THE HILL TIMES POLICY BRIEFING | JUNE 9, 2025

CANADA:

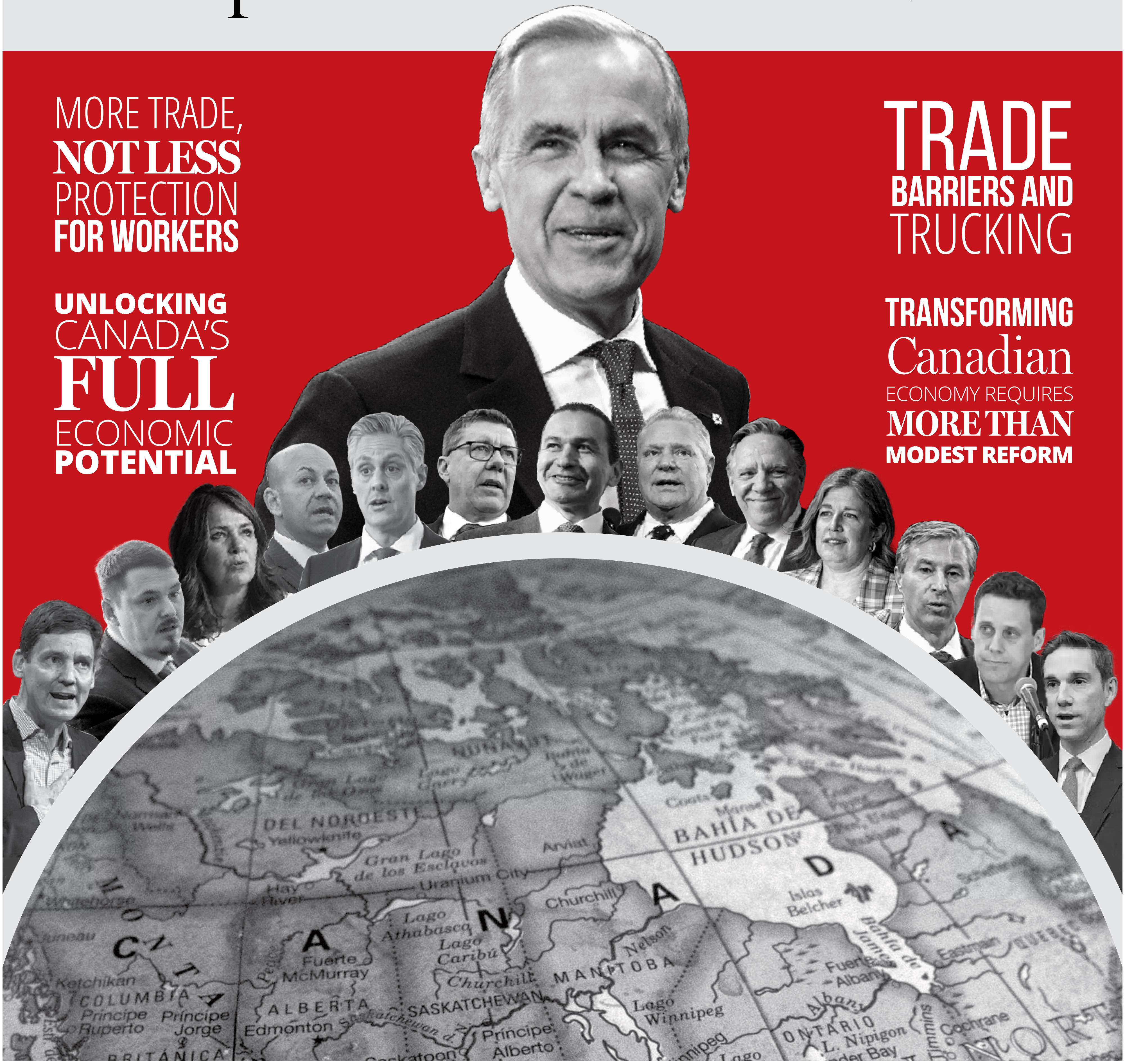
Interprovincial Trade & Labour

MORE TRADE, **NOT LESS** PROTECTION **FOR WORKERS**

UNLOCKING CANADA'S **FULL** ECONOMIC **POTENTIAL**

TRADE **BARRIERS AND** TRUCKING

TRANSFORMING Canadian ECONOMY REQUIRES **MORE THAN** **MODEST REFORM**



Internal trade a complement, not a solution, to reduced trade with U.S., say economists

Prime Minister Mark Carney has committed to tabling legislation by July 1 to eliminate federal barriers to interprovincial trade and labour mobility.

BY JESSE CNOCKAERT

Prime Minister Mark Carney, pictured June 5, 2025, on the Hill. He and the country's premiers gathered for a first ministers' meeting in Saskatoon on June 2, which included discussions about removing internal trade barriers. *The Hill Times photograph by Andrew Meade*

Minister of Transport and Internal Trade Chrystia Freeland, centre, speaks with reporters before the Liberal caucus meeting in the West Block on June 3, 2025. *The Hill Times photograph by Andrew Meade*

Mahmood Nanji, a policy fellow at Western University's Ivey Business School, says there is a 'global economic slowdown,' and that 'anything that Canada can do to reduce or remove these trade barriers will help cushion that blow.' *Photograph courtesy of Western University's Ivey Business School*

SeoRhin Yoo, a senior policy analyst for interprovincial affairs with the Canadian Federation of Independent Business (CFIB), says, 'We're in an affordability crisis, and everyone wants to make sure that their small businesses are being competitive.' *Photograph courtesy of the CFIB*

Rambod Behboodi, a trade lawyer with Borden Ladner Gervais LLP, says, 'There will be a period of adjustment, and everyone will be skittish until the dust settles.' *Photograph courtesy of Rambod Behboodi*

Legislation coming soon to tear down interprovincial trade barriers represents a potential economic boost worth billions for this country's economy, but it's no substitute for trade with the United States, and it will only be a first step in a long process, says economists and other experts.

