

# THE WAVERLEY SERIES

---

## CANADA

*An Insight of Investment, Trade and Economy*

September 2026

For Advisory & Partnership

**LORD WAVERLEY**

[office@lordwaverley.com](mailto:office@lordwaverley.com) • [www.lordwaverley.com](http://www.lordwaverley.com)

## CANADA — AT A GLANCE

|                                    |                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Capital</b>                     | Ottawa                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Real GDP growth</b>             | Independent forecaster Deloitte projects growth slowing to 1.5% in 2026; the government states Canada is on course for the second-fastest growth in the G7 over the next two years, a notably more optimistic framing than the independent forecast                                                                                                                                                       |
| <b>US trade rupture</b>            | Prime Minister Carney has stated the era of close US-Canadian relations is over and that Washington is 'no longer a reliable partner'; in August 2026 the US moved to impose a 50% tariff on roughly USD 28 billion of Canadian goods, which Canada matched dollar for dollar; earlier retaliatory tariffs totalled CAD 29.8 billion                                                                      |
| <b>US trade dependence</b>         | More than 75% of Canada's exports go to the United States; Canada is the top export destination for 36 US states; nearly CAD 3.6 billion in goods and services cross the border daily; the USMCA free trade deal is up for review in 2026                                                                                                                                                                 |
| <b>Trade diversification</b>       | More than 20 trade and security deals signed across five continents over the past year, including a UAE agreement completed in a record 47 days; Canadian businesses now have tariff-free access to 1.5 billion consumers, with a stated goal of doubling that to 3 billion within six months; Indian Prime Minister Modi is due to visit Canada in December 2026, when a new trade deal may be finalised |
| <b>Government support measures</b> | Nearly CAD 25 billion in support provided to Canadian workers and businesses over the 18 months to August 2026, with additional measures announced following the latest US tariff escalation                                                                                                                                                                                                              |
| <b>Defence and infrastructure</b>  | The government is investing half a trillion dollars in defence, including expanded shipyards, aerospace capacity and cyber capabilities, alongside nearly USD 500 billion in major infrastructure projects underway                                                                                                                                                                                       |
| <b>Energy position</b>             | Canada holds the world's third-largest oil reserves and fourth-largest natural gas reserves; approximately 60% of US crude oil imports and 85% of US electricity imports come from Canada                                                                                                                                                                                                                 |
| <b>Independent market caution</b>  | UBS Canada's head investment strategist has noted that each new non-US trade deal appears to provoke US irritation, and that a durable US agreement is still needed because the current uncertainty is 'not really favourable when we're trying to attract capital from everywhere in the world'                                                                                                          |
| <b>Domestic political context</b>  | The Carney government narrowly survived a budget vote in November 2025; polling has flagged the prospect of an Alberta separation referendum in 2026; inflation eased to 2.2% in October 2025                                                                                                                                                                                                             |
| <b>Governing framework</b>         | Prime Minister Mark Carney (Liberal Party), sworn in March 2025 amid the onset of the US trade rupture                                                                                                                                                                                                                                                                                                    |

Canada is navigating the most significant rupture in its US relationship in generations, with President Trump's tariffs prompting Prime Minister Carney to declare the era of close bilateral ties over and pursue an aggressive, genuinely successful diversification strategy spanning more than 20 new trade and security deals across five continents in a single year. Yet more than 75% of Canadian exports still go to the US, an independent forecaster projects notably slower 2026 growth than the government's own framing suggests, and a market strategist has directly cautioned that continued trade-deal diversification keeps provoking US friction without resolving the underlying need for a durable bilateral agreement. Investors should read Canada as a economy genuinely reorienting its global trade relationships at real pace, while still fundamentally exposed to an unresolved, currently strained relationship with its largest trading partner.

## 1. INVESTMENT & FDI

---

***A genuinely rapid trade-diversification campaign, including a record-speed UAE agreement, anchors Canada's investment narrative, even as independent analysts caution this cannot substitute for resolving US trade uncertainty.***

Prime Minister Carney stated that Canada has signed more than 20 trade and security deals across five continents over the past year, completing its most recent deal, with the UAE, in a record 47 days; Canadian businesses now enjoy tariff-free access to 1.5 billion consumers, with a stated goal of doubling that number within six months, extending 'from ASEAN to India.' Indian Prime Minister Narendra Modi is due to visit Canada in December 2026, when a new bilateral trade deal may be finalised. However, UBS Canada's head investment strategist Pierre Ouimet cautioned directly that 'every new Canadian trade deal seems to be bringing a certain amount of ire out of the US,' stating plainly that 'we need to negotiate something solid with the US at some point in time' because the current environment of uncertainty 'is not really favourable when we're trying to attract capital from everywhere in the world.'

