

## **Trade Liberalization and Human Rights: A Case Study of a Rural Region in Atlantic Canada**

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### **Abstract:**

The aim of this paper is to discuss the issue of how Canada's rural areas remain economically or culturally viable in the context of trade liberalization. One of the central elements of this trade liberalization is the changing level and nature of international trade since it is highly influenced by the explosion of information and communication technologies (ICT). Since increasing economic and cultural isolation of rural communities presents a human right issue, the question is how to ensure that these areas, traditionally oriented to primary industries, can benefit from globalization. A case study of a rural region in northern New Brunswick, Canada, is presented.

### **Introduction:**

Globalization, as defined by the United Nations (UN), consists of a multiple, complex and interrelated processes that can have dynamism of their own (OHCHR 2008). UNESCO described globalization, in a similar way, as a multidimensional phenomenon consisting of numerous complex and interrelated processes, resulting in varied and sometimes unpredictable affects (UNESCO 2003). It is noted that the globalization is not new but has, nowadays, distinctive features such as new markets, new technological tools, new institutions, and new rules that permit groups and corporations to transcend national boundaries establishing global networks that permit real-time capital exchange operating 24 hours a day (UN 2000).

Before going further, let us briefly put things in their proper historical context. The 19th century is sometimes called "The First Era of Globalization". Some researchers precisely consider the 1870-1813 as the First Era of Globalization (Obstfeld and Taylor 2004). This era is characterized by rapid growth in international trade and investment between the European imperial powers and their colonies. The First Era of Globalization broke down with the First World War, and later collapsed during the gold standard crisis in the late 1920s and early 1930s. In the Post Second World War era, modern globalization was not the initiative developing countries either as they did not see in it an issue from their disfavoured economic and political situation. Thus globalization is from beginning to end the idea and the proposal of developed countries, particularly European imperial powers and later USA.

Contemporaneous globalization yields to a growing number of government policy areas that involve deep societal and economical changes on society and national governments. Many of these policies and competences that are traditionally considered as domestic policy fields are transferred to international or regional institutions and are subject to multilateral discussions, and negotiations.

One of the central elements of globalization is the trade liberalization. For many policy makers, government economists, trade liberalization creates jobs fosters economic growth and improve people's standard of living. Many people believe that free-trade is contradictory to human rights by dismantling the traditional trade barriers and the removal of domestic protections, while others believe that trade is the solution to poverty problems and the way to the prosperity. This dilemma leads many institutions, organizations to increasingly pay attention to

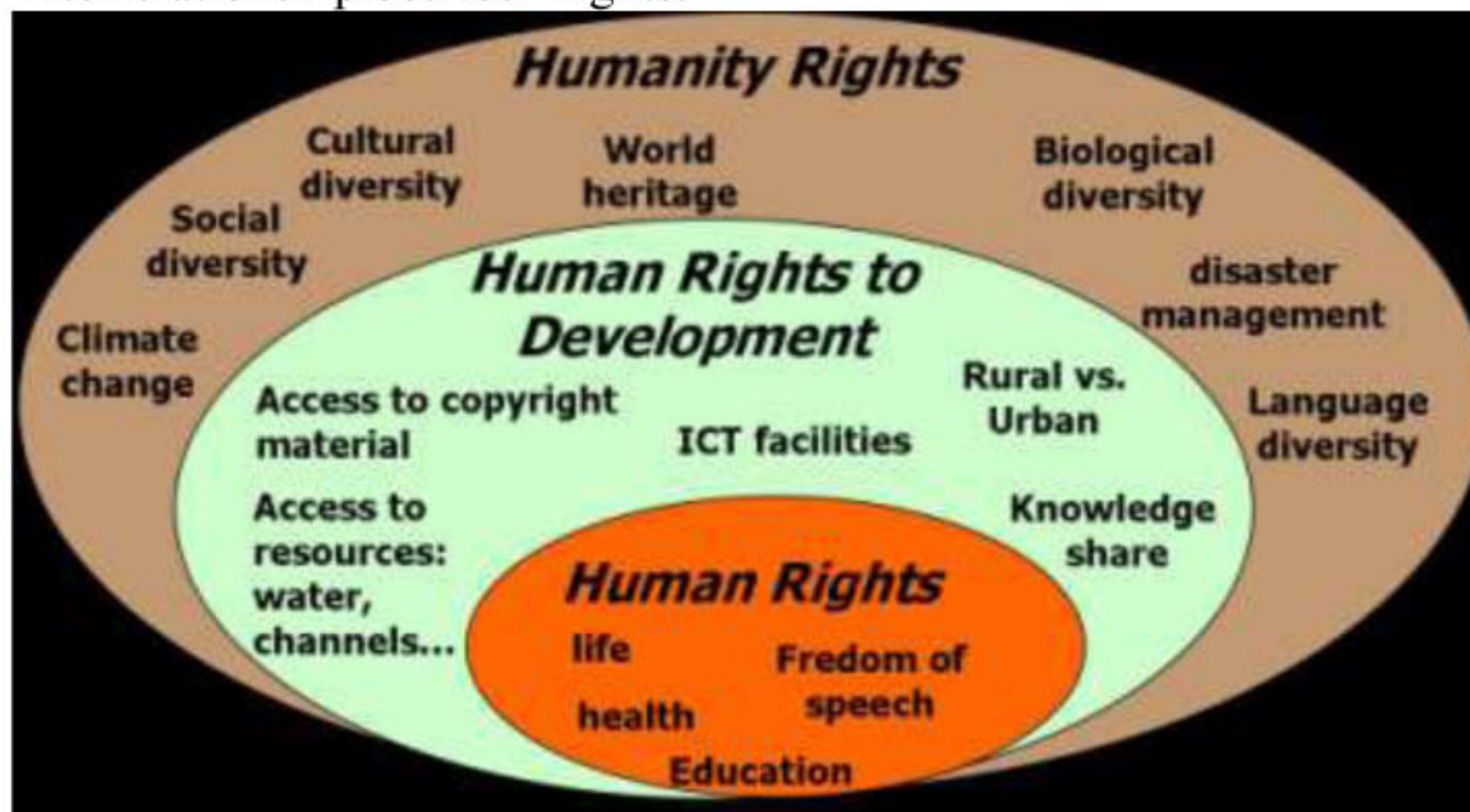
the effects of trade liberalization on the enjoyment of human rights. In this context, in August 2001, the Sub-Commission on the Promotion and Protection of Human Rights of United Nations adopted two resolutions concerning trade liberalization: “*Liberalization of trade in services and human rights*” (UNHCHR 2001a) and “*Intellectual property and human rights*” (UNHCHR 2001b). Besides this, in light of the World Trade Organization’s (WTO’s) General Agreement on Trade in Services (GATS), a report treating on the human rights impacts of the liberalization of trade in services was submitted to the international community. This report focuses on the effects of liberalization of services trade on the right to health, the right to education and the right to development (UN 2002).

