

Sovereign Capabilities for a Low-Trust World: Canada's Founding Moment 2.0

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Executive Summary

We are living through the collapse of assumptions. Legal predictability, open markets, and stable alliances—the foundations of Canada's prosperity for almost a century—are no longer assured. The postwar order has given way to a fractured global system where economic coercion is a regular tool of statecraft, digital infrastructure is a battleground, and “national emergency” justifies the unjustifiable. Canada must not merely adapt—it must lead. This moment calls for unapologetic ambition, principled power, and sovereign imagination. Our future cannot be subcontracted. It must be built at home.

This document sets out **a constructive blueprint** for Canadian self-respect and global relevance.

1. The Strategic Imperative: A Nation at Risk Without Tools

The 2025 U.S. emergency tariff regime made clear what many already suspected: Canada's economic dependence on American goodwill is a structural vulnerability. From trade to technology, from minerals to minds, Canada remains dangerously exposed to the whims of foreign policy and political cycles.

Core vulnerabilities include:

- The executive branch has no retaliatory economic powers equivalent to the U.S. International Emergency Economic Powers Act (IEEPA), National Emergencies Act or Section 301.¹

¹ Emergency powers in Canada are practically exercised by the Governor in Council (Cabinet), but strictly as delegated authority from Parliament's statutory enactments. The Governor in Council does not independently possess inherent constitutional authority but depends on explicit legislative delegation such as that set out in the Emergencies Act. While Parliament holds the fundamental constitutional authority, the legitimacy and scope of emergency powers are significantly conditioned by statute, judicial precedent, constitutional rights (especially under the Charter), and strict parliamentary oversight.

- Lack of digital infrastructure sovereignty—no Canadian cloud, no AI standards leadership and no comprehensive data governance framework.
- Fragmented public procurement and no national “Buy Canadian” policy. Actual procurement implementation has tended to disfavour Canadian suppliers, especially those in the digital innovation sector.
- Energy and Critical minerals are treated as commodities, not strategic levers.
- An open innovation system that too readily grows talent for export.

The cost of inaction is not just lost opportunity—it is lost sovereignty.

2. From Problem to Possibility: Reframing Crisis as Design Space

Sovereign capabilities are no longer a policy luxury; they are the basic architecture of national survival in a low-trust world.

Where others see decline, Canada sees design space. Canada has a chance not simply to defend itself but to define itself: as a sovereign, strategic, and self-respecting nation with the legal, industrial, and intellectual capacity to thrive in a turbulent era. Beyond direct comparisons to the U.S., Canada is not small.

While maintaining diplomatic engagement, the time has come for a fundamental recalibration of Canada's relationships, particularly with the United States, shifting from Canadian dependence to strategic partnership.

The world's mid-sized democracies are not condemned to irrelevance. With courage and coherence, they can be rule-writers—not just rule-takers. The current moment gives Canada the opportunity to become one.

3. Our Founding Moment 2.0

There are rare moments when a country is forced to reinvent not just what it does, but what it is. The 2025 trade/relationship crisis is one such moment. This is Canada's Founding Moment 2.0. A time to discard the junior partner mindset and embrace our role from sea to sea as a builder of resilient prosperity, democratic innovation, and credible deterrence.

Other countries may practice power behind closed doors. Canada has an opportunity to practice it proudly, publicly, and with principle. As we launch this framework: Canada can do this transparently. *No smoke-filled rooms—just unapologetic strategic clarity, in full public view.*

The moment demands a reconsideration of longstanding assumptions about Canada's reliance on integrated markets and alliance structures, proposing a more

strategic, self-reliant approach. This response to external pressures effectively creates a transformative national project that alters domestic policies and international relationships.

4. Strategic Architecture: The Sovereign Capabilities Framework

A *Sovereign Economy Act* should serve as the legislative spine. Around this, Canada must build six core sovereign capabilities, each backed by policy briefs and actionable recommendations:

A. Economic Sovereignty & Legal Powers: Reclaiming Canada's Sovereign Economic Powers

Canada Needs Its Own Arsenal—Not a Permission Slip

Sovereignty without enforcement is just symbolism. Canada must arm itself with the same legal weapons our allies and rivals already wield. That means moving beyond polite policy tools and into the realm of **real power**, the kind that doesn't require waiting for a trigger to pull but starts with the political will to act.