- **A genuinely rapid, verifiable diversification pace:** completing a bilateral agreement with the UAE in just 47 days represents concrete, measurable evidence of accelerated trade-deal execution rather than aspirational diplomatic activity alone.
- **A specific, dated near-term milestone with a major economic partner:** the confirmed December 2026 Modi visit, explicitly linked to a potential new trade deal, provides investors a concrete date to watch for further diversification progress.
- **A direct, credible independent caution against treating diversification as a substitute for US resolution:** Ouimet's explicit statement that new deals provoke US friction without addressing the core need for a stable American trade relationship represents a genuine, sourced check on the government's more triumphant diversification narrative.

## 2. TRADE & BUSINESS

---

***Canada's structural trade dependence on the United States remains genuinely enormous, even as an escalating tariff dispute has forced direct, dollar-for-dollar retaliation.***

More than 75% of Canada's exports go to the United States, which remains the destination for the vast majority of the nearly CAD 3.6 billion in goods and services crossing the border daily; Canada is the top export destination for 36 individual US states specifically. In August 2026, the US moved to impose a 50% tariff on roughly \$28 billion of Canadian goods; Prime Minister Carney responded directly: 'Canada will match those tariffs dollar for dollar to protect our workers and businesses,' building on nearly \$25 billion in support already

provided to Canadian workers and businesses over the preceding 18 months. Canada's free trade agreement with the US, the USMCA, is up for review in 2026.

- **A structural trade dependence that diversification has not yet meaningfully reduced:** the continued 75%-plus export share to the US, despite a year of active diversification efforts, indicates the fundamental trade relationship remains overwhelmingly US-centred in practice.
- **A direct, symmetrical retaliatory response to a specific, dated tariff escalation:** Canada's explicit dollar-for-dollar matching of the August 2026 tariff represents a concrete, immediate policy response rather than a delayed or measured escalation.
- **Substantial, quantified direct government support cushioning affected workers and businesses:** the nearly \$25 billion support figure represents genuine, measurable fiscal response to the trade dispute's economic impact, distinct from trade policy alone.

### 3. MAJOR ECONOMIC DEVELOPMENTS

***Prime Minister Carney has declared the era of close US-Canadian relations over, pursuing an energy-superpower and defence-investment strategy even as independent growth forecasts diverge notably from the government's own optimistic framing.***

Carney has stated directly that the decades-long process of an ever-closer Canada-US economic relationship 'is now over,' describing Washington as 'no longer a reliable partner' following Trump's tariff escalations and, at the crisis's outset in early 2025, explicit threats to annex Canada as a '51st state,' a period so severe it initially threatened the governing Liberal Party with a historic election defeat before the crisis itself helped propel Carney to office in March 2025. The government states Canada is on course for the second-fastest growth in the G7 over the next two years, that its economy is creating jobs at four times the rate of the United States, and that foreign direct investment is at its highest level in two decades, running at twice the rate of its nearest G7 competitor, with Canada now ranking as the world's most attractive country for infrastructure investment; however, independent forecaster Deloitte projects Canada's economic growth will slow to just 1.5% in 2026, a notably more conservative figure than the government's framing implies. Carney has described Canada as an 'energy superpower,' citing the world's third-largest oil reserves and fourth-largest natural gas reserves, with roughly 60% of US crude oil imports and 85% of US electricity imports originating in Canada; the government is simultaneously investing half a trillion dollars in defence, including expanded shipyards, a growing aerospace industry and increased cyber capabilities, alongside nearly \$500 billion in major infrastructure projects underway. Domestically, the Carney government narrowly survived a budget vote in November 2025, and polling has flagged the prospect of an Alberta separation referendum in 2026, while inflation eased to 2.2% in October 2025.

- **A genuinely historic rhetorical and strategic break from Canada's traditional US relationship:** Carney's direct 'no longer a reliable partner' characterisation, following explicit US annexation threats, represents a serious, sourced shift in how Canada's own government frames its most important bilateral relationship.
- **A notable divergence between government growth messaging and independent forecasting:** Deloitte's specific 1.5% 2026 growth projection, set against the government's second-fastest-in-G7 framing, represents a genuine, quantified gap investors should weigh, favouring the independently sourced figure for planning purposes.
- **A concrete, quantified energy interdependence with the US that persists despite the broader trade rupture:** the specific 60% crude oil and 85% electricity import figures demonstrate that deep bilateral energy integration continues functioning even as the broader trade relationship experiences serious strain.

- **A massive, dual-track defence and infrastructure investment commitment:** the half-trillion-dollar defence investment, combined with the separate \$500 billion infrastructure programme, together represent an extraordinarily large, simultaneous public investment commitment across two distinct strategic priorities.
- **Genuine, specific domestic political fragility accompanying the broader economic strategy:** the narrow budget survival and the flagged Alberta separation referendum prospect represent concrete, sourced political risks distinct from, but potentially complicating, the government's broader economic and trade agenda.

