TORONTO REGION BOARD OF TRADE

Patchwork to Prosperity: From Internal Tariffs to One Economy

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Executive Summary

Canada has seen a renewed focus on interprovincial trade over the past year triggered by shifting global trade dynamics that have prompted a resurgence of interest in building greater Canadian economic self-reliance. The stumbling block: a dense web of high cost, economy-splintering interprovincial barriers. They've been put in place over decades with the aim to protect local interests, but they've ended up fracturing the Canadian economy, increasing costs, dampening growth, keeping firms small and less competitive, and sapping productivity.

The good news: governments across the country, especially Ontario, are taking steps to advance reforms through federal and provincial legislation, mutual recognition agreements, and sector-specific initiatives.

Many of the reforms underway align with the Board's previous recommendations, signaling that internal trade has moved from low priority policy aspiration to more active implementation. However, for all the good work, this current wave of efforts is nowhere close to delivering what Canada badly needs: a $3 trillion single national market of 41 million people, with the scale to offer growth and investment opportunities coast to coast to coast.

The imposition of U.S. tariffs, with continued threats of escalation, means restricted access to the massive market next door, which in past decades was the principal source of growth opportunity for Canadian businesses. Building up the domestic Canadian market could offset some of the loss and help build more mid-size domestic businesses that have greater export potential.

This is shifting in real time from an economy-boosting 'nice-to-have' to a national economic security imperative.

Canada's ability to compete abroad depends on the extent to which domestic businesses can leverage their home market. Yet today, businesses seeking to operate nationally still need to navigate different provincial and territorial regulations, standards, licensing requirements, and approval processes. These barriers are often treated as entrenched irritants that are simply the cost of doing business in Canada. However, their cumulative effect is far more serious: they increase costs, fragment markets, discourage investment, and make it harder for Canadian businesses to grow and scale.

The economic consequences are substantial. Given that internal trade flows account for nearly one-fifth of Canada's GDP, these barriers act as a deadweight on economic growth. Recent International Monetary Fund analysis estimates that internal trade barriers across Canada impose costs equivalent to a 9.5% tariff. Removing barriers could increase Canada's GDP by approximately 7% over the long term, equivalent to about $210 billion.

Canada is already a high-cost economy in which to build, invest, hire, and move goods. At a time of persistent uncertainty in Canada-U.S. trade relations, the country cannot afford to impose further avoidable costs on itself. Businesses need access to one large single market to grow, attract investment, and achieve scale.

The reforms now underway are often overlapping, with different scopes, timelines, exceptions, and reciprocity requirements. Even where individual reforms succeed, businesses are still left navigating a patchwork of agreements rather than one single Canadian economy.

Priority Recommendation: Create a Single Canadian Market

Canada must move beyond periodic efforts (such as the Agreement on Internal Trade in 1995, Canadian Free Trade Agreement in 2017, and the latest wave of efforts in 2025-26) to whittle down provincial barriers and finally commit to the Grand Bargain of a single national market. This needs to be accomplished within a defined period to rapidly unlock the ability for goods, services, workers, and investment to move seamlessly across the country.

Provinces and territories should lead this work through a time-bound intergovernmental process focused initially on six priority sectors: housing and building codes, alcohol, food, labour mobility, manufacturing, and transportation. Every province stands to benefit when its businesses can reach a larger market, attract investment, and access workers. The plan should establish a harmonized national outcome for each sector, interim milestones, transparent public reporting, and safeguards against backsliding.

The federal government should be authorized by the provinces to exercise its role as a guarantor and referee of the single market. Ottawa should convene negotiations, establish timelines, publish progress, and resolve challenges. No individual province can guarantee the integrity of the single market or prevent barriers from re-emerging.

Governments should establish firm and achievable implementation deadlines. For instance, five years for sectors where barriers are well understood and reforms are relatively straightforward, and up to ten years where changes require extensive legislative, regulatory, or technical coordination.

A deadline must also carry consequences. If the intergovernmental process fails to create a durable and functioning single Canadian market, the federal government should be prepared to use its constitutional trade and commerce authority to establish country-wide frameworks where fragmented regulations creates national economic consequences. This federal backstop would provide every province and territory with confidence that internal trade commitments will be delivered, and a single market will not be indefinitely delayed.

Sector-Based Recommendations for Achieving a Single Canadian Market

HOUSING AND BUILDING CODES

Eliminate fragmentation in municipal zoning, permitting, approvals, and development processes within provinces.

Harmonize building codes across provinces for one predictable national framework as the end goal.

ALCOHOL

Complete the national DTC framework by securing participation from all jurisdictions.

Eliminate requirements for separate DTC authorizations and registrations, and minimize fees, markups, and reporting obligations.

FOOD

Adopt the Safe Food for Canadians Act as the single food safety regulatory framework across Canada.

Support smaller producers through the transition to meet the national regulatory framework.

LABOUR MOBILITY

Implement Ontario's 'As of Right' measures for the 300 certifications it applies to, with prompt decisions, clear guidance, and accountability.

Expand the Canadian Mutual Recognition Agreement on the Sale of Goods (CMRA) to include services.

Assess and implement national licensing models where appropriate for select sectors.

MANUFACTURING

Align industrial equipment regulations with international standards.

Streamline registration, permitting, inspection, and approval processes across provinces.

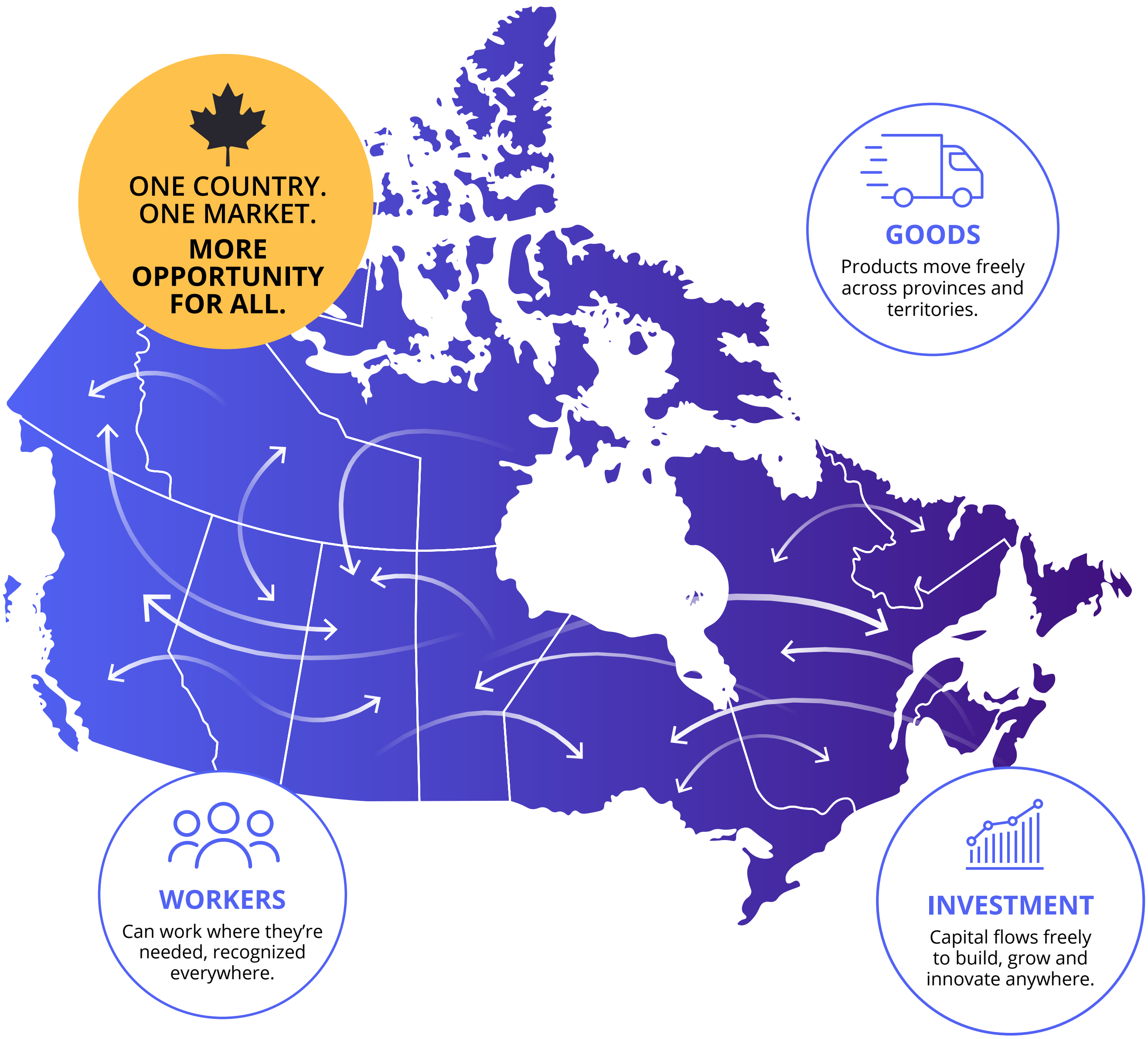
TRANSPORTATION

Establish a single, national regulatory framework and standard for interprovincial trucking, and a core national highway network.

Canada has the tools to build a unified Canadian economy. The priority now is execution. The goal is no longer simply to reduce barriers between thirteen jurisdictions. It is to ensure that Canada functions as a single, integrated economic market where businesses can grow, workers can move, investment can flow, and goods and services can reach customers across the country.

Our Vision: A Single Canadian Market

Internal trade barriers still cost the economy the equivalent of a 9.5% tariff. Eliminating them could add $210 billion to our GDP.*



*Source: https://www.imf.org/-/media/files/publications/cr/2026/english/1canea2026001.pdf

Why Interprovincial Trade Matters

Growing concerns about Canada's economic resilience and shifts in Canada-U.S. trade policy have reinforced the necessity to strengthen the domestic economy and diversify export markets. Since the U.S. formally declined to extend the Canada-United States-Mexico Agreement (CUSMA) for a further 16-year term in July 2026, uncertainty lingers as CUSMA is now subject to annual reviews and renegotiations.[1] The prospect of the U.S. providing a six-month notice for withdrawal also hangs over the continent's trade relations. Additionally, the imposition of U.S. tariffs, with continued threats of escalation, means restricted access to the massive market next door, which in past decades was the principal source of growth opportunity for Canadian businesses.

Canada's ability to compete effectively abroad depends on the extent to which domestic businesses can leverage their home market. Do goods, services, people, and investment move efficiently at home? This is not always the case. Provinces and territories have broad authority to regulate economic activity within their own jurisdictions, and over time, this has produced different rules, standards, licensing requirements, and regulatory frameworks across the country. These differences can create barriers when a business, worker, product, or service crosses a provincial boundary.

Interprovincial trade barriers generally refer to variations in regulatory frameworks and the increased cost or complexity they create for operating across jurisdictions. While some barriers are due to geography, the current discussion focuses only on non-geographic barriers impeding trade, such as regulatory differences between provinces.

These barriers are often treated as entrenched and unavoidable irritants, but their cumulative effect carries national consequences. They increase costs across supply chains, fragment labour and consumer markets, discourage investment, and make it harder for Canadian businesses to grow and scale before competing internationally. Given that internal trade flows account for nearly one-fifth of the country's GDP, these barriers act as a deadweight on economic growth.[2]

Recent International Monetary Fund (IMF) analysis estimates that internal trade barriers across 230 sectors in Canada impose costs equivalent to a 9.5% tariff.[3] For some sectors, like education and healthcare services, the costs are an even higher 40% tariff equivalent.[4] By comparison, the Bank of Canada's January 2026 outlook assumed an average U.S. tariff rate of 5.8% on Canadian goods.[5] While the two figures are calculated differently, the comparison is striking: Canada is imposing higher costs on itself than the U.S. imposes on Canadian goods. We're scoring an own goal.

If Canada were to proceed with eliminating internal trade barriers, GDP could increase by around 7% over the long term, equivalent to a gain of approximately $210 billion in economic output.

