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August 21, 2026

International and Intergovernmental Labour Affairs / Labour Program
Employment and Social Development Canada
165 Hôtel-de-ville Street
Gatineau, QC, J8X 4C2

Via e-mail: EDSC.AIIT.CA-SC.IILA.ESDC@labour-travail.gc.ca

RE: Consultation on Potential Due Diligence and Civil Liability Measures to Fight Labour Exploitation in Supply Chains

Dear Minister Hajdu,

On behalf of the Canadian Chamber of Commerce, I am writing to provide our comments on the Government of Canada's consultation on potential due diligence and civil liability measures to address forced labour and labour exploitation in global supply chains.

The Canadian Chamber is Canada's largest business association, with a network of more than 400 chambers of commerce and boards of trade representing approximately 200,000 businesses of all sizes, sectors and regions.

Canadian businesses share the government's objective of eliminating forced labour and serious labour exploitation from global supply chains. Responsible businesses have invested significantly in supply-chain transparency, responsible sourcing, supplier engagement and compliance, and they have done so under a Canadian framework that is still evolving.

The measures under consideration would represent a substantial expansion of that framework, extending both what businesses are responsible for and how that responsibility is enforced. They would also arrive at a moment when Canadian businesses are absorbing considerable pressure from the trade environment, and when government is asking them to expand into new markets. Changes of this scale need to be built carefully on evidence of what is and is not working today, and with the businesses that will implement them engaged in their design.

If Canada is going to build a new regime to address forced labour and labour exploitation, it needs to get it right.

These comments reflect the information set out in the discussion paper and the time available to review it with our membership. The consultation period has not allowed the Canadian Chamber to consult its members as fully as measures of this consequence warrant, and a significant number were unaware of the process until recently. The consultation has also run concurrently with the Canada-United States trade discussions, which occupy the same trade, legal and compliance functions that would assess these proposals. This submission should therefore be read as a preliminary contribution rather than the Canadian Chamber's complete position. We expect to supplement it as further detail becomes available and as members have more opportunity to consider it.

Accordingly, the Canadian Chamber recommends that the Government of Canada:

- 1. Build a consultation process that businesses can have confidence in.** Extend the timeline and broaden the outreach so that affected businesses have meaningful



opportunity to participate. Businesses have confidence in the systems that govern them when they have been partners in developing them.

2. **Build on what Canada has already put in place.** Assess what the Supply Chains Act is delivering and let Bill C-35 be enacted and its regulations settled before introducing further obligations. Where gaps lie in enforcement capacity, detection or risk information, seek to close them by resourcing and operationalizing the tools already in place.
3. **Define and calibrate the scope.** Specify the rights, businesses and supply chain relationships covered, and align obligations with what businesses can reasonably identify and influence within their own supply chains. Thresholds should reflect business capacity, particularly for the SMEs Canada is encouraging to expand into markets beyond the United States.
4. **Establish what existing mechanisms deliver before creating new legal liability.** A statutory private right of action would be new to Canadian law, and its standard of care, causation and defences would have to be developed from first principles. Until that assessment is done and a genuine gap identified, government should not proceed with one.
5. **Consolidate rather than multiply frameworks.** Align definitions, evidentiary standards and reporting requirements across the Supply Chains Act, Bill C-35 and any further measures, and eliminate duplication where obligations overlap.
6. **Put government's own capabilities to work alongside industry.** Establish structured risk information sharing so compliance effort is concentrated where risk is substantiated. Businesses hold information about their own supplier networks that no government dataset contains.
7. **Move from consultation to meaningful engagement.** Convene an ongoing working group of government, industry and civil society representatives on forced labour in supply chains, so that policy is tested against what is achievable and what is needed.

The Canadian Chamber wants to see Canada get this right, and our members are ready to help. They bring direct operational experience of how supply chains function, where risks actually arise, and what compliance requires in practice. That experience is most useful before policy options are decided, and it is why the process for developing these measures matters as much as their content.

The Canadian Chamber and its members remain committed to working with you, Minister, with the Honourable John Zerucelli, Secretary of State (Labour), and with the Labour Program and other federal partners as this work progresses. We would welcome the opportunity to meet with you and your officials to discuss our recommendations.

Sincerely,

Monika Le Roy
Senior Director, International Policy and Global Partnerships
Canadian Chamber of Commerce



Supporting Analysis

Canada is not starting from zero, making the threshold question a practical one: what is the existing framework delivering, what will Bill C-35 add, and what remains unaddressed once both are working as intended? The discussion paper does not answer this.

