

TOWARDS A SINGLE CANADIAN MARKET

FINDINGS FROM THE ONE CANADA SUMMIT

ABOUT

The Ontario Chamber of Commerce (OCC) is Canada's largest, most influential provincial chamber. It is an independent, non-profit advocacy and member services organization representing a diverse network of 60,000 members. The OCC convenes, mobilizes and empowers business and local chambers in pursuit of its purpose: to bring inclusive and sustainable prosperity to Ontario's businesses, workers, and communities.

In May 2026, the OCC and the Toronto Region Board of Trade (TRBOT) hosted the *One Canada Summit: Advancing an Integrated Interprovincial Market*, bringing together 100 of Ontario's most influential business leaders, decision-makers, and stakeholders to develop a roadmap for national economic integration. This report summarizes key findings from the summit and lays out a business-forward blueprint for a more resilient and integrated national economy.

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Report contributors: Shayla Bird, Jeanne Brownell, Benjamin Faust, Vick Gu, Tara Shivafard, Mia Sunner, Ayyan Tareen, and Sydney Wisener.

Drafting, editing, coordination and production: Ryan Manucha, Senior Fellow, CD Howe Institute; and members of the OCC team, including Andrea Carmona, Vincent Caron, Wan-Chiao Hsu, Jeff Law, Ali Nasser Virji, Simran Singh Vig, Michael Thede, and Daniel Tisch.

EXECUTIVE SUMMARY

Internal trade has re-emerged as a national priority, recognized as essential to building a more resilient, competitive, and self-reliant economy, and to the growth of Canadian businesses.

While this conversation is not new, it has new momentum. As global trade uncertainty grows and Canada's traditional trading relationships become less predictable, governments across the country have shown an unprecedented willingness to work together to remove the vast array of harmful barriers to the movement of goods, services, workers, and investment within Canada.

Barriers to the movement of goods and services within Canada impose high costs, with the International Monetary Fund [recently estimating](#) that they equate to a 9 per cent internal tariff. While these costs are primarily concentrated in services, some sectors, including education and healthcare, face a tariff equivalent to over 40 per cent. Reducing these costs would contribute meaningfully to Canadian productivity and living standards. In fact, several studies have found that removing interprovincial trade barriers could raise real GDP in Canada by 7 per cent over the long term – representing approximately \$210 billion in 2025 dollars.

The OCC and its partners across the nation have also championed the removal of internal trade barriers because doing so can unlock so many of our most urgent public policy priorities: lowering the cost and improving the ease of doing business to help Canadian SMEs scale; attracting substantial new investment to Canada; helping businesses transport their goods faster and more efficiently; getting housing and infrastructure built faster and at scale; putting skilled talent to work and solving labour shortages; and simultaneously giving businesses more opportunity and consumers more choice.

To date, Canada's provincial and federal governments have taken important actions, including:

- Bringing the [Canadian Mutual Recognition Agreement on the Sale of Goods](#) (CMRA) into force, allowing goods lawfully sold in one province or territory to be sold across the country without additional regulatory approvals.
- [Signing](#) a Memorandum of Understanding (MOU) on interprovincial trucking regulations by ministers responsible for transportation and highway safety.
- Finalizing the financial services chapter of the [Canadian Free Trade Agreement](#) (CFTA).
- Committing to a 30-day service standard for provincial regulators to process labour mobility applications, alongside a digital verification solution for tradespeople.
- Creating a [Domestic Trade Commissioners Network](#) to connect domestic buyers and sellers across Canada.
- Enacting legislation in several jurisdictions to enshrine the principle of mutual recognition in law.



While these developments are encouraging, sustaining momentum requires continued political leadership, regulatory cooperation and a focus on implementation with **time-bound objectives, regular attention every time the provincial premiers meet, public reporting and accountability for results.**

Without these drivers, progress becomes difficult and uneven. Discussions on a framework governing direct-to-consumer alcohol sales have stalled, and the Committee on Internal Trade (CIT) is meeting less frequently at a time when we most need sustained momentum.

Against this backdrop, the OCC and TRBOT convened senior business leaders, industry associations, government officials and regulators for the **One Canada Summit**. The summit's objective was to identify the barriers that continue to impede the free movement of goods, services, workers and capital across Canada, and to develop practical solutions to address them.