Businesses should not have to face avoidable costs while simultaneously having to withstand uncertainty abroad. They need access to a large, integrated domestic market to grow and achieve scale. Foreign businesses are also more likely to invest where they can serve a single market with one predictable regulatory system. Canada cannot afford to have a domestic market still divided by provincial and territorial rules that can make operating nationally feel like entering multiple separate markets. Given that we are already a high-cost place to build, invest, hire, and move goods, reducing these self-imposed barriers represents one of the clearest opportunities to improve productivity, competitiveness, and economic resilience.

The costs are significant, but so too are the potential gains from a more integrated Canadian economy. If Canada were to proceed with eliminating internal trade barriers, GDP could increase by around 7% over the long term, equivalent to a gain of approximately $210 billion in economic output.[6] According to IMF analysis, the services sector accounts for approximately 90% of GDP gains.[7] Growth would be driven by more efficient resource allocation across the economy, allowing businesses to access new markets, grow beyond provincial boundaries, and scale more effectively across the country.[8]

Regulatory Interconnectivity

Interprovincial trade is closely connected to broader concerns about regulatory efficiency and modernization. For businesses, internal trade barriers often take the form of a hodgepodge of duplicative approvals, inconsistent standards, overlapping certification requirements, and differing regulatory interpretations. These barriers increase compliance costs and limit opportunities to expand nationally. As the Board has previously argued, successful trade relationships depend not only on formal agreements but also on regulatory systems that are aligned, efficient, and predictable.

Efforts to improve internal trade and modernize regulations are fundamentally linked. In both cases, the challenge is often the duplication of processes and the failure to recognize standards or certifications that have already been assessed elsewhere.

Ultimately, reducing barriers is an opportunity to build a more integrated and higher-growth national economy that enables businesses to flourish, workers to move freely, and investment to flow across the country.

Achieving this will require more than removing individual barriers in piecemeal ways. Governments must establish a process capable of moving the country toward a single market by determining, without prejudice, where mutual recognition is sufficient to reduce barriers in the near term, where and how to achieve harmonization, and how progress will be measured against clear timelines. Failing to act or pursuing fragmented reforms risks perpetuating a patchwork economy that limits growth and weakens Canada's ability to compete globally.

The Current Landscape

Recent progress has come through a series of legislative changes, intergovernmental agreements, and policy initiatives introduced by different levels of government. Together, these efforts are beginning to reshape how goods, services, and labour move across provincial boundaries. The current landscape is best understood as a set of overlapping frameworks operating at the intergovernmental, federal, and provincial and territorial levels. Each plays a distinct role and carries different legal, regulatory, and practical implications for businesses.

Intergovernmental

The Committee on Internal Trade (CIT) brings together federal, provincial, and territorial ministers responsible for internal trade. The CIT is responsible for overseeing the implementation of the Canadian Free Trade Agreement (CFTA), reviewing progress, and providing direction on a consensus basis. It meets regularly with a rotating government chair.

The CFTA, which came into force in 2017, is an intergovernmental agreement aimed at reducing and eliminating barriers to the free movement of goods, services, labour, and investment across the country. The CFTA applies broadly across the economy, with party-specific exceptions, and provides mechanisms for dispute resolution, but public records show few disputes and very limited use of final panel rulings to resolve barriers. While the CFTA is an important framework, historically, progress has been gradual. Its Regulatory Reconciliation and Cooperation Table (RCT), which aims to align regulations across the country, has seen very limited use by provinces and has not delivered meaningful, national progress.

More recently, based on direction from First Ministers and the CIT, provincial, territorial, and federal governments negotiated a new agreement: the Canadian Mutual Recognition Agreement on the Sale of Goods (CMRA). The CMRA introduces mutual recognition to enable the internal trade of goods. If a good can be lawfully sold in one province or territory, it can also be sold in another without needing to meet additional regulatory requirements. This represents a potentially significant shift and is aligned with the Board's previous advocacy on a national mutual recognition framework. Businesses will no longer face the same duplicative testing, re-certification, and compliance processes.

Alongside intergovernmental efforts, the federal government has adopted a more active role in advancing internal trade reform.

However, the CMRA is not without limitations. Food and alcohol are excluded from its scope, and governments retain the ability to list exceptions through annexes. The agreement also does not address how goods are sold or who may sell them, which means that other regulatory requirements may still apply.

Intergovernmental coordination has also advanced in capital markets. In the absence of a national securities regulator, provinces and territories rely on the Canadian Securities Administrators' passport system, under which approvals from a participant's principal jurisdiction are automatically recognized elsewhere. Ontario's recent commitment to join as the final holdout is an important step toward reducing duplication. However, while the passport system streamlines approvals, it does not create a single national regulatory system. Fees, complaint handling, and certain enforcement activities remain divided among separate regulators, leaving Canada's capital market more costly and fragmented than it would be under a unified national regulator.

Federal

Alongside intergovernmental efforts, the federal government has adopted a more active role in advancing internal trade reform.

The Free Trade and Labour Mobility in Canada Act (FTLMCA), which came into force in January 2026, is intended to reduce duplication between federal and provincial regulatory requirements. Where a comparable provincial or territorial requirement exists, businesses and workers may be able to rely on that requirement rather than comply with a separate federal process. Accompanying guidance is intended to help businesses determine when federal and provincial rules are considered comparable and how compliance obligations apply in practice.

The federal government also removed its 53 exceptions to the CFTA, signed the CMRA, signed a Memorandum of Understanding (MOU) on Interprovincial Trucking, launched the Domestic Trade Commissioners Network in collaboration with provinces, and in meetings with other First Ministers, the Prime Minister agreed to a 30-day service standard for credential recognition across the country.

The federal government is demonstrating more active involvement in internal trade. However, many of the barriers affecting the interprovincial movement of goods and services also fall under provincial jurisdiction.

Provincial and Territorial

As the level of government most responsible for addressing interprovincial barriers, provinces and territories have introduced their own legislative reforms and bilateral or multilateral agreements to reduce barriers.

Ontario's Protect Ontario Through Free Trade Within Canada Act (Bill 2) is among the most significant examples. Bill 2 came into force in June 2025 and removed Ontario's exceptions to the CFTA and expanded 'As of Right' rules from a select number of healthcare positions to over 300 certifications across numerous sectors.[9] The expansion means that a regulated professional from one of the listed occupations, if licensed elsewhere in Canada, could practise in Ontario for

up to six months while their Ontario certification is being processed. Ontario's expansion of 'As of Right' measures reduces the delays regulated out-of-province professionals experience and enables businesses to access labour more quickly.

Bill 2 also enacted the Ontario Free Trade and Mobility Act (OFTMA), which enables the mutual recognition of goods and services with jurisdictions that adopt reciprocal arrangements. Ontario will designate another province or territory as a reciprocating jurisdiction if it has its own mutual recognition framework or has committed to the CMRA. The OFTMA may help implement Ontario's CMRA commitments, but a system based on reciprocal, jurisdiction-by-jurisdiction participation still falls short of a seamless national market.

Other provinces and territories have pursued similar reforms through different legislative models. Nova Scotia's Free Trade and Mobility within Canada Act creates mutual recognition of goods, services, and labour mobility across all sectors with jurisdictions that reciprocate.[10] New Brunswick's Free Trade Within Canada Act similarly recognizes goods and services approved in other provinces.[11] Quebec's Bill 112, which came into force in October 2025, recognizes goods and certifications from other provinces and territories.[12] B.C. played a leading role in advocating for a national mutual recognition framework, leading to the creation of the CMRA through the CIT.[13]

Regional agreements have also emerged as important tools for addressing sector-specific barriers. For instance, established in 2023, the Atlantic Physician Registry allows physicians licensed in one Atlantic province to practise in another Atlantic province.[14] In Western Canada, the New West Partnership Trade Agreement (NWPTA) provides a framework to recognize or reconcile barriers to trade, investment, and labour mobility across B.C., Alberta, Saskatchewan, and Manitoba.[15]

Gaps in Coordination

Taken together, these intergovernmental, federal, and provincial initiatives demonstrate a sense of urgency and political will to address interprovincial trade barriers in Canada not seen in decades. Yet they are also proceeding simultaneously through multiple legislative and policy frameworks, each with different scopes, rules, timelines, and reciprocity requirements.

For businesses, the challenge is not simply the existence of barriers but understanding how an increasingly complex web of reforms interacts. Even where individual reforms succeed, the result may still be a collection of overlapping agreements rather than one integrated Canadian market.

Mutual Recognition in Practice

The practical effect of recent reforms depends on the product or service at issue, which jurisdictions are involved, and whether the relevant rules have been implemented.

For goods, the most important recent change is the CMRA. Under this agreement, a good that may be lawfully sold in one province or territory may also be sold in another without having to meet additional regulatory requirements. These rules apply unless one of the signatories has identified a specific exception in their annex.

The agreement applies to a broad range of commercial and industrial goods, including appliances, machinery, vehicles, and household products.[16] However, the CMRA does not apply to food, live animals, alcohol, cannabis, tobacco, or plants. The agreement also does not apply to how a good is sold, who may sell it, or who can purchase it.[17]

Importantly, mutual recognition does not eliminate regulation; it reduces duplication. A business selling covered goods remains subject to applicable laws and regulatory oversight. What changes is that a province generally accepts approvals that have already been granted elsewhere rather than requiring a separate approval process. The CMRA user guide reflects this principle throughout and provides practical guidance to businesses regarding the agreement's scope, obligations, and exceptions.[18]

CASE STUDY: ENERGY EFFICIENCY

The CMRA's treatment of energy efficiency requirements is illustrative. Previously, products that were shipped between provinces needed to meet federal energy efficiency requirements (if applicable).[19] Under the new framework, a Canadian-made product may satisfy the federal requirement through compliance with a comparable provincial or territorial requirement instead.[20] Businesses using this route must report through Natural Resources Canada's (NRCan) dedicated regulatory email address rather than through the usual NRCan Compliance Regulatory Energy Efficiency Database (CREED).[21] The example demonstrates that mutual recognition can reduce duplication between jurisdictions without eliminating regulatory oversight altogether.

Ontario's implementation of mutual recognition under the OFTMA is also helpful. An out-of-province good that has received approvals in its home jurisdiction would be treated as having met the corresponding Ontario approvals. However, that does not mean that the manufacturer is relieved of all Ontario obligations. Ontario's draft regulations indicate that if a product is modified after entering the province, mutual recognition rules do not apply.[22] Ontario regulations relating to installation, functioning, and maintenance of goods would continue to apply.[23] Therefore, mutual recognition helps most where the barrier involves duplicative product approval rather than operational rules, sector-specific restrictions, or sales conditions.

Another OFTMA implementation challenge is the reciprocity requirement. Ontario's mutual recognition rules only apply to reciprocating jurisdictions. Under the OFTMA, the province can make regulations designating another jurisdiction as reciprocating if it has in force "legislation similar to and corresponding with" the OFTMA.[24] When Ontario released draft regulations in December 2025, only Canada, Nova Scotia, Manitoba, B.C., Prince Edward Island, and Quebec were designated as reciprocating. Other jurisdictions may be designated should they make "sufficient progress" as they implement comparable frameworks.[25]

For businesses, this means mutual recognition cannot be assumed to apply uniformly across Canada. Instead, applicability depends on the jurisdiction involved, the timing of implementation, and any preserved exceptions. Without clear guidance and regular reporting, a jurisdiction-by-jurisdiction approach risks creating uncertainty regarding where mutual recognition applies and what barriers remain.

For services, the OFTMA requires regulators to authorize an out-of-province service provider holding an equivalent authorization and in good standing in a reciprocating jurisdiction. To do so, regulators would need to ask for proof of authorization and other limited additional information necessary to grant the Ontario licence.

It is important to distinguish mutual recognition for services from Ontario's expansion of 'As of Right' measures. Mutual recognition grants an immediate, permanent licence to practise in Ontario. By contrast, 'As of Right' registration grants an immediate, temporary licence effective for six months, after which a permanent licence is authorized.

