

Catalogue no. 11-621-M
ISSN 1707-0503
ISBN 978-0-660-98575-6

Analysis in Brief

Internal Trade in Canada: An overview

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Release date: September 2, 2026



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Cette publication est aussi disponible en français.

Acknowledgements

The authors would like to thank Noah Peterson for his assistance with the data and all reviewers for their comments.

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Highlights

- Trade in goods and services between provinces and territories (hereafter referred to as internal trade in this paper) is an integral part of the Canadian economy, reaching \$527 billion in nominal terms in 2024, equivalent to 17.0% of Canada's Gross Domestic Product (GDP).¹
- Internal trade flows are concentrated in a small number of industries. Manufacturing accounted for the largest share of internal trade (31.4%) in 2022, followed by mining, quarrying, and oil and gas extraction (12.7%), finance, insurance, real estate, rental, leasing and holding companies (11.3%), and wholesale trade (10.0%). Together, these industries represented about two-thirds of total internal trade.
- However, internal trade intensity—defined as the ratio of internal trade to industry output—varies significantly across industries. Manufacturing records a relatively low overall intensity of 17.1%, although there are significant variations within the industry. By contrast, industries such as fishing, hunting and trapping (32.2%) exhibit much higher reliance on interprovincial markets, highlighting important differences in dependence on internal trade.
- Approximately 1.6 million jobs are directly linked with internal trade activities, representing about 8% of the total number of jobs in Canada. However, this estimate does not capture jobs indirectly supported by internal trade through supply-chain or spending multiplier effects.

Introduction

Canada has long been recognized as a nation that depends heavily on international trade; however, the economic potential of internal trade in goods and services between provinces and territories has not yet been fully realized, in part due to persistent barriers. Interprovincial trade can serve as an important driver of economic activity, supporting job creation, business growth, consumer choice, and overall economic expansion. For example, in 2024, the value of goods and services crossing provincial and territorial borders amounted to more than \$520 billion in current dollars (Statistics Canada [Table 36-10-0222-01](#)). Approximately two-fifths of Canadian businesses purchased goods or services from suppliers in other provinces or territories, while one in four sold goods or services across provincial or territorial borders (Statistics Canada 2025a). Understanding the scope and characteristics of interprovincial trade is therefore essential for evaluating Canada's overall economic integration and identifying opportunities to improve market efficiency and accessibility across jurisdictions.

This paper is part of the [Canadian Internal Trade Data and Information Hub \(CITH\)](#), a joint initiative of Statistics Canada and the Privy Council Office under the [Federal Action Plan to Strengthen Internal Trade](#). The objective of this article is to provide an overview of internal trade in Canada through two descriptive lenses: the structure and evolution of trade flows across provinces and industries, and a broad estimate of jobs linked to interprovincial trade. The analysis leverages data and information available through the CITH to provide a picture of the current state of Canada's internal trade market and establish a baseline for monitoring future changes, supporting policy analysis, research, and decision-making related to internal trade.

Literature Review: Barriers to Trade and the Policy Landscape

Internal trade in Canada remains subject to a range of factors that can limit the integration of markets across provinces and territories. These factors include natural, regulatory, technical, and administrative barriers. This section provides an overview of these barriers, summarizes selected empirical findings on their economic impacts, and reviews recent policy developments related to internal trade.

1. In this paper, all values are expressed in nominal or current dollars unless otherwise specified.

Natural barriers primarily arise from geography, including long distances between markets, uneven transportation infrastructure, and the increased logistical challenges associated with remote and northern regions, which can limit market integration (Cotton and Teeter 2025). These geographic factors are reflected in recent firm-level survey evidence from the Canadian Survey on Interprovincial Trade (CSIT)², which indicates that transportation costs are the most common obstacle to internal trade in Canada, cited by over one-quarter of businesses when purchasing inputs from other provinces and by nearly one-quarter when selling across provincial or territorial borders (Statistics Canada 2025a). Other empirical studies further show that both distance and jurisdictional frictions across provinces and territories raise internal trade costs, and that reducing these frictions could substantially enhance internal trade and overall economic performance (Agnosteva *et al.* 2019; Alvarez *et al.* 2019; Albrecht and Tombe 2016). Regulatory barriers stem from provincial or territorial laws and regulations that restrict trade, such as those governing alcohol distribution, food and beverage products, and other goods requiring certification or testing. Technical and administrative barriers arise when standards or requirements differ across jurisdictions, including rules on trucking and construction, as well as licensing for services and professional workers, which can delay hiring and limit interprovincial labour mobility (CFIB 2025). Together, these factors contribute to a Canadian economy that is less than fully integrated, potentially reducing competition and overall economic efficiency.

