LIBRARY OF PARLIAMENT
BIBLIOTHÈQUE DU PARLEMENT

Legislative Summary

BILL C-5:
AN ACT TO ENACT THE FREE TRADE AND LABOUR MOBILITY IN CANADA ACT AND THE BUILDING CANADA ACT

Publication No. 45-1-C5-E

18 June 2025

Avalon Jennings, Alexandre Lafrenière and Adriane Yong

Research and Education

AUTHORSHIP

18 June 2025 Avalon Jennings, Alexandre Lafrenière and Adriane Yong

ABOUT THIS PUBLICATION

Library of Parliament legislative summaries summarize bills currently before Parliament and provide background information about them in an objective and impartial manner. They are prepared by Research and Education, which carries out research for and provides information and analysis to parliamentarians, Senate and House of Commons committees and parliamentary associations. Legislative summaries are revised as needed to reflect amendments made to bills as they move through the legislative process.

For clarity of exposition, the legislative proposals set out in the bill described in this legislative summary are stated as if they had already been adopted or were in force. It is important to note, however, that bills may be amended during their consideration by the Senate and House of Commons and have no force or effect unless and until they are passed by both houses of Parliament, receive Royal Assent and come into force.

Any substantive changes to this Library of Parliament legislative summary that have been made since the preceding issue are indicated in **bold print**.

Legislative Summary of Bill C-5
(Legislative Summary)

Publication No. 45-1-C5-E

Ce document est également publié en français.

CONTENTS

LEGISLATIVE SUMMARY OF BILL C-5: AN ACT TO ENACT THE FREE TRADE AND LABOUR MOBILITY IN CANADA ACT AND THE BUILDING CANADA ACT

1 BACKGROUND

Bill C-5, An Act to enact the Free Trade and Labour Mobility in Canada Act and the Building Canada Act (short title: One Canadian Economy Act),[1] was introduced in the House of Commons on 6 June 2025 by the President of the King's Privy Council for Canada and Minister responsible for Canada–U.S. Trade, Intergovernmental Affairs and One Canadian Economy.

Bill C-5 enacts two new statutes:

- the Free Trade and Labour Mobility in Canada Act, which creates a framework to:
  - remove federal barriers to the interprovincial movement of goods and services that already meet comparable provincial and territorial requirements, and
  - improve labour mobility within Canada by providing for federal recognition of provincial and territorial authorizations to practise occupations; and
- the Building Canada Act, which
  - establishes an accelerated approval process for infrastructure projects that have been determined as being in the national interest, and
  - allows the creation of an office to coordinate this approval process.

1.1 INTERPROVINCIAL TRADE

Interprovincial trade barriers – sometimes referred to as internal trade barriers – are often described as any regulation or obligation created by governments that causes an impediment to, or that imposes an additional cost on, trade among provinces and territories.[2] These barriers may be natural, prohibitive, technical, or regulatory and administrative in nature:

- "Natural barriers" to trade may consist of geographical characteristics, such as distance and borders.
- "Prohibitive barriers" may arise from provincial and territorial laws or regulations that explicitly prohibit trade between provinces, such as restrictions on the sale of alcoholic beverages across provincial borders.
- "Technical barriers" stem from sector-specific regulations that differ across provinces and territories, such as vehicle weight and dimension standards.
- "Regulatory and administrative barriers" can include provincial and territorial permits, licensing, and other paperwork requirements imposed on businesses that operate in multiple provinces or territories.[3]

The Internal Trade Secretariat estimates that interprovincial trade represents roughly 25% of Canadian gross domestic product (GDP), or the equivalent of around $385 billion per year.[4]

Measuring the costs of interprovincial trade barriers in Canada is a challenge because the barriers are not usually explicit charges placed on cross-border transactions. Instead, they represent the costs of complying with rules, regulations, standards and certifications that vary from one province to another. The following examples show how results may vary depending on the models and assumptions used in estimating the cost of trade barriers:

- The Canadian Chamber of Commerce puts the cost of interprovincial trade barriers to Canada's economy at more than $14 billion each year.[5]
- The *Canadian Journal of Economics* estimated in 2020 that interprovincial trade barriers in Canada are equivalent to a 6.9% tariff on goods and services crossing provincial borders.[6]
- The Macdonald-Laurier Institute stated in 2022 that interprovincial trade barriers were the equivalent of a tariff on goods and services crossing provincial borders of between 8% and 22%.[7]