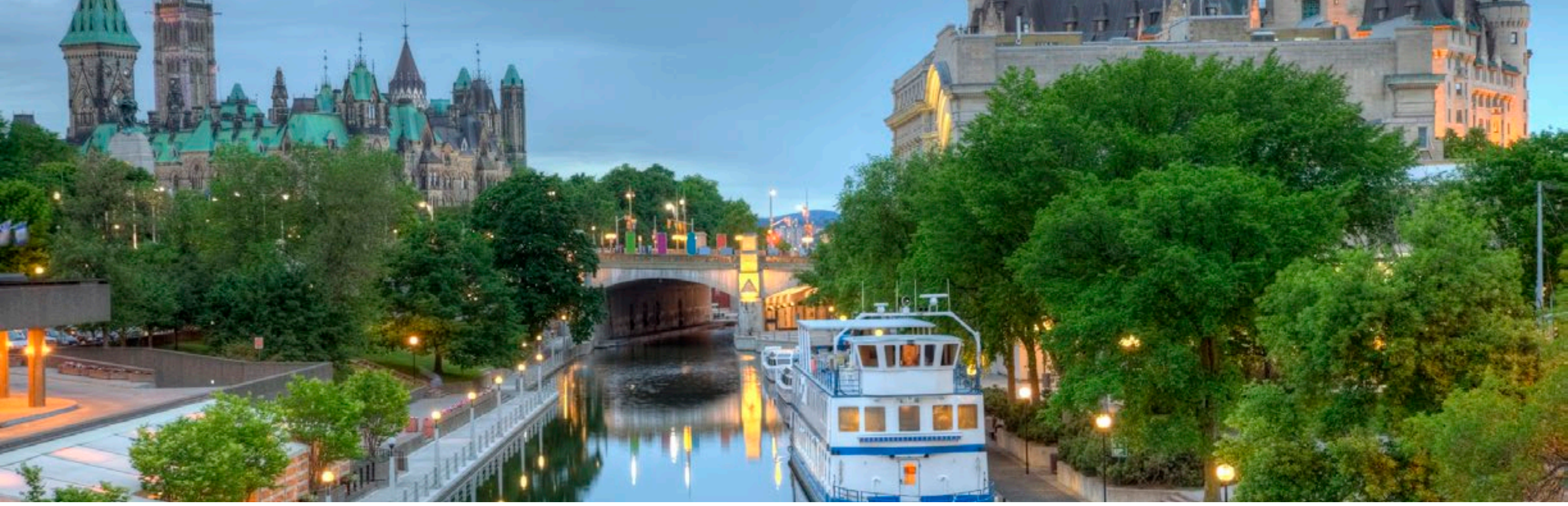
The federal Free Trade and Labour Mobility in Canada Act (FTLMCA) adds a further layer to the system. It recognizes comparable provincial or territorial rules as meeting certain federal requirements for the interprovincial movement of goods and services by answering the following questions: 1) is a good or service subject to federal and provincial rules? 2) is the federal rule specifically for interprovincial trade? 3) does the federal rule apply at the same time as the provincial one? 4) do the two rules cover the same aspect of the good or service? and 5) do the federal and provincial rules have similar objectives?[28] The federal user guide for businesses breaks down each of these questions, where the FTLMCA does apply, and how businesses can take advantage of the new rules, given that there is no opt-in process.[29] It also gives examples showing that some requirements are complementary rather than duplicative and, therefore, remain outside the scope of the FTLMCA.

Taken together, these reforms change the operating environment for businesses. For a covered good, the path into another province should now be shorter and more transparent than it was before, especially where no annexed exception has been preserved. For services and labour mobility, the changes still depend heavily on regulators and sector-specific rules.

The result is not that Canada has suddenly become a seamless internal market. In fact, there is still a long way to go to break down all barriers in the most transparent, effective, and durable way possible. This is why implementation is critical. Businesses need to know where the rules apply, what remains exempt, and whether the system is ultimately moving toward one integrated market.

CASE STUDY: ENGINEERING

The work of Professional Engineers Ontario (PEO) demonstrates how implementation can go beyond minimum legislative requirements. While Ontario's 'As of Right' framework would allow engineers licensed elsewhere in Canada to begin practising in Ontario on a temporary basis within 10 business days, PEO's streamlined mobility process goes further by issuing decisions on full, permanent licences within the same timeframe.[26] The regulator also provides clear eligibility guidance, a simplified application process, and a published service standard. The example illustrates how regulators can significantly improve labour mobility outcomes through efficient administration, even where legislative frameworks remain unchanged.[27]



Creating a Single Canadian Market

Most current internal trade reforms rely on cooperation among provinces and territories, reflecting the reality that many barriers arise from differences in provincial laws, regulations, and administrative practices. However, the persistence of significant barriers raises a broader question: what would it take to move from a patchwork of provincial markets to a functioning Canadian single market?

Canada is one of the world's largest economies, yet the potential of this large domestic market is severely constrained when businesses must navigate 13 separate regulatory systems.

Different standards, licensing requirements, and administrative processes increase costs, reduce competition, fragment markets, and create uncertainty for investment. Smaller provinces can also face challenges regulating increasingly global industries and supply chains on their own. The architects of Confederation recognized the importance of a unified domestic market. Section 91 of the Constitution Act, 1867, grants the federal government significant authority over the peace, order, and good government of the country.[30] This includes the regulation of trade and commerce, based on the understanding that some economic issues are national in character and cannot be effectively addressed through separate provincial decision-making alone.[31]

Over time, however, courts expanded provincial authority over economic regulation through broad interpretations of provincial jurisdiction, under Section 92, over local matters and property and civil rights.[32] As a result, many of the regulations that create internal trade barriers today fall within provincial jurisdiction.

Canada has generally sought to address internal trade barriers through cooperative federalism, such as intergovernmental mechanisms like the Canadian Free Trade Agreement (CFTA), mutual recognition agreements, and provincial reforms. This approach reflects Canadian federalism and preserves a role for provincial and territorial governments in setting rules within their jurisdictions.

However, cooperation has not created a fully integrated domestic market. More than three decades after the first Agreement on Internal Trade, significant barriers continue to affect labour mobility, investment, procurement, transportation, professional services, and the movement of goods. Canada still lacks a process capable of guaranteeing efforts will converge toward one national market.

Federal, provincial, and territorial governments must negotiate a roadmap to a national single market within a defined period, to rapidly enable the seamless movement of goods, services, workers, and investment.

LESSONS FROM THE U.S. AND EU

Canada's expansion of the provincial role in economic regulation in the 20th century, through the broad interpretation of Section 92, differs from other large integrated markets.

The U.S. Supreme Court's interpretation of the Commerce Clause greatly expanded Washington's power in economic regulation, recognizing the increasingly national and international nature of economic relations. Its historically fragmented system of economic regulation was recognized to be obsolete in the New Deal era. This change has been widely credited as critical to the expansion of the U.S. economy in the latter half of the 20th century. Although states retain substantial regulatory powers, Washington plays a central role in maintaining the integrity of interstate commerce.

European Union (EU) member states have gone further by delegating significant authority to Brussels to support the free movement of goods, services, capital, and people. The EU has harmonized many regulations, and even taken on a direct regulatory role, across 27 sovereign countries.

Canada has gone in the opposite direction all too often, with increasing fragmentation of economic governance.

A Roadmap to a Single Canadian Market

Canada's current approach is largely focused on addressing individual barriers, removing exceptions, and introducing separate pieces of legislation. These efforts can improve conditions, but they do not result in a durable single market. The problem is not a lack of political will to act, but the lack of a shared destination and a coordinated roadmap to reach it. Canada must move beyond periodic efforts (such as the Agreement on Internal Trade in 1995, Canadian Free Trade Agreement in 2017, and the latest wave of efforts in 2025-26) to whittle down provincial barriers and finally commit to the Grand Bargain of a single national market.

Federal, provincial, and territorial governments must negotiate a roadmap to a national single market within a defined period, to rapidly enable the seamless movement of goods, services, workers, and investment. The plan should establish the outcomes governments intend to achieve, identify sectors requiring harmonization, and establish clear timelines for implementation.

Initial efforts should focus on six sectors where regulatory fragmentation has significant consequences for economic growth, investment attraction, and competitiveness: housing and building codes, alcohol, food, labour mobility, manufacturing, and transportation. In some areas, mutual recognition can provide short-term relief while governments work toward deeper alignment. In others, a common national regulatory framework should be the objective from the outset. The following sections examine the barriers in each sector and outline the reforms that should form the foundation of the national roadmap.

A Time-Bound Intergovernmental Process

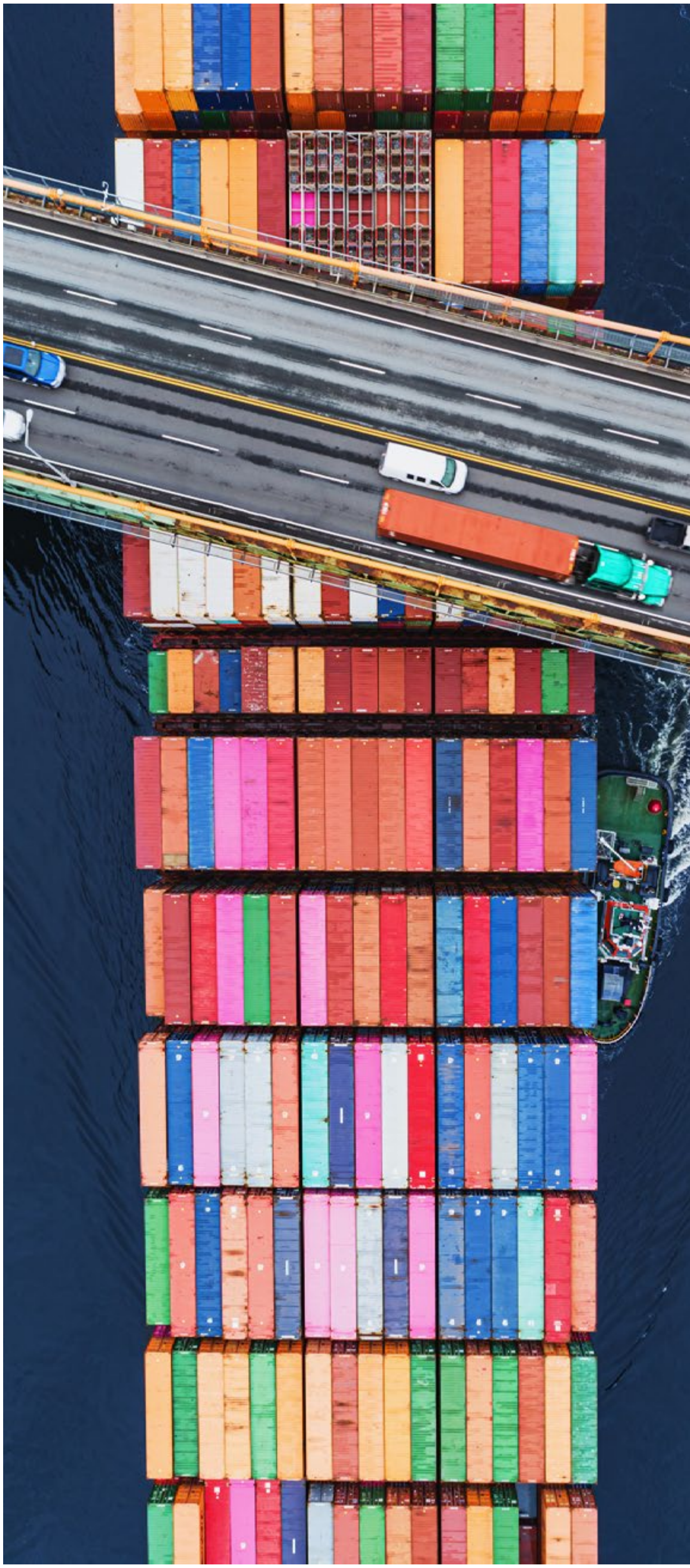
To lead these efforts, provinces and territories should have the first opportunity to deliver a single market by harmonizing the laws, regulations, and administrative systems within their own jurisdictions. They possess much of the relevant authority, and lasting, prosperous reform will require their sustained commitment. They also have a direct economic interest in its success. A larger and more predictable single market would give businesses in every province greater access to customers, workers, capital, and investment opportunities across Canada.

