

Shedding light, not heat, on tariff and trade issues affecting Canada and Canadians

Season 2 is here – and so is the turbulence

The trade environment has shifted considerably since [Season 1](#) wrapped. New tariff instruments. A Canada-United States-Mexico Agreement (CUSMA) review in motion. A defence procurement that caught Washington off guard. And a global overcapacity problem that no one has a clean answer for.

The Tariff Home Companion is back – with the same commitment to clear, expert analysis and none of the noise. Each episode cuts through the headlines to explain what's actually happening, what it means for Canada and what businesses and advisers need to watch.

Hosts [Rambod Behboodi](#) and [Stephen de Boer](#) bring decades of front-line trade experience to every conversation. Rambod is senior counsel at BLG. Stephen is a former Canadian ambassador to the World Trade Organization (WTO), former defence and foreign policy adviser to the Prime Minister and currently a partner at Wellington Advocacy. Together, they explain what trade policy actually means – and why it matters.

Episode 1 – One week. A lot to unpack.

As Canada, the U.S. and Mexico enter a new phase of CUSMA discussions, the questions explored in this episode have become even more relevant. In the Season 2 opener, Rambod Behboodi sits down with Stephen de Boer to unpack a pivotal week in trade policy and the broader strategic issues that continue to shape North American trade relations.

They dig into a packed week of developments: what Dominic LeBlanc's CUSMA letter really signals, why the so-called negotiation "deadlines" may be less urgent than headlines suggest and what the new U.S. Section 301 tariffs – hitting 60 countries, including Canada, over forced labour enforcement – actually mean in practice.

The conversation goes deeper from there – covering China's staggering aluminum overcapacity, Canada's steel tariff rate quota (TRQ) framework and whether it holds up against our WTO obligations and the strategic logic (or lack thereof) behind the GlobalEye defence procurement announcement.

The big question threading it all together: is Canada's patchwork of trade and defence moves building toward a coherent grand strategy – or are we just putting fingers in the dike?

Key topics covered in this episode

- CUSMA review and renewal: What LeBlanc's letter signalled, why the 'deadlines' may have been less firm than they appeared and what it means as Canada, the U.S. and Mexico enter the next phase of discussions.
- Section 301 tariffs: The U.S. just hit 60 countries – including Canada – with 10 per cent tariffs over forced labour enforcement. Is this a legitimate trade tool or something else entirely?
- Steel and aluminum TRQs: How Canada's global framework stacks up against WTO obligations – and whether it was designed in haste
- China's excess production capacity: A collective action problem with no clear global solution in sight
- The GlobalEye announcement: What Canada's purchase of non-U.S. military equipment says about our emerging defence industrial strategy
- Grand strategy: Is Canada's response adding up to something coherent – or are we reacting one measure at a time?

Sharp, informed and refreshingly direct. This is trade policy for people who want substance over spin.

Transcript

Rambod Behboodi:

This is *The Tariff Home Companion*, a trade podcast, a Canadian trade podcast, that aims to shed light, not heat, on issues affecting Canada. I'm here with Stephen de Boer, former ambassador of Canada to the World Trade Organization, former defense and foreign policy advisor to the Prime Minister, and currently at Wellington Advocacy.

We're here to talk trade, and in the last week alone, much has happened. Stephen, we saw, above all, and the most important piece of information we got was that Dominic LeBlanc, the Minister for US trade relations, has indicated that Canada has asked for the renewal of the

CUSMA past the 10-year, 10-year period that, that we now have to, we now have to look forward to.

And at the same time, we saw that the United States imposed 10% tariffs, under a new instrument, Section 301, in respect of 60 countries, including Canada, for failure to enforce forced labour measures at the border. At the same time as the United States provided tariff relief in respect of agricultural machinery and other matters, for example, ventilation and air conditioning just before the summer season.

So, on the one hand, we see continued uncertainty and fluctuation, in trade policy. On the other hand, we see a recognition on the part of the United States at least that its tariff measures are having a negative impact on the domestic market. And on the third hand, we see, the government of Canada, proposing to extend, CUSMA, proposing to extend and reinforce and strengthen, a rules-based trading framework even as we continue to impose measures on steel and aluminum in the form of tariffs and TRQs.

