

# The State of Internal Trade:

## Canada's Interprovincial Cooperation Report Card

**CFIB**  
In business  
for your business.™



2024 Edition

## Authors



**Keyli Loeppky**

Director,  
Interprovincial Affairs



**Jairo Yunis**

Director, BC &  
Western Economic Policy



**Duncan Robertson**

Senior Policy Analyst,  
Nova Scotia



**Bradlee Whidden**

Policy Analyst,  
Western Canada

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The Canadian Federation of Independent Business (CFIB) is Canada’s largest association of small and medium-sized businesses with 97,000 members across every industry and region. CFIB is dedicated to increasing business owners’ chances of success by driving policy change at all levels of government, providing expert advice and tools, and negotiating exclusive savings.

Learn more at [cfib.ca/internaltrade](https://cfib.ca/internaltrade).

## Highlights

### Small business perspective on internal trade

- A strong majority (88%) of small businesses believe it is crucial for Canadian governments to prioritize the removal of barriers that impede the flow of goods, services, and labour across provinces and territories.
- Over half of small businesses say they lose productivity when having to follow multiple sets of regulations from multiple Canadian jurisdictions.
- Half of Canadian businesses say that navigating the regulatory requirements across multiple Canadian jurisdictions acts as a deterrent to expanding their business to new domestic markets.
- The top interprovincial labour challenges small businesses experience include registering with workers' compensation boards, licensing, employee regulatory training, and certification recognition.

### Canada's Interprovincial Cooperation Report Card 2024

- Manitoba leads with a score of 8.7 (A- grade) while Alberta follows closely with a score of 8.6 (B+). Quebec trails in last place with a score of 4.3 (D).
- Manitoba was the only jurisdiction to receive an A grade in the overall score, indicating that much work remains to reduce internal trade barriers across the country.
- On areas of interprovincial cooperation:
  - The federal government removed eight of its procurement exceptions to the CFTA in 2024, contributing to an improvement from a D grade in 2023 to a B grade in 2024. The federal government has now removed 14 of its exceptions in the CFTA since signing in 2017.
  - No tangible improvements have been made on removing alcohol trade barriers and reducing obstacles to doing business as measured by the report's indicators.
  - Regarding regulatory reconciliation efforts, Manitoba scores the highest, having implemented 12 of the 13 items from the ratified agreements it is participating in at the Regulatory Reconciliation and Cooperation Table (RCT). The RCT recently released a detailed report of the status of items on the RCT Work Plan, contributing to open and transparent data being made available to the public.
- CFIB continues to recommend governments across Canada move quickly to adopt a mutual recognition agreement encompassing all federal, provincial, and territorial regulatory measures that impose requirements on the sale or use of all goods and services.

## Introduction

CFIB's 2023 edition of *Canada's Interprovincial Cooperation Report Card* assessed federal, provincial, and territorial (FPT) government progress in reducing interprovincial trade barriers six years after the signing of the Canadian Free Trade Agreement (CFTA). While some progress was made, last year's report card revealed that significant work remains to remove unnecessary barriers that hinder free trade and labour mobility across Canada.

There is increasing urgency to eliminate domestic trade barriers due to soaring business costs, inflationary pressures, sky-high interest rates, ongoing labour shortages, and low levels of national productivity growth. By removing internal trade barriers, businesses and consumers would benefit from increased choices in goods and services, improved security of supply, and affordability. Additionally, it would create new employment opportunities, address labour shortages, foster innovation, and boost economic growth by addressing Canada's lagging productivity. It is estimated that doing so would boost Canada's economy by as much as \$200 billion per year, or \$5,100 per person (see p. 23).

A recent CFIB survey revealed that small business owners overwhelmingly support removing internal trade barriers, with 88% of respondents indicating that Canada's governments should prioritize removing as many barriers as possible to the flow of goods, services, and workers between provinces and territories.<sup>1</sup>

This 2024 edition of the report card grades federal, provincial, and territorial governments' interprovincial cooperation efforts and provides an overview of the work done to reduce the barriers to internal trade over the last year. It offers a snapshot of the progress made and highlights the challenges faced by governments in achieving a more prosperous and integrated federation.

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**Nearly 90% of small businesses believe it is crucial for Canadian governments to prioritize removing barriers that impede the flow of goods, services, and labour across provinces and territories.**

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## Current context

### Internal trade: 2023-24 in review



#### Federal leadership

In the spring of 2024, the federal government introduced the **Canadian Internal Trade Data and Information Hub** - a new central repository of Statistics Canada data on internal trade and labour mobility with the aim to incorporate data from federal, provincial, and territorial governments.<sup>2</sup> CFIB has long called for more open and transparent data and welcomes this initiative.

**Removal of CFTA exceptions:** In Budget 2024, the federal government took a bold step forward by announcing the removal of 14 CFTA exceptions related to procurement and releasing rationale for all remaining exceptions.<sup>3</sup>



#### Regulatory Reconciliation and Cooperation Table (RCT) successes

In the summer of 2023, the RCT launched an online portal for Canadians to identify potential regulatory barriers to trade, investment, and labour mobility, as well as potential areas for regulatory cooperation. This portal assists the federal, provincial, and territorial governments in identifying regulatory barriers that exist in or across jurisdictions, detailing the impact that those barriers have on trade within Canada, and proactively suggesting improvements.

The RCT has also recently released a detailed report of the status of items on its work plan, contributing to open and transparent information being made available to the public on the work being done at the table.<sup>4</sup>



#### Non-medical cannabis added to CFTA

In January 2024, all 14 Canadian jurisdictions agreed to include non-medical cannabis trade in the CFTA following its legalization in 2018.<sup>5</sup> Except for Saskatchewan, all parties have added an exception related to non-

medical cannabis. While there are no federal restrictions on the movement of cannabis, as is the case with alcoholic beverages, the non-medical cannabis industry also faces shipping challenges due to provincial/territorial rules.



#### Multi-jurisdictional licensure

Nova Scotia has introduced a portable registration model for health care professionals in Canada. The province's *Patients Access to Care Act* waives all licensing or registration criteria for health care providers coming from other parts of Canada, prohibits application fees to those licensed in other parts of Canada, and mandates processing within five business days.



#### Atlantic leadership

**Atlantic Technical Safety Agreement:** In the summer of 2023, Atlantic premiers committed to align the training, certification, and licensing requirements for skilled tradespeople, including fuel technicians, power engineers, elevator mechanics, and others. This agreement includes a commitment to work toward the harmonization or mutual recognition of safety standards, regulatory alignment for all areas of technical safety across the region, and timelines for responses to applicants wishing to work in another jurisdiction.

**Atlantic Trade and Procurement Partnership:** In 2020, the Atlantic Provinces also signed an Atlantic Trade and Procurement Partnership (ATPP), aiming to harmonize procurement practices, liberalize trade, increase opportunities for businesses and workers in the region, and allowing any parties of the agreement to bid on procurements in the other Atlantic provinces.<sup>6</sup> In 2023, the Working Group commissioned a report to identify trade barriers between Atlantic provinces, guiding future work.

## Small business perspective on internal trade

CFIB surveyed business owners to gain deeper insight into the internal trade barriers they face. Overall, a strong majority of business owners support the removal of restrictions to internal trade (see Figure 1). Particularly, 88% prioritize the removal of internal trade barriers, 87% support the cross-jurisdictional sale of provincially/territorially inspected food, 69% emphasize the cost and complexity of regulatory requirements, and 50% report that differing regulations deter market expansion. The challenges faced by small businesses stem from the movement of goods and services they buy and sell, as well as the movement of labour comprising their workforce. Below is a summary of the findings, including the challenges faced and comments shared:

### Challenges in the trade of goods and services

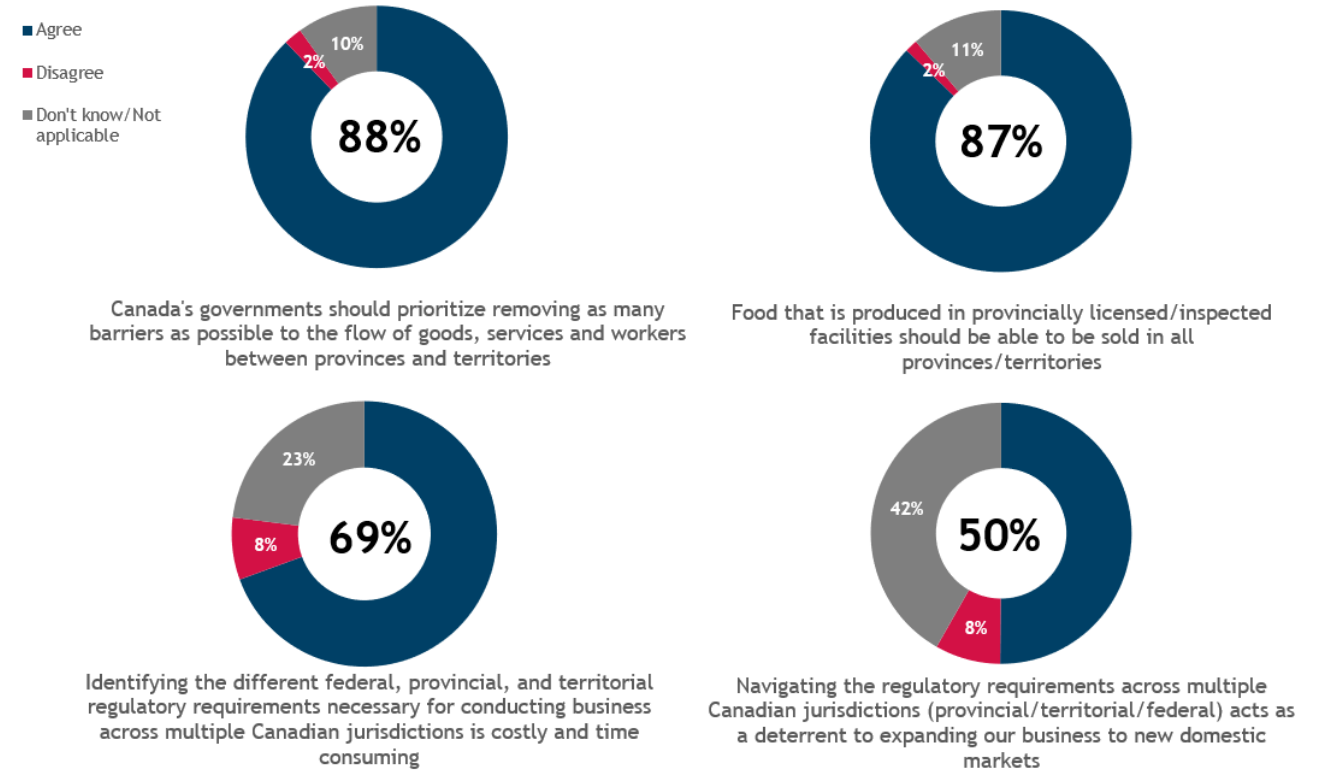
- Restrictions on selling food products, particularly meat and cheese, across provincial/territorial borders.
- Complexity of sales tax structures when selling out of province, including the need to register for PST/QST/RST numbers.
- Restrictions on selling alcohol products across provincial lines.

### Labour challenges

- Registering with workers’ compensation boards (WCB) in multiple jurisdictions.
- Cost, wait times, and paperwork involved in acquiring provincial licensing in a new jurisdiction.
- Recognition of certifications in a new jurisdiction.
- Complying with differing Occupational Health and Safety standards across jurisdictions.

