

NWT and **CFTA** Backgrounder

Interests of the NWT in the Canadian Free Trade Agreement

Since December 2014, the Government of the Northwest Territories (GNWT) alongside federal, provincial and territorial governments have been involved in negotiations to strengthen and modernize the Agreement on Internal Trade (AIT). Negotiations were guided by direction from premiers and the federal government to secure an ambitious, balanced and equitable agreement.

The new Canadian Free Trade Agreement (CFTA) resulted from these negotiations. It looks to open up trade across Canada and make as a default position that jurisdictions cannot discriminate against persons, goods, services, or investments from other provinces or territories.

The GNWT is working to further diversify our economy in areas such as arts, fisheries, forestry, manufacturing, tourism and traditional harvesting. Success in these areas requires access to larger markets like the rest of Canada. Trade agreements such as the Canadian Free Trade Agreement help make that possible. Further, through the involvement of the GNWT in the negotiations, the GNWT was able to achieve some important flexibility for the NWT within the CFTA.

Highlights of these NWT flexibilities include:

Maintaining the Business Incentive Policy

The GNWT has always supported NWT businesses through the Business Incentive Policy (BIP), and that will not change in the CFTA.

The GNWT has been able to secure flexibility within the CFTA so that the GNWT can choose to continue to apply BIP to all procurements.

Recognition of special relationship with Aboriginal People and Governments

A broad based exception has been secured in the Canadian Free Trade Agreement that states

"This Agreement does not apply to any measure adopted or maintained by a Party with respect to Aboriginal peoples."

Giving special consideration to the NWT's Communities and MASH Sectors

The GNWT has minimized effects on our municipalities, academics, social services and health (MASH) sectors throughout the CFTA. Notably, there has been a significant increase to the procurement thresholds from the AIT. Thresholds are now as follows:

AIT	CFTA

April 7, 2017



Government of Gouvernement des Northwest Territories Territoires du Nord-Ouest

Goods: \$100,000	Goods: \$300,000
Services: \$100,000	Services: \$300,000
Construction: \$250,000	Construction: \$7,500,000

Making Northern agricultural development and food security national priorities

CFTA partners have made a commitment to setting up working groups to enhance economic development in the food sector in the three territories and to address the cost and production of healthy food for territorial residents.

Recognizing the value of traditional knowledge in environmental regulation

There is recognition in the Environment Chapter that the scientific basis for an environmental measure may be informed by traditional knowledge.

Making it easier for Northerners to do business across Canada

The CFTA focuses on reducing barriers to trade, investment and employee mobility to promote economic growth within Canada. It establishes a regulatory reconciliation process that will help to address these barriers.

If there is a specific regulation that makes it challenging for an NWT business to export or do business in other jurisdictions, the NWT business can raise this issue with GNWT trade representatives who will raise this regulation for discussion at the Regulatory Cooperation Table (RCT), a permanent federal-provincial-territorial body established by the CFTA that is responsible for facilitating the regulatory reconciliation process through the mutual recognition or harmonization of regulations.

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