Setting aside the lack of consensus on the magnitude of the exact impact, several studies suggest that internal trade barriers in Canada impose significant costs by creating inefficiencies. Some of these studies indicate these barriers reduce productivity, fragment Canadian markets, and hinder labour mobility, potentially acting like a hidden 7% tariff that raises consumer prices by 7.8 to 14.5 % (Cotton and Teeter 2025). Similarly, Bemrose *et al.* (2017, 2020) estimate that provincial border effects correspond to a 6.9% ad valorem tariff. Other studies indicate that removing these barriers could increase Canada's GDP by \$92–\$200 billion annually, or 3–7 %, depending on sectoral assumptions (Alvarez *et al.* 2019; Manucha and Tombe 2022; Eichenbaum *et al.* 2024; Macmillan and Grady 2007), while a more conservative estimate, based on lower trade-cost elasticity assumptions supported by survey evidence, reduces the projected long-run GDP gain from internal trade liberalization to about a 1.2 % increase in GDP (Shenfeld and Jaffery 2025). Sector-specific impacts may include regulatory differences and supply management in agriculture and food products, provincial restrictions in alcohol and beverage distribution, divergent trucking regulations that increase shipping costs, and credential recognition issues that limit labour mobility (Beckman *et al.* 2006; Macmillan and Grady 2007; Cotton and Teeter 2025). These studies show that economic impacts of barriers to internal trade are non-trivial.

Canada's efforts to address internal trade barriers have evolved over time through major agreements between the federal, provincial, and territorial governments. The Agreement on Internal trade (AIT), introduced in 1995, was the first major attempt to establish a unified national economic framework. However, it relied on a “positive list” approach — only sectors explicitly listed were included, leaving many areas excluded. Moreover, Nunavut was not included as a signatory. In 2017, the Canadian Free Trade Agreement (CFTA) replaced the AIT, adopting a “negative list” approach that covers all sectors except those explicitly exempted. While the CFTA represents progress, it still contains numerous exceptions, nearly half of the 345-page agreement—and relies on relatively limited enforcement mechanisms. To aid with implementation, the CFTA created the Regulatory Reconciliation and Cooperation Table (RCT) to identify and address internal trade barriers across jurisdictions. However, despite these advances, many barriers persist, and more systematic measures are needed to fully realize the CFTA objectives (Manucha 2025).

The year 2025 brought renewed urgency to the issue as the international trade landscape changed dramatically after the United States imposed a series of tariffs on Canadian goods. Canada's response to U.S. protectionist measures, amid heightened economic uncertainty, underscored the country's vulnerability to disruptions in foreign trade. The contraction in exports and business investment in the second quarter of 2025, alongside stalled employment growth and sector-specific declines in manufacturing and wholesale activity, reinforced the need for stronger domestic economic integration (Gellatly and McCormack 2025).³ The onset of U.S. protectionist measures prompted policymakers and stakeholders to prioritize international trade diversification as well as

2. The CSIT was conducted by Statistics Canada in collaboration with the Privy Council Office as part of the internal trade data strategy under the Government of Canada's Federal Action Plan to Strengthen Internal Trade. This initiative also includes the development of the [Canadian Internal Trade Data and Information Hub](#), launched in April 2024 to provide open and accessible data on internal trade and interprovincial labour mobility in Canada. Data tables, analytical products and data visualizations from the CSIT are available in the Interprovincial Trade Survey section of the Hub.

3. Please see [Gellatly and McCormack \(2025\)](#) for a comprehensive overview of trends in output, consumer prices, employment, and household finances for most of the first three quarters of 2025, focusing on the economic effects of trade tensions between Canada and the United States.

domestic economic integration. To this end, the Canadian federal government reaffirmed its commitment to remove all barriers under the federal jurisdiction to play a leading role in achieving full internal free trade. A key step in this direction was the introduction of the [One Canada Economy Act](#), which removes federal barriers to internal trade and labour mobility, helping goods, services, and workers move freely across provinces and territories. Several provinces also initiated bilateral or regional measures: for example, in 2024 the Governments of Alberta and British Columbia signed a memorandum of understanding (MOU) to facilitate direct-to-consumer wine sales and enhance labour mobility (Government Alberta 2024).⁴ Ontario signed multiple MOUs in 2025 with Alberta, Saskatchewan, Manitoba and Prince Edward Island focused on reducing barriers to goods, services, labour and investment flows (Government of Ontario 2025).⁵ Nova Scotia passed the *Free Trade and Mobility Within Canada Act* in 2025, designed to allow goods, services and licensed professionals from other provinces to operate in Nova Scotia without additional certification or testing if reciprocal (Wilson 2025). Another landmark initiative in 2025 was the conclusion of the *Canadian Mutual Recognition Agreement on the Sale of Goods* (CMRA) between federal, provincial, and territorial governments, now being implemented through mid-2026 (Canadian Free Trade Agreement 2025). The CMRA aims to reduce internal trade frictions by allowing a broad range of manufactured and industrial goods sold in one province or territory to be sold in others without additional regulatory requirements, lowering compliance costs, reducing duplicative rules, and improving market access for Canadian businesses.

