Breaking down barriers: Ontario pushes for a freer Canadian market

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On April 16, 2025, the Government of Ontario announced the most significant unilateral removal of provincial trade barriers in Canada's history through Bill 2, *Protect Ontario Through Free Trade Within Canada Act* (Bill 2).

In 2023, trade between Ontario and its provincial and territorial counterparts totalled $326 billion. Statistics Canada estimates that impediments to interprovincial trade are equivalent to a 7 per cent *ad valorem* tariff on goods. The Government of Ontario has referred to economic studies indicating that trade barriers within Canada cost the economy up to $200 billion each year and lower gross domestic product by nearly 8 per cent. Although the numbers may be open to question, the principle is not: as Canada liberalises trade globally and with international trading partners, we should also tend to our own house.

Bill 2 proposes to reduce trade barriers and increase labour mobility across Canada:

- Ontario becomes the first province in Canada to remove all its party-specific exceptions (PSEs) under the Canadian Free Trade Agreement (CFTA);
- Ontario would allow workers from other parts of the country to come and work in Ontario by enabling the government to remove labour mobility barriers, reduce administrative burdens and simplify the movement of certified workers across Canada;
- Mutual recognition with reciprocating provinces and territories would open additional doors, so that goods, services and registered workers that are good enough for other parts of Canada are recognized as good enough for sale, use or work in Ontario;
- Regulated health professionals in good standing could begin practising in Ontario while they wait for registration in an Ontario health regulatory college;
- Ontario would permit direct-to-consumer alcohol sales with reciprocating provinces and territories; and
- An annual "Buy Ontario, Buy Canadian" day would promote Ontario and Canadian goods.

The announced measures

This article breaks down how Bill 2 proposes to remove trade barriers but also sets the stage for future legislative action to support internal trade.

Mutual recognition enabling legislation

Bill 2 enacts the *Ontario Free Trade and Mobility Act*, 2025, which sets out that the Government of Ontario can designate other provinces, territories or Canada as *reciprocating jurisdictions* if they have similar mutual recognition laws.

Once designated, mutual recognition rules can apply to goods and services.

1. **Goods:** Products approved in a reciprocating jurisdiction are to be accepted in Ontario without additional approvals, testing, or fees—but must still follow Ontario laws.
2. **Services**: Individuals or entities authorized to provide services in a reciprocating jurisdiction are entitled to equivalent authorization in Ontario, if in good standing, and must comply with Ontario's applicable service laws once authorized.

Removal of Canadian Free Trade Agreement party-specific exceptions

The CFTA is a trade agreement between the federal, provincial, and territorial governments of Canada that entered into force in 2017. Its goal is to reduce and eliminate barriers to internal trade. The agreement applies to all laws, regulations, and measures, unless they are explicitly exempted under party-specific exceptions (PSEs).

Ontario is proposing to remove all 23 of its current PSEs under the CFTA. These PSEs range from allowing Ontario to ensure that only qualified Ontario resident work as hunting instructors to requiring that motor vehicle dealers operating in Ontario and registered with the Ontario Motor Vehicle Industry Council maintain a physical place of business in Ontario.

The full list of the proposed PSEs for removal is available here.

Enhanced labour mobility

Bill 2 proposes amendments to the *Ontario Labour Mobility Act, 2009* (the OLMA) that would streamline the certification process for individuals already certified in the same occupation by a regulatory authority in another Canadian province or territory. Under these amendments, Ontario regulatory bodies would be required to:

- Acknowledge receipt of an application in writing for certification within 10 business days;
- Make a certification decision within 30 calendar days of receiving the completed certification application and required documentation, or within a different timeframe specified by regulation for certain prescribed applicants;
- Communicate certification decisions in writing, including reasons for the decision and information on the applicant's right to request an internal review or appeal; and
- Decide appeals within 10 business days and provide written reasons for the outcome to the applicant.

Bill 2 also amends the OLMA to permit individuals who hold certification from an out-of-province regulatory authority in a prescribed occupation to submit their certificate of registration and, within 10 business days, obtain certification to work in the corresponding regulated occupation in Ontario for a temporary period of 6 months.

The amendments also require that all Ontario regulatory authorities publish on their websites all certification requirements for applicants already certified in the same occupation by an out-of-province regulatory authority and any additional prescribed information relating to such applications.

Ontario has also announced that it will begin consultations to allow American health professionals such as nurses and doctors to work in Ontario using the same rules as above.

Direct-to-consumer alcohol sales

Bill 2 proposes amendments to the *Liquor Control Board of Ontario Act, 2019* (the LCBO Act) that would authorize the Minister of Finance to instruct the LCBO to establish a framework enabling the sale of alcohol from manufacturers in one province or territory directly to consumers in another. The amendments would also grant the Minister the authority to issue directives to the LCBO regarding the implementation and operation of this framework.

Bill 2 also proposes to amend the LCBO Act to allow for the Minister of Finance to enter into an agreement with the Federal government or any other province or territory to facilitate the sale of alcohol from a manufacturer in one province or territory to a consumer in another province or territory.

Buy Ontario/Canada initiatives

Bill 2 proposes to enact the *Buy Ontario, Buy Canadian Day Act, 2025*, which would declare the last Friday of June each year as Buy Ontario, Buy Canadian Day.

Ontario’s strategic bet

Ontario’s decision to reduce trade barriers and favour labour mobility is a strategic move aimed at strengthening Canada’s internal economy, particularly considering escalating U.S. tariffs under President Trump’s administration.

By easing internal trade restrictions, Ontario aims to further reduce its dependence on the U.S. market. Removing interprovincial barriers could also allow for a smoother movement of goods, services, and labour across the provinces and territories, increasing competitiveness and productivity for Canadian businesses. Finally, the reduction of trade barriers may lower costs for consumers by eliminating redundant regulations and allowing for more competitive pricing across the provinces and territories.

As part of this effort, the Government of Ontario has signed two memoranda of understandings with Nova Scotia and New Brunswick to support the reciprocal removal of barriers and facilitate mutual recognition of goods, services and registered workers.

Ontario will also work with the two provinces to establish a framework for direct-to-consumer alcohol sales.

If your business is navigating the complexities of international trade—whether dealing with cross-border regulations, tariffs, or compliance challenges—our team at BLG is here to help. Don't hesitate to contact us with your questions or concerns.

By

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