Like estimates of the costs of interprovincial trade barriers, estimates of the potential benefits of removing these barriers also vary, as shown below:

- In 2019, the International Monetary Fund suggested that complete liberalization of internal trade in goods in Canada could increase GDP per capita by about 4%.[8]
- The Bank of Canada suggested in 2019 that lowering interprovincial trade barriers could add approximately 0.2 percentage points, or $4.5 billion, per year to Canada's potential GDP.[9]
- The Macdonald-Laurier Institute estimated in 2022 that reducing interprovincial trade barriers would increase Canada's GDP by between 4.4% and 7.9%, or a gain of between $110 billion and $200 billion per year.[10]

1.2 BUILDING CANADA ACT

The Building Canada Act (BCA) enacts key elements of the Government of Canada's plan outlined in the Speech from the Throne on 27 May 2025.[11]

Specifically, the government indicated its intention to identify, in conjunction with provinces, territories, and Indigenous peoples, projects of "national significance" for the purpose of expanding internal trade and deepening Canada's global trade connections. In addition, it referenced the establishment of a new "Major Federal Project Office," which would reduce the typical approval time for a project from five years to two while maintaining environmental standards and constitutional obligations towards Indigenous Peoples.

The intention of streamlining the approval process for projects determined to be in the national interest was also expressed during meetings of Canada's first ministers on 21 March 2025 and 2 June 2025.[12] The statement resulting from the 2 June 2025 meeting indicated that projects of national interest may include "highways, railways, ports, airports, pipelines, nuclear projects, clean and conventional energy projects, and electricity transmission systems."[13]

The Speech from the Throne and first ministers' meetings have also highlighted the notion of "one project, one review," where the federal government will strike cooperation agreements with provinces and territories to streamline assessment processes. Efforts have been undertaken at the provincial level in Ontario and British Columbia on provincial government approval processes as well.[14]

2 DESCRIPTION AND ANALYSIS

Bill C-5 consists of two parts. Part 1, which consists of clauses 2 and 3, introduces the Free Trade and Labour Mobility in Canada Act, while Part 2, which consists of clause 4, introduces the Building Canada Act.

2.1 PART 1: ENACTMENT OF THE FREE TRADE AND LABOUR MOBILITY IN CANADA ACT

Clause 2 introduces the Free Trade and Labour Mobility in Canada Act (FTLMCA), which consists of a preamble and 13 sections.

The preamble to the FTLMCA notes that the federal government also plans to remove federal exceptions under the *Canadian Free Trade Agreement*[15] and to work with the provinces and territories to establish a "national system of mutual recognition" of goods, services and workers in an effort to improve interprovincial trade and labour mobility in Canada.

Set out in section 4, the purpose of the FTLMCA is to

> promote free trade and labour mobility by removing federal barriers to the interprovincial movement of goods and provision of services and to the movement of labour within Canada while continuing to protect the health, safety and security of Canadians, their social and economic well-being and the environment.

Section 2 provides relevant definitions. Key definitions are as follows:

- A "federal regulatory body" is defined as a body that is empowered under an Act of Parliament to regulate a good or service or a body that is designated under the regulations to regulate the good or service. With respect to occupations, a federal regulatory body is a body empowered under an Act of Parliament to

issue authorizations to practise the occupation or a body that is designated in the regulations to issue authorizations to practise the occupation.

- A "federal requirement" is a requirement "established under an Act of Parliament or by a federal regulatory body."
- Similar definitions are provided for "provincial or territorial regulatory body" and "provincial or territorial requirement."

Section 3 provides that, in the case of a conflict, all the provisions of the FTLMCA and its regulations prevail over the provisions of any other Act of Parliament and its regulations.

Sections 5 and 6 stipulate that the FTLMCA is binding on the Crown, and that the Governor in Council may, by order, designate a member of the King's Privy Council as the Minister responsible for the FTLMCA.

The comparability of federal and provincial requirements with respect to goods and services is addressed in sections 7 to 9. Section 7 clarifies that sections 8 and 9 only apply to a federal requirement that pertains to the following:

- a good or a service that is also subject to a provincial or territorial requirement; and
- the interprovincial movement or provision of the good or service.