The literature reviewed above provides some policy and economic background needed to put the structure and evolution of internal trade in Canada into perspective. It highlights the factors that shape economic integration in Canada, including geographic, regulatory, technical, and administrative barriers, as well as the potential economic implications of these frictions. Against this backdrop, the remainder of the paper examines the structure and evolution of internal trade by documenting trade flows across provinces, territories, and industries and by estimating the jobs directly associated with these flows. Together, the literature review and descriptive analysis shed light on the role of internal trade in the Canadian economy and the factors that may influence its future development.

Structure and Evolution of Internal Trade in Canada

This section of the paper examines the structure and evolution of internal trade in Canada vis-à-vis international trade, identify the industries most involved in internal trade, and the main products flowing across provincial and territorial boundaries, as well as estimates of the number of jobs directly associated with interprovincial and territorial trade flows. The analysis draws on multiple Statistics Canada data sources, including the Provincial and Territorial GDP Accounts and Input-Output Tables for information on output and trade flows, as well as the National Productivity Accounts for industry-level data on jobs by province and territory.

Internal Trade Flows

Approximately \$527 billion (in current dollars) worth of goods and services were traded between provincial and territorial borders in 2024, equivalent to 17.0% of Canada's GDP. Of this total, \$306 billion (58.0%) was for services, while the remainder was for goods (Statistics Canada [Table 36-10-0222-01](#)).

Statistics Canada started releasing detailed information on trade in goods by product category in November 2025, for the reference years 2022 to 2024.⁶ Energy products accounted for over one-fifth of internal trade in goods in 2024. Conventional crude oil totaled \$15.8 billion, representing 7.1% of total internal trade in goods, followed by synthetic crude oil at \$10.1 billion (4.6%), natural gas liquids at \$7.5 billion (3.4%), motor gasoline at \$6.9 billion (3.1%), and diesel and biodiesel fuels at \$6.3 billion (2.8%) (Table 1). These flows largely reflect shipments originating in Alberta, Saskatchewan and Newfoundland and Labrador to other provinces and territories, consistent with the geographic concentration of energy production and refining capacity within Canada. For example, nearly all internal trade in synthetic crude oil, and approximately two-thirds of internal trade in conventional crude oil, is exported from Alberta to other provinces and territories (Statistics Canada [Table 36-10-0709-01](#)).

4. Government of Alberta. Leading the way on interprovincial trade. Alberta.ca. Last modified 2025. [Leading the way on interprovincial trade](#).

5. Government of Ontario. [Cooperation agreement on pipelines, critical minerals, and responsible energy development between Ontario, Alberta, and Saskatchewan](#). Ontario.ca. Last modified 2025.

6. Data by detailed product category are not available for services.

Table 1
Goods with the highest internal trade values in Canada, 2024

Product	Trade value	Share from total internal trade in goods
	billions of dollars	percent
Total: all products	221.2	100.0
Conventional crude oil [ENE211107]	15.8	7.1
Synthetic crude oil [ENE211106]	10.1	4.6
Natural gas liquids (including condensate) and related products [ENE211108]	7.5	3.4
Motor gasoline (including blending components and ethanol fuel) [ENE324111]	6.9	3.1
Diesel and biodiesel fuels [ENE324112]	6.3	2.9
Gold and silver ores and concentrates [MPG212220]	5.1	2.3
Processed fluid milk and milk products [MPG311501]	5.0	2.2
Fresh and frozen beef and veal [MPG311601]	4.9	2.2
Preserved fruit and vegetables and frozen foods [MPG311402]	4.9	2.2
Cattle and calves [MPG112001]	4.6	2.1
Cheese and cheese products [MPG311502]	4.2	1.9
Fresh and frozen poultry of all types [MPG311603]	4.0	1.8
Processed meat products, other miscellaneous meats and animal by-products [MPG311605]	3.6	1.6
Unwrought gold, silver, and platinum group metals, and their alloys [MPG331403]	3.4	1.5
Carbonated and non-carbonated drinks (including low alcohol fermented drinks), bottled water and ice [MPG312110]	3.2	1.4
Plastic and foam building and construction materials [MPG326103]	3.1	1.4
Fish, crustaceans, shellfish and other fishery products [MPG114000]	2.8	1.3
Grain and oilseed products, n.e.c. [MPG311208]	2.6	1.2
Iron, steel and ferro-alloys (unwrought and hot-rolled products) [MPG331100]	2.4	1.1
Iron ores and concentrates [MPG212210]	2.4	1.1
Electricity [ENE221100]	2.4	1.1
Natural gas [ENE211102]	2.1	1.0
Snack food products [MPG311901]	2.1	0.9

Source: [Table 36-10-0709-01](#)

Beyond the leading energy products, other goods contributed to internal trade, including processed milk and dairy products, fresh and frozen beef and veal, preserved fruits and vegetables, cheese, and poultry. Although each of these products individually accounted for a relatively small share, jointly these food products represented 12% of the total and remain among the more actively traded goods within Canada. This is particularly evident when compared with international imports of the same products. For example, in 2024, international imports of dairy products amounted to about 28% of the value of dairy products traded between provinces and territories. Similarly, international imports of meat products amounted to approximately 47% of the value of the meat products traded across borders and territories (Statistics Canada [Table 36-10-0709-01](#)).