What do you make of all of this?

Stephen de Boer:

Well, let's start with CUSMA. I thought that was a bit of political genius on Dominic LeBlanc's part to put that letter in. Of course, CUSMA is really important to Canada, so it was the right message to send. I think it puts the Americans a little bit on the back foot.

I also think that there's a lot of misunderstanding as to what is going on with respect to CUSMA. Right now, people talk about the renegotiation or whether CUSMA will be renewed, and that's not really the process that we're in. There is also this notion that there are deadlines, like June 1st was a deadline for putting offers on the table or grievances, I suppose. July 1st is a deadline. USTR, suggested that this all had to be wrapped up by August because then the midterms were going to start. That's a completely false deadline in my view. There's a lot of control the parties have, and so I think... and a lot of misunderstanding in the Canadian public, or the public generally, so I think we really need to take, a pause. But I took a lot of comfort in the letter that LeBlanc sent because I think it suggests he understands what he's up against. He's understanding what he's doing with respect to these negotiations. I think Canada has a good team, so I'm not particularly worried.

I think it's also interesting, the grievances that we know about from the United States are not particularly difficult to resolve. In a way, they're kind of small potatoes. Now, some certain sectors in Canada may not agree, like the dairy industry, but really, these are not insurmountable problems.

There's a new one that I heard about today, which is with respect to, Montana's access to the Canadian power grid. Or the other one is the listing of alcoholic beverages, US alcoholic beverages in Canadian liquor stores. Again, these are not insurmountable, problems. On the 301, I think there's good news and there's bad news on the 301.

I think the bad news is that it suggests that the United States is still in love with tariffs, and they're not at all disciplined as to how they calculate these tariffs. I don't think it's any coincidence that they're coming in at 10 or 12.5%, which is exactly the tariff rates that they negotiated with some of these countries under IEEPA, which is now deemed to be illegal.

It's not clear either that the 301 tariffs can be imposed as a group, so that's also interesting. I think the good news is that it would not apply to CUSMA-compliant goods, and so that suggests, a bit of relief for Canada, and it also suggests that the United States will continue and is continuing to honor, CUSMA.

But as you say, there's a lot of other developments happening right now that I think we probably should dig into a little bit.

Rambod Behboodi:

So, section 301, it's a massive report, covering 60 countries. Canada gets, a whopping one page, considering that we have one of the strongest trading relationships with the United States on that list.

And the allegation, or the finding, is that Canada is not enforcing its existing forced labour laws, largely in the same way as the United States, for example, is. And the statistics that are, mentioned is that Canada has had only 50 enforcements and two seizures at the border. Whereas the United States has had, or the CBP has had 6,000 or some number like that.

And of course, the big challenge whenever we have reports like this is that they will then get picked up domestically and they are amplified, in a way as if, because we are not doing X, therefore we must be at fault for the imposition of these tariffs. So, there are two strands, on this.

One is, as you mentioned, the 301 report essentially picks up where the IEEPA and the Section 122 tariffs have left off and are being left off. Does that suggest to you that this is, perhaps, not entirely done with a good purpose behind it?

Stephen de Boer:

Yeah, absolutely. Let's be serious, the use of forced labour and trading in those goods that are made through forced labour is a problem. And countries are quite right to try to address this. The United States acting like the international police force and then forcing other countries to comply with this through tariffs is probably not the best way to bring about consensus as to how this problem should be dealt with. And so, I question both the mechanism and the method, because I can't believe that they're actually very serious about this.

Look on the numbers, the US over 5,000, Canada 50, I think those numbers need to be pulled apart a little bit. I do know that Canada was fairly slow off the mark to try to discipline this behavior. But I also know that one of the reasons they were slow off the mark is that it was, it's expensive and difficult to actually trace products to their ultimate source.