An intergovernmental body, like the Committee on Internal Trade, would need to provide the institutional foundation for this work. Every province and territory, along with the federal government, should be at the table. The process should be organized around achieving a single Canadian market by harmonizing the six priority sectors, rather than advancing individual files without an overarching deadline. Ultimately, this is a shared economic strategy that benefits all jurisdictions.

For each priority sector, governments should agree on:

- the national harmonized outcome to be achieved
- interim milestones and a final implementation deadline
- transparent accountability measures for progress and public reporting
- safeguards against backsliding of single market reforms

Governments should establish firm and achievable implementation deadlines. For instance, five years for sectors where barriers are well understood and reforms are relatively straightforward, and up to ten years where changes require extensive legislative, regulatory, or technical coordination.



The Federal Government as Guarantor

The federal government is not simply one government among fourteen. It has a unique responsibility over the national economy, trade, supply chains, and transportation corridors.

Similar to Washington or Brussels, Ottawa should be authorized by the provinces to exercise its role as a guarantor and referee of the single market. Working with all provinces and territories, it should convene negotiations, establish timelines, publish progress, and act as 'referee' when challenges arise. The federal government's role is to ensure that the process delivers the single market outcome governments have agreed to pursue.

This role is necessary because no individual province can guarantee the integrity of the domestic market on its own or prevent future backsliding of reforms. In the current state, a province can remove its own barriers, but it cannot compel others to reciprocate, ensure that harmonization is pursued consistently, or prevent barriers from emerging elsewhere. Without national oversight and accountability, progress will remain uneven and unreliable.

The Federal Backstop

A deadline alone will not be enough to overcome decades of incremental progress. If governments do not achieve a single market within the time-bound period, the federal government should be prepared to intervene.

Where regulatory fragmentation impedes trade across Canada and cannot be resolved effectively through separate provincial action, Parliament should consider establishing national regulatory frameworks. These frameworks would apply to the regulatory areas within a sector that require consistency across Canada, including those governing the movement of goods, services, workers, and investment. Relying on its constitutional authority over trade and commerce, the federal government would regulate the interprovincial and economy-wide dimensions of those sectors.

Provinces and territories should retain the first opportunity to design and implement harmonized regulations together. However, the objective of creating a single market cannot be left indefinitely vulnerable to delay, disagreement, or uneven implementation. A federal backstop would protect against the economic costs of continued fragmentation and provide every jurisdiction with greater confidence that the benefits of reform will ultimately be realized.

A step-change is needed from patchwork progress to long-term, sustained prosperity.

Recommendations for Achieving a Single Canadian Market

Fragmentation › **Mutual Recognition** › **Harmonization**

The national single market should be implemented across six priority sectors through reforms that reflect where each area currently sits and what is required to achieve harmonization. Internal trade barriers can be understood through a continuum of policy approaches.

At one end is fragmentation, a system where provinces, territories, municipalities, and regulators maintain different regulations, standards, and approval processes that create friction and costs for businesses and workers operating across the country.

The next stage along the continuum is mutual recognition. Under this approach, jurisdictions maintain their own rules, but also agree to accept each other's regulations, certifications, and approvals. Mutual recognition allows jurisdictions to maintain regulatory autonomy while also reducing duplication, complexity, and costs. However, mutual recognition does not eliminate all sources of friction. Businesses have expressed confusion about the different operating rules, enforcement, and processes depending on where the good or service first operates and where it is headed. As a result, some barriers can be reduced through mutual recognition, but it can also create additional patchwork systems.

At the furthest end of the continuum is harmonization. All jurisdictions align on one set of rules. Harmonization may not be the easiest and fastest process; however, greater or full alignment may produce stronger long-term economic benefits than mutual recognition alone. Businesses and workers would no longer need to navigate different regulatory frameworks or determine whether one jurisdiction recognizes another's approvals because the underlying requirements are aligned.

The long-term objective across all six priority sectors should be harmonization. However, the path will differ by sector. In some areas, mutual recognition or bilateral and multilateral agreements can deliver *near-term* progress while governments work toward full harmonization. In others, a common national framework should be pursued as the immediate next step.

The sections that follow assess where each sector currently sits on the continuum and set out both the immediate reforms and longer-term harmonization needed to achieve a single Canadian market.

When rules differ across jurisdictions, builders, suppliers, designers, and manufacturers must spend more time adapting to local requirements rather than scaling common designs, materials, and building methods across markets.

Housing and Building Codes

Fragmentation | Mutual Recognition | Harmonization

Canada possesses the foundations of a national framework through the National Building Code of Canada (NBCC). However, because provinces, territories, and municipalities adopt, amend, and administer building rules differently, builders still face a fragmented operating environment.

Building codes are a core part of Canada's construction sector because they establish minimum requirements related to health, safety, accessibility, structural integrity, fire protection, building performance, and environmental protection. The National Building Code, developed through the Canadian Board for Harmonized Construction Codes (CBHCC) and published by the National Research Council (NRC), serves as the basis for most provincial and territorial building codes. However, the national codes do not have force of law unless adopted by individual jurisdictions, each of which retains the ability to modify, supplement, or diverge from the model framework. As a result, building requirements can vary across Canada despite originating from a common national code system.

Recognizing these challenges, governments have increasingly prioritized code harmonization as part of broader efforts to reduce internal trade barriers and improve productivity. In 2022, federal, provincial, and territorial governments introduced a new governance model for code development through the CBHCC, with an explicit objective of advancing harmonized construction requirements across jurisdictions and reducing regulatory burden. More recently, the release of the 2025 National Model Codes was accompanied by a stated focus on advancing harmonization and creating greater consistency in building design and construction requirements across Canada.

There is also a clear connection to housing supply. When rules differ across jurisdictions, builders, suppliers, designers, and manufacturers must spend more time adapting to local requirements rather than scaling common designs, materials, and building methods across markets. This results in companies facing a more difficult time trying to grow their operations, as growth requires access to larger markets. Building code harmonization can help reduce this challenge by making technical requirements more consistent and predictable across the country. The Canada Mortgage and Housing Corporation (CMHC) has estimated that eliminating interprovincial trade barriers could incentivize more than 30,000 housing starts annually, underscoring the connection between broader internal trade reform and housing supply.[33]

Another challenge is ensuring that implementation frameworks support the construction methods that harmonization is intended to enable.

Ontario's new Building Code illustrates this approach. The province has stated that the new code eliminated more than 1,700 technical variations from national requirements, with the goal of reducing burden, improving safety, and making it easier to build housing.[34] At the national level, the 2025 National Model Codes also point toward greater consistency by advancing harmonized building design and construction requirements and expanding compliance options for code users. These changes do not eliminate all variation, but they show that governments are increasingly treating code alignment as part of the housing supply and productivity agenda.

At the same time, the housing benefits of building code harmonization should be understood in context. For builders, the most immediate barriers to scale are not the provincial building codes, but highly fragmented municipal systems governing zoning, approvals, permitting, and development standards.

Some municipalities have their own building codes, such as the Vancouver Building By-Law, or building requirements that are effectively unofficial additions to the building code, such as Toronto's former Green Standard. As a result, businesses frequently specialize in one or a small number of local markets rather than scaling across an entire province, let alone across Canada.

This does not diminish the value of national building code harmonization as a long-term objective, but those benefits will be extremely limited if builders continue to face highly fragmented local regulatory requirements. **Interprovincial harmonization under the single market plan is therefore most likely to support housing supply when it is accompanied first by efforts to reduce barriers within provinces themselves.**

The effectiveness of harmonization also depends on what jurisdictions are being asked to harmonize toward. If alignment involves layering additional policy objectives onto the building code or moving all jurisdictions toward a more restrictive and costly standard, the result may be greater complexity and higher construction costs rather than a simpler, more scalable code environment. Relatedly, greater consistency across jurisdictions does not need to mean a narrower range of allowable building practices. A well-designed harmonization agenda should avoid prescriptive compliance requirements and preserve space for innovation, alternative compliance pathways, new construction methods, and regional adaptation where appropriate. The goal should be to reduce unnecessary variation, not to limit practical flexibility or create a single rigid model for all housing construction.

Another challenge is ensuring that implementation frameworks support the construction methods that harmonization is intended to enable. In Ontario, approvals and inspection processes are not well suited to recognizing the value and nature of modern methods of construction in the building process, even when technically permitted by the building code. As a result, regulatory barriers can limit the ability of builders to scale productivity-enhancing methods and realize the full benefits of harmonization. This is particularly important for modular and factory-built construction, where compliance may depend not only on the building code itself, but also on whether approval authorities recognize factory certification, off-site review, and inspection processes in a consistent and practical way.

Timing also matters. If provinces adopt national code updates on different schedules, industry and investors still face uncertainty even when the underlying code framework is becoming more consistent.

Recommendations

1. Eliminate fragmentation in municipal zoning, permitting, approvals, and development processes within provinces.

2. Harmonize building codes across provinces for one predictable national code framework as the end goal.

Provincial governments, working with each other and with the federal government, should use the national single market process to achieve building code harmonization as a long-term objective. The goal should be a more consistent and predictable national code framework.

At the same time, governments should recognize that many housing barriers exist within provinces rather than between them. Efforts to harmonize building codes should therefore be accompanied by reforms that eliminate fragmentation in municipal zoning, permitting, approvals, and development processes.

Governments should also keep a clear focus on the core function of the building code. While the code will inevitably intersect with broader public policy objectives, governments should be cautious about expanding their role in ways that add complexity, raise costs, or make harmonization more difficult to achieve. Technical experts should remain central to the process so that code changes are practical, evidence-based, and aligned with how housing is delivered.

Harmonized technical requirements must be supported by implementation systems that work effectively. Approval, inspection, and certification processes should recognize modern construction methods, including modular and factory-built housing, so that builders can realize the productivity benefits that harmonization is intended to create. Provinces should also align and clearly communicate adoption timelines for national code updates to provide greater certainty for builders, suppliers, manufacturers, and investors.

These recommendations could make housing regulation more predictable. Greater code alignment would help builders, designers, suppliers, and manufacturers work across markets with fewer technical variations and less duplication, enabling them to scale across more communities. If implemented effectively, this could mean faster housing delivery, lower compliance costs, more efficient use of labour and materials, and a more competitive housing and construction sector while maintaining the health and safety protections that building codes are designed to provide.

Alcohol

Fragmentation Mutual Recognition Harmonization

Alcohol is one of the most well-known and visible examples of interprovincial trade barriers in Canada. It is often the first barrier most can articulate. Historically, Ontario residents have faced difficulty buying wine directly from producers elsewhere in Canada. In fact, 77% of small businesses believe that Canadians "should have the freedom" to order alcohol directly from any province.[35]

In most provinces, alcohol sales are heavily regulated by provincial liquor authorities, like the LCBO in Ontario, which is responsible for wholesale distribution and retail of alcohol. Therefore, market access is not organized as a single national system; producers and suppliers often need to navigate separate provincial rules, listing processes, pricing structures, and distribution channels.[36] As a result, liquor producers looking to sell their products across provincial borders face different rules and administrative requirements depending on the origin and destination markets. The CMRA also explicitly excludes alcoholic beverages, which means any recent progress on mutual recognition for goods does not apply to alcohol products.

Building on the 2025 MOU to advance direct-to-consumer (DTC) alcohol sales, on July 21, 2026, nine provinces (Alberta, B.C., Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, and Saskatchewan) signed an operating agreement on DTC alcohol sales. The agreement establishes a common framework allowing licensed producers in participating provinces to ship wine, beer, cider, spirits and other alcoholic beverages directly to consumers in other participating jurisdictions for personal use.[37] It represents a meaningful step beyond the patchwork of bilateral and product-specific arrangements that provinces had previously been advancing.

However, the agreement does not yet establish a seamless system Canada-wide. Quebec and Yukon aim to sign the agreement in the "near future", B.C. has signed but will be implementing the DTC framework by February 2027, and the Northwest Territories and Nunavut are not parties, although the agreement does allow them to join later.[38] It is also limited to direct sales from producers to individual consumers and does not create broader access to retail, wholesale, or commercial sales.