Assessing the Existing Framework

Canada's forced labour framework has been built in stages, and the most significant stage is not yet complete. The Fighting Against Forced Labour and Child Labour in Supply Chains Act took effect in 2024 and has produced two reporting cycles. The import prohibition has been in place since 2020. Bill C-35 would change that enforcement picture substantially, introducing a listed goods mechanism and shifting the evidentiary burden onto importers for listed goods. It has not yet passed, its regulations do not exist, no list of goods has been established, and none of it has been operationally tested.

Canada is therefore contemplating a new regime while the most consequential part of its existing framework is still taking shape. The order matters. Bill C-35's final form, its regulations and the criteria for listing goods are not yet settled, and until they are, neither government nor business can say what the enforcement architecture will actually reach. Designing a second regime in parallel means fixing its scope and obligations before that is known.

The Canada Border Services Agency (CBSA) does not publish enforcement statistics, so there is no public basis on which to assess what the prohibition has delivered, how many shipments have been assessed, or what proportion of assessments result in a finding. That absence is itself part of the problem. Businesses cannot calibrate their own risk processes against enforcement patterns they cannot see, and government cannot demonstrate a gap in the existing framework without an account of how that framework has performed.

Government's own reporting under the Supply Chains Act shows real movement. The share of reporting entities with forced labour and child labour policies and due diligence processes rose from roughly seven in ten to more than eight in ten in a single year. The share of entities that identified supply-chain risks or began a risk assessment also increased. Businesses have responded to the framework Canada has put in place. Building on that response, and on the enforcement architecture proposed in Bill C-35, would likely produce more durable results for workers than introducing another regime before either has been fully assessed.

Before adding a further layer, government should be able to answer three questions:

- What specific problem is not being addressed by the Supply Chains Act and Bill C-35?
- What evidence demonstrates that mandatory due diligence would address that problem?
- What evidence supports the scope, thresholds and liability model being proposed?

The answers point to different policy responses. If businesses are not identifying supply-chain risks, new obligations may be part of the answer. If Canada cannot detect, investigate or stop goods at the border, additional corporate obligations will not resolve the problem. Gaps in enforcement capacity require government to resource and operationalize the tools it already has, not simply expand the number of businesses subject to new requirements.

RECOMMENDATION #1

Build a consultation process that businesses can have confidence in. Extend the timeline and broaden promotion so that more sectors, regions, and company sizes can participate, including those whose operations and staffing over the summer months made participation difficult. A regime of this significance deserves



a consultation process that is comprehensive, evidence-based and substantive, and a broader one would give government a stronger evidentiary base to build from. Businesses have confidence in the systems that govern them when they have been real partners in developing them, and that confidence is what makes those systems workable in practice.

RECOMMENDATION #2

Build on what Canada has already put in place. Assess how the Supply Chains Act is performing and let Bill C-35 be enacted and its regulations settled, so that what the enforcement reforms will add is known before further obligations are introduced. Where the gap lies in enforcement capacity, detection or risk information, first seek to close them by resourcing and operationalizing the tools already in place, rather than adding a new layer of obligations on businesses.

Scope

The consultation contemplates expansion along two separate dimensions, with each raising distinct questions. The discussion paper does not specify which rights would be covered, how the thresholds would be calculated, whether obligations would be uniform across the range of businesses captured, or how far into a supply chain the duty would extend. Businesses cannot provide meaningful input on a framework whose core parameters remain unsettled.

Covered rights

The first question is whether obligations extend beyond forced labour and child labour to all five fundamental labour rights, adding freedom of association and collective bargaining, elimination of discrimination in employment, and occupational health and safety.

Canadian businesses support all five. The policy question is whether all five should be subject to the same Canadian statutory due diligence obligations, enforcement mechanisms and implementation timeline. Forced labour and child labour are the focus of the Supply Chains Act and the import prohibition under the Customs Tariff, and businesses have spent the past two years building compliance systems against those requirements. Extending obligations across a materially wider set of rights, on the same timeline and through the same mechanisms, would broaden the framework before anyone can say what the current one is delivering.

Building out Canada's existing framework on the risks it already targets would allow government and industry to establish what works before broadening the obligations further. The framework has advanced through achievable steps, and businesses have built capacity against each one. A comprehensive regime imposed at the outset removes that progression.