And so, for the Canadian government, it really was an issue of fairness. And it's really, difficult for the importer of record to actually do that. Like, the traceability of some of these products and inputs is very difficult. My sense is that the United States has a large number because they simply are being a bit more draconian, and they're not worrying so much about the fairness of their regime.

So, I feel to a certain extent, that we're comparing apples to oranges. Which doesn't seem to bother the US administration. I also wonder whether CBSA is underreporting. So, the response... but I'm not sure about this because the response that we got from Prime Minister Carney was, "We're looking to actually stiffen up the law and pass new legislation," which suggests to me that there is an underlying problem.

But again, I'm not sure that using a 301 is the best mechanism to deal with this. But this is what we've seen with the United States, and other... we have other examples of this. I mean, it would be probably a lot more useful to work collectively with trading partners to try to address some of the trade abuses of China, but they've chosen not, to do that.

They've acted unilaterally and then punished others, for not doing enough. But it's, just a different style of trying to build an international consensus and one that doesn't seem to be particularly effective.

Rambod Behboodi:

So, I don't want to belabour this point, but it is, I want to use it as a segue to a more strategic point.

Let me start with the sort of the mechanics of the measures imposed, the 10% imposed on those countries that are not alleged to have forced labour, but that are alleged to, not be enforcing their forced labour laws at the border. So, the issue, it seems to me, is not so much that there are products, let's say originating in China or India that come into Canada and are then exported, or transshipped to the United States, because those products originating from, India or China would be subject to the 12.5% forced labour framework.

Rather, the issue is that Canada is not enforcing its laws at the border, at the same rate, or in the same way as the CBP, the US Customs Authority is doing. And therefore, not so much that the goods are then being transshipped into the US, or re-exported into the US, but because we're not doing that, then we should be punished or non-CUSMA origin products that Canada exports into, the United States should then be punished.

Is that the correct understanding of the 301 findings and the effect of the 301 measures?

Stephen de Boer:

So, I have been trying to figure this out myself, because I don't really... it is a bit nonsensical. I think you're right. I think the way you've described it is probably exactly how the Americans are envisioning this.

The problem is, I don't know if that's the correct application of Section 301, and I don't know if that's the correct application of a tariff. I think it's quite susceptible to yet another legal challenge. It would strike me. I'm not, a US trade law expert, but it would strike me that is problematic.

Rambod Behboodi:

Which brings me to the sort of the meta question, more strategic question. Is this a way for USTR to wrest tariffs away from commerce? Are we seeing, maybe a sort of, for lack of a better imagery, a sort of a palace coup, on tariffs where Secretary, or Ambassador Greer, in a sense says, "Let me take care of this. You've done enough harm"?

Stephen de Boer:

Oh, that's completely fascinating. I think you might be onto something. There's now reports where Greer has actually been directed by Trump on the CUSMA negotiations, and the new structure at Commerce is that Greer is supposed to report to the Commerce Secretary Lutnick. But that doesn't seem to be the case.

We haven't seen much of Lutnick lately. There's been rumours about him being turfed by President Trump. And so, I don't know whether, it's interesting, we're kind of, I feel like we're criminologists here trying to, read what's happening in the United States. But it's an interesting

idea, and it is consistent with the way President Trump has worked, where popularity of various cabinet ministers and acolytes around Trump have, there's, they become popular, and then he, sort of, cuts them at the knees, and then they become popular again. And so maybe we're in one of these waves where Lutnick is now popular, and so Greer is empowered, or Greer is trying to seize some power.

He has said to Trump, "Don't worry about losing the Section 112s and the IEEPA tariffs. I have a way to fix this." And Trump said, "Go off and do it." But it is, it is fascinating, it appears chaotic, although I do think that's partly the point. But yeah, interesting.

Rambod Behboodi:

So, along the same lines, yet another, minor segue that will take us through another 301 conduit back to Canada.

And here's the thing. So, there is, there are other Section 301 investigations going on. And one of them is on the alleged excess production capacity, or maintaining, countries that maintain, excess production capacity. And targets are China, the European Union, Japan, Mexico, South Korea, and India.

