COMMENTARY

Canada Isn't Broken. It's Under Construction.

Canada won't unwind decades of U.S. economic dependence overnight. The real test is whether today's investments leave the country with more choices tomorrow.

PUBLISHED 4 SEP 2026 BY NASTY CANUCK EDITORIAL DESK

Illustration: Nasty Canuck / AI-assisted.

Ports, power lines, mines, factories, new customers and new partners will not unwind decades of Canadian dependence on the U.S. market overnight. They don't have to. The job is to build enough strength and enough alternatives that no foreign government can put Canada in a chokehold again.

There is a particular kind of Canadian pessimism that treats anything unfinished as evidence that nothing is happening. Announce a port expansion and somebody wants to know why the containers aren't moving yet. Sign a trade agreement and somebody asks where the jobs are. Approve a transmission line and somebody points out that the mine it may eventually serve still hasn't opened.

Some of that skepticism is healthy. Canadian governments have announced projects that never happened, watched costs balloon and occasionally demonstrated an almost artistic ability to turn a straightforward proposal into ten years of meetings about the meetings. We should keep asking hard questions. But cynicism can become lazy too. If ports are expanding, factories are investing, new export routes are opening, non-U.S. trade is growing and governments are finally attacking barriers inside Canada that should have disappeared years ago, those things have to count as evidence.

Canada isn't finished. Maybe that's the point: we're finally renovating.

The relationship wasn't the mistake

Canada did not become deeply integrated with the United States because previous generations were economically naive. We share a continent with one of the largest and richest markets in the world. Free trade helped create extraordinarily efficient supply chains. Canadian energy flowed south, American investment came north, components crossed the border repeatedly during production and Canadian companies gained access to hundreds of millions of customers who could often be reached by truck instead of container ship.

It worked remarkably well for both countries. The vulnerability emerged as efficiency gradually became concentration. When one customer takes most of what you sell, that customer possesses leverage whether anybody intended to create it or not. For decades, the American market was so attractive that expensive alternatives often seemed unnecessary. Why build another export route when the best customer on Earth was already next door?

We have now received a fairly expensive answer.

Canada does not need to dismantle its relationship with the United States. We need enough alternatives that it remains a relationship we choose because it works rather than one we cannot afford to lose regardless of the terms. That will take time because the concentration took decades to build.

More doors to the world

The early trade numbers do not justify a victory parade, but they do show movement. Canadian exports to the United States fell 3.7% in 2025 while exports to non-U.S. markets increased **11.1%**, pushing their share of total Canadian exports to **32.8% — the highest in more than four decades**, according to Global Affairs Canada's State of Trade 2026.

Gold accounted for an unusually large part of that increase, so anyone trying to turn the number into evidence of a complete industrial transformation should put the champagne back in the fridge. Exports to Europe also rose, including crude oil, aluminum and canola.

July provided another useful data point. Statistics Canada reported that Canadian merchandise exports to the United States fell 6.6%, while exports to non-U.S. destinations rose **7.4% to a record $25.6 billion**. Total merchandise exports still fell 2.3% and Canada's overall trade position weakened.

That's diversification without the campaign commercial. Losing American business hurts, and customers elsewhere do not instantly replace it. The United States remains enormously important and will remain so. The meaningful question is whether Canadian businesses are finding more doors than they had before.

They are, and now Canada needs enough capacity to move serious amounts of trade through them.

Trade routes are what make trade real

A trade strategy without ports, railways, roads, pipelines and power is mostly an expensive collection of PDFs.

Vancouver's Gateway Strategy includes the proposed Roberts Bank Terminal 2 expansion and related rail and bulk-export infrastructure. Montréal's Contrecœur expansion is designed to add major container capacity on the St. Lawrence. The **$750-million CANXPORT hub** has opened at Prince Rupert, adding rail-to-container export capacity for agriculture, forestry, petrochemicals and mining products. Churchill is moving grain through Hudson Bay again under an Indigenous- and community-owned Arctic Gateway network.

Some of these facilities are operating now; others are under construction or still proposed. None is a magic portal through which Canadian dependence disappears. Together, though, they create something Canada has historically undervalued: more than one practical route to the world.

The same logic applies to energy. Canada cannot decide during a trade crisis that it would suddenly like customers in Europe and have LNG flowing to Hamburg by Thursday. The Nisga'a Nation-led Ksi Lisims project has been developing long-term relationships with German buyers, including SEFE and a binding long-term agreement with Uniper, for LNG that, if the project proceeds, would begin moving in the next decade.

Those molecules are not moving today, which is precisely why the agreements matter. Customers Canada hopes to serve in the 2030s have to be cultivated in the 2020s, along with the terminals, pipelines, financing, power and workforce required to serve them. Economic resilience is difficult to improvise after the emergency starts.

Building Canada is a team sport

No prime minister can build this economy, and no premier can either. Ottawa can negotiate international agreements and finance national infrastructure. Provinces control large parts of the resource, electricity and permitting landscape. Municipalities deal with roads, water, land use and local capacity. Indigenous governments and communities are increasingly becoming owners and commercial partners rather than people remembered after somebody has already drawn the route on a map.