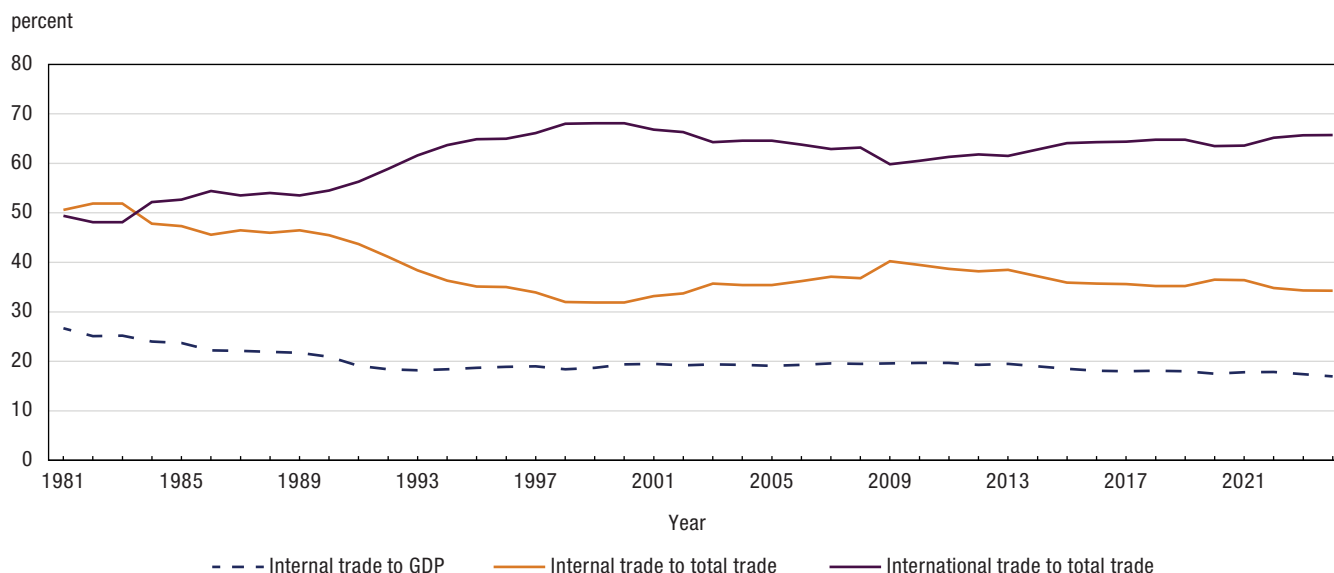
Numerous products recorded levels of internal trade below \$100 million (for example Infant clothing), corresponding to shares near zero, and some products (for example, ready-mixed concrete and steam and heated or cooled air or water) showed no recorded interprovincial trade in 2024 (Statistics Canada [Table 36-10-0709-01](#)). Most of these goods are difficult, costly, or impractical to move across provinces or territories and are typically produced and consumed within the same province.

Trends in Internal Trade

The value of internal trade flows, expressed in relation to Canada's GDP, has trended lower over the past four decades, declining from 26.7% in 1981 to 17.0% in 2024. At the same time, the average share of internal trade in total trade across provinces and territories fell sharply in the late 20th century, dropping from an average of 50.5% in the early 1980s to 31.9% in 1999 (See Box 1 for definitions). That average share of internal trade from total provincial or territorial trade has slowly trended upward since 2000 to reach 34.2% in 2024 (Chart 1). This trend reflects the fact that, while total internal trade (for Canada as a whole, value of interprovincial exports equals interprovincial imports) grew by 435% between 1981 and 2024, international trade expanded even more rapidly, with imports from other countries increasing by 970% and exports to other countries rising by 938%. This long-term trend highlights a structural shift in Canada's economy, potentially reflecting factors such as globalization and supply chain integration, the growing number of international trade agreements, changes in domestic consumption patterns, or shifts in the economic importance of internal trade relative to other economic activities.

Chart 1

Internal trade as a share of gross domestic product (GDP) and total trade, 1981 to 2024



Source: Table 36-10-0222-01.