As illustrated in Figure 1, we believe that the right of development is inclusive of all other human rights. None could conceive the right to development without the right of education or health or life. This obvious link between human rights in general and global development constituted the focus of interest of United Nations deliberations for more than half a century. The Declaration on the Right to Development (UN 1986) states that

"the right to development is an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized"

The World Conference on Human Rights, held in Vienna in 1993, reaffirmed by consensus the right to development as a universal and inalienable right and an integral part of fundamental human rights (UN 1993).

Figure 1. Interrelationship between rights.



Canada has achieved considerable economic integration with the United States in a number of sectors and has entered into numerous free trade agreements (FTAs). The number of its regional trade agreements has been increasing since the 1990s. Major trade arrangements include North American Free Trade Agreement (NAFTA) between Mexico and the United States, WTO, the Canadian-European Free Trade Association (EFTA). By engaging negotiations for trade agreements with more than 12 other countries, Canada has made bilateral and regional

trade agreements important elements of its trade policy. Table 1 gives a summary of the FTAs concluded by Canada (Canada Government 2008).

**Table 1: Free Trade Agreements Concluded by Canada**

Agreement Partners	Date
North American Free Trade Agreement (NAFTA)	01-Jan-1994
World Trade Organization (WTO)	01-Jan-1995
Canada-Israel FTA(CIFTA)	01-Jan-1997
Canada Costa Rica (CCRFTA)	01-Nov-2002
Canada-Chile FTA (CCFTA)	05-Jul-2007
Canadian-European Free trade association (EFTA)	26-Jan-2008
Canada-Peru FTA	29-May-2008

In Canada, topics of debate include the pros and cons of deepened north-south (Canada-US axis) versus east-west (interprovincial axis) trade relations, and whether the current focus on bilateral and regional FTAs, particularly with the United States is more appropriate trade policy versus the reinforcement of the inter province trade relations. Some analysts do not believe that privileging regional FTA is a good idea because it is creating heterogamous development poles that could slow down the development of rural regions. Others believe that regional trade agreements lead to the consolidation of regional trade areas into larger free trade areas, and gradually lead to the inclusion of rural regions in the virtuous circle of prosperity (Villarreal 2005).

#### **Purpose and context of the study:**

Most of the debate over economic globalization has concerned trade policy, trade treaties, and their impacts on both developed and developing countries. These impacts are always analyzed to argue in favor or against the fact that FTAs are biased for corporate monopoly rather than human well-being of developing countries. In the present work, we are concerned by the following question: Do rural regions in developed countries face problems similar to that inflicted on developing countries? Since this issue goes beyond the scope of our study, we will limit attention to a rural region in Atlantic Canada and address human right issues. It will be hypothesized that the emergence of the global economy threatens human rights in rural regions of Atlantic Canada. Central to this is the notion that firms have an increasing ability to decentralize its activities and go elsewhere due to the existence of free trade agreements. Our analysis will focus on the extent to which rural regions of Atlantic Canada have been affected by globalization through its involvement in free trade agreements.

The analysis will also include what can be expected from Information and Communication Technologies (ICT) since they constitute one of the central elements of this trade liberalization which drastically change the level and nature of international trade. Indeed, without having the same ICT facilities, rural communities suffer from inadequate social services, weakened businesses, and a deficient quality of life. One of the consequences of lack of those facilities is that young people move away from their smaller childhood towns to urban places that offer more

opportunities. Moreover, small-town businesses cannot compete with urban businesses, and social programs such as health and education are negatively affected in rural communities. Many rural areas literally become ghost towns as people move to areas that offer greater work opportunities and education. Because increasing economic and cultural isolation of rural communities presents a human right problem, the question is how to ensure that these areas, traditionally oriented to primary industries, can benefit from globalization?