Implementation also remains fragmented. The agreement allows provinces to require out-of-province producers to obtain a separate authorization or registration before shipping to consumers. Only Manitoba, New Brunswick, and Saskatchewan currently require no separate authorization. For example, producers shipping into Alberta must register with Alberta Gaming, Liquor & Cannabis (AGLC), submit an acknowledgement and undertaking form, and arrange for a monthly remittance of fees and reporting.[39] Even Ontario requires out-of-province DTC authorization with the LCBO. The cumulative cost of securing and maintaining these multiple authorizations could still limit the value of the system.

Participation alone will not create a seamless single market if producers must still navigate a separate authorization or registration process in each province.

Under the agreement, provinces can also impose fees, markups, and minimum prices. For instance, according to a previous bilateral agreement, Ontario residents buying spirits from Nova Scotia had to pay a 32.5% markup.[40] The result is a system that may expand consumer choice while still imposing significant administrative and financial burdens.

The new DTC agreement is also not legally binding and allows a jurisdiction to withdraw with six months' notice. Its success will depend on how each signatory implements its DTC system and whether it remains clear and affordable for consumers and producers alike. Ultimately, the agreement should be viewed as a good starting point rather than a completed national market.

Even prior to the DTC announcement, stakeholders had identified several implementation considerations. Producers have emphasized the importance of a level playing field on fees, taxes, and margins (with shipping costs thinning out the potential for profit). They also raised concerns about potential disadvantages for local producers, the perishability of certain products shipped country wide, the implications of expanding beyond DTC and into broader retail or wholesale flows, and the need for transparent public data on the impact of new DTC agreements. These concerns do not argue against reform; rather, they highlight the conditions necessary for a successful national framework.

Recommendations

1 Complete the national DTC framework by securing participation from all jurisdictions.

2 Eliminate requirements for separate DTC authorizations and registrations, and minimize fees, markups, and reporting obligations.

Governments should build on the July 2026 DTC operating agreement by securing full participation from remaining jurisdictions and ensuring the system operates consistently across Canada. The framework should apply to wine, beer, spirits, cider, and other alcoholic beverages produced in Canada and allow consumers to purchase products directly from producers for personal use regardless of provincial boundaries.

Participation alone will not create a seamless single market if producers must still navigate a separate authorization or registration process in each province. Governments should therefore eliminate requirements for additional authorizations and registrations, following the lead set by Manitoba, New Brunswick, and Saskatchewan.

Governments should also ensure that fees, markups, and reporting requirements are minimized to what is reasonably necessary and do not undermine the purpose of reform. Fees should be transparent and structured such that DTC sales remain commercially viable for large and small producers and affordable for consumers across the country.

Finally, continuous data collection will be necessary on producer participation, consumer access, sales, and impacts on local producers so that the national DTC framework can be adjusted if necessary. Over the longer term, governments should also examine whether broader retail rules continue to limit market access for Canadian producers.

If implemented effectively, these measures would expand consumer choice and give Canadian producers greater access to domestic markets across provincial boundaries.

Food

Fragmentation Mutual Recognition **Harmonization**

Food occupies a unique position on the internal trade continuum. Unlike many sectors where the primary challenge is reconciling different provincial rules, food already operates under a national regulatory framework whenever products cross a provincial or territorial boundary or enter international trade. As a result, the challenge is not a lack of common standards but the continued existence of parallel federal and provincial systems.

This distinction is important. Food is excluded from both the Canadian Mutual Recognition Agreement on the Sale of Goods (CMRA) and the federal Free Trade and Labour Mobility in Canada Act (FTLMCA). While many sectors are currently moving toward mutual recognition, food is a sector where harmonization is the appropriate next step.

The Canadian Food Inspection Agency (CFIA) administers and enforces the Safe Food for Canadians Act (SFCA) and the Safe Food for Canadians Regulations (SFCR), including licensing, inspections, preventive controls, traceability, and enforcement activities related to food safety and interprovincial trade. Under the SFCR, businesses need a licence if they conduct activities such as manufacturing, processing, treating, preserving, grading, packaging, or labelling food for export or interprovincial trade.[41]

At the same time, provincial food inspection and licensing systems – of varying levels of safety standards – also exist to serve businesses that do not intend to trade beyond their province. In Ontario, for example, provincially inspected meat plants are designed for Ontario markets only, while federally inspected facilities are designed for higher-volume operations seeking to sell nationally or internationally.[42]

The result is that federal and provincial systems, with different standards, continue to operate in parallel, creating a practical divide between businesses operating only within a province and those whose activities cross borders.

For a truly integrated internal market, food across the country should follow one food safety standard. Canada already possesses a food safety regime – the SFCR – that is internationally recognized, supports exports, protects public health, and facilitates interprovincial trade. The question is why food safety expectations should differ depending on whether a product is sold within a province or across a provincial boundary.

The long-term objective should be to reduce reliance on separate provincial systems and bring more food production under a common national framework, including products sold locally, so that the standard does not change depending on where a product is sold.

The meat sector illustrates the challenge. Federal rules require meat products traded interprovincially to meet SFCR requirements, including licensing and inspection standards for processing, packaging, labelling, and slaughter facilities.[43] As a result, access to federally compliant processing capacity becomes a prerequisite for participating in a national market.

The goal is to make the federal pathway clearer and easier for businesses – of all sizes – to navigate.

Industry participants have raised concerns about limited capacity at federally licensed abattoirs and the difficulty of moving relatively small volumes of meat between neighbouring regions in different provinces. For smaller processors, the challenge is securing access to the infrastructure, regulatory support, and inspection capacity needed to reach customers beyond their home province. In fact, the predominant barrier to trade is often a smaller business' understanding (or misconceptions) of how to meet the national requirements, and perhaps not always the actual compliance process itself.

Food safety is appropriately complex because of the public health implications and should not be treated as a deregulation exercise. Instead, the goal is to make the federal pathway clearer and easier for businesses – of all sizes – to navigate. Smaller processors face uncertainty and confusion about how federal requirements apply to their operations and how much time and investment compliance will require. Large food manufacturers are more likely to have in-house compliance resources, while smaller processors often have fewer staff and less specialized regulatory capacity. What's required is a less burdensome process for businesses looking to grow beyond their province.

To move toward one national standard, the federal pathway needs to be made more accessible, modernized, and proportionate, especially for smaller players, consistent with the National Food Security Strategy's focus on helping provincially licensed food businesses meet federal requirements.[44]

Recommendations

1. Adopt the Safe Food for Canadians Act as the single food safety regulatory framework across Canada.

2. Support smaller producers through the transition to meet the national regulatory framework.

Governments should implement the full-scale adoption of the SFCA and SFCR as the single food safety regulatory framework across Canada. This transition should occur gradually and strategically, with the objective of eliminating duplication between federal and provincial systems and maintaining strong food safety protections. The goal is to provide regulatory streamlining through a strong common standard. A single food safety standard would give consumers greater confidence that food safety expectations do not change depending on where a product is sold.

While food safety standards should remain rigorous, this is also an opportunity to modernize existing regulations to eliminate outdated and unnecessary practical barriers that prevent businesses from accessing the current federal system.

To support this transition, the CFIA should continue expanding efforts to assist businesses seeking to enter interprovincial markets. This should include clear guidance regarding licensing requirements, direct advisory services, regional outreach, plain-language compliance resources, and practical assistance for businesses transitioning from local to national operations.

Governments should also review whether compliance requirements can be administered using a small business lens for lower-risk and smaller-scale producers without compromising food safety outcomes. Where compliance costs create a significant barrier to expansion, targeted financial assistance and transition support should be considered.

At the same time, governments must address capacity constraints that limit access to the federal system. Challenges related to federally licensed slaughter facilities, veterinary inspection resources, and processing capacity can become practical barriers to market participation. If businesses are unable to access the infrastructure required to comply with the national standards, harmonization efforts will be constrained regardless of regulatory reform.

Labour Mobility

Fragmentation | **As of Right** | **Mutual Recognition** | Harmonization

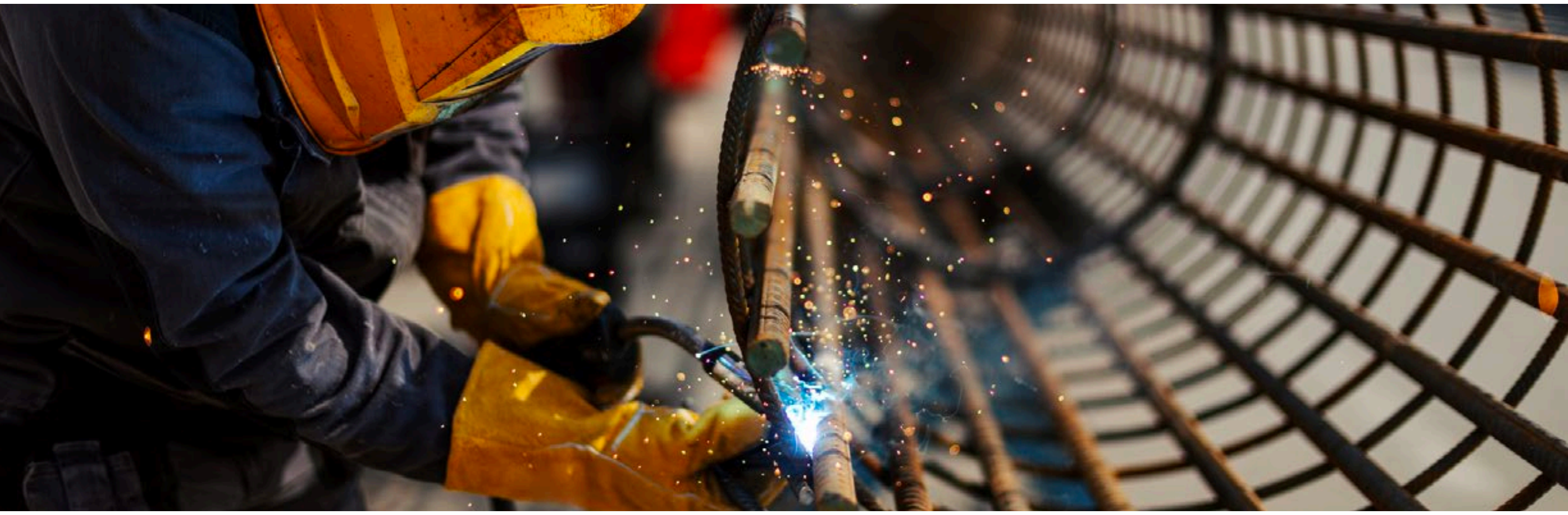
Labour mobility is one of the most significant unresolved pieces of Canada's internal trade agenda. While recent reforms have focused heavily on goods, the largest remaining gains from internal trade reform are likely to come from services and labour mobility.[45] Services face much higher internal trade costs than goods, and provinces maintain separate licensing requirements across roughly 700 provincial-level regulatory bodies.[46] Workers in regulated professions cannot simply move to another jurisdiction, as they need to navigate separate provincial regulators, application processes, fees, service standards, and additional requirements.

The current system recognizes labour mobility in principle. Chapter seven of the CFTA covers labour mobility and is intended to allow certified workers in regulated occupations to work across Canada without additional material training, experience, examinations, or assessments, unless a justified exception applies due to a "legitimate objective" like public security or safety.[47] In practice, however, the experience of workers is more uneven. Workers face issues with system navigation, additional fees, inconsistent processes, and unclear steps.

Ontario's 'As of Right' framework is an important step along the internal trade continuum. Effective January 1, 2026, Ontario allows an out-of-province regulated professional to receive a temporary certification within 10 business days of notifying the regulator and begin working in the province for up to six months while waiting to receive their full certification.

The framework expands beyond a limited set of healthcare occupations to more than 300 regulated certifications across approximately 50 regulatory bodies.[48] This approach reduces immediate barriers to labour market entry by allowing professionals to work while administrative processes are completed.

However, 'As of Right' is not the same as automatic mutual recognition or even national licensing. Professionals must navigate the 'As of Right' rules and timelines and pursue a standard labour mobility application.[49] It should therefore be understood as an important near-term measure that allows regulated professionals to start working sooner, rather than the end state for labour mobility.



Legislative reforms alone do not guarantee improved mobility outcomes. Regulators play a decisive role in determining whether reforms translate into faster access to labour markets or whether new administrative requirements recreate barriers in practice.