Box 1: Average Share of Internal Trade

The average share of internal trade measures the proportion of total trade in each province or territory (PT) that occurs within Canada, i.e., between PTs, over a given period. Total trade for each PT includes internal trade as well as international trade (exports to and imports from other countries).

$$1. \text{ Internal trade for PT } i \text{ in year } t(\lambda_{i,t}) : \lambda_{i,t} = X_{i,t}^P + M_{i,t}^P$$

where $X_{i,t}^P$ = all exports to other PTs, and

$M_{i,t}^P$ = all imports from other PTs.

$$2. \text{ International trade for PT } i \text{ in year } t(\varepsilon_{i,t}) : \varepsilon_{i,t} = X_{i,t}^F + M_{i,t}^F$$

where $X_{i,t}^F$ = all exports to foreign countries, and, $M_{i,t}^F$ = all imports from foreign countries.

$$3. \text{ Total trade in PT } i \text{ in year } t(\tau_{i,t}) : \tau_{i,t} = \lambda_{i,t} + \varepsilon_{i,t}$$

$$4. \text{ Share of internal trade for PT } i \text{ in year } t(s_{i,t}) : s_{i,t} = \frac{\lambda_{i,t}}{\tau_{i,t}}$$

$$\text{Average share across all PTs (weighted by total trade of respective PT) in year } t(S_t) : S_t = \sum_i w_{i,t} s_{i,t} ,$$

$$\text{where } w_{i,t} = \frac{\tau_{i,t}}{\sum_i \tau_{i,t}}$$

The average share provides a summary measure of the relative importance of internal trade (λ) relative to total trade (τ) across all provinces and territories (PTs).

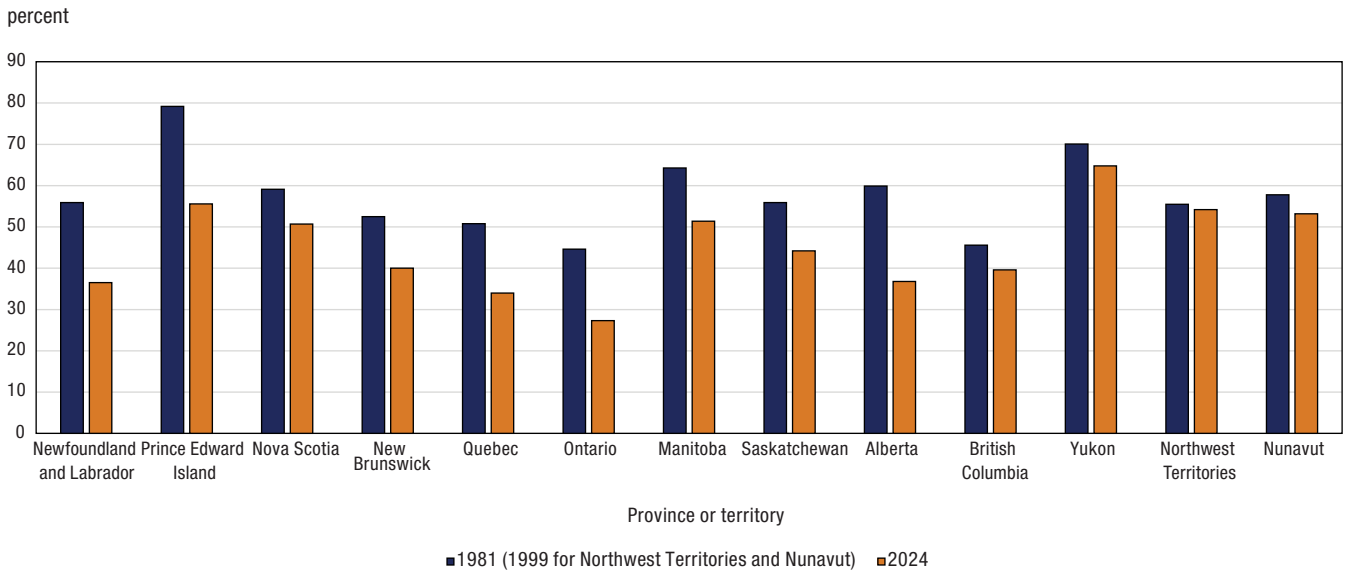
Trends in internal trade are shaped by the principle of comparative advantage, like international trade, whereby firms engage in trade when it is more efficient to specialize and exchange goods across regions. In this context, changes in internal trade should be interpreted alongside international trade dynamics, as firms may substitute between domestic and international markets depending on relative costs and opportunities. As such, a decline in internal trade over time does not necessarily indicate reduced economic performance or inefficiency, particularly if it reflects a reallocation toward more productive or competitive markets. However, in the presence of internal trade barriers, changes in internal trade may also signal changes in the frictions that limit the full realization of economic efficiency. Similarly, increases in international trade protectionism may be associated with greater internal trade as firms reorient toward domestic markets.⁷

Regional Disparities in Internal Trade

Between 1981 and 2024, internal trade declined as a share of total trade across all provinces and territories, reflecting a shift in the geographic orientation of Canadian trade. By 2024, most provinces conducted less than half of their trade with other Canadian jurisdictions, while Prince Edward Island, Manitoba, Nova Scotia, and the three territories continued to rely predominantly on internal trade (Chart 2).