Figure 1

Canadian small businesses overwhelmingly support reducing interprovincial trade barriers, and see the barriers as deterrents to business expansion due to the cost and time associated with them

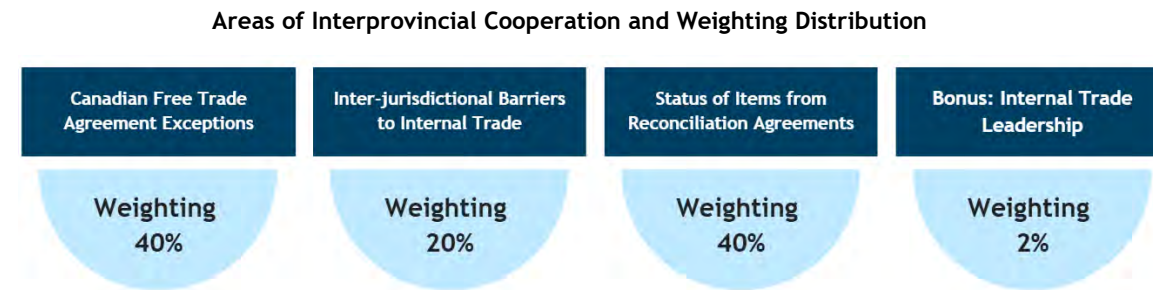


CFIB, Your Voice Survey, April 5-22, 2024, n = 2,507.

## Canada's Interprovincial Cooperation Report Card 2024

This report card grades three major areas of interprovincial/territorial cooperation: CFTA exceptions, select barriers to trade, and the status of items from reconciliation agreements. It also includes a new bonus indicator section highlighting government leadership (see Figure 2). Within this framework, governments with the highest overall report card scores are those that have the least impactful exceptions and have made the most progress toward reducing specific barriers.

Figure 2



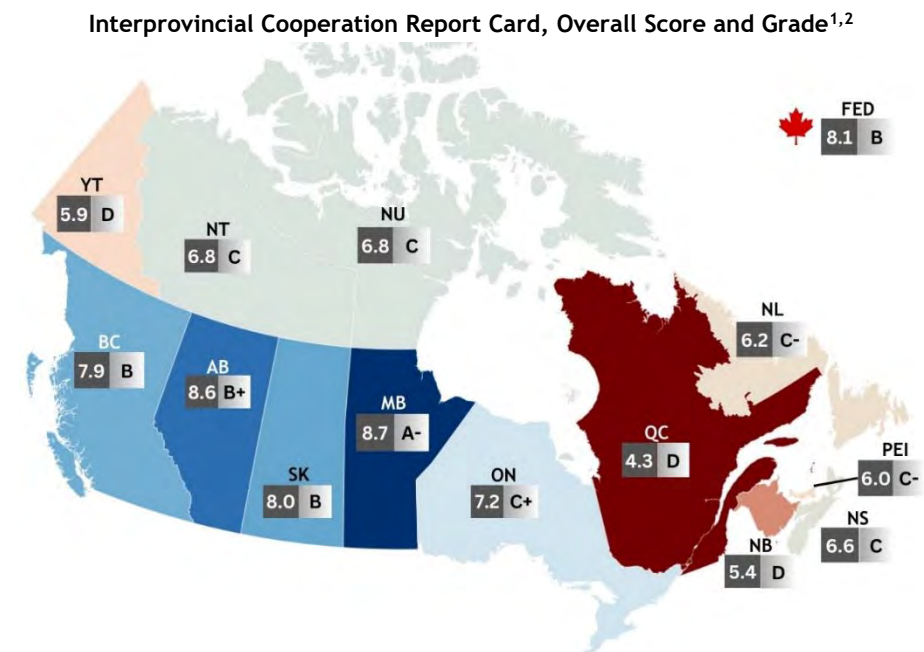
Manitoba receives the highest overall score of 8.7 (A- grade) in the report card, followed by Alberta with a score of 8.6 (B+ grade) (see Figure 3 and Table 1). No jurisdiction received a perfect A grade in the overall score, indicating that much work remains to be done to reduce internal trade barriers. **For details on how scores were calculated, refer to the Methodology in Appendix F.**

Western provinces score higher than their counterparts in the East. One factor that contributes to higher scores for Western provinces is the New West Partnership Trade Agreement (NWPTA). This regional trade agreement, signed in 2010, aims to reduce barriers to trade, investment, and labour mobility between British Columbia, Alberta, Saskatchewan, and Manitoba.

Under the NWPTA, for example, businesses operating in any of the four provinces can bid on government procurement contracts in the other provinces, which has helped to increase competition and drive down costs.<sup>7</sup> Additionally, the agreement has streamlined regulations and standards across the four provinces, making it easier for businesses to operate across these provincial borders.<sup>8</sup> This has had a particularly positive impact on small and medium-sized businesses, which may not have had the resources to navigate different regulatory frameworks in each province.

Figure 3

**Report card grades: Manitoba leads with a score of 8.7 (A-) while Alberta follows closely with a score of 8.6 (B+); Quebec trails behind with a score of 4.3 (D)**



1. Score: 0 is worst, 10 is best. The scores of the three areas of interprovincial/territorial cooperation are combined into a single score that allows for a ranking of governments from best (highest score) to worst (lowest score).

2. Grade: A, A-: 8.7-10 (Excellent performance); B+, B, B-: 7.5-8.6 (Good performance); C+, C, C-: 6.0-7.4 (Satisfactory performance); D: 4-5.9 (Less than satisfactory performance); F: 0-3.9 (Unsatisfactory performance).

The State of Internal Trade: Canada’s Interprovincial Cooperation Report Card, 2024 Edition

Table 1

Grades are highest for the exceptions to the CFTA and status of items from reconciliation agreements indicators; select barriers remain a challenge

Areas of Interprovincial/Territorial Cooperation, Score and Grade<sup>1,2</sup>

Jurisdiction	I. Canadian Free Trade Agreement Exceptions (40%)		II. Select Barriers to Internal Trade (20%)		III. Status of Items from Reconciliation Agreements (40%)		Bonus Indicator: Internal Trade Leadership (2%)	Overall Score and Grade	
MB	9.4	A	5.4	D	9.6	A	0	8.7	A-
AB	10.0	A	4.0	D	9.5	A	0	8.6	B+
FED <sup>3</sup>	7.1	C+			8.7	A-	10	8.1	B
SK	7.8	B	5.3	D	9.2	A	10	8.0	B
BC	8.1	B	4.1	D	9.2	A	10	7.9	B
ON	6.5	C-	5.6	D	8.2	B	10	7.2	C+
NU	6.8	C	2.0	F	8.6	B+	10	6.8	C
NT	7.1	C+	2.0	F	8.3	B	10	6.8	C
NS	4.7	D	5.1	D	8.6	B+	10	6.6	C
NL	6.4	C-	2.0	F	7.7	B-	10	6.2	C-
PEI	5.4	D	2.9	F	7.9	B	5	6.0	C-
YT	4.1	D	3.0	F	8.8	A-	10	5.9	D
NB	3.8	F	2.9	F	8.1	B	5	5.4	D
QC	0.0	F	3.6	F	8.9	A-	0	4.3	D

Notes:

- Score: 10 is best, 0 is worst. The scores of the three areas of interprovincial/territorial cooperation are combined into a single score that allows for a ranking of governments from best (highest score) to worst (lowest score).
- Grade: A, A-: 8.7-10 (Excellent performance); B+, B, B-: 7.5-8.6 (Good performance); C+, C, C-: 6.0-7.4 (Satisfactory performance); D: 4-5.9 (Less than satisfactory performance); F: 0-3.9 (Unsatisfactory performance).
- The federal government is scored on two areas: economic impact score based on the procurement exceptions they maintain from the CFTA in 2024, and the implementation status of reconciliation agreements. Both areas are weighted equally (50% each) as the select barriers area was not available for this analysis.



## Indicator I: CFTA exceptions

The CFTA permits exceptions that allow governments to exclude specific sectors, items, or workers from the agreement. This section of the report examines the economic impact of these exceptions across different jurisdictions by calculating an economic impact score for each jurisdiction’s listed exceptions.

Not all exceptions have the same economic impact. Some cover narrow areas of the economy while others are broader in scope. For instance, three exceptions that cover narrow areas of the economy that could limit the trade of rice, barley, and oats may have less of an impact than a single, broader exception which could impact the entire agricultural sector. In this instance, the single exception is assumed to represent a larger economic impact.

Table 2

**Alberta and Manitoba’s exceptions have the least economic impact, while Quebec’s have the highest**

Economic Impact of CFTA Exceptions 2024, Score and Grade (10 is best, 0 is worst)

Jurisdiction	Total number of exceptions (not graded)	Economic Impact Score (graded)	Score and Grade	
AB	8	17	10.0	A
MB	8	22	9.4	A
BC	15	34	8.1	B
SK	11	36	7.8	B
FED	21	42	7.1	C+
NT	20	42	7.1	C+
NU	22	45	6.8	C
ON	23	47	6.5	C-
NL	20	48	6.4	C-
PEI	22	56	5.4	D
NS	19	62	4.7	D
YT	29	68	4.1	D
NB	31	70	3.8	F
QC	36	103	0.0	F

**Notes:**

1. Provinces and territories are scored based on their exceptions for existing measures, future measures, and procurement.
2. The federal government is scored solely on procurement related exceptions.
3. Economic impact scores are rounded to the nearest whole number.

The economic impact score is calculated based on the category of exception (i.e., current, future, procurement) and how broadly it impacts the overall economy (i.e., affected industry classifications listed in the CFTA). In this regard, higher scores are assumed to indicate broader and more significant economic impacts, while lower scores reflect more narrowly focused effects. This systematic approach allows for a consistent evaluation and comparison of the economic implications of various exceptions. This is a departure from the methodology of previous iterations of the report where provinces/territories were graded on their total count of CFTA exceptions. Refer to Appendix A for an overview of the calculation of the impact score from each jurisdiction's CFTA exceptions.

It is important to acknowledge that the methodology used for this indicator has its limitations in that it does not measure the difference between the varying types of exceptions or its full economic impacts.

Alberta ranks best in this indicator as its eight exceptions have the lowest impact score, measured at 16.875, followed by Manitoba at 21.875 (see Table 2). Conversely, Quebec ranks the worst with an impact score of 102.625. New Brunswick and the Yukon round out the bottom of the table with impact scores of 70.125 and 67.875, respectively.

*“There is a separate set of rules for every jurisdiction in the country and complying with each individually is impossible for small businesses. For a small business, the cost of compliance is often prohibitive (the same is often true for taxation and regulations within a single jurisdiction).”*

-Retail, Nova Scotia

*“Quebec rules prohibit us from selling our wines in other Canadian provinces without going through government-owned corporations like LCBO, MLCC, and others. This is disastrous, especially since the SAQ is not a good model for Quebec products.”*

-Agriculture, Quebec

## A path forward to reducing trade barriers in the CFTA

During a recent Council of the Federation meeting, Canada's Premiers reiterated their commitment to open internal trade.<sup>9</sup> Exceptions limit small businesses' ability to trade goods and services across provincial/territorial lines by outlining areas where the CFTA does not apply, thereby adding cost, paperwork, and/or time to these exchanges, which would otherwise be free of any barriers. To fully realize the potential of the CFTA, governments across Canada must conduct a full review of their current CFTA exceptions, narrowing their scope, or eliminating exceptions altogether where possible. By targeting broader exceptions and narrowing them to more specific areas of the economy, governments can help ensure that these exceptions do not impede trade in parts of the economy they were not intended to affect. A breakdown of each jurisdiction's number and category of exceptions over three years can be found in Appendix B.

## Indicator II: Select barriers to internal trade

For this indicator, we examine several high-visibility internal trade barriers for alcoholic beverages, ease of doing business, and labour mobility. These indicators were chosen as they were brought up as barriers by Canadian small business owners who face them in their day-to-day operations. By examining internal trade barriers in these specific areas, we can identify specific obstacles in Canadian markets and develop targeted solutions to remove them, promoting greater economic integration and growth across all Canadian jurisdictions. Provinces/territories that reduced or eliminated the identified barriers receive higher scores (see Table 3).