To ensure focus on the areas of greatest need and opportunity, summit participants examined five priority areas, outlined below.

5 Priority Areas

- Labour Mobility
- Housing & Construction
- Transportation
- Food, Beverages & Goods
- Capital Mobility

Discussions were grounded in the real-world experiences of businesses operating across provincial and territorial boundaries, with an emphasis on identifying specific barriers, actionable reforms, and clear opportunities for collaboration between governments, regulators and business.

Participants consistently emphasized that reducing internal trade barriers is one of the most immediate and achievable opportunities to improve Canada's productivity, strengthen economic resilience, and support business growth in an increasingly uncertain global environment.

Several consistent themes emerged:

- 1. Red tape costs SMEs most:** Small and medium-sized enterprises (SMEs) bear a disproportionate share of the costs of internal trade barriers, because they often lack the resources to navigate differing provincial requirements, standards and regulatory processes.
- 2. From agreements to implementation:** Governments have made meaningful progress through new agreements, legislative changes and regulatory cooperation. However, aggressive implementation and regulatory alignment remain the primary challenges to realizing political leaders' vision of a single Canadian economy.
- 3. Reward exceeds risk:** Harmonized regulatory frameworks can better support economic growth and competitiveness without elevated risk to consumer protection or provincial public policy objectives.

It also became clear that there is a wide gap between the reforms announced by political leaders and the day-to-day experiences of businesses seeking to trade across provincial boundaries.

The findings and recommendations that follow reflect participant discussions and provide a roadmap for advancing the next phase of internal trade reform in Canada.

PRINCIPLES TO ADVANCE AN INTEGRATED INTERPROVINCIAL MARKET

As governments cooperate to advance free trade within Canada, the following principles should guide implementation to support businesses across the country:

1. Adopt international and national standards by default

Where internationally or nationally recognized standards exist and meet Canada's needs, provinces and territories should align with them. Unique standards isolate Canadian businesses, constrain growth, and impose compliance costs that fall hardest on SMEs. The principle is straightforward: if an existing international standard meets Canada's needs and Canadian businesses must follow it to compete globally, it should be adopted as the Canadian standard. Where there are unique Canadian requirements, an existing international standard should be adapted with appropriate deviations, or a national standard should be developed. Ultimately, one standard should be adopted uniformly across provinces and territories.

2. Prioritize regulatory outcomes

A tendency toward prescriptive, process-driven regulation is one of the most significant barriers to labour mobility, technology adoption, and interprovincial commerce. By contrast, principles-based, outcomes-focused rules allow businesses to innovate, adapt, and reduce the friction of operating across provincial borders, while protecting the public interest. For governments, this means focusing on what compliance looks like rather than specifying how compliance should be achieved.

3. Establish measurable targets

The gap between what has been announced and what businesses experience on the ground is the defining challenge of this moment in internal trade reform. Without measurable targets, progress cannot be tracked, governments cannot be held accountable, and the business community has no basis for assessing whether commitments have been kept.

4. Enforce credibly and co-operatively

Mutual recognition agreements and the CFTA are only as strong as their enforcement. The current dispute resolution framework under the CFTA has largely failed to inspire confidence, not because the mechanism does not exist, but because it has never been seen as genuinely functional or independent. A credible system requires an enforcement body with real authority, adjudicators with recognized credentials, clear timelines, and the political will to use it.

5. Centre growth as the primary policy objective

Internal trade reform must be understood as a growth strategy, because regulatory fragmentation makes it harder for SMEs to scale. These businesses often are unable to absorb the costs and complexity of operating across multiple provincial markets. For governments, removing internal trade barriers is one of their most direct, cost-effective strategies to improve both productivity and growth.

6. Maintain momentum and political accountability

Governments should enshrine reforms in legislation, establish ongoing and transparent review mechanisms, and create accountable governance structures that treat internal trade commitments with the same seriousness as international treaty obligations.

LABOUR MOBILITY

Issue Overview

Canada's labour market remains organized along provincial lines. Workers moving between provinces encounter delays in credential recognition, duplicative licensing requirements, inconsistent occupational health and safety standards, and administrative friction. These barriers are not purely regulatory. Inconsistent wraparound supports for housing, financial assistance, and community integration, combined with employer practices such as over-credentialing and undervaluing transferable skills, mean that legislative reform is an essential starting point that must be integrated with other strategies.