Covered businesses

The second dimension is how many businesses are captured. The thresholds under consideration would reach well beyond large enterprises into the small and medium-sized business community.

This threshold question intersects with another federal priority: trade diversification. Budget 2025 commits to doubling exports to markets beyond the United States by 2035, and federal programming is structured to support small and medium-sized enterprises in making that move. A business considering its first expansion into an unfamiliar market would face a compliance and litigation calculus it does not face selling domestically or into the United States. Obligations that are not calibrated to a business's actual capacity risk discouraging the international activity Canada is otherwise working to encourage.



Obligations calibrated beyond what a business can practically deliver also risk producing the opposite of the intended result. A business that cannot meet an evidentiary expectation for a supplier several tiers removed has two options: absorb the legal risk or stop sourcing from that supplier and that jurisdiction. The second is simpler and cheaper. A Canadian buyer that exits a higher-risk market takes with it whatever leverage it had to press for better conditions, and the supplier continues operating for buyers who ask fewer questions. Workers are not better off. Obligations that keep businesses engaged and using their influence will do more than obligations that make disengagement the rational response.

Scoping obligations to match a business's ability to identify and influence risk directs effort to where it can change conditions for workers, and it keeps Canada's labour and trade objectives aligned rather than working against each other.

RECOMMENDATION #3

Define and calibrate the scope. Specify which rights, which businesses and which supply chain relationships would be covered. Calibrate obligations to what a business can reasonably identify and influence within its own supply chain, and set thresholds that reflect business capacity, particularly for the small and medium-sized enterprises Canada is encouraging to expand into markets beyond the United States. Treat the extension of obligations across all five fundamental labour rights as a decision separate from building on the framework businesses have already built against.

Accountability and Enforcement

Effective accountability for forced labour matters to Canadian businesses. Companies that invest in responsible sourcing are disadvantaged when competitors who do not are able to sell into the same market on the same terms. The question is which mechanisms deliver that accountability, and what a statutory private right of action would add to those Canada already has.

What Canada already provides

Canada currently addresses forced labour through administrative mechanisms: reporting obligations under the Supply Chains Act, an import prohibition, and the enforcement architecture Bill C-35 would introduce. Canadian courts have also heard claims brought against Canadian companies over conduct abroad, through existing causes of action rather than statutory ones.

Government has not yet established what these mechanisms are delivering. Bill C-35 is intended to strengthen the import prohibition's enforcement, but that architecture is not yet in place.

What a statutory cause of action would introduce

A statutory private right of action for failure to conduct supply-chain due diligence would be new to Canadian law. No existing federal statute creates one.

The practical consequence is that the elements of the claim would be worked out through litigation. The standard of care, what constitutes a failure to meet it, how causation is established between that failure and harm occurring in a supplier's operations abroad, and what defences are available would all be developed largely from first principles. Canadian businesses would be subject to liability under a standard whose content could not be known with any confidence until it had been litigated, and that process takes years.

There is also an interaction with Bill C-35 worth considering. Under the proposed import regime, importers of listed goods would bear an evidentiary burden. A business's own due diligence findings would be relevant to both regimes at once. Identifying a risk through a due diligence



process, which is what an effective system is designed to do, should not become the basis for liability in another forum. How these regimes would interact needs to be understood before either is finalized.

What businesses can reasonably be expected to know

Due diligence and traceability are related but not the same thing. A business can take reasonable steps to identify where risk is likely to sit, assess suppliers against it, and act on what it finds. That is different from establishing, for every input, that no forced labour occurred at any point in its production. Complete, verified traceability does not exist for most commodities, and visibility declines with each tier of separation from a business's own operations.

Any obligation should be framed around reasonable steps taken rather than outcomes guaranteed. The absence of complete traceability should not, by itself, be treated as evidence that a business failed to conduct adequate due diligence. Where credible information indicates heightened risk, expectations should rise accordingly. An obligation that cannot be met by any business acting in good faith does not change supplier behaviour. It changes documentation.

Time to build against defined requirements

If measures do come forward, businesses will need time to build against them. Compliance systems are designed, resourced and staffed against defined requirements, and guidance, evidentiary expectations and enforcement standards need to be available well before obligations take effect. The Canadian Chamber has made the same point in its work on Bill C-35. Requirements that arrive faster than businesses can operationalize them produce paper compliance rather than changed practice.