Companies invest capital and take risk. Ports and railways move the goods. Universities and colleges develop expertise. Skilled workers eventually turn announcements into something made of steel, concrete, copper and payroll.

That is what **Team Canada** has to mean if we're serious about using the phrase. Alberta energy, Saskatchewan uranium and potash, Québec hydro and aerospace, Ontario manufacturing, British Columbia's Pacific gateway, Atlantic ports, northern infrastructure and Indigenous-owned projects are not rival strengths. They are Canadian strengths located in different parts of a very large federation.

The national interest is not served when every large project immediately becomes a partisan loyalty test. A transmission line isn't automatically wise because Ottawa backs it, or foolish because Ottawa does. Argue about the economics, environmental effects, Indigenous rights and ownership, financing and whether taxpayers are getting a fair return.

Then, occasionally, build the damn thing.

Sometimes the wire has to come first

Some of the most important projects will also be the least photogenic. Nobody puts a transmission line on a tourism poster, but mines, data centres, LNG projects, factories and growing communities all need enormous amounts of reliable electricity. Canada's First Ministers said in July that electricity demand is expected to double by 2050, and generation alone will not solve the problem. We will also need transmission, storage, distribution and stronger connections between regional grids.

Sometimes the wire has to come before the mine, the port before the export boom and the railway before the customer becomes obvious. Otherwise Canada traps itself in a familiar circle: the project cannot proceed because the infrastructure isn't there, while the infrastructure cannot be justified because the project hasn't proceeded.

Somebody eventually has to go first. That does not mean writing blank cheques; it means judging certain investments across the decades in which they will operate rather than requiring every piece of national infrastructure to prove its value before the concrete cures. Some projects will fail, some budgets will be wrong and some celebrated agreements will disappear without producing one permanent job. Journalism should remember what was promised and check what actually gets built.

Treating every project as imaginary until it is finished — and inevitable once it succeeds — isn't scrutiny either.

Keep the things that are hard to rebuild

Diversification is not only about finding more customers. Canada also has to pay attention to what it still knows how to make.

The Bombardier/MHI Canada transaction we covered this week is a useful example. The Mississauga operation and roughly 750 skilled employees were already here; its value lies in the people, tooling, supplier relationships and accumulated expertise involved in sophisticated aerospace manufacturing. General Motors has also made more than $1 billion in Canadian investment commitments, including production and powertrain work in Ontario, while Canada’s manufacturing PMI has remained in expansion territory for five consecutive months.

None of that means manufacturing has been cured, but the obituary looks premature.

Industrial capacity is easy to misunderstand because some of its most valuable assets are invisible. Buildings can be replaced and machinery bought. Reassembling experienced engineers, skilled trades, certified processes, supplier ecosystems and years of practical knowledge is much harder.

Canada doesn’t need to manufacture everything. It should, however, think carefully before allowing difficult-to-replace capability to disappear simply because somebody else can temporarily make it a little cheaper. That’s economic insurance, not industrial nostalgia.

Canada itself is another market

There is something mildly absurd about flying halfway around the world looking for customers while Canadian companies and workers still encounter unnecessary friction crossing provincial borders.

Internal trade reached $527 billion in 2024, and governments have finally begun taking labour mobility and mutual recognition more seriously. An Alberta company selling into Ontario is diversifying. A Québec supplier gaining customers in British Columbia has another market. A Nova Scotia tradesperson able to work in Saskatchewan with less duplication has another option.

A Canadian company with customers in six provinces, Europe and Asia is harder to knock over than one built entirely around a single foreign buyer.

The same idea keeps appearing everywhere we look: **more options**. More markets, more suppliers, more routes, more domestic capability and fewer situations where one decision made somewhere else suddenly becomes a Canadian emergency.

The scoreboard is complicated

Anyone selling this as a Canadian economic miracle deserves an appointment at The Woodshed too.

Canada lost 42,000 jobs in August, including almost 36,000 full-time positions. Youth employment fell by 19,000, the employment rate slipped to 60.8%, and the unemployment rate held at 6.4% as the labour force also shrank during the month. Those aren't numbers to wave away. Industries that depend heavily on U.S. export demand continue to operate in an uncertain environment as tariffs hit Canadian goods.

There were better numbers on the same scoreboard. August followed a cumulative gain of **181,000 jobs from April through July**, leaving total employment 217,000 higher than a year earlier. Private-sector employment was up 156,000 year-over-year. Manufacturing — one of the areas Canada needs to strengthen if diversification is going to amount to more than speeches — actually added **22,000 jobs in August**, the only industry to post a statistically significant monthly increase.

Zoom out a little further and the picture remains mixed, but hardly hopeless. Real GDP grew 0.8% in the second quarter, helped by exports, household spending and business investment, while exports themselves rose 3.6%. Business labour productivity improved 1.0%, with goods-producing businesses up 1.7% and manufacturing productivity up 1.9%.

So yes, Canada lost this month's employment matchup. Other recent periods have produced wins, and a few indicators look more like ties. That's economics: the scoreboard changes every time somebody drops the puck.