So, this whole notion of excess capacity is an interesting one. From both an industrial policy perspective. From a trade perspective. I know that in, global trade discussions, the existence of capacity that is not used, is seen as a sort of a, circumstantial evidence of massive subsidization.

The point being that you always, essentially maintain your production capacity at the level of the market. You ramp up when need arises, but fundamentally, you build for the market rather than building for, or manufacturing or having the capacity for, for greater than what the market maintains.

Now, this excess production capacity issue, is it seems to me, linked to Canada's ongoing measures on steel and aluminum. Especially with aluminum, the numbers are staggering. China has excess capacity that is nearly double the total consumption of aluminum globally. So, they've built up manufacturing capacity in a way that the market by definition cannot accept.

In the meantime, globally, we don't really have a framework to address that. Each country is left on its basically left to itself to deal with that. If there are imports, then we can deal with that through import measures or whether safeguards or anti-dumping or countervailing duties.

But when there's a massive global impact, as we have seen in the past. Whether it's cotton. Whether it's aircraft. What is Canada to do? We could try to bring WTO cases, for example, in respect of, in respect of actual impact on global markets. But we can't really bring cases in respect of potential, deleterious impact on global markets, when it comes to a sector like aluminum.

Which brings me to the measures that we have imposed. So, on the one hand, ideally, we would like to have measures imposed in accordance with existing rules and in accordance with using mechanisms that we already have in place.

And I'd like to, also mention that in fact BLG, has said exactly that in the past to the government and also in a submission that we published last year, that Canada should, we have the mechanisms in place and the government should basically use existing mechanisms rather than going off mechanism for measures of this kind.

At the same time, there is the reality. There is the reality of aluminum overcapacity in certain countries that has a direct impact on our capacity to sell our products abroad, which then has an impact on our capacity domestically to receive and use imported products.

That's a very long question with multiple parts. But I guess the question, boils down to this: There are global frameworks, but the global frameworks have demonstrated themselves incapable of meeting the moment. And against that background, when you have a global framework that isn't fully functioning, and you also have domestic frameworks that are also not built to address the type of challenge that we're seeing, for example, in the aluminum sector, but there are other sectors. What's a government to do?

Stephen de Boer:

Well, that's a really... this is a huge problem. And the Chinese economy is built for export, and the overcapacity issue is not one that's limited to Canada, which also suggests possible solutions.

But the, I think that the big, the best solution would be leadership from the United States where a bunch of countries get together and discuss how to deal with China, how to deal with excess capacity. Start developing rules around that. We've missed that opportunity because the US, as the policeman, has just decided to go unilateral.

I think, what's interesting is that, yes, Canada needed to take action. Nobody is suggesting, publicly anyway, that what Canada's doing actually is inconsistent with our trade obligations, and it is. And there seems to be some sort of understanding that because others are doing this, the United States, or because it's China, we're somehow let off the hook in having to follow trade rules.

I don't buy that. I think that goes against equitable law principles quite frankly, but I don't buy it. I think we should have, I think the Canadian government should have spent more time at least trying to dress up actions that they would have taken in ways that are consistent with our trade obligations, particularly the WTO rules.

So, you mentioned safeguards, you mentioned anti-dumping, you mentioned CVD. I think that would have been useful. I think the EU has done a much better job of trying to dress these things up, in a way that's consistent with the WTO. I think the, so that would've been one option. A second option that I think is, perhaps, it's not trade consistent, but at least it's a little more saleable from a trade policy perspective, would've been to work with our trading partners in concert.

So, what if all of the CPTPP countries had taken action against Chinese aluminum? At least we would've had some cover to say, "This is a problem. This is a problem for all of us. We are going to take collective action." I think that would've been helpful. What also is interesting is I'm not aware, that we actually sat down with China and said, "We got a problem."

