Discussion paper: Strengthening One Canadian Economy through trade and transportation

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Context

As the global economy shifts, a core mission of Canada's government is to focus on diversifying our trade relationships and attracting significant investments to build a stronger, more sustainable, more resilient economy. Budget 2025 (as reiterated by the 2026 Spring Economic Update) has provided important funding to support federal investments towards trade-enabling transportation infrastructure projects through the establishing and launching of the new $5 billion Trade Diversification Corridors Fund (TDCF) and the $1 billion Arctic Infrastructure Fund (AIF). In addition, the Major Projects Office continues to work on advancing nation-building projects, including projects that connect our economy and diversify trade. These investments are a cornerstone of Canada’s goal to double our non-U.S. exports over the next decade – by expanding our export capacity and building modern trade corridors. This funding is unlocking opportunities and connecting Canadian businesses to fast-growing and reliable global markets; and asserting our sovereignty in the Arctic through dual-use transportation infrastructure assets.

Canada’s success depends on moving products efficiently and affordably. That means moving goods by rail or truck from the site of production to marine ports for export. When the system works, Canada becomes a reliable supplier in an unreliable world. A number of improvements are required to ensure the system serves Canadians as well as it should. Compared to G7 countries, Canada’s transportation system has been slipping in its global performance and rankings in recent years.

Budget 2025 investments are about improving supply chain efficiency and creating new import and export opportunities for Canadian shippers. These investments are about modernizing gateways and intermodal connections and reducing the friction that slows goods down and drives costs up. However, investments in Canada’s trade-enabling infrastructure, whether it supports supply chains moving goods to communities within Canada or connecting to global markets, hasn’t kept pace with the growth in our economy. Canada needs to be seen as a reliable and beneficial place to invest and do business; inefficiencies in our supply chains are costly and can hurt our reputation as a reliable trading partner. In order to unlock the full value of Budget 2025 investments, there are underlying challenges in the transportation system that we need to address.

Budget 2025 investments will help make supply chains stronger and more efficient. Both the TDCF and AIF will aim to attract investments towards transportation infrastructure facilitating trade diversification, including the north. More specifically, they will improve gateways, better connect different types of transportation, and reduce delays that slow down goods and raise costs. To get the full benefit, Canada must keep working to reduce bottlenecks, improve coordination, and make the system easier for businesses to use. The Government of Canada is committed to working with Indigenous partners. Indigenous views and partnerships will help shape how projects are developed and carried out. Engagement will follow Canada’s commitments under Section 5 of the *United Nations Declaration on the Rights of Indigenous Peoples Act* (UNDA) and align with the principles of the *United Nations Declaration on the Rights of Indigenous Peoples*.

Overview of Proposals

Canada has a chance to address long-standing and structural issues in the transportation sector that are slowing investment and reducing productivity while supporting trade diversification.

Canada is looking to update legislation that would benefit Canadians businesses, workers, and consumers by supporting the Government's priorities to build One Canadian Economy and diversify Canada's trade.

These proposals will:

- reduce red tape and lower costs for businesses
- make supply chains faster, more reliable and more predictable
- attract investment and unlock new infrastructure development
- Support the creation of jobs
- make Canada more competitive in the global market, and
- build a more connected "One Canadian Economy"

Strengthen trade corridors and modernize port governance

The Government of Canada is proposing updates to legislation to modernize the National Transportation Policy and emphasize the importance of supply chain efficiency; strengthen the governance of Canada's ports so they can support long-term infrastructure investment and operate with greater flexibility; and move toward a more integrated, national corridor-based approach to planning transportation infrastructure.

The Government is committed to fostering more effective relationships between Canada Port Authorities and Indigenous communities. There is already a strong base of cooperation that supports shared economic and community priorities.

The proposed approach includes steps to keep open dialogue, build stronger relationships, and create more opportunities for Indigenous communities to take part in decisions about port activities, especially for communities located near ports.

Modernize transportation policy and trade corridors

Proposed legislative changes would make Canada's transportation system work better by focusing on moving goods efficiently and improving overall performance. For instance, legislative amendments are proposed to add "supply chain efficiency" in section 5 of the *Canada Transportation Act* as part of the National Transportation Policy.

These new authorities would allow the Minister to designate 'National Trade Corridors' (important routes for moving goods), the description of which is geographically defined and shall be published on the Internet, and set clear performance goals for them. This would help different parts of the system – like ports, railways, airports, trucking, and warehouses – work together better and track how well things are running.

A new advisory group on trade corridors, mainly composed of industry leaders in those corridors, could also be created to find problem areas that cause delays, suggest ways to improve the system and improve efficiency and help different players make more coordinated decisions.

Overall, these changes aim to move goods faster from where they're made to ports, reduce delays at busy points, and make shipping more reliable for exporters.

