

CANADIAN COMPETITION RECORD

CANADIAN COMPETITION LAW AND POLICY DEVELOPMENTS

The articles in this section were written by staff of the Competition Bureau.

COMPETITION BUREAU RELEASES BANK MERGER GUIDELINES

The following is a News Release issued by the Competition Bureau on July 15, 1998, and is reproduced with permission.

Following a public consultation, the Competition Bureau announced today how it will examine proposed bank mergers including those between the Royal Bank of Canada - Bank of Montreal and CIBC Toronto Dominion Bank.

Last November, in anticipation of mergers in the financial sector, the Competition Bureau began consulting on its draft Merger Enforcement Guidelines as Applied to a Bank Merger. A wide range of organizations responded.

"I am pleased that most of those consulted felt that with some fine tuning our analytical approach is sound", commented Konrad von Finckenstein, Director of the Competition Bureau.

The Bureau has clarified some issues in the final bank mergers guidelines including that it will examine the proposed mergers of the Royal Bank of Canada - Bank of Montreal and CIBC Toronto Dominion Bank, concurrently as recommended by most of those consulted.

While the authority of both the Director and the Minister of Finance are spelled out in the *Competition Act* and the *Bank Act*, both acts are silent on how the Director and the Minister should interact and how the process should unfold. Consequently, the procedural interaction between the Director and the Minister of Finance has also been spelt out.

A backgrounder is available on request.

For further details, please call the Bureau's toll free number at 1-800-348-5358, or visit the Competition Bureau website at: <http://strategis.ic.gc.ca/competition>.

\$3.57 MILLION IN ADDITIONAL FINES UNDER THE COMPETITION ACT

The following is a News Release issued by the Competition Bureau on July 23, 1998, and is reproduced with permission.

The Competition Bureau announced today the resolution of all outstanding proceedings against the participants in the worldwide price fixing and market sharing conspiracy for lysine, an additive used in hog and poultry feeds.

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Ajinomoto Co. Inc., of Japan, was convicted of one count of conspiracy under section 45 of the *Competition Act* and fined \$3.5 million. Sewon America Inc., a subsidiary of Sewon Company Ltd., of Korea, pleaded guilty to conspiracy, and was fined \$70,000. In addition, prohibition orders were imposed on the companies.

For Kyowa Hakko Company, Ltd., of Japan, a prohibition order was imposed by the court proscribing any future activities directed toward the commission of the offence.

"These additional fines will, I hope, make it abundantly clear to the international business community that price fixing, and all other competition offences that affect Canada will be prosecuted, no matter where they occur," said Konrad von Finckenstein, Q.C., Director of Investigation and Research. "We are also sending a message to those who may be involved in activities that violate the *Competition Act* that it is in their interests to cooperate with the Bureau at an early stage of the investigation."

The offences relate to the participating of the firms in an international conspiracy to fix prices and allocate market shares among the participants in the lysine market worldwide.

The charges relate to the period from 1992 to 1995 and are the result of an extensive criminal investigation conducted by the Competition Bureau. Annual sales of lysine total \$960 million, world wide, with Canadian sales reaching approximately \$89 million over the period of the conspiracy.

In May of this year, Archer Daniels Midland Company ("ADM"), a United States corporation,

pleaded guilty to having participated in the same price-fixing and market sharing conspiracies. The company paid a fine of \$16 million and was also subjected to a prohibition order. This was the largest fine ever imposed under the *Competition Act*.

Kyowa Hakko was granted immunity by the Attorney General of Canada for having been the first of the companies to provide evidence to the Competition Bureau in cooperation with its investigation. Similarly, the lesser fine paid by Sewon also reflects, in part, the fact that the company cooperated with the Bureau at an early stage in this investigation.

As a result of these conspiracies, the operating costs of feed companies and farmers increased by millions of dollars. These additional costs ultimately caused Canadian consumers to pay more for chicken, pork, and various processed foods, produced utilizing lysine.