Progress Made

Federal, provincial, and territorial governments have taken concrete steps to reduce friction:

- Ontario's "As of Right" framework, effective January 2026, allows certified professionals from other Canadian jurisdictions to begin working within ten business days, with regulators required to render a full certification decision within 30 calendar days.
- The federal government recognizes comparable provincial certifications as meeting federal requirements.
- New Brunswick has adopted the most direct model: workers registered in another Canadian jurisdiction are recognized immediately, without retraining.
- The Atlantic provinces have advanced trades harmonization through intergovernmental frameworks, providing a collaborative regional model that helped pave the way for the [Atlantic Physician Registry](#).
- The federal government committed to a single national registered apprenticeship number for Red Seal apprentices as part of its 2026 [Spring Economic Update](#).

Persistent Barriers

Regulatory mandates do not prioritize mobility

Most regulatory frameworks are designed primarily to protect the public and maintain professional standards, rather than facilitate labour mobility and address workforce shortages. As a result of this underlying tension, regulatory systems often prioritize risk management and procedural compliance over labour-market responsiveness. While recent reforms have introduced stronger mobility requirements and service standards, many provincial regulators retain too much discretion over implementation timelines, assessment requirements, and service standards. By creating friction for workers seeking to move across provincial boundaries, this hinders the economy by slowing progress toward an integrated national labour market.

Legislation is not implementation

Service standards for processing labour mobility applications under the “As of Right” framework do not include enforcement or compliance-tracking mechanisms. Where a nationally recognized credential exists, province-specific equivalency exams undermine the framework’s intent. In at least one province, for example, out-of-province insurance professionals face an additional exam requirement, associated costs, and processing delays not experienced by in-province applicants, with service standards that fall below the national commitment.

Ontario’s approach has national consequences

While national occupational standards and certification systems have existed since 2007, credential recognition remains uneven across jurisdictions. Since Ontario represents some 40 per cent of Canada’s GDP, its participation is often critical. For example, Ontario’s own [2024 consultation acknowledged](#) the barriers its qualification and registration requirements created for Manitoba building officials needed for work in Northern Ontario, prompting a limited equivalency pathway in 2025. The lesson: national harmonization can stall when jurisdictions with larger or more complex regulatory systems require substantial adjustment, leaving businesses, industries and communities facing workforce shortages suffering the consequences.

Entry-level and sector-specific certifications remain non-portable

Certifications such as Food Handler, Smart Serve, and WHMIS (Workplace Hazardous Materials Information System) are not recognized across provincial borders, requiring workers to retrain from scratch to perform identical work in a new province. This barrier falls disproportionately on younger and lower-wage workers and persists because jurisdictions have not been required to accept equivalence.

Cost and complexity deter workers and employers alike

Credential recognition systems are often so opaque that frontline support organizations must develop specialized knowledge just to guide clients through basic processes. Fees accumulate across transcript transfers, examinations, and registration steps, sometimes exceeding \$1,000 for a single credential transfer. Workers are often unaware of mobility frameworks and deterred by the uncertainty of a six-month provisional window. Small businesses frequently lack the capacity to register apprentices, verify out-of-province credentials, or navigate multi-provincial licensing requirements.



Calls to Action

1. Adopt a common-denominator framework across all regulated occupations

- Federal, provincial, and territorial labour ministries, working with sectoral regulatory bodies, should jointly identify substantively identical competencies across jurisdictions and exempt them from retraining or re-examination requirements. Only material competency gaps should require targeted add-on training. This approach should apply across all occupation types, from regulated professions to entry-level certifications such as Food Handling, WHMIS, and Smart Serve.
- Where a standard is recognized in most provinces or territories, an outlier jurisdiction should be required to document the specific gap and demonstrate why targeted add-on training cannot address it.

2. Reform regulatory mandates to prioritize labour market responsiveness

- Ministers should explicitly mandate provincial regulators in their portfolios to include labour mobility and timely approvals as key objectives. Where legal authorities do not exist for a minister to provide such direction, legislation should be advanced.

