

# The Council Perspective



November 18, 2025

## Four practical steps to reviving and sustaining the momentum to reduce interprovincial trade barriers in Canada

Progress has been made but momentum is fading after the initial euphoria of early 2025. We need the right institutional structures and processes to quietly complete the task.

# Highlights



- > The Atlantic Economic Council and many others have advocated for reducing barriers to interprovincial trade and mobility for decades, yet progress remains slow and limited.
- > Canadian political leaders have been galvanized by recent US policies, leading to some innovative and positive policy steps in 2025. These steps have focused largely on mutual recognition, along with a commitment on direct-to-consumer alcohol sales.
- > The momentum to reduce interprovincial trade barriers seems to be fading before the work is finished.
- > We identify three challenges arising from recent initiatives:
  - ◇ Communications: Businesses are unclear about what has actually happened
  - ◇ Disputes: Businesses have limited recourse if new initiatives are not working
  - ◇ Completion: No effective process exists to ensure the remaining work is completed
- > We propose four practical steps to sustain momentum and complete internal trade reform in Canada:
  - ◇ Establish a clear end goal, endorsed by first ministers, which includes clarifying what a single Canadian market actually means
  - ◇ Outline a roadmap to get there
  - ◇ Publish an annual progress report to detail progress
  - ◇ Create a new institutional champion that will provide independent monitoring, research, advice and, ideally, the power to facilitate compliance when needed
- > The new institutional champion could be a broader Productivity and Growth Commission to address three critical aspects of our national competitiveness – restrictions on internal trade, a slow cumbersome regulatory environment and lagging productivity.

— David Chaundy, President and CEO, Atlantic Economic Council

One of the widely accepted responses to the challenges posed by US tariffs and trade policy in early 2025 was to strengthen Canada's domestic market by reducing barriers to interprovincial trade. Various commitments were made, such as to achieve "[free trade by Canada Day](#)", July 1, 2025.

We were quick to [encourage ministers and premiers](#) to seize the opportunity. But we also expressed our concern that momentum would quickly fade, as we have seen in past internal trade reform initiatives. We provided our advice on how to keep the reforms going.

We are now well into November. Where are we now and how do we ensure we complete the task that the Prime Minister and Premiers embarked on?

## Positive steps in 2025

We need to recognize that some innovative and positive policy steps have been implemented in 2025, focused largely on mutual recognition. Some provinces, including Prince Edward Island and Ontario responded to Nova Scotia's lead, and passed legislation to generally accept in their province the credentials of workers and goods that were certified or approved in another province, conditional on those other provinces having reciprocal legislation or equivalent policies.

However, conditional or reciprocal legislation is of little value unless other provinces reciprocate. As Ryan Manucha recently documented (see Table 1 in [his paper](#) for IRPP), seven provinces have passed new legislation this year, four of which are reciprocal. Some other provinces introduced unconditional legislation. In early November, New Brunswick introduced [legislation](#) to recognize goods and services approved in other provinces, building upon earlier legislation on labour mobility. The recently elected government in Newfoundland and Labrador committed in its election platform to cut red tape between provinces and recognize professional credentials and required training across provinces.

The federal government also passed the Free Trade and Labour Mobility in Canada Act (part of Bill C-5). Despite its ambitious name, it only focuses on federal barriers, establishing "a statutory framework to remove federal barriers to the interprovincial trade of goods and services and to improve labour mobility within Canada". The federal government is also [removing all remaining federal exemptions](#) in the Canada Free Trade Act.



In addition to new legislation, several provinces have signed more than a dozen MOUs (memorandum of understanding) committing to improve trade and labour mobility, including between [Ontario with Prince Edward Island](#), and between [New Brunswick and Newfoundland and Labrador](#). Such agreements reflect commitments to work together, but do not have legal force.

