

January 31, 2025

Minister Warren Kaeding
Government of Saskatchewan
Room 346, 2405 Legislative Drive,
Regina, SK,
S4S 0B3

Dear Minister Kaeding,

Re: The Benefits of Reducing Interprovincial Trade Barriers for Saskatchewan

First off, I would like to thank you for taking the time to meet with myself and the other Sask Business Council colleagues during the Western Canadian Economic Forum on January 29, 2025. It was heartening to know that we share the same plan for a strong economy and a bright future for Saskatchewan.

I am writing to express the urgent need for reducing interprovincial trade barriers in Canada and to highlight how such a move would significantly benefit Saskatchewan's economy, especially with the potential of upcoming trade tariffs with the United States. Saskatchewan is a province built on trade, with key industries such as agriculture, energy, manufacturing, and construction playing critical roles in our economic success. However, existing trade barriers between provinces continue to impede business growth, limit labour mobility, and restrict economic opportunities. By dismantling these barriers, we can unlock Saskatchewan's full economic potential, increase competitiveness, and enhance prosperity for businesses and workers alike.

The Cost of Interprovincial Trade Barriers

Interprovincial trade barriers have long been a challenge for Canadian businesses. According to a study by the Montreal Economic Institute (MEI), these barriers function as hidden tariffs, adding unnecessary costs to goods and services. In some cases, these barriers are estimated to increase prices by between 7.8% and 14.5% across the country.

For Saskatchewan businesses, these added costs mean reduced competitiveness and limited market access. Whether it is agricultural products facing inconsistent regulations, construction companies dealing with differing certification requirements, or manufacturers struggling with duplicative standards, these barriers create inefficiencies that slow down economic growth. Additionally, research from Queen's University suggests that eliminating internal trade barriers could boost Canada's GDP by approximately \$80 billion annually, an increase of nearly 3.8%.

Given that Saskatchewan is a trade-dependent province, reducing interprovincial restrictions would be a game-changer for our local businesses, allowing them to scale operations, lower costs, and compete more effectively in national and international markets.

Benefits for Saskatchewan's Key Industries

1. Agriculture and Agri-Food Sector

Saskatchewan is one of Canada's largest agricultural producers, exporting wheat, canola, and pulses worldwide. However, even within Canada, farmers and food producers face trade restrictions that create

inefficiencies. For example, differing provincial regulations on food safety and labeling create added administrative burdens when selling products in other provinces.

By streamlining these regulations and aligning standards across provinces, Saskatchewan's agricultural sector could operate more efficiently, reducing costs and expanding market access for farmers. This would not only benefit primary producers but also value-added industries such as food processing, which could see increased investment and growth opportunities.

2. Energy and Natural Resources

Saskatchewan's energy sector is another major driver of economic activity. However, interprovincial trade barriers make it difficult to move energy products freely across Canada. Pipeline approvals, electricity transmission regulations, and differing environmental policies often hinder investment and expansion opportunities.

A more unified regulatory framework would allow for smoother transportation of oil, gas, and alternative energy sources, improving supply chain efficiencies and ensuring that Saskatchewan's energy resources can reach markets more quickly and cost-effectively.

3. Manufacturing and Construction

Manufacturers and construction firms in Saskatchewan frequently encounter difficulties when doing business across provincial lines. Differences in building codes, procurement policies, and labour certification requirements create unnecessary delays and additional expenses.

Reducing these barriers would help businesses bid on projects more efficiently, streamline production and supply chains, and improve overall industry competitiveness. In particular, harmonizing apprenticeship and labor mobility requirements would make it easier for skilled tradespeople to work where they are needed most, addressing labour shortages and driving growth in these sectors.

Labour Mobility and Workforce Growth

One of the most significant benefits of reducing interprovincial trade barriers is the improvement of labour mobility. Saskatchewan businesses frequently face difficulties in hiring due to restrictive licensing and certification rules that vary from province to province. These regulations often make it difficult for skilled professionals in healthcare, engineering, and skilled trades to work in different regions without undergoing redundant certification processes.

Eliminating these restrictions would help address labour shortages, particularly in sectors that require specialized skills. A more mobile workforce means that Saskatchewan businesses could attract top talent from across the country without bureaucratic obstacles. Moreover, research has shown that greater labour mobility leads to higher wages, increased productivity, and better job opportunities for workers.

Attracting Investment and Economic Growth

Reducing interprovincial trade barriers would also make Saskatchewan a more attractive destination for investors. Companies looking to expand their operations are more likely to invest in jurisdictions where regulatory environments are streamlined and predictable.

With fewer trade restrictions, Saskatchewan could position itself as a national leader in business-friendly policies, attracting new investments in key industries such as technology, logistics, and advanced manufacturing. This, in turn, would create more jobs and stimulate economic activity across the province.

National and Provincial Leadership on Trade Reform

Canada has made some progress in addressing internal trade barriers, notably with the Canadian Free Trade Agreement (CFTA), which was implemented in 2017. However, enforcement mechanisms remain weak, and progress has been slow. According to the Internal Trade Provincial Leadership Index, Saskatchewan has taken steps to reduce some trade barriers, but there is still significant room for improvement.

By advocating for stronger reforms at the federal level and collaborating with other provinces to remove outdated restrictions, Saskatchewan can lead the charge in creating a truly open internal market. The benefits of this leadership would be felt not only in our province but across Canada, fostering economic integration and strengthening national competitiveness.

Conclusion

Reducing interprovincial trade barriers is one of the most effective ways to stimulate economic growth, enhance business opportunities, and improve labour mobility in Saskatchewan. By streamlining regulations, harmonizing standards, and fostering a more open marketplace, we can unlock billions of dollars in economic potential, create new jobs, and strengthen our industries.

As policymakers and business leaders consider strategies for long-term growth, prioritizing the reduction of internal trade barriers should be at the forefront of economic planning. Saskatchewan stands to gain immensely from these changes, and by taking proactive steps now, we can ensure a more prosperous future for our businesses and workforce.

Sincerely,



Keith Moen

Executive Director, NSBA – Saskatoon's Business Association

CC:

Premier Scott Moe

Hon. Jim Reiter, Minister of Labour Relations and Workplace Safety

Hon. David Marit, Minister of Sask Builds and Procurement

Hon. Daryl Harrison, Minister of Agriculture