And we do have, we have the capacity now, at least to sit down with China. That is an option. I'm not sure to what extent that would be successful. But there were other things. The way that these TRQs were imposed, it seemed easy. It seemed almost like it was done in anger, and it seemed like it was justifiable because all bets are off, either because the Americans are being run by President Trump and/or because excess capacity is such a big problem that the trade rules don't work without making any effort to have a discussion at the WTO, to have a discussion with China, to have a discussion with our trading partners.

At least I'm not aware that those discussions happened.

Rambod Behboodi:

Well, I mean...

Stephen de Boer:

And I, would, I will admit that everything that I proposed is suboptimal compared to imposing a TRQ. But I just think that from a trade policy perspective, they're considerably more justifiable.

Rambod Behboodi:

What is it, 30 years ago that we were working on the supply management case?

Did you ever think that 30 years hence we'd be talking about TRQs on steel?

Stephen de Boer:

No, I did not.

Rambod Behboodi:

And that, we would with decades of, literally decades of experience in TRQ administration, that we would start our TRQ framework with a first come, first served basis, and then move on to an allocation methodology?

Stephen de Boer:

It's terrible to think about. But here we are.

Rambod Behboodi:

I did, I mean, we're getting into the weeds, but, so this, definitely this segment is for nerds only. Trade nerds only. But, okay, so, you know CPTPP. But, first of all, do we not globally have a collective action problem when it comes to China?

Stephen de Boer:

Absolutely, we do.

And I think the United States actions recognize that. But there's been no leadership to take this on. This is the problem with the WTO as well. It's not so much that China doesn't follow the WTO rules, it's that, that the rule book doesn't actually follow the Chinese economy in a meaningful way.

And so those discussions need to happen. And I'm, I'm not naive. I think those discussions are difficult. I think it's unfair to say you're not following the trade rules, the trade rules are the problem. No, it's an absence of trade rules. There should be a collective global discussion, and

we've missed that opportunity.

Rambod Behboodi:

No, but what I mean is that even if the rules were to be able to catch certain aspects of concern. Getting a Brazil or an India or a South Africa to join Canada in bringing an action against China, it seems to me, based on my own conversations in Geneva for the years that we were colleagues there, until recently, the challenge was always that, if we bring an action against China, no matter how justified, there's going to be an impact on our other exports into China. So the collective action problem is not just an absence of rules, it seems to me, but also, self-preservation, which is not, in a sense, not just in a sense, but it's perfectly understandable, is it not?

Stephen de Boer:

Yeah, I think that's fair. And I think, I think it's easy for all of us to say it's the Americans' fault that this hasn't happened. And you've named a number of countries that are hugely problematic with respect to collective action.

So, there's that, and as you point out, there's the self-preservation issue. At, the end of the day, it's about the Canadian economy, and it's not about the CPTPP economy or the economy of the WTO. It's about Canada's economy, and it's about jobs here in Canada. But I don't think we should be pretending that this is justifiable under trade rules.

And I also think that the way that, it's being administered isn't necessarily as transparent or as equitable as it could be. And so there, even in its design, it seems obvious it was done in a hurry and as I said earlier, almost as if it was done in anger.

Rambod Behboodi:

Right. So, you know, when we had the Section 53 measures, the 100% tariffs on electrical vehicles two years ago, I don't know if it was that particular measure was put in place in anger, but it was very clear that it was done hastily, or at least overly quickly. Not to judge. But let's talk about the equities. So yes, there is obviously this first come, first serve kind of approach to TRQ allocations. Probably. Not sustainable over a long term.

That's why we're moving to a new framework. That new framework that requires allocation of TRQs based on some sort of reference point in the past, that will have its own equities, and I'm sure it'll be challenged at some point. But there's another equity issue, and perhaps equity and strategy issue, which is that these steel and aluminum measures, TRQs, and the tariffs were imposed globally.

So on the one hand, one could say that, that isn't very good, because you're capturing everybody, including some of our allies, including some countries that, have traditionally been subjected to anti-dumping and countervailing duties, but they're not anymore, so, you know, are we sort of, are we over-capturing?

But at the same time, by going global, we also reduce our own exposure in a sense for being selective.