## Time to reflect and reset

The recognition of the need to make substantive progress on reducing interprovincial barriers to trade is welcome, as are the steps taken so far to try to reduce these barriers. However, the largely uncoordinated and province-specific policies and actions we have seen is in fact the same underlying cause of these interprovincial trade barriers to start with. As Ryan Manucha puts it: “Canada’s governments have gone about their legislative projects in non-uniform, patchwork fashion... Fragmented approaches reinforce (or even aggravate) the very source of the barriers: the patchwork nature of the Canadian regulatory landscape.” (p. 1).

There also seems to be some slowing or fading of momentum as other priorities like national building projects, the federal budget and the ongoing trade dispute with the US vie for the attention of political leaders and public officials.

How can we seize the interest and momentum so far to complete the task that was started and create, in the words of Prime Minister Carney, a single Canadian economy, instead of 13 economies?





## The current challenge: Unclear, uncoordinated action

I see three specific challenges with the steps made so far that limit their effectiveness:

**A. The communication challenge.** It is not necessarily clear to workers or businesses what has actually changed in 2025 and what is now permitted to trade freely between which provinces. Some provinces introduced unilateral mutual recognition legislation while others passed reciprocal legislation that only works if there are reciprocating provinces. But there is no central public repository or site that businesses and workers can access and review to know which provinces have reciprocal legislation in place and, in plain language, what is now allowed under this legislation that was previously inhibited. Business leaders and workers cannot be expected to decipher differing provincial legislation. As Ryan Manucha points out, no two “legislative initiatives are identical” (p. 5). And the recent federal legislation is more of a framework, requiring additional regulations and other steps to fully implement.

Related to this is the fact that the term or phrase interprovincial trade barriers tends to mean different things to different people and is therefore used in different ways. We attempted to clarify different types of trade barriers in an [earlier report](#) (see Table 3.1). Governments need to bring much greater clarity and precision to this discussion in Canada.

**B. The dispute challenge.** Successful internal trade reforms have effective dispute resolution mechanisms, as we noted in [another report](#) (see chapter 2). At least in some of the new legislation this year, there are no formal dispute mechanisms to allow a worker or business to register a challenge or request a review if the legislation is not working as intended. In fact, provincial legislation, such as [Nova Scotia’s act](#), explicitly prevents firms from initiating any legal action.

Firms and workers have no formal recourse without a dispute mechanism. And other than going public through the media or social media, or responding to business surveys, we have no information to know if barriers have actually been reduced or eliminated and the new legislation is working as intended. [Cotton and Teeter](#) have pointed to the same weakness and proposed their own solution.

**C. The completion challenge.** Governments have almost exclusively focus on mutual recognition in 2025, although they [committed to allow direct-to-consumer alcohol sales](#) by May 2026. However, not all provinces have new legislation or policies in place, each piece of legislation is different and it is not clear what the current landscape is really like.

As I have also emphasized in earlier articles, mutual recognition does not address every type interprovincial trade barrier, and can lead to “hopping and shopping” when standards vary widely across the country. In this regard, [Ryan Manucha](#) emphasizes the need for mechanisms to build trust between regulators and for annual reporting by regulators.

There does not yet seem to be a clear sense of what else needs to happen, a plan or roadmap for how we will create one Canadian economy, who needs to be involved and when this work will be done.

We need to bring some coherence to existing initiatives and ensure we have effective mechanisms and institutions to keep internal trade reform moving until it is complete.



## Steps to completing the task

Based on our earlier research on what makes for successful internal trade reforms, and re-iterating some of what I recommended in February this year, we advocate for:

1. **A clear end goal** – endorsed by first ministers.
2. **A clear roadmap** – detailing how we will get there and by when (annual goals).
3. **An annual progress report** – showing progress made (or not) and a work agenda for the coming year.
4. **An institutional champion** – to keep things moving, providing independent monitoring, research and advice and perhaps the power to facilitate compliance when needed.