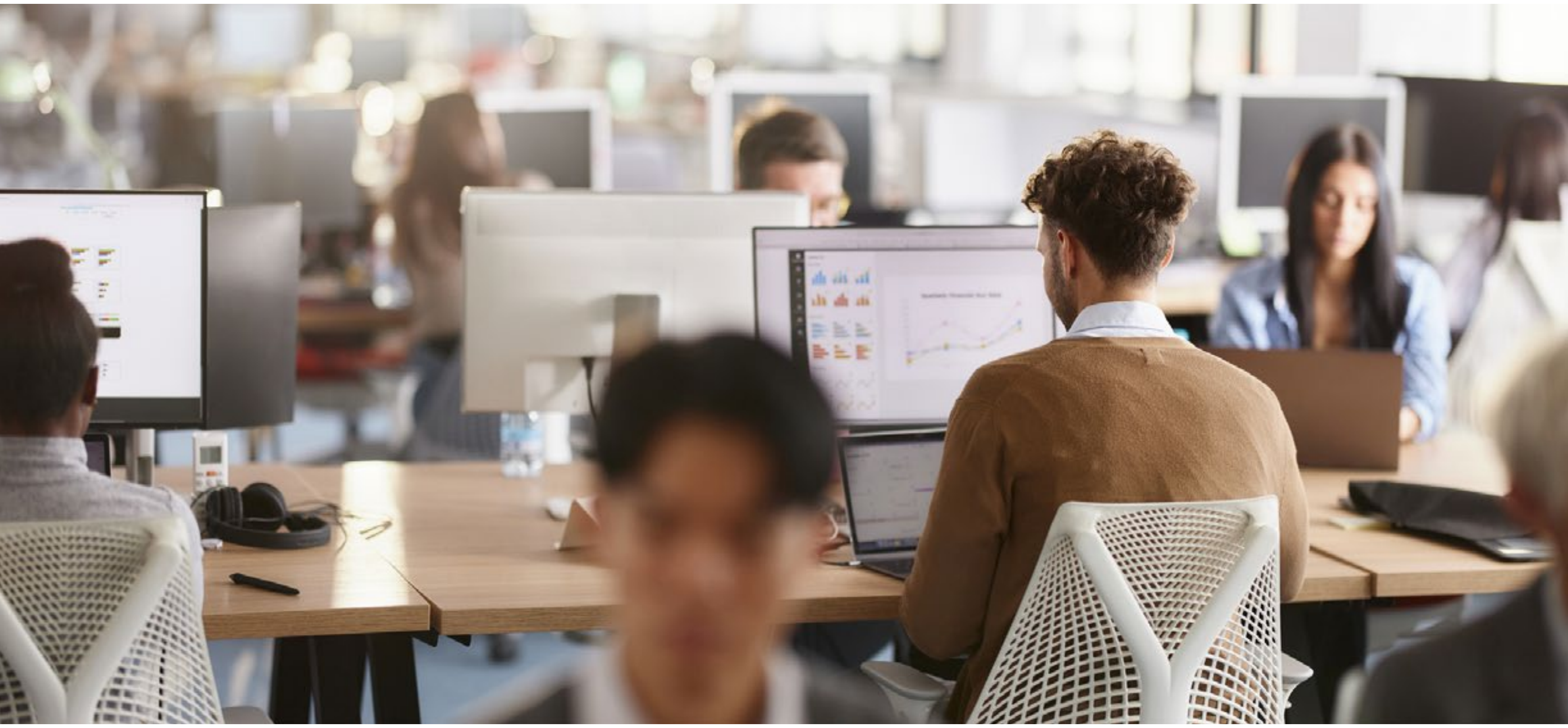
Effective implementation of 'As of Right' requires clear public guidance, defined service standards, and accountability mechanisms to ensure that temporary authorization is granted quickly and that permanent certification processes are not duplicative or unnecessarily burdensome. Where regulators are able to issue timely decisions, labour mobility outcomes improve significantly in practice.

As noted previously, engineering in Ontario provides a useful example of how regulator implementation can move beyond the minimum legal requirement. Through its Canadian P.Eng. mobility application, PEO provides a full certification decision within 10 business days, exceeding Ontario's 'As of Right' requirements. The broader lesson here is that where regulators can issue decisions quickly, labour mobility becomes much closer to seamless in practice.

Given the long history of professions being regulated separately by provinces and territories, some differences in practice and requirements are inevitable under the current system. Scope of practice differences can matter in certain professions, where a task permitted in one province may not be part of that same occupation's practice in another. However, these differences should be resolved through gap-specific bridging, not full re-certification, to reduce unnecessary duplication.

The next step beyond 'As of Right' is mutual recognition. While some provincial labour mobility legislation enables mutual recognition by requiring regulators to automatically recognize credentials from other Canadian provinces and territories, Canada still does not have a national mutual recognition system for services, like the CMRA for goods. Regulated professionals cannot simply move between provinces knowing that their certifications will be automatically recognized by all. While an engineer can receive their full certification within 10 business days if they move to Ontario, the same process may not always be the case across the country and for other professions.

Over the longer term, national licensing models are a potential path to harmonization for select occupations. A harmonized national system could result in a more unified approach to labour mobility, particularly for sectors where there is a strong economic case as well as substantial alignment in standards and regulations between jurisdictions.



Recommendations

1 Implement Ontario's 'As of Right' measures, for the 300 certifications it applies to, with prompt decisions, clear guidance, and accountability.

2 Expand the Canadian Mutual Recognition Agreement on the Sale of Goods (CMRA) to include services.

3 Assess and implement national licensing models where appropriate for select sectors.

The immediate priority is the effective implementation of Ontario's 'As of Right' measures with prompt decisions, clear guidance, and accountability. Where regulators can exceed legislative requirements, they should be encouraged to do so rather than relying on providing a temporary licence. The standard mobility application that is processed over the subsequent six months should be as streamlined as possible to prevent unnecessary duplication.

The next step is implementing broader mutual recognition of credentials by expanding the CMRA to include services such that a certified professional licensed in one part of Canada can work anywhere in the country. This would require clearer standards for processing, improved transparency on reciprocity arrangements, and limits on additional administrative requirements that effectively replicate re-certification.

Over the longer term, governments should assess where national licensing models may be appropriate for select sectors. These should be limited to cases where there is strong justification based on labour mobility benefits, regulatory consistency, and alignment of professional standards.

Together, these measures provide a practical path along the continuum: effective 'As of Right' implementation can provide short-term relief, mutual recognition can remove duplication, and national licensing models can provide a harmonized model where most appropriate. Ultimately, the objective is a labour mobility system that allows workers to move across Canada with minimal administrative friction, while preserving legitimate regulatory safeguards.

Manufacturing

Fragmentation | **Mutual Recognition** | **Harmonization** | International Standards

Manufacturing sits at different parts of the internal trade continuum. In many cases, the larger opportunity is to align Canadian regulations with trusted international standards, while also reducing fragmented approval processes across provinces. In practice, manufacturing systems move unevenly along this continuum depending on whether the issue is product certification, provincial administration, or international equivalency.

Manufacturing products, especially industrial equipment, frequently operate within regulatory frameworks that are intended to ensure safety, reliability, and consumer protection. In many sectors, including elevators, pressure vessels, gas-fired equipment, electrical products, and heavy industrial machinery, these requirements are based on widely recognized technical standards; however, manufacturers seeking to sell products across jurisdictions often face a more complex reality than simply meeting a single technical standard.

The challenge appears in two ways. First, when international manufacturers seek to enter the Canadian market. Second, when manufacturers already operating in Canada seek to sell, install, or commission equipment across provincial boundaries. This matters because manufacturing is deeply tied to interprovincial trade. In the twelve months preceding a 2024 survey, 50.8% of manufacturers sold goods or services to customers in another province, while 56.4% purchased goods or services from suppliers in another province.[50]

The first challenge reflects Canada's participation in a North American standards and certification ecosystem that differs in many respects from those used in Europe and other global markets. Manufacturers that design products to European or other international standards may be required to undertake additional testing, certification, engineering reviews, or product modifications before entering the Canadian market. These requirements can increase costs and reduce the attractiveness of Canada as a destination for internationally manufactured products, particularly where Canada represents a relatively small share of a manufacturer's global sales.

Elevators provide a useful example of how misalignment between Canadian and international standards can create practical barriers for manufacturers, suppliers, developers, and building owners. Canada's elevator system is generally built around a North American framework, while the European Union regulates lifts through its own standards.

The challenge goes beyond different building codes. Elevators are also subject to different product standards, conformity assessment systems, certification pathways, and installation approval regimes. A lift or component designed for the European market may need additional engineering review, redesign, testing, certification, documentation, or acceptance before it can be sold or installed in Canada. This can reduce the number of suppliers willing to serve the Canadian market, limit access to globally available components, increase parts costs, and reduce competition. In effect, this results in two elevator markets: a large market using European-derived standards and a smaller North American market requiring separate certification.

These differences matter because elevators are not simple imported products. They are manufactured systems that interact with buildings, electrical systems, fire and accessibility requirements, inspection regimes, maintenance obligations, and safety-component certification. Even where safety objectives are similar, differing standards and approval pathways can create duplicative compliance costs. For small and medium-sized manufacturers, the cost of redesigning or separately certifying components for the North American market may be difficult to justify given Canada's relatively small market size. For developers and building owners, reduced supplier participation can translate into higher costs, longer lead times, fewer retrofit options, and more limited access to globally available elevator technologies.

A harmonization agenda should therefore distinguish between safety outcomes and regulatory pathways. The policy objective should not be to lower elevator safety requirements, but to identify where equivalent international standards, conformity assessments, or performance-based approaches can be recognized without compromising safety. A stronger policy approach could build on this by creating clearer equivalency pathways, faster recognition of trusted international standards, and more transparent provincial approval processes.

The challenges do not end once a manufacturer enters Canada. While elevator safety requirements are largely based on common North American standards, the administration of those requirements remains primarily provincial. Each province and territory is responsible for regulating elevating devices through its own legislation, regulatory authority, inspection processes, registration systems, licensing requirements, and approval frameworks. As a result, a manufacturer that has successfully entered one Canadian jurisdiction may still need to navigate different administrative processes when expanding into another.

The practical significance of this fragmentation should be understood in context. The primary challenge is not necessarily that provinces require fundamentally different elevators. Rather, manufacturers may face multiple compliance pathways for substantially similar products. Different jurisdictions may require separate registrations, documentation submissions, inspections, operating certificates, maintenance arrangements, or interactions with different regulatory authorities. These requirements can increase administrative burden, create uncertainty regarding approval timelines, and reduce the efficiency gains that would otherwise result from a common technical standard.

The objective should be to simplify market access and regulatory compliance without compromising safety outcomes.

The same provincial entry challenges can be illustrated with an example of selling industrial machining equipment from one province into another. A Quebec manufacturer supplied a gas-heated industrial parts washing system to a customer in Ontario. While the equipment itself complied with applicable standards, uncertainty arose regarding the approvals, inspections, and contractor requirements associated with connecting the equipment to the facility's natural gas system. Additional time was required to identify regulatory requirements and coordinate approvals before commissioning could proceed. The project ultimately moved forward, but the experience illustrates how differences in provincial administrative processes can create delays and uncertainty even where underlying technical standards are largely aligned.

These industrial equipment examples illustrate how interprovincial trade barriers can arise even where the underlying technical standards are largely harmonized across Canada. Industrial equipment may be designed and manufactured to nationally recognized standards and sold into multiple provinces, yet the installation, inspection, permitting, and commissioning requirements associated with that equipment remain subject to provincial regulatory authorities and administrative processes. As a result, manufacturers, distributors, contractors, and end users may encounter jurisdiction-specific requirements that are not immediately apparent during the sales process. These differences can increase transaction costs, extend project timelines, create uncertainty regarding responsibilities, and introduce additional administrative burdens for firms operating across provincial boundaries. While such requirements serve important public safety objectives, the variation in regulatory administration and compliance processes can function as a practical barrier to interprovincial trade by reducing the ease with which industrial equipment and related services move between Canadian jurisdictions.