MINISTER MANLEY ANNOUNCES APPOINTMENT TO THE COMPETITION TRIBUNAL

The following is a News Release issued by the Competition Bureau on September 1, 1998, and is reproduced with permission.

John Manley, Minister of Industry, today announced the appointment of Lawrence Philip Schwartz, Ph.D. to the Competition Tribunal.

"Dr. Schwartz, with his expertise in economics and his wide-range of experience in business, will make a valuable contribution to the Tribunal," said Minister Manley. "I am confident that he will distinguish himself in this position."

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Most recently Dr. Schwartz was senior economist with Law and Economics Consulting Group, Inc. He has 18 years of experience in all aspects of applied economics and corporate finance including recent positions as Economist and Policy Adviser to the Ontario Securities Commission, Senior Project Manager, Securities Business for Union Bank of Switzerland (Canada), and Principal, Lawrence P. Schwartz, Ph.D. Consulting Economist.

The Competition Tribunal was created in 1986 when Parliament enacted major reforms of Canada's competition law and replaced the former *Combines Investigation Act* with the *Competition Act*. This legislation sets the "rules of the game" for the Canadian marketplace. Its purpose is to maintain and encourage competition in Canada by ensuring that firms compete with one another on a fair basis and that markets operate effectively. The Tribunal hears and decides cases involving mergers, abuse of dominant position, or a number of other restrictive business practices set out in Part VIII of the *Competition Act*.

**COMPETITION BUREAU ALLOWS
SOUTHAM INC. ACQUISITION OF
THE FINANCIAL POST TO
PROCEED**

The following is a News Release issued by the Competition Bureau on September 2, 1998, and is reproduced with permission.

The Competition Bureau has decided not to oppose Southam Inc.'s acquisition of *The Financial Post* from Sun Media Corporation in exchange for \$150 million cash and four Southern Ontario dailies: *The*

Hamilton Spectator, *The Daily Mercury* in Guelph, Kitchener-Waterloo's *The Record* and *The Cambridge Reporter*.

The Bureau's team of lawyers, experts and merger investigators examined whether Southam's proposed acquisition of *The Financial Post* would prevent competition substantially.

Following the Bureau team's intensive month-long investigation, the Director of Investigation and Research, Konrad von Finckenstein, informed the parties today that he did not intend to challenge the transaction, however, the effects of all mergers can be reviewed for the three year period provided for in the *Competition Act*.

"Without *The Financial Post*, Southam's new daily would have been the third daily newspaper with a national circulation, the other two being *The Globe and Mail* and *The Financial Post*. We have concluded that the combination of the new daily with *The Financial Post* will not prevent competition substantially in the marketplace and that it may, in fact, result in even more vigorous competition," noted Mr. von Finckenstein. "The new daily will drastically alter the Canadian newspapers landscape and the Competition Bureau will keep a watchful eye on all developments."

The Bureau's review was conducted in a timely fashion to enable the parties to close their transaction without significant delay.

"The mandate of the Competition Bureau is to maintain competitive markets," explained Mr. von Finckenstein. "In the final analysis we must be sure that advertisers across the country have access to a range of media alternatives that they can use to

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efficiently reach their target audience at the best possible prices.”

T.D. MACDONALD CHAIR IN INDUSTRIAL ECONOMICS

The following is a Bulletin issued by the Competition Bureau on September 4, 1998, and is reproduced with permission.

Economics and International Affairs Branch of the Competition Bureau welcomes Professor Zhiqi Chen from Carleton University as the 1998/1999 holder of the T.D. MacDonald Chair in Industrial Economics. He joins us on the departure of Professor Chantale Lacasse, of the University of Ottawa.