### A clear end goal

Political leadership is critical on this file. It will never be a vote winner for premiers or prime ministers and, in my view, requires sustained detailed work. Without an ongoing commitment from the top, the urgency is likely to fade. We encourage first ministers to endorse a clear commitment to reduce or eliminate unnecessary barriers to trade and labour mobility in Canada. We encourage them to reaffirm their commitment to this goal once a year.

As part of this, we urge first ministers to be clear and transparent on what we mean, and don't mean, by one Canadian economy and eliminating barriers to interprovincial trade and labour mobility.

There has been little discussion this year on the cost to multi-jurisdiction firms that have to navigate, for example, different provincial labour and occupational health and safety standards. These firms must devote resources to ensuring their multi-province operations are compliant in each province that they operate. These resources could be used to invest in their business and serve their customers. [Our research](#) on the Atlantic provinces showed that these firms accounted for almost half of business sector employment in the region. Is this going to be part of the reform agenda? And what about approaches to public procurement and provincial preferences for local firms?

We need clarity on what we are going to address and where we will have or allow limits or barriers to free uninhibited trade. One provincial election platform I reviewed promised to both reduce barriers to interprovincial trade and in the next bullet to implement a buy local first policy for public procurement, not recognizing the contradiction in these two objectives.

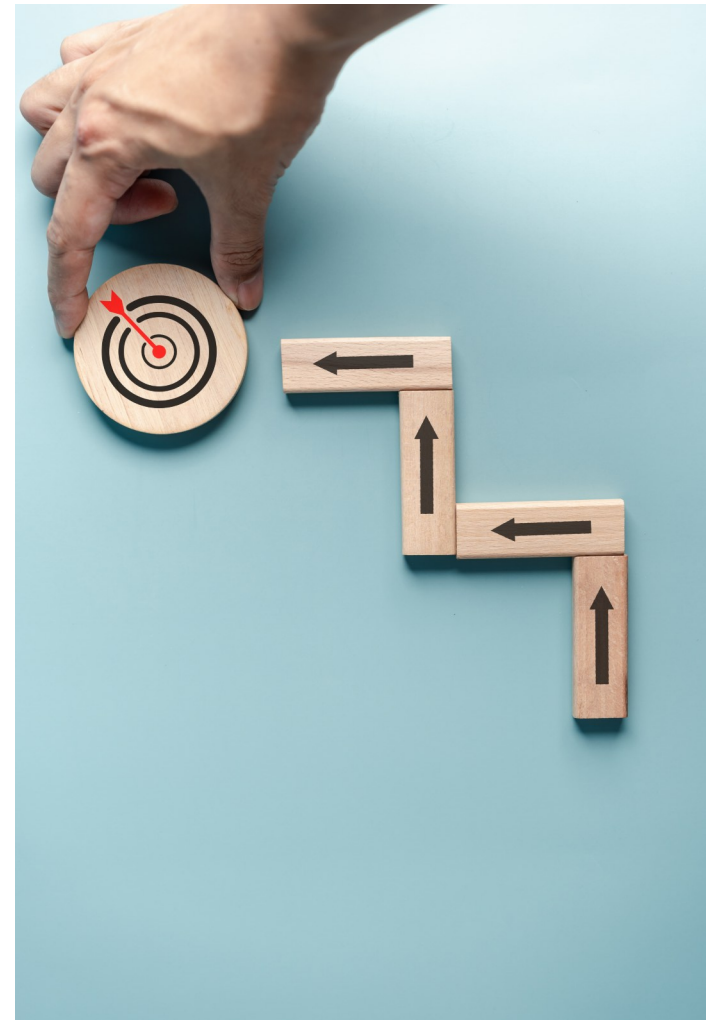
## A clear roadmap

I never believed we would achieve “one Canadian economy” by July 1. From my research on this file, there are too many details and dimensions to navigate. It is important work, but cannot always be achieved quickly, despite the surprising and welcome progress on mutual recognition this year.