Table 3

**Ontario and Manitoba have addressed the most select barriers; low grades in this area of the report card suggest much work remains to be done**

Select Barriers to Internal Trade, Score and Grade (10 is best, 0 is worst)

Jur.	Barriers to Trade in Alcoholic Beverages Indicators		Ease of Doing Business Indicators			Labour Mobility Indicators		Select Barriers to Internal Trade Score and Grade	
	Unlimited Import of Alcohol for Personal Consumption	Direct-to-Consumer Interjurisdictional Shipment of Canadian Wine/Craft Beer and Spirits	Extra-Jurisdictional Business Corporation Registration Fees Waived Across All Prov./Terr.	Mutual Recognition of Registration for Workers' Compensation	Mutual Recognition of Occupational Health and Safety Rules	Timeline for Professional Certification Approval of Workers Certified in Other Canadian Jurisdictions	Full Labour Mobility of Licensed Practical Nurses		
ON	10	0	10	0	0	10	9	5.6	D
MB	10	10	5	0	0	10	3	5.4	D
SK	10	2	5	0	0	10	10	5.3	D
NS	10	3	10	0	0	5	8	5.1	D
BC	10	4	5	0	0	0	10	4.1	D
AB	10	0	5	0	0	10	3	4.0	D
QC	10	0	5	0	0	0	10	3.6	F
YT	N/A	N/A	0	0	0	5	10	3.0	F
NB	0	0	5	0	0	5	10	2.9	F
PEI	10	0	0	0	0	0	10	2.9	F
NT	N/A	N/A	0	0	0	0	10	2.0	F
NU	N/A	N/A	0	0	0	0	10	2.0	F
NL	8	0	0	0	0	0	6	2.0	F

Source: 2024 data.

**Note:** The territories are not scored for the barriers to trade in alcoholic beverages indicators due to concerns expressed related to public health and safety. Regulatory frameworks are in place to promote responsible consumption.

## Barriers to trade in alcoholic beverages

The inability to transport alcoholic beverages across provincial borders, whether in-person or through direct-to-consumer shipping, continues to be an outstanding irritant for Canada’s domestic market. Despite various groups and organizations advocating for a resolution, the lack of progress can be partially attributed to a long history of different jurisdictions pursuing different policy and regulatory objectives. Not surprisingly, 77% of business owners believe Canadians should be allowed to order Canadian alcohol products (wine, beer, and craft spirits) directly from any province/territory.<sup>10</sup> As such, alcohol importation rules serve as a high visibility indicator of provinces/territories working together to reduce irritants. This year’s report finds that there has been no progress in addressing alcoholic beverages trade barriers since its previous edition (see Table 4).

Table 4

**Manitoba is the only jurisdiction in Canada that has eliminated all barriers to direct-to-consumer alcohol shipments and personal importation limits**

Barriers to Trade in Alcoholic Beverages, Score (10 is best, 0 is worst)

Jur.	Unlimited Import of Alcohol for Personal Consumption – Yes/Some/No <sup>1</sup>	Score	Direct-to-Consumer Interjurisdictional Shipment of Canadian Wine/Craft Beer and Spirits <sup>4</sup>						Score <sup>4</sup>
			Canadian Wine – Yes/Some/No		Canadian Craft Beer – Yes/No		Canadian Craft Spirits – Yes/Some/No		
BC	Yes	10	Yes	3	No	0	Some	1 <sup>5,6</sup>	4
AB	Yes	10	No	0	No	0	No	0	0
SK	Yes	10	Some	1 <sup>5</sup>	No	0	Some	1 <sup>5,6</sup>	2
MB	Yes	10	Yes	3	Yes	3	Yes	3	10
ON	Yes	10	No	0	No	0	No	0	0
QC	Yes	10	No	0	No	0	No	0	0
NB	No	0	No	0	No	0	No	0	0
NS	Yes	10	Yes	3	No	0	No	0	3
PEI	Yes	10	No	0	No	0	No	0	0
NL <sup>2</sup>	Some	8	No	0	No	0	No	0	0
YT <sup>3</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NT <sup>3</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NU <sup>3</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes:**

- Scoring: Yes = 10 points, No = 0 points.
- While NL will not receive a full score for unlimited allowances, it will be credited for its generous allowances.
- The territories are not scored for this indicator due to concerns expressed related to public health and safety. Regulatory frameworks are in place to promote responsible consumption.
- Three points are given for each type of alcohol (Canadian wine, craft beer, and spirits) that is allowed for the direct-to-consumer shipment from all Canadian jurisdictions. If all three types of alcohol are permitted, then a score of 10 is given. When alcohol shipment is only allowed from select jurisdictions, a partial score (1 or 2, depending on the number of jurisdictions) is given for each type of alcohol.
- Saskatchewan receives a partial score as only British Columbia produced wines can be shipped directly to residents, although paperwork has to be completed and approved prior to ordering.
- British Columbia and Saskatchewan have a deal where consumers can order craft spirits directly from producers in the other province and have them delivered - both provinces receive partial scores.

## Alcohol importation limits

Eight provinces — British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, and Prince Edward Island — allow their residents to transport unlimited alcohol across provincial/territorial boundaries for personal consumption without any restrictions. Consequently, these provinces earn a score of 10 (see Table 4). While Newfoundland and Labrador maintains limits, the province is credited with partial scoring for a generous allowance of imports. New Brunswick scores 0 as it maintains limited allowances.

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**77% of small businesses think Canadians should have the freedom to order Canadian wine, beer, and craft spirits directly from any province or territory without restrictions.**

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## Interjurisdictional shipment of Canadian wine, craft beer, and spirits

Jurisdictions that allow the direct-to-consumer shipment of Canadian wine, craft beer, and craft spirits from any Canadian jurisdiction earn a score of 10 (see Table 4).

Manitoba is the only province that is fully open to interjurisdictional alcohol shipments (earning a score of 10). Nova Scotia and British Columbia allow direct-to-consumer shipments of wine from any jurisdiction. Nova Scotia has also amended the province's liquor control act to allow for an expansion of direct-to-consumer shipment by broadening regulation-making authority, which would allow

all Nova Scotian alcoholic beverage producers to sell directly to consumers in other provinces if and when a national agreement is reached.<sup>11</sup> British Columbia and Saskatchewan have a deal allowing consumers to order craft spirits and wine directly from producers in the other province and have them delivered, earning partial scores.<sup>12,13</sup>

No jurisdiction, other than Manitoba, allows the direct-to-consumer interjurisdictional shipping of craft beer. Some provinces and territories and the federal government are working together to assess the feasibility of implementing a direct-to-consumer sales model.<sup>14</sup>

Although not graded in this section, Government of Canada has removed the only remaining federal restriction on the movement of alcohol across provinces and territories in the *Importation of Intoxicating Liquors Act* in June 2019.

*“We are in the alcohol business, and it is highly regulated with huge inter-provincial trade barriers. Many of our customers visit us from other provinces, but we are unable to sell our product to them when they go home. For us in the beer industry, it is often easier to ship product overseas than it is to ship to a neighbouring province. This is antiquated, and the provinces need to remove trade barriers among themselves.”*

-Manufacturing, Ontario

## Non-medical cannabis and internal trade

Like alcoholic beverages, the recreational (non-medical) cannabis industry which emerged after legalization in 2018 also faces challenges in shipping from one province to another. While there are no federal restrictions on the movement of

cannabis within Canada, there are provincial/territorial rules that restrict the interjurisdictional distribution and sale of cannabis.

To address these issues, in January 2024, all 14 parties agreed to include trade in non-medical cannabis in the CFTA.<sup>15</sup> Saskatchewan is currently the only party to not have an exception related to non-medical cannabis.

## Ease of doing business

Businesses seeking to expand operations across jurisdictional borders within Canada experience several challenges. This portion of the select barriers indicator examines the existence of policies aimed at minimizing barriers to doing business, such as the existence of interjurisdictional business registration fees, the mutual recognition of workers’ compensation registration, and occupational health and safety rules.

Table 5

Since the previous edition of this report, there has been no progress to remove barriers pertaining to the ease of doing business

Ease of Doing Business Indicators (10 is best, 0 is worst)

Jur.	Extra-Jurisdictional Business Corporation Registration Fees Waived Across All Prov./Terr. Yes/Some/No <sup>1</sup>	Score	Mutual Recognition of Registration for Workers’ Compensation Yes/Some/No <sup>2</sup>	Score	Mutual Recognition of Occupational Health and Safety Rules Yes/Some/No <sup>3</sup>	Score
BC	Some	5	No	0	No	0
AB	Some	5	No	0	No	0
SK	Some	5	No	0	No	0
MB	Some	5	No	0	No	0
ON	Yes	10	No	0	No	0
QC	Some	5	No	0	No	0
NB	Some	5	No	0	No	0
NS	Yes	10	No	0	No	0
PEI	No	0	No	0	No	0
NL	No	0	No	0	No	0
YT	No	0	No	0	No	0
NT	No	0	No	0	No	0
NU	No	0	No	0	No	0

**Notes:**

1. The following point system was applied: Yes = 10 points, Some = 5 points, No = 0 points. Nova Scotia and Ontario stopped the practice of charging extra-provincial business corporation registration fees. Some provinces have agreements between them which waive extra-jurisdictional registration requirements: (i) BC, AB, SK, MB (New West Partnership Agreement); (ii) ON and QC; (iii) NS and NB.
2. The following point system was applied: Yes = 10 points, Some = 1-9 points, No = 0 points.
3. The following point system was applied: Yes = 10 points, Some = 1-9 points, No = 0 points.

*“We operate in six different provinces and hope to branch into Nunavut soon. With each geographical region having different rules and regulations around business licences, permits, WCB, etc., it makes it very difficult to ensure we are compliant on all fronts without engaging in very costly business legal advice. Having to pay and remit taxes to each entity is also very time consuming.”*

-Retail, Manitoba

### Extra-jurisdictional business registration fees

Businesses seeking to expand into other Canadian provinces/territories typically must pay business registration fees in each jurisdiction, despite already having paid these fees in their home jurisdiction. Only Ontario and Nova Scotia have eliminated this practice, thereby earning a full score of 10 (see Table 5). Some provinces have streamlined their extra-provincial registration processes through agreements, resulting in no additional registration fees, earning them a score of 5. The remaining jurisdictions do not waive fees at all and therefore receive a score of 0.

### Mutual recognition of workers' compensation registration

Every workers' compensation board across the country has different rules governing when a business must register for coverage. For businesses operating in multiple jurisdictions, this variance presents a barrier by adding additional administrative burdens and potentially higher costs.<sup>16</sup> In fact, more than one in four (27%) small businesses that operate in other Canadian jurisdictions identify registering their business and employees in workers' compensation outside their home province/territory as a major challenge.<sup>17</sup>

One approach to reduce costs and red tape for businesses operating across jurisdictions is for provinces and territories to mutually recognize each other's workers' compensation registration practices (with the possibility for exceptions). If a business and its workers meet workers' compensation registration standards in one jurisdiction, this should be sufficient for other jurisdictions where the business operates.

Presently, no jurisdiction in Canada recognizes registration requirements for workers' compensation of other jurisdictions. Consequently, all jurisdictions receive a score of 0 (see Table 5).

*“We are in construction and have to deal with multiple agencies such as WCB, permitting, transportation regulations, safety requirements, labour laws, etc. It does not make sense to work in other provinces based on the tendering process. It makes sense to concentrate on obtaining work in our province to minimize the administrative requirements.”*

-Construction, Saskatchewan

### Mutual recognition of occupational health and safety rules

Like workers' compensation registration requirements, occupational health and safety (OHS) requirements and standards vary across provinces and territories, creating challenges for businesses operating in multiple jurisdictions. A business with employees in different regions may find that their equipment, training, education, or credentials are not transferable.

Progress across the country to adopt common standards (or harmonize) for items such as first aid kits, head protection, and hearing protection, among others,



serves as an important step for reducing barriers. However, harmonizing one item at a time has proven to be a slow process. A more efficient approach would be for provinces and territories to mutually recognize each other's OHS rules (with the opportunity for exceptions), thereby simplifying regulatory requirements. This would allow businesses to run more seamlessly across provincial borders while still protecting workers' health and safety.