The territories maintained consistently high shares of internal trade (from total trade including international and internal trade), over the period. In Yukon, the share was 64.8% in 2024, down from 70.1% in 1981. The Northwest Territories remained relatively stable, at 54.2% in 2024 compared with 55.5% in 1999, while Nunavut recorded 53.2% in 2024, slightly lower than 57.8% in 1999⁸ (Chart 2).

Chart 2
Internal trade as a share of total trade, by provinces and territories, 1981 and 2024



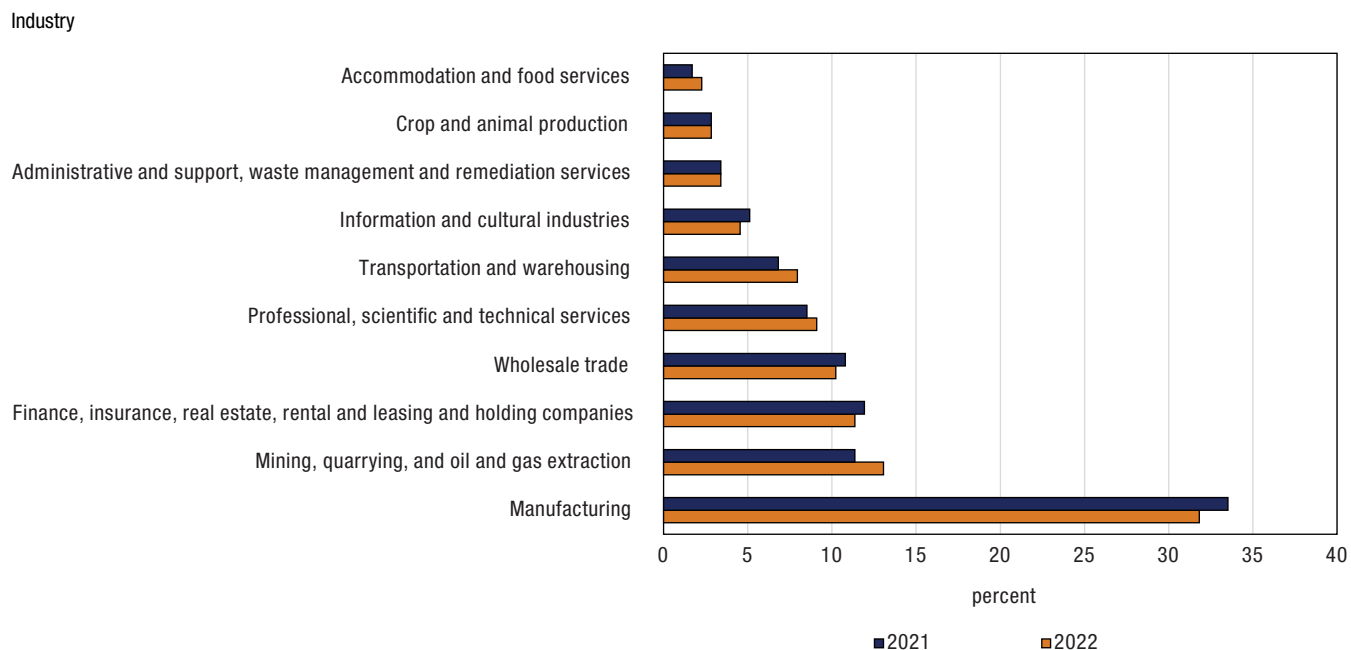
Note: Data are provided for the Northwest Territories and Nunavut for 1999, as Nunavut did not exist separately before 1999.
Source: Table 36-10-0697-01.

Industrial Composition of Internal Trade

At a broader industry level, the manufacturing industry plays a pivotal role in Canada’s internal trade. Manufacturing contributed 31.4% of total trade between provinces and territories in 2022, down slightly from 33.3% in 2021. This dominance underscores manufacturing’s central role in the national economy. Other major contributors in 2022 included mining, quarrying, and oil and gas extraction (12.7%), finance, insurance, real estate, rental, leasing, and holding companies (11.3%), and wholesale trade (10.0%), each representing just over one-tenth of internal and territorial trade (Chart 3).

7. This is an important consideration in light of the protectionist policies implemented in 2025 by the United States, Canada’s largest trading partner, although the data used in this analysis extend only to 2024 and therefore do not capture the effects of these recent tariff measures.
8. Data for the Northwest Territories and Nunavut are available only for 1999, as Nunavut did not exist separately before 1999.

Chart 3
Contribution to internal trade by industry, Canada 2021 and 2022



Source: Table 36-10-0705-01.