### **Free Trade Impact on Canadian Atlantic Regions:**

As reported in the Canada's International Market Access report 2008 (CIMAR 2008), the NAFTA contributed to significant increases in trade and investment flows between Canada and its NAFTA partners. These developments can be summarized as follows.

- Merchandise exports to the United States grew at an annual compounded rate of 5.8% between 1994 and 2006.
- Bilateral trade between Mexico and Canada reached \$20.4 billion which represents 349% increase from pre-NAFTA level.
- Trade in services with the United States reached \$82.4 billion in 2006, up from \$42.3 billion in 1993.
- 57% of Canada's service exports go to the NAFTA partners.
- Merchandise trade of Canada increased 122% since 1993, reaching \$597.2 billion in 2006.

Canada in general and New Brunswick in particular has achieved considerable economic integration with the United States in various sectors. Even if Canada considered options to diversify its trade relationship with many other countries (Mexico, EU, Israel, Chile, Costa-Rica...), United States remain its dominating partner. The Atlantic region is among the Canadian regions that have achieved deeper North American integration. In our study we are concerned with the New Brunswick (NB) province where is situated the rural region of Shippagan and its parish, the main focus of our study. To give an idea about the high level of NB economy dependency with the US markets, we can mention that approximately 90.5 % of New Brunswick's export went to the US (NB report 2007). The top products exported from New Brunswick were as follows:

1. Energy (58%).
2. Forestry Products (16%).
3. Agriculture and fishing Products (12%).
4. Industrial goods (8%).
5. Machinery and equipment (4%).
6. Other (2%).

### **ATLANTICA, the Dream of Pro North-American Integration**

One of the goals of the Canadian Confederation, founded in 1867, is to create an east-west economic development axis along the American border. A railway was built between eastern Canada and Pacific regions between 1881 and 1885 to insure the viability of the Confederation and this new trade axis (Beaumier 2005). However, according to an opinion widely spread among intellectuals of the Atlantic region, the Confederation had a negative effect on the region. While Maritime Provinces were prosperous before 1867, the Confederation came

to break the natural commercial corridor which had established with the eastern American coast. To give evidence of this prosperity, Donald J. Savoie (2001) writes:

Even as late as 1890, the Maritimes accounted for 24 percent of Canada's manufacturing enterprises, though it represented only 18 percent of the nation's population. Prior to Confederation, the Maritimes also had a number of firms in the financial sector which later formed the basis for the Royal Bank and the Bank of Nova Scotia. In 1885, the region had three of the country's five sugar refineries, both Canadian Steel mills and six of twelve rolling mills.

The producers of the Maritimes were forced to send their production by road towards the other provinces, in costs higher than if they had sent their merchandise by sea to New England. In the case of New Brunswick, Donald J. Savoie (2001) writes:

Canada's east-west trade patterns, which were artificially created through the national Policy, promoted a shift to overland trade, for which New Brunswick was geographically ill-suited and, in time served to make the province an isolated extremity of Canada. The emerging trade patterns were artificial in the sense that they were created by political decision not by market forces

I In Atlantic Canada, the pros of deepened north-south trade relations, consider NAFTA as a first step to recover the natural and historical commercial corridor that covers a region bounded on the east by the Atlantic Ocean, on the north and west by Lake Ontario and the St. Lawrence River, and on the south by Highway I-90 to Buffalo and the southern borders of the states of Vermont and New Hampshire (Beaumier 2005). Atlantica: the International Northeast Economic Region (AINER) is the name given by the Atlantic Institute for Market Studies (AIMS) to this natural cross-border economic region that includes northern New England, New York State, southern Quebec and Atlantic Canada (AIMS 2008).

### **Supporters and Opponents of Free Trade Integration**

For most countries the major driving forces that lead them to enter regional trade agreements are dominated by economic considerations. These considerations include many aspects that could be summarized as follows:

- Expanding market access thanks to the trading preferences in each other's markets.
- Attracting foreign direct investments since the restrictions are lowered to facilitate the capital transfers and to lower production costs.
- By-passing the slowness of multilateral negotiations. In fact, some countries prefer building smaller arrangements to improve their bargaining position in multilateral negotiations.

Note that political and security motivations may also play a role in forming regional free agreement such as NAFTA. Supporters of trade integration in the Americas argue that this integration is not only beneficial for Canadian economic prosperity, but vital regarding to the economic dependence on the United-States. In his "Beyond Trade" paper, Brian Lee Crowley President of AIMS, analyzes the trade between the United States and Canada, and claims that increasingly Canadians do not make finished products and sell them to Americans, but rather the two countries make things together and then sell them around the world. Brian Lee Crowley (2008) suggests that

the whole metaphor of international trade is now too narrow to encompass what is being built around us...

...This new North American reality is under construction all around us by dint of the actions we all take every day. But because it was not planned, and could not

have been planned, and because laws and regulations cannot, by their nature, evolve as fast as business, economic and social relationships, what has not caught up yet is the legal, institutional and regulatory frameworks that are still based on the old self-contained national economy model.

