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• (1105)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I'm calling the meeting to order.

Welcome to meeting number 34 of the Standing Committee on International Trade.

We have with us today as new members Sima Acan and Ali Ehsassi.

Welcome to the international trade committee. It is one of the more interesting committees on the Hill, and we have some great members on all sides with us.

Today, we're meeting for only an hour, as the clerk was unable to schedule witnesses for the second hour.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, February 12, 2026, the committee is resuming its study of free trade within Canada.

We have with us today, from Canadian Manufacturers and Exporters, Ryan Greer, senior vice-president, public affairs and national policy. By video conference, from the Confédération des syndicats nationaux, we have Caroline Senneville, president, and Jean Dalcé, union adviser. From the C.D. Howe Institute, we have Ryan Manucha, research fellow.

Welcome to you all.

Mr. Greer, I invite you to make opening remarks for up to five minutes, please.

Ryan Greer (Senior Vice-President, Public Affairs and National Policy, Canadian Manufacturers and Exporters): Thank you, Madam Chair and members of the committee. On behalf of Canadian Manufacturers and Exporters, I appreciate the opportunity to participate in this study.

CME has been advocating since 1871 for policies that help manufacturers grow, compete and contribute to our communities. Free trade within Canada is certainly one of those issues.

Eighteen months ago, interprovincial trade surged to the forefront of the domestic policy agenda. While it was sparked by U.S. tariff actions, perhaps, rather than because of a principled vision for a unified Canadian economy, it was nonetheless welcomed by manufacturers, which have long advocated for the removal of these barriers.

There are many dimensions to the issue. I'm just going to focus my brief remarks on the most important factor, in our view, for unlocking interprovincial trade: mutual recognition.

Harmonization, where every province adopts or tries to align their standards, certainly looks tidy on paper, but it is slow, costly and almost impossible at scale. We've seen this demonstrated by the Regulatory Reconciliation and Cooperation Table, a body established in 2017 specifically to harmonize regulations. It has done some good work but has completed only a handful over that time.

Mutual recognition is much simpler. If an economic activity—whether it's producing, selling or providing a service—is legal in one province or territory, it ought to be accepted as legal everywhere in Canada. The principle allows differences to exist, but it stops them from becoming barriers. It respects provincial jurisdiction, and it's the only approach that can be scaled across the entire economy and made durable against political erosion.

We've seen some encouraging progress. The Canadian Mutual Recognition Agreement on the Sale of Goods, some federal enabling legislation and some provincial legislation to align rules are all steps in the right direction. It would be fair to say that Canada has certainly done more in the past 18 months to dismantle internal trade barriers than we've seen in substantive action over the previous few decades. This is genuinely remarkable and deserves acknowledgement.

We are now at a precarious moment in the reform cycle when governments may believe that they have done enough, when there is the potential for some tariff-driven urgency to fade—depending on how our negotiations with our neighbours to the south go—and when the structural incompleteness of what has been built gets buried under press releases. I'll share a few brief observations on the current state of mutual recognition.

First, we have some concerns that we are drifting towards a permanent patchwork rather than a clean, universal mutual recognition architecture. This is seen, for example, in how provincial approaches vary and how they recognize an inbound worker's qualifications.

The CMRA also covers goods sales but not the rules for how those goods are produced. A Canadian manufacturer expanding production capacity into a second province gets mutual recognition for the product under the CMRA, but its plant still faces entirely separate permitting processes, a different occupational health and safety regime, differing energy and emissions requirements, and differing building standards. The agreement as it exists, or as it is starting to exist, recognizes what crosses the border, but it says nothing about what it costs to build and operate on either side of it.

Similarly, the commitment to negotiate an expansion of the CMRA to include services by the end of 2026 is a welcome development. However, whether it will result in a genuine mutual recognition instrument or in more of a CFTA-style framework agreement with carve-outs and limited enforcement is still an open question.

As this committee has discussed, labour mobility provisions are still leaving gaps for trades and professions that require province-specific exams or provincial practical assessments. CME is worried that these gaps will keep large parts of our economy fenced off from the benefits of internal trade reform.

We have four recommendations on what the government could do to build on the momentum behind mutual recognition.

The first is to build and publish some sort of national mutual recognition scorecard and dashboard to help Canadians and businesses track transparently what each jurisdiction has implemented, what's outstanding and where carve-outs persist. We could potentially integrate some live business feedback with that.

We think that the mutual recognition process specifically should be a standing agenda item at first ministers' meetings to help keep leaders focused and accountable. That could certainly include reviewing the scorecard results in public.

We think it's time to explore a process to better align new regulations at birth and prevent divergence before it starts. There is no substantive mechanism in place to require provincial regulators to consult across provincial lines as part of the standard regulatory development process. This is when the design of the regulation is at its most malleable. We think that ought to be done.

Lastly, we would encourage the federal government to use its fiscal levers, both carrots and sticks, to help drive provincial alignment during this period. For example, labour market development agreement funding could be conditioned on provinces demonstrating adherence to defined credential and recognition timelines.

In conclusion, the risk of where we're at today is not necessarily failure. The risk is that Canada succeeds just enough to stop. A patchwork of mutual recognition is not mutual recognition. Every day that we settle for something less is a day Canadian manufacturers compete at a disadvantage, Canadians pay more and Canada builds less than it should. The momentum exists. We hope this committee study continues to help ensure that our governments use it.

Thanks. I look forward to your questions.

The Chair: Thank you very much, Mr. Greer.

Ms. Senneville and Mr. Dalcé, you have the floor for up to five minutes, please.