Stephen de Boer:

Well and it has the advantage of being non-discriminatory, treating everyone poorly. But I think that there is a virtue in that, and the fact that you're actually harming some of your closest allies actually underlines the point that you are being non-discriminatory.

And I think politically it demonstrates that your number one concern is the Canadian economy. And so, there's also, it's so much easier to administer. If you don't want to sit back and pick friends and go through all the data and figure out what needs to be done, this is much easier. But I do like the fact that it's non-discriminatory, absolutely.

Rambod Behboodi:

So, here's where we are. We had measures, put in place last week by the United States to reduce tariffs on certain goods, such as agricultural machinery and, and air conditioning. I'm sure the fact that we're, it's the summer and that we expect to have a fairly harsh summer that had nothing to do with it, or the midterms.

So, on the one hand, we have a recognition in the United States that tariffs are having a negative impact and could have a negative impact on the domestic market, on consumers. On the other hand, we have these section 301 measures, and I'm not entirely sure that the full impact has been assessed.

I mean, I understand that there is the \$3.4 trillion worth of imports, only about half of it will be affected, in any event. So, we've got those types of measures that are being put in place. And in the meantime, in Canada, we merrily go on and make adjustments to a TRQ and tariff framework. That is going to have an impact on domestic consumption in Canada. Which means on domestic consumption by manufacturers. Which means, an impact on export prices.

What do you make of all of that?

Where are we?

Is there, are we in sort of a mad framework where there are cracks in the dike, in the dikes of the Western industrial economy, and we're sort of putting fingers everywhere to try to stem the, stem the flow of the, what may at some point be a cataclysmic destruction of our economies?

Or is there some method in all of this madness?

Stephen de Boer:

So, I think the Canadian response to me feels like fingers in the dike. Quite frankly. And I think what's missing from the Canadian response is greater sensitivity to business interests and impacts. And I think we all need to recognize that when you have regimes like this, you actually need a bureaucracy to administer them. And it's not clear to me that bureaucracy has been built, within the Canadian system.

But that's the problem with tariffs and tariff administration. There is a lot of paperwork and a lot of bureaucracy involved, and I don't see that has actually been happening on the Canadian side. On the US side, in a way, this is working exactly the way trump wanted it to work.

He wants to be able to give dispensations and deal with the supplicants who come and see him. Who knows what those supplicants did or what they needed to do in order to get the tariff relief. But I also think what it suggests to me is it's an admission that tariffs are not as beautiful as President Trump believes them to be.

And what I'm really gratified to see is that it seems like business interests are starting to speak up, and they're starting to have an impact. One of the big frustrations with the earlier tariff impositions was that business... I think the Canadian government was hoping, and Canadians generally were hoping that the US business would be able to apply pressure.

And we saw Doug Ford talking to US business interests. The Canadian Embassy in Washington was spending a lot of time talking to US business interests. But they were effectively cut out. And I think, I'm hoping that what happens means that business is actually starting to get listened to.

You mentioned the midterms. There's certainly a theory that says this is being done to give some relief before the midterms. I hope that's not true, because that would suggest there might be a snapback after the midterms, or in winter, and we don't really are concerned about air conditioning anymore.

But we'll have to see. But maybe this is the, to keep working with the finger in the dike, maybe the dike is starting to weaken on the US side.

Rambod Behboodi:

Speaking of supplicants. Let's zoom out from tariffs and specific requests for either extension of tariffs or removal of tariffs to global relations, global security relations, and supplicants, to the United States for the global security umbrella. And related to that is, of course, the announcement last week by Prime Minister Carney of the purchase of non-US military material in Canada's massive enhancement of defense spending.

What do you think is going to happen?

Stephen de Boer:

I find it really interesting that there hasn't been a reaction yet from the US. And I harken back to when Canada announced their over-the-radar system, over-the-horizon radar system, which they purchased from Australia. And there was a US, producer as well, who actually couldn't meet our time deadlines. So there was a legitimate contractual reason not to go with the US provider.