Modernize how port authorities are governed

Proposed legislative changes and measures could create a more modern and business-focused governance framework. This would help port authorities raise money, build major projects, and grow exports.

Governance

Based on the outcomes of the 2018 Ports Modernization Review and what was heard from Indigenous communities and others through engagements, new measures are being proposed, including the creation of Indigenous advisory mechanisms to ensure ongoing input from Indigenous communities near ports. The *Canada Marine Act* would also be updated to directly reference Indigenous Peoples, recognizing their distinct identities.

Additional amendments would propose to strengthen the Board governance and performance of Canada Port Authorities (CPAs), by creating new authorities to make regulations requiring regular Board evaluations, including: a third-party assessment of internal governance practices; an assessment of the Board performance tied to the performance of the port overall; and periodic evaluation of the performance of individual Board members by the Chair, to be shared with the Minister. These amendments are meant to provide greater insight and transparency regarding the effective functioning and strategic direction of the Boards of Directors for CPAs.

Additional provisions could: require regular updates to land use and business plans, as well as consultation on both; enable Canada Port Authorities to manage all navigation interferences within their respective areas of administration to reduce duplication; and modernize setting of port fees for Transport Canada-owned and operated ports and ensure greater transparency in Canada Port Authorities fee setting processes.

These steps are intended to strengthen accountability and better align ports with long-term economic goals.

Encouraging investment and financial flexibility

The proposed changes would give ports more financial flexibility and support investment by updating reporting rules, borrowing options, and partnerships with private and public groups. This includes requiring standardized financial reporting to support the reform of borrowing limits and the associated approval process, as well as the regular updating of business plans; increasing opportunities for revenue generation by allowing joint liability arrangements with private and public entities and expanded permissible activities, including to enable the development of inland port terminals; and to allow for the waiver of the gross revenue charge.

Ports would also have greater ability to develop new revenue streams and expand activities such as provisions that would require regular updates to land use and business plans and modernize setting of port fees for Transport Canada-owned and operated ports and ensure greater transparency in Canada Port Authorities fee setting processes.

Support better decisions and oversight

Proposed amendments to the *Canada Marine Act* and *Canada Transportation Act* would enable enhanced oversight of investments and supply chains. The amendments to the *Canada Transportation Act* include changes to clarify that terminals operating at CPAs ‘are works for the general advantage of Canada’ and establish a lower threshold for key investment transactions (that are notifiable to the Minister, in accordance with relevant trade agreements). Proposed complementary amendments under the *Canada Marine Act* could include the creation of a regulatory authority to require the production of data from terminal operators and others operating at ports to support visibility of supply chain performance, operating agreements, commercial activities, and investment activities and their impact on infrastructure and competition.

In rare and clearly defined cases, a new authority could allow the Minister of Transport to address threats to ports or supply chains, including those by foreign actors, to keep critical trade infrastructure running.

Improve collaboration across ports

Fostering collaboration amongst the port authorities' network could boost efficiency, increase coordination, and competitiveness. The CPAs need to collaborate on a corridor basis so Canada's trade gateways can achieve the scale needed to compete internationally and support strong domestic supply chains.

To complement the proposed legislative initiatives above, the Minister of Transport is also proposing to mandate the National Corridor Council body to consult with Indigenous groups, provinces, territories, municipalities and other stakeholder groups, and provide recommendations in a report to the Minister of Transport on opportunities for greater port collaboration within each Corridor. This report would identify opportunities to enable Canada's strategic ports to achieve economies of scale, plan investments and better meet the demand to support Canada's diversified trade and could include consideration of the amalgamation of some key ports and potential divestiture of others.

This work would help ports grow, plan for the long term, and meet rising global demand, while also supporting Indigenous economic participation and long term benefits from trade and infrastructure projects.

Protect St. Lawrence Seaway operations

The St. Lawrence Seaway (the Seaway) is a critical bi-national corridor (connecting Canada and the United States of America), for domestic and international trade and plays an important role in maintaining fluid and resilient global and North American supply chains.

The Seaway supports a stable and predictable trade environment. Its position as a strategic corridor, both for Canadian and American trade, means that disruptions to operations can have broader economic, diplomatic, and reputational implications. The Government of Canada must be positioned to support timely action and to safeguard operations in times of change. As a result, proposed amendments to the *Canada Marine Act* seek to establish new tools that would support operations

The St. Lawrence Seaway Management Corporation (SLSMC), a not-for-profit, operates, maintains and ensures the safety of the Canadian federal Seaway assets under an agreement with Transport Canada. The Government of Canada undertakes periodic review of this framework to ensure it remains responsive and continues to support Canada’s long term economic growth and competitiveness.