A closer examination of sub-sectors provides a more nuanced picture. The mining, quarrying, and oil and gas extraction related industries accounted for about 12.7% of internal trade in 2022, with oil and gas extraction (excluding oil sands) as the largest single contributor (6.6%), followed by petroleum refineries (4.0%) and oil sands extraction (2.8%). The next major contributor was the computer systems design and related services (4.7%), a subgroup within professional, scientific, and technical services industry. Meat product manufacturing (2.6%) and dairy product manufacturing (2.1%) accounted for a little less than 5% combined. Other notable contributors included insurance carriers (2.8%) and banking and other depository credit intermediation (2.8%) from the finance, insurance, real estate, rental, leasing, and holding companies' industry, as well as personal and household goods merchant wholesalers (2.0%) from wholesale trade (Statistics Canada [Table - 36-10-0712-01](#)).

Internal Trade Intensity

Internal trade intensity is defined as the ratio of internal trade to industry output (see Box 2 for definitions). In 2022, as discussed above, manufacturing contributed the largest share of total internal trade, but its trade intensity was relatively low at 17.1%, reflecting that much of its output was exported internationally. However, important differences exist across manufacturing sub-sectors. Table 2 shows that tobacco and cannabis product manufacturing (68.6%), dairy product manufacturing (51.8%), and soft drink and ice manufacturing (49.9%) exhibit the highest internal trade intensity, indicating a greater reliance on interprovincial markets. In contrast, industries such as fishing, hunting, and trapping relied heavily on internal Canadian markets, with 32.2% of output traded within Canada, followed by wholesale trade (23.7%) and information and cultural industries (17.5%), highlighting their greater reliance on internal trade relative to total output (Source: [Table 36-10-0705-01](#)).

Table 2
Top ten industries with the highest internal trade-to-output ratios in Canada, 2022

Industry	Ratio of internal trade to industry output
	percent
Tobacco and cannabis product manufacturing [BS312A00]	68.6
Dairy product manufacturing [BS311500]	51.8
Soft drink and ice manufacturing [BS312110]	49.9
Pay and specialty television [BS516211]	44.0
Other furniture-related product manufacturing [BS337900]	42.8
Petroleum, petroleum products, and other hydrocarbons merchant wholesalers [BS412000]	38.9
Radio and television broadcasting stations [BS516100]	37.5
Paint, coating and adhesive manufacturing [BS325500]	36.1
Breweries [BS312120]	35.4
Other food manufacturing [BS311900]	34.8

Source: [Table - 36-10-0712-01](#)

High internal trade intensity does not necessarily translate into a large contribution to national GDP. For example, dairy product manufacturing and soft drink and ice manufacturing recorded high trade intensity of 51.8% and 49.9%, respectively, yet their internal trade is only 0.4% and 0.1% of GDP. By contrast, industries with lower trade intensity can contribute more substantially to GDP. For example, oil and gas extraction (excluding oil sands) had a trade intensity of 27.7%, but its internal trade represented 6.6% of total internal trade, which translates into 1.2% of GDP (Statistics Canada, [Table - 36-10-0712-01](#)). These contrasts highlight that dependence on interprovincial markets and overall economic weight are not always aligned, offering a nuanced view of internal trade dynamics. Evidently, even sectors with modest national contributions can be highly important for specific provinces or regions, where they represent a significant share of local economic activity.

Definition Box 2: Trade intensity by industry

In this paper internal trade intensity of an industry is defined as the ratio of internal trade relative to total industry output using symmetric provincial Input-Output tables. It attempts to capture the share of an industry's output that is traded across provinces and territories (PTs).

For industry j in year t :

1. Total internal exports between PTs: $\xi_{j,t} = \sum_i x_{j,i,t}^P$; where $x_{j,i,t}^P$ represents all exports of industry j from PT i to other PTs.
2. Total output of industry j : $Y_{j,t} = \sum_i y_{j,i,t}$; where $y_{j,i,t}$ is total output of industry j in PT i at time t .
3. Trade intensity of industry j : $\theta_{j,t} = \frac{\xi_{j,t}}{Y_{j,t}} \times 100\%$

This calculation counts each interprovincial trade flow only once, providing the average share of an industry's output that is exchanged between PTs.

Internal Trade and Jobs

This section provides estimates of direct jobs supported by internal exports using Statistics Canada's symmetric input-output (IO) tables for each province and territory. The approach follows a simplified version of Rasmussen (2020), which links international exports to jobs using Supply and Use Tables and a final demand framework. However, unlike Rasmussen, this paper focuses only on direct jobs and internal flows.⁹ The analysis links industry output exported from one province or territory to another with the number of jobs in each industry. Estimates are approximations calculated at the industry level for each province and then aggregated by province, allowing for the quantification of jobs directly supported by internal export flows.