The longer game matters more. Canada is not building ports, energy corridors, factories, transmission lines and overseas customers simply to win every monthly statistical release. The objective is an economy better prepared for the games that actually decide something — the next trade dispute, recession, supply-chain breakdown or geopolitical shock.

Canadians know the difference between having a good regular season and being built for the playoffs.

The August job losses still matter because those are real Canadians and real paycheques. They also underline why the larger work cannot stop. If dependence on one market leaves Canadian workers exposed whenever that relationship turns rough, preserving the same vulnerability indefinitely is not much of an answer.

A country can lose 42,000 jobs in August and still be making decisions that leave it stronger ten or twenty years from now. The challenge is making sure today's construction actually produces tomorrow's wins.

The Woodshed has room for two kinds of nonsense

There are two easy responses to the rupture in Canada-U.S. trade. One is performative independence: boycott everything American, rip apart continental supply chains and declare Canada economically independent before Christmas. The other is defeatism: Canada is so integrated with the United States that Washington ultimately gets to set the terms and resistance is simply expensive theatre.

Neither is much of a strategy.

The United States will remain enormously important because geography, investment, infrastructure, families and decades of commercial integration do not disappear when politicians quarrel. But **if dependence is the problem, permanent dependence cannot also be the solution**.

The sensible strategy sits in the harder middle: preserve American customers while finding more in Europe and Asia, maintain valuable U.S. suppliers while developing Canadian capacity and other dependable partners, and keep the road south while building better routes east, west and north.

There is nothing anti-American about that. It's simply diversification.

Resilience is inefficient until something goes wrong

There is a reason dependence was attractive: redundancy costs money. A second supplier can cost more. Another export terminal costs more. Maintaining domestic expertise can cost more than buying from the cheapest producer abroad. Developing customers in Europe and Asia is expensive when the existing buyer is already a truck ride away.

For decades, those costs made diversification easy to postpone. Then the risk materialized.

We are trying to install the fire exits while smoke is already coming under the door.

Some Canadian companies will lose American business before they replace it. Consumers will absorb some tariff costs. Governments will finance infrastructure whose payoff arrives after the politicians who approved it have retired, and some investments will fail completely.

A serious strategy has to explain that pain rather than pretend it won't exist, and show why accepting some of it now may leave the country less exposed later. The transition may occasionally make Canada less efficient in the short term precisely because we are trying to become harder to disrupt in the long term.

We have done difficult things before

Canadians occasionally talk about ourselves as though national ambition disappeared sometime around the invention of the fax machine. It didn't. This country built transcontinental railways, the St. Lawrence Seaway, enormous hydroelectric systems, highways, a domestic nuclear industry and an aerospace sector that still competes internationally.

Those projects were not spotless monuments to Canadian virtue. Some damaged environments, displaced communities, exceeded budgets or reflected attitudes we rightly reject today. Nation-building should learn from its history rather than romanticize it. The useful lesson is simply that difficult things can be built.

The ingredients still exist: resources, engineering, capital, immigrant talent, Indigenous knowledge and entrepreneurship, skilled workers, universities, abundant energy and, when sufficiently motivated, a national capacity for stubbornness that could probably become an export industry if the provinces could agree on the paperwork.

Maybe Canadian grit isn't pretending everything is fine; it's seeing clearly what isn't working and building anyway.

So what does winning look like?

America losing would be a strange way to measure Canadian success.

Canada wins when a healthy Canadian company can lose one U.S. customer without losing the company; when Canadian energy has customers on more than one continent; when western commodities have several viable routes to tidewater; and when manufacturers think of Montréal, Berlin, Tokyo and Seoul as normal markets rather than emergency alternatives.

We win when Canadian companies possess skills and technologies other countries find difficult to replace, workers can move those skills around the country with less friction, and our governments have enough economic room to reject a bad demand from Washington — regardless of which party occupies the White House — because saying no would be painful rather than catastrophic.

Most of all, **winning means the next generation inherits a country with more choices than this one did.** That kind of success belongs on a national timetable, not a quarterly one.

Ask again in twenty years

Ports take years. Mines take years. Power lines take years. Trade relationships take years. Industrial ecosystems can take generations. Canada and the United States spent decades creating the deeply integrated economy we have now, so expecting Canada to become meaningfully less vulnerable in eighteen months isn't serious analysis.

Judge the projects. Audit the money. Question the forecasts and hold governments to their promises. When an announcement quietly dies, send it straight to The Woodshed. But don't confuse **unfinished** with **imaginary**.

There is a lot of orange construction fencing around Canada right now. Some of it will lead nowhere; some may be laying foundations our children will need. The United States can remain Canada's largest customer, closest trading partner and friend. Canada doesn't need America to fail, and we should hope both countries prosper.

What we need is enough strength at home, enough dependable partners abroad and enough confidence in ourselves that Canadian prosperity never again depends on one foreign government deciding to leave us alone.

That is going to take years, money, arguments, mistakes, patience, hard work and a fair amount of good old Canadian stubbornness.

Canada isn't broken. Canada is under construction.

This time, let's build the foundations to last.

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Reprint generated September 20, 2026.