"If there ever was a time when we needed this, it would be now," said Mahmood Nanji, a policy fellow at Western University's Ivey Business School. "This will be a nice complement to dealing with some of the pressures, whether it's stuff from [U.S. President Donald] Trump's tariffs and trade war, or even prior to that where Canada has had sluggish economic growth, low productivity, and poor investment. This will be a complement, not a substitute."

Prime Minister Mark Carney (Nepean, Ont.) announced in March a commitment to tabling legislation by July 1 that would eliminate all federal barriers to interprovincial trade and labour mobility, and also remove all federal exemptions under the Canada Free Trade Agreement.

How to remove internal trade barriers was a focus during discussions between Carney and the country's premiers during a first ministers' meeting in Saskatoon on June 2, which also included planning on how to advance projects of national interest. According to a joint statement released by Carney and the premiers on June 2, "significant progress" has already been made toward removing internal trade barriers through actions led by the Committee on Internal Trade, and by the Forum of Labour Market Ministers, but there's more work left to do.

"First ministers directed the Committee on Internal Trade to rapidly conclude a comprehensive mutual recognition agreement covering consumer goods, in alignment with the Committee on Internal Trade discussions, with implementation by December 2025. In addition, they directed their ministers of transport to work together to rapidly expand the trucking pilot. They also agreed to a 30-day service standard for pan-Canadian credential recognition," reads the joint statement.

Ontario Premier Doug Ford posted on X on June 2 that the meeting was about how to "unleash the full potential of our economy," adding that "With President Trump taking direct aim at us, we need to build and we need to build fast."

Nanji told *The Hill Times* that any progress Canada can make on improving internal trade will be beneficial to the nation's economy, particularly in the current "global economic slowdown." The International Monetary Fund's (IMF) recent World Economic Outlook, released on April 22, lowered its 2025 global growth forecast to 2.8 per cent, down from its previous January estimate of 3.3 per cent. The IMF report said that this revision downward is because, since the start of this year, tariff measures by the U.S. and countermeasures by its trading partners has resulted in a "major negative shock to growth," and that the swift escalation of trade tensions and extremely high levels of policy uncertainty are expected to have a significant impact on global economic activity.

"In light of that, anything that Canada can do to reduce or remove these trade barriers will help cushion that blow," said Nanji. "This has the potential of boosting our overall [gross domestic product], boosting the GDP in certain provinces, certainly in the smaller provinces, and also reducing the cost on consumers as well, too."

Currently, more than $500-billion worth of goods and services moves across provincial and territorial borders every year—equal to almost 19 per cent of Canada's GDP, according to Intergovernmental Affairs. A report from the Macdonald-Laurier Institute, released in September 2022, stated that removing interprovincial trade barriers could grow this country's economy by $200-billion annually through the elimination of regulatory mismatches between provinces.

However, Nanji said the potential boost through improved internal trade cannot replace trade with the U.S. Annual cross-border trade represents an estimated $1.3-trillion, according to the Canadian Chamber of Commerce.

Nanji also said it would be a misconception to think that after legislation is introduced in July that all issues surrounding internal trade will be resolved.

"Having the legislation and [memorandum of understandings] in place by July 1, that's an important goal. But it's not just that," he said. "Think a little bit about some of the labour laws and some of the language laws in Quebec. That's not going to get resolved overnight. They're still probably going to have some restrictions around that. Think about supply management and all the rules involved in supply management, whether it's with dairy products or poultry and stuff like that. Those things are not going to get resolved overnight, but I think what we do need is a schedule that lays this stuff out."

SeoRhin Yoo, a senior policy analyst for interprovincial affairs with the Canadian Federation of Independent Business (CFIB), told *The Hill Times* that non-geographical trade barriers act as an equivalent of 21-per-cent tariff on goods moved within Canada, citing a July 2019 IMF report by economists Jorge Alvarez and Trevor Tombe, and Ivo Krznar, deputy division chief of the IMF's Asia and Pacific department.

"Of course, this was never good, and especially in today's day and age when everyone is feeling the pinch in their wallets,"

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NUKIK CORPORATION
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The Kivalliq Hydro-Fibre Link
Powering Canadian Security and Prosperity

The Kivalliq Hydro-Fibre Link (KHFL) is a nation-building project that will connect Manitoba and Nunavut with vital infrastructure, creating a strategic energy and trade corridor.

Led by Inuit and powered by Canadian partnerships, the project proposes to build a 1,200-kilometre, 150-megawatt transmission, fibre-optic line that would connect Manitoba's clean grid to the Kivalliq region of Nunavut – bringing renewable energy and fibre-optic to an entire region.

Bipartisan Government Support from Manitoba and Nunavut

In April 2025, Manitoba Premier Wab Kinew formally recognized the importance of the KHFL to diversify Manitoba's electricity exports by committing 50 megawatts toward the project. This power will be supplied by Manitoba Hydro in a broader repatriation of 500 megawatts away from the United States, refocusing on Canadian markets such as Nunavut.

