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May 14, 2025

Jeannine Ritchot

Assistant Deputy Minister, Multilateral Relations

Intergovernmental Affairs

Privy Council Office, Government of Canada

Jeannine.Ritchot@pco-bcp.gc.ca

Re: Federal Barriers to Internal Trade and Labour Mobility – Submission

Dear Ms. Ritchot,

On behalf of the Canada West Foundation, thank you for your continued leadership and for inviting our counsel on how the federal government can help reduce barriers to internal trade and labour mobility in Canada. We welcome this open dialogue and commend the Government's commitment to advancing a more integrated and competitive national economy.

We share the view that internal trade and labour mobility are essential to Canada's productivity, resilience and long-term economic growth. In that spirit, we welcome Prime Minister Carney's call to "Build Big, Build Bold, Build Now." This vision can only be realized if goods, people, and ideas can move freely and efficiently across the country—something that current internal trade and labour mobility barriers continue to impede.

Our recommendations reflect the views of Western Canadian businesses, policymakers and stakeholders, as well as our own independent, evidence-based policy analysis. We offer them in the spirit of partnership, with a strong belief that federal leadership can play a critical enabling role in building consensus and driving reform.

Summary of Recommendations

A. Reassess the focus on federal exemptions under the Canada Free Trade Agreement

While removing the few remaining federal exemptions under the Canada Free Trade Agreement may be politically symbolic, their practical impact is limited. The greater gains lie in deeper structural reforms.

B. Reaffirm constitutional commitments: Champion a modern interpretation of Section 121 to support economic unity

A broader interpretation aligned with the original spirit of Confederation could serve as a legal and symbolic foundation for advancing internal economic integration.

C. Lead regulatory harmonization efforts

Facilitating interprovincial alignment on regulations—such as in trucking, inspections, and product packaging—will reduce duplication and remove unnecessary trade frictions.

D. Improve labour mobility and economic integration for newcomers

Federal leadership to establish joint credential assessment bodies—especially for immigration pre-arrival—would address systemic inefficiencies and improve outcomes for both newcomers and employers.

E. Address infrastructure bottlenecks and approval delays

Clarifying federal processes and timelines for project approvals and investing in a national trade corridors strategy will better support east-west supply chains and internal competitiveness.

F. Review legislation with unintended regional consequences

We encourage constructive dialogue on the effects of legislation such as Bills C-69 and C-48, with an openness to amendments that better reflect regional realities without compromising national objectives.

G. Modernize Canada's approach to supply management

A well-structured transition plan would support affordability, enhance international trade readiness, and improve access for Canadian consumers.

We respectfully suggest that while removing federal exemptions under the CFTA may demonstrate symbolic intent, it will not meaningfully address the real and persistent barriers that constrain Canada's internal market. If we are to truly “Build Big, Build Bold, Build Now,” then internal economic mobility must be treated as national infrastructure—requiring shared commitment, strategic coordination and targeted reform.

This is not a call for unilateral action, but for a renewed partnership—led by the federal government—that brings together all provinces and municipalities, as well as industry and civil society to co-create the conditions for national economic success. We stand ready to support this effort and offer the Canada West Foundation's independent, evidence-based policy expertise to help turn this vision into reality.

Sincerely,

Signed electronically

Gary G. Mar, KC
President & CEO
Canada West Foundation

Enclosure: Detailed Recommendations – Federal Barriers to Internal Trade and Labour Mobility

SUBMISSION

TO: PRIVY COUNCIL OFFICE
GOVERNMENT OF CANADA

CANADAWEST
FOUNDATION

Federal Barriers to Internal Trade & Labour Mobility

The Canada West Foundation

May 14, 2025

The Canada West Foundation appreciates the opportunity to offer feedback on federal legislation, regulations, administration requirements or other federal actions that may act as barriers to the federal efforts to strengthen internal trade and labour mobility in Canada.

We have analyzed the policy options associated with federal exemptions under the Canada Free Trade Act, and our recommendations are below. This submission is based in part on our ongoing engagement with Western Canadian stakeholders, businesses and policymakers and reflects our commitment to independent, evidence-based policy analysis.

SUMMARY OF RECOMMENDATIONS

- A. Reassess the focus on federal exemptions under the Canada Free Trade Agreement**
- B. Reaffirm constitutional commitments: Champion a modern interpretation of Section 121 to support economic unity**
- C. Lead on regulatory harmonization efforts**
- D. Improve labour mobility and economic integration for newcomers**
- E. Address infrastructure bottlenecks and approval delays**
- F. Review legislation with unintended regional consequences**
- G. Modernize Canada's approach to supply management**

DETAILED RATIONALE

A. Reassess the focus on federal exemptions under the Canada Free Trade Agreement

We caution against pursuing legislation solely to remove remaining federal exemptions under the Canadian Free Trade Agreement (CFTA). Such a move would likely be perceived—particularly in Western Canada—as political theatre with negligible real-world impact. Exemptions can largely be removed administratively, as demonstrated with the removal of more than half of Federal exemptions in February of this year.