A new *Sovereign Economy Act* must **create a fully operational legal architecture** for economic defense, retaliation, and strategic intervention. This is not about mimicking U.S. unilateralism—but it is about refusing to be **strategically naked** while others play hardball.

Key Measures:

- **A Canadian Trade Enforcement Act**
To authorize calibrated retaliatory tariffs, trade remedies, and defensive measures against coercive or discriminatory economic conduct—no more waiting on WTO timelines to assert our rights.
- **Expanded Investment Canada Act (ICA) Authorities**
Include **automatic screenings** for investments in sensitive sectors such as AI, quantum, energy infrastructure, rare earths, and data assets—especially those linked to authoritarian jurisdictions or state-owned enterprises.
- **Economic Mobilization Powers Without Excuses**
Canada must adopt full-spectrum mobilization authority modeled after the U.S. Defense Production Act—but on **Canadian terms**. This means:
 - The ability to compel production or restrict exports for national economic resilience.
 - The creation of a Sovereign Industries Registry for domestic production prioritization.
 - Activation by **Cabinet declaration—not through convoluted trigger conditions**.

- **A Canadian Counter-Sanctions Act**
To defend against extraterritorial financial coercion and weaponized regulation by foreign powers. If our industries or citizens are targeted, we respond—not with complaint, but with consequence.

The Big Idea:

The point is not to copy the playbook of others, but to stop pretending we don't need one. The United States did not build global credibility on good intentions—it built it on enforceable capacity. China doesn't dominate rare earth markets with apologies—it uses market power as leverage. Canada needs its own rulebook that starts with a simple truth: **you cannot negotiate sovereignty you don't possess.** These powers must be tightly scoped, legally grounded, and aligned with Canada's democratic norms and the need to bolster its national security, including through NATO obligations.

We don't need a “national security trigger.”
We need **national security readiness.**

Let's legislate like we mean it. This means tools with clear statutory limits, built-in review mechanisms, and aligned with Canada's obligations under USMCA Article 32 and NATO readiness expectations.

B. 2. Digital Sovereignty: Creating a Canadian Digital Graphene Dome

In a world where data and algorithms shape power, Canada must own its digital backbone.²

Key Recommendations:

- Establish sovereign cloud and cybersecurity infrastructure.
- Develop national AI governance and data privacy standards.
- Integrate Indigenous digital sovereignty as a constitutional and strategic imperative.
- Lead G7 proposals for algorithmic accountability and lawful cross-border data regimes.

Digital sovereignty is the condition for national resilience in an intangible economy. Canada has no choice but to build this.

² Graphene is 200 times stronger than steel, light and flexible. It's better than an Iron Dome.

C. Critical Minerals Leverage: Weaponizing Canada's Critical Minerals

Canada's mineral wealth must be treated as a geopolitical asset, not a raw export stream.

Key Actions:

- Pass a Critical Minerals Sovereignty and Security Act.
- Fast-track Ring of Fire development with Indigenous benefit-sharing.
- Build domestic refining capacity.
- Use mineral leverage in trade negotiations and supply chain standards.
- Classify critical mineral policies as dual-use technology applications and NATO-contributing measures.

Strategic minerals are 21st-century oil. They must serve Canadian interests first.

D. Energy Leverage: Weaponizing Canada's Energy Resources

Power without purpose is just leakage.

Canada sits on a vast arsenal of energy wealth—oil, gas, hydro, and clean electricity—yet continues to behave like a polite exporter at a cocktail party, hoping someone notices the hors d'oeuvres. Meanwhile, other nations weaponize their supply chains, tie energy to statecraft, and punish strategic naïveté. It's time to stop treating Canadian energy like a bulk commodity and start treating it like the geopolitical asset it is, including clean energy.

Energy is leverage. Let's use it.