1,200 Kms
Linear project

150 MW
transmission

1200 Gb/s
of fibre optic
bandwidth capacity

> *We agree in connecting Nunavut and Manitoba, the project will support Canada's economic growth and the development of our critical mineral industries, while collaborating with Indigenous partners and northern municipalities. We also agree the KHFL will be developed to ensure the economic opportunities benefit Manitoba and Nunavut communities, workers and companies.*
>
> ***-Premier P.J. Akeeagok and Premier Wab Kinew***

The North is the Missing Link

As Canada works to strengthen interprovincial trade and build a truly integrated east-west grid, Nunavut must be included in this nation-building effort so that critical infrastructure can finally extend to our Arctic.

Directly Supporting National Autonomy & Prosperity

- Bring Nunavut within the societal and economic fabric of the nation
- Create the backbone of economic growth in the Arctic
- Leverage investments made in the Port of Churchill; enable Canada to open new markets and diversify trade
- Unlock world class critical mineral potential of the North
- Build a more resilient Canadian economy that rests on our own domestically owned and operated energy assets
- Enhance national security and assert Arctic sovereignty with critical infrastructure
- Single-handedly meet Nunavut's GHG emissions reduction target

INTERPROVINCIAL TRADE & LABOUR Policy Briefing

Unlocking Canada's full economic potential by harmonizing regulations

By harmonizing regulations, improving labour mobility, and leveraging innovative technologies, Canada can unlock its full economic potential and build a stronger, more resilient, and better-connected nation, writes Daniel Galle, director of infrastructure policy advancement for Canada with Bentley Systems. *Photograph courtesy of Pete Linforth, Pixabay.com*

Each province operates under its own building codes, material certification requirements, and procurement policies, which often fail to align with each other.

Daniel Galle

Opinion

The global tariff rhetoric has dominated news headlines over the past six months. While most Canadians understand the basics of international trade, many do not realize that we still face barriers trading internally between provinces and territories. While the new Liberal government has made breaking down internal trade barriers a priority, it has reignited a long-standing question: why do interprovincial trade barriers still exist in Canada?

Interprovincial trade barriers stem from historical, political, and economic factors. Unlike other federations with strong centralized governance, Canada's Constitution Act of 1867 granted provinces significant control over economic regulations. This autonomy led to a patchwork of laws, industry standards, and protectionist measures as provinces looked to shield local businesses and industries from external competition. Over time, provinces adopted differing safety standards, labour laws, and regulatory frameworks, which have created administrative hurdles for businesses operating across the country.

The economic cost of these barriers is substantial. According to a 2019 International Monetary Fund report, interprovincial trade restrictions cost the Canadian economy between three and seven per cent of GDP annually. As our closest trading partner adopts a more protectionist stance, this is an opportunity for Canada to address those domestic barriers to compensate for lost economic growth because of United States protectionism. By reducing interprovincial trade barriers and investing in modern, integrated infrastructure, Canada can strengthen its domestic economy while opening new opportunities for global trade and long-term economic resilience.

The challenge

Interprovincial trade barriers in Canada closely resemble the challenges of international trade. Each province operates under its own building codes, material certification requirements, and procurement policies, which often fail to align with each other. For example, reinforced steel or concrete products approved for use in Quebec may require additional testing or certification before being accepted in Ontario or British Columbia, despite meeting similar safety and quality standards. These inconsistencies drive up costs, delay projects, and limit competition, ultimately making infrastructure development less efficient and more expensive.

Beyond materials, these trade barriers impede the free movement of goods, services, and labour across provinces and territories, creating unnecessary obstacles to economic growth. Canada can reform and modernize its internal trade specifically benefiting the infrastructure sector by drawing on global best practices and identifying opportunities to enhance efficiencies and thereby strengthen the national economy.

Opportunities and global best practices

In 2017, the Canadian Free Trade Agreement aimed to modernize domestic trade, yet 56 exceptions and regulatory discrepancies continued to exist, restricting its effectiveness. While progress in addressing interprovincial trade barriers has been tepid over the years, U.S. tariffs has revived the conversation and spurred action at both the federal and provincial levels. Drawing on the global best practices outlined below, Canada has the opportunity to foster a more integrated and competitive economy by pursuing three key reforms to modernize domestic trade and enhance infrastructure efficiency.

Harmonizing regulations and standards: Provinces should continue to work towards harmonizing regulations for materials, environmental assessments, and professional certifications. Australia has made considerable progress in harmonizing infrastructure policies across states, for example, the National Public Procurement Framework sets common rules for infrastructure tenders across all states. Australia has also established a National Prequalification Scheme that standardizes the qualification process for contractors across all states.

Improving labour mobility: Skilled labour shortages continue to be one of the biggest impediments to the construction sector in Canada. According to Build Force Canada, the demand for labour in the construction industry will increase by 18,700 workers by 2027, while 156,000 individuals are expected to retire during this same period. Singapore's Skills Future for Digital Workplace initiative is a notable example of how to address this; the program has trained more than 100,000 locals, focusing on skills development and regulatory frameworks.

Digital and data-driven solutions: Data on existing infrastructure assets such as roads, bridges, and utilities are fragmented across the country. Provinces should double down on adopting innovative technology and leverage digital and data-driven solutions that can streamline approval processes, standardize regulations, and enhance transparency. Singapore's Smart Nation Initiative provides a fitting example, integrating real-time digital twin models for infrastructure planning and cross-agency collaboration. The initiative was established in 2014 with a focus on leveraging technology to enhance the quality of life, drive economic growth, and create a digitally empowered society.

Infrastructure is the backbone of Canada's economy and the foundation of our high quality of life. From ports and roads to bridges and energy grids, strong infrastructure drives economic growth, creates jobs and enhances social well-being. However, Canada's infrastructure challenges are exacerbated by interprovincial trade barriers.