RECOMMENDATION #4

Establish what existing mechanisms deliver before creating new legal liability. The standard of care, causation and available defences for a statutory private right of action would have to be developed from first principles, without the settled jurisprudence that lets businesses and courts interpret new obligations with confidence. Government should first establish what the administrative framework and existing remedies are delivering and identify what a new private right of action would add that those mechanisms cannot. Until those questions are answered and a genuine gap is identified, government should not proceed with one. Any measures that do proceed should be framed around reasonable steps taken rather than outcomes guaranteed, and should recognize good-faith identification and remediation of risk rather than treating disclosure as evidence of failure. They should also be accompanied by guidance and implementation time sufficient for businesses to build compliance systems against defined requirements.

Regulatory Coherence and International Alignment

Canada is building its forced labour response through separate instruments, on separate timelines, developed by separate departments. The Supply Chains Act sits with Public Safety Canada. Bill C-35 is overseen by Global Affairs Canada and the Canada Border Services Agency. This consultation is led by Employment and Social Development Canada (ESDC). Each pursues a related objective through a different mechanism, and the result for a business is a single supply chain assessed against multiple legal tests.

Definitions are already diverging



The concern is already visible. The Supply Chains Act and Bill C-35 do not define forced labour the same way. The Supply Chains Act applies a broader test; Bill C-35 adopts the ILO Convention No. 29 definition alone. The import prohibition currently operates on the Supply Chains Act's definitions, which the Customs Tariff incorporates by reference, and Bill C-35 removes that reference. A business would then assess the same supplier relationship against one standard for reporting and a narrower one for admissibility at the border.

Adding a third instrument with its own definitions, thresholds, evidentiary expectations and reporting requirements compounds that problem.

The same principle applies to reporting. Businesses already report under the Supply Chains Act. Any new reporting obligation should build on that rather than establish a parallel exercise covering substantially the same ground in a different format.

Recognizing compliance done elsewhere

Canadian businesses operating internationally are increasingly subject to due diligence requirements in other jurisdictions. Much of that work is substantially the same analysis, undertaken to meet different technical specifications. Duplicated compliance work absorbs resources that would otherwise go to addressing risk.

The North American dimension

Canada's forced labour enforcement is now a live trade issue. USTR's 2026 Section 301 action focused on Canada's implementation of its existing import prohibition, demonstrating that the United States is prepared to treat forced labour enforcement as a trade-policy issue.

What drew attention was the operation of Canada's import prohibition, not the absence of a due diligence statute. Canada should ensure the enforcement architecture proposed in Bill C-35 works as intended and base any further measures on a clear assessment of what it delivers.

Canada should set its labour policy according to Canadian objectives. That said, where Canadian requirements diverge from those of major trading partners without a clear policy rationale, businesses operating integrated North American supply chains bear the cost of parallel systems, without a corresponding benefit to workers.

RECOMMENDATION #5

Consolidate rather than multiply frameworks. Government should align definitions, evidentiary standards and reporting requirements across the Supply Chains Act, Bill C-35 and any further measures, and eliminate duplication where obligations overlap. A business should not report substantially the same information twice in different formats or assess the same supply chain against different legal tests. Where alignment is not possible, government should be explicit about why the difference exists and what businesses are expected to do when the tests diverge. Where a business has undertaken substantially equivalent work under a credible foreign regime, Canada should recognize it rather than require the same analysis to be reproduced to meet different technical specifications.

Where Government Capability Makes the Difference

A business assessing a supplier several tiers upstream is working with limited information. It can review documentation, conduct audits, and press for visibility through contractual terms, but its reach ends where its commercial relationships end.



Government has capabilities that no individual business has. Canada maintains a diplomatic presence in the jurisdictions where risk concentrates. It receives intelligence through partnerships with allied governments. It has customs data on what is entering the country and from where, and enforcement powers at the border. It can raise labour practices directly with foreign governments, and it has done so through the labour chapters of Canada's trade agreements.

Directing those capabilities at the problem changes what businesses can do. Where government identifies that a particular commodity, region or production process carries substantiated forced labour risk, businesses can act on that information immediately across their supplier base. Without it, each business investigates independently, reaching different conclusions from the same fragmentary evidence, and the aggregate effort produces less than a shared evidentiary base would.