Section 8(1) states that, subject to regulations, "a good produced, used or distributed in accordance with a provincial or territorial requirement is considered to meet any comparable federal requirement." Similarly, section 9(1) provides that, "subject to regulations, a service provided in accordance with a provincial or territorial requirement is considered to meet any comparable federal requirement provided the provincial or territorial requirement continues to apply to the service provider."

Sections 8(2) and 9(2) provide that a provincial or territorial requirement is considered comparable to a federal requirement only if the following criteria are met:

- The requirement is in respect of the same aspect or element of the good or service.
- The requirement is intended to achieve a similar objective.
- Any conditions set out in the regulations are met.

As well, sections 8(3) and 9(3) stipulate that the federal regulatory body responsible for the administration and enforcement of a federal requirement may decide whether a provincial or territorial requirement is comparable to the federal requirement, in accordance with the criteria listed above.

Labour mobility is addressed in section 10, which states that, subject to the regulations, a federal regulatory body must:

- recognize a provincial or territorial authorization to practise an occupation as comparable to a federal authorization to practise that occupation; and

- issue a federal authorization to practise that occupation to an applicant that holds a provincial or territorial authorization.

Section 11 provides that the Governor in Council, upon the recommendation of the minister, may make regulations respecting federal barriers to the interprovincial movement of goods, the interprovincial provision of services and the movement of labour within Canada. These could include regulations respecting the following:

- exceptions to section 8(1), 9(1) or 10;
- obligations, prohibitions, conditions and restrictions for the purposes of any of sections 8 to 10;
- the meaning of "same aspect or element," "achieve a similar objective," and "authorization";
- any transitional matters that may arise from the coming into force of the FTLMCA; and
- anything under the FTLMCA that is to be provided by the regulations.

Further, section 11(2) states that before the minister recommends a regulation, the minister must consult with the federal regulatory body responsible for administering and enforcing the federal requirement or for issuing the authorization.

Section 12 sets out limitations of liability. It provides that there is no civil action against the Crown, a servant or agent of the Crown or a federal regulatory body with respect to anything done in good faith in the course of applying sections 8, 9 and 10. However, this limitation of liability does not apply in respect of applications for judicial review or to proceedings under chapter 10 (dispute resolution) of the *Canadian Free Trade Agreement*.[16] Chapter 10 sets out how parties to the *Canadian Free Trade Agreement* can resolve disputes with respect to measures that could impair trade, investment or labour mobility within Canada.

Section 13 states that the minister must complete a review of the FTLMCA and its operation and table a report before each house of Parliament within five years after the day the Act comes into force.

Clause 3 provides that the FTLMCA comes into force of a day to be fixed by order of the Governor in Council.

2.2 PART 2: ENACTMENT OF THE BUILDING CANADA ACT

Clause 4 of Bill C-5 sets out the provisions of the Building Canada Act (BCA), which consists of a preamble and 24 sections.

2.2.1 Purpose and Definitions

The preamble to the BCA states that there is an urgent need to build infrastructure projects considered to be in the national interest to ensure Canada's national and economic security. While the BCA does not provide a definition of "national interest," the preamble indicates that national interest projects may include those that will improve Canada's capacity to trade, allow trade with new markets, reduce barriers to trade within the country, and allow for natural resource development. The BCA commits to upholding the rights of Indigenous peoples and environmental standards while moving projects in the national interest through an accelerated approval process.

Section 3 of the BCA does not designate a specific minister responsible for the Act but indicates that any member of Cabinet may be named the minister responsible.

2.2.2 Designating Projects in the National Interest

In designating projects in the national interest, the government may consider factors such as the project's ability to improve Canada's autonomy and security, provide economic or other benefits, have a high likelihood of success, advance the interests of Indigenous peoples, and contribute to Canada's climate change goals (section 5(6)). Before designating a project to be in the national interest, the responsible minister must consult with any other federal minister or provincial/territorial government that the minister considers appropriate and with Indigenous peoples whose rights may be adversely affected (section 5(7)).[17]

To officially designate a project to be in the national interest, the government makes an order to add the project name and project description to Schedule 1 of the BCA (section 5(1)), which was blank when the bill was tabled in the House of Commons. The minister may only add projects to Schedule 1 for a period of five years after the BCA comes into force (section 5(2)). Once the project has been added to Schedule 1, the BCA directs federal regulators to make "favourable determinations" on any laws or regulations that apply to the project (section 6(1)). In other words, the project's approval can be presumed once the government deems it to be in the national interest.