Addressing these barriers requires collaboration between federal and provincial governments and the business community. By harmonizing regulations, improving labour mobility, and leveraging innovative technologies, Canada can unlock its full economic potential and build a stronger, more resilient, and better-connected nation. One that is less dependent on a single trading partner.

As Winston Churchill famously said, "Never let a good crisis go to waste."

History has shown that crises drive innovation, problem-solving, and transformative change. Canada must seize this opportunity to implement real, lasting reforms that enhance economic independence and improve the quality of life for all Canadians.

Daniel Galle is a stakeholder engagement leader with more than 15 years of experience building partnerships across the private sector, government, and multilateral development banks. As Bentley Systems' director of infrastructure policy advancement for Canada, Galle works to foster collaboration and promote innovative solutions in the infrastructure sector.

The Hill Times

Despite the hype, transforming the Canadian economy requires more than modest reform

If Canada is serious about boosting long-term growth, we need to go further, pairing the targeted regulatory cleanup now underway with big-lift reforms and investments that will have a more substantial impact.

Christopher Cotton

Opinion

Most Canadians have heard the claim that interprovincial trade barriers cost us $200-billion a year, roughly eight per cent of GDP, through higher prices, smaller markets, and lower wages. That headline figure was featured in the King's Speech from the Throne and drives much of the arguments for internal trade reforms.

But let's not fool ourselves into believing that the modest reforms now moving through Ottawa, Edmonton, or Toronto will deliver anything close to those promised benefits. They will not.

The $200-billion figure is an upper bound from a thought experiment: it assumes every non-geographic market friction disappears overnight. In that imaginary Canada, a Windsor manufacturer can sell to Victoria as easily as to Waterloo; a Halifax barber steps into a Calgary salon and starts cutting hair the same day; that there are no advantages to a growing retailer scaling up close to home than across the country; and that there are no regional differences in taste or brand loyalty.

It's a helpful illustration, but it's nowhere near a realistic benefit estimate of current policy proposals.

Reforms like mutual recognition of professional licences, pilot projects for direct-to-consumer wine shipments, and tweaks to trucking weight limits address only a sliver of the frictions included in that $200-billion estimate. Independent evaluations of earlier regional agreements found productivity gains of about two per cent in participating plants, and sometimes higher mark-ups rather than lower consumer prices. Add up credible micro-estimates, and the annual benefits of the headline reforms are likely well below $5-billion, not $200-billion.

These reforms are worth pursuing. But if Canada is serious about boosting long-term growth, we need to go further, pairing the targeted regulatory cleanup now underway with big-lift reforms and investments that will have a more substantial impact.

Five priorities to drive real economic growth:

1. Strategic infrastructure.

Freight bottlenecks. Single-track choke points through the Rockies and congested Prairie grain corridors add days to export transits. Double-tracking key stretches and modernising ports could save shippers billions of dollars.

Clean energy connections. Building east-west electricity interties so Quebec and Manitoba hydro can power Ontario and the Prairies could cut wholesale electricity prices and help attract energy-intensive industries that now locate south of the border.

Digital backbone. Many Canadians still lack reliable high-speed internet. Universal access is a prerequisite for rural entrepreneurship, tele-health, and modern supply-chain management.

2. Capital-market unity.

Canada remains the only G7 country without a single securities regulator. Duplicative filings raise the cost of capital and deter growth. A national regulator could trim compliance costs and expand access to venture funding for growing firms.

3. Real labour mobility.

Mutual licensing recognition is only part of the solution. To convert credentials into real employment, Canada needs fast-track bridging programs for foreign-trained nurses, engineers, and tradespeople. But beyond trade barriers, we must also tackle broader workforce gaps with targeted tax reforms, investments in post-secondary programs that align with industry needs, and support for ongoing upskilling.

4. A stronger competition regime.

Canada's telecoms, grocery, and banking sectors remain among the most concentrated in the OECD. A modernized Competition Act and a single, well-resourced enforcement body have the potential to lower consumer prices more than tweaking liquor regulations or harmonizing trucking regulations ever will.

5. Better support for innovation.

We need to ensure that companies investing in new ideas and technology, especially smaller and younger firms, get effective support no matter where they operate. Making the federal R&D tax credit fully refundable, standardising provincial supports, and improving access to research data would help Canadian firms develop and grow. At the same time, boosting funding for medical and STEM research will help generate the breakthroughs Canada needs.

The trade reforms and mutual recognitions of standards currently being pursued by provinces are a step in the right direction, but they are not enough to ignite the kind of growth Canada needs. Real prosperity will not come from a patchwork of small fixes. It will come from bold, coordinated reforms that make Canada a single, dynamic economy that rewards ambition and innovation from coast to coast.

Dr. Christopher Cotton holds the Jarislowsky-Deutsch Chair in Economic and Financial Policy at Queen's University, where he is a professor of economics, director of the John Deutsch Institute for the Study of Economic Policy, and a cross-appointed faculty member in medicine and public policy.

The Hill Times

Canada cannot waste its best chance for internal trade reform since Confederation

Ryan Manucha

Opinion

In pre-Trump times, the interprovincial trade file moved at a glacial pace. It was difficult for politicians to declare an inward focus on East-West commerce within our 40-million-person country. The priority was the globe's most powerful economy south of the border. Reforms to our economic union perpetually slipped to the bottom of the priority list.

The Carney government's self-imposed July 1 target for internal free trade capitalizes on the moment and has catalyzed a sprint. Humans work better with deadlines, and this "Elbows Up" emotional environment will not linger forever. The ambitious Canada Day goal does present challenges. It will complicate efforts post-July 1. Crucial attention, energies, and resources may shift away. And yet a deadline is tremendously important to ensure outcomes don't slip.