Professor Chen received his Ph.D. from the University of Western Ontario in 1991. He has published widely on a variety of topics, including refusals to deal, price guarantees, and biotechnology policies. His main research interests are in the areas of industrial organization and international trade theory. Professor Chen's papers have appeared in, among other journals, the *Canadian Journal of Economics*, the *Journal of Economics and Management Strategies*, the *International Journal of Industrial Organization*, and the *Review of Industrial Organization*.

In addition to providing case support for the Enforcement branches and advice to the Economics Enforcement Unit in the EIA, Professor Chen will provide assistance and advice in the drafting of the Intellectual Property Guidelines.

Professor Chen is at the Bureau on a full-time basis. His office is located on the 21st floor (953-7765) and

he can be contacted by E-mail. We look forward to having Zhiqi with us this year.

Background

The T.D. MacDonald Chair in Industrial Economics was established within the Competition Bureau in 1990. The position is named after the late T.D. MacDonald in honour of his extensive contributions to modern Canadian competition law. Mr. MacDonald was the first Director of Investigation and Research, holding this position from 1950 until 1962.

The Competition Bureau recruits an individual with extensive economic and policy expertise for the Chair position. The individual provides the Director with expert advice on competition policy and industrial economics. He/she participates in the economic analysis of significant cases and may be called upon to testify for the Director should the case proceed to litigation. In addition to case analysis, the holder of the Chair plays an important policy and research role within the Bureau. In particular, this individual assists internal economic staff in their research of current economic theories relating to industrial organization and competition policy, as well as pursuing research of his/her own. Given the increased importance of economic analysis in making enforcement decisions under the *Competition Act*, the T.D. MacDonald Chair is intended to help stimulate interest and discussion in this increasingly complex area.

The following is a list of the previous T.D. MacDonald Chairs

Dr. Thomas Ross (May 1990)

Faculty of Commerce and Business Administration
University of British Columbia

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Dr. Tim Hazledine (July 1991)
The University of Auckland

Prof. Don McFetridge (August 1992)
Dept. of Economics
Carleton University

Dr. Roger Ware (June 1993)
Department of Economics
Queen's University

Prof. Abraham Hollander (July 1994)
Faculté des arts et des sciences
Département de sciences économiques
Université de Montréal

Dr. Jeffrey Church (July 1995)
Department of Economics
University of Calgary

Prof. William Stanbury (July 1996)
Faculty of Commerce and Business Administration
University of British Columbia

Prof. Chantale Lacasse (August 1997)
Department of Economics
University of Ottawa

DIRECTOR DOES NOT CHALLENGE THE LUSCAR ACQUISITION OF MANALTA

The following is an Information Bulletin issued by the Competition Bureau on September 11, 1998, and is reproduced with permission.

On September 11, 1998, the Director advised the Luscar Coal Income Fund ("Luscar") that he would not be challenging its proposed acquisition of the Manalta Coal Income Trust ("Manalta").

Luscar and Manalta are two of Canada's major coal producers, producing metallurgical coal for consumption internationally by steel mills and thermal coal for consumption internationally and domestically by power producers.

Manalta is the largest coal producer in Canada, a position it has retained for more than 30 years. Manalta owns and operates one mine in British Columbia, one mine in Alberta, and two mines in Saskatchewan and operates, but does not own an additional two mines in Alberta and one mine in Saskatchewan.

Luscar is a diversified Canadian coal company with more than 85 years mining experience in western Canada. Luscar owns and operates five coal mines in Alberta and three in Saskatchewan.

The Director's examination of the transaction focussed on the overlapping mine mouth operations of the two parties at Hanna, Alberta; Forestburg, Alberta; and two operations at Estevan, Saskatchewan. Mine mouth operations refer to an electrical generating plant located in close proximity to a thermal coal mine.

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The Director concluded that the transaction would not result in a substantial lessening of competition due to the fact that the affected utility power generating plants have significant countervailing power.

SOUTHAM INC. MAKES AN APPLICATION TO THE COMPETITION TRIBUNAL

The following is an Information Bulletin issued by the Competition Bureau on September 11, 1998, and is reproduced with permission.