[*Translation*]

Caroline Senneville (President, Confédération des syndicats nationaux): Good morning.

Thank you for having us.

You will appreciate that we speak on behalf of a union that has 330,000 members in Canada. Our point of view may therefore be a bit different from that of the manufacturers.

We fully understand that we're talking about internal trade and what barriers might exist within the country. The international context requires us to do so. So we're not against the principle. We're also not convinced that, even if we eliminate all the barriers, our economy will rise to the next level.

When we ask entrepreneurs why they don't do business with other provinces in Canada, the main reason cited is distance. In the current context, we have to rethink our economy, but rethinking our geography is more difficult.

In addition, I would say that our economy has been very much based on foreign trade, not only with the United States, but also with Europe and the Asia-Pacific region. In fact, an article published by a major Montreal daily this morning says that Mr. Carney wants to continue to pursue free trade with other countries. We really need to recognize that that is how our economy is structured, particularly because the domestic market is very weak.

It must also be said that, in our opinion, one of the key challenges in our economy relates to productivity, whether in international trade or domestic trade. We are one of the few countries in the Organisation for Economic Co-operation and Development, or OECD, whose productivity is not only low, but has actually decreased. We think government action could really help increase productivity. This is a national undertaking that unions would enthusiastically participate in.

That said, in order to produce, you have to invest. We need to invest in equipment, personnel and the workforce, particularly in this era of technological change. Businesses will have to rise to those challenges, and we would like to help them do that.

Now let's return to the barriers between the provinces.

First, there are fewer barriers between the provinces than there are in all our international agreements. There is a myth in that regard. As I said at the outset, we can always look at regulations, which have to be adjusted to meet the expressed needs. So it is not a question of too many or not enough, but rather whether existing regulations are serving their intended purpose. If so, we should keep them. If not, how can they be changed?

We are particularly concerned about mutual recognition, which could be a downward spiral, particularly when it comes to occupational health and safety. We're a union. We work very hard to ensure that health and safety standards are met in Quebec. As of today, April 28, there have been 257 workplace deaths in Quebec in the past year. We don't think this is an area where regulations should be cut. In fact, the same thing goes for the environment.

We also have to be careful because when we open up internal trade or break down internal trade barriers, that creates barriers for all the countries with which we have treaties. There are many such countries, as I said at the outset.

As to the downward spiral within Canada and in our international trade, we must not just ask ourselves questions, we must ask ourselves the right questions.

Obviously, since I'm from Quebec, I could not finish without saying that recognition of French is very important to us. In terms of labour mobility and business mobility, we must absolutely be able to work in French. That was a major battle for the Confédération des syndicats nationaux, or CSN, when it was founded in 1921. We have to be able to work in French in Quebec and have safety rules in French. Of course, it's a matter of recognizing the language rights and the occupational health of the members we represent, primarily in Quebec.

Thank you.

- (1110)
- (1115)

[English]

The Chair: Thank you very much.

We'll go on to another five minutes, with Mr. Manucha, please.

Ryan Manucha (Research Fellow, C.D. Howe Institute): Thank you so much.

On a sunny October day in 2012, retiree Gerard Comeau travelled the two hours from his house in New Brunswick to Quebec. Prices were cheaper, he's a rational economic actor and he was on his quarterly beer run. Mr. Comeau had no idea that this seemingly innocuous trip would land him in front of the Supreme Court and would catalyze a national conversation about the state of domestic trade. On re-entering New Brunswick with his haul, the RCMP detained and fined him and confiscated all his booze for the distinctly Canadian offence of having too much alcohol in his trunk when coming back from another province.

Internal trade barriers are a feature of our constitutional set-up; they're not a bug. They are the natural by-product of a system that assigns substantial authority to our provinces. Mr. Comeau's run-in with the law symbolizes our nation's long-standing struggle to

achieve economic unity within a federal structure. Internal trade barriers are more than just liquor limits, and we do not have to accept them as fate.

Let's use another example: standards. At the dawn of Confederation, the distance between the two rails of a railway track in the Maritimes was different from that in Upper and Lower Canada. It was four feet, eight inches for one, and five feet, six inches for another, which meant that at intercolonial frontiers, operators had to move goods and people from one railcar to another simply because of a difference in standards. That is an internal trade barrier, and it added money, time and extreme inefficiency.

Internal trade barriers lead to deeply embedded domestic regulatory patchworks—like the railway track width differential—which ultimately harm Canadian productivity and economic competitiveness. The year 2025 saw massive strides on internal trade reform—an incredible intergovernmental collaboration—but the job is far from done. It is relatively easy to table legislation and to sign MOUs. The challenge is in implementation, and the hard work really is just beginning.

The remaining divergences are wide-ranging. To name just a few, we're talking about national safety code implementation for trucking carriers, securities regulations, electrical codes, occupational health and safety rules, building codes and fall safety training programs.

Again, that's just tip of the iceberg. I co-authored a piece with Professor Trevor Tombe, out of the University of Calgary, and we found that a patchwork in rules and regulations facing trucking added 8.3% to the cost of freight rates—that's a \$1.6-billion drag on the Canadian economy—with divergences on everything from driver qualifications for long combination vehicles to mutual recognition of farm licence plates and the definition of “sunrise” and “sunset” among provinces.

Now here are some credible, politically saleable and implementable federal actions.

First, Parliament should update the Statutory Instruments Act to require federal regulators to rely on consensus-based standards wherever possible—I've written about this with Senator Colin Deacon—as standards advance faster than any one government's regulators can keep up to. The EU has embraced this with great success. Think about the divergences in the EU.