Without a doubt, Canada's provinces and territories play the biggest role on the internal trade file. The recent uptake of mutual recognition legislation in provincial capitals across the country is one of the biggest game-changers since Confederation itself. If the Canadian Pacific Railway was the quintessential symbol of internal transaction cost reduction, mutual recognition is its less-sexy cousin. Although it is still early days, several warning signs highlight the need for greater care and stronger interprovincial coordination. Even a role for Ottawa.

The federal government plays an outsized role in interprovincial trade reform. For one, there are barriers growing in its own backyard like federal measures blocking the interprovincial movement of meat processed at provincially-certified abattoirs. But beyond the barriers it directly controls, federal engagement and co-ordination is fundamental to mitigating provincial barriers. A clear example would be easing the pathway for credit unions to become federally regulated instead of having to stickhandle amongst up to 50 different regulatory bodies. It can be Ottawa's inactivity that keeps trade barriers in place. Amidst the ongoing broad-based mutual recognition reforms, there is both space and a need for Ottawa to maintain active engagement.

At its core, mutual recognition means that if the good, service, or worker was certified in Province A, it is presumed acceptable in Province B. Well-designed mutual recognition frameworks do allow for exceptions where there are legitimate, evidence-based justifications.

Mutual recognition is a culture, not a policy, and this is getting missed in the current wave of legislation. It relies on mutual trust amongst regulators. Officials in Province A need to build comfort and reassurance with how gas fitters or dental hygienists are licensed in Province B. This takes time, and only comes from repeated inter-regulator dialogue and information exchange. Economic literature from abroad reveals the tremendous potential of mutual recognition, especially in the medium term. And it unleashes human potential: within the first two years of Australia's internal mutual recognition scheme, over 15,000 Australians used it to relocate to another state. Best practices, know-how, and innovation spillages ensued.

Nascent provincial mutual recognition arrangements are promising, but their success depends on improved interprovincial collaboration. Three emergent issues in particular stand out. First and foremost is the harmful and unnecessary variation in the implementing legislation. It does not help that, unlike legislation adopted across Australia 30 years ago, Canada's provincial instruments bringing mutual recognition to life vary in form and entitlements. If mutual recognition means different things across the country it will confuse workers and businesses, and drastically undermine efficacy. Second, the instruments lack several important hallmarks of a robust mutual recognition scheme. Most notably, trust-building mechanisms such as inter-regulator notification and reason-giving obligations. These are crucial to mutual recognition's success. Third, the timelines to recognize out-of-province labour remain too long and lack ambition. Across the various pieces of legislation, timelines range from two weeks to a month. (That they are inconsistent is itself harmful). In practice, these timelines represent only a marginal step forward. Australia showed us that a zero-day standard following requisite notification to the local regulator can be the default and the sky won't fall. A happy compromise would be to add a 12-month transition period to zero days into the legislation itself. We already have frameworks like the Canadian Free Trade Agreement and the New West Partnership Trade Agreement. This wave of mutual recognition must go farther.

Ryan Manucha is a contributor to the Macdonald-Laurier Institute. His book Booze, Cigarettes and Constitutional Dust Ups: Canada's Quest for Interprovincial Free Trade, *won the Donner Prize for best in Canadian public policy writing.*

The Hill Times

More trade, not less protection for workers

Lower trade barriers cannot mean lower standards. If we harmonize, aim high or don't bother.

Lana Payne

Opinion

When we talk about building a new Canada through improved interprovincial trade and labour mobility, it's tempting to think the biggest obstacles are bothersome regulations. But let's not kid ourselves—what's holding us back isn't a patchwork of rules; it's a patchwork of roads, rails, rivers, and rugged terrain.

Canada is vast. We have a country that spans oceans, mountain ranges, prairies, and arctic tundra—with weather, terrain, and distances that rival entire continents. A recent study from Statistics Canada found the main barrier to interprovincial trade isn't regulation; it's geography. Yet, governments and business groups focus on "cutting red tape" rather than building roads, rail lines, or the infrastructure that could actually move goods and people more safely and efficiently across provinces.

Let's be clear: there are no tariffs blocking internal trade in Canada. Instead, "internal trade barriers" are often code for regulation—including health and safety rules, occupational credentials, local hiring policies, public ownership models, consultation and co-operation requirements with First Nations, Métis, and Inuit populations, community benefit requirements, or special collective bargaining rights like those in the Newfoundland fisheries. These aren't inconveniences, and they are hardly "red tape"—they're hard-won policies that protect workers, communities, and our public interest.

Sure, regulations differ, but for good reason. What works on Manitoba's flat highways won't hold up in British Columbia's mountain passes. Brake inspections, fuel rules, and tire standards reflect real geographic and safety needs. In some cases, a single national standard just doesn't make sense. What works in one region could be dangerous or inadequate in another. Yet, there's increasing pressure to harmonize standards or adopt each other's regulations under the banner of "mutual recognition." Sounds co-operative, right? But for workers and the public, it can be a Trojan horse.

Here's the problem: mutual recognition too often means recognizing the lowest common denominator. When one province cuts corners on health and safety, and another is forced to accept those standards for the sake of "trade efficiency," we're not building a stronger Canada—we're racing to the bottom. Workers pay the price, not with paperwork, but with lower wages, weaker safety protections, and fewer rights.

Unifor, Canada's largest private-sector union, rightly warns that lower trade barriers cannot mean lower standards. If we harmonize, either aim high or don't bother. Our union supports discussions on harmonizing standards, but only if the goal is to strengthen Canada's economy and good jobs.