3. Build national digital credential infrastructure to enforce service standards

- A national registration database for credential verification, as used in the [securities sector](#), could help eliminate redundant processes and give governments the tools to enforce the 30-day processing standard.
 - o As part of this work, governments should fund a cross-profession, plain-language digital mapping of credential recognition approaches across jurisdictions to reduce dependence on specialist navigators.
 - o Accessibility for SMEs and newcomers should be prioritized to support employers lacking the capacity to verify out-of-province credentials or manage multi-provincial licensing.
 - o Governments should reduce or eliminate fees charged to newcomers for transcript transfers, examinations and registration, which add up quickly, reduce participation and slow progress.
- Federal Labour Market Development Agreement funding could also be used to improve transparent public reporting on the 30-day processing standard.



HOUSING & CONSTRUCTION

Issue Overview

Canada's housing shortage has increased pressure to reduce barriers to residential construction and lower costs. While the National Building Code provides a common framework, provincial variations create inefficiencies that impose higher operating costs for firms building across provincial lines. Permitting and licensing systems add further complexity: builders working in multiple provinces must navigate separate processes, with no clear interoperability. These inconsistencies also limit the scalability of modular and factory-built housing, which is widely recognized as a potential cost-effective solution to the housing supply crisis.

Progress Made

Recent reforms show that greater harmonization is achievable:

- Ontario's [Building Code modernization](#) eliminated 1,700 technical variations from the National Building Code, achieving roughly 80 per cent alignment with national standards.
- The Canadian Board for Harmonized Construction Codes published the [2025 National Model Codes](#) with code harmonization, accessibility, and housing supply established as strategic priorities for the 2030 code cycle.
- Nova Scotia has made significant strides by recognizing factory-built buildings that meet the National Building Code without requiring additional province-specific requirements.
- The federal government committed to updating the National Model Codes to better support factory-built housing, including accelerated review and approval processes for prefabricated construction products, as part of its 2026 [Spring Economic Update](#).

Persistent Barriers

Fragmented rules create a patchwork of requirements

Building and electrical codes differ across provinces and municipalities due to various adoption processes and timelines, forcing builders to redesign projects for each jurisdiction. Municipal interpretation often adds another layer of complexity, with inspectors applying the same rule differently from one community to the next. Even with a unified national code, consistency is not possible when municipalities apply rules in divergent ways. This fragmentation increases cost, delays projects, and discourages firms from working across provincial borders.

Adoption timelines remain uneven across jurisdictions

Provinces and territories can update codes on different timelines, forcing firms to comply with multiple versions of similar rules and reducing their ability to share expertise or scale innovation. This also undermines business confidence in broader modernization efforts.

Workforce mobility has not kept pace with code harmonization

A harmonized code requires a harmonized workforce, but designers, inspectors, and tradespeople face administrative barriers that limit mobility and slow project approvals. Training standards vary widely across the country, and changes to codes place additional pressure on a workforce already in short supply. Without consistent qualifications and portable credentials, Canada cannot scale housing delivery at the pace its targets require.

Technical expertise and policy direction disconnected

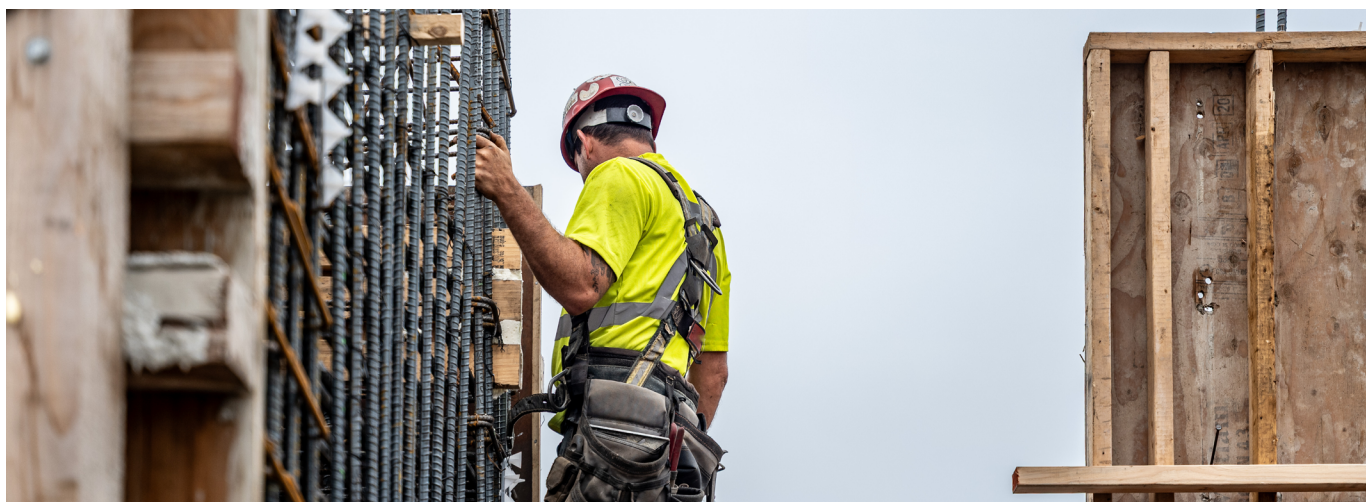
Policymakers often lack clarity on the goals of harmonization, leading to different technical requirements and rules that are difficult to follow. There is no shared understanding of whether harmonization should mean uniformity, greater flexibility, or expanded permissibility. At times, policymakers also face difficulty in aligning on objectives and priorities, delaying overall progress.