On September 11, 1998, Southam Inc. and a number of other Applicants filed a request with the Competition Tribunal under section 106 (b) of the *Competition Act*. This Application seeks a variation of the original Divestiture Order issued by the Competition Tribunal. The 1993 Order required the divestiture of either the North Shore News community newspaper or the entire Real Estate Weekly chain. The present Application would see the North Shore edition of the Real Estate Weekly sold.

The Director supports the current proposal and believes this is an appropriate remedy.

If the Tribunal approves the proposed remedy, this will bring closure to an issue which has been in litigation since 1990.

The request was published in the Canada Gazette on September 19, 1998.

DIRECTOR DECIDES TO DISCONTINUE REGINA REAL ESTATE INQUIRY

The following is an Information Bulletin issued by the Competition Bureau on September 22, 1998, and is reproduced with permission.

On September 22, 1998, the Competition Bureau informed the Association of Regina Realtors that the Competition Act inquiry into real estate brokerage services in the City of Regina will be discontinued. The Bureau's decision was based on the information gathered in the course of the inquiry, and on the

The Order of Prohibition, issued in 1988 by the Federal Court of Canada with the agreement of the real estate industry, applies directly or indirectly to all real estate boards and associations in Canada. The Order contains prohibitions against a number of specific types of anticompetitive behaviour.

The Competition Bureau concluded that the allegation of an illegal boycott was not substantiated. However, the Bureau remained concerned that co-operation between members and non-members may have been adversely affected by the application of an Association rule restricting the provision of MLS information. To address these concerns, the Association agreed to the following undertakings:

- (1) the Association will attempt to resolve mutually, through a fair and accessible alternative dispute resolution process, any and all outstanding issues between the Association and a former member who was disciplined for providing MLS information to a non-member;

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- (2) the Association will consider amending its by-laws and rules to eliminate any unnecessary restrictions on the provision of MLS information to non-members;
- (3) the Association will consider amending its by-laws and rules to require that its Professional Standards Committee take into consideration the Competition Act and the Prohibition Order in its proceedings, where appropriate;
- (4) the Association will review and revise its education and communications programs and introduce measures to foster improved relations and co-operation between members and non-members.

This settlement exemplifies the Bureau's commitment to the principles of transparency, fairness, timeliness and predictability, while ensuring that the public interest is met. The Bureau considers that the undertakings in this matter are essential to the maintenance and encouragement of competition for real estate brokerage services in the Regina market. This resolution balances the interests of the public, the Bureau, and members and non-members of the Association.

BRITISH COLUMBIA PORTLAND CEMENT MERGER SETTLED

The following is an Information Bulletin issued by the Competition Bureau on October 16, 1998, and is reproduced with permission.

On October 16, 1998 Lafarge Canada Inc. of Montreal and Lafarge Corporation of Reston, Virginia acquired certain assets of Holnam Inc. and Holnam Materials West Ltd. in British Columbia and the State of Washington subject to separate settlements with the Competition Bureau and the U.S. Federal Trade Commission ("FTC").

At the end of June, the FTC advised the Bureau that they would likely settle their competition concerns by a proposed consent order which would allow Lafarge to acquire the Seattle plant. The consent order removed a provision in the proposed agreement of purchase and sale that would have reduced the potential output of the plant by imposing payments to Holnam if Lafarge produce quantities of cement in excess of 85% of the Seattle plant's capacity. For information on the consent order released on October 16, 1998, visit the FTC's internet web site at www.FTC.gov. To resolve the competition concerns remaining in Canada, the Director accepted written undertakings from Lafarge to divest the cement distribution terminal in New Westminster to an unrelated party who would maintain the terminal as a competing facility in the supply of cement in British Columbia. Lafarge has also provided an undertaking that will allow Holnam to sell cement in regions of British Columbia supplied from its Trident, Montana plant or shipped from its Spokane, Washington distribution terminal.