The value of harmonization depends on what jurisdictions are being asked to harmonize toward. A well-functioning regulatory framework must continue to protect public safety while accommodating technological innovation and evolving building requirements. Harmonization should therefore focus on reducing unnecessary duplication, improving recognition of equivalent standards and certifications where appropriate, and creating more transparent and predictable approval pathways. The objective should be to simplify market access and regulatory compliance without compromising safety outcomes.

Another challenge is ensuring that administrative systems evolve alongside technical harmonization efforts. The benefits of standards harmonization can be limited if products continue to encounter fragmented approval systems across jurisdictions.

Finally, differences in regulatory adoption timelines can create additional uncertainty. Changes to standards, inspection requirements, modernization rules, or administrative processes may occur at different times across jurisdictions, requiring manufacturers and service providers to monitor multiple regulatory environments simultaneously. Greater alignment in implementation timelines and administrative practices could improve predictability and reduce compliance costs while maintaining existing safety objectives.

Example: Provincial and Territorial Administering Bodies for the Inspection of Elevating Devices

Jurisdiction	Primary Regulatory Authority
Ontario	Technical Standards and Safety Authority (TSSA)
Quebec	Régie du bâtiment du Québec (RBQ)
British Columbia	Technical Safety BC
Alberta	Municipal Safety Codes Officers under the Safety Codes Act (with provincial oversight through Alberta Municipal Affairs)
Saskatchewan	Technical Safety Authority of Saskatchewan (TSASK)
Manitoba	Inspection and Technical Services Manitoba
Nova Scotia	Technical Safety Division, Department of Labour, Skills and Immigration
New Brunswick	Technical Inspection Services, Department of Public Safety
Prince Edward Island	Chief Electrical Inspector / Elevating Devices under provincial safety legislation
Newfoundland & Labrador	Service NL – Technical Services Division
Yukon	Building Safety and Standards Unit
Northwest Territories	Elevators and Lifts Section, a dedicated branch within NWT Department of Infrastructure
Nunavut	Office of the Chief Elevator Inspector (OCELV), which sits under the Safety Services Division of the Nunavut Department of Community Services

Recommendations

1. Align industrial equipment regulations with international standards.
2. Streamline registration, permitting, inspection, and approval processes across provinces.

Governments should review and implement in short order industrial equipment regulations through an international standards alignment lens, identifying where European or other trusted international standards can be recognized as equivalent, partially equivalent, or acceptable through a defined performance-based pathway. This review should distinguish between product design requirements, component certification, building-interface requirements, installation approvals, inspection processes, maintenance rules, and modernization requirements.

Provincial regulators should publish plain-language comparison guidance explaining how internationally certified products are treated under Canadian requirements, including circumstances in which additional certification, testing, engineering review, or field approval is required. Governments should also consider whether existing performance-based approaches are being used effectively to support innovative or internationally designed equipment systems.

Governments should also streamline interprovincial administrative fragmentation by aligning registration, permitting, inspection, and approval processes where the underlying safety objectives are similar. This should include clearer approval timelines, common documentation requirements, and coordination between provincial regulators so that manufacturers and end users do not have to duplicate substantially similar processes in each jurisdiction.

Finally, governments should avoid treating harmonization as a choice between safety and competitiveness. The goal is to achieve equivalent safety outcomes through clearer recognition of international standards, more predictable approval processes, and better alignment across provincial jurisdictions. This would support increasing housing supply, reduce costs for building owners, improve access to parts and technologies, and make Canada a more attractive market for global manufacturers.

Transportation

Fragmentation | Mutual Recognition | Harmonization

Transportation occupies two different points on the internal trade continuum. On the regulatory side, trucking has moved beyond pure fragmentation because national standards and mutual recognition efforts already exist, although the system has not yet reached full harmonization. On the infrastructure side, Canada remains much closer to fragmentation as the country relies on provincially owned and planned corridors that do not yet function as a seamless national freight network.

The cost of this fragmentation is significant. Internal barriers in truck transportation add approximately 8.3% to freight rates, increasing costs that affect business, consumers, and supply chains.[51]

Jurisdiction over road transportation in Canada is divided between the federal and provincial and territorial governments. Ottawa regulates carriers that operate across provincial or international boundaries along with rail, marine, and air. Provinces and territories control the road infrastructure, vehicle weights and dimensions, licensing, and carriers operating solely within their own borders. By contrast, Canada's rail system is considerably more integrated. Canadian Pacific Kansas City and Canadian National Railway both operate seamless national networks across the country, and into the U.S. and Mexico. Much of Canada's trucking policy is developed through intergovernmental consensus via the Canadian Council of Motor Transport Administrators (CCMTA), a body whose membership is drawn from all fourteen federal, provincial and territorial governments, in an arrangement that dates to 1947. As a result, even nominally national rules emerge from intergovernmental consensus rather than federal direction.

The primary harmonization instrument for heavy trucks is the federal-provincial-territorial Memorandum of Understanding on Interprovincial Weights and Dimensions. First established in 1988, it set national standards for the weight and dimension limits of heavy vehicles used in interprovincial transport and has been regularly amended at intergovernmental ministerial meetings since then. It represents real progress, but it is incomplete. Provinces retain their own regulations and routinely permit configurations and weights that differ from the national standard.

Trucking regulations and standards are not fully harmonized across the country in a way that would allow trucks to pass as seamlessly across a provincial boundary as a municipal one.

Recent momentum has emerged from efforts to reduce interprovincial trade barriers, accelerated by trade tensions with the U.S. In September 2024, the Committee on Internal Trade (CIT) announced a trucking pilot aimed at harmonization through mutual recognition of provincial and territorial regulations, under which jurisdictions agree to recognize one another's requirements even where differences exist. Through 2025, the initiative expanded and federal exceptions to the CFTA were eliminated. Ministers also convened a trucking "hackathon" to identify further opportunities to align regulations, alongside the CMRA.

Most notably, this has recently resulted in the signing of the June 2026 federal-provincial-territorial MOU on Interprovincial Trucking. The MOU commits governments to advance harmonization across a range of operational and regulatory issues, including permitting and weight requirements, common standards on signage, lighting, and flags, long combination vehicle training rules, and the creation of a Canadian Trucking Regulations Hub.[52] Industry support for the MOU reflects the importance of predictable rules and is a meaningful step toward reducing barriers, but the MOU is not legally binding. Its success will depend on whether governments implement the commitments in ways that improve the experience on the road. As governments seek to meet the MOU's commitments, there will be a need for clarity, transparency, and public accountability on implementation progress.

Two broad categories of barriers continue to impede the seamless movement of goods across Canada. First, trucking regulations and standards are not fully harmonized across the country in a way that would allow trucks to pass as seamlessly across a provincial boundary as a municipal one. Second, the infrastructure in many parts of Canada is inadequate for high-volume truck transportation, which adds significant costs and time to transporting goods across Canada, in comparison with other peer jurisdictions.

On the regulatory side, a truck crossing a provincial boundary can face a different rulebook even though the cargo, the vehicle, and the driver remain unchanged. Recurring obstacles include:

Gross vehicle weights and permitted configurations
While permissible axle weights are generally uniform under the MOU, overall vehicle weight allowances vary, and differences in accepted configurations sometimes force trucks onto longer routes. The new MOU looks to increase the steering axle weight limit from 5500 kg to 6000 kg.

Seasonal weight restrictions
Spring-thaw load limits differ across jurisdictions in both timing and severity.

Oversize and overweight permitting
Permitting requirements and road-access rules vary, with inconsistent permit thresholds, signage requirements, and escort rules. The new MOU notes the development of a publicly communicated permit service standard and common set of information for applications, as well as minimum standards for signage, lighting, and flags.

Long-combination-vehicle (LCV) programs
These programs vary in terms of permits, approved routes, and operating conditions. The new MOU commits governments connected to a regional contiguous LCV route network to align driver qualifications and certification requirements. However, the new agreement notes a national approach is not currently viable due to the infrastructure gap in northern Ontario.

Tire and traction rules
British Columbia requires chains on designated mountain routes, while Ontario and Quebec restrict their use.

Carrier oversight
Safety rating and monitoring regimes vary significantly between jurisdictions. The new MOU includes a review of National Safety Code standard implementation to identify opportunities for greater harmonization.

The deeper challenge is the network itself. In 1956, the U.S. enacted the Federal-Aid Highway Act, under which the federal government assumed 90% of the construction cost of the Interstate Highway System. The legislation authorized roughly $25 billion USD to build a 41,000-mile network to uniform national design standards. The network was designed to effectively connect all parts of the country regardless of pre-existing traffic volumes. As a result, even relatively sparsely populated states such as Montana and North Dakota are served by high-standard divided highways comparable to those found in much larger markets. Crucially, standards required controlled access and elimination of grade-level intersections, cross-traffic, and traffic signals. This means a truck can run from the New Brunswick-Maine border to southern California without stopping.

Canada's program was far less ambitious. The Trans-Canada Highway has no national construction standard. Much of the route remains a two-lane road, standards vary considerably among provinces, and many divided sections contain at-grade intersections. The provinces built the highway, continue to own it, and remain responsible for planning future upgrades, while the federal government generally participates through cost-sharing arrangements. The deficiencies are most acute across northern Ontario, where almost all of Highways 11 and 17 between the Manitoba border and the outskirts of Ottawa remain two-lane facilities, though the connecting routes from Sudbury and North Bay to Toronto have been mostly upgraded. These segments constrain freight movement, reduce reliability, and create safety challenges. A single failure can sever the country: when the Nipigon River bridge faced a structural issue in 2016, the Canadian road network was split in half.

As a result of the comparatively limited Canadian infrastructure, some carriers route domestic freight through the U.S. Bonded carriers are permitted to move in-bond goods between points in Canada via the U.S., and some east-west freight therefore uses the Interstate system because the all-Canadian route is slower, narrower, and less reliable. In some cases, moving freight between Toronto and Vancouver via Chicago can be faster than using an all-Canadian route despite the longer distance travelled. While commercially rational, reliance on foreign infrastructure for domestic trade highlights weaknesses in Canada's national transportation network.

Recommendations

1 Establish a single, national regulatory framework and standard for interprovincial trucking, and a core national highway network.

Transportation requires both regulatory and infrastructure harmonization. The MOU on Interprovincial Trucking is a good near-term step, but the long-term objective should be a single, national regulatory framework and standard for interprovincial trucking and a core national highway network designed to move freight reliably across the country.

First, governments should fully implement the MOU commitments with public timelines, clear reporting, and measurable outcomes. This should include tracking whether governments meet the timelines set out in the annexes and whether service standards are met. However, governments should move from voluntary alignment to durable harmonization of regulations and standards. Harmonization of regulations should continue so that crossing a provincial boundary becomes as administratively trivial as crossing a municipal one. The mutual recognition pilot and new MOU are the right foundation, but these near-term steps should be paired with active harmonization toward a single high standard for weights, configurations, permitting, signage, and carrier oversight. While the CCMTA's consensus model has produced incremental change over decades, the federal government should treat interprovincial mobility as a stated priority and act as a tie-breaker where jurisdictions stall, rather than waiting for unanimity.

Second, Canada should establish a national highway program that defines common construction and design standards for the core network and provides dedicated federal funding to support their implementation. The logic mirrors that of the U.S. Interstate system: the benefits of a connected corridor are national and the costs are local, which justifies a strong federal role. A program focused initially on addressing critical bottlenecks – particularly in northern Ontario – and upgrading key routes to a consistent divided, controlled-access standard would transform a collection of provincial highways into a more coherent national freight network.

The benefits for internal trade would be substantial. Harmonized trucking rules would reduce administrative friction, route inefficiencies, permitting uncertainty, and compliance costs for carriers and shippers. A stronger national highway program would improve reliability, safety, and travel times on core corridors, while reducing the need for Canadian domestic freight to rely on U.S. routes. Together, these reforms would make it easier for goods to move across Canada at the speed and scale required for a truly integrated internal market.

Moving to Action

Canada has reached a turning point on internal trade. After years of incremental progress, governments are now moving with more urgency. The CMRA, federal and provincial legislation, labour mobility reforms, and sector-specific agreements all show that internal trade is a priority. The challenge now is ensuring that these reforms produce meaningful economic change.