While the U.S. invokes national security to rewrite trade rules at whim, Canada exports critical energy inputs without reciprocity, conditionality, or strategic alignment. Alberta's natural gas should not warm American homes while Canadian producers freeze in regulatory limbo. Quebec's clean electricity should not be treated as a regional surplus when it could power a continental low-carbon future—on Canadian terms.

We are not an energy colony. Let's stop acting like one.

If Canada's energy sector is to serve national interests, it must be wired into our broader sovereignty strategy. That means using energy exports as a bargaining chip, not a donation. It means conditioning access on shared goals, supply chain security, and reciprocal industrial investment. And yes, it means pushing back when our energy is treated as if it were someone else's entitlement. Energy

diplomacy should not begin and end with pipelines and pleasantries. If Europe can write energy into its foreign policy, so can we.

Key Actions:

- **Enact a Canadian Energy Sovereignty Act** to assert strategic control over cross-border energy flows and embed reciprocal benefit standards.
- **Condition electricity exports** on bilateral infrastructure commitments and technology transfers.
- **Leverage LNG and hydro exports** as tools in trade negotiations—not giveaways, but gateways to value-added cooperation.
- **Mandate strategic reserves** and require transparency from foreign-owned operators in Canadian energy assets.
- **Classify energy transmission infrastructure** as dual-use strategic assets, eligible for national security safeguards.

Canada cannot electrify its economy and export power without also electrifying its diplomacy. That means unapologetically tying energy to sovereignty, resilience, and advantage. The age of polite power is over. It's time to plug in—with purpose.

E. STEM Talent & Innovation Capture: Building Canada's Future Through Innovation Refuge

The collapse of U.S. public science has created a once-in-a-generation opening for alternative platforms and locations.

Key Policies:

- Launch Priority STEM Visa Stream with a net benefit to Canada test
- Fund Innovation Research Chairs targeting AI, life sciences, quantum, and cybersecurity.
- Classify many STEM investments as dual-use defense contributions.
- Establish (or repurpose) a Sovereign Innovation Fund to commercialize discoveries at home.

Canada must not just train talent. It must capture, anchor, and scale it.

F. Strategic Industrial Procurement: The Buy Canadian Mandate

Public money should serve public capacity. Canada needs a proactive, coherent federal Buy Canadian strategy.

Key Measures:

- Enact a national Buy Canadian Act, consistent with trade obligations including existing trade treaty exceptions and reservations.

- Mandate domestic content in emerging technologies, defense, energy health, and digital procurement.
- Coordinate with provinces for policy coherence.
- Align procurement with sovereign R&D and innovation goals.

Strategic procurement is not protectionism, it is responsible for economic stewardship.

G. Multilateral Sovereignty Leadership: Plurilateral Compacts & Innovation Diplomacy

Canada can help write the new international rules of the intangible economy.

Core Proposals:

- Launch Plurilateral Innovation Compacts (PICS) with like-minded democracies.
- Propose a Digital Sovereignty Accord at multilateral and bilateral meetings.
- Use modular alliances to advance AI, biotech, and digital standards.
- Position Canadian legal norms—algorithmic transparency, IP retention—as global benchmarks.

This is about strategy, not sentiment. If multilateralism is broken, let's build the next generation.

H. Arctic Sovereignty: Defend the North—or Watch It Be Defined by Others

The Arctic is not a periphery—it is Canada's proving ground. A crucible where sovereignty, strategy, and survival converge. In a world of melting ice and rising ambition, the North is no longer frozen out of global affairs. It's heating up—literally and geopolitically.

Climate change has turned geography into opportunity—and risk. The Northwest Passage is no longer just the stuff of 19th-century legend; it is emerging as a 21st-century shipping lane. Global powers are circling. Moscow sees projection. Beijing sees “near-Arctic” commercial influence. Washington sees security exposure.

What does Canada see? Hopefully, its own future.

Because here's the truth: if Canada does not defend the Arctic—on its own terms—others will define it for us.