The US was very quiet on that. They're very quiet on this one. Now, the alternative theory to that is they just haven't figured out what we've done yet. The thing about GlobalEye is that it ticks off a number of the boxes that Carney has, in that it helps reach the 2% target, the NATO target. But also, he wanted to ensure that there were industrial benefits for Canada.

This is going to use six Bombardier planes. There's going to be a lot of production in Canada, so it checks those boxes. The alternative is a Boeing product, and I'm not sure that it would have ticked any of those boxes, quite frankly. But I'm also wondering, to my earlier point about over-the-horizon radar, I'm wondering whether Boeing was actually capable of providing the product.

The Boeing system has ... It's been on again, off again with respect to defense Department support. So, it's not 100% clear that it is available. What I have heard is perhaps using Bombardier planes isn't good, or sufficient given the geographic size of our Arctic. But I'm not an expert on that. I don't know if that is the case.

It certainly makes sense to be buying more from Europe. It makes a lot of sense to be working with another Arctic country, another NATO ally, so it checks all kinds of boxes. I think the timing is no coincidence. I think it's also meant to demonstrate to the Americans that we're serious about diversifying, so I think there might have been a CUSMA angle to it.

But the response is rather, or the lack of response is rather, surprising. But I think what Canada has done, if we do have to explain this to the Americans, is completely justifiable. We'll have to see. What's interesting is, and I think this, and I think this bodes well for future purchases. I don't think it's being well received in our own Defense Department, who spend a lot of time thinking about interoperability.

And clearly, this would be interoperable with NATO systems, but not necessarily interoperable with the United States. And of course, the United States is our closest ally. And so, interoperability is an issue. But I also think it's a bureaucratic stumbling block at the Defense Department. So, I'm, I just don't, I think this is going to continue to hound decision-makers. So, there is a, there's a push-pull, on buying American product, quite frankly. But in this case, the pull, the political pull was won by the Prime Minister's office.

Rambod Behboodi:

Decades ago, during university debates, someone was talking about how Canada is being, Canada was misguided in trying to have an industrial policy, and we should be more in the model of the United States, where, you know, the whole idea of industrial policy didn't exist or, so on.

And a friend noted, "No, they just call it defense policy."

Stephen de Boer:

Exactly.

Rambod Behboodi:

And in fact, I mentioned that in my book as well of 30 years ago. That was very clear that a lot of the concerns that were expressed by the United States about quote-unquote, "subsidization" in other countries were basically achieved. The US was doing the same thing, but only in the guise of defense procurement.

Are we in that world now in Canada? Are we moving to a defense industrial policy?

Stephen de Boer:

I, if we are, we might be. But it's not clear to me at this point. When we look at GlobalEye, for example, it's not like we're pouring money into the development of a new product.

We are...

Rambod Behboodi:

Although, allegedly we have poured money into the development of that particular product.

Stephen de Boer:

Fair enough. Okay. But I, don't think...

Rambod Behboodi:

But that was in the guise of industrial policy not defense policy. Now we're reaping the defense benefits of the industrial policy expenditure.

Stephen de Boer:

But I mean, the big part of this for Canada is the use of Bombardier aircraft.

Rambod Behboodi:

That's right, yes.

Stephen de Boer:

Which is an existing platform. So, we didn't spend the ... but, we are starting, and perhaps on some of the things that we don't really think about in the context of defense policy, maybe it is starting to happen. So, on satellites, on geospatial measurement, on some of the, on crypto, perhaps we're starting to move there.

But I don't think we're, nowhere near where the DoD is. And I, think we're going to have to be careful. We know that the US model has resulted in enormous waste, and also issues around graft. And so, it's not a perfect system. It certainly allows you to sidestep subsidy investigations, but there are problems with it. And I don't, I don't mean to throw bureaucrats under the bus, but I mean, really do you want bureaucrats running some of these programs? I don't really think that's the agility that you want to bring to some of this.

So, and I think the Carney plan is to try to lure, to lure existing technology, existing manufacturers, to start building their own technologies here. Not necessarily develop made in Canada approaches.