Federal exemptions under the CFTA fall into one of three categories:

1. Federal exemptions that ensure that Canadian legislation can maintain its purpose as it relates to regulating foreign investment or control of commercial entities.

Removing these exceptions is NOT recommended, as doing so would undermine key national objectives or amount to unilateral concessions offered to foreign entities, rather than improve internal trade.

2. Federal exemptions that justify other forms of regulation where relative authorities do not reside completely with the federal government.

These exemptions reflect either:

- a. specific arrangements made with provinces and territories, or
- b. areas where the relevant authorities have not devolved to a territory.

Removing these items cannot be done unilaterally but will require close coordination and agreement with the relevant provincial or territorial government. So, while removing them may prove beneficial for improving internal trade, removing them through a single piece of legislation at the federal level is impractical, and could indeed have negative consequences for relationships between the federal government and provincial/territorial governments at a time when they have already been strained.

3. Exemptions related to the federal government's forward-looking regulations

These exemptions are intended to maintain regulatory powers in some federally regulated industries (such as fisheries or transportation) and ensure that this authority is not undermined. As such they do not represent a significant barrier to internal trade – and removing them would undermine federal authority.

It is our conclusion that while a federal bill may have value as a signal of seriousness and intent, it is largely symbolic and will have little concrete impact. We believe it would be far more impactful for the government to reframe the issue around structural barriers that truly impact growth and productivity. Federal leadership to drive a pan-Canadian

push to address the deeper challenges of inefficient supply chains, fractured credentialing systems, and under-leveraged immigrant talent would demonstrate real commitment to change. Specifically, the leadership of the Prime Minister will help elevate the conversation from symbolic gestures to tangible, long-term national gains.

B. Reaffirm constitutional commitments: Champion a modern interpretation of Section 121 to support economic unity

In light of growing tensions between federal and provincial governments regarding jurisdictional authority, the new Government of Canada should reaffirm its commitment to the economic and constitutional foundations of Confederation by championing a renewed focus on Section 121 of the Constitution Act, 1867. This section, which remains unchanged since its original enactment as part of the British North America Act, states:

“All Articles of the Growth, Produce, or Manufacture of any one of the Provinces shall... be admitted free into each of the other Provinces.”

Historically, this provision was intended to promote the free flow of goods across provincial boundaries, establishing a common economic union within Canada. However, its interpretation has remained narrow for over a century. The Supreme Court of Canada reaffirmed this restrictive view in *R. v. Comeau* (2018 SCC 15), holding that Section 121 only prohibits laws whose primary purpose is to impede interprovincial trade, rather than guaranteeing a general right to free trade within Canada.

While the Court closed the door on broader judicial reinterpretation, it emphasized that economic integration remains a political choice. The federal government retains both the legislative authority and the convening power to lead a modern, cooperative approach to internal trade reform.

To that end, the government should:

- Promote a modern interpretation of Section 121 in federal policy and communications—highlighting its role in building a stronger, more integrated Canadian economy;
- Eliminate remaining federal barriers to internal trade and labour mobility through legislative and regulatory reforms;
- Use its convening power to collaborate with provinces and territories on reducing interprovincial trade barriers, in alignment with the spirit of Confederation.

Such a step would not only reinforce Canada’s economic union but also respond to provincial concerns about jurisdiction by advancing a principle rooted in shared constitutional heritage. Section 121, if reinvigorated through thoughtful federal leadership, can serve as both a legal anchor and a unifying symbol of cooperative federalism.

C. Lead on regulatory harmonization efforts

There are a number of barriers to the easy transportation of goods and labour within Canada, few of which can be removed unilaterally by the federal government. However, serious commitments through federal-led standardization efforts, such as leading efforts to strengthen the Regulatory Reconciliation and Cooperation Table (RRCT) would support this effort and demonstrate leadership without jurisdictional overreach.