Canadian opponents to regional integration in the Americas are concerned by the fact that free trade agreements are biased for corporate monopoly rather than human well-being and development. In addition, they claim that an open economy has little to gain in terms of job creation and levelling of revenue distribution. Another concern, at social level, in particular in the Canadian context, is the increase of the threat of cultural dislocation. Hence people are often caught between market forces, failure of state actors to protect human rights, and unclear FTAs rules. Analyzing the impact of the NAFTA, *The Economist* (2003) says:

from the start, the NAFTA was bitterly controversial in all three of the countries taking part—the United States, Canada and Mexico-...in all three countries, the perceived of NAFTA seem to have eroded support for further trade liberalization. NAFTA's champions are partly to blame for this: they oversold their case. It was never plausible, for instance, to expect that NAFTA would be a net creator of jobs ... NAFTA was never going to be, as some enthusiasts claimed, a win-win proposition for all North America's citizens, even if all three countries could hope to gain in the aggregate.

A popular argument hold by Canadian FTA skeptics is the one concerning a little-known clause in NAFTA stating that even in the event of a severe energy shortage; Canada cannot cut off its oil and gas exports to the United States. Canada can only reduce the flow south by the same rate as it reduces its own domestic consumption (NAFTA 2008a). The opponents argue that there is a risk that FTA's negatively affect the legitimate exercise of national, regional and local government sovereignty by weakening or reducing, as an encouragement for trade, sound policies that contribute to health and well being, including laws on public health, the environment and labour. This leads Micheal Hart (2002) to predict growing conflicts between national and international goals:

Today we have a global economy, regional economies, and local economies, while the role of national economies is diminishing. Yet governance continues to be organized on the basis of national polity. The result is growing conflict between national political and international economic goals”

In order to settle disputes and conflicts, NAFTA foresaw a set of rules and measures that guarantee equality of treatment for businesses when they cross borders. These measures serve to increase the confidence of foreign investors to invest in the host country. NAFTA Chapter 11 contains the provisions that encompass these measures (NAFTA 2008b).

However, if economic integration through FTA can provide benefits, there are also associated costs. Countries that negotiate these agreements must satisfy a set of conflicting domestic interests. Some of these domestic interests may concern non-commercial aspects such as environmental, cultural, and social issues. The indirect effects of bilateral or multilateral economic relationship are complex and difficult to measure. In many situations after an agreement is reached, domestic interests, often connected with fundamental human rights that are disappointed and opposed to the agreement come to fore. To illustrate this, the example of the pipeline to move cheap natural gas from Nova Scotia into the United States through New Brunswick is given.

### **A Pipeline along the Atlantic North-South Commercial Corridor**

Maritimes & Northeast Pipeline (M&NP) is a 1,400-kilometre transmission pipeline system built in 1999 to transport natural gas from developments offshore Nova Scotia to markets in the north-eastern United States. The Maritimes pipeline system consists of underground mainline pipeline running from Goldboro, Nova Scotia through Nova Scotia and New Brunswick to the Canadian - U.S. border near Baileyville, Maine. The pipeline continues through Maine and New Hampshire into Massachusetts where it connects with the existing North American pipeline grid. Originally there was another proposal made by the Trans-Maritime Pipelines (TMP) that consists of building a mainline that aims at linking the TransCanada gas terminal at Saint Nicolas (Quebec). The main advantage of TMP proposal is that it will permit the development of the Canadian market of gas. Many Canadian regions, including rural regions of northern New Brunswick would have been able to benefit from a new stable and low-cost supply of natural gas. In 1997, a decision was made by the Canadian National Energy Board (NEB) in favor of M&NP proposal. The North-South axis, revitalized by the NAFTA, was preferred to the East-West national axis depriving numerous Canadian regions of the exploitation of the natural resources of their own country. The TMP TransCanada project was rejected because "it was filed with regulators late in the process". This issue aroused stormy debates inside the Canadian senate (Senate 1997). Here is an excerpt of this debate:

the Senate of Canada urge the Governor in Council not to give final approval to the project submitted by the consortium that proposed the Maritime and Northeast Pipeline Project until the Government of Canada has fulfilled its obligation to hold full and fair hearings on the proposals submitted by all interested parties, including the TransMaritime Pipeline Proposal, considering the following:

- (a) the natural resources of Canada are the property of all Canadians;
- (b) the needs and interests of Canadians should be considered first and foremost in the exploitation, development and use of Canada's natural resources;
- (c) the recommended Maritime and Northeast Pipeline proposal overwhelmingly favours American interests over the interests of Canadians by channelling 83% of the natural gas extracted from the Sable Offshore Energy Project to the United States, while a mere 17% will be allocated to only two Canadian provinces, Nova Scotia and southern New Brunswick;
- (d) the TransMaritime pipeline proposal places the interests of Canadians first by allocating 64% of the Sable Offshore natural gas to four Canadian provinces, including 34% to Nova Scotia and New Brunswick, as opposed to a total volume of only 36% to the United States;
- (e) the TransMaritime proposal allows the provinces of Ontario and Quebec to benefit from any natural gas from the Sable Offshore Energy Project;
- (f) the TransMaritime Pipeline proposal offers support for Canadian industry and security of energy supplies for central Canada, and offers more Canadians a greater supply of natural gas at a lower cost;
- (g) the TransMaritime Pipeline proposal generates employment opportunities and provides long-term benefits to disadvantaged northern New Brunswick;
- (h) the TransMaritime Pipeline proposal will unite Canada, since it sends a positive message of inclusion, security, opportunity, and sharing within the Confederation, to Canadians in four provinces, including Acadians, Quebecers and francophone Ontarians;
- (i) the refusal of the Sable Offshore Energy Project Joint Review Panel and the National Energy Board to hear the proposal submitted by TransMaritime Pipeline may seriously prejudice **the**