Second, the House should pass Senate bill Bill S-239, which is being introduced by Senator Marty Klyne and which strengthens and makes more clear the Competition Bureau's ability to study and report on internal trade. Doing so would institutionalize internal trade reform, helping it endure beyond the present moment. Australia did something very similar with great success.

Third—it sounds like the two Ryans here are of like mind—the federal government should condition labour market development agreement funding on whether provinces and territories publicly demonstrate compliance with the 30-day standard for credential recognition. Canada's governments all have agreed to a 30-day standard to recognize inbound workers. Disclosure is the only way to audit compliance, and money is going to help.

I'll end with this. I watched the committee testimony from Minister LeBlanc when he was here. There was a lot of talk about the relationship with the U.S. Two-way goods and services trade with the U.S. is \$1.2 trillion. Internal trade is \$500 billion. CUSMA is receiving a ton of time, attention and resources, and internal trade—and I thank the committee for its work on it—should continue to be treated with seriousness as well.

Thank you so much.

The Chair: Thanks very much to all of you.

We go now to our members.

Mr. McKenzie, you have six minutes, please.

David McKenzie (Calgary Signal Hill, CPC): Thank you, Madam Chair.

I have a very straightforward question for each of the two witnesses present.

Mr. Greer, do we have free trade within Canada today?

Ryan Greer: No. I would say there has been quite a bit of progress, as I said in my remarks, and we're encouraged by that, but there is lots of work remaining to...I don't want to say "finish the job", because I think this will be an ongoing project as long as any of us here is around these circles.

There has been substantive progress. There's no free trade within Canada at this moment.

• (1120)

David McKenzie: Mr. Manucha, I have the same question for you: Do we have free trade in Canada today?

Ryan Manucha: Complete, unfettered free trade is aspirational. It will never be achieved. What we're seeking to unlock is competitiveness and productivity. We're trying to diminish trade barriers where we can. We will never get to zero. I don't think we would love a Canada where there are zero trade barriers.

David McKenzie: I want to ask a couple of questions, Mr. Manucha, in relation to your answer. First, is there more that the federal government can do? It has constitutional powers. The declaration by our Prime Minister last year that Canada would have free trade was ambitious—ill-advised might be another description of that—given that a great deal of the existing trade barriers are indeed provincial areas of authority. There is subsection 92(10) of the

Constitution. What do you think the federal government can actually do to push free trade internally in Canada?

Ryan Manucha: There are internal trade barriers from commission and omission. There are still a lot of regulations on the books when it comes to environmental protection, transport or, if we get to the territories, supply management that are technically internal trade barriers, but there is also the omission. A central government has a responsibility to stand up and be the central coordinating force among the provinces and territories. This is where the federal government needs to be strong. The championship needs to be strong from the centre.

David McKenzie: It strikes me that barriers in trade are fundamentally protectionist in nature. Over a great number of decades, the existing framework that is in place today has been built up. Generally speaking, our provinces have put rules in place to protect their own domestic industry within a province. Is it in fact true that there are winners and losers as we try to harmonize or at least get mutual recognition for trade within Canada?

Ryan Manucha: Canada's future productivity will be the loser if we don't try to do something about internal trade. It connects. No one cares about the definition of high-visibility safety apparel or how many band-aids are in a first aid kit. What we care about is GDP growth, the well-being of Canadians and our ability to prosper for another 100 years. That's why internal trade is important.

David McKenzie: Mr. Greer, do you see it the same way? Your membership would say that there's a plethora of rules and regulations in Canada now, put in place by the provinces, that don't contribute to an improvement in product safety or workplace conditions and don't make major positive contributions to our country, but that do get in the way of frictionless trade between provinces.

Ryan Greer: It's important to think about this question in the way that Canada thinks about international trade. Manufacturing is an entirely trade-exposed sector, as we've experienced in some very detrimental ways in the last 18 months. Plenty of people said, as Canada looked to expand its trading relationship with the United States or abroad, that there would be winners and losers. In terms of prosperity, Canada, Canadians and all of us in our communities have benefited from this. The same is true of taking a similar approach to internal trade within Canada.

Manufacturers have adapted to a system that has all these small distinctions and differences, but there's a cost to doing that. They would welcome a simpler, easier way to move their products, build facilities and move people anywhere in the country.

David McKenzie: There may be costs in adapting to a better harmonized internal trading relationship, but those costs would be outweighed by the benefits.

Ryan Greer: Hugely, yes.

David McKenzie: In particular, where our Canadian industry is already capable of competing internationally, the fact that it's effectively prohibited from competing internally is completely illogical. Is that correct?

Ryan Greer: Well, it not only hinders us. It would be fair to describe Canada as a relatively high-cost jurisdiction in which to do business. Internal trade barriers are one of the reasons. Making it easier and more affordable to do business within Canada will also make us more competitive in new markets.

David McKenzie: Let me come back to you on the federal government's leading role, Mr. Manucha. Where is the leadership role that we haven't seen from the federal government? Where could that go? Could you talk about what you think is its first priority?

Ryan Manucha: We should make it explicit as part of the Competition Bureau's mandate that internal trade should be formally under their purview. They are the institution that will mechanize internal trade reform for years to come.

Internal trade is a very exciting topic now. We get to speak before you on this topic. It will abate, but if we have the machinery in place with a standing body like the bureau, which is tasked with and an expert at policing anti-competitive products, that would be fantastic for years to come. That's what I would focus on.