This is the clearest example of the distinction between adding obligations and improving outcomes. Requiring more businesses to search for risk does not, by itself, make risk easier to find. Giving businesses better information about where risk actually sits does. Both have a role. Neither substitutes for the other, and the second has not been pursued with the same ambition now being applied to the first.

Bill C-35 already contemplates information sharing among federal departments to identify goods warranting scrutiny, including with the Minister of Labour. That architecture is entirely government to government. Extending it to include structured sharing with industry would put the same information in the hands of the businesses making sourcing decisions.

RECOMMENDATION #6

Put government's own capabilities to work alongside industry. Government holds diplomatic presence, intelligence partnerships, customs data and enforcement powers that no individual business can replicate. Establish structured risk information sharing so businesses can act on substantiated risk immediately and across their supplier base. Extend the information-sharing architecture Bill C-35 already contemplates among federal departments to include industry. This would also give government a clearer view of supply chain structures in return, since businesses hold information about their own supplier networks that no government dataset contains. Any such arrangement should include clear protections for commercially sensitive supplier and sourcing information. Government capability of this kind has not been pursued with the same ambition now being applied to new obligations on business.

Meaningful Engagement on Implementation and Compliance

The exchange runs both ways. Canada has the opportunity to get this right in a way that fits its own circumstances. These are complex questions, and the answers that work here will reflect how Canadian businesses actually operate, in the markets and supply chains they are in and the ones they are being encouraged to enter. Getting the answers right requires industry as a partner rather than as a respondent. Government needs the technical expertise that sits inside businesses operating these supply chains, and businesses need confidence that the framework they will be required to implement was built with them.

Episodic consultation does not produce that. A discussion paper, a written window and a decision give government a snapshot of views at a fixed point, and leave stakeholders unable to tell whether their input shaped anything. It also does not reach the questions that determine whether



a framework works: what compliance requires in practice, what businesses can operationally deliver, and where obligations produce real change rather than documentation.

Engaging industry and civil society on separate tracks compounds this. Both hold evidence the other does not. Industry knows what is achievable within a supply chain. Civil society knows what is needed and for whom. Those are tested against each other only when the parties are in the same room, and policy built without that test risks being either unworkable or ineffective.

There is immediate work a standing forum could support. Bill C-35 would introduce a listed goods mechanism and an evidentiary burden on importers, neither of which has been designed in detail, and businesses will have to operationalize both. Sustained engagement on how these work in practice would do more for outcomes than a further round of written consultation.

RECOMMENDATION #7

Move from consultation to meaningful engagement. The Government of Canada should convene an ongoing working group of government, industry and civil society representatives on forced labour in supply chains. Bringing these groups together, rather than engaging each separately, would test what is achievable against what is needed, and ground policy in the practical realities of compliance. A standing forum of this kind would serve Canada's existing framework as much as anything that may follow, including the implementation of Bill C-35.

Conclusion

Adding layers of obligation is not the same as improving outcomes. Canada already has the key elements of an effective forced labour response. A transparency regime is in force and business compliance under it is rising. An import prohibition has been in place since 2020, and Bill C-35 would give it enforcement capability it has not had. What Canada does not yet have is a clear account of what those instruments are delivering, or where the remaining gaps lie.

That account is what should determine what comes next. If the gap is in what businesses are required to do, that points one direction. If it is in Canada's capacity to detect, investigate and stop goods at the border, additional obligations on business will not reach it. If it is in the information available to identify where risk actually sits, the answer lies in government and industry sharing what each of them knows. Building measures before that question is answered risks expending significant effort, by government and by business, on a response that does not match the problem. An obligation that cannot be met by a business acting in good faith does not change supplier behaviour. It changes documentation.

If Canada is going to build a new regime to address forced labour and labour exploitation, it needs to get it right. The Canadian Chamber's members want forced labour out of their supply chains. They have invested in that objective and will continue to. A framework only works if the businesses subject to it have the tools, guidance and capacity to meet it. A new regime of this kind would require new capacity across the board, built against requirements that do not yet exist. Capacity of that kind takes time to build, and it cannot be built against a moving target.

What businesses need is a framework clear enough to comply with, coherent enough to operate under, and developed with the businesses that will implement it. It also needs to be a standard Canadian businesses can realistically meet, and one that does not place them at a disadvantage relative to our trading partners or competitors. A regime more stringent than theirs is not, for that reason alone, more effective. Taking the time to get that right will do more for workers than moving quickly.