Currently, no province/territory fully recognizes OHS rules from other jurisdictions, resulting in all provinces/territories scoring 0 (see Table 5).

*"We no longer work outside Alberta as it is too costly. When we did work outside the province, our commercial liability insurance required numerous changes, additions and costs, as well as additional WCB costs for working in another province. Business licences for those jurisdictions that we worked in were costly as well. We found that working in other provinces just wasn't worth it."*

-Construction, Alberta

Additionally, in 2023, Atlantic Premiers signed the *Atlantic Technical Safety Agreement* which focuses on standardizing training, certification, and licensing requirements for tradespeople, including fuel technicians, power engineers, and elevator mechanics.<sup>19</sup> The agreement seeks to foster the harmonization or mutual recognition of safety standards (when applicable), and expedite the registration process. CFIB commends this collaborative agreement as a positive and proactive approach to improving conditions for tradespeople in Atlantic Canada, and we eagerly anticipate its implementation and the positive outcomes it will bring.

### ***Promising developments with the ease of doing business***

In 2021, Ontario recognized fall protection training certificates from Newfoundland and Labrador workers, permitting them to work in Ontario.<sup>18</sup> While this is not full mutual recognition of OHS rules from all jurisdictions, moving unilaterally to recognize standards from other jurisdictions is a positive first step. Provinces and territories should build on this action by striving to recognize fall protection training certificates from other jurisdictions across Canada.

## Barriers to labour mobility

Generally, the CFTA allows for certified workers to work anywhere in Canada without undergoing further training, testing, or assessments. However, governments can post exceptions to the movement of certified workers across jurisdictions when certification requirements or occupational standards differ, provided the exception is justified by a legitimate objective (e.g., public safety and security, consumer protection, protection of the health, safety, and well-being of workers).<sup>20</sup> For instance, in some jurisdictions, dental hygienists give injections for dental freezing, while in others, this task is not included in their role. As such, a dental hygienist who wants to practice in a jurisdiction where dental freezing is required may need additional training.

Restricting skilled professionals with relevant experience from working in different provinces or territories can limit employment opportunities and exacerbate labour shortages. As previously noted, recertification is a significant challenge for businesses looking to hire workers from outside their home province/territory. As such, it is unsurprising that nine in ten businesses agree a professional licence or certification obtained in one jurisdiction should be automatically recognized in all other jurisdictions.<sup>21</sup>

Alberta currently has the highest number of labour mobility exceptions, standing at nine, while Manitoba has the fewest, with only one exception. Given the potential impact of these exceptions, it is crucial for governments to actively work toward reducing or narrowing them whenever possible. Exceptions by jurisdiction and occupation are listed in Appendix C.

Table 6  
Manitoba and Saskatchewan recently established timelines for regulatory bodies to respond to registration applications, and eight jurisdictions allow for full labour mobility of licensed practical nurses

**Barriers to Labour Mobility Indicators (10 is best, 0 is worst)**

Jur.	Timeline for Professional Certification Approval of Workers Certified in Other Canadian Jurisdictions	Score	Full Labour Mobility of Licensed Practical Nurses	Score
	Yes/Some/No <sup>1</sup>		Yes/Some/No <sup>2</sup>	
BC	No	0	Yes	10
AB	Yes	10	Some	3
SK	Yes	10	Yes	10
MB	Yes	10	Some	3
ON	Yes	10	Some	9
QC	No	0	Yes	10
NB	Some	5	Yes	10
NS	Some	5	Some	8
PEI	No	0	Yes	10
NL	No	0	Some	6
YT	Some	5	Yes	10
NT	No	0	Yes	10
NU	No	0	Yes	10

**Note:**

1. The following point system was applied: Yes = 10 points, Some = 1-9 points, No = 0 points. AB — within 20 business days; SK — examining timeframes for registration; MB — within 30 days of receiving application from the domestic labour mobility applicant; ON — within 30 business days applies to 15 regulated professions, timelines for health professions are outlined under the Regulated Health Professions Act, 1991; NB — examining timeframes for registration; NS — within 5 business days for health care professionals; YT — the department responsible for professional licensing has a service standard in place to process applications within 10 business days, even though there are no specific laws or rules regarding the processing time. Some jurisdictions, like Quebec, have measured their certification timelines but have not implemented a guaranteed timeline.

2. The following point system was applied: Yes = 10 points, Some = 1-9 points, No = 0 points. The higher the score, the fewer the number of jurisdictions whose workers are affected. For a listing of affected jurisdictions, see Appendix C.

The complexity and variability of labour mobility exceptions across jurisdictions and occupations make it challenging to establish a standardized grading system that accurately reflects the overall landscape. Therefore, this report card does not grade jurisdictions on their overall number of exceptions. Instead, we have focused on two labour mobility indicators: the existence of timeframes for personal certification approval and the full labour mobility of licensed practical nurses (see Table 6). This targeted approach allows us to effectively highlight and advocate for improvements in high-visibility areas, which are crucial for facilitating smooth labour mobility across jurisdictions.

### Professional certification approval

Certain occupations in Canada are subject to provincial or territorial legislation that mandates workers to hold a certificate or licensing specific to the jurisdiction in which they practice. This can create barriers for workers seeking to practice in different jurisdictions, resulting in lengthy administrative registration requirements, additional testing, and processing fees. Consequently, interprovincial certificate-to-certificate recognition is a significant challenge for 13% of businesses operating in other Canadian jurisdictions, primarily due to the associated costs, wait times, and paperwork.<sup>22</sup>

This indicator examines the existence of timelines for registration decisions in different provinces and territories. Some jurisdictions have legislation and/or regulations that provide clarity and transparency regarding registration decisions, ensuring timely responses. Manitoba and Saskatchewan are the latest provinces to establish timelines for regulatory bodies to respond to registration applications.<sup>23,24</sup> As a result, Alberta, Manitoba, Saskatchewan, and Ontario receive the highest scores, as they have timelines for registration decisions — 20 business days in Alberta and Saskatchewan, and 30 business days in Manitoba and Ontario (see Table 6).

New Brunswick, Nova Scotia, and the Yukon receive partial scores for their efforts. New Brunswick is recognized for its commitment to work with regulatory bodies to examine timeframes for registration decisions. The government of Nova Scotia passed the *Patient Access to Care Act* in 2023, establishing timelines for health care professionals to have their credentials recognized in 5 business days, and receive partial points for this initiative. Similarly, the Yukon has taken a commendable step by setting a service standard within its department for processing applications, ensuring a timeframe of ten business days. However, because this standard is not required through legislation, it is awarded partial marks.

*“I am a Certified Financial Planner which is a globally recognized designation, but I would have to be individually licensed in each province in order to provide insurance and investment advice. This is costly and time consuming and has stopped me from expanding my practice.”*

-Finance, Alberta

### Labour mobility exceptions in health care

The shortage of health care professionals, specifically nurses, across the country continues to be a significant concern, impacting the delivery of health care services in many regions of the country. In the fourth quarter of 2023, most vacancies in health care were concentrated in three nursing occupations. Vacancies in registered nurses and registered psychiatric nurses (28,700), nurse aides, orderlies and patient service associates (20,900), and licensed practical nurses (LPN) (13,300) made up 70% of the total vacancies in health occupations.<sup>25</sup>

Ensuring access to quality health care services is a fundamental right for all Canadians. However, a shortage of essential health care workers can significantly impact patient outcomes. To address this issue, we aim to build on our previous work of assessing bottlenecks in the health care sector by identifying and evaluating labour mobility barriers for nurses.<sup>26</sup> Through this effort, we hope to contribute to the ongoing debate on health care reform by finding ways to enhance access to health care services, alleviate the burden on the health care system, and ensure that patients receive the care they need.

This indicator aims to shed light on the extent to which LPNs can move freely between jurisdictions. The higher the score for this indicator, the fewer the number of jurisdictions whose workers are affected.

Presently, eight jurisdictions allow for full labour mobility of licensed practical nurses and earn 10 points — British Columbia, Saskatchewan, Quebec, New Brunswick, Prince Edward Island, Yukon, Northwest Territories, and Nunavut (see Table 6). The remaining jurisdictions receive partial scores. For instance, Ontario receives the highest partial score, as currently only LPNs from Quebec must meet additional requirements before working in the province (see Appendix C for details).

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**A striking 90% of business owners are in favour of the automatic recognition of professional licences or certifications obtained in one jurisdiction across all jurisdictions.** <sup>26</sup>

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### ***Innovative initiatives in multi-jurisdictional licensing***

One approach to address the barriers preventing health care professionals from practicing in different provinces and territories is to allow these workers to practice with task-specific restrictions (i.e., a restricted licence). For example, a dental hygienist could work in any province but be restricted from performing certain procedures, such as administering local anesthesia, until they have received the necessary training.

To foster increased labour mobility across Canadian jurisdictions, some provinces have taken innovative steps toward the automatic recognition of licences and certifications. For instance, the Ontario government introduced and passed legislation that will allow Canadian health care workers who are already registered or licensed in a different Canadian jurisdiction to practice in Ontario immediately, without having to first register with one of Ontario's health regulatory colleges.<sup>28</sup> This legislation is a critical first step toward a pan-Canadian portable registration model for health care professionals.

The Atlantic provinces have also introduced the innovative Atlantic Physician Registry.<sup>29</sup> This registry offers a streamlined approach for physicians seeking to practice in multiple provinces within the region. Instead of having to navigate the process of obtaining individual licences from each provincial college, physicians can now opt into the registry and gain the flexibility to work in any of the four provinces for a single annual fee, without additional licensing requirements. This approach not only reduces the administrative burden of physicians looking to work in multiple provinces, but also facilitates greater mobility and collaboration among health care professionals throughout the Atlantic provinces.

## Indicator III: Status of reconciliation agreements

This section centres on the work of the Regulatory Reconciliation and Cooperation Table (RCT), a federal-provincial-territorial body that provides a forum for governments to resolve internal trade barriers created by existing rules and processes. These regulations can significantly hinder businesses trying to operate across different jurisdictions.

For example, jurisdictions are attempting to reconcile differing requirements for truck driver certifications, varying construction codes, and differing corporate registration and reporting requirements through the RCT. Without reconciliation, a trucking company may find itself needing to train its drivers in an additional jurisdictional system, despite them already being trained in one. Similarly, a construction company might be prevented from building a house across provincial lines due to differing construction codes, even if they are the best contractor for the job. These obstacles cost businesses and consumers time and money.

In 2024, the RCT released a report providing the status of items on the RCT Work Plan. This new report greatly improves transparency and clarity in their reporting of the status of reconciliation items.<sup>30</sup> This has allowed for a more accurate tally of each jurisdiction’s progress on the RCT, leading to changes in some of the results from last year’s report. CFIB has called on governments to provide better data and improve transparency regarding reporting of RCT items and applauds this important action taken by the RCT. Since 2018, 18 of the 30 reconciliation items on the RCT Work Plan have been completed. Of these items, 17 were completed through reconciliation agreements, with five of these items fully implemented by all jurisdictions - representing around 17% of the RCT’s Work Plan. This suggests that a bolder and faster approach is needed to help address existing barriers.

This section presents the progress made by each jurisdiction to implement its respective RCT items from endorsed agreements only. A score of 10 is given for

each item that is implemented, while a score of 5 is given if implementation is underway.<sup>31</sup> Overall, Manitoba, Alberta, and BC score the highest as they have implemented most items from ratified agreements they are participating in (see Table 7, and Appendix D for a jurisdictional breakdown by items from ratified agreements). The federal government is also graded in this section, as it is presently participating in and has implemented 11 of the 15 items from the ratified agreements.