David McKenzie: Those steps could be taken today, effectively. They're within the reach of the federal government.

• (1125)

Ryan Manucha: That's correct.

David McKenzie: After we do that, what's next? Where do we go from there?

Ryan Manucha: The big, exciting announcement was about the spread of this concept of mutual recognition. When I drive with my driver's licence in Ontario, it is recognized in Quebec. It's activating that across the economy. Right now, the focus is on construction and manufacturing when it comes to modular home codes or when it comes to building product material recognition across the country, and having focused attention and leadership from the centre, where you have the committee on internal trade driving that path forward...

The most important thing is the federal government, in conjunction with its first ministers across the country, coming out of the Council of the Federation.... They're not at it, but that body of first ministers needs to be setting very specific KPIs for the internal trade community. We need to know what the agenda is, and it can only come from the top, because internal trade touches on fiefdoms and turfs. It gets very touchy, so you need the muscle from first ministers on this.

The Chair: Thank you very much.

Thank you, Mr. McKenzie.

Next is Madame Lapointe, please, for six minutes.

[*Translation*]

Linda Lapointe (Rivière-des-Mille-Îles, Lib.): Thank you very much, Madam Chair.

Welcome to all the witnesses and thank you for joining us.

Ms. Senneville, you said earlier that the CSN has 330,000 members in Canada.

How many of them are in Quebec?

Caroline Senneville: There are about 300,000. We have Canada-wide unions, and also have unions in Ontario and New Brunswick, but most of them are in Quebec.

Linda Lapointe: I asked that because you said that you need to make sure there is mutual recognition right across Canada.

Obviously, there are a lot of differences from province to province. I'm thinking of professional rules, operating mechanisms and the recognition of workers' positions. In construction, in particular, that can be quite difficult to achieve.

How can we improve labour mobility in Canada while respecting regional realities and ensuring worker protection?

By the way, I agree with what you said earlier about recognizing French.

Caroline Senneville: There is a labour shortage in the construction industry. We're already having trouble recruiting people. We would like to have local workers to be able to meet demand within a province.

For example, when workers come from outside the country for major construction projects, that creates problems in terms of logistics and housing. It also shuts down the local economy because, if the projects are very big, the contracts will always be awarded to outside companies, not local ones. Why would I go out and buy a crane? Why expand my business if the contracts are going to be awarded to outsiders? That might be an obstacle, but we have to strike a fair balance.

There's a certification seal for construction workers in Canada. I forget the name of it. That industry is about the most integrated of industries.

We have to be careful when talking about workers. A lot of things have happened. We've seen what the removal of barriers in the trucking industry has done in terms of health and safety. There have been deaths on the roads.

What scares us is creating a situation where whoever has the weakest regulations will prevail. As I said earlier, construction workers accounted for half of the 257 people killed on the job this year in Quebec.

It's very important to speak the language, because if you don't speak it, you won't understand the safety measures. There was a death at La Grande Roue ferris wheel in Montreal. The instruction manual from La Grande Roue had not been translated into French, so the worker didn't know what to do.

Some rules are unnecessary, while others save lives.

Linda Lapointe: That's for sure. Thank you.

I'd like to ask you more questions, but I'm going to turn to Ryan Greer.

Mr. Greer, you spoke earlier about a patchwork of systems. You said we have to be careful not to recognize just parts of them. We often hear about the duplication of regulations, different standards or certifications from one province to another.

In your opinion, what would be the most realistic and quickest steps the government could take in the next few years to simplify these processes without compromising the health and safety standards we talked about?

• (1130)

[*English*]

Ryan Greer: For the federal government, we really ought to take an all-of-the-above approach in trying to incentivize continued provincial momentum. The federal barriers themselves are minimal, and the government has, to its credit, made movements to remove a lot of its exceptions and tried to eliminate strictly federal barriers. The federal government has an important role as a convener, but also to help create the right incentives.

As the other Ryan noted, there's a really important role for generating and sustaining momentum that must come from the federal government. There's too much political variability, and there are different regional dimensions and prioritization, whether it's with the minister of a province who's in charge or a particular regulator that may not be willing to play ball.

There needs to be strong political momentum from first ministers to continue to ensure that the momentum we have achieved doesn't get lost and we don't end up in a hybrid patchwork where we've made some progress, we have to implement mutual recognition, we still have a wide variety of approaches to labour mobility and we still have a number of professions that are stuck outside of it because of provincial certifications and other things. We need to be very sober in assessing progress and being proud of it, but we really need to be doubling down on trying to continue that momentum.

The federal government plays an essential role. There may be some statutory measures around the Competition Bureau. There are going to be other ways around...some sort of public reporting or a scorecard. There will be celebrating of those that are moving the furthest and fastest and perhaps a naming of those that aren't.

[*Translation*]

Linda Lapointe: Do you think there's a real willingness to cooperate with the provinces?

What are the main obstacles?

[*English*]

Ryan Greer: I think there's a genuine interest in collaboration. We've seen that from first ministers. The roadblocks are the systems. We are talking about dozens of regulators across every province, which all have their own interests in preserving some of the work they've done.

The biggest challenges are structural, so it's about ensuring that that political momentum continues.

The Chair: Thank you very much, Mr. Greer.

We'll move on to Monsieur Savard-Tremblay for six minutes.

[*Translation*]

Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot—Acton, BQ): Thank you, Madam Chair.

Thank you to the witnesses for being here. I also thank them for their presentation.

Ms. Senneville, your presentation was interesting. You clarified some of the things we hear very often. In your brief on Quebec's Bill 112, you also said that exports to the United States are primarily commodities and energy products. In your opinion, domestic demand would not be able to absorb that. So that's the end of that.