Let:

- $J_{i,p}$ = number of jobs in industry i in province or territory p ,
- $O_{i,p}$ = total output of industry i in province or territory p ,
- $X_{i,p \rightarrow q}$ = value of internal exports of industry i from province or territory p to province or territory q .

The share of output, which is internally exported, is defined as: $S_{i,p \rightarrow q} = \frac{X_{i,p \rightarrow q}}{O_{i,p}}$

The direct jobs supported by internal exports from province p to province q in industry i are:

$$J_{i,p \rightarrow q}^{\text{exports}} = J_{i,p} \times S_{i,p \rightarrow q}$$

Summing across all provinces and territories gives an estimate of the total direct jobs supported by internal exports for industry i :

$$J_i^{\text{exports}} = \sum_p \sum_{q \neq p} J_{i,p \rightarrow q}^{\text{exports}}$$

The data on job counts come from the annual provincial program of Canadian Productivity Accounts by industry, consistent with the industry classification used in the IO tables for each province and territory.

Table 3 shows that jobs directly linked to internal trade are heavily concentrated in a few key sectors. Manufacturing leads by a significant margin, supporting about 278,700 jobs, which represents 17.4% of the total estimated number of jobs linked to internal trade in 2022. Professional, scientific, and technical services (14.7%) and wholesale trade (12.7%) are the next major contributors, reflecting their central role in supplying goods and services across provincial and territorial borders. Several other service-oriented sectors also accounted for significant shares of jobs linked to internal trade. These include finance, insurance, real estate, rental and leasing and holding companies (9.5%), transportation and warehousing (9.4%), administrative and support services (9.2%) and accommodation and food services (7.3%).

9. The approach used in this section is similar to Rasmussen (2020), which links exports to jobs using Supply and Use Tables and a final demand framework to estimate the total labour embodied in international exports, including indirect effects. In this analysis, interprovincial exports are treated as a component of final demand within provincial and territorial symmetric input-output tables. Key differences are: (1) only direct jobs are estimated, excluding indirect and upstream supply chain effects; (2) the focus is on interprovincial rather than international exports; and (3) jobs are derived using industry-level job-to-output ratios, with jobs assumed to be proportional to total industry output.

Table 3**Estimates of number of jobs directly associated with internal trade, by industry, Canada, 2022**

Industry	Estimated number of jobs	Relative share
	number	percent
Manufacturing (BS3A0)	278,700	17.4
Professional, scientific and technical services (BS540)	234,600	14.7
Wholesale trade (BS410)	203,300	12.7
Finance, insurance, real estate, rental and leasing and holding companies (BS5B0)	152,700	9.5
Transportation and warehousing (BS4B0)	149,800	9.4
Administrative and support, waste management and remediation services (BS560)	147,600	9.2
Accommodation and food services (BS720)	116,400	7.3
Information and cultural industries (BS510)	69,800	4.4
Mining, quarrying, and oil and gas extraction (BS210)	43,800	2.7
Retail trade (BS4A0)	40,400	2.5
Other services (except public administration) (BS810)	39,700	2.5
Crop and animal production (BS11A)	38,800	2.4
Arts, entertainment and recreation (BS710)	20,200	1.3
Government education services (GS610)	17,600	1.1
Other industries	46,500	2.9
Total	1,599,900	100.0

Source: Authors calculation based on provincial Input-Output tables, and [Table: 36-10-0480-01](#).

Overall, across all sectors, internal trade-related jobs account for approximately 1.6 million or 8% of total job counts in Canada (approximately 20 million in 2022). However, as mentioned above, this estimate is an approximation and does not capture jobs indirectly supported by internal trade through supply-chain or spending multiplier effects and should be interpreted accordingly.

Summary

This analysis provides a descriptive overview of the structure and evolution of internal trade in Canada by documenting trade patterns across provinces, territories, and industries, and by estimating the employment associated with these flows.

Internal trade remains a significant component of Canada's economy, totaling \$527 billion in 2024, amounting to 17.0% of GDP. Over the past four decades, internal trade as a share of total provincial trade has declined, with international trade becoming increasingly important in Canada's overall trade structure.

Manufacturing remains the largest contributor, while mining, oil and gas extraction, wholesale trade, and professional, scientific and technical services also play major roles. At the product level, energy products account for a substantial portion of internal goods trade, reflecting regional specialization and the location of natural resource production.

The analysis also shows that industries differ significantly in their reliance on internal trade. Some industries, such as dairy manufacturing and selected food-processing industries, have high internal trade intensity relative to their output, while larger industries may contribute more to total internal trade because of their overall economic size.

Internal trade supports employment across a broad range of industries. The estimates suggest that approximately 1.6 million jobs were directly linked to internal exports in 2022. Admittedly, these estimates do not include indirect employment through supply chains or broader economic activity.

Overall, the findings of this study provide a baseline for understanding the role of internal trade in the Canadian economy and serve as a reference point for research and policy discussions on strengthening internal market integration.

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