



# Regulatory Reconciliation Background

---

## The Regulatory Reconciliation Process

April 7<sup>th</sup>, 2017

A [survey by the Canadian Federation of Independent Business](#) found that nearly one in three small businesses identified regulatory differences between jurisdictions as a significant barrier to internal trade. These differences can raise operating costs for companies offering goods and services inter-provincially. They can also discourage firms from expanding within Canada, as companies may have to modify their products and services to comply with diverging regulatory requirements across the country.

The Canadian Free Trade Agreement (CFTA) establishes a regulatory reconciliation process that will help to address barriers to trade that companies may experience when doing business across provincial and territorial borders.

### **How it works:**

#### **1. The potential barrier to trade is identified**

Based on information provided by stakeholders or other sources, a potential barrier to internal trade is identified by a province, territory or the federal government. A diverging or duplicative regulation that impedes the flow of goods is an example of the kind of barrier that the process seeks to address.

#### **2. Governments work to establish a reconciliation agreement**

Once a barrier to trade has been identified, a government (federal, provincial or territorial) can submit the matter to the Regulatory Reconciliation and Cooperation Table (RCT) for reconciliation.

- The RCT is a federal-provincial-territorial body established by the CFTA to oversee the regulatory reconciliation process and promote regulatory cooperation across Canada.

Once barriers are submitted for reconciliation, participating CFTA governments and their relevant regulators begin negotiations toward a reconciliation agreement. The reconciliation agreement details how the barrier to trade will be addressed (e.g., mutual recognition, harmonization, or some other method), which governments will participate in the reconciliation agreement, and the timelines for its implementation.

- Governments may opt out of negotiations if they do not have an existing measure to reconcile or determine that reconciliation is not a desirable option for their jurisdiction.

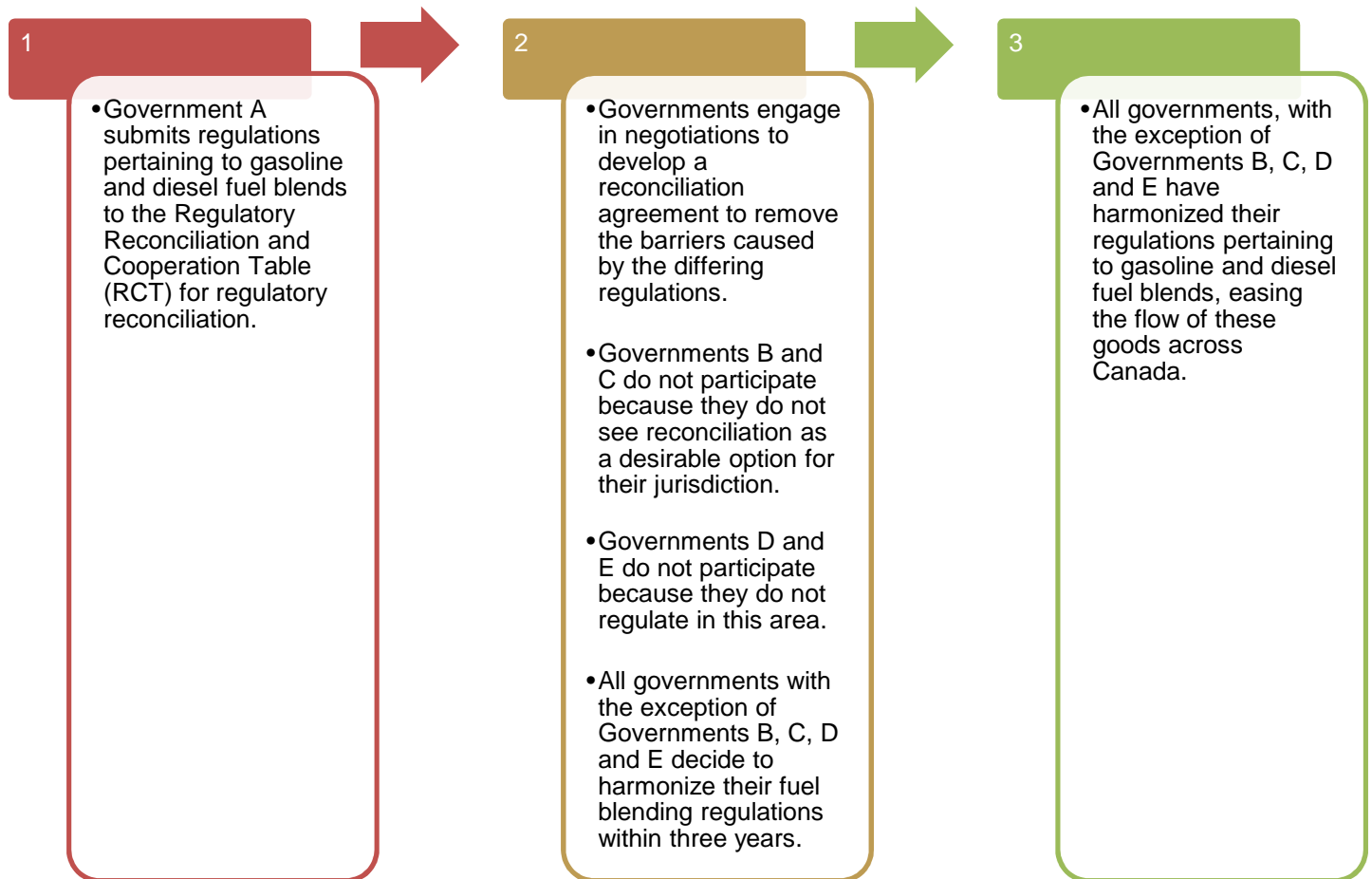
#### **3. The barrier to trade is reconciled**

Once implemented, the reconciliation agreement will effectively remove the barrier to trade between participating governments. CFTA governments that agree to adopt the reconciliation agreement will be bound to adhere to the commitments that it contains.

## **Illustrative example: Gasoline and diesel fuel blending requirements**

Rules relating to blend requirements for ethanol in gasoline, and biodiesel in diesel fuel, can differ between each province and territory. This may lead to increased production and shipping costs for refiners, which in turn are passed along to consumers.

The following example demonstrates how these regulations might be addressed in the regulatory reconciliation process if it were submitted by a government (federal, provincial or territorial) for reconciliation:



---

### **Media Contacts:**

#### **Government of Ontario**

Daniel Bitonti, Minister Duguid's Office, 416-325-7569, [daniel.bitonti@ontario.ca](mailto:daniel.bitonti@ontario.ca)

Jessica Hume, Communications Branch, Ontario Ministry of Economic Development and Growth, 416-325-2479, [jessica.hume@ontario.ca](mailto:jessica.hume@ontario.ca)

#### **Government of Canada – Innovation, Science and Economic Development Canada**

Karl W. Sasseville, Minister Bains' Office, 343-291-2500

Media Relations, 343-291-1777, [ic.mediarelations-mediasrelations.ic@canada.ca](mailto:ic.mediarelations-mediasrelations.ic@canada.ca)