Take labour mobility. In theory, making it easier for workers to move between provinces sounds great—especially in areas facing shortages. But too often, companies and governments use the push for mobility as an excuse to water down qualifications in the name of "efficiency." Instead of addressing shortages by investing in training the solution becomes lowering the bar. That's not mobility—that's a shortcut that puts workers and public safety at risk.

For goods, it means investing in infrastructure: rail lines that don't detour through the United States, safer tank cars like the TC-117, and multi-modal hubs connecting marine, rail, road, and air freight. This must include better connections to and within the Territories, where expanding mining and supporting remote communities will be a major focus for future infrastructure investment.

And while we're at it, let's prioritize public passenger transport, too. Imagine a Canada where taking a train from Halifax to Winnipeg is as feasible as flying. Where there are more affordable and sustainable options for Canadians to visit their friends and family on land or in the air. That's not just good for people—it's good for business, environment, and national connection.

Canada was built on east-west connections. Our railways were never just about trains—they were about building a country. Somewhere along the way, we started looking south. And while trade with the U.S. remains essential, there's never been a better time to turn our attention back home.

Expanding our trade internally means building bridges, literally and figuratively. It means understanding that regulation isn't the enemy—neglect is. And it means recognizing that strong labour standards, safe infrastructure, and public investment aren't costs—they're nation-building tools.

Let's grow interprovincial trade but not at the cost of workers' rights. Let's aim for more trade, not less protection.

Lana Payne was elected Unifor national president in 2022, becoming the first woman to hold this leadership office. Before her election, Payne served the union as secretary-treasurer from 2019-2022. Payne brings three decades of inspired leadership fighting for workers.

The Hill Times

Trade barriers and trucking: unified political fortitude needed to push through the noise

Trade barriers impeding supply chains and slowing down economic trade include: aligning and improving winter road maintenance standards; increased access to rest areas for truck drivers; and completing work and expanding critical highway connections to trade corridors.

Stephen Laskowski

Opinion

The Canadian trucking industry has been familiar with issues and challenges related to removing internal trade barriers long before it became a household term in Ottawa and popularized by media as a potential counterweight to American tariffs and strategy to boost Canadian productivity.

Recognizing the importance of domestic trade and the role trucking plays in the economy, Ottawa and the provinces selected the trucking industry last year to be the test pilot sector to determine how to expedite the elimination of trade barriers in trucking and other sectors across Canada.

Unquestionably, there's buy-in at the political and bureaucratic levels to move on this quickly and the motivation to do so has intensified in the wake of the trade war with the United States, and has followed by calls to diversify trade within and outside our borders.

But what is becoming apparent in the trucking industry—and starting to get noticed within some political circles and other private sectors—is this undertaking is not as straightforward as many hoped.

In true Canadian fashion, what seemed relatively unambiguous at the onset got bogged down at all levels of government by processing challenges, regionalist protectionism, and good old-fashioned politics. Perhaps Jean Philippe Fournier, a former adviser to Quebec's minister of finance, summed it up best: "provinces will have to reduce their autonomy on some things."

Historically, that's not typically an easy ask in Canada.

As Fournier rightly alluded, we will have to make policy decisions beyond jurisdictional self-interest for the good of the nation, and in doing so acknowledge that what's good for the country as a whole will benefit Canadians—especially amid the current economic climate and U.S. trade hostilities.

The enormity of this task should not be underestimated by stakeholders within the political and national policy domains, especially as it applies to such a fragmented industry like trucking, where many regulatory powers are held by the provinces and not the federal government.

The trucking industry laid out its infrastructure and interprovincial trade barrier plan where the Canadian Trucking Alliance itemized several national trade barriers which are impeding supply chains and slowing down economic trade. Some issues include: aligning and improving winter road maintenance standards; increased access to rest areas for truck drivers; completing work and expanding critical highway connections to trade corridors and border points; addressing oversize/overweight disparities and vehicle permitting support to ensure billion-dollar projects are not held up; strengthening oversight and accountability for truck safety; and how a simple policy change between Quebec and Ontario will introduce productivity enhancements for retailers and the embattled auto sector.

So, what needs to happen now? Unified political fortitude to push through any noise that opposes such measures, and the unwavering dedication to remain co-ordinated in these efforts while harmonizing regulations necessary for some of these changes to occur.

However, there is a term creeping into policy discussions being invoked as some sort of panacea to counter any regulatory or legislative slowdowns: "mutual recognition." I want to be clear: while this makes sense for some sectors, you can't mutually recognize regulations in trucking; you need jurisdictions to harmonize regulations so the supply chain can ship commodities and make appropriate equipment purchases with certainty, while remaining compliant with enforcement. This will require time and due diligence, including discussions in legislatures to prioritize these complex matters.

Prime Minister Mark Carney has committed to introducing legislation to streamline trade by easing transportation restrictions across the country. But to truly increase efficiencies throughout the supply chain, and trucking specifically, the prime minister will need the commitment and political will of the premiers, the ministers of transportation and mayors.

The provinces and municipalities could face extra costs associated with removing these barriers, but the federal government must be prepared to step up with the financial resources and support to make this a reality as quickly as has been promised.

Meanwhile, as important as removing trade barriers is for trucking, the responsible, law-abiding portion of our industry will never experience the full benefits of these potential efficiencies until all political levels finally address the overarching crisis of our industry—the underground economy and rampant culture of lawlessness that has taken over the trucking sector in many parts of the country.

Perhaps, with this new focus on productivity in our sector, we'll finally see the political motivation to end the problem that ails us most and law and order will be restored.