Announcements, agreements, and legislation are not enough if businesses continue to face different rules, unclear exceptions, regulator discretion, and duplicative approvals. The objective is straightforward: businesses should be able to sell across Canada without unnecessary duplication and friction; regulated professionals should be able to move where their skills are needed; and goods should travel reliably across the country so that businesses can grow and scale within a truly national market.

Many of the most significant barriers persist because of misaligned provincial and territorial regulations, rules, and systems. Non-binding commitments and bilateral agreements can produce some progress, but they do not provide the certainty businesses and investors need if barriers can re-emerge in the future.

Canada must now move from a patchwork of reforms to a single Canadian market. The end goal should be creating a binding and enforceable single market where goods, services, people, and capital can move freely across the country. The rules governing that market should be clear and consistently applied, so businesses and investors can operate with confidence across provincial and territorial borders. Provinces and territories should lead this work by harmonizing rules in the six priority sectors, implementing the near-term measures identified in this report, and building the single market within a defined timeframe. Every province stands to benefit when its businesses can reach a larger market, attract investment, and scale across the country.

Addressing internal trade is a national economic imperative. Barriers raise costs in a country that is already expensive to build, hire, invest, and move goods in, while reducing national productivity, competition, and economic resilience.

The federal government should be authorized by the provinces to exercise its role as a guarantor and referee of the single market. It should convene governments, establish and monitor timelines, publish progress, and ensure commitment to the national objective. A stronger federal role should be focused on maintaining the conditions required for a functioning and lasting single market.

If the intergovernmental process fails to achieve a single market within the time-bound process, the federal government should be prepared to use its constitutional trade and commerce authority to establish country-wide regulatory frameworks. This provides confidence to all provinces and territories that unresolved barriers will not continue indefinitely.

Regulators also need to be part of the solution. In many sectors, the barrier lies in how the rules are interpreted and administered. Legislation can fail to function effectively if regulators ask for unnecessary information and apply inconsistent timelines. Regulators should apply six regulatory reform principles when implementing internal trade reforms:

1. Regulating for growth
2. Coordination and jurisdictional alignment
3. Proportionality and outcomes-based regulation
4. Transparency and accountability
5. Institutional capacity to deliver
6. Agility and future-readiness

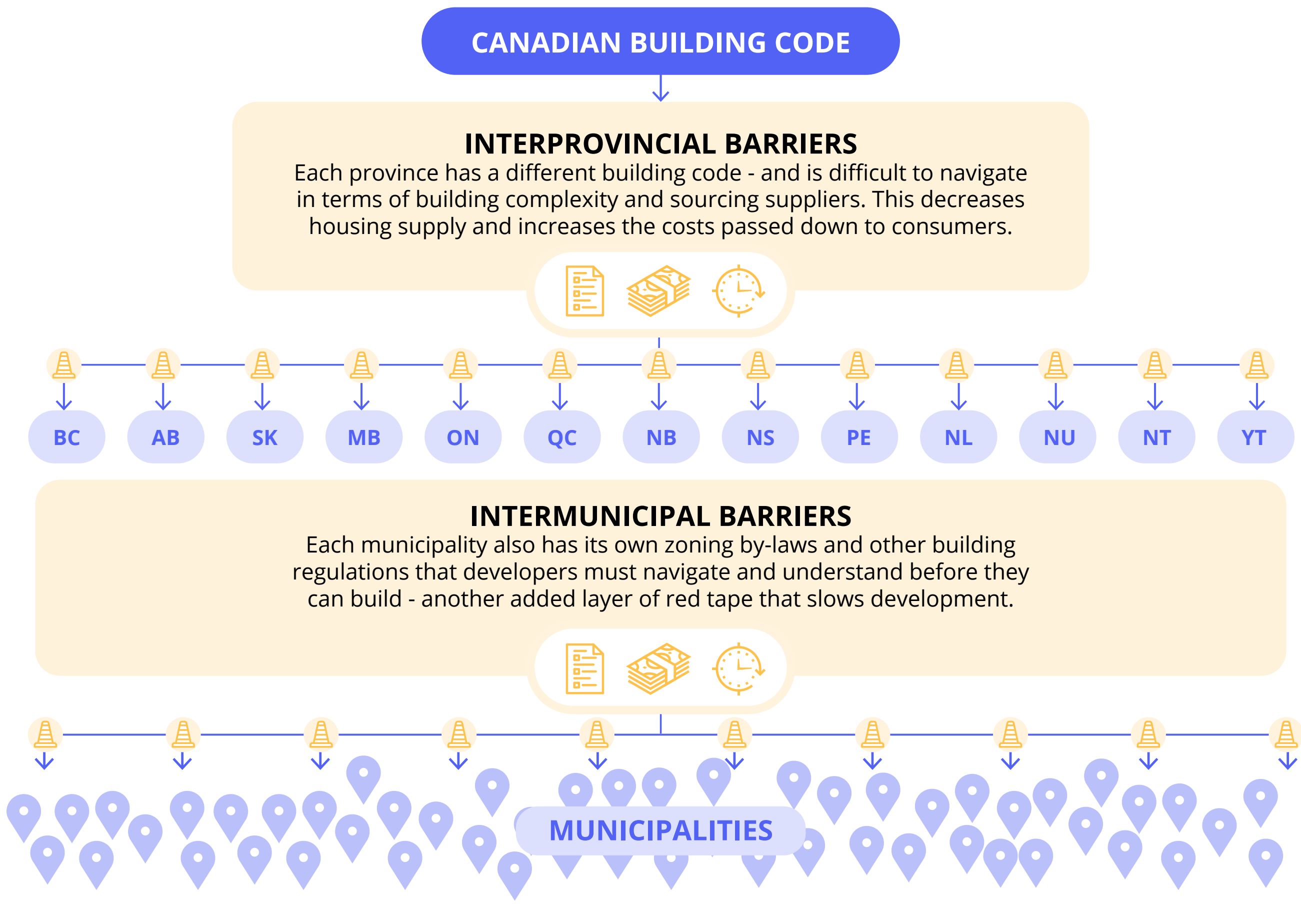
In practical terms, they should publish clear guidance, follow or exceed service standards, report on outcomes, and provide justifications for any remaining additional requirements. Where differences are justified by safety, health, consumer protection, language, or local law, they should be narrow, transparent, and targeted.

Canada has the tools to build a unified single market. The priority now is execution. Governments should set a defined national objective, clear outcomes, and a deadline for implementation. The opportunity for creating a larger domestic market, attracting investment, and increasing competitiveness is significant. Delivering on the promise of one Canadian economy requires governments to lead. The goal is not simply to reduce barriers between thirteen jurisdictions, but to ensure Canada functions as a single, integrated economic market.

Appendix

SECTOR-BASED RECOMMENDATIONS

HOUSING AND BUILDING CODES



FOOD REGULATION

SAFE FOOD FOR CANADIANS ACT

Canada already has a food safety standard - the SFCA - that is internationally recognized, supports exports, protects public health, and facilitates interprovincial trade.

LICENSING | INSPECTIONS | FOOD SAFETY STANDARDS | TRACEABILITY & ENFORCEMENT

PROVINCIAL FOOD REGULATIONS

At the same time, provincial food inspection and licensing systems - of varying levels of safety standards - also exist to serve businesses that do not intend to trade beyond their province.

LICENSING | INSPECTIONS | FOOD SAFETY STANDARDS | TRACEABILITY & ENFORCEMENT

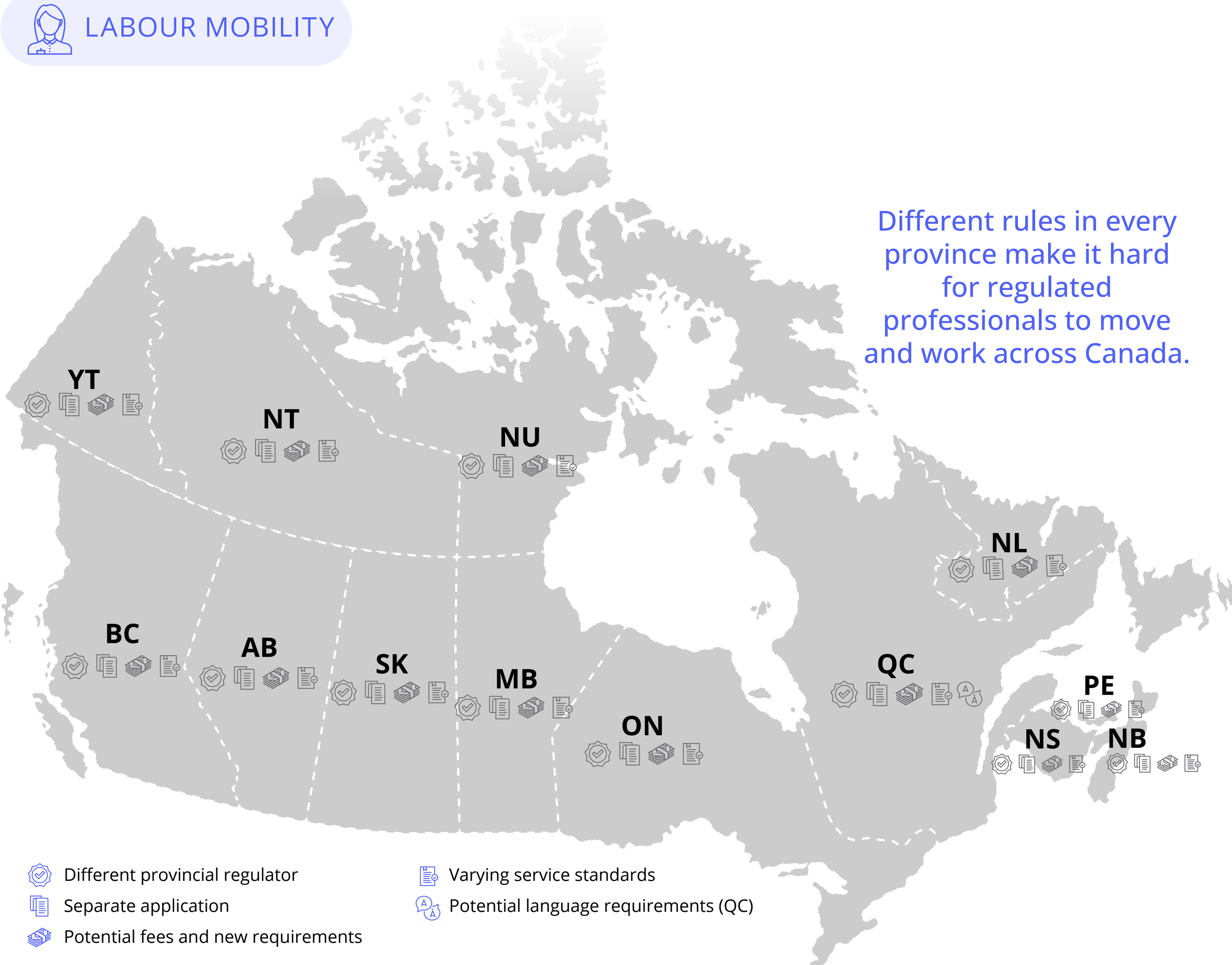
BC | AB | SK | MB | ON | QC | NB | NS | PE | NL | NU | NT | YT

THE RESULT

Federal and provincial systems with different standards operating in parallel and creating a practical divide between businesses operating only within a province and those who trade interprovincially.

LABOUR MOBILITY

Different rules in every province make it hard for regulated professionals to move and work across Canada.



MANUFACTURING

Manufacturers face multiple standards and approval processes - raising costs, adding delays, and limiting choice.

1. Misalignment with International Standards

Products built to international standards (e.g. the EU) often need extra steps to enter the Canadian market.

More costs, longer delays, fewer suppliers

2. Fragmented approvals across provinces

Even once in Canada, manufacturers face duplicative rules, regulations, and inspections in every province.

Multiple processes can exist for the same products, creating administrative burden and uncertainty.

TRANSPORTATION

A truck shouldn't need a new rulebook every time it crosses a provincial border.

EACH PROVINCE HAS DIFFERENT RULES AND REGULATIONS

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