Table 7

**Manitoba scores the highest as the province has implemented 13 of the 14 items from the ratified agreements they are participating in**

Status of Items From Reconciliation Agreements, Score and Grade (10 is best, 0 is worst)<sup>1,2</sup>

Jur.	Number of Items from Ratified Agreements	Total Items Implemented	Total Items Underway	Score	Grade
MB	14	13	1	9.6	A
AB	11	10	1	9.5	A
BC	13	11	2	9.2	A
SK	12	10	2	9.2	A
QC	14	11	3	8.9	A-
YT	12	9	3	8.8	A-
FED	15	11	4	8.7	A-
NU	11	8	3	8.6	B+
NS	14	10	4	8.6	B+
NT	12	8	4	8.3	B
ON	14	9	5	8.2	B
NB	13	8	5	8.1	B
PEI	12	7	5	7.9	B
NL	13	7	6	7.7	B-

**Notes:**

1. The implementation status of completed agreements is defined as: Implemented (IM) — government has met the requirements of the agreement; Underway (UW) — government is either in the process of signing the agreement or has signed the agreement, but the requirements of the agreement have yet to be met.
2. The following point system was applied: Implemented = 10 points, Underway = 5 points.

## Bonus indicator: Internal trade leadership

In addition to the standard criteria for assessing jurisdictions, CFIB has introduced a bonus indicator in the 2024 edition of this report. This additional indicator aims to recognize and reward those jurisdictions that have demonstrated proactive initiatives and leadership over the last year in areas not covered by the main indicators, but which merit acknowledgment. The purpose of this bonus indicator is to encourage jurisdictions to actively work toward identifying and eliminating barriers to the movement of goods, services, and people.

Jurisdictions receive full (10) or partial (5) points depending on their initiatives to address internal trade barriers. For an overview of each jurisdiction’s actions that are assessed in this section, refer to Appendix E.

A jurisdiction receives 10 points by demonstrating leadership in identifying and addressing an internal trade barrier. This typically involves chairing an RCT working group focused on reconciling the identified issue. Any province or territory can lead such a group by bringing forward a barrier to internal trade to be addressed by the RCT. This indicator acknowledges provinces that have proactively stepped up to address internal trade barriers.

Additionally, a jurisdiction can receive full points if it launches an initiative to address a significant barrier to internal trade, such as improving the mobility of health care professionals.

A jurisdiction receives 5 points if it is a member of a regional partnership aimed at removing barriers to internal trade. Examples include jurisdictions that are part of the Atlantic Trade and Procurement Partnership or the Northern Foods Working Group. These partnerships are crucial for harmonizing regulations and removing barriers within specific regions of Canada. However, unless they chair or create these groups, the participating jurisdictions take on more passive roles. Therefore,

CFIB awards them partial points. This approach acknowledges the value of regional partnerships while encouraging jurisdictions to assume more active leadership roles in the future.

Table 8

### Strong leadership on internal trade seen in some jurisdictions while others lack initiative

Government Leadership on Improving Internal Trade, Score and Grade (10 is best, 0 is worst)

Jurisdiction	Recent Evidence of Leadership in Internal Trade (Yes/Some/No)	Score
ON	Yes	10
MB	No	0
NS	Yes	10
BC	Yes	10
AB	No	0
SK	Yes	10
QC	No	0
YT	Yes	10
NB	Some	5
PEI	Some	5
NT	Yes	10
NU	Yes	10
NL	Yes	10
FED	Yes	10

Notes:

- The following point system was applied: Yes = 10 points, Some = 5 points.

## Internal trade and the federal government

In this report card, the federal government is graded only on its CFTA exceptions for procurement and its work at the RCT. The Select Barriers to Internal Trade indicator grades jurisdictions based on programs and regulations that fall under provincial/territorial control, thus excluding the federal government. However, internal trade barriers present a collective problem for the entire country. The federal government plays a critical role not only by advancing internal trade in its governed areas but also by prioritizing collaboration with provinces/territories to accelerate meaningful progress.

Recently, the federal government introduced a new strategy to take a leadership role in reducing trade barriers — the Federal Action Plan to Strengthen Internal Trade.<sup>32</sup> The Plan outlines five key elements, including reviewing CFTA exceptions, identifying barriers to internal trade, and providing data on internal trade.

Additionally, in its 2023 Budget, the federal government committed to leading federal, provincial, and territorial efforts to explore the mutual recognition of regulatory standards to ensure that goods and services can move more freely. This includes the development of a Federal Framework on Mutual Recognition.<sup>33</sup> With such action, the federal government intends to establish a clear roadmap to reach an agreement in a timely way with quantifiable and verifiable targets.

CFIB applauds the announcement of the new Federal Action Plan to Strengthen Internal Trade and the Federal Framework on Mutual Recognition. These new strategies aim to identify critical information on internal trade and direct efforts where they can make the most significant impacts to liberalize trade. However, while these plans are steps in the right direction, many barriers continue to exist, and substantial work remains to be done to ensure their impacts are felt on the ground.

In Budget 2024, the federal government announced it has removed 14 federal exceptions, primarily in procurement. A new Canadian Internal Trade Data and Information Hub was also launched in the spring, providing an openly accessible repository of free information highlighting where internal trade barriers exist. This initiative responds to CFIB's ongoing request for governments to provide better data and transparency surrounding internal trade barriers. Further to this, the federal government launched the first-ever Canadian Survey on Interprovincial Trade which will engage thousands to identify and eliminate the top interprovincial trade barriers. CFIB commends the federal government's efforts over the last year to remove barriers and improve the state of internal trade in the country.

### Movement of Canadian food products

Canadian food products—including meat and cheese—that are produced, licensed, and inspected by provincial/territorial food safety authorities can only be sold within that province or territory. Only federally licensed and inspected food products are able to move freely across all provincial and territorial borders. For small and medium-sized processors, achieving federal standards can prove to be expensive and challenging, creating a disincentive to expand their operations. In fact, 87% of Canadian businesses believe that food that is produced, licensed, and inspected provincially should be able to be sold in all provinces/territories.<sup>34</sup>

*“CFIA regulations for food transport across provinces are ridiculous. They completely limit food distribution and our ability to sell into the largest markets. One business colleague has stopped producing in Canada entirely and outsources production to the U.S.”*

-Professional services, Ontario

Recently, the federal government has taken steps to explore solutions to this ongoing challenge. The Canadian Food Inspection Agency (CFIA) has been working with the Alberta and Saskatchewan governments on a two-year pilot project to alleviate the challenges of interprovincial food trade in Lloydminster, a city that straddles the Saskatchewan-Alberta border. Under this pilot program, the movement of safe food into and within Lloydminster is treated as if it were within a single province. One and a half years into the program, no major downsides have been reported.

This pilot provides the opportunity to collect information to further inform regulatory changes to safe food regulations in Canada. Since the pilot has not had any serious impacts on the health and safety of Canadians, CFIB recommends the federal government move quickly and collaborate to make the pilot permanent in Lloydminster and expand the pilot project into other jurisdictions. The federal government must work with provinces and territories on a path to allowing the free movement of Canadian food products within our borders.



## Internal trade and productivity

Canada’s productivity lags behind other developed countries, resulting in fewer goods and services being produced than the country is capable of.<sup>35</sup> In fact, Canada ranks second to last in productivity among G7 countries (see Figure 4).<sup>36</sup> Recent studies have found that eliminating interprovincial trade barriers could boost the national economy by 4-8%, adding as much as \$200 billion annually in value through increased availability of homes, services, and other goods for Canadian families.<sup>37,38,39</sup> This economic boost would create more jobs and reduce the price of goods and services that Canadians rely on.

**Half of Canadian small businesses agree that adhering to interprovincial trade barriers hurts their businesses’ productivity.**<sup>40</sup>

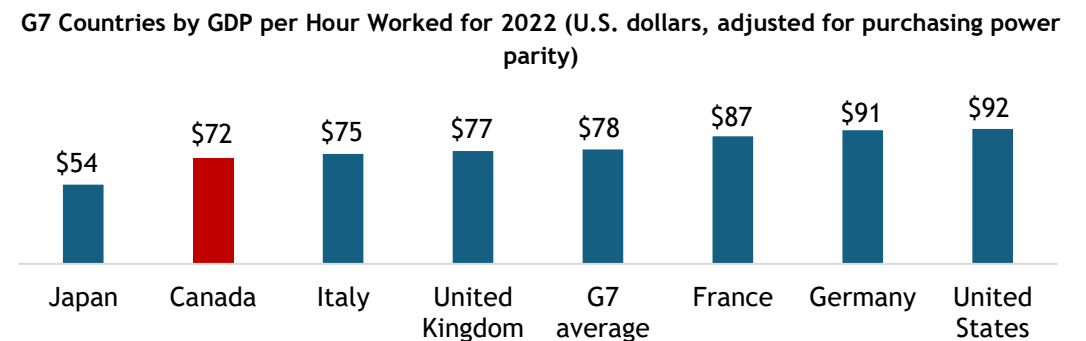
Internal trade impacts productivity by affecting how business owners allocate their resources. Instead of goods and workers flowing freely to where they are most needed, cumbersome fees, paperwork, and restrictions impede their movement. While many interprovincial trade barriers don’t make trade impossible, they create regulatory hurdles that many small businesses cannot afford to navigate. As a result, investment and hiring decisions often end up being influenced more by government red tape at the margin than the pursuit of higher productivity.

*“It is cheaper for us to source from the U.S., even with the ridiculous exchange rate, than to bring goods in from central Canada.”*  
-Construction, BC

Without internal trade barriers, provinces and territories could easily import goods they lack a comparative advantage in, thus boosting productivity and lowering

production costs. For example, a restaurant in New Brunswick could choose to import beef from an Alberta cattle ranch since it can be bought cheaper than in its home province, lowering its input costs and increasing its productivity. Removing trade barriers fosters this specialization, enabling provinces to import affordable goods for direct-to-consumer sales or as inputs for other products, such as a cheaper engine used to build a tractor, while exporting their specialized goods and services to other provinces or territories. This efficiency lowers production costs and boosts productivity.

Figure 4  
Canada has lower productivity compared to its peer countries



The free movement of workers is also crucial to enhancing productivity. Labour mobility barriers, such as additional training and certification requirements, prevent workers from relocating to areas where their skills are in higher demand. True labour mobility would help businesses fill vacancies and enable workers to move from high-unemployment regions to those needing their skills, increasing overall productivity and reducing costs.

## Recommendations

By implementing the following recommendations, Canadian governments can help create a more integrated and efficient internal market, fostering economic growth, promoting productivity, and improving the overall competitiveness of Canadian businesses.

### 1. Adopt mutual recognition agreements

CFIB strongly recommends governments across Canada move quickly to adopt a mutual recognition agreement encompassing all federal, provincial, and territorial regulatory measures that impose requirements on the sale or use of all goods and services - such that any good or service that may be sold or used in one province/territory may be readily sold or used in all other provinces and territories without having to meet any additional requirements. To move forward, government can start with mutual recognition for one area or sector of government (i.e., WCB, occupational health & safety regulations).

### 2. Address CFTA exceptions

The CFTA was designed to enhance internal trade by reducing barriers to the movement of goods, services, investment, and labour. However, numerous exceptions within the agreement limit its effectiveness. These exceptions allow provinces, territories, and the federal government to maintain certain trade barriers that can inhibit economic integration and efficiency. **CFIB recommends governments across Canada follow the lead of Alberta and the federal government to undertake a comprehensive review of the exceptions listed in the CFTA with the goal of reducing their scope or eliminating them wherever possible.** This review should prioritize sectors where the removal of barriers would have the most significant positive impact on trade and economic growth.

### 3. Liberalize interprovincial alcohol trade

Governments should work to remove barriers specific to the interprovincial trade of alcohol. This includes eliminating restrictions thereby supporting a more open and competitive market. This includes **eliminating the limits on the import of alcohol for personal consumption and allowing direct-to-consumer interjurisdictional shipments of all Canadian alcohol products (i.e., wine, craft beer, and spirits).**

### 4. Enhance the ease of doing business

Simplify regulatory and administrative procedures for small businesses to engage in interprovincial trade. This includes reducing paperwork, providing clear and consistent guidelines, and offering support services to help small businesses navigate different provincial regulations. **Governments must prioritize waiving extra-jurisdictional business corporation registration fees across all provinces and territories, and the mutual recognition of workers' compensation programs and occupational health and safety rules across the country.**

### 5. Facilitate labour mobility

Labour mobility is essential for addressing skill shortages and optimizing workforce utilization. Simplifying the recognition of qualifications will enable workers to respond to job opportunities more freely, promoting economic growth. **CFIB recommends governments across the country work closely with professional colleges to streamline processes for recognizing professional qualifications and certifications across provinces and territories to make it easier for workers to move and work anywhere in Canada. CFIB also recommends government legislate timelines for professional certification approval of workers certified in other Canadian jurisdictions.** Simplifying these processes will enable workers to move and respond to job opportunities more freely, thereby promoting economic growth and addressing regional skill gaps.