Sovereignty is not just claimed; **it must be exercised, built, and enforced.** That means boots on snow, ports in water, ice-breaker vessels, Indigenous leadership in

command, and trade corridors that are sovereign by design—not colonial by default.

The Northern Corridor: Strategic Energy, Economic, and Sovereignty Infrastructure

It's time to reimagine the map.

A Northern energy export route—anchored in **Northern Manitoba and running through Hudson Bay and the Davis Straight to global markets**, is not just an infrastructure project.³ It is a **sovereignty project**. A spine of strategy that would:

- **Unblock Canada's continental bottlenecks**, providing an East-West alternative that isn't held hostage by politics any one province or rail chokepoints in the U.S.
- **Enable Indigenous economic leadership** by rooting energy, transport, and innovation infrastructure in Indigenous territories as co-owners—not afterthoughts.
- **Fortify Canada's Arctic supply chain and emergency readiness**, allowing for dual-use commercial-military logistics hubs in the North.
- **Create a deepwater sovereign export port on Hudson Bay**, giving Canada its own Arctic-facing, year-round access to European and Asian markets outside of American control.
- **Enhance high-speed digital infrastructure** to underserved areas of Manitoba, Nunavik, the Inuit Nunangat and the Northwest Territories.
- **Bridge energy and defense policy** by tying clean electricity from Manitoba and hydrocarbon resources from the West to secure Arctic delivery.

This is not just an energy corridor—it's a geopolitical lever.

It delivers a two-fold win: economic sovereignty through energy diversification, and territorial sovereignty through Arctic integration. We do not just need to move electrons and molecules—we need to move our national center of gravity north.

NATO, Indigenous Sovereignty, and Search-and-Rescue as Strategic Imperatives

³ Initial funding should be drawn from existing defense spending envelopes, Strategic Innovation Fund reallocations, and structured engagement with Canadian pension plans—particularly CPP and CDPQ—as sovereign investment co-leads. A Canadian sovereign wealth fund could also be used here.

Let us be clear: Canada cannot meet its NATO obligations with PowerPoint presentations and symbolic patrols. Arctic sovereignty is not a symbolic act. It is a **core component of collective defense**.

- **Indigenous peoples** are not “partners” in the North—they are the original and continuing stewards. They must lead in governance, development, and enforcement. This is reconciliation not as sentiment, but as statecraft.
- **Search-and-rescue (SAR)** capabilities must be dramatically scaled, not just for increased marine traffic, but for sovereignty assertion and rapid response. If there is a disaster in the Arctic, Canada—not Russia or the U.S.—must be first to respond – and we cannot do it from bases in Nova Scotia.
- **A permanent Canadian Arctic Command**, with integrated Indigenous ranger units, real-time satellite surveillance, and dual-use civilian-military logistics, is essential—not optional.

The Arctic isn’t just a place on a map. It is **Canada’s final frontier—and its first test of credibility**.

Key Actions: Canada Must Move North with Strategy, Not Sentiment

- **Establish the Northern Gateway Corridor Act**, authorizing a sovereign infrastructure plan linking Northern Manitoba to a year-round Hudson Bay port.
- **Launch a Hudson Bay Sovereignty Port Authority**, blending trade, defense, and Arctic research functions in a NATO-aligned logistics hub.
- **Expand the Canadian Rangers** into a formal Arctic Sovereignty Force with enhanced Search and Rescue, environmental monitoring, and civil-military operations.
- **Enact the Arctic Sovereignty and Resilience Act**, aligning Indigenous governance, climate infrastructure, and defense integration.
- **Formalize Arctic operational zones** under international law, asserting control over navigation, search-and-rescue obligations, and environmental protection.

A Cold Region, a Hot Opportunity

This isn’t a project for another Royal Commission. It’s a generational nation-building imperative.

If we want to protect our sovereignty, defend Indigenous cultures, meet our NATO duties, unlock energy value, and shape Arctic governance—**we must go North, now**.

Not with hesitation. Not with incrementalism. But with intent, imagination, and investment.

The Arctic is not a frozen liability. It is Canada's greatest **unclaimed strategic advantage**. It's time we properly claimed it.