**rights of Canadians in the development** and use of their energy resources and may undermine Canada's sovereignty over these resources;

(j) a significant amount of time will not be saved in the development of one pipeline instead of the other; and

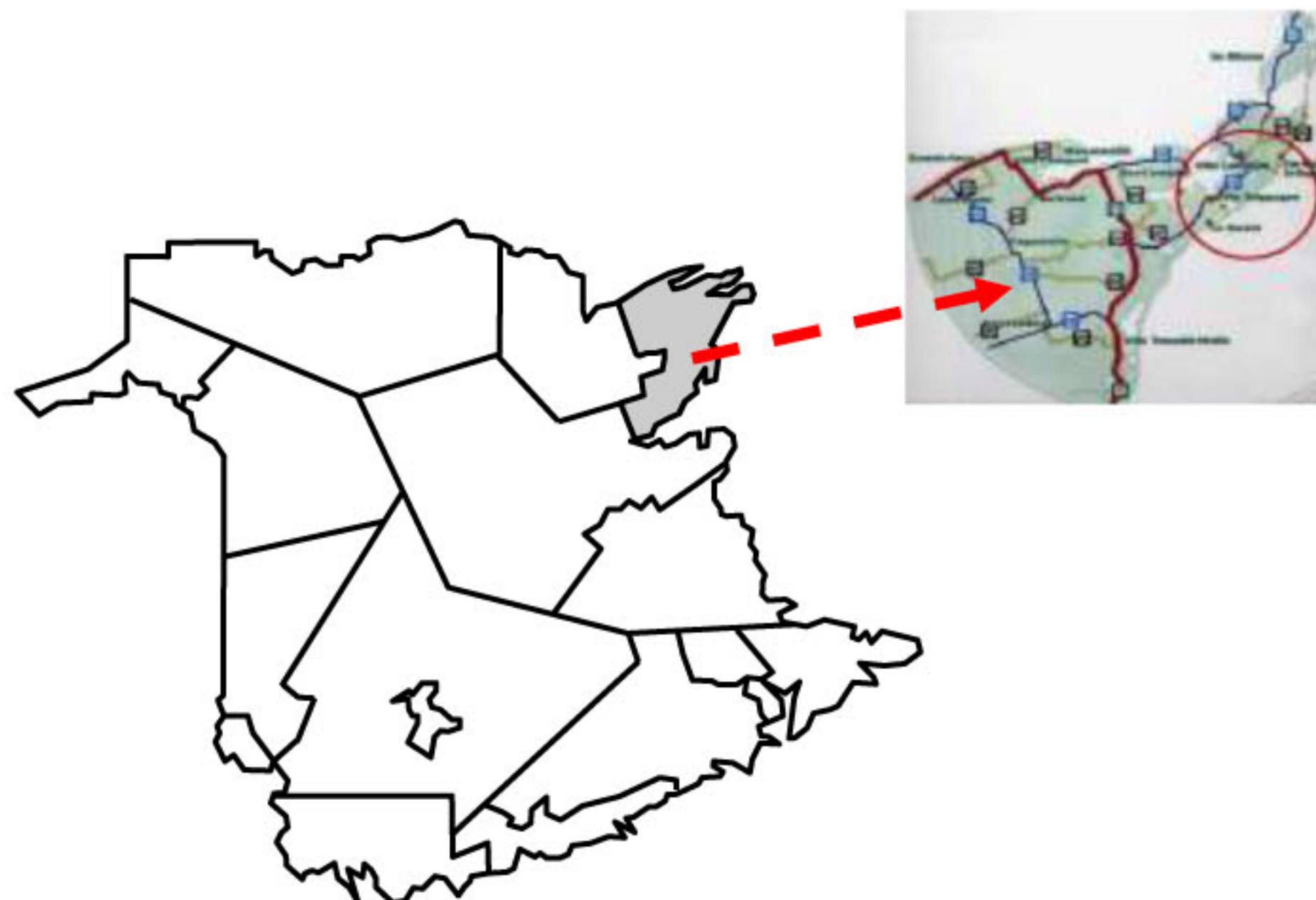
(k) deciding the matter without considering all available options may be more damaging than any relatively minor delay that could result from a thorough and fair review

### **A Canadian Rural Community in the Context of Globalization:**

In this section, we are concerned with how a rural region in a developed country reacts towards free trade and globalization challenges. We define community as a cluster of communities (municipal and non-incorporated) which have a common economic (and to a certain extent, social and cultural as well) affiliation with each other. The Census Consolidated Subdivision geography used by Statistics Canada was employed for identifying these communities across the province.

Rural New Brunswick is defined as the geography of the province covered by the 12 rural Enterprise Agencies (see Figure 2). There are 15 such agencies, but three of them serve the Fredericton, Moncton, and Saint John urban centres. The Province of New Brunswick uses this urban-rural delineation to organize a variety of its public service and program delivery activities. In March 2006, we have been involved in a research project originated as a result of discussions among a variety of federal, provincial, non-governmental, and private sector partners and stakeholders, all interested in understanding the economic, social, institutional, and community impacts of ICT facilities, particularly broadband, in rural New Brunswick.

