

BUSINESS

BUSINESS

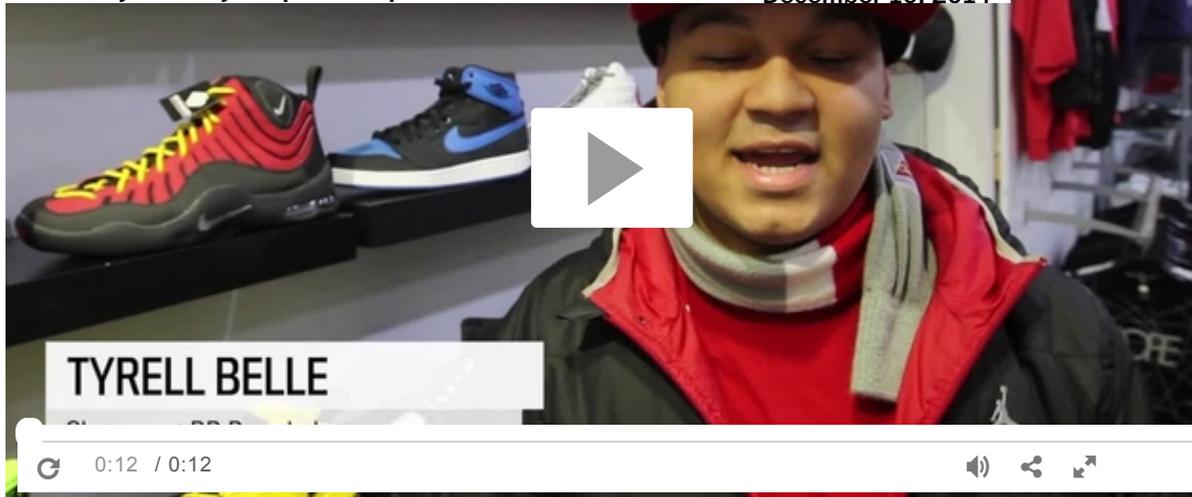
Ottawa takes aim at 'unjustified' differences between Canada and U.S. retail prices

THE WINDSOR STAR

What are you looking Search

-2°C

News • City • County • Opinion • Sports • Arts • Life • Business • Health • Careers • December 10, 2014



TYRELL BELLE

Comments Email

Like 283

Tweet 6

+1 1



Grace Macaluso

Dec 09, 2014 - 4:57 PM EST

Last Updated: Dec 09, 2014 - 9:25 PM EST

Federal Industry Minister James Moore announced Tuesday measures to give the Competition Bureau new power to investigate cases of suspected price gouging in a bid to end unjustified price differences between Canada and the United States on the same items.

Moore said the legislation would ensure Canadians are not charged higher prices than Americans simply because of where they live.

The unexplained and often significant gap between Canadian and U.S. prices for the same products is a frustrating and all-too-familiar reality for any Canadian who has ever shopped online or travelled to the United States.

“The intentional manipulation of prices on identical goods for sale in Canada and the U.S. places an unfair burden on Canadians and is simply wrong,” Moore said in a statement. “The Harper government is standing up for Canadian consumers with legislation to help address price discrimination.”

The Price Transparency Act

The legislation provides the Commissioner of Competition with the tools necessary to investigate alleged cases of price discrimination and to publicly report situations where consumers are unfairly targeted with higher prices. The commissioner will be authorized to seek court orders to compel the production of evidence to expose discriminatory pricing practices that are not justified by higher costs in Canada and to publicly report to consumers on the findings.

History of price discrimination

Studies have shown that the prices of goods in Canada are, on average, 10- to 25-per-cent higher than they are in the United States, according to the federal government.

In 2013, the Standing Senate Committee on National Finance found that country pricing by manufacturers is one of the key causes of the Canada-U.S. price gap.

A recent study published by the American Economic Review, which reviewed 4,000 separate products in Canada and the United States, concluded that distributors or wholesalers are engaging in country pricing strategies.



Connect With Us

FP News

Bank of Canada warns there's an elevated risk of a home price correction

The probability of a shock to Canada's financial system has eased in the past six months, and Canada's stretched housing market remains the top risk, the central bank said

Oslers weighs in on Pershing Square/Valeant structure and possible violation of U.S. tender offer laws



For the second time in less than a week, a Canadian law firm has raised the issue of

possible violation of securities laws in the Pershing Square/Valeant plan to acquire Allergan

FP Personal Finance

Slumping oil prices to hit

The study looked at products including, ethnic and gourmet food, beverages, housekeeping supplies, books, magazines and personal care products at 250 stores in the United States and 75 operated by a single, large grocery store chain. It found:

- Retail price differences between Canada and U.S. regions located within 200 kilometres of the border were, on average 15 per cent in June 2007.
- Product prices do not vary greatly between stores in the same country, but large price differences between stores located on either side of the border.