The federal government can reduce internal trade friction by driving standardization in packaging and transport of goods:

- Trucking regulations (e.g., weights, tires) – in line with the work being done currently by the interprovincial [Task Force on Vehicle Weights and Dimensions Policy](#))
- Commercial vehicle inspection and insurance requirements
- Packaging standards, particularly with respect to mandated levels of post-consumer recycled content in packaging materials

While Supreme Court decisions have determined that provinces can introduce measures which create non-tariff barriers to the movement of goods, the federal government can support provinces in easing these barriers. Harmonization of health and safety protocols or mutual recognition of credentials could help ease barriers to labour mobility. Interprovincial free trade agreements such as the New West Trade Partnership Agreement or the just announced bilateral free trade agreement on liquor between Manitoba and Ontario have helped resolve some provincial non-tariff barriers but not all.

The Canada West Foundation has done previous work to explore barriers and solutions to interprovincial trade of agri-food products and harmonization of credentials. With funding, the foundation could very rapidly provide policy support to the federal government on these issues.

D. Improve labour mobility and economic integration for newcomers

We recommend the creation of joint federal-provincial certification bodies to assess regulated occupations before immigrants arrive in Canada. This would dramatically improve labour market integration, reduce underemployment of skilled newcomers and improve Canada's competitiveness.

Labour mobility of immigrants is not specifically addressed in the CFTA; however, it is an area of significant concern. Under-utilization of immigrant talent impacts growth, productivity and GDP, and has reputational consequences for Canada as a destination for skilled immigrants.

With few exceptions, the certification of regulated occupations falls within provincial/territorial jurisdiction. When the federal government admits an immigrant to Canada, it makes a best-effort assumption on whether an individual's credentials will be recognized by the regulatory bodies in a particular province. This does not ensure that new Canadians will be allowed to

work in their chosen fields, and while progress has been made, it is not uncommon for new Canadians to find they must undergo significant academic upgrading to become qualified.

While provinces and territories are taking steps to streamline labour mobility for Canadians, a clear, competency-based process for assessing immigrant skills and qualifications before arrival should be established. This would need to be conducted collaboratively between federal and provincial/territorial governments and the appropriate regulatory bodies, to ensure that new Canadians can easily transition to employment regardless of the province or territory in which they are admitted.

E. Address infrastructure bottlenecks and approval delays

Canada's east-west supply chains are underdeveloped, harming competitiveness—particularly in Western Canada. A lack of project approvals under the Impact Assessment Act (Bill C-69) have contributed to frustration, loss of investment, and a pervading sense that “we can't build things here.” In a 2023 analysis, CWF found that only 1 of 25 projects submitted had been approved since 2019 – and that approval was the result of a substitution of the B.C. approval processes. A further 8 projects had advanced to the second phase of a four-phase approvals process. The backlog of approvals included 3 road projects, 3 port projects, 1 airport and 1 railway project.

Addressing delays in the construction of much-needed transportation infrastructure has repercussions for both internal trade and exports. Reform is urgent.

We recommend implementing recommendations from CWF's From Shovel Ready to Shovel Worthy framework, including:

- Defining a National Trade Corridor Network
- Establishing a long-term pipeline of priority projects
- Partnering with provinces, municipalities, and Indigenous rights holders

The Prairie provinces are already leading with an MOU on economic corridors. The federal government should align with and amplify this momentum.

F. Review legislation with unintended regional consequences

Several pieces of legislation disproportionately impact Western Canada and should be reviewed:

- Bill C-69 (Impact Assessment Act): Seen as a barrier to infrastructure and investment. Recommended: Repeal or significantly amend.
- Bill C-48 (Oil Tanker Moratorium Act): Restricts Alberta exports; no equivalent on East Coast. Recommended: Repeal.

- Greenhouse Gas Pollution Pricing Act: Blanket approach penalizes resource economies.
Recommended: Adopt flexible provincial pathways.
- Bill C-68 (Navigable Waters): Adds red tape to small-scale infrastructure.
Recommended: Refine scope to significant waterways.

G. Modernize Canada’s approach to supply management

We recommend a comprehensive review of supply management to address:

- Regional inequities
- High consumer prices
- International trade friction

A thoughtful transition plan with compensation for affected producers would show commitment to fairness and modernization.

CONCLUSION

We believe there is a critical window for federal leadership through action—working in true partnership with provinces, territories and industry to address the full scope of barriers to internal trade, many of which extend beyond federal exemptions under the Canada Free Trade Agreement. The policy actions and structural reforms outlined above will require sustained political capital and intergovernmental cooperation. These are **transformative, ambitious, and foundational long-term investments** that will drive economic growth, restore confidence in Confederation, and strengthen Canada’s unity.

The Canada West Foundation is committed to helping make Confederation work for all Canadians. We stand ready to support and contribute to a collaborative, forward-looking agenda—one that puts bold ideas into action and delivers on the Prime Minister’s call to “**build big, build bold, and build now.**”