THE WOODSHED

No Deal, No Freebies. Canada Should Take Back Its Trade Concessions.

Canada gave up bargaining leverage while chasing a broader U.S. trade deal. That deal never arrived. It's time to audit what Canada gave away.

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Illustration: Nasty Canuck / AI-assisted.

Canada gave up at least one major bargaining chip and made other accommodations while trying to secure a broader agreement with the United States. The agreement never arrived, the trade fight got worse, and CUSMA remains in force. Before Ottawa offers anything else, it should audit what it gave up, preserve what still serves Canada, and put deal-dependent concessions back into play.

There is a basic rule in negotiation: when you give something up as part of a larger bargain, the bargain matters. If the other side never delivers what the concession was meant to help secure, that concession deserves another look.

After more than a year of difficult negotiations, Prime Minister Mark Carney suspended the latest Canada-U.S. talks on August 21, saying last-minute American terms were unfair, uneconomic and called into question the reliability of any deal. The next day, he put it more plainly: the United States had "asked too much and offered too little".

New U.S. tariffs followed, Canada answered with countermeasures, and the broader agreement Ottawa had spent months pursuing was gone.

That does not mean every Canadian decision made during the negotiations should now be reversed. It means Ottawa should stop treating all of them as though they belong in the same bucket.

Start with the audit, not the rollback

A serious concession audit should ask three questions.

Was the change reciprocal? If the United States gave Canada something comparable in return, that is an exchange, not a freebie.

Would Canada want the policy anyway? If it makes Canada safer, more competitive or better governed regardless of American pressure, keep it on its own merits.

Or was the change made mainly to help secure a larger bargain? If so, and that bargain never arrived, put the concession back on the table.

Counter-tariffs are a useful example of what *not* to reverse. In September 2025, Canada removed 25-per-cent tariffs covering about C$44 billion in U.S. goods, while keeping measures on steel, aluminum and automobiles. Ottawa linked the removal to the United States continuing to allow most CUSMA-compliant Canadian goods to enter tariff-free. That looks much more like reciprocity than surrender.

Border security reaches the same conclusion for a different reason. Canada expanded enforcement, surveillance, intelligence sharing and action against fentanyl trafficking and organized crime while Washington was using the border to justify tariff threats. But Canada's C$1.3-billion Border Plan also funds capabilities Canada has its own reasons to want: drug detection, law-enforcement tools, information sharing and action against transnational crime.

The test is simple: would Canada still choose the policy if the American demand disappeared tomorrow?

The digital services tax belongs in a different bucket

The Digital Services Tax deserves a fresh look because Ottawa documented why it was giving it up.

Canada designed the DST as a three-per-cent tax on certain revenue connected to Canadian users of online marketplaces, targeted advertising, social-media platforms and user data. It applied to large domestic and foreign businesses meeting substantial revenue thresholds, not simply American firms.

Washington objected and, in August 2024, formally requested CUSMA dispute-settlement consultations, arguing that the tax appeared inconsistent with Canada's national-treatment obligations because it disproportionately affected U.S. companies. Canada signed CUSMA and accepted those dispute-settlement rules, so the United States was entitled to make the challenge. But the consultation request did not itself establish that Canada's tax was unlawful.

The tax also had real weaknesses. Its retroactive reach was controversial, and taxing covered revenue rather than corporate profit raised legitimate design questions. Ottawa projected the regime would eventually raise roughly C$900 million a year, while platforms could pass some costs to Canadian customers. Google, for example, imposed a 2.5-per-cent Canadian DST fee on advertising and stopped charging it after Ottawa announced the tax would be rescinded.

Those are reasons to debate the tax. They are not why Ottawa said it was abandoning it.

On June 29, 2025, Finance Canada announced that Canada would rescind the DST "in anticipation of a mutually beneficial comprehensive trade arrangement with the United States". The move helped restart negotiations, so Canada did receive something: talks resumed.

The larger arrangement did not.