Figure 2. The 12 New Brunswick rural areas; the main Shippagan region, concerned by the study, is encircled





The university research community in New Brunswick was invited to collaborate on a long term, longitudinal, multi-disciplinary research project to assess these impacts (Selouani, Hamam and Benahmed 2007). The authors were concerned with the North-eastern New Brunswick rural area (in gray in Figure 2). The NB Universities Broadband Research Consortium completed a preliminary study of broadband adoption, use, and impacts in rural New Brunswick (NBUBRC 2006). We also present an e-commerce community model for online shopping that we developed with the collaboration of the Collectivité ingénieuse de la Péninsule acadienne (CIPA 2008), an Industry Canada's smart community partner. The model aims at responding to specific needs of small business companies in rural regions, in order that they can fully take advantage of the opportunities offered by e-commerce. This model is built in such a way that companies doing e-commerce will share a common virtual space and services in order to expand their markets in context of globalization.

### **Shippagan, a Rural Community of New Brunswick**

The study investigated the Shippagan area, located on the North-eastern side of the Acadian Peninsula, in North-eastern New Brunswick. Shippagan is known as the commercial fishing capital of New Brunswick. Shippagan and Lamèque are two of the three major ports of the Acadian Peninsula. Le Goulet and Ste- Marie- St Raphael are the two main villages in the neighbourhood of Shippagan and Lamèque respectively.

The total population of the regions concerned in this case study is 6077, which, compared to the 2001 census, shows a reduction of -8.0 % while the population of New Brunswick increased by 0.1%. Table 2 gives the distribution of the population in these regions according to the last four recent censuses. As shown, since NAFTA, the rural population drastically decreases when compared to the provincial rate. Sign of an obvious demographic ageing, young people of less than 15 years, constitute 16.3 % of the population, compared to 17.8 % for New Brunswick and 19.1 % for Canada (StatCan 2006).

**Table 2. Distribution of the population in the case study regions (StatCan, 2006)**

Sensus	Shippagan	Lamèque	Le Goulet	Ste-Marie	New Brunswick
2006	2754 (-5.7%)	1422 (-10%)	908 (-6.3%)	993 (-12.5 %)	729 997 (+0.1%)
2001	2920 (+0.3)	1580 (-5.4%)	969(-5.8%)	1135 (-4.2 %)	729 498 (-1.2%)
1996	2862 (+3.7)	1671 (-0.9%)	1029 (-5.3%)	1185 (-1.3%)	738 133 (+2.0%)
1991	2760	1687	1087	1201	723 900

While French is the native language of the vast majority of the inhabitants, nearly 50% of people speak both French and English. Nearly 34% of the active population complete their secondary level studies; 44% complete their postsecondary studies. The most important demographic data are summarized in Table 3.

**Table 3. Population of the New Brunswick and Shippagan area (StatCan, 2001)**

<b>Census Statistics</b>	<b>New Brunswick</b>	<b>Shippagan Case Study Area</b>
<b>2001 Population</b>	<b>729,498</b>	<b>12,156</b>
1996-2001 Population Change	-1.2%	-4.0%
Private Dwellings	313,609	5,035
<b>Age Distribution</b>		
0-85+ (actual)	729,495	12,160
0-14	130,100 (18%)	1,840 (15%)
15-24	97,435 (13%)	1,645 (14%)
25-44	216,975 (30%)	3,780 (31%)
45-64	186,065 (26%)	3,355 (28%)
65+	98,935 (14%)	1,510 (12%)
<b>Education Attainment (Population Age 20-34)</b>		
Did not complete High School	17.0%	29.6%
Completed University Degree	18.0%	15.1%
<b>Mobility status – place of residence 5 years ago</b>		
Same address	458,415	9,330
Completed University Degree	223,355	2,070

### **ICT facilities: Economic and Business Related Impacts**

Broadband access arrived in the Shippagan area at different times. The town of Shippagan was the first to receive access in the spring of 2000, with some surrounding areas receiving it shortly thereafter. Further expansion was done in late 2005, and early 2006. In order to evaluate the impact of broadband technology on the rural business activities, we obtained the participation of sixty seven businesses that replied to our survey. We found that 96% of business respondents use broadband. Business people who responded have been using the internet for an average of six and a half years and high speed for an average of three and a half years, and 46% of respondents have websites. Ten of them use advanced processes (Extranet, B2B electronic transactions, and electronic customer order, etc). We also found that 61% of businesses have between 1 and 5 computers, 21 % between 5 and 10 computers, and 3 enterprises have more than 100. Industries and sectors represented include administrative, support services, agriculture, forestry, fishing, hunting, arts, entertainment, recreation, construction, education services, finance, insurance, government, health care, social assistance, management of companies and enterprises, manufacturing, processing, professional, scientific, technical services, retail trade, tourism, accommodation, food services, transportation, warehousing, public services, waste management and remediation services and wholesale trade.

### **How Rural Business Use the Internet**

Uses of the internet identified by businesses in the survey include advertising, banking, customer orders, market research, purchasing, selling, technical research, training for employees, and for exchanging information; 78% of business respondents indicated that they currently use or plan to

use the internet for electronic document transfer, 70% for communications, 58% for purchasing goods or services, 51% for banking operations, 48% for on-line training/learning, and 22% for market research. Since subscribing to high speed internet 58% of business respondents have started using e-mail and 30% have started using a Website to communicate with customers, employees and/or management.

