English

Beyond tariff relief: Canada needs diversification that strengthens strategic autonomy

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Illustrasjonsfoto: Et rapsfelt i Manitoba i Canada. Arkivfoto som illustrerer kanadisk rapsproduksjon, 7. juli 2018. Canola field in Manitoba, Canada. Foto: Ethan Sahagun / Wikimedia Commons (CC BY-SA 3.0).

China's decision to extend tariff relief for Canadian canola meal, peas, lobster and crab through 2028 is a worthwhile commercial achievement. Producers facing uncertain demand and volatile trading conditions now have a longer planning horizon. Ottawa should pursue such practical gains.

The policy question, however, is whether this agreement advances diversification or encourages another concentration of risk. Reduced dependence on the United States is not automatically greater resilience if Canadian firms become more exposed to a second country willing to politicize market access.

Canada needs commercially productive relationships with both powers. It also needs additional markets that give businesses—and governments—credible alternatives when either relationship deteriorates.

What the agreement does—and does not do

The November 4 announcement extends favourable access for specified Canadian agricultural and seafood products. Canada reciprocates by extending tariff remissions for certain Chinese steel and aluminum products not made domestically.

This builds on the arrangement negotiated during Prime Minister Mark Carney's January visit to Beijing, when the governments announced a new "strategic partnership."

Under that broader package, Canada agreed to admit an initial quota of 49,000 Chinese electric vehicles annually at a 6.1 per cent tariff. China agreed to reduce canola-seed tariffs to approximately 15 per cent and suspend relevant additional tariffs on other products.

The distinctions matter. The new extension does not make all Canadian canola exports tariff-free. Moreover, the Prime Minister's Office described the previous combined canola-seed tariff as approximately 85 per cent, rather than the 100 per cent reported in the supplied CBC article.

The agreement is a reciprocal bargain with tangible benefits. It is neither unconditional generosity from Beijing nor proof that broader political disagreements have been settled.

Relief is not a remedy for coercion

China's record warrants caution. Canadian canola encountered restrictions during the diplomatic confrontation surrounding Meng Wanzhou. More recent agricultural tariffs followed Ottawa's decision to impose tariffs on Chinese electric vehicles.

Not every trade dispute is economic coercion. Governments have legitimate interests in addressing subsidies, dumping and other distortions, and Canada's own measures should withstand scrutiny. Nevertheless, repeated exposure to politically charged restrictions makes it imprudent to assume that renewed access will survive the next diplomatic disagreement.

Foreign interference presents a separate, unresolved challenge. The Hogue commission identified China as the most active perpetrator of state-based foreign interference targeting Canada's democratic institutions.

That finding should inform policy without becoming an argument against all commerce. Trade can proceed while Canada improves intelligence coordination, enforces applicable laws, protects targeted communities and scrutinizes sensitive investment.

The test is whether engagement preserves those safeguards when commercial interests favour discretion. A strategic partnership that discourages Ottawa from defending Canadian institutions would create precisely the vulnerability diversification is supposed to reduce.

Chinese Canadians must not bear the costs of this debate through suspicion or discrimination. Protecting them against foreign intimidation is part of defending Canadian sovereignty.

Two powers, different pressures

Canada should be equally wary of assuming that an American election restores a permanently comfortable bilateral relationship. The United States remains our essential economic and security partner. Shared institutions, geography and integrated production distinguish that relationship fundamentally from Canada's relationship with China.

They do not eliminate competing interests.

Washington can pressure partners to support its approach to Chinese technology, investment and supply chains. Beijing can offer selective access or investment incentives that encourage those same partners to distance themselves from American positions.

For China, creating disagreements between Washington and its partners can offer strategic advantages. For the United States, mobilizing partners can strengthen its competitive position. Neither dynamic requires assuming that [illegible]mmercial decision is a geopolitical conspiracy.

The practical concern is leverage: how much room does Canada retain to decide differently?

Strategic autonomy does not mean neutrality between democratic allies and authoritarian states. It means having sufficient economic capacity and commercial alternatives to pursue Canadian interests without reflexive compliance.

Build markets beyond the familiar giants

Diversification should increase the number of durable customers, not simply shift sales between Washington and Beijing.

Japan and South Korea offer established institutions, sophisticated industrial demand and opportunities in food, energy, critical minerals and advanced manufacturing. Canada already has trade-agreement frameworks with both. The priority should be helping more firms turn negotiated access into sustained sales.

Southeast Asia offers varied opportunities rather than one uniform market. Singapore's role differs from Indonesia's; Vietnam's differs from Malaysia's. Canadian firms require country-specific strategies, credible distributors and an understanding of local regulation.

Canada's comprehensive economic partnership agreement with Indonesia, signed in September 2025, illustrates the institutional work diversification requires. Signing an agreement, however, is only the beginning. Implementation, commercial awareness and usable market access determine its value.

India deserves sustained attention because of its scale and demand for food, energy, education and infrastructure. But Canada must approach it without reproducing the assumptions now being challenged in the China relationship. Political disagreements, regulatory barriers and security concerns require management, not concealment beneath optimistic trade rhetoric.

The Gulf states including Israel offer potential customers and investment partners in food security, energy, infrastructure and professional services. They are not interchangeable, and regional security risks, governance

concerns and contractual enforcement must shape commercial decisions.

Central and South America likewise warrant more consistent attention. Opportunities in agriculture, mining services, infrastructure and clean technology can complement existing relationships. Businesses need practical assessments of currency exposure, transport costs, political conditions and procurement rules.

These markets are not insulated from U.S.-China competition. Some are deeply connected to both economies. A broader portfolio nevertheless reduces the danger that one government can interrupt a disproportionate share of a Canadian firm's revenue.

Make diversification operational

Ottawa should concentrate on execution.

First, trade commissioners need resources for sustained sector-specific work: identifying buyers, resolving certification barriers and helping smaller firms navigate distribution networks. Occasional ministerial visits cannot replace that presence.

Second, export financing and insurance should help commercially viable firms bear the initial costs of entering unfamiliar markets. Support should enable viable opportunities, not subsidize expansion into unmanageable risk.

Third, ports, railways, storage and cold-chain infrastructure must match Canada's ambitions. Market access has limited value when exporters cannot deliver competitively.

Fourth, government should encourage exposure assessments. Firms should understand their dependence on particular buyers, regulatory permissions, transport routes and politically sensitive markets. Prepared alternatives are more useful than assurances that relations are improving.



Finally, Ottawa should assess diversification by resilience as well as export growth. Increasing exports to China by 50 per cent by 2030 may generate substantial income. It does not, by itself, demonstrate reduced strategic dependence.

The tariff extension is welcome because it gives Canadian producers time and options. That window should finance new relationships, not deepen assumptions about permanent access.

Canada need not choose between trading with major powers and protecting its independence. The task is to retain profitable business with the United States and China while building enough alternatives that neither can easily dictate our choices.