For example, Transport Canada undertook the St. Lawrence Seaway Review starting in 2017, which included engagement with Indigenous communities and many stakeholders. The Review informed a modernized agreement between Transport Canada and the SLSMC that was signed in March 2024. The agreement upheld the Seaway’s position as a national strategic asset and, among other elements, introduced modernized measures to strengthen relationships with Indigenous peoples and local communities. This included provisions for the SLSMC to work with Indigenous and local communities to establish dedicated committees to support local involvement in Seaway operations.

Proposed amendments to the *Canada Marine Act* could equip the Government of Canada with additional tools to support stable and continued operations of the Seaway.

Simplify reporting ("Tell us once")

The Government proposes a "Tell-Us-Once" system, so businesses submit information once and it's shared across federal departments. This would reduce duplication, lower costs, and save time for businesses. It would also ease the overall administrative burden and let businesses focus on growth and innovation.

Support digital and paperless trade

The Government plans to move toward paperless trade by updating laws and regulations, helping speed up border processes, reduce shipping delays, and make trade more predictable. This shift would strengthen Canada's reputation as a reliable trade partner and help businesses compete in global markets where digital systems are becoming standard.

A key early step would be developing a roadmap of the legislative and regulatory changes needed across federal departments to enable fully digital, paperless trade. These efforts aim to reduce time and costs for industry, increase shipment predictability, strengthen security, and expand the share of goods that can be pre cleared before arrival.

Reduce red tape and streamline regulations

A clear and simple regulatory system helps businesses invest, grow and stay competitive, while keeping strong safety and environmental standards.

Transport Canada is proposing legislative changes to improve efficiency, cut administrative work and support a more competitive transportation system.

Proposed changes would simplify rules and approvals while maintaining Canada’s high standards, by:

- Removing duplicate reviews where other processes already apply, including excluding trucking, bus, electrical transmission, and pipeline transactions from merger reviews under the *Canada Transportation Act*.
- Aligning more quickly with international standards, through new ministerial authority to adopt standards or obligations Canada has already agreed to.
- Speeding up approvals for lower risk projects, such as transferring minor approvals under the *International Bridges and Tunnels Act* to the Minister of Transport.
- Updating railway construction rules, including increasing the amount of track that can be built without section 98 approval (from 3 km to 5 km) and clarifying that no approval is needed when a project is reviewed under the *Impact Assessment Act*.
- Clarifying competition rules in the marine sector, including repealing the *Shipping Conferences Exemption Act*.
- Reducing unnecessary reporting requirements, such as simplifying obligations under the *Marine Liability Act* and aligning compliance and enforcement tools.
- Providing targeted flexibility during emergencies, including allowing foreign vessels to temporarily operate without a coasting trade licence to support critical supply chains.

- Explore options to facilitate the efficient movement of grain and the capacity of the transportation system in meeting the needs of the sector.

These measures aim to support competitive and resilient supply chains, improve system flexibility in rare or exceptional situations, and help move key goods—such as grain—more efficiently.

In addition, to complement efforts being led by the Major Projects Office, Transport Canada will establish a Transportation Project Office within the department, to strengthen federal permitting coordination and Crown consultation for transportation projects not subject to impact assessment under the *Impact Assessment Act*, listed under the *Building Canada Act*, or projects where the Canadian Northern Economic Development Agency provides this function.

Rationale

Canada has a strong opportunity to grow its economy by improving how goods move across the country and to global markets. Strengthening supply chains, reducing barriers, and modernizing transportation laws would help lower costs for businesses, support jobs, and make better use of recent infrastructure investments.

The proposed legislative changes aim to address long standing constraints that limit investment, productivity, and growth in key trade enabling assets. They would support a more modern, responsive transportation system that can handle economic pressures, improve corridor performance, and unlock new capacity across supply chains.

Separate legislative consultations are being concurrently completed by the Major Projects Office and Employment, Social and Economic Development Canada, that seek to attract investment and unlock new infrastructure development in Canada, by strengthening the predictability, efficiency and reliability of Canada's trade-enabling supply chains.

Discussion questions

1. Which proposed measures would have the greatest impact on making supply chains more efficient and reliable?
2. Where would reducing administrative burden most benefit your organization or sector?
3. What opportunities do you see to improve collaboration across trade corridors?
4. How can the government best partner with Indigenous Peoples to support shared economic outcomes?
5. Are there any concerns, risks, or unintended impacts that should be considered during implementation?
6. How could the proposal be improved to reduce risks and support effective implementation?

Next steps

The government plans to move forward with proposed legislative changes based on input from Indigenous partners, stakeholders, and the public.

This work is an important step toward a more efficient, competitive, and connected transportation system. It will support businesses, workers, and communities, and strengthen Canada’s role in the global economy.

Ongoing engagement will remain important as proposals develop and move through the law-making process.

The government will share regular updates and future opportunities to take part through Transport Canada’s Bulletin of Engagement Opportunities.

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