You also said that there are not enough companies to process those products.

In other words, there is an expectation that trade barriers will be lifted, and we support that. I am part of a movement that has always been in favour of free trade, whether domestically or with other countries, but not at any cost. We don't have to take a rigid approach.

I would also say that there won't be a miracle. That's obvious. Studies show that it will never replace the American market, even in the best of all possible worlds. It's not possible.

That said, even if the concept is desirable in itself, aren't you afraid that it could be a kind of Trojan horse?

Last year, for example, a bill to remove interprovincial trade barriers was passed by the House of Commons under a "super gag order". I'm referring to Bill C-5, under which energy projects can now be approved by order in council.

Are you also afraid that this Trojan horse could ultimately threaten some of the things that make Quebec distinct?

When you think about it, language laws, the rate of unionization and the fact that we want to regulate our own securities can be considered barriers. It's a very long list.

I'm not saying this will necessarily be the case, but do you see it as a potential threat to the Quebec model?

Caroline Senneville: Quebec is, of course, the only province whose official language is French. So there are some vulnerable aspects. We support ongoing work on the regulations. We are in favour of the federal government being able to play a coordination role. Of course, it's not a done deal.

I visited the Alcoa aluminum smelter in Baie-Comeau a few months ago. Aluminum is one of our strengths in Quebec. It's one of our strengths in Canada. People there told me they make ingots and send them to the United States, which come back to us as beer cans and aluminum foil. So I asked them why we don't do that in Canada. They said it would take a mill, which would be very expensive. They have done studies and, even if we had a single mill in Canada, no matter where, with a population of 40 million, it would not be cost-effective. So, yes, efforts must be made, and we agree that work needs to be done, but there won't be a miracle.

As to the unionization rate, it's about 40% in Quebec. It's about 20% in the other Canadian provinces. That is important to us. Freedom of association is also included in the Canadian Charter of Rights and Freedoms.

I would also say that political choices have been made, with respect to alcohol, for instance. So it might be good to liberalize certain things. However, one of the reasons that the boycott of U.S. alcohol is working in Canada right now is that it's being led by publicly owned corporations. That's not just in Quebec. It's also the case in other provinces. That's why I say you have to look at the rationale underlying regulations. We need to work on that in greater detail.

I agree with the official from the C.D. Howe Institute that sustained effort is needed to get the right regulations in the right place.

That said, if we take the approach that there are too many regulations and that we have to remove some, we run the risk of throwing the baby out with the bathwater, as the saying goes.

• (1135)

Simon-Pierre Savard-Tremblay: You're talking about alcohol. That's a good example, the Société des alcools du Québec, or SAQ. As much as Quebecers debate whether they should keep it or privatize it, partly or fully, we can also agree that it should not be imposed by Ottawa. That is crystal clear.

But what barriers have you heard about with regard to alcohol, other than the very existence of publicly owned corporations such as the LCBO and the SAQ?

Caroline Senneville: One example mentioned by the official from the C.D. Howe Institute was not being able to walk from one province to another with alcohol. That is indeed a rule that I think is unnecessary.

There are also railway tracks and trucks. Apparently, nine out of ten Canadian provinces have the same rule when it comes to the bar at the back of trucks.

Looking at these examples, the answer is easy. It's when you drill down that it becomes more difficult. Canada is a federation, and we have to remember that. That is true for Quebec, and also for the other provinces and territories.

Simon-Pierre Savard-Tremblay: Could you clarify that last point? What do you mean?

Caroline Senneville: Let me give you the example of Alberta, which comes to mind entirely by chance. There might be things that province would like to put forward.

[English]

The Chair: Thank you very much.

Mr. Groleau, you have five minutes.

[Translation]

Jason Groleau (Beauce, CPC): Thank you, Madam Chair.

Good afternoon, dear guests.

I'll start with you, Mr. Greer.

My question is quite simple. Is there free trade in Canada?

[English]

Ryan Greer: No, there's not free trade in Canada. As Mr. Manucha alluded to, it's unlikely that Canada will ever achieve that goal, but we're certainly hopeful that we can move further along the scale towards free trade through some of the steps that have been taken by governments over the last 18 months.

[Translation]

Jason Groleau: Thank you.

Mr. Manucha, is there trade free in Canada?

Ryan Manucha: My answer is the same as Mr. Greer's.

[English]

No, there isn't, but that is not the end state of Canada, and I don't think we would want that.

[Translation]

Jason Groleau: Back to you, Mr. Greer.

Are interprovincial trade barriers costing our businesses time and money?

[English]

Ryan Greer: The short answer is yes. They cost money and time, and time is an important one. There is a major opportunity cost to.... For example, if you have facilities in Alberta and Ontario, there are different working at heights regulations, so you can't transfer one employee between the two to do the exact same job. You need to recertify them to work at heights. That is a small distinction that doesn't just create complexity for the business, but creates cost and time trying to do what you want to do.

There are certainly actual costs, but there are huge opportunity costs to our entire economy in creating that kind of confusion, especially for small and medium-sized businesses and individual workers who have to consider what they are attempting or would like to do and how that measures across a dozen different jurisdictions.

• (1140)

[*Translation*]

Jason Groleau: Thank you.

Mr. Greer, we all agree that we need to increase and improve our interprovincial trade. We agree on that here. Let's be proactive.

In your opinion, what are the top three recommendations that this committee should quickly implement to support our businesses, in manufacturing and other sectors?