The “performance versus prescription” standards debate is a red herring

Governments continue to debate whether codes should rely on prescriptive rules or performancebased outcomes. Performancebased approaches support innovation at scale but can impose high costs on small builders. Prescriptive rules offer clarity but can restrict the adoption of new materials and methods. Both approaches have value, but there is no clear hybrid model. This creates uncertainty and slows momentum, even as federal commitments to support modern methods of construction create new urgency.

Regulations have not kept pace with climate risk

Climate related losses continue to rise, with flooding, storms, and wildfires driving significant insurance claims. Between 2011 and 2025, for instance, water-related catastrophic insured losses have averaged \$411 million annually, compared with an average of \$55 million over the preceding 35-year period. While resilience standards can help reduce these longterm costs, they increase upfront construction expenses. Regulatory reform must deliberately focus on the impact of extreme weather events, to reduce the vulnerability of new homes to repeat losses.



Calls to Action

1. Accelerate national code harmonization

- Governments should establish clearer, faster pathways and target dates to align building, electrical, accessibility and energy-efficiency requirements across provinces and territories.

2. Create a nationally recognized framework for modular and factory-built housing

- Definitions, approvals, and compliance requirements should be standardized to allow housing products approved in one jurisdiction to be deployed across Canada. This could include expanding and modernizing the Red Seal skilled trades system to include roofing, waterproofing and architectural cladding – three essential building-envelope trades.

3. Build national standards for climate resilience into housing strategies

- Climate resilience and long-term risk mitigation should be incorporated into construction planning and within national housing policies. This includes adopting clear minimum resilience standards into the National Building Code, updating climate hazard mapping and creating incentives to build with durable materials to guard against risks posed by extreme weather events.

TRANSPORTATION

Issue Overview

Ontario sits at the centre of almost every major Canadian supply chain and is home to the nation's largest urban centre. Yet the fragmented regulatory environment governing how goods move by truck, rail, ship, and air within Canada raises costs and creates supply chain delays.

These frictions are most visible with trucking. As trucking regulation is a shared federal-provincial responsibility, requirements around vehicle weights, dimensions, driver licensing, hours-of-service rules, and safety certifications vary by province, creating additional compliance burdens and added costs.

While transportation is often considered by individual mode, the effectiveness of Canada's internal market depends on how well transportation systems align across modes and provinces. Differences in requirements, operational practices, and technical specifications for ports, passenger rail, and transit systems create internal trade frictions, slowing procurement, limiting supplier participation, and constraining the ability to scale solutions to benefit Canadians.

Progress Made

- On June 12, 2026, the Council of Ministers Responsible for Transportation and Highway Safety signed an MOU on interprovincial trucking, developed in partnership with the CIT, containing 14 measures to align regulations across jurisdictions. These include entry-level driver training, oversized and overweight vehicle permitting, and common standards for signage, lighting, and escort vehicles.
- The MOU followed several years of industry-led work to define the scope of trade barriers in the sector, with attention now shifting to implementation and enforcement.

Persistent Barriers

Compliance and enforcement in trucking remain inconsistent across jurisdictions

Inconsistent compliance assessments across jurisdictions create unpredictability for legitimate carriers and open opportunities for bad actors to undercut law-abiding competitors through tax evasion and unsafe labour practices. Enforcement is also applied inconsistently, leaving carriers subject to jurisdictional interpretation with little ability to anticipate requirements. Ontario-specific concerns raised include truck safety standards, gaps in driver training, and illegal truck yards.