Shopper Kim Kristy purchases a big screen TV and entertainment package at the Best Buy store on Walker Road in Windsor, Ontario on November 2014. The federal government announced measures aimed at narrowing crossborder pricing between U.S. and Canadian products. (JASON KRYK/The Windsor Star)

Key reasons manufacturers cite for Canada-U.S. price differences

- Canadians are used to paying more for products in Canada.
- The higher prices charged to retailers in Canada subsidize the costs of maintaining suppliers' offices and operations in Canada.
- The higher prices are necessary to compensate Canadian distributors and wholesalers, facing higher costs in this country.

Border cities are harder hit by U.S.-Canada price

home prices in Calgary in 2015: Re/Max



Home prices in Canada's energy capital are likely to slow their rapid acceleration

as more buyers sit on the sidelines to see if the recent slump in oil prices will make houses cheaper

How to play oil prices from a real estate perspective



Publicly traded Canadian real estate companies should remain unaffected in the short term

by lower oil prices, according to a new report from RBC Capital Markets analyst Neil Downey

Canada's housing starts jump most in 7 months



Canadian housing starts rebounded after an October slowdown suggesting

low borrowing costs helped support growth in the closely watched market

FP Investing

Energy stocks drag down TSX



The Toronto stock market fell almost 150 points on Wednesday with energy stocks piling

on further losses after the OPEC cartel cut its forecast for 2015 world demand

gaps

“Without a doubt, border cities, like Windsor, have a bigger stake in addressing this problem,” said David Wilkes, senior vice-president at the Retail Council of Canada. “A lot of our retailers do business in border towns and they experience every day the challenges of price and cost

differences for operating a store in Canada. This is a problem that affects all retailers, but those in border communities experience it on a more immediate basis than others.”

Matt Marchand, president and CEO of the Windsor-Essex Regional Chamber of Commerce, said Windsor is “ground zero” when it comes to cross-border shopping. “It is among the top four concerns” of our members, Marchand said. “We’re a very competitive marketplace with Michigan just a mile away.”



Matt Marchand, president and CEO of the Windsor-Essex Regional Chamber of Commerce, says Windsor is ‘ground zero’ when it comes to shopping in the States. (Windsor Star files)

The supporters of the legislation

The Retail Council of Canada, which represents 45,000 merchants across the country, lauded the government’s move.

“The Retail Council of Canada and its 45,000 merchants have been strong and consistent advocates for addressing the root causes of unjustified consumer price discrepancies between Canada and the U.S.,” said Diane Brisebois, president and CEO, Retail Council of Canada. “We believe that the Price Transparency Act goes a long way in shedding light on geographical price discrimination and on the true costs of doing business in Canada. This bill is an important step toward enabling Canadian retailers to compete on a level playing field

for its oil, and also said supplies from non OPEC countries will rise more than forecast next year

Yamana’s Brio Gold spin-off a small but sensible move



One of the big trends in the mining industry these days is to spin off non-core and under-

performing assets to try to realize some value from them. Yamana Gold Inc. is the latest company to go down this path

FP Tech Desk

Apple and IBM unveil 10 new iPhone and iPad apps specifically for enterprise customers



Five months after Apple Inc.’s partnership with International Business

Machines Corp. was announced, the companies are unveiling the initial fruits of the deal

Pirate Bay torrent sharing website pulled offline after Swedish police seize servers and computers



The Pirate Bay was taken down after Swedish police seized servers and computers from a server

room in Stockholm

and offer their consumers the best possible prices.”

Marchand said the legislation will look at the “root causes” of U.S.-Canada price differences and cross-border shopping.

“The fact the minister has made this announcement sends a strong message the federal government is aware of the issues the chamber has been embracing. We’re free and fair traders, and this is a step in the right direction of having an equal playing field.”

The critics



Windsor West MP Brian Masse said the new legislation will have limited impact because there's no penalties. (Dax Melmer / The Windsor Star)

MP Brian Masse (NDP–Windsor West) said the new legislation will have little impact because it does not impose any penalties.

At best the measures “will reaffirm we are getting ripped off,” said Masse, adding that the New Democrats have called for government action for more than a year.

The competition bureau won’t have enforcement powers, he added. “There’s no final penalty. All they can do is try to publicly shame a company through a press release or the media, and then it’s up to consumers to revolt.”

Masse also questioned whether the Competition Bureau, whose budget has been cut by 10 per cent since 2011, has the resources to do the job. “Staffing at the bureau totals about 69,” he said. “Imagine how much effort it will be to research cars, let alone toothpaste.”