Canada nevertheless completed its side of the move. The Digital Services Tax Act was repealed on March 26, 2026, and the Canada Revenue Agency is refunding payments it received, including interest.

That should reopen the policy question. It does not require restoring the old tax word for word. Canada could design a prospective replacement, change the tax base or thresholds, pursue a multilateral approach, or conclude that a different instrument works better.

But that should be a Canadian policy decision made with full regard for our treaty obligations and the costs imposed on Canadian businesses and consumers — not the leftover result of a bargaining round that failed.

CUSMA is the current floor, not a guarantee forever

CUSMA did not disappear during the trade war. It remains the legal framework governing most North American trade.

Canada, the United States and Mexico conducted the agreement's scheduled six-year joint review on July 1. Canada supported renewal, but the United States declined to extend CUSMA for another 16-year term, so annual reviews continue unless the three countries later agree to an extension.

Canada says the agreement remains fully in force under its existing term. Separately, Article 34.6 allows any party to withdraw on six months' written notice, with the agreement remaining in force between those that stay.

So CUSMA is neither expired nor indestructible.

It is the current floor.

If Washington wants Canada to move beyond that floor, Canada should know what it is getting in return. Temporary accommodations made for one negotiation should not quietly become permanent after that negotiation collapses.

Ottawa already knows how conditional concessions work

When Carney explained Canada's position after the August talks failed, he said Ottawa had been willing to drop remaining retaliatory tariffs on steel, aluminum and autos **if** the United States substantially lowered its corresponding tariffs. Canada was also prepared to encourage provinces to put U.S. alcohol back on shelves and make administrative moves around supply management as part of a broader agreement.

The important word is **if**.

Those were pieces of a proposed exchange, not permanent gifts. When the exchange failed, Canada did not implement them anyway.

The same discipline should apply when Ottawa moves first to break a stalemate. An advance concession may be worthwhile, as the DST showed, but Canadians should know what it is meant to buy and what happens if the larger bargain fails. That could mean delaying implementation, using a sunset clause or automatically reinstating a measure when promised reciprocity never arrives.

The mechanism can vary. The principle should not:

No permanent concession without a permanent return.

The next asks are already visible

Washington continues to identify Canadian policies it wants changed. Global Affairs Canada's briefing on the 2026 U.S. National Trade Estimate notes American concerns involving dairy market access, Canada's Online Streaming Act, Buy Canadian policy and provincial or territorial procurement measures. On September 8, USTR also announced that the U.S. would remove $50 billion worth of Canadian-origin products from federal purchasing schedules.

Canada may decide compromise on some of those files is worthwhile. Negotiation requires trade-offs. But before the next concession leaves the table, Ottawa should be able to answer three questions: Is it reciprocal? Would we do it anyway because it serves Canada? Or are we giving it up to obtain something larger?

If it is the third, put the condition into the concession before the bargaining chip is gone.

No deal, no freebies

Canada and the United States should eventually return to serious negotiations. Our economies are too interconnected for permanent economic warfare to be an intelligent strategy, and businesses on both sides need predictable rules more than politicians need another tariff announcement.

Canada should want a deal. Wanting one at any price is something else.

Ottawa was right to walk away from terms it concluded were contrary to Canada's interests. The same discipline should now apply to concessions made along the way.

Open the ledger. Keep what makes sense for Canada. Preserve genuine reciprocity. Revisit what was surrendered mainly to buy a bargain that never arrived.

The Digital Services Tax is a good place to start — not because the old tax was flawless, but because Ottawa explicitly linked its surrender to a broader arrangement that failed to materialize. Canada can redesign the policy, replace it with something better or decide against it after a fresh debate.

Washington can challenge whatever Canada chooses under CUSMA. **Parliament still writes Canada's tax code.**

No deal does not mean no future negotiation. It should mean **no freebies**.

If the United States wants Canada's next concession, there is still a perfectly good place to get one:

Across the negotiating table.

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