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It is expected that the divestiture of the New Westminster terminal will maintain a competitive third supplier for independent ready-mix and precast concrete producers in British Columbia, particularly in the lower mainland region. The amendments to the non-compete agreement will continue to allow Holnam to supply cement in the interior of British Columbia from non purchased assets. Merger transactions with over inclusive non-competition agreements in highly concentrated markets with high barriers to entry are likely to violate Canadian competition law. The settlement is intended to return the market to its pre-merger state by maintaining an unintegrated supply alternative to Lafarge and CBR Cement Canada Limited, the dominant cement suppliers in British Columbia.

In late February 1998 Lafarge voluntarily notified the Bureau that in Canada it would acquire a cement distribution terminal in New Westminster and a limestone quarry at Texada Island, British Columbia from Holnam Materials West Ltd. In the United States, Lafarge Corporation would acquire a cement plant in Seattle, a cement distribution terminal in Vancouver, Washington and a clay quarry in Twin Rivers, Washington from Holnam Inc. The transactions were concurrently reviewed by the Bureau and the Seattle District Office of the FTC. There was extensive interagency co-operation and sharing of information, subject to the agreement of the merging parties and the confidentiality provisions of our respective legislation.

On June 2, 1998 the Director commenced a formal inquiry when it was determined that there were reasonable grounds to believe that the proposed transaction was likely to prevent or lessen competition substantially in the supply of cement in British Columbia. Lafarge was advised that there

were serious competition concerns with the effect of the transaction on cement prices in British Columbia. As well, there were concerns the proposed non-competition agreement between the parties which would remove Holnam's ability to supply regions of British Columbia from its cement plant in Trident, Montana and its distribution terminal in Spokane, Washington, assets that were not being acquired by Lafarge. Subsequently, the Bureau and Lafarge entered into settlement discussions which resulted in the undertakings described above.

COMPETITION BUREAU REQUIRES DIVESTITURE OF WASTE ASSETS IN SOUTHERN ONTARIO

The following is a News Release issued by the Competition Bureau on October 20, 1998, and is reproduced with permission.

The Competition Bureau announced today that it will not challenge the acquisition by Canadian Waste Services ("CWS") of certain non-hazardous solid waste assets of WMI Waste Management of Canada, Inc. ("WMI").

The collection assets are located in the regions of Halton, Hamilton-Wentworth, Brantford and the Niagara Region. The CWS transaction was part of the USA Waste Services Inc. acquisition of Waste Management Inc. in the United States. USA Waste Services Inc. is the parent company of CWS. Due to this transaction, WMI has exited the solid waste collection and disposal business in Canada.

As a result of serious competition concerns identified by the Competition Bureau in the commercial front-

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end business, CWS has agreed to sell WMI's commercial collection assets in the Halton and Hamilton markets. Assets to be sold include customer contracts, containers, and vehicles. Commercial service involves the collection and disposal of containers of waste by front-end trucks from institutional and commercial customers such as restaurants, offices and small establishments.

"The waste collection industry in Canada has gone through significant restructuring over the past few years. As with some previous waste acquisitions, the Bureau has required divestiture by CWS to ensure that there is no substantial lessening of competition", said Konrad von Finckestein, Q.C., Director of Investigation and Research.

The Director has approved the sale of the commercial front-end collection assets in Halton and Hamilton to Capital Environmental Resources Inc. ("Capital"). In June 1997, Capital also bought certain divested CWS and/or WMI commercial front-end collection assets in the greater Vancouver, Edmonton, Calgary, Kitchener and Barrie markets. In addition, Capital acquired the solid waste collection assets which CWS was required to divest as a result of a Consent Order issued by the Competition Tribunal on April 16, 1997. These assets included Allied Waste Holdings (Canada) Ltd.'s waste collection business in Sarnia; the CWS business in Brantford; and the CWS assets acquired from WMI in the Ottawa and Outaouais markets.