Once we have clarity and an end goal in mind, we need what will likely be a multi-year road map that lays out what we will achieve, by when and who will need to be involved, which may need to include regulators, that derive their authority from federal or provincial legislation. This roadmap needs to be endorsed by first ministers – providing the marching orders for other ministers and officials.

## An annual progress report

To ensure this file does not slip off the table, public accountability and reporting is needed. An annual report, to both first ministers and the public, should detail progress on the roadmap, what has been achieved, what was not achieved that year and why, and an updated work plan for the following year. We need transparency on where we are and where we are not making progress.





## An institutional champion (or internal trade czar?)

Successful internal trade reforms have benefited from an institutional champion, as has been seen in the EU and Australia, something that seems to be lacking in Canada at this time. I don't believe the [Committee on Internal Trade](#) – the 14 ministers responsible for internal trade on the [Canadian Free Trade Agreement](#) – can fulfill this role, although they have a key role in ensuring implementation of agreed actions.

We need a new organization with the required independence to conduct research, to provide advice, and the power to monitor and, ideally, to facilitate or enforce compliance, thereby helping to address the dispute challenge noted earlier. This organization could also provide information to businesses and workers on where barriers exist and what is now allowed under current legislation – addressing the communication challenge identified above.

This proposal is similar in concept to the notion of an arm's-length Internal Market Commission, recently proposed by Christopher Cotton and Daniel Teeter in their [paper](#) for IRPP. In their model it would “conduct systematic barrier research, provide independent economic impact analysis, and publish an authoritative annual State of the Internal Market report that ranks barriers by economic significance” (p. 8).

However, given the current economic environment, we should perhaps envision a broader Productivity and Growth Commission. This would be an independent body reporting to the public and the government, with three current tasks and arms:

- > serve as the internal trade champion, as advocated above, with identified reform work then led by the Internal Trade Committee.
- > provide independent analysis and assessment to the public and the federal government, of which projects do or could meet Canada's need for nation-building projects, which the Major Projects Office would then help advance, as well as conducting international regulatory benchmarking and providing recommendations on how to improve Canada's overall regulatory processes, as we advocated in our [analysis of Bill C-5](#) (and [summarized here](#)).
- > serve as the research and advocacy centre for what should be Canada's priorities to address its long-standing productivity challenge. There are many researchers and research organizations that can provide input to this work, but we lack a single organization that can identify and advocate for a coherent response to this issue.

In my view, a properly constructed and funded organization, which would not need to be large, would be a worthwhile investment in securing Canada's economic future. Indeed, as I noted in an [earlier report](#), "positioning regulatory reform as part of a larger economic policy rather than a narrow agenda that is disconnected from economic performance is important" (p. 27). Other researchers have concluded, as I referenced in that report, that such an approach "is more likely to motivate political actors ... and to produce visible results."

Moreover, an independent body that can help connect the dots on regulatory and infrastructure barriers and advise and promote solutions to improve productivity and competitiveness is surely welcome. Some interprovincial trade barriers, like the twinning of highway 185 in Quebec, reflect the interaction of infrastructure gaps and regulatory policies on long-combination vehicles. Similar issues can also arise for interprovincial sales of electricity.

Finally, as this work on reducing barriers within Canada's economy is pursued, we encourage governments to continue to innovate, using every available tool, as we suggested in [earlier research](#). This includes creative approaches to decision-making, such as moving ahead with a coalition of the willing rather than waiting for consensus, and adopting negative list approaches with time limited restrictions (as we advocated in [2018](#) and as [Cotton and Teeter](#) also recommend).

The federal government should also consider how it can leverage its fiscal capacity (given the apparent limited concern about rising federal deficits at this time), to help provinces lacking the internal capacity or financial resources that is sometimes necessary to work on this file and harmonize IT platforms or other required changes. [Cotton and Teeter](#) provide their own recent recommendation in this regard while [Marion Sandilands](#) advocates for greater finesses in federal leadership on this file, as a "convener, facilitator, incentivizer, and leader by example" (p. 10).