Stephen Laskowski is president of the Canadian Trucking Alliance.

The Hill Times

Only through deeper cooperation and integration can Canada fully achieve its economic potential, writes Moshe Lander, a senior lecturer in economics at Concordia University. *Photograph courtesy of Koi Roylers, Pixabay.com*

A modern economy requires more than shared borders

A modern economy needs shared standards, interoperable infrastructure, and a workforce free to move where it is most needed.

Moshe Lander

Opinion

Our recent federal election highlighted ongoing geographical and political divisions within Canada. The Liberals and Conservatives each received just over 40 per cent of the vote, and just under 50 per cent of the seats in Parliament. Fractured minority governments have become the rule rather than the exception over the last two decades, and federal parties are becoming increasingly regionalized. Alberta's premier is itching to provoke a national unity crisis, and Quebec's potential government-in-waiting has promised the same if elected in 2026. Meanwhile, our closest ally and largest trade partner recently turned heel in a move that would make even The Rock blush.

Ten provinces and three territories, each with autonomy over its tax and spending priorities, each with its own competing self interests and motivations, are now in a race against the clock to find common cause not only to push back against the external threats to our sovereignty, but also to the internal threats to the same. To paraphrase Homer Simpson, money is the cause of, and solution to, all our problems.

While the federal government pursues new trade agreements in Europe and Asia, around $200-billion (or nine per cent of GDP) per year of Canadian economic activity is locked up in interprovincial trade barriers. Eliminating them is not enough to solve our cost of living and affordability issues, nor to withstand the damage from senseless and unprovoked tariffs, but enough to ease some of their more crippling effects. Ottawa has promised to remove its patchwork of barriers by Canada Day, and some provinces are moving in a piecemeal and uncoordinated way to do the same though not as fast nor as comprehensively.

The barriers themselves are a patchwork of provincial regulations, infrastructure disparities, and labour credentialing requirements that act as invisible borders that make doing interprovincial business and movement unnecessarily complicated and reduce national competitiveness. For economists, the goal is efficiency, efficiency, efficiency and removing these barriers is an essential part of this.

"The irony is painful: Canadian politicians and citizens pride themselves on being tolerant and unified, but our economic behaviour and attitudes toward each other says otherwise.

Canadians are surprised these barriers even exist. Why would provincial governments impede the free movement of capital, labour and goods within a supposedly united country? The answer is simple: vested interests benefit from monopoly power. In the absence of externalities, a competitive market maximizes economic well-being (i.e., it is efficient), though not everybody benefits equitably. Those threatened financially from increased competition lobby their provincial governments to protect them and their industries. Successive governments earn the goodwill of these vested interests by creating an evolving and expanding patchwork of protectionist legislation, using questionable health and safety standards, environmental practices, packaging requirements, language laws and paperwork as their means to do so. While the vested interests profit, the rest of Canada (specifically consumers) pays through less product diversity, higher prices, increased tribalism and regionalism, and increasing distrust in national institutions. Two hundred billion dollars per year is a high price to pay.

These artificial and unnecessary barriers force national companies to create province-specific strategies, often needing to adapt products, processes, supply chains or documentation to comply with inconsistent and sometimes incompatible provincial laws and regulations. In some cases, regulatory, professional and infrastructural barriers can make internal trade and labour mobility more cumbersome than international trade. Small and medium-sized enterprises suffer disproportionately, lacking the legal and logistical resources to manage multi-jurisdictional compliance efficiently. This gives even more market power to those vested interests that lobbied for the barriers in the first place, reducing economic efficiency and, therefore, our standard of living as well as undermining the idea of national unity.

The irony is painful: Canadian politicians and citizens pride themselves on being tolerant and unified, but our economic behaviour and attitudes toward each other says otherwise. Removing these welfare-reducing barriers should not be seen as a threat to provincial autonomy or as federal overreach, but rather as a necessary condition for shared prosperity. A modern economy requires more than shared borders; it needs shared standards, interoperable infrastructure and a workforce free to move where it is most needed. Only through deeper cooperation and integration can Canada fully achieve its economic potential, eliminate the self-inflicted damage to its lagging standard of living and sideline the internal and external voices that would like to see Canada torn apart.

Moshe Lander is a senior lecturer in economics at Concordia University in Montreal, and is a resident of Calgary. Lander appears regularly across local, national, and international media on a wide range of economics, business, politics, and policy related issues and is known as an ardent advocate of free trade.

The Hill Times

Internal trade a complement, not a solution, to reduced trade with U.S., say economists

Ryan Manucha, a research fellow with the C.D. Howe Institute, says, 'We're always confronted with an ever-changing landscape,' and Canada is always balancing 'local interests and regulatory control and national growth and prosperity initiatives.' *Photograph courtesy of Ryan Manucha*

Pedro Antunes, chief economist at the Conference Board of Canada, says, 'As with any free trade, there's winners and losers,' but in the end, 'we know that this is essentially good policy for the consumers and for our economic growth overall.' *Photograph courtesy of Pedro Antunes*

Pascal Chan, vice president of strategic policy and supply chains with the Canadian Chamber of Commerce, says, 'I think that what we've seen right now, in this moment, is that we need to diversify so that we're not solely dependent on the U.S.' *Photograph courtesy of Pascal Chan*

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said Yoo. "We're in an affordability crisis, and everyone wants to make sure that their small businesses are being competitive. As well, consumers don't want to pay too much for the things that they're getting."

The CFIB released a report card on the state of internal trade in July 2024, which found that about 88 per cent of small businesses said it is crucial to prioritize the removal of internal trade barriers. Yoo noted that this survey result predates the current trade and tariff war.