The BCA does not include an obligation to have public consultation during the process of deeming projects in the national interest. The public will be notified when a project is added to or removed from Schedule 1 through publishing in the *Canada Gazette* (section 5(9)).

2.2.3 Conditions Document

Once a project has been determined to be in the national interest, the minister is required to issue to the project proponent a document that acts as a single authorization for all federal approvals the project may require (section 7(1)). The minister must consult with all ministers responsible for federal approvals and

with impacted Indigenous communities and will place conditions in the document to which the proponent must adhere (section 7(2)). The minister will only issue the document if satisfied that the proponent has taken all measures required. The BCA indicates that the document will be made available to the public, but it does not specify how or where (section 7(8)).

Prior to issuing the document, the minister must also consult with the Canada–Newfoundland and Labrador Offshore Energy Regulator, and the Canada–Nova Scotia Offshore Energy Regulator if the projects fall within their purview (section 9). Similarly, if applicable, the minister must receive confirmation from the Canadian Nuclear Safety Commission that issuing the document will not compromise the health or safety of persons, national security or international obligations (sections 11 to 14). Similarly, the minister must also receive assurances from the Canadian Energy Regulator that issuing the document will not compromise the safety or security of persons or regulated facilities (sections 15 to 18). As federal regulators, these bodies are subject to the deeming provision in section 6 of the BCA that directs them to render favourable decisions.

2.2.4 Projects Designated Under the *Impact Assessment Act*

Section 19 of the BCA applies specifically to national interest projects that are also "designated projects" under the *Impact Assessment Act* (IAA).[18] These are projects that, in the opinion of the Minister of the Environment, may be considered at risk for potential adverse effects in areas within federal jurisdiction.

Under the IAA, a project, once designated, must undergo a planning phase to allow the Impact Assessment Agency of Canada (the agency) to determine whether an impact assessment is required. Section 19 of the BCA exempts national interest projects that have also been designated under the IAA from this initial phase, establishing instead that the agency is deemed to have already determined that an impact assessment is required. The remainder of the impact assessment process is unchanged.

Section 9 of the IAA also provides the Minister of the Environment with a direct method of designating a project that does not meet the criteria for designation under the established regulations.[19] Under section 19 of the BCA, section 9 of the IAA does not apply in respect of a designated project that is also a national interest project. As a result, the streamlined process established by section 19 of the BCA may only be available to projects designated through regulation under the IAA and not to those designated directly by the Minister of the Environment under section 9 of the IAA.

Section 19 of the BCA also exempts a national interest project that is also a designated project from the time limits set out in the IAA.[20]

2.2.5 Office

Section 20 of the BCA allows for, but does not require, the creation of a coordinating office that would serve as a central point of contact for the purposes of the Act. This office would fall under the responsibility of the minister responsible for the BCA.

2.2.6 Regulations and Five-Year Review

Sections 21 and 22 of the BCA give the Governor in Council the power to exempt national interest projects from any federal law or regulation listed in Schedule 2 of the BCA, such as the *Fisheries Act*, the *Species at Risk Act* and the *Impact Assessment Act*, and to vary the Acts to which the BCA national interest process may apply.

The Governor in Council may make regulations to:

- exempt a national interest project from any provision of the BCA (section 23(a));
- vary the way in which any provision of the BCA applies to a particular national interest projects (section 23(b)); or
- generally, to carry out the purposes of the BCA (section 23(c)).

The Act must be reviewed by the minister after a period of five years and a report on the results of that review tabled in Parliament (section 24).