#### **6. Utilize the Regulatory Reconciliation and Cooperation Table (RCT)**

Leverage the RCT to identify and address regulatory discrepancies between provinces and territories. This table can serve as a platform for ongoing dialogue and cooperation, ensuring that regulations are aligned and that unnecessary barriers to trade are minimized. **Governments at the table should work quickly and collaboratively to ensure reconciliation items are implemented in a timely manner to make a difference on the ground for Canadians.** Regular updates and progress reports from the RCT should continue to be made public to maintain transparency and accountability. Finally, RCT representatives should be leaders at the table by working collaboratively to address barriers brought to the table.

#### **7. Facilitate the interjurisdictional movement of Canadian food products**

In order to significantly reduce barriers to interprovincial food trade, support small and medium-sized food processors, and enhance the overall competitiveness of the Canadian food industry at a time when consumers have seen a significant increase in the price of groceries, **the federal government should move quickly to make the pilot project in Lloydminster permanent and expand it into other jurisdictions.** CFIB recommends the federal government work collaboratively with provinces and territories to create a pathway to allow the free movement of Canadian food products within our own borders.

#### **8. Become a leader on removing internal trade barriers**

One of the critical challenges facing internal trade in Canada is the hesitance among governments to remove trade barriers independently. This cautious approach often stems from a protectionist mindset where governments fear losing economic advantages if they act alone while others do not reciprocate. This mutual reluctance perpetuates a cycle of inaction, hampering the flow of goods, services, and labour across provincial and territorial boundaries, and stifling economic growth. To address this issue effectively, a more proactive and bold approach is necessary. **CFIB recommends governments be bold, lead by example, engage in regional partnerships, and move unilaterally to eliminate remaining barriers to internal trade.**

## Appendix A: Breakdown of economic impact score from CFTA exceptions

The economic impact score is derived using a formula that incorporates weighting values for affected industry classifications associated with current and future exceptions to the CFTA, as well as weighting values for procurement exceptions themselves (see Table 9). While some current and future exceptions affect entire sectors of the economy, others only affect specific segments within those sectors. Within the CFTA, each exception sets out the number of industry classifications it covers using the Central Product Classification (CPC) system. The CPC categorizes all products in the economy into five mutually exclusive industry classifications, each identified by a numeric code: Section (1 digit), Divisions (2 digits), Groups (3 digits), Classes (4 digits), and Subclasses (5 digits).<sup>41</sup> The CPC industry classifications are used to evaluate the impact of an exception on the broader economy by assessing how broad each classification is.

Therefore, broader industry classifications are given a higher weighting value. While exceptions for existing measures pose a current direct cost, exceptions for future measures pose no immediate cost but impose uncertainty for businesses, limiting investment and trade.<sup>42</sup> Given this, industry classifications for future measures are weighted half as much as industry classifications for current measures. It is difficult to differentiate the broadness of the impact between procurement exceptions due to the lack of any clear industry classification associated with them. Therefore, they are weighted identically. Note for the federal government: only procurement-related exceptions are considered.<sup>43</sup> Many industry classifications in any one jurisdiction may be set out multiple times by

different exceptions. To signify the impact of the exceptions themselves, they are counted each time they are affected. Therefore, certain heavily affected industry classifications can be counted multiple times.

Table 9

Economic Impact Score Value Breakdown

Type of CPC classification impacted by exception (T)	Current measures: Weighting value for CPC classification (C)	Future measures: Weighting value for CPC classification (F)	Weighting value for procurement exceptions - No industry classification given (P)
All sectors	10	5	2
Divisions	2	1	
Groups	1	0.5	
Classes	0.5	0.25	
Subclasses	0.25	0.125	
<b>Economic impact score: (current exceptions) + (future exceptions) + (procurement exceptions)                      = (number of T x C) + (number of T x F) + (number of procurement exceptions x P)</b>			
<b>Notes:</b> <ol style="list-style-type: none"> <li>The CPC also includes sections (1 digit) which are not included in the weighting as no exception from the assessed jurisdictions affects them.</li> <li>No industry classifications are provided for procurement exceptions and assigned a weighted value of 2.</li> </ol>			

Table 10

Count of Categories Assigned a Weighted Value for Economic Impact Score by Jurisdiction<sup>1</sup>

Jurisdiction	Number of Affected Industry Classifications From Current Exceptions (Impact Score)					Number of Affected Industry Classifications From Future Exceptions (Impact Score)					Number of Procurement Exceptions (Impact Score)	Total Economic Impact Score <sup>4</sup>
	All sectors	Divisions	Groups <sup>2</sup>	Classes	Subclasses <sup>3</sup>	All sectors	Divisions	Groups <sup>2</sup>	Classes	Subclasses <sup>3</sup>		
AB		1 (2)	1 (1)		8 (2)		8 (8)	4 (2)	2 (0.5)	11 (1.375)		17
MB		6 (12)	3 (3)	6 (3)	1 (0.25)		1 (1)	3 (1.5)		9 (1.125)		22
BC	1 (10)	4 (8)	3 (3)	1 (0.5)	7 (1.75)		4 (4)	6 (3)	1 (0.25)	8 (1)	1 (2)	34
SK	2 (20)	1 (2)	2 (2)	6 (3)	4 (1)		2 (2)	3 (1.5)	1 (0.25)	3 (0.375)	2 (4)	36
FED											21 (42)	42
NT			2 (2)			3 (15)	3 (3)	8 (4)	2 (0.5)	12 (1.5)	8 (16)	42
NU			1 (1)	3 (1.5)	1 (0.25)	3 (15)	2 (2)	9 (4.5)	4 (1)	11 (1.375)	9 (18)	45
ON		8 (16)	13 (13)	11 (5.5)	12 (3)		1 (1)	4 (2)		4 (0.5)	3 (6)	47
NL		6 (12)	17 (17)	3 (1.5)	11 (2.75)			12 (6)	4 (1)	10 (1.25)	3 (6)	48
PEI	1 (10)	8 (16)	5 (5)	2 (1)	9 (2.25)		4 (4)	5 (2.5)		10 (1.25)	7 (14)	56
NS		13 (26)	14 (14)	5 (2.5)	14 (3.5)		3 (3)	8 (4)	4 (1)	16 (2)	3 (6)	62
YT	1 (10)	2 (4)	13 (13)	6 (3)	1 (0.125)	1 (5)	5 (5)	11 (5.5)	4 (1)	9 (1.125)	10 (20)	68
NB		7 (14)	4 (4)		7 (1.75)		2 (2)	7 (3.5)		7 (0.875)	22 (44)	70
QC	3 (30)	3 (6)	23 (23)	10 (5)	14 (3.5)		9 (9)	9 (4.5)	3 (0.75)	7 (0.875)	10 (20)	103

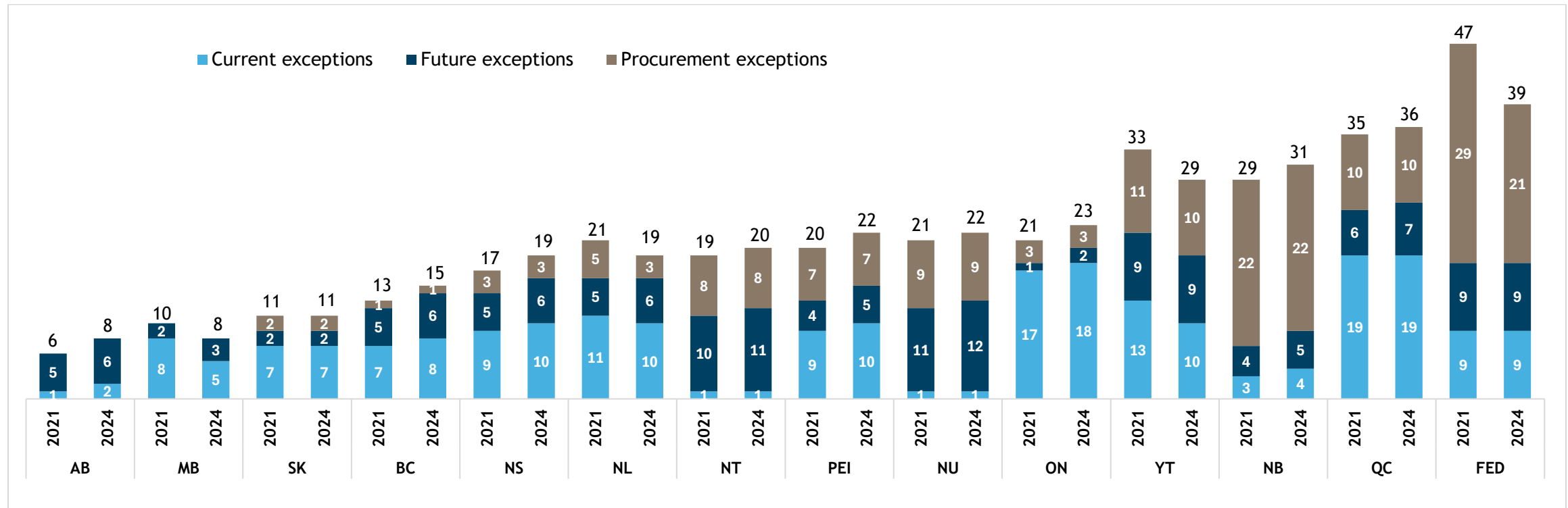
Source: Canadian Free Trade Agreement, Consolidated Version, June 4, 2024.

Notes:

1. Weighted value for type of CPC classifications (current exceptions, future exceptions): All sectors (value: 10, 5), Divisions (Value: 2, 1), Groups (Value: 1, 0.5), Classes (Value: 0.5, 0.25), Subclasses (Value: 0.25, 0.125).
2. Exceptions in which no industry classification is given are weighted as a single group classification.
3. Industry classifications for exceptions to the trade of cannabis, which are not classified using the CPC system, are weighted as a subclass classification.
4. The Total Economic Impact score is rounded to the nearest whole number.

## Appendix B: CFTA exceptions by jurisdiction

Total Number of Exceptions to the CFTA 2021 and 2024, by Jurisdiction – Ascending Order by Total Number of Exceptions in 2024



Sources: Canadian Free Trade Agreement, Consolidated Version, June 4, 2024; Canadian Free Trade Agreement, Consolidated Version, September 2021.

Note: Every province except Saskatchewan added at least one exception for cannabis in 2024 after its addition to the CFTA.