The Bureau's review of the transaction involved the collection of information from many participants in the waste services industry, including customers and competitors.

**\$6.7 MILLION IN FINES PAID BY
JUNGBUNZLAUER INTERNATIONAL
A.G. AND HAARMANN & REIMER
CORPORATION FOR VIOLATIONS
OF THE COMPETITION ACT**

The following is a News Release issued by the Competition Bureau on October 21, 1998, and is reproduced with permission.

The Competition Bureau announced today that Jungbunzlauer International A.G., a Swiss corporation, and Haarmann & Reimer Corporation, a United States subsidiary of Bayer Corporation, pleaded guilty to having participated in a conspiracy to fix prices and share markets for citric acid.

Haarmann & Reimer will pay a fine of \$4.7 million, in relation to the conspiracy. Jungbunzlauer will pay a fine of \$2 million, of which \$1.9 million relates to the conspiracy on citric acid and \$100,000 relates to a further conspiracy to fix prices and allocate market shares for sodium gluconate.

The charges with respect to the citric acid and sodium gluconate conspiracies are the result of an extensive investigation conducted by the Competition Bureau into schemes designed to fix prices and divide markets, including the Canadian market, for food and feed additives and other products.

The citric acid offence relates to the participation of a number of non-Canadian firms in an international conspiracy which fixed prices and allocated market shares among the major producers of citric acid, for sales in Canada. The parties to the citric acid conspiracy met in Canada and abroad on a continuing basis between 1991 and 1995 in

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furtherance of the conspiracy. The parties in the sodium gluconate conspiracy were also offshore corporations which met on numerous occasions between 1987 and 1995, in Canada and abroad, to enter into illegal agreements on the amount of each company's sales and the price of sodium gluconate.

"I hope these convictions will re-emphasize to the Canadian and international business communities that we are determined to prosecute, to the fullest extent of the law, those who are involved in illegal cartels that affect the Canadian economy," said Konrad von Finckenstein, Q.C., Director of Investigation and Research. "The amount of these fines is significant but also reflects that these companies accepted their responsibility and chose to provide their assistance to the Bureau at an early stage of the investigation."

In addition, the Federal Court of Canada imposed a prohibition order on Jungbunzlauer under the *Competition Act*, to deter and prohibit any repetition of these offences. Haarmann & Reimer has recently disposed of its citric acid business that was the subject of this charge, and therefore a prohibition order was not required.

Following detection of these conspiracies, both companies chose to cooperate with the Bureau and have provided assistance in the ongoing investigations into conspiracies among other parties and other products in the food additives and food additives industries. In both cases, this early cooperation with the Bureau's investigation was an important factor in the fines that were imposed.

Citric acid is an ingredient which is present in a wide variety of consumer products. It is used extensively in the food and beverage industry as a

flavour enhancer, as a preservative to prevent food spoilage and to reduce the risks of food poisoning. The vast majority of citric acid is consumed by Canadians as an ingredient in processed foods and beverages such as soft drinks, fruit juices and tinned vegetables. It has recently found application in the manufacture of "environmentally friendly" detergents, as a replacement for phosphates. Total Canadian sales are estimated as some \$104 million during the period in question, with total sales by Jungbunzlauer and Haarmann & Reimer accounting for approximately \$34 million of that amount.

Sodium gluconate is a product whose main applications are in the concrete industry and as a cleansing and metal treatment agent. Sales in Canada during the period of the offence were approximately \$6.6 million. Jungbunzlauer's Canadian sales were in the order of approximately \$800,000.

These convictions are further to that of Archer Daniels Midland Company ("ADM"), a United States corporation, in May of this year, when it pleaded guilty for its participation in price-fixing and market sharing conspiracies in the lysine and citric acid industries. ADM paid a fine of \$16 million, the largest fine ever imposed under the *Competition Act*, of which \$2 million related to its role in the citric acid conspiracy.