3 COMMENTARY

Some Indigenous groups have raised concerns that the BCA was tabled in Parliament with inadequate time for their review and that the Act gives the minister the power to exempt projects from environmental laws.[21] Other Indigenous groups have cautioned that attempts to fast-track Indigenous consultation may lead to litigation.[22]

NOTES

1. Bill C-5, An Act to enact the Free Trade and Labour Mobility in Canada Act and the Building Canada Act, 45th Parliament, 1st Session (first reading version, 6 June 2025).
2. Senate, Standing Committee on Banking, Trade and Commerce, Tear Down These Walls: Dismantliing Canada's Internal Trade Barriers, Fifth report, June 2016.
3. Government of Canada, *Federal investments to improve internal trade*.
4. Internal Trade Secretariat, "Overview of the Agreement," *The Canadian Free Trade Agreement*.
5. Canadian Chamber of Commerce, *Internal Trade*.
6. Robby K. Bemrose, W. Mark Brown and Jesse Tweedle, "Going the distance: Estimating the effect of provincial borders on trade when geography (and everything else) matters," *Canadian Journal of Economics*, Vol. 53, No. 3, August 2020, pp. 1098–1131 [SUBSCRIPTION REQUIRED].

7. Ryan Manucha and Trevor Tombe, *Liberalizing internal trade through mutual recognition: A legal and economic analysis*, Macdonald-Laurier Institute, September 2022.

8. Jorge A. Alvarez, Ivo Krznar and Trevor Tombe, *Internal Trade in Canada: Case for Liberalization*, International Monetary Fund, Working Paper No. 2019/58, 22 July 2019.

9. Stephen S. Poloz, Governor of the Bank of Canada, *Turbulent Times for Trade*, Remarks to the Baffin Regional Chamber of Commerce and the Nunavut Mining Symposium, 1 April 2019.

10. Ryan Manucha and Trevor Tombe, *Liberalizing internal trade through mutual recognition: A legal and economic analysis*, Macdonald-Laurier Institute, September 2022.

11. Government of Canada, *Building Canada Strong: A bold, ambitious plan for our future – Speech from the Throne to open the first session of the 45th Parliament of Canada*, 27 May 2025.

12. Prime Minister of Canada, *Prime Minister Carney meets with premiers and shares his plan to build one strong Canadian economy*, News release, 21 March 2025; and Prime Minister of Canada, *First Ministers' statement on building a strong Canadian economy and advancing major projects*, Statement, 2 June 2025.

13. Prime Minister of Canada, *First Ministers' statement on building a strong Canadian economy and advancing major projects*, Statement, 2 June 2025.

14. See, for example, Ontario, Bill 5, Protect Ontario by Unleashing our Economy Act, 2025, 44th Legislature, 1st Session (S.O. 2025, c. 4); and British Columbia, *Proposed changes to Vancouver Charter will help build more homes faster*, Information bulletin, 8 April 2024.

15. Internal Trade Secretariat, "Part VII – Party Schedules – Annex I: Exceptions for Existing Measures: Schedule of Canada," *The Canadian Free Trade Agreement*; and internal Trade Secretariat, "Part VII – Party Schedules – Annex II: Exceptions for Future Measures: Schedule of Canada," *The Canadian Free Trade Agreement*.

16. Internal Trade Secretariat, "Part V – Institutional, Administrative, and Final Provisions: Chapter Ten – Dispute Resolution," *The Canadian Free Trade Agreement*.

17. Isabelle Brideau, "3.6 Is Consent Required?," *The Duty to Consult Indigenous Peoples*, Publication no. 2019-17-E, Library of Parliament, 12 June 2019.

18. *Impact Assessment Act*, S.C. 2019, c. 28, s. 1.

19. *Physical Activities Regulations*, SOR/2019-285.

20. Specifically, the time limits relating to the Impact Assessment Agency's information gathering obligations under section 18 of the *Impact Assessment Act*. *Impact Assessment Act*, S.C. 2019, c. 28, s. 1, s. 18.

21. Assembly of First Nations, *Statement from National Chief Regarding Building Canada Act: Enormous Responsibility Rests on MPs and Senators to Uphold the Honour of the Crown*, News release, 10 June 2025; and Union of BC Indian Chiefs (UBCIC), *UBCIC Chiefs Council Unanimously Passes Resolution Opposing Federal Fast-Track Legislation*, News release, 12 June 2025.

22. David Thurton, "Some First Nations worry Carney's major projects bill will only lead to more conflict," *CBC News*, 30 May 2025.