## 4. MAJOR PROJECTS & INFRASTRUCTURE

---

***Nearly \$500 billion in major infrastructure projects, alongside a half-trillion-dollar defence investment programme, anchor Canada's current strategic capital deployment.***

- **Nearly \$500 billion in major infrastructure projects:** described by the government as actively advancing, this represents Canada's largest current civilian infrastructure investment programme.
- **Half-trillion-dollar defence investment:** spanning expanded shipyards, aerospace industry growth and cyber capabilities, this represents a historically large, simultaneous defence-sector capital commitment.
- **Energy superpower infrastructure across nuclear, LNG and renewables:** Canada's stated ambition spans multiple energy infrastructure categories simultaneously, reflecting a broad-based rather than single-technology energy investment strategy.

## 5. CONFERENCES, FORUMS & EXHIBITIONS

---

***Prime Minister Carney's direct European engagement on security and defence, alongside the planned December 2026 Modi visit, represent Canada's most significant recent and upcoming international diplomatic platforms.***

- **Carney's European security and defence talks with the EU and NATO:** this direct engagement reflects Canada's broader pivot toward deepened European relationships amid the strained US relationship described in Section 3.
- **Planned Modi visit to Canada, December 2026:** described in Section 1, this represents Canada's most significant confirmed upcoming bilateral diplomatic and trade engagement.

## 6. BUSINESS & INVESTMENT EVENTS

---

***Prime Minister Carney's direct public statements on the US trade negotiations represent this period's most significant business and trade-policy communications.***

- **Carney's August 2026 statement and remarks on Canada-US trade negotiations:** these direct communications, described extensively in Sections 2 and 3, represented the government's most significant recent public articulation of its trade strategy and response to the latest tariff escalation.

## 7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

---

***A strained but structurally indispensable US relationship, alongside rapidly deepening ties with the UAE, India and the EU, define Canada's current international relationship portfolio.***

- **United States:** despite the current tariff dispute and rhetorical rupture, the sheer scale of trade and energy interdependence described in Sections 2 and 3 means this remains Canada's single most consequential international relationship by any practical measure.
- **United Arab Emirates:** the record-speed 47-day trade agreement, described in Section 1, represents Canada's fastest-concluded major bilateral deal and a notable diversification success.
- **India:** the planned December 2026 Modi visit and potential new trade deal represent an actively developing, high-priority relationship within Canada's diversification strategy.
- **European Union and NATO:** Carney's direct security and defence engagement with these bodies reflects a deepening relationship consistent with Canada's broader pivot amid US relationship strain.
- **China:** described by Carney as among the 'global giants' Canada is re-engaging, this relationship remains an active, if less immediately detailed, component of the broader diversification strategy.

## **8. SME & PRIVATE-SECTOR DEVELOPMENTS**

---

***Direct government support exceeding \$25 billion, alongside new domestic procurement rules, reflects a coordinated effort to shield Canadian businesses through the current trade disruption.***

Beyond the direct tariff response, new 'Buy Canadian' procurement rules took effect amid the ongoing US trade war, reflecting a deliberate policy effort to redirect domestic public purchasing toward Canadian suppliers. A new grocery code of conduct is separately expected in 2026, aimed at addressing food-price inflation concerns for Canadian consumers and smaller retail suppliers specifically.

- **A concrete domestic procurement policy shift supporting Canadian suppliers directly:** the 'Buy Canadian' rules represent a specific, implemented policy lever distinct from tariff or trade-deal measures, aimed squarely at supporting domestic business activity.
- **A targeted consumer and small-supplier protection measure moving through the policy pipeline:** the forthcoming grocery code of conduct represents a specific, sector-focused regulatory development relevant to food retail and supply-chain businesses.

## **9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED**

---

***Energy infrastructure across nuclear, LNG and low-carbon oil and gas, defence-sector manufacturing, and continued trade-diversification-linked export opportunities define Canada's most concretely promoted new investment channels.***

- **Energy superpower infrastructure:** spanning nuclear, LNG, renewables and low-carbon oil and gas, described in Section 4, this represents Canada's broadest current energy-sector investment opportunity set.
- **Defence-sector manufacturing and shipbuilding:** the half-trillion-dollar defence investment programme offers substantial opportunities specifically in shipyards, aerospace and cyber capability development.

- **Export-oriented business expansion into newly opened markets:** the tariff-free access to 1.5 billion consumers, and the stated goal of doubling this, described in Section 1, represents a concrete, expanding opportunity set for Canadian exporters diversifying beyond the US market specifically.

## SUMMARY ASSESSMENT

---

Canada is navigating the most significant rupture in its US relationship in generations, with President Trump's tariffs prompting Prime Minister Carney to declare the era of close bilateral ties over and pursue an aggressive, genuinely successful diversification strategy spanning more than 20 new trade and security deals across five continents in a single year, including a record 47-day agreement with the UAE.

**Yet more than 75% of Canadian exports still go to the US, an independent forecaster projects notably slower 2026 growth than the government's own framing suggests, and a market strategist has directly cautioned that continued trade-deal diversification keeps provoking US friction without resolving the underlying need for a durable bilateral agreement. Investors should read Canada as an economy genuinely reorienting its global trade relationships at real pace, backed by massive defence and infrastructure investment, while still fundamentally exposed to an unresolved, currently strained relationship with its largest trading partner.**