- [NSK Holds Opening Ceremony at New Production Company in Mexico](#)
- [Energy Solutions International Names DYONYX L.P. as its Preferred Hosting Solution Partner](#)
- [Philip Morris International Inc. Declares Regular Quarterly Dividend of \\$1.00 Per Share; Announces Transition of Louis C. Camilleri to Non-Employee Chairman of the Board](#)

News Wire

- [Global privacy guardians urge app marketplaces to make links to privacy policies mandatory](#)
- [Game engine developer Voxel Farm sells minority stake to a strategic partner](#)
- [Canadian Pacific recognized by CDP as a leader for climate change transparency](#)

Market Wire

- [IIROC Trade Resumption / L'OCRCVM permet la reprise de la négociation - QSR, QSP.UN](#)
- [BC Achievement Foundation: Finalists Named for 11th Annual BC National Non-Fiction Award](#)
- [LSO Announces 2015 Published Rates Delivering Superior Value and Savings to Customers](#)

Advertising and Media Online

Learn how to evaluate media options, work with agency partners to develop breakthrough creative, measure results and gain senior management approval and buy-in.

February 9
Learn more



BB Branded customer Tyrell Belle shops at the Windsor, Ontario store on Ouellette Avenue in Windsor, Ontario. Belle would welcome any measures that help equalize the prices between the U.S. and Canada. The federal government announced measures aimed at narrowing crossborder pricing between U.S. and Canadian products (JASON KRYK/The Windsor Star)

The figures

53 per cent: The increase in cross-border shopping over the last 10 years.

64 per cent: Canadian who cite “pleasure or personal trips, such as shopping” as reasons for crossing the border for a 24-hour trip.

\$20 billion: The annual cost of cross-border shopping to the Canadian economy.

10 to 50 per cent: The price difference some manufacturers charge Canadian retailers for identical products sold in the U.S.

70 per cent: Difference in Canadian retail price for 200 mg of ibuprofen.

5.5 per cent: The difference in Canadian MSRP for a Windsor-built Chrysler Town and Country minivan in 2012. The U.S. MSRP was \$29,995 compared to \$31,645 in Canada.

22.4 per cent: The difference in Canadian MSRP for a Brampton-built Dodge Charger sedan in 2012. The U.S. MSRP was \$24,495 compared to \$29,995 in Canada.

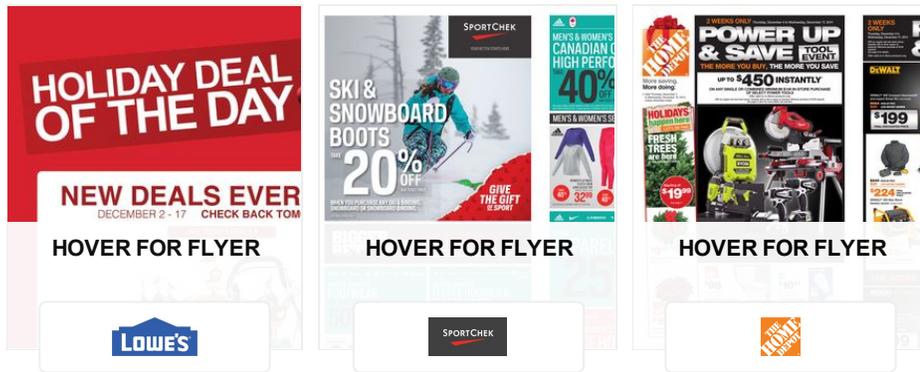
18: The number of Canadian-made vehicles with higher Canadian MSRPs in 2012; only four, including the Windsor-built Dodge Grand Caravan, had lower Canadian MSRPs than those in the United States.

– *Statistics Canada, Bank of Montreal, Retail Council of Canada, Standing Senate Committee on National Finance*

Find Windsor Star on Facebook

Tags: [Cross-border price gap](#), [Industry Minister James Moore](#), [Retail Council of Canada](#), [Videos](#)

This Week's Flyers



Lively discourse is the lifeblood of any healthy democracy and The Star encourages readers to engage in robust debates about our stories. But, please, avoid personal attacks and keep your comments respectful and relevant. If you encounter abusive comments, click the "X" in the upper right corner of the comment box to report spam or abuse. The Star is Using Facebook Comments. Visit our [FAQ page for more information](#).

24 comments



Add a comment...



Richard Nelson · Top Commenter · Works at Action Auto Sales in Essex
How is a 30 pack of canadian beer \$14.99 at meijer and 24 cans of the same ca \$39.95 ?
[Reply](#) · [Like](#) · 6 · 14 hours ago



Vicki Garrod · Belle River, Ontario