## Appendix C: Labour mobility exceptions

Jurisdiction	No. of Exceptions	Occupation(s)	
BC	1	<ul style="list-style-type: none"> <li>Lawyers</li> </ul>	
AB	9	<ul style="list-style-type: none"> <li>Dental Hygienists - Anaesthetic</li> <li>Dental Hygienists - Prescribing</li> <li>Licensed Practical Nurses</li> <li>Medical Radiation Technologists</li> <li>Nurse Practitioners</li> </ul>	<ul style="list-style-type: none"> <li>Paramedics</li> <li>Podiatrists</li> <li>Safety Code Officers</li> <li>Water Well Drillers</li> </ul>
SK	3	<ul style="list-style-type: none"> <li>Dental Hygienists</li> <li>Paramedics (EMR/PCP/ACP)</li> </ul>	<ul style="list-style-type: none"> <li>Lawyers</li> </ul>
MB	1	<ul style="list-style-type: none"> <li>Licensed Practical Nurses</li> </ul>	
ON	5	<ul style="list-style-type: none"> <li>Dental Hygienists</li> <li>Drinking Water Systems Operators - Class 1</li> <li>Lawyers</li> </ul>	<ul style="list-style-type: none"> <li>Registered Practical Nurses-Licensed Practical Nurses</li> <li>Social Workers</li> </ul>
QC	4	<ul style="list-style-type: none"> <li>Denturists</li> <li>Lawyers</li> </ul>	<ul style="list-style-type: none"> <li>Primary Care Paramedics</li> <li>Advanced Care Paramedics</li> </ul>
NB	2	<ul style="list-style-type: none"> <li>Lawyers</li> </ul>	<ul style="list-style-type: none"> <li>Social Workers</li> </ul>
NL	4	<ul style="list-style-type: none"> <li>Dental Hygienists</li> <li>Lawyers</li> </ul>	<ul style="list-style-type: none"> <li>Social Workers</li> <li>Licensed Practical Nurses</li> </ul>
PEI	2	<ul style="list-style-type: none"> <li>Lawyers</li> </ul>	<ul style="list-style-type: none"> <li>Social Workers</li> </ul>
NS	5	<ul style="list-style-type: none"> <li>Dental Hygienists</li> <li>Lawyers</li> <li>Licensed Practical Nurses</li> </ul>	<ul style="list-style-type: none"> <li>Psychologists</li> <li>Social Workers</li> </ul>
YT	1	<ul style="list-style-type: none"> <li>Lawyers</li> </ul>	
NT	1	<ul style="list-style-type: none"> <li>Lawyers</li> </ul>	

Source: CFTA, Labour Mobility Working Group, <https://workersmobility.ca/exceptions-by-jurisdiction/>.

## Appendix D: Status of items from reconciliation agreements

	MB	AB	BC	SK	QC	YT	FED	NU	NS	NT	ON	NB	PEI	NL
Score and Grade	9.6	9.5	9.2	9.2	8.9	8.8	8.7	8.6	8.6	8.3	8.2	8.1	7.9	7.7
	A	A	A	A	A-	A-	A-	B+	B+	B	B	B	B	B-
1. First Aid Kits	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)
2. Hearing Protection	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	UW (5)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)
3. Personal Flotation Devices	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	UW (5)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)
4. Head, Foot, and Eye Protection	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	UW (5)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)
5. First Aid Training	IM (10)	IM (10)	UW (5)	UW (5)	UW (5)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	UW (5)	IM (10)	UW (5)	IM (10)
6. Fall Protection Equipment	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	UW (5)	IM (10)	IM (10)	IM (10)
7. Wide-base Single Tires	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM** (10)	UW (5)	IM (10)	IM (10)	IM (10)	UW (5)
8. Truck Driver Certification Entry-Level Training	IM (10)	IM (10)	IM (10)	IM (10)	UW (5)	UW (5)	N/A -	N/A -	UW (5)	IM (10)	IM (10)	UW (5)	UW (5)	UW (5)
9. Construction Codes <sup>+</sup>	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)
10. CRN for Pressure Equipment	IM (10)	N/A -	IM (10)	IM (10)	IM (10)	IM (10)	N/A -	IM (10)	IM (10)	IM (10)	IM (10)	UW (5)	IM (10)	UW (5)
11. Energy Efficiency Standards for Household Appliances	IM (10)	N/A -	IM (10)	N/A -	IM (10)	N/A -	IM (10)	N/A -	UW (5)	N/A -	IM (10)	IM (10)	N/A -	N/A -
12. Aquaculture Site Marking*	N/A -	N/A -	N/A -	N/A -	N/A -	N/A -	IM (10)	N/A -	IM (10)	N/A -	N/A -	N/A -	N/A -	IM (10)
13. Aquaculture Organic Labelling*	N/A -	N/A -	N/A -	N/A -	N/A -	N/A -	IM (10)	N/A -	N/A -	N/A -	N/A -	N/A -	N/A -	N/A -
14. Grade Inspection for Produce*	N/A -	N/A -	N/A -	N/A -	N/A -	N/A -	IM (10)	N/A -	N/A -	N/A -	N/A -	N/A -	N/A -	N/A -
15. Corporate Registry	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	UW (5)	IM (10)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)
16. Upholstered and Stuffed Articles*	IM (10)	N/A -	N/A -	N/A -	IM (10)	N/A -	IM (10)	N/A -	N/A -	N/A -	IM (10)	N/A -	N/A -	N/A -
17. Filtering Respirators	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	UW (5)	IM (10)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)
Number of Items Implemented	13	10	11	10	11	9	11	8	10	8	9	8	7	7
Number of Items Underway	1	1	2	2	3	3	4	3	4	4	5	5	5	6

Source: Regulatory Reconciliation and Cooperation Table (RCT). Reconciliation Agreement Implementation Status Report.

Legend/Scoring: Implemented (IM) = 10 points – government has met the requirements of the agreement; Underway (UW) = 5 points – government is either in the process of signing the agreement or has signed the agreement but the requirements of the agreement have yet to be met; Not applicable (N/A) – government did not participate in the agreement or government did not have a regulation to reconcile. As such, no score is given if there is no regulation to



harmonize or acceptable rationale is provided. \*Item implemented by all participating jurisdictions. +The national construction codes work plan contains four components, one of which has been implemented by all jurisdictions with the status of the remaining three components reporting ongoing/implementation underway. \*\*The jurisdiction has not formally implemented the item, but has removed the barrier through a free permit.

## Appendix E: Internal trade leadership

Table 11

Government Leadership on Removing Barriers to Internal Trade	
<p><b>British Columbia</b> Clear evidence Score: 10/10</p>	<p>British Columbia leads the RCT working group focused on the identification and mutual recognition of regulatory measures related to the sale or provision of goods and services (i.e., RCT Work Plan item #30). The aim of this working group is that any good or service sold or provided in one province may legally be sold or provided in all other provinces, without further requirements, unless specifically listed as an exclusion. As a result of the scope and national importance of this item, British Columbia receives full bonus points under this indicator.</p>
<p><b>Alberta</b> No evidence Score: 0/10</p>	<p>Alberta has not demonstrated any current leadership or participation in initiatives actively working to reduce interprovincial trade barriers over the last year.</p>
<p><b>Saskatchewan</b> Clear evidence Score: 10/10</p>	<p>Saskatchewan chaired the CFTA in 2023 (this included chairing the RCT). Under Saskatchewan’s leadership, the RCT launched the Stakeholder Portal and implemented a tracking document outlining the work of the RCT. These two initiatives have led to better stakeholder engagement and transparency, both recommended by CFIB in previous iterations of this report. As a result, Saskatchewan receives full bonus points under this indicator..</p>
<p><b>Manitoba</b> No evidence Score: 0/10</p>	<p>Manitoba has not demonstrated any current leadership or participation in initiatives actively working to reduce interprovincial trade barriers.</p>
<p><b>Ontario</b> Clear evidence Score: 10/10</p>	<p>Ontario has shown leadership in labour mobility for health care professionals through the province’s As of Right legislation. This initiative follows CFIB’s recommendation to remove any barriers impacting the free movement of professionals and encourages the province to expand its As of Right legislation beyond health care professionals. The Province of Ontario also chairs the Financial Services Working Group (FSWG) under the CFTA. This working group is responsible for the negotiations to incorporate rules applicable to financial services into the CFTA. As a result of these clear examples of active leadership, Ontario receives full bonus points under this indicator.</p>
<p><b>Quebec</b> No evidence Score: 0/10</p>	<p>Quebec has not demonstrated any current leadership or participation in initiatives actively working to reduce interprovincial trade barriers.</p>

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<p><b>New Brunswick</b> Some evidence Score: 5/10</p>	<p>New Brunswick is a member of the Atlantic Trade and Procurement Partnership (ATPP), an agreement between Atlantic provinces to harmonize practices for procurement, liberalize trade in the Atlantic, and increase opportunities for businesses and workers in the region, as well as being signatories of an Atlantic technical agreement. As part of the technical agreement, Atlantic provinces commit to finding opportunities for regulatory alignment for all areas of technical safety across the region, work toward the harmonization or mutual recognition of safety standards, establish timelines for approving applications submitted by certified technical safety tradespeople in Atlantic Canada, and coordinate and share information on related issues, opportunities, and challenges.</p>
<p><b>Nova Scotia</b> Clear evidence Score: 10/10</p>	<p>Nova Scotia co-chairs the Direct-to-Consumer Technically Focused Working Group focused on the feasibility of a direct-to-consumer (DTC) sale of alcohol model in Canada. Nova Scotia is also a member of the Atlantic Trade and Procurement Partnership (ATPP), an agreement between Atlantic provinces to harmonize practices for procurement, liberalize trade in the Atlantic, and increase opportunities for businesses and workers in the region. Nova Scotia is also a part of an Atlantic technical agreement which commits Atlantic provinces to finding opportunities for regulatory alignment for all areas of technical safety across the region, working toward the harmonization or mutual recognition of safety standards, establishing timelines for approving applications submitted by certified technical safety tradespeople in Atlantic Canada, and coordinating and sharing information on related issues, opportunities, and challenges. As a result of these clear examples of active leadership, Nova Scotia receives full bonus points under this indicator.</p>
<p><b>Prince Edward Island</b> Some evidence Score: 5/10</p>	<p>Prince Edward Island is a member of the Atlantic Trade and Procurement Partnership (ATPP), an agreement between Atlantic provinces to harmonize practices for procurement, liberalize trade in the Atlantic, and increase opportunities for businesses and workers in the region, as well as being signatories of an Atlantic technical agreement. As part of the technical agreement, Atlantic provinces commit to finding opportunities for regulatory alignment for all areas of technical safety across the region, work toward the harmonization or mutual recognition of safety standards, establish timelines for approving applications submitted by certified technical safety tradespeople in Atlantic Canada, and coordinate and share information on related issues, opportunities, and challenges.</p>
<p><b>Newfoundland and Labrador</b> Clear evidence Score: 10/10</p>	<p>Newfoundland and Labrador chairs the Working Group on Trade in Cannabis which led negotiations and brought forward a protocol of amendment to include non-medical cannabis under the CFTA rule. The province also chaired the Administrative Review Working Group under the RCT which developed four new documents to assist the RCT and officials working on regulatory reconciliation and cooperation work plan items. Newfoundland and Labrador is a member of the Atlantic Trade and Procurement Partnership (ATPP), an agreement between Atlantic provinces to harmonize practices for procurement, liberalize trade in the Atlantic, and increase opportunities for businesses and workers in the region, as well as being signatories of an Atlantic technical agreement. As part of the technical agreement, Atlantic provinces commit to finding opportunities for regulatory alignment for all areas of technical safety across the region, work toward harmonization or mutual recognition of safety standards, establish timelines for approving applications submitted by certified technical safety tradespeople in Atlantic Canada, and coordinate and share information on related issues, opportunities, and challenges. As a result of these clear examples of active leadership, Newfoundland and Labrador receives full bonus points under this indicator.</p>
<p><b>Nunavut</b> Clear evidence Score: 10/10</p>	<p>Nunavut is a member of the Northern Foods Working Group (NFWG), which consists of officials from the Government of Canada and the territories, tasked with identifying economic development opportunities and initiatives in the territories’ food sector. Breaking down interprovincial barriers surrounding the sale of food products has been a focus of current and past CFIB Interprovincial Trade Report Cards. To acknowledge this positive work being done in the North and to encourage other provinces to follow suit, Nunavut receives full bonus points under this indicator.</p>
<p><b>Yukon</b> Clear evidence Score: 10/10</p>	<p>Yukon is a member of the Northern Foods Working Group (NFWG), which consists of officials from the Government of Canada and the territories, tasked with identifying economic development opportunities and initiatives in the territories’ food sector. Breaking down interprovincial barriers surrounding the sale of food products has been a focus of current and past CFIB Interprovincial Trade Report Cards. To acknowledge this positive work being done in the North and to encourage other provinces to follow suit, Yukon receives full bonus points under this indicator.</p>

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<b>Northwest Territories</b> Clear evidence Score: 10/10	Northwest Territories is a member of the Northern Foods Working Group (NFWG), which consists of officials from the Government of Canada and the territories, tasked with identifying economic development opportunities and initiatives in the territories’ food sector. Breaking down interprovincial barriers surrounding the sale of food products has been a focus of current and past CFIB Interprovincial Trade Report Cards. To acknowledge this positive work being done in the North and to encourage other provinces to follow suit, the Northwest Territories receives full bonus points under this indicator.
<b>Federal Government</b> Clear evidence 10/10	The federal government has shown active leadership through its work to provide publicly available and accessible data on interprovincial trade through its newly released Canadian Internal Trade Data and Information Hub, following CFIB’s 2023 Internal Trade Report Card recommendations for governments to improve data and transparency related to internal trade. Additionally, the federal government co-chairs the Northern Foods Working Group and the CFTA working group on direct-to-consumer sales of alcohol. As a result of these initiatives, and having eliminated 14 of Canada’s CFTA exceptions to procurement, the federal government receives full bonus points under this indicator.