[*English*]

Ryan Greer: I'll start with number one, which I mentioned in my remarks. The role the federal government can play is around accountability and transparency. So much of this rests on what the provinces will do, the speed at which they'll do it and the mechanisms by which they'll do it.

For example, Alberta has made some progress in implementing the mutual recognition agreement, but it has built in a ministerial override for anything covered by the agreement. That creates a lot of political uncertainty. That creates a lot of opportunities for any government—that government or a future Alberta government—to back away from commitments in the MRA.

I believe the federal government could do some sort of national reporting scorecard. It could be independently managed. The government could have experts like Mr. Manucha and others help to account for progress that is being made on internal trade—where the gaps are, where carve-outs persist and where approaches are divergent in a way that makes it harder for companies or individuals to do business across borders. Of the many things, that's one thing the federal government could do that could substantively help incentivize the right behaviour.

It is a very complex issue. We're talking about dozens of different regulations and rules across all of these jurisdictions. We need to have a central place where Canadians and businesses can understand where progress is happening and where it's not.

[*Translation*]

Jason Groleau: Thank you.

Ms. Senneville, I have the same question for you.

In your opinion, what are the top three recommendations that this committee should implement?

Caroline Senneville: Yes, we completely agree on the issue of transparency.

As to the other priorities, I would say protecting workers' rights and protecting the French language.

Our fear is that, given the variety of rules, there will be a bias and people will say that the least restrictive rule is the best. That's not always the case. There might be some less restrictive rules, but others could be more restrictive.

Jason Groleau: Thank you very much.

Mr. Manucha, I have the same question for you.

In your opinion, what are the top three recommendations that this committee must implement in order to be proactive?

Ryan Manucha: Thank you very much for the question.

[*English*]

First, what is the power within this room? I'm not asking for provincial legislation. It's the federal government here. What's in the federal government's power?

One would be updating the Statutory Instruments Act to allow for consensus-based standards to act as satisfaction for compliance.

The next one would be about the Competition Bureau. Pass the legislation that started with the Senate. Pass legislation that gives them explicit institutional might over this.

The third one would be using the power of the purse to uphold the 30-day standard to recognize inbound credentials, a standard that every government in the Confederation has agreed to.

The Chair: Thank you very much.

Mr. Fonseca, you have five minutes.

Peter Fonseca (Mississauga East—Cooksville, Lib.): Thank you, Madam Chair.

Thank you to our witnesses here in the Ottawa region.

Canada's Building Trades Unions is here having its advocacy days. I met with members yesterday. They talked about moving on these major projects, and they want to move at speed and scale.

I was speaking to a member of the IBEW, the International Brotherhood of Electrical Workers. They are Red Seal members. They are able to work interprovincially. They were talking about working on the grid, building out the grid in B.C., working on nuclear plants in Ontario and working on wind projects in the Atlantic.

Do they have it right—how they're doing it—so that their labour mobility works with them? I know there are only so many Red Seal professions, but what can we learn from what Red Seal has done in the building trades so that we can take that into other labour markets?

Mr. Manucha.

Ryan Manucha: The Red Seal example is fantastic. It's about mobility across bounds, where the credentials are recognized.

I understand, at this committee and through some of the witness testimony, that there have been discussion and fear about health and safety and even cultural matters. That's totally legitimate. The beautiful thing about mutual recognition is that well-constructed mutual recognition creates an escape valve so that you don't have a race to the bottom. If a province starts going in one direction, the beautiful thing about what we're doing in activating this concept is that there is a fail-safe to say that something goes below the standard; it's not open season when it comes to regulatory safety.

The Red Seal program is a beautiful example of this in practice.

• (1145)

Peter Fonseca: Do we take the road map of the Red Seal and implement it with other professions and other—

Ryan Manucha: Yes. Take Australia, which did exactly what we've been doing for the past 16 months and trying to do. We've talked about it, and now it's about the doing of it.

Twenty occupations went to national licensing standards because the regulators were in constant communication with one another. They were forced to confront whether they were really different, how they were different and how they could bridge that gap, because it was an annoying difference. There are many ways to get to that, but mutual recognition is a good pathway to creating the common platforms that the EU and Australia show work.

Peter Fonseca: Mr. Greer, you mentioned that in the last 18 months, more has been done on interprovincial trade than in the last number of decades. To continue that momentum, you speak about a scorecard. Can you give us some insight into that scorecard?

Ryan Greer: As I mentioned earlier, the hardest part for policy-makers, whether they are business owners, workers or other interested parties, is to understand and assess interprovincial trade barriers, because they are so multi-faceted and complex. There's been tremendous progress, but it's hard to know beneath the news release proclaiming mutual recognition what it includes, what it excludes, what steps remain, what commitments have been made and what pressure needs to be put on services so that the work in 2026 is productive and doesn't have a bunch of carve-outs.

It's very difficult to understand and navigate where progress is and isn't. We think something fairly simple and accessible could be pulled together that could really help demonstrate clearly to those of us in this room, as well as other stakeholders across the country, who's doing what at what schedule. Perhaps where there's been delay, it's the carve-outs, or people are taking an unnecessarily complex approach to mutual recognition. A patchwork version of mutual recognition that is still confusing for small businesses and workers can solve some problems, but it also creates other ones in that you're still trying to assess what you can do between provinces X and Y.

We think that's a fairly simple, transparent way the federal government can help incentivize the right behaviour but also make it clear to everybody where progress has been made and where it still remains.

