT is seeking to harmonize energy efficiency standards for energy using products (e.g., lighting, HVAC equipment, etc.) and products that affect the use of energy (e.g., thermostats, windows, etc.) in order to reduce the compliance burden on industry and costs for consumers.

2. Personal Protective Equipment (PPE).
The US-based National Institute for Occupational Safety and Health (NIOSH) has been certifying filtering facepiece respirators, a form of PPE sold in Canada. NIOSH has indicated however that they will temporarily not prioritize new applications for certification by manufacturers outside of the US. To support Canadian manufacturing, a Canadian national standard to develop, approve, and test Canadian-made respirators is under development. Provinces and territories are working to ensure that domestically manufactured respirator products are accepted Canada-wide.
3. Canadian Electrical (CE) Code (CE Code).
It currently takes the federal, provincial, and territorial governments different lengths of time to adopt the latest edition of the CE Code. This results in different editions of the CE Code being adopted at different times. Some jurisdictions also make jurisdiction-specific modifications and amendments to the CE Code as part of their adoption process. The RCT is seeking to facilitate the timely adoption of the CE Code across Canada by removing technical differences that may act as barriers to trade and addressing other issues related to aspects of CE Code implementation, including manufacturing, education/training, product design and certification, and labour mobility.

The new item for cooperation is:

4. Building Officials/Inspectors Certification/Licensing.
A patchwork of professional requirements across Canada inhibits labour mobility and professional development and opportunity, and potentially constrains business investment and mobility, while driving up costs for businesses and governments. The RCT is seeking to reduce regulatory variances, thus improving the quality and consistency of building code inspections and the enforcement of building code requirements.

Stakeholder Engagement

In 2020, the RCT continued to improve its practices related to stakeholder communication and transparency.

The RCT also made efforts to increase stakeholder engagement by broadening the list of national and regional stakeholders consulted. There was active outreach to the business community and other organizations as part of the development of the 2020-2021 Work Plan. In March 2020, the RCT Chair sent a request for input to stakeholders requesting possible regulatory reconciliation and cooperation opportunities for addition to the 2020-2021 Work Plan.

Additionally, as part of its ongoing efforts to improve transparency, the RCT provided progress updates throughout the year to stakeholders.

This coordinated outreach by the RCT Chair was in addition to consultations undertaken by individual jurisdictions.

Stakeholders the RCT Contacted

Agricultural Manufacturing of Canada
Atlantic Provinces Economic Council
Business Council of Canada
Canada West Foundation
Canadian Association of Importers and Exporters
Canadian Association of Petroleum Producers
Canadian Cattlemen's Association
Canadian Centre for Policy Alternatives
Canadian Chamber of Commerce
Canadian Federation of Independent Business
Canadian Fuels Association
Canadian Manufacturers & Exporters
Canadian Oilseed Processors Association
Canadian Trucking Alliance
Canola Council of Canada
C.D. Howe Institute
Cereals Canada Inc.
Conference Board of Canada
Conseil du patronat du Québec
Consumer Choice Center
Engineers Canada
Explorers and Producers Association of Canada
Fertilizer Canada
Food, Health & Consumer Products of Canada
Forest Products Association of Canada
Freight Carriers Association of Canada
Insurance Bureau of Canada
Macdonald-Laurier Institute
Mining Association of Canada
Montreal Economic Institute
Pulse Canada
Railway Association of Canada
Retail Council of Canada
Western Grain Elevator Association

Lessons Learned by the RCT

The 14 jurisdictions have come together to develop processes to more effectively reconcile differences in regulations across jurisdictions, and to cooperate in the development of future regulatory measures across Canada.

Complexity

The RCT is addressing complex issues that have been known and worked on, in some instances, for decades prior to the establishment of the RCT. The RCT has been able to gain traction on seemingly intractable issues, many of which are large and multi-dimensional; getting all jurisdictions to achieve solutions more quickly required considerable focus and commitment.

Communications and Parties' Administrative Processes

Stakeholders have expressed concerns about the delay between the announced endorsement of reconciliation agreements and the posting of signed agreements on the RCT website.

The ratification of reconciliation agreements needs to occur within each separate jurisdiction. Each Party must conduct its own reviews and obtain formal political approvals. The process can be time consuming, but necessary to ensure that the objectives of regulatory reconciliation are met in a constructive and meaningful way. The RCT now publishes summaries of reconciliation agreements on its website after a draft agreement is endorsed, and posts the Reconciliation Agreements on the CFTA website no later than six months following RCT endorsement and provided at least two Parties have provided their signature.

Conclusion

In 2020, the RCT built on the successes of the previous two years by: working to advance the implementation of agreements, ensuring that successes and challenges are appropriately communicated with stakeholders, and continuing to ensure that technical Working Groups are supported in the valuable work they are doing. While there are a number of challenges facing Parties today, we remain committed to our efforts to reduce and eliminate regulatory differences that create barriers to trade, investment and labour mobility, and supporting an open, efficient, and stable market for job creation, inclusive economic growth, and stability in Canada. We believe this work is particularly crucial in the context of the COVID-19 pandemic and for our nation's economic recovery.

Key Links

For further information on the RCT and its initiatives, please visit our website at:

<https://www.cfta-alec.ca/regulatory-reconciliation-cooperation/>

2020-2021 RCT Work Plan:

<https://www.cfta-alec.ca/reducing-internal-trade-barriers-2020-2021-regulatory-reconciliation-and-cooperation-table-work-plan/>

Regulatory Reconciliation and Cooperation Table Representatives:

<https://www.cfta-alec.ca/contact-us/rct-representatives/>