August 24, 2026 (Vol. XXVI, No.36)

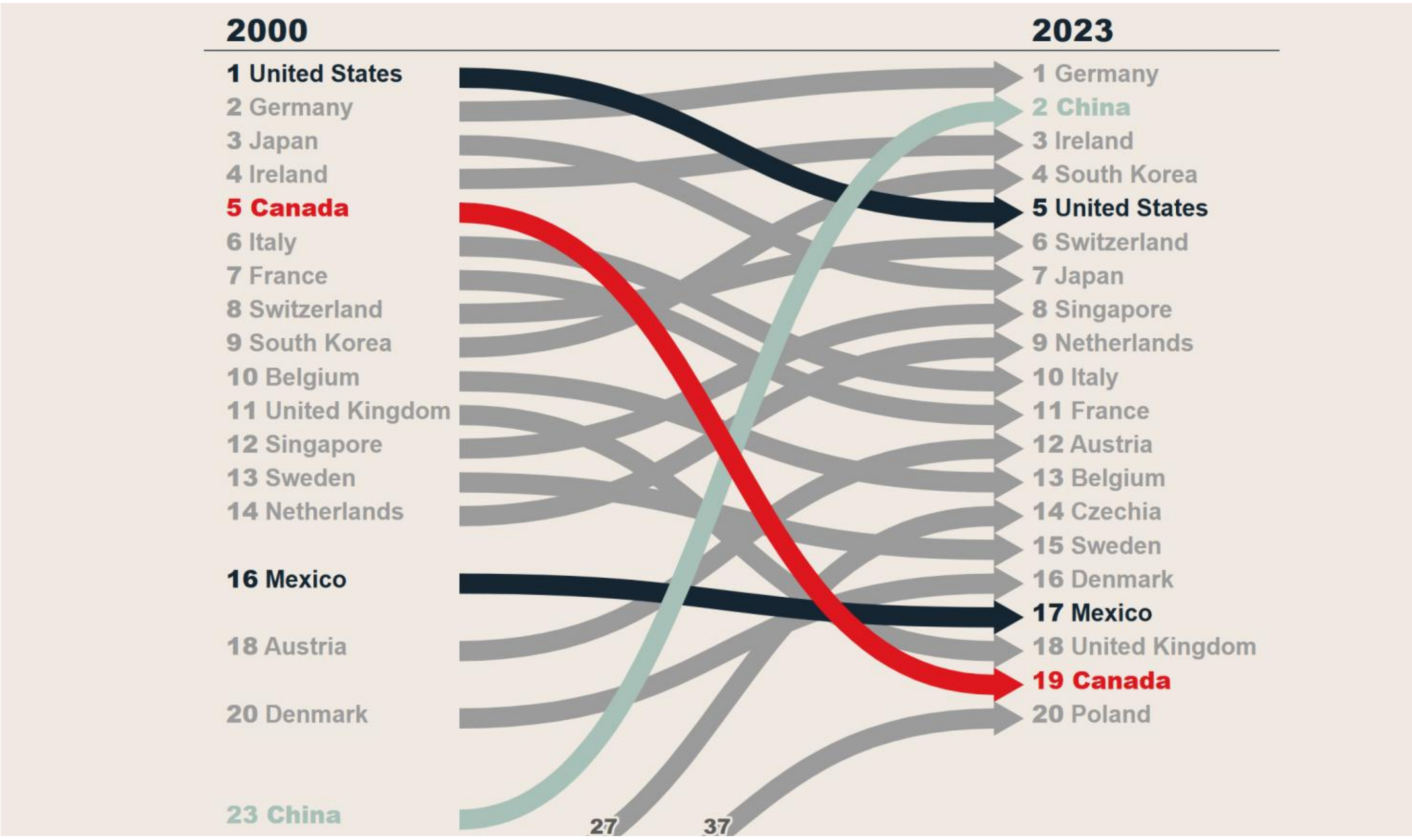
Canada Watch

By Stefane Marion & Evelyne Gosselin

The failure of the latest Canada-U.S. trade talks is clearly disappointing, but we take some comfort from the fact that Canadian retaliation is not expected before early September. That leaves a window for the latest U.S. tariffs to be reduced or lifted before Ottawa responds, to the benefit of North American supply chains (see our latest **special report** and **geopolitical briefing**). In the meantime, if Canada is to face a structurally higher tariff environment - even if the latest measures are ultimately scaled back - it is paramount that federal and provincial governments tackle the domestic factors that have contributed to the country's sharp deterioration in industrial competitiveness over the past two decades. As today's Hot Chart shows, regulation, taxation and interprovincial trade barriers have all taken a toll, contributing to Canada's slide from 5th to 19th place in global competitiveness rankings. That is an uncomfortable starting point from which to confront a more protectionist global trade regime. It's time for our political leaders to deliver made-in-Canada solutions.

Canada: Time for Made-in-Canada solutions

Change in Competitive Industrial Performance (CIP) index rank: 2000 vs 2023



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