The inquiries into these conspiracies and other products are on going.

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CONSUMER MINISTERS TAKE ACTION ON CONSUMER FRAUD

The following is an Information Bulletin issued by the Competition Bureau on November 13, 1998 and is reproduced with permission.

The federal, provincial and territorial ministers responsible for consumer affairs met today in Charlottetown. This is the third meeting in as many years as the ministers continue to improve protection for consumers on several fronts. They approved a Cooperative Enforcement Agreement on Consumer-Related Measures. They also launched an information sharing network for enforcement agencies, *Canshare*, and announced public information campaigns on deceptive telemarketing and loan brokers' scams. Ministers also took stock of progress made in harmonizing cost of credit disclosure rules. In their discussion on electronic commerce, ministers agreed to work together to improve consumer information and protection in a borderless marketplace.

Working Together to Combat Fraud

Consumer ministers continue to work together to enhance the capacity of consumer protection and law enforcement agencies to crack down on cross border fraud and scams and to better inform consumers about deceptive telemarketing. The Cooperative Enforcement Agreement on Consumer-Related Measures sets out procedures for information sharing from one jurisdiction to another on such issues as licensing and enforcement. Consumers can be assured that cooperation continues among consumer protection officials across Canada.

Canshare, a state of the art Internet-based network for law enforcement agencies, was officially launched. *Canshare* will reduce the number of scam victims and will prevent financial loss through an early warning alert notice to consumer protection and law enforcement agencies. The Agreement and *Canshare* together will enhance the sharing of information on a broad range of consumer protection issues and in particular, will allow faster tracking of deceptive telemarketing and other kinds of scams, through better intergovernmental cooperation.

Ministers recognized and applauded the efforts of the Deceptive Telemarketing Prevention Forum. The forum, composed of government and private sector members, introduced the first phase of a social marketing campaign by releasing a poster and pamphlet entitled "Stop Phone Fraud – It's a Trap". The full campaign kicks off in January 1999, the United Nations International Year of the Older Person.

Mitch Murphy, Attorney General of Prince Edward Island and co-chair of the meeting, praised his colleagues and the Forum for their diligence in alerting Canadians to deceptive telemarketing. "Scams, especially when they affect seniors, have to be stopped. The obvious cooperation we see today from the provinces, the territories, the federal government and the private sector partners will help to put scam artists out of business."

A public awareness campaign on deceptive loan brokers is underway to warn consumers about offers for loans that require advance payments. Ministers cautioned consumers to be aware that loans from these brokers rarely materialize and consumers would lose their advance payment.

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Harmonization of Cost of Credit

The Agreement on Internal Trade, Chapter 8, on Consumer-Related Measures and Standards calls for harmonized rules governing the disclosure of the cost of credit information to consumers. Ministers agreed to strengthen efforts to harmonize a set of rules by the end of the year 2000, regarding the cost of credit information provided by financial institutions, merchants and automobile leasing firms. With these new rules, consumers will have access to more information from business when they are borrowing money, buying merchandise on credit or leasing a car, allowing them to make more informed choices in the marketplace. Business and consumers will have a harmonized set of rules which apply in every jurisdiction – improving efficiency and reducing costs.

Electronic Commerce

Ministers recognized the importance of working together to address consumer protection issues in electronic commerce. “Electronic commerce has phenomenal growth prospects” said Minister Manley. “Working here with my colleagues from the provinces and territories, as well as with the private sector, has set us on course to develop a plan that will build trust and confidence among consumers. Consumers need the same protection on the Internet as they have in the traditional marketplace.”

Ministers directed the Consumer Measures Committee (“CMC”) to review consumer issues related to electronic commerce and to examine options with respect to consumer education, industry self regulation and consumer protection legislation. Ministers asked CMC to provide them with a report for their consideration when they meet again next year.