Harmonization must accommodate genuine regional variations

Where mutual recognition is not achievable, harmonization must avoid a one-size-fits-all approach that erases necessary regional differences. Standards must account for realities such as differing socioeconomic conditions or geographic challenges in regions such as Northern Ontario. There, highways such as 11 and 17 are consistently identified among the most dangerous trucking corridors in the country. More broadly, Canada's highway network is limited in coverage and seasonal accessibility, with all-season road gaps constraining the reliable movement of goods across large portions of the country.

Learning lessons from past projects

Long-term infrastructure strategies, while necessary, do not help businesses moving goods today. Transportation infrastructure projects across the country face similar challenges in navigating regulatory bottlenecks and procurement, design, and construction risks. Yet, government bodies, particularly at the municipal level, often lack full visibility into the lifecycle costs of infrastructure decisions, which affects how projects are prioritized. Differing provincial material and design standards also add cost and time to procurement. Without an established forum for sharing what has worked and what does not, and codifying that knowledge in the form of guidelines and standards, the same mistakes recur, and opportunities for improvement are lost.

Today's gaps must drive tomorrow's infrastructure

Cheaper and more direct routing through the U.S. has historically drawn Canadian freight away from domestic corridors. Intra-Canadian shipping costs remain uneven, with population density advantages favouring certain corridors over others. Further, provincial reluctance to fund infrastructure that benefits neighbouring jurisdictions limits coordinated investment.



Calls to Action

1. Develop a national transportation and trade corridor strategy

- A federal-provincial-municipal coordinating body should be established and mandated to set benchmark standards for major infrastructure projects, govern design and construction processes, identify priority corridors, and share lessons learned to overcome regulatory barriers. Consultations should encompass intermodal logistics, land use, transit and passenger rail, and inland ports to align infrastructure investment with long-term trade and economic growth objectives.

2. Strengthen enforcement, training, and transparency across the sector

- Governments must collaborate to fight the underground economy in trucking, including tax evasion and unsafe labour practices that erode market integrity and disadvantage law-abiding carriers.
- A centralized database giving enforcement officers full visibility into carrier and driver records prior to roadside interventions would reduce erroneous enforcement and strengthen accountability for non-compliant operators.

3. Close the municipal alignment gap

- Greater alignment between municipal policies and their provincial and federal counterparts is needed to move projects from planning to procurement.
- Building political will among key municipal stakeholders will be essential to translating federal and provincial commitments into action on the ground.

FOOD, BEVERAGES & GOODS

Issue Overview

The Canadian Mutual Recognition Agreement on the Sale of Goods (CMRA) excludes key parts of Canada's agri-food system, notably food products, live animals, and beverage alcohol.

Maintaining a strong, globally respected food safety regime is critical to supporting agri-food exports and attracting foreign investment into the sector. However, businesses must navigate overlapping federal and provincial jurisdiction, differing health and safety requirements, and inconsistent labelling and inspection regimes, with SMEs disproportionately bearing the compliance costs.

Trade in beverage alcohol products is hampered by divergent provincial liquor control frameworks, limiting both consumer choice and business opportunity. Each jurisdiction maintains its own markup structures, licensing requirements and registration processes, administered through provincial bodies such as the Liquor Control Board of Ontario (LCBO). This fragmentation constrains Ontario's wineries, craft breweries, cideries and distillers from reaching consumers in other provinces, while overlapping federal and provincial oversight adds compliance costs that fall hardest on smaller producers.

Progress Made

- The CIT has identified the agri-food sector as a future area for CMRA coverage, but without clear timelines.
- The beverage alcohol sector has seen more progress. In 2025, eleven jurisdictions signed an MOU committing to direct-to-consumer (DTC) alcohol sales, with operationalization targeted for May 2026. Ontario and Nova Scotia launched bilateral DTC sales in March 2026, with producer applications opening through the LCBO. The model allows consumers to order directly from producers in participating provinces for personal consumption, opening a market access channel that previously required consumers to physically carry products across provincial lines. This could serve as a template to be replicated among other provinces and territories.