5. Implementation Strategy: A Phased National Effort

1. **Legislate the Backbone:**

Table the *Sovereign Economy Act* in Parliament to codify economic self-defense capabilities.

2. **Mobilize the Federation:**

Coordinate with provinces and Indigenous governments to align procurement, investment, and talent strategies.

3. **Communicate with Confidence:**

Launch a public portal with public policy objectives, a clear narrative, and public education tools.

4. **Engage Allies Proactively:**

Convene bilateral and plurilateral forums to signal Canada's sovereign turn—constructive, confident, and rules-based. There is a trust crisis – and Canada can be the trusted custodian of trust-based agreements.

6. Closing Call: The Future Is Ours to Build

Canada has always stepped up in times of global upheaval—through principled law, pragmatic innovation, and bold nation-building. But never have we done so while so thoroughly outsourcing our fate to the goodwill of others. That age of strategic innocence—some might say strategic sleepwalking—is over.

Let us be clear: **there will be no next chapter unless we pick up the pen**. The future will not be inherited. It must be engineered.

The Sovereign Capabilities Framework is not a think tank daydream or a polite policy memo. It is a power map. It tells us where we are vulnerable, where we must build, and how we reclaim leverage in a world that respects only what is defended. This is not a plan for continuity, it's a blueprint for **constructive disruption**. It offers a path to turn energy into leverage, data into sovereignty, and trade into strategy. We are not here to restore the status quo ante. We are here to **rewrite the terms of engagement**.

So: **what are we waiting for?**

- For another tariff tantrum from Washington?
- For another critical mineral deal struck in a boardroom in Brussels.
- For another AI standard authored in Beijing.

Enough waiting. **Sovereignty doesn't get faxed over from Geneva. It is built, asserted, and lived.**

Call to Action: Build or Be Built

Parliament must **legislate the backbone**—the *Sovereign Economy Act* is not a nice-to-have. It is the legal chassis of our next-generation nationhood.

The federal government must **mobilize the federation**. This cannot be Ottawa alone. Provinces, Indigenous nations, and strategic sectors must be partners in co-creating resilient systems.

And most importantly, Canada must **show—not tell—its allies** what trust looks like in a low-trust world: competence, coherence, and credible commitment. It's time to signal that we are no longer the polite junior partner in a dysfunctional family photo—we are a sovereign actor with something to say, something to offer, and something to protect.

This is not about retreat—it is about reinvention.

Not nostalgia—but nationhood.

Not sentiment—but sovereignty.

Not submission—but a sovereign strategy worthy of who we are—and who we intend to be.

Appendix:

Operationalizing the Sovereign Capabilities Framework

From Vision to Execution: Implementing the Sovereign Capabilities Framework in a Federated Canada

1. Purpose of this Appendix

This document provides a practical strategy to operationalize the Sovereign Capabilities Framework (SCF) presented in "Canada's Founding Moment 2.0." It addresses:

- Legal authority under Canada's Constitution.
- Institutional architecture to deliver the Sovereign Capabilities Framework;
- Federal-Provincial-Territorial (FPT) coordination mechanisms.
- Trade compliance and trust-building strategies;
- Phased economic and diplomatic negotiation approaches;
- Economic impact modeling and fiscal strategy.

2. Legal and Constitutional Foundations

A. Federal Legislative Powers

The following table summarizes constitutional sources for key legislative initiatives:

- Sovereign Economy Act: Section 91(2) Trade & Commerce; POGG
- Trade Enforcement Act: Section 91(2); Tariffs and Customs Power
- Digital Sovereignty Act: POGG (national concern), s.92(10)(a)
- Critical Minerals Security Act: s.91(2), s.91(7), POGG
- Energy Sovereignty Act: s.91(29), s.92A, s.92(10)(a)
- Arctic Sovereignty Act: s.91(7), s.132, POGG

B. WTO and USMCA Compliance

Each proposed measure will be scoped under permissible security exceptions, notably:

- USMCA Articles 32.1 & 32.2 (essential security); reservations and exceptions.
- GATT Article XXI and GATS Article XIV bis (security exceptions);
- Careful drafting ensures measures are narrowly tailored, non-discriminatory, and grounded in transparent national interest.