So, we'll see how that goes. But perhaps we are moving there, but hopefully not in exactly the same way as the US.

Rambod Behboodi:

Well, no. I mean, we just don't have the resources to move in that direction.

And one final point, before we close this first episode of the second series.

What we see in steel in the CUSMA letter, in the GlobalEye announcement are piecemeal announcements and approaches and measures.

Do you see a strategy, a grand strategy behind all of this? Or are we tending at least, at some point, to have a grand strategy? Or again, to go back to the metaphor, is this just one more finger in another crack in the dike?

Stephen de Boer:

Well, with all due respect to the Canadian government, I think it would be very difficult to craft a grand strategy in the current context.

Our closest trading partner, and most important trading partner, is extremely erratic. And I don't... I think that demands that Canada has to be quite reactive. And the problem with developing a grand strategy, and the problem with dealing with the Trump administration, is that things come out of left field. And things that you and I would have thought were completely beyond the pale are actually happening.

So how do you develop a grand strategy in that context? Like, there's, there are unknown unknowns out there that are very difficult to anticipate. Unless you take a grand strategy up to a really high level, which is we need to decrease our dependency on the US, and we need to build a stronger, more independent Canada with a stronger economy.

Sure, and I see...

Rambod Behboodi:

But at that level of abstraction, we're not actually... that's not a strategy.

Stephen de Boer:

It's not really a strategy. But I don't... I think it's, I think it's too difficult at this juncture. Having said that, I think there's probably more that could be done on trade liberalization. Although we're starting to see... and nothing's been announced, but we're starting to see some of that. So, the frequent visits to Europe and trying to deepen that relationship. Even the fact that there's a discussion about Canada joining the EU which...

Rambod Behboodi:

Just to be on the, just to be on the up and up. It will never happen.

Stephen de Boer:

No. It's a possibility.

Rambod Behboodi:

The discussion itself is useful.

Stephen de Boer:

Yeah, the discussion is useful, and people actually openly talking about this is really useful because it talks about our shared values, and it talks about ways that we can deepen the relationship. So absolutely, I think it's an impossibility. I think it's really useful.

But that also suggests it's part of a larger strategy yet to be announced.

Rambod Behboodi:

Something which incidentally I wrote about 25 years ago, this July when I was leaving my post in Brussels.

Stephen de Boer:

This is a really ageless podcast.

Rambod Behboodi:

On that happy note Stephen, thanks so much for joining me again.

Stephen de Boer:

My pleasure. Great to chat.

Rambod Behboodi:

And, for the team here at BLG, I want to thank our producer Jason Chute, and of course the entire BLG communications team that does an amazing job of producing these products and then publicizing them.

Thank you so much, and until next time, let's just hope the world stays more or less sane and stable.

Stephen de Boer:

Can always hope.

About the hosts

Rambod Behboodi – Senior counsel, BLG

Rambod Behboodi is senior counsel at BLG with decades of experience in international trade law, WTO dispute settlement and trade policy. A former trade diplomat and adviser, he brings a rare combination of legal rigour and policy insight to every episode – including the occasional 25-year-old prediction that turns out to be relevant.

Stephen de Boer – Partner, Wellington Advocacy

Stephen de Boer is a partner at Wellington Advocacy. He served as Canada's ambassador to the World Trade Organization and as foreign and defence policy adviser to the Prime Minister. Stephen brings first-hand experience at the highest levels of trade negotiation and international diplomacy – with a refreshingly direct take on what's working and what isn't.

About *The Tariff Home Companion*

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Each episode tackles terms you've heard but may not fully understand. What is a TRQ? How do Section 301 tariffs work? What does CUSMA renewal actually involve? The hosts break down these concepts with precision and – where the moment allows – a little humour. They focus on the facts and practical implications for businesses, advisers and anyone navigating an increasingly uncertain trade environment.

Whether you're advising clients, making strategic decisions or simply trying to keep up with trade headlines, *The Tariff Home Companion* offers the kind of perspective that only comes from years of experience on both sides of the negotiating table.

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