Persistent Barriers

Fragmented regulatory and inspection regimes

While most food products move freely between provinces, inconsistent provincial and federal requirements – particularly in meat inspection, food safety, and licensing – create complexity for firms seeking to scale across Canada. In the meat industry, for instance, limited slaughter capacity and differences in inspection systems restrict trade between provinces. Uneven alignment between provincial systems and federal standards also creates confusion around compliance requirements, increasing perceived risk, discouraging market entry, and disproportionately impacting smaller processors that could benefit from training, hands-on guidance and reduced inspection fees.

Labour mobility and agricultural land-use concerns

Barriers to worker mobility continue to affect agricultural producers, particularly in border regions where workers and supplies face inconsistent recognition of certifications when they must cross provincial boundaries. At the same time, agricultural infrastructure, including ports, rail corridors, terminals, and processing facilities, faces growing pressure from competing municipal priorities for land-use development. Urban encroachment and municipal zoning inconsistencies create operational constraints and reduce the viability of expansion, limiting the sector's ability to effectively process and distribute food both within and between provinces.

Structural cost pressures and market realities

Interprovincial trade in beverage alcohol is not only constrained by entrenched regulatory barriers but also by underlying economic realities. While the DTC model is welcomed – and the Nova Scotia-Ontario agreement lauded – interprovincial trade accounts for a comparatively small share of new business for producers. High transportation costs, perishability, limited scale and thin margins limit the commercial feasibility of DTC shipments.

As liquor control frameworks remain entrenched in many jurisdictions, broader interprovincial liberalization could be perceived as disadvantaging Ontario businesses and existing regional production ecosystems in the short term. External pressures (e.g., input cost volatility, tariffs on packaging materials) further strain profitability, making it unlikely that internal trade liberalization alone will drive meaningful market expansion without addressing producers' underlying cost competitiveness.

Calls to Action

1. Expand hands-on support for businesses seeking federal certification and interprovincial market access

- Outreach, training, and one-on-one assistance programs should be increased to help food and beverage producers and ancillary businesses better navigate federal licensing and food safety requirements, while avoiding costly errors, particularly in circumstances where online guidance is insufficient.

2. Prioritize and protect strategic agri-food infrastructure and lands

- Improved coordination across municipal, provincial and federal governments can help safeguard agricultural supply chain assets from incompatible development. Recognizing agri-food infrastructure as critical to national security would strengthen the sector's long-term competitiveness and resilience, including by reducing interprovincial logistical constraints.

3. Pursue incremental MOUs for DTC beverage alcohol while ensuring a level playing field

- Building on the Ontario-Nova Scotia template, Ontario should pursue DTC arrangements with other provinces and territories, starting with Quebec, to unlock mutual value. Structuring provincial markups, fees, and margins so that local producers and incoming products compete on comparable cost terms will ensure that DTC participation remains economically viable. This includes collecting and publishing data on market impacts while maintaining protections for local shelf space.



CAPITAL MOBILITY

Issue Overview

Improving Canada's capital markets is critical to unlocking the investment and capital formation needed for large-scale economic growth. However, administrative hurdles and regulatory barriers to interprovincial capital formation disincentivize firms in regulated financial services from operating, investing and growing across provincial borders.

Financial services regulation is fragmented across disparate systems and jurisdictions. Combined with an underlying tension between regulating for risk and regulating for growth, this complexity undermines Canada's competitiveness at a time when it aspires to be a destination for capital, investment, and growth.

Progress Made

- The CFTA's new financial services chapter came into force in late March 2026, marking the first time a binding intergovernmental framework has formally extended into financial services. The chapter aims to reduce regulatory duplication and improve predictability, transparency, and market access for financial service suppliers nationwide by having provinces require that their regulators – such as those making up the [Canadian Securities Administrators](#) and the [Canadian Investment Regulatory Organization](#) – meet harmonization obligations.
- The CMRA established that products certified for sale in one province are accepted in all others, creating the institutional precedent for mutual recognition that could extend to financial services. In securities regulation, this precedent is already partially realized: the Canadian Securities Administrator's [Passport System](#) allows issuers and registrants to deal primarily with their principal regulator and access every participating Canadian jurisdiction through a single simplified process. Ontario is the only jurisdiction not participating.

Persistent Barriers

Competing visions for a national securities regulatory system

Canada's capital markets are governed by thirteen provincial and territorial securities regulators, with certain functions delegated to self-regulated organizations, and coordinated nationally through the Canadian Securities Administrators.