Peter Fonseca: What I've heard so far from all of your testimony is that much of the friction that's still happening is mostly provincial. We can get rid of the federal barriers, but most of the labour or

workforce would still be under provincial jurisdiction. I know that the provinces have many barriers in the regulated professions, and that is a challenge.

How would the provinces deal with those regulated professions, like the College of Physicians and Surgeons, the lawyers, etc.? How would they address that? It seems like that's been a big barrier for a long time.

The Chair: Give a brief answer, sir.

Ryan Greer: I'll be very quick.

If there are organizations anywhere in the country that seek to preserve gaps or differences, they ought to explain why something else being done in another part of the country is unsafe or insufficient. It's not clear to me that in any province, any regulated profession is operating in a way that is endangering Canadians and workers in a substantive way. If that's happening, then we ought to have a conversation about what those standards are. More broadly, we need to push for alignment as much as possible.

The Chair: Thank you very much, Mr. Greer.

We have Mr. Savard-Tremblay for two and a half minutes, please.

[*Translation*]

Simon-Pierre Savard-Tremblay: Thank you, Madam Chair.

Ms. Senneville, in your opinion, should certain sectors definitely be excluded from any mutual recognition efforts?

Caroline Senneville: The sectors that are already excluded are agriculture, fisheries, aquaculture, forestry and public monopolies. I'm thinking in particular of Hydro-Québec, the Société des alcools du Québec and the Société québécoise du cannabis.

The exclusions should remain in place.

Simon-Pierre Savard-Tremblay: The exclusions remain excluded. That's fine.

Do you think there is a risk of a race to the bottom if one province—and we know our province is a strong advocate of the social safety net—accepts lower standards than other provinces?

You mentioned safety as an example. Are there others?

Caroline Senneville: There are risks for the environment and for labour standards.

Also, if Canada removes internal trade barriers or makes the rules more flexible, the rules could also become more flexible for international trade as well. That could create economic problems in Canada.

I'll say it again. We're told that trade barriers are very costly. However, when we ask business owners why they won't sell in remote regions, they say that it's because of transportation costs. That really is the number one issue. Regulations rank much lower in the list of priorities.

We need to work on that front, but we have to consider that Canada will miss the boat if provinces and territories only agree on that and not on the rest of our economy.

• (1150)

Simon-Pierre Savard-Tremblay: Do I still have some time left, Madam Chair?

[English]

The Chair: You have 50 seconds.

[Translation]

Simon-Pierre Savard-Tremblay: Okay, that's great.

It also seems to me that Quebec is ahead of the rest of Canada when it comes to consumer protection regulations. That's another example that we could give.

Caroline Senneville: Absolutely.

Citizens are not only workers. They're consumers too, and that's part of the reality back home.

Simon-Pierre Savard-Tremblay: Thank you.

[English]

The Chair: Thank you very much.

Mr. Van Popta, you have five minutes.

Tako Van Popta (Langley Township—Fraser Heights, CPC): Thank you, Madam Chair, and thank you to the witnesses.

I'll start with Mr. Manucha. It's nice to have somebody here who knows trade and constitutional law. I'm going to ask you a question along that line.

It's fair to say that Canadian courts have taken a generous rather than a legalistic approach in interpreting the Canadian Charter of Rights and Freedoms. It probably started with the Big M Drug Mart Ltd. case, which we all had to read when we were in law school. Chief Justice Dickson stated that charter rights must be interpreted generously and purposively in light of the underlying objectives.

That led to what some critics called the start of judicial activism. Add to that the more recent development of courts applying a charter values framework to find, for example, that a territorial government had to provide French-language education even to children who were clearly not section 23 rights holders. Never mind what the charter actually said. What was the intent? That brought judicial activism to a new level.

When it comes to interpreting sections of the old BNA Act and the Constitution Act, 1982—I'm thinking of section 121, the so-called free trade section of the old BNA Act—courts have taken a very narrow approach to reject initiatives by people, with the Comeau case, for example, or by legislators, for example with the national securities regulations deal.

What are your thoughts on that?

Ryan Manucha: We could be here all day. Hopefully, everyone is buckling up for this.

What I love about this question is that we got stuck. Section 121, which the honourable member discussed, is the free trade clause in the Constitution. We got stuck in a 1921 decision where it was said that internal trade barriers have to do with customs, duties and tariffs, essentially. We got stuck in that for a long time. We are still pretty much stuck in that. We have not progressed in the same way. We have to segment out the charter from the BNA Act—the genesis and the interpretive authorities.

It is true that when the whole world came to realize that internal trade barriers were about more than just tariffs and were about the behind-the-border non-tariff regulatory measures, it seemed as though our judicial system couldn't keep up. We've seen it increment every 20 years. The Comeau decision moved it a bit. We've come to realize that the court is kind of saying that the responsibility to be inching forward is not for us but for the elected members of our society.

We have an understanding, and we could reopen it by doing some sort of constitutional work, but I don't think that's on the table. This is where we are now. We went to a political agreement with the Canadian Free Trade Agreement and its predecessor to try to inch it forward.

To make a long story short on your question, yes, we're held back by an old version from back when the clergy were our economists, in the 1920s. We're grappling with that a bit.

Tako Van Popta: I think you were suggesting that the Canadian Competition Bureau could be put in charge of regulating and advancing free trade in Canada. Isn't that going to run into the same narrow thinking that the Comeau decision or the national securities regulator decision ran into?

Ryan Manucha: The Competition Bureau is pretty well-seasoned at policing anti-competitive behaviours and trying to create markets and create space for Canadian small and medium-sized businesses to compete. Internal trade is about the efficient allocation of resources, making sure that we can actually be a G7 economy of competitive intensity. It's about the proper orientation of our internal people, capital, labouring and all the factors of production.