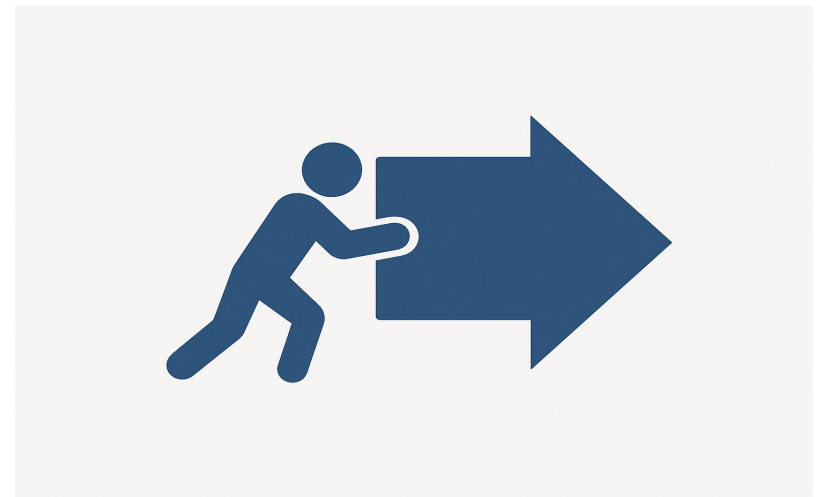
## A call to finish the work that was started

I gave up expecting the Atlantic region, or Canada more broadly, to make any substantial progress on interprovincial trade barriers during the COVID-19 pandemic. While touting the Atlantic bubble, the four Atlantic provinces were unable to establish a regional approach to COVID-19 testing, vaccination and quarantine, establishing a regional perimeter or border, common policies, and then free movement of people and commercial truckers within the region. Instead, individuals and truckers queued for hours at provincial borders in the region. If four small provinces with a small number of COVID-19 cases could not cooperate to support trade and labour mobility in the midst of a health care crisis, then what hope was there of making progress on a much larger trade agenda?

However, a precipitating crisis is often a key motivation to internal trade reform. The current policies and posture of the US administration have provided such motivation for our political leaders. Yet months after the excitement and commitment of ministers, we have not yet completed the task.

In my view, the steps outlined here would help us get back on track and ensure we have a clear end goal and a process and mechanisms or institutions to help finish the task.

And if governments still need further direction, ideas or solutions, there are a number of analysts and researchers with expertise on this file, and that have publicly shared their analysis and advice. I am sure they would be willing to step up and respond in a roundtable session, or as an advisory body, or with one-off individual advice, to help identify solutions to any remaining challenges.



## Further reading and resources

- > The [Canadian Free Trade Agreement](#).
- > Chaundy, David (2016). [Trade Barriers in Atlantic Canada: Opportunities for Regulatory Reform](#). Halifax: Atlantic Economic Council. Provides a primer on interprovincial trade barriers, their types and costs.
- > Chaundy, David (2018). [Moving Forward: The Need for an Atlantic Regulatory and Cooperation Agreement](#). Halifax: Atlantic Economic Council. Provides a review of trade and regulatory agreements and their lessons for interprovincial trade reform.
- > IRPP's Centre of Excellence on the Canadian Federation six essay series on [Barriers and Bridges: Rethinking Trade Within the Federation](#):
  - ◇ Manucha, Ryan (2025). [A Call for Coherence: Variation in Recent Legislative Approaches to Remedy Internal Trade Barriers](#). Montreal: Institute for Research on Public Policy.
  - ◇ Sandilands, Marion (2025). [An "Expedient" Union: Federal Leadership and the Imperative of Internal Trade](#). Montreal: Institute for Research on Public Policy.
  - ◇ Teeter, Daniel and Cotton, Christopher (2025). [Reforms That Stick: A Roadmap for Strengthening Canada's Internal Market](#). Montreal: Institute for Research on Public Policy.
- > Statistics Canada: [Canadian Internal Trade Data and Information Hub](#).