While renewing efforts to introduce a national securities regulator could reduce uncertainty and duplication in theory, legal and jurisdictional barriers have consistently stalled progress. The immediately available, actionable path runs through institutions that already exist: the Canadian Securities Administrators could play a bigger role in unifying the 13 provincial and territorial regulators.

Although Ontario is a leading member of the Canadian Securities Administrators, its decision not to join the passport system has limited broader harmonization ambitions. In practice, it has resulted in asymmetric access: Ontario-based firms and issuers can use the passport system to reach every other Canadian jurisdiction, but those based elsewhere in Canada must duplicate their regulatory efforts with the Ontario Securities Commission. Since Ontario accounts for more than half of Canada's equity market value and is home to the Toronto Stock Exchange, this asymmetry adds cost and complexity to every attempt to raise or deploy capital nationally.

Domestic firms disadvantaged against foreign competition

In Ontario, exemptions often give foreign firms an advantage over Canadian firms from other provinces. For all entrants, however, the challenge of engaging with multiple regulators, contending with differing processes and rules, and absorbing higher legal and administrative costs reduce our competitiveness with peer markets that have single points of regulatory entry, such as the U.S., the U.K., and Australia. Simplifying our system would almost certainly catalyze greater investment, support capital formation, and ease capital flows.

The efficiency-accountability trade-off is heightened by a culture of risk aversion

There is a tension between efficiency and institutional scale. Rigid, rules-based frameworks can impose disproportionate costs on firms without corresponding gains in financial stability, particularly as capital markets shift toward principles-based, materiality-driven regulation. Canada's culture of risk aversion compounds this: reform attempts are often met with hesitancy, creating a self-reinforcing cycle in which risk-averse firms and a risk-averse regulatory culture reinforce one another. Entrepreneurs and disruptors are too often blocked from competition, acquired by incumbent firms, or priced out by compliance, marketing and other fixed costs before they can scale.

Constraints on domestic capital formation: Structure and speed

Canada can improve its support for domestic capital formation by reducing regulatory burdens and enabling faster capital deployment. Significant pools of Canadians' savings, including pension capital, often have structural impediments to greater investments in

domestic opportunities. Compounding the challenge, credit union and cooperative banking entities face barriers to interprovincial expansion: merging within a province concentrates risk; converting to a federal institution is complex and rarely pursued; and there are few successful precedents for provincial or federal-provincial mergers. Strengthening these institutions and reducing barriers to lending and investment can help retain capital, increase investment, and support economic growth.



Calls to Action

1. Complete Canada's securities passport system by bringing Ontario on board.

- Ontario should join the Canadian Securities Administrators Passport System, enabling firms to access capital across Canada, while maintaining strong investor protection alongside reduced regulatory burden. When Ontario joins, the Canadian Securities Administrators should be tasked with expanding their scope to include process standardization, reducing duplication, and serving as an enhanced coordinator of a *de facto* Canadian securities regulatory system.
- When the passport system includes Ontario, governments should establish a formal review mechanism to measure outcomes and identify other ways to reduce costs, improve integration and enhance the ecosystem's attractiveness.

2. Embed proportionality and reduce red tape

- Proportionality should be embedded as a core regulatory principle to ensure requirements scale with institutional capacity and risk profile without diluting investor protection. Efficiency and protection are complements; reforms that erode investor confidence raise the cost of capital rather than lowering it.
- Materiality thresholds should be used to reduce low-value reporting and focus supervisory attention on consequential issues.
- Licensing and approval processes should be fast-tracked for lower-risk or well-established market participants.

3. Create a fertile ecosystem for investment

- Canada does not lack capital; it lacks the investment conditions to attract and retain it sustainably. Too often, emerging firms are acquired or constrained by Canada's regulatory structures before they can grow to their full potential. Policy should support these firms through improved regulation and licensing, giving them room to grow and compete more effectively.
- To improve Canada's competitiveness for investment, we need a single, clear entry point for firms looking to form domestically or enter the Canadian market from abroad and deploy capital here. A jurisdictional scan of comparable regimes, such as the U.S., the U.K. or Australia, should inform Canada's approach.

4. Address the domestic-foreign regulatory imbalance.

- Ontario should review exemptions that make it easier for foreign firms to enter and operate here relative to local non-incumbents or domestic firms from other provinces. This is essential in considering policy priorities in the current geopolitical environment.