

## **Boosting inter-provincial trade critical to ensuring sustained growth for small businesses: TD Economics**

*Onus is on provincial governments to remove barriers and make trade within Canada's borders a national priority*

Toronto - Canada should make boosting inter-provincial trade a national priority given its long-term benefits, not the least of which include helping raise economic prospects for small and medium enterprises (SMEs).

In a report published today, TD Economics examines current inter-provincial trade trends, calling for provincial governments to remove barriers impeding SME's from expanding their business across Canada at a higher rate.

Statistics Canada data on interprovincial trade suggests an annual average growth rate of just over 2 per cent in interprovincial exports over the past decade.

The report points to a recent Industry Canada study identifying a strong correlation between SMEs that engage in interprovincial trade and those that export to international markets. In addition, firms that trade across Canada tend to be more growth oriented and innovative than firms that do not. These traits can be tied to improved productivity, an area that Canada's economy has been sorely lacking.

"Given the positive attributes associated with SME's that trade across Canada and internationally, it's time we pay more attention to the need of SME's to better capitalize on trade opportunities here at home," says Craig Alexander, Chief Economist at TD Bank Group. "Canada should adopt the same expansive policy it has taken in diversifying its international export basket within its own borders."

Much of the onus of boosting inter-provincial trade is on provincial governments, as non-tariff barriers tied to regulatory differences between provinces are hampering growth.

"It will be a challenging process given the diversity across provinces and competing interests, but the long-term benefit of inter-provincial trade should make it a national priority," says Alexander. "The good news is that provincial governments have taken notice and have shown a desire to act."

According to the TD Economics report, about two-thirds of Canadian inter-provincial exports are concentrated in manufacturing, finance and real estate services, mining/oil and gas, as well as transportation and the warehousing sector. Provinces like P.E.I., Nova Scotia and Manitoba are particularly reliant on interprovincial exports, while provinces such as Ontario, Alberta and Saskatchewan continue to benefit more from international trade.

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