"It's not an easy task tackling these barriers because we've had them for so long, and it's really just not up to the federal government," she said.

"For the federal government, the barriers that they impose are mostly related to things like procurement, as well as the interprovincial trade of food … but for provinces, it's a lot more than that. It's goods, it's services, it's the movement of labour. It's things like how fast they're going to be able to harmonize … [occupational health and safety] rules."

Rambod Behboodi, a trade lawyer with Borden Ladner Gervais LLP, told *The Hill Times* that progress has already been made over the last 30 years towards improving labour mobility within Canada. As an example, he cited the implementation of the Agreement on Internal Trade between the federal, provincial, and territorial governments that came into force in July 1995 with the goal of reducing and eliminating barriers to the free movement of people, goods, and services within Canada. He also pointed to the Canadian Free Trade Agreement, an intergovernmental trade agreement that came into force in July 2017.

"This was not done by the federal government. There was not a Canadian imposition of measures, but rather provinces, between themselves, came together and devised mechanisms to make it easier for that movement to take place," he said.

"I think there will be a period of time for everybody to adjust. We shouldn't expect the removal of all barriers to goods and services across the country tomorrow, and then a flood of everything everywhere right after that, and no concerns or no follow-up. There will be a period of adjustment, and everyone will be skittish until the dust settles."

Ryan Manucha, a research fellow with the C.D. Howe Institute and an expert in interprovincial trade, told *The Hill Times* that internal trade is not an issue that can ever be solved in the sense of a final state being achieved.

"We're balancing local and national interests. New issues arise, new professions arise, new industries arise. And we're always confronted with an ever-changing landscape, and we're always dealing with this balance between, again, local interests and regulatory control and national growth and prosperity initiatives," he said.

Manucha said that there's a whole host of policies even with provincial jurisdictions where the federal government could serve as a greater leader.

"An example of this would be making it easier for credit unions to have … a pathway towards being monitored and regulated by the federal banking authority, rather than having to be responsive to up to 50 regulatory authorities across the provinces, because otherwise they're provincially regulated in each province, which is taxing," he said.

Pedro Antunes, chief economist at the Conference Board of Canada, said that removing internal trade barriers would allow firms to compete more broadly and incentivize investment.

"As with any free trade, there's winners and losers, right? This is opening up competition. In the short term, you may see some ramifications. You may see, essentially, some companies lose out, but in the end, we know that this is essentially good policy for the consumers and for our economic growth, overall," he said.

"We have got to move on this. We've got to stop being silly and open up our internal market. It's really ridiculous that we're still … so reticent to open up this cross-Canada market."

Antunes cited the Mutual Recognition Agreements as one way to help expedite the movement of labour and goods between provinces, arguing this approach has been used in Australia to open up that country's internal market. Australia's Mutual Recognition Act 1992 allows goods and service providers to operate in one state or territory without having to comply with additional regulations in another.

"What we can do with mutual recognition agreements is just say, 'Okay, let's just … take for granted that the regulations in other provinces are fine,'" said Antunes. "We're still very, very far from that, and … we have seen some provinces agree that if others are keen on agreeing to their regulations, etcetera, they will agree to those imposed in other provinces. How will all this mesh out? I'm not sure yet."

Pascal Chan, vice-president of strategic policy and supply chains with the Canadian Chamber of Commerce, told *The Hill Times* that, in regard to internal trade, Canada has reached a moment where "we need to get serious about controlling what we can control." He said that the idea of untangling Canada's economic relationship with the U.S. cannot be done.

"Our economies and our supply chains are so integrated that, ultimately, we're not going to be able to completely remove our trade relationship with the U.S. I think that what we've seen right now, in this moment, is that we need to diversify so that we're not solely dependent on the U.S." he said.

"We're in a position where we need to explore every opportunity that's available to us, and internal trade factors into that."

Chan argued Canada should also move forward with other measures from Carney's election platform, such as building out trade infrastructure and speeding up the project permitting process.

"This government is very serious about moving things forward, but again, time will tell to see if we actually end up getting there," he said.

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Canada Interprovincial Trade Stats

Photograph courtesy of Tung Lam, Pixabay.com

- In 2023, the value of interprovincial trade (including trade with and between territories) of manufactured goods fell 0.7 per cent to $169.2-billion compared with 2022, while that of wholesale goods fell 2.4 per cent to $545.1-billion.
- Compared with 2022, six provinces and one territory posted decreases in interprovincial sales of manufactured goods in 2023. The largest declines in interprovincial manufacturing sales came from factories in New Brunswick (-$2.5-billion), Saskatchewan (-$1.4-billion) and Prince Edward Island (-$337.9-million).
- In 2023, the value of two-way interprovincial trade of wholesale goods was highest between Ontario and Quebec; $117.1 billion of wholesale goods crossed the provincial border between these two provinces that year.
- The border between Ontario and Quebec was the interprovincial border manufactured goods crossed most frequently in 2023. Two-way trade of manufactured goods between these provinces totalled $58.3-billion. This was followed by trade between Ontario and British Columbia, with $16.9 billion of manufactured goods changing hands.
- In 2023, the largest changes in interprovincial trade of manufactured goods were observed between Ontario and Quebec. Ontario shipments to Quebec fell $2.4-billion (-9.6 per cent) on lower sales of petroleum and coal products and primary metals. Meanwhile, sales from Quebec factories to Ontario rose $2.3-billion (+7.0 per cent), stemming from higher sales of non-durable goods.

Source: Statistics Canada data released on March 31, 2025