### **Changes to Rural Business Due to Broadband Access**

The number of employees has remained the same (79%) or increased (4%) for the most part among those who answered the business survey. For some businesses high speed internet has made it easier for them to find new employees (13%) mainly because they can advertise their jobs better. Subscribing to high speed helped increase the annual pre-tax revenue for 16% of the businesses who responded. They believe that this is mainly due to better customer service (100%), new products and services (64%), greater sales volume (36%), and new markets (27%), have contributed to the increase; 21% of businesses who responded also stated that high speed internet has helped reduce their yearly expenses. Reduced long distance call cost was mentioned by 86% of respondents, reduced paper usage (57%), postage (57%), cost of travelling (50%), increased productivity (50%) and easier shopping for better prices (43%) were also listed. A variety of changes in their business due to having high speed were identified by respondents including easier daily operations (81%), improvements to customer service (61%), improvements in employee skill level (45%), new products (39%), reaching new customers (31%), improvements in supply chain (28%), reduced time to market (28%), changes to their organization structure (25%), lower costs (25%), increase in sales (18%), providing Teleworking for employees (16%), change in mandate (7%) and regulations (3%); 36% of business respondents said that high speed internet directly affected their customer relationship management, 33% their advertising, 25% their sales and 23% their marketing; 21% of business respondents stated that the geographic reach of their business has changed since obtaining high speed. Ten respondents did not fully answer the questions comparing the geographic reach before and after. We reported a 20% decrease in local market share distribution, a 7% increase in the provincial, a 12% increase in the Atlantic Canadian and a 5% increase in the rest of Canada market; 78% of business respondents stated that adopting high speed internet had “very important” or “more important” impact on access information, 69% to access funding, 46% to develop more expertise and 37% to acquire/use new equipment and to better meet the needs of the people your business serves; 75% business respondents indicated that high speed was “very important” or “more important” in improving access to the information that they need, 51% improved their access to government information, 36% had a positive impact on their relationships with customers in their community and 36% improved their relationships with customers outside their community. For the most part respondents (52%) also felt that subscribing to high speed has made it “easy” or “easier” to deal with all levels of government as well as other businesses.

The study show that the deployment of broadband to in Shippagan, Lamèque, Le Goulet and Sainte-Marie-Saint-Raphael had a positive effect of providing a competitive advantage to businesses, particularly in the following aspects: Making their daily operations easier (81%); Improving their access to the information that they need (75%); Accessing funding (69%); Improving their customer relationship (36%); Improving their relationship with customers outside their community (36%); and help reducing their yearly expenses (21%).

Access to high-speed Internet is becoming a requirement to be in business for the majority of respondents. None of the respondents imagine the future without access to broadband which confirms that the broadband and its related applications in everyday life are becoming pervasive, particularly in remote regions. It should be noted that this study is very important for Shippagan and its surrounding for the following reasons:

- The region tries to mutate its economy from an exclusively primary industry-based to a service and knowledge-based economy. The community is conscious that broadband plays an important role to reach this objective in the context of globalization.
- The presence of a university which had broadband for a long time acts as catalyser in the environment and impulse the wide adoption of this service. It shows the importance of investments in higher education in rural regions.
- The results of the survey can be used as an argument to encourage the adoption of Internet technologies by reticent entrepreneurs.

While available data does not demonstrate statistically significant impacts on revenues, incomes, employment, the effects of broadband availability can be observed in the diversification of the use of many (fast) services such as improving education and expertise.

### **Business Community Model: A Way to Face Globalization**

During the past decade, the business world has witnessed a technological revolution known today as electronic commerce. This revolution has allowed businesses all over the world to conduct business in unimaginable ways. This revolution could constitute a promising way to face the challenges involved by FTAs and globalization. In addition, the available data show that e-commerce has grown faster in recent years than total international trade and that its performance remains robust (UN 2004). The literature in the field depicts numerous e-commerce models that could be implemented by using various methods.

To be competitive in today's marketplace, small and medium-sized enterprises (SMEs) must undertake organizational changes in order to evolve from a simple web site presence to a complete integration of their business functions. Unfortunately, the final report of the study conducted by *innovaQuest Inc.* (ACOA 2000) reveals that

Atlantic SME's are lagging significantly and the single factor causing this lag is a lack of awareness of what e-commerce is and how it can benefit an SME".

The main factors related to this "lack of awareness", and identified by the report, can be summarized as follows:

- SMEs lack a knowledge of the marketing skills and business strategies needed to succeed;
- SMEs tend not to invest in full transaction capabilities on the Internet due to a lack of knowledgeable bankers and investors who are fully cognizant of the barriers and advantages of e-commerce;
- e-commerce service suppliers do not take into account the specificity of each SME in order to adapt the requirements and associated costs to set up a merchant account;
- there is a lack of low-cost high speed connectivity in rural regions.

Many other studies have been conducted on e-commerce in Canada, like the "Net Impact Study Canada: The international experience" (Industry Canada 2004), and they show that nearly 49.8% of companies do not use online business solutions. It should be noted that there are still 28.4% of them who do not plan to use online business solutions within the near future. Among these companies, the majority are located in rural regions. In this context, we proposed the creation of a novel e-commerce model that could constitute a solution for SMEs in rural regions to maximize the return on investment after they initiate e-commerce activity (Paulin, Girouard and Selouani 2005).