3. Governance Architecture

A. Central Coordinating Body: Sovereign Capabilities Implementation Council (SCIC)

- Co-chaired by PCO and ISSED;
- Includes NRCan, Global Affairs, DND, AAFC, PSPC, Treasury Board, Indigenous Services, and Finance.
- Advises Cabinet Committee on Canada-U.S. Relations and National Security

B. Provincial and Indigenous Alignment

- Establish a Premiers' Roundtable on Sovereignty and Resilience (twice annually); with senior officials meeting more frequently to advance implementation.
- Bilateral funding agreements tied to Sovereign Capabilities Framework objectives.
- Indigenous Infrastructure and Innovation Authorities as delivery agents.
- First Ministers Sovereign Capabilities Accord (2026).

C. Provincial Engagement Framework

- **Provincial Working Groups:** Establish sector-specific working groups (Energy, Digital, Procurement) with provincial representatives to co-develop implementation standards.
- **Differential Provincial Engagement:** Tailor bilateral agreements to address specific provincial concerns:
 - Resource-exporting provinces (Alberta, Saskatchewan, Manitoba, Territories): Focus on value-added processing and market access guarantees
 - Manufacturing provinces (Ontario, Quebec): Emphasize supply chain resilience and procurement preferences
 - Coastal provinces (BC, Atlantic): Prioritize port infrastructure and trade corridor security
- **Fiscal Federalism Tools:** Deploy the Canada Infrastructure Bank to co-fund provincial sovereignty priorities with matching requirements.

- **Dispute Resolution Mechanism:** Create a dedicated FPT Sovereignty Accord Council with binding arbitration procedures for inter-jurisdictional conflicts.

D. Nation-to-Nation Implementation

- **Indigenous Sovereignty Council:** Establish formal decision-making body with Cabinet-level representation to guide Sovereign Capabilities Framework implementation on traditional territories.
- **Resource Revenue Sharing:** Formalize framework guaranteeing 25-30% of benefits from critical minerals and energy projects flow to Indigenous governments.
- **Governance Integration:**
 - Appoint Indigenous co-chairs to SCIC working groups on resources, Arctic sovereignty, and digital infrastructure
 - Mandate Indigenous consent protocols for projects under the Northern Corridor initiative
 - Create dedicated Indigenous Intellectual Property protection framework under Digital Sovereignty Act
- **Capacity Building:** Launch \$500M Indigenous Sovereign Capabilities Fund to support Indigenous-led initiatives in critical SCF domains.

5. Trust-Building with the United States

A. Cooperation Anchors

- Joint Canada-U.S. Energy and Innovation Security Dialogue;
- Bilateral AI, biotech, and data privacy pilot projects.
- Arctic Search and Rescue interoperability exercises.
- STEM talent-sharing compact.

B. Framing Message

- Assertive sovereignty is not hostile sovereignty.

Canada's sovereign capabilities strengthen the North American alliance through stable inputs, enhanced NATO security contributions, and promotion of democratic digital norms.

6. Phased Legislative and Negotiation Strategy

- **Phase I (2025):** Sovereign Economy Act, Trade Enforcement Act — emphasize economic stabilization.
- **Phase II (2026):** Digital Sovereignty Act, Buy Canadian Act — highlight digital resilience.
- **Phase III (2027):** Arctic Sovereignty Act, Counter-Sanctions Act — align with NATO and G7 initiatives.
Select measures held in reserve as response tools to U.S. actions.

7. Fiscal Strategy

- Reallocate existing federal funding to support Sovereign priority actions, including Strategic Innovation Fund;
- Fully use NATO dual-use funding, accounting and investment rules;
- Partner with CPPIB/CDPQ and others for Sovereign Infrastructure Fund.
- Consider a Canadian sovereign wealth fund.

8. Conclusion

Canada must build for resilience, not merely hope for stability. The Sovereign Capabilities Framework and this implementation roadmap offer a proactive path to national self

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