The Competition Bureau is there with soft powers, advisory powers and investigatory powers and is able to memorialize research and advise on matters of internal trade, which is better than the status quo. We have a non-political and non-activist secretariat in Winnipeg that runs the Canadian Free Trade Agreement. It needs to be non-partisan, non-involved and unaffiliated. You need a more centralized authority in the federal government that has a coordinating responsibility.

• (1155)

Tako Van Popta: One of you gave evidence about the volume of trade between Canada and other countries compared to the volume of trade between the provinces, suggesting that perhaps if we just had free trade between the provinces, we could improve our economy substantially. Are we comparing apples to apples? The trade barriers with the United States are tariff-based and have regulations and differing standards. Among the provinces, it's really just the latter, so are we comparing apples to apples?

The Chair: Give a very brief answer, please.

Ryan Manucha: There's a great degree of opportunity there—up to 7% growth of the GDP.

It's the subnational jurisdiction. You would think it would be easier. We have complete control, and we're all part of the same nation here. In that respect, you would think you would be able to achieve things that you can't in Mar-a-Lago.

The Chair: Thank you very much.

Go ahead, Mr. Lavoie, please, for five minutes.

[*Translation*]

Steeve Lavoie (Beauport—Limoilou, Lib.): Thank you, Madam Chair.

Thank you also to all the witnesses here today who took the time to come to Ottawa to meet with us. I also thank the witnesses who are appearing via video conference.

I have two questions for you, Ms. Senneville.

I'm going to be perfectly honest with you, I was taken aback twice during your presentation. I want to offer you the chance to clarify what you meant.

First, you said that the domestic market had very low potential.

According to economic studies, we're talking about growing Canada's GDP by \$200 billion. You also mentioned increasing productivity. These measures will indeed increase productivity by 7%, but also reduce prices by 15%.

I would like you to expand on that.

Second, you said that internal trade barriers are a myth. I will confess that I had never heard that one before.

Mr. Manucha gave a bunch of examples of internal trade barriers within Canada. Do you have any concrete counter-examples that would explain why it's a myth and there may not be as many barriers as we think?

I'd like some clarification on those two points.

Caroline Senneville: It's been said. We don't have any tariff barriers in Canada. The provinces and territories are all part of the same country. When I said that there are fewer trade barriers for internal trade than for international trade, I meant that unions thought, during NAFTA negotiations, that protections for wages and workers weren't robust enough. Chapter 9 on protecting workers wasn't strong enough. When CUSMA was renegotiated, worker protections were reinforced, but the actual mechanisms weren't.

We need freedom of trade, but individuals who cross interprovincial borders, who are working and who ensure that trade works also need the freedom that comes with decent jobs, decent wages and the right to associate. That has to be respected, and there can be no social dumping.

I gave the rolling mill example. I would completely agree with anyone who would suggest that we should have a rolling mill to make our own aluminum cans. However, considering our geography and our population of 40 million, if it has to be installed in Winnipeg and the cans have to be sent 3,000 kilometres one way and 4,000 kilometres the other way, the issue isn't trade barriers or regulations, it's the sheer geographical size of the domestic market. That's why Mr. Carney wants to sign contracts all across Canada.

Steeve Lavoie: I understand, Ms. Senneville.

But my question was about why you believe that the domestic market is so weak. The reason I'm asking is that every economic study talks about a potential \$200-billion growth of Canada's GDP.

Caroline Senneville: The reason is that Canada is a huge country with 40 million people. We have more geography than history, as Mr. Macdonald, the first prime minister, said.

Steeve Lavoie: Okay.

So, according to you, \$200 billion isn't enough.

Is that so?

Caroline Senneville: I'm not saying that it isn't enough. I'm saying that it won't suffice. We'll have to do more.

Steeve Lavoie: Thank you.

Mr. Greer, you mentioned momentum and meetings. Other witnesses say the same thing. We see more and more meetings between provinces. All of that has accelerated.

There's one point that I'd like some clarification on, however. You talked about carrots and sticks.

Can you expand on that a little?

I have this image in my head. There's a space for collaboration, I believe, between provinces—it's happening right now—but we should to come to the table with carrots and sticks.

Can you give more details about what your position is in this regard?

• (1200)

[*English*]

Ryan Greer: The one specific example that Mr. Manucha and I alluded to is perhaps tying labour market development funding to sticking to the 30-day commitment on credential recognition.

We don't know what's going to happen north-south and with the U.S., but the genesis of the progress in 18 months was not that premiers, first ministers or others woke up and said, "It's time to do the things we haven't been doing for a long time." It happened because of threats to the south. If those threats abate, if we reach a deal with the United States or if any other number of things happen economically, we're worried that this will take some of the momentum out of what we have achieved. The federal government ought to be looking at all the different ways it can promote that.

I mentioned transparency and accountability in reporting. Looking at all the federal engagements with the provinces and deciding

how to incentivize the right behaviour happens all the time. It happened over climate policy. It happens across a range of different policies. In that pecking order of engagement and leveraging carrots and sticks in a collaborative way, we think internal trade ought to be at the top.

The Chair: Thank you very much.

Thank you to our witnesses. As always, that was very valuable testimony, as we move forward.

For the information of the committee, on Thursday, we will be starting our study on trade with Japan. We look forward to starting that at that particular time, but rest assured that we will be continuing to work on free trade within Canada.

Thank you very much. I move adjournment.

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