### **Towards an E-commerce Community Model**

In order to overcome the belief that e-commerce is only used by large companies, the *Collectivité ingénieuse de la Péninsule acadienne* (CIPA 2008), a non-profit organization affiliated to Industry Canada's Smart Communities initiative, has initiated a project that promotes the use of e-commerce by the rural region's companies. This project resulted in the setting up of Acadie E-com., an Acadian e-commerce community, and aims to bring the opportunities of e-commerce to the rural SMEs of the province of New Brunswick. Acadie E-com. will select few small businesses as participants for this pilot project, and will develop attractive and functional e-commerce enabled storefronts for each, but all of them will be grouped within the same portal. Additionally, the CIPA will co-ordinate a comprehensive training program for entrepreneurs and their staff to develop effective e-commerce and online marketing skills. In co-operation with the participants, the administration of the day-to-day workings of the project will be carried out. Participant selection and review, training and site design will occur before the operational phase of the project. This will provide sufficient opportunity for the participating businesses to apply their new skills and assess the benefits of e-commerce for their business.

The goal of the project is to help the region's companies to globalize their activities via e-commerce. The participants are supported in establishing a strategic plan by setting up an adequate e-marketing strategy, as well as e-payment, and eCRM (electronic customer relationship management) systems. The mentoring environment, combined with the proven business and marketing strategies are key to participants' success. It is worthy to note that over a transition period, all the technology, security, and trust concerns have been taken out of the decision-making process. This allows the participants to focus on only making their online businesses a success. The model will be a portal on the Web where all companies doing e-commerce will share a common virtual space and services, allowing them to commercially transact with their partners.

### **Main Features of the E-commerce Community Model**

The following characteristics and rules are the principal factors that sustain the developed model:

- There will be a main entrance to the virtual community, but the clients will have access to the virtual stores from the companies' Web sites.
- The e-commerce community will regroup different online companies, offering many products and services.
- The online companies will have their Web sites regrouped in an environment (the community), controlled and managed by board members formed by the companies and the CIPA's administrators.
- The community will be instituted as a non-profit organization.

- The community will be bilingual, using both French and English languages.
- A marketing plan will be elaborated for the community.
- The community will have an integrated search engine, which will search the products' listed on a common database. When a search is made, and a product is found, all the companies selling that product will be listed.
- A self-evaluation mode will be implemented to insure quality and viability of the community.
- Advertisement space could be a service that is offered. The profits would then be distributed to the community members.
- The community has taken the responsibility of offering a transactional system through the government of New Brunswick.
- The board members will be responsible for marketing for the community.
- The companies will be fully responsible for the selling, shipping, setting up inventories and of customer services.
- The companies will share all the costs of the offered services.
- The companies will have to sign a lease for the used space.
- The companies will be part of a promotion and management committee.
- The companies will only have to pay about 40% of all the set-up costs.

It is also important to mention that there are many benefits to joining the Acadie E-com. community since the costs are shared, better promotion of each partner activity is expected, both technical and financial supports are provided, and the visibility of each partner is increased. The model may constitute a promising way to improve the economy of remote regions in the context of globalization. The project is currently underway and targets the completion of all storefronts and services. A preliminary version of Acadie E-com. was launched at: <http://www.commerceacadie.ca>, and promotional programs (TV, Newspapers) for joining this marketplace are currently underway. Tangible benefits flowing from the Acadie E-com are expected in terms of price reduction and costs process for all the partners. However, the return on investment of the project should still be evaluated even if early corporate adopters already perceive some financial advantages. Certainly short-term benefits will be maximized by limiting initial deployment expenses.

### **Conclusions:**

Regarding the economic globalization, the general argument from the point of view of the Human rights to development is not that international trade is negative and that autarchy is preferable, but rather that a certain degree of regulation is necessary to reach a sustainable fair free trade. The challenge for policy makers is to coordinate trade and right to development of rural regions by providing the required means (ICT infrastructure, education...) to achieve both social and competitiveness goals.

The Atlantic region of Canada, and particularly the New Brunswick, mostly rural, was disfavoured by globalization, which made this region develop itself at a very low speed and with a serious challenge in terms of demographic sustainability. E-commerce may be a positive facet when used within the framework of globalization if an adequate community model is implemented. In this paper we advanced one E-commerce community model favouring the development of less-developed regions and preserving their social, cultural, demographic and economic identity.

While the speech adopted to justify the generalization of trade liberalization was always the “win-win” statement, the reality is that the more developed side is favoured. The less developed side is the less-winner and very often the loser in long term at various levels: social cultural, demographic, economic ... This is valid for developing countries embedded inside the circle of globalization with developed countries as well as for less-developed regions (rural) with respect to more-developed regions in the same country or outside. To maximise gain, more-developed side have tendency to make free trade less regulated and thus wilder since they have a more armoured arsenal for such a wild competition. What our world will be like in the near future is being decided today. According to Jacques Attali's (2006) worldview the globalization plays a central role in the genesis of our future. He argued that depending on the relationships and interactions between individuals, companies and governments of different nations, three facets of globalization could emerge:

If the globalization can be contained without being refused, if the market can be confined without being abolished and if the democracy can become global, this will open a new era of freedom, responsibility, dignity, selflessness, and respect for others: This is the HyperDemocracy.

...If the humanity fails to build the future through a fair globalization, it will face a succession of regressive and devastating battles involving States, extremist groups, terrorist entities, and other transnational criminal organizations: This is the HyperConflict.

...When the market forces will take control of all aspects of life, most of public services including the army, the police and the justice will be privatized, then the human will become an artifact and will be sold to other consumers that are also artifacts: This is the HyperEmpire.

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