## Appendix F: Methodology

The 2024 *Interprovincial Cooperation Report Card* uses an index approach to measure and rank the performance of Canada's provinces/territories toward addressing barriers to internal trade based on three major areas of interprovincial/territorial cooperation or subindexes. These subindexes represent either a composite of multiple indicator scores, or a stand-alone value.

### Areas of interprovincial/territorial cooperation and indicators

#### 1. CFTA exceptions - stand-alone score

1 Indicator:

- I. Economic impact score

#### 2. Select barriers to internal trade - composite score

7 indicators:

Barriers to trade in alcoholic beverages indicators:

- I. Unlimited import of alcohol for personal consumption
- II. Direct-to-consumer interjurisdictional shipment of Canadian wine, craft beer, and spirits

Ease of doing business indicators:

- I. Extra-jurisdictional business registration fees waived across all provinces/territories
- II. Mutual recognition of registration requirements for workers' compensation
- III. Mutual recognition of occupational health and safety rules

Labour mobility indicators:

- I. Timeline for professional certification approval of workers certified in other Canadian jurisdictions
- II. Full labour mobility of licensed practical nurses

#### 3. Implementation status of reconciliation agreements - composite score

16 regulatory reconciliation items:

- **Occupational health and safety:**
  - i. First aid kits
  - ii. Hearing protection
  - iii. Personal flotation devices
  - iv. Head, foot, and eye protection
  - v. First aid training
  - vi. Fall protection
- vii. **Transport:** Wide-base single tires
- viii. **Transport:** Truck driver certification entry-level training
- ix. **Standards and codes:** Construction codes
- x. **Technical safety:** CRN for pressure vessels
- xi. **Standards and codes:** Energy efficiency standards for household appliances
- xii. **Agriculture/Agri-Food/Aquaculture:** Aquaculture site marking
- xiii. **Agriculture/Agri-Food/Aquaculture:** Aquaculture organic labelling
- xiv. **Agriculture/Agri-Food/Aquaculture:** Grade inspection for produce
- xv. **Regulatory requirements:** Corporate registry
- xvi. **Textiles/Upholstery:** Upholstered and stuffed articles
- xvii. New for 2024 - **Filtering Respirators:** Personal Protective Equipment

#### 4. Internal trade leadership - stand-alone bonus score

1 indicator: Government initiative or leadership to improve interprovincial trade

## Types of indicators

The Report Card contains both scalar and binary indicators.

On each scalar indicator, the province/territory with the best performance for an indicator (lowest or highest, depending on the indicator) receives the maximum score of 10, while the province/territory with the worst performance receives a score of 0. All other scores are based on the scale formed by these two values.

*When an indicator receives a lower score for a higher value or a higher score for a lower value, the formula used is:  $10 - ((x - \text{min}) / (\text{max} - \text{min})) * 10$*

*When an indicator receives a lower score for a lower value or a higher score for a higher value, the formula used is:  $(x - \text{min}) / (\text{max} - \text{min}) * 10$*

*Where  $x$  = the score to be calculated; and Min and max are the minimum and maximum of the range of indicators.*

Binary indicators typically have a value of either 0 or 10. We acknowledge that combining scalar and binary indicators with equal weight within a subindex may be problematic, because the extreme valuation of the binary indicator can significantly influence the results. However, the several binary indicators used are of such importance to small businesses that they warrant their valuation.

There are instances where the scoring of the indicator is represented by a range of values with extremes 0 or 10, and intermediate values ranging from 1-9, for example.<sup>44</sup>

## Report Card grading scale and weighting

Each subindex is scored on a scale of 0 (worst) to 10 (best), and the numeric value is converted to a letter grade using an academic style grading system with the following ranges:

A	9.0-10 (Excellent performance)	C	6.6-7.0 (Satisfactory performance)
A-	8.7-8.9 (Excellent performance)	C-	6.0-6.5 (Satisfactory performance)
B+	8.4-8.6 (Good performance)	D	4.0-5.9 (Less than satisfactory performance)
B	7.8-8.3 (Good performance)	F	0-3.9 (Unsatisfactory performance)
B-	7.5-7.7 (Good performance)		
C+	7.1-7.4 (Satisfactory performance)		

Using a weighting scheme, the three subindex scores are combined into a single score that allows for a ranking of jurisdictions from best (highest score) to worst (lowest score). The three different areas are assigned the following weights: CFTA Exceptions — 40%; Implementation Status of Reconciliation Agreements — 40%; Select Barriers to Internal Trade — 20%; and Internal Trade Leadership — 2% (bonus). A lower relative weight was given to the select barriers area as the relevance of this metric may not have been fully grasped by jurisdictions at the time of this report.

In the case of the federal government, the score was based on only three areas — CFTA exceptions and the Implementation Status of Reconciliation Agreements (weighted at 50% each), and the Internal Trade Leadership bonus (weighted at 2%). The select barriers area was not available for this analysis.

The data reflected in this report are based on information that was in effect as of July 3, 2024.

## 2024 changes in methodology

The main changes in methodology between the 2024 and 2023 report cards are described below.

### Canadian Free Trade Agreement exceptions

Alteration to the basis of how exceptions are measured:

- 2023: Exceptions measured based on a count of the number of exceptions per jurisdiction, weighted equally.
- 2024: Exceptions measured based on an economic impact score, weighted differently based on the breadth of affected industries and category of exception.

### Addition of a new bonus indicator: Internal Trade Leadership

The Internal Trade Leadership bonus subindex is new to the report card in 2024. Bonus points are awarded for this indicator. Jurisdictions that do not receive points for the bonus indicator are not penalized. Criteria used:

- i. The jurisdiction is leading efforts to identify and eliminate a barrier to internal trade, typically involving chairing an RCT working group.
- ii. The jurisdiction is participating in a regional partnership aimed at removing barriers to internal trade.

## Endnotes

<sup>1</sup> CFIB, Your Voice - April 2024 survey, April 4-22, 2024, n = 2,750.

<sup>2</sup> Statistics Canada. Canadian Internal Trade Data and Information Hub. <https://www.statcan.gc.ca/hub-carrefour/cith-ccci/index-eng.htm>. Accessed: June 6, 2024.

<sup>3</sup> Government of Canada, Budget 2024. <https://budget.canada.ca/2024/home-accueil-en.html>. Accessed: June 6, 2024.

<sup>4</sup> Regulatory Reconciliation and Cooperation Table. Enhanced Reporting and Transparency, May 8, 2024. <https://rct-tccr.ca/enhanced-reporting-and-transparency/>. Accessed: June 6, 2024.

<sup>5</sup> Canadian Free Trade Agreement, Canadian Free Trade Agreement Amended to Include Trade in Non-Medical Cannabis and Clarify Interpretation of Annex 309 and Chapter Nine. January 16, 2024. <https://www.cfta-alec.ca/canadian-free-trade-agreement-amended-to-include-trade-in-non-medical-cannabis-and-clarify-interpretation-of-annex-309-and-chapter-nine/>. Accessed: June 6, 2024.

<sup>6</sup> Atlantic Trade and Procurement Partnership. Council of Atlantic Premiers, July 2020. <https://cap-cpma.ca/wp-content/uploads/2020/10/Atlantic-Trade-and-Procurement-Partnership-ENG-11.pdf>. Accessed: May 30, 2024.

<sup>7</sup> New West Partnership Trade Agreement. Part II, Section C, Article 14: Procurement. [http://www.newwestpartnershiptrade.ca/pdf/NWPTA\\_May\\_26\\_2022.pdf#PartV](http://www.newwestpartnershiptrade.ca/pdf/NWPTA_May_26_2022.pdf#PartV). Accessed: March 30, 2023

<sup>8</sup> New West Partnership Trade Agreement. Benefits. [http://www.newwestpartnershiptrade.ca/the\\_agreement\\_benefits.asp](http://www.newwestpartnershiptrade.ca/the_agreement_benefits.asp). Accessed: March 30, 2023

<sup>9</sup> The Council of the Federation. News release: Premiers Focused on Actions to Support Economic Growth and Opportunities, July 12, 2023. <https://www.canadapremiers.ca/summer-meeting-july-10-12-2023-winnipeg-manitoba/>. Accessed: May 21, 2024

<sup>10</sup> CFIB, Your Voice - September 2022 survey, September 8-26, 2022, n = 3,292.

<sup>11</sup> Government of Nova Scotia. "Amendments Support Restaurants, Allow for Personal Importation of Alcoholic Beverages." April 1, 2022.

<https://news.novascotia.ca/en/2022/04/01/amendments-support-restaurants-allow-personal-importation-alcoholic-beverages>.

<sup>12</sup> Saskatchewan Liquor and Gaming Authority. Importing Alcohol from Outside the Province. <https://www.slga.com/permits-and-licences/liquor-permits/importing-alcohol>. Accessed: May 25, 2022.

<sup>13</sup> Government of Saskatchewan. B.C. and Saskatchewan Remove Barriers on Canadian Wine and Craft Spirits. <https://www.saskatchewan.ca/government/news-and-media/2014/august/29/bc-and-sask-wind-and-craft-spirits>. Accessed: May 25, 2022.

<sup>14</sup> Canadian Free Trade Agreement. Federal-Provincial-Territorial Action Plan: Trade in Alcoholic Beverages. <https://www.cfta-alec.ca/trade-in-alcoholic-beverages/>. Accessed: March 18, 2023

<sup>15</sup> Canadian Free Trade Agreement Amended to Include Trade in Non-Medical Cannabis and Clarify Interpretation of Annex 309 and Chapter Nine. *Canadian Free Trade Agreement*, January 16, 2024, <https://www.cfta-alec.ca/canadian-free-trade-agreement-amended-to-include-trade-in-non-medical-cannabis-and-clarify-interpretation-of-annex-309-and-chapter-nine/>

<sup>16</sup> As part of the *Interjurisdictional Agreement on Workers' Compensation*, businesses only pay assessments in a province or territory where work is performed (no double assessment).

<sup>17</sup> CFIB, Your Voice - April 2024 survey, April 4-22, 2024, n = 2,750.

<sup>18</sup> Ontario Now Recognizes Fall Protection Training Certificates From Newfoundland and Labrador Workers. <https://workplacel.ca/article/ontario-now-recognizes-fall-protection-training-certificates-from-newfoundland-and-labrador-workers/>. Accessed: May 31, 2023.

<sup>19</sup> Council of Atlantic Premiers. Atlantic Premiers Sign Technical Safety Agreement. <https://cap-cpma.ca/atlantic-premiers-sign-technical-safety-agreement/>. Accessed: June 29, 2023.

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<sup>43</sup> Federal government contends that their exceptions account for matters of national security and international market access, and that very few exceptions in the CFTA present a meaningful barrier to internal trade. Regardless, it is important to reduce or narrow these exceptions, particularly in procurement, which can affect doing business across the country.

