

**i. Executive Summary - Bi-National Regulatory Cooperation (RCC) and Streamlined Standards System Proposal**

Canada and the United States of America each have well-developed, independent regulatory regimes and agencies for technical standards development, product certification, and codes implementation & enforcement. While the respective regulatory systems are very similar, unnecessary duplicative actions such as duplicative testing impact on consumers, businesses and our economies with higher costs and less-efficient supply chains. This proposition submitted by the Canadian Institute of Plumbing & Heating outlines some of the implications of unnecessary certifications and possible gains in productivity and prosperity the plumbing and heating industry could achieve through greater regulatory cooperation.

The scope of the plumbing and heating sector covers components of the built environment that provide Canadians with products that ensure the safety of their water systems and the comfort of their indoor air environment. The estimated value for 2011 of the industry in the Canadian residential sector is approximately \$24 Billion while estimates in the USA were \$67 Billion for a total of over \$90 Billion in economic activity for the sector. Bi-lateral trade exceeds \$17 Billion with more than 70% of the goods sold in Canada being produced in the USA. These figures are indicative of the continued strength of the Canadian housing market and the low number of housing starts in the USA in 2011.

The total cost of product testing and certification compliance for the North American plumbing and heating industry is between \$3.2 and \$4.5 Billion per year. It is estimated that only about 10% of referenced standards are currently bi-laterally harmonized which results in many instances of duplicate testing and certification to meet the different federal and provincial standards that govern many of these products. The additional cost to Canadian consumers attributed to duplicate certification and testing is between \$120 to \$150 Million per year.

CIPH supports the efforts of the Regulatory Cooperation Council and through this report provides a qualitative assessment of the potential cost savings, productivity gains, speed to market benefits and implications of the establishment of a joint Canada-US standards secretariat that may be able to facilitate the true harmonization of standards, testing and certification requirements through the creation of North American consensus standards.