CANADIAN FEDERATION
OF INDEPENDENT BUSINESS
In business for your business™

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July 14, 2026

Sent via email to CIT Representatives

Subject: CFIB's 2026 State of Internal Trade Report Card

Dear CIT Representatives:

On behalf of 103,000 small- to medium-sized businesses across Canada, the Canadian Federation of Independent Business (CFIB) is pleased to share an embargoed copy of the 2026 edition of The State of Internal Trade: Canada's Interprovincial Cooperation Report Card with your government ahead of its public release.

The 2026 Report Card will be published **July 15, 2026, at 7AM ET**. As in previous years, the report card evaluates interprovincial/territorial cooperation across three areas:

1. Canadian Free Trade Agreement (CFTA) Exceptions—jurisdictional progress in reducing or eliminating party-specific exceptions under the CFTA;
2. Select Trade Barriers—specific, identified barriers to the free movement of goods, services, and labour; and,
3. Reconciliation Agreement Implementation—progress on commitments under the Regulatory Reconciliation and Cooperation Table (RCT) workplan.

In addition, we have once again included a mutual recognition policy multiplier that further rewards jurisdictions moving to actively accept other regions' standards and regulations for goods, services, and labour.

The report shows clear improvement compared to previous years, with the federal government earning an A+ and ten jurisdictions achieving an A. CFIB commends Canadian governments for their leadership on internal trade and its commitment to strengthening economic cooperation across Canada.

When we originally developed our report card, internal trade was receiving limited government attention. Given the unprecedented momentum over the past year, our current indicators no longer fully capture whether recent reforms are being effectively implemented or delivering real results for businesses. As a result, this year's strong scores largely reflect policy commitments more than actual improvements.

The gap between commitments and business experience is significant. According to recent CFIB data, nearly seven in 10 small businesses (69%) reported not noticing meaningful changes in the ease of doing business interprovincially over the past 12 months, with 16% reporting it has become more difficult. Many continue to face challenges related to regulatory differences, certification requirements, and delays, all of which add cost and complexity. Awareness also remains a challenge, with more than half (57%) of business owners not yet familiar with recent reforms.[1]

This disconnect is further compounded by missed milestones. While Manitoba and New Brunswick have demonstrated leadership, particularly in advancing measures such as enabling direct-to-consumer shipment of alcohol, the failure across jurisdictions to meet basic deadlines raises legitimate concerns about governments' ability to follow through on broader collaborative commitments. Too many reconciliation items are deferred, subject to drawn-out negotiation timelines, or piecemealed. Despite recent agreements and legislation, persistent barriers continue to affect key areas such as movement of food and alcohol, tax complexity, licensing and regulatory differences, and transportation and logistics. These challenges are a reminder that commitments are only a starting point.

CFIB will update our methodology in 2027 to better measure real-world outcomes, reflecting how internal trade reforms are functioning in practice. As future assessments will place greater emphasis on implementation and measurable outcomes, jurisdictions that do not advance concrete reforms (including recommendations outlined below) should expect significantly lower grades in subsequent report cards. We look forward to sharing details of the updated methodology next year and welcome your government's input in the months ahead.

<u>**Recommendations**</u>

Commitments do not benefit small businesses or consumers until they are implemented. **CFIB urges all governments to prioritize the implementation of comprehensive mutual recognition** by adopting unilateral recognition of all regulatory requirements affecting the sale and use of goods, services, and labour across Canada.

To further sustain and accelerate momentum, CFIB recommends that federal, provincial, and territorial governments:

- **Reduce exceptions under the CFTA and the Canadian Mutual Recognition Agreement.**
- **Facilitate the movement of provincially inspected food and all Canadian alcohol products across provincial borders**, publicly communicating clear timelines and implementation plans.
- **Immediately make good on the 2026 commitment to allow of direct-to-consumer (DTC) shipment of alcohol across the country**, enabling all Canadian alcohol products to be shipped directly to consumers nationwide.
    - Jurisdictions that have already implemented DTC (Manitoba and New Brunswick) should actively push others to fulfill their commitments without further delay.

[1] CFIB, Your Voice – Internal Trade survey, March 19 – May 5, 2026, based on 1,084 responses. Final results.

- **Simplify rules** that add unnecessary cost and complexity for businesses operating across provincial and territorial borders.

Additional recommendations are detailed in the full report card.

Thank you for your attention to this important matter. Please keep the shared report card under embargo until July 15, 7AM ET. If you have any questions, please do not hesitate to reach out to CFIB.

Sincerely,

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