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Code Before Clause: Building Canada's Digital Defences Before Negotiating Trade

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Canada is about to give away the keys to its digital future — before it even decides what future it wants. This paper argues that any exploratory discussions between Canada and the European Union on a digital trade agreement must be paused until Canada legislates a domestic digital sovereignty framework and builds the governance capacity to implement it.

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I. Executive Summary

Canada is about to give away the keys to its digital future — before it even decides what future it wants. This paper argues that any exploratory discussions between Canada and the European Union on a digital trade agreement must be paused until Canada legislates a domestic digital sovereignty framework and builds the governance capacity to implement it.

Without a domestic digital sovereignty framework:

- Canadian health data could be stored and surveilled abroad.
- Small businesses could face rule changes dictated by foreign platforms, with no appeal process available.
- Elections and newsfeeds could be shaped by algorithms no Canadian regulator can audit.

Global Affairs Canada (GAC) is rushing into a public consultation on exploratory talks with the European Union for a Digital Trade pact, without a domestic framework in place.¹ Canada brings no Artificial Intelligence Act, no Online Harms Act, and no credible sovereignty protections to the table. By moving forward prematurely, before developing its own domestic framework, Canada could embed dependency into binding international law.

The stakes could not be higher. Digital trade agreements are no longer merely commercial instruments. They are constitutional documents that determine who governs the infrastructure of the 21st century. Canada's willingness to negotiate away digital sovereignty — before even defining it — reveals a government that misunderstands the algorithmic age and the future economy that has now arrived.

This is the logic of the “algorithmic empire” — a geopolitical form in which control flows not from physical occupation but from computational architectures, platform standards and technical norms.

*It is not merely the pieces on the board that matter,
but who writes the rules of the game.*

The global adoption of US-based cloud APIs (application programming interfaces), for example, hard-codes interoperability rules into Canadian systems without a single soldier crossing a border. In this environment, “code” functions as law, shaping national life while operating beyond the reach of domestic legislative process.

Three immediate warnings:

1. **Timing is regrettable.** This is the most volatile period for digital governance in a generation, with the United States and European Union on divergent regulatory paths. The constraints of the Canada-US-Mexico Agreement (CUSMA)² already limit Canada's policy space.
2. **Canada lacks negotiating capacity.** The European Union's comprehensive digital architecture (AI Act, Digital Services Act, Digital Markets Act) versus Canada's regulatory vacuum creates a structural disadvantage that will embed permanent technological dependence.

3. **The Digital Services Tax capitulation reveals weakness.** Canada's abandonment of the Digital Services Tax under US pressure signals to all trading partners that economic threats work, making any future digital sovereignty assertions untenable.

As a scholar and legal practitioner of international trade and digital governance, my recommendation is unambiguous: The Canadian government should suspend these exploratory discussions immediately. Focus first on building Canadian digital governance capacity. Canada has resources but needs to enhance its capacity to make better decisions in this changed environment. Only then can Canada engage the European Union as equals rather than as a supplicant.

Should the Government of Canada nevertheless proceed with negotiations, it must do so based on reciprocity and equivalency. This requires embedding Canada's Directive on Automated Decision-Making (AI Directive), standards set by Canada's Digital Governance Standards Institute (CAN/DGSI), and related measures into the agreement, ensuring that EU frameworks are not adopted wholesale without Canadian influence. Any digital trade discussion must be explicitly conditioned on preserving Canada's right to set and revise domestic rules on data, algorithms and cloud, without de facto subordination to a single foreign model.

There is a need for domestic capacity building. To this end, academic and think tank resources in Canada can be mobilized to assist trade negotiators, regulators, governments, and civil society in meaningful consultations and considerations of these critical policies.

Policy priority must consider sovereignty first, capacity immediately thereafter. Canada should therefore:

1. legislate a clear digital sovereignty framework that preserves domestic policy space over data, algorithms and cloud infrastructure; and
2. resource the institutions and skills required to govern that framework.

Canada should adopt a doctrine of **technological non-alignment**: cooperate globally while preserving the unilateral right to audit, constrain and localize high-risk digital systems. Any exploratory talks must be conditioned on reciprocity, revocable equivalency and a **public-interest supremacy clause** that places democratic oversight above code secrecy when safety, rights or elections are at stake.

II. Core Analysis: Why this Consultation Fails Canada

The Fundamental Mis-framing

In its July 2025 consultation requesting public input on a possible Canada-EU digital trade agreement, GAC presents digital trade as technical commerce facilitation. This misses the central reality of our time: **algorithms are governance infrastructure.**

The algorithmic providers determine:

- what information Canadians access;
- how democratic discourse unfolds;
- which businesses succeed or fail;
- how essential services are allocated; and
- whether national security threats are detected.

Trading away control over these systems is not commerce. Instead, it is surrendering sovereignty. Yet Canada approaches these negotiations as if discussing widget tariffs rather than the constitutional architecture of digital society.

Canada's policymakers must recognize that such surrender is not hypothetical. The European Union's General Data Protection Regulation (GDPR) has already radiated outward, influencing privacy regimes in dozens of jurisdictions, often compelling reforms without a single trade negotiation. Such regulatory cascades demonstrate that governance models can be exported through market access conditions and technical compliance requirements, producing de facto alignment even where no formal treaty exists.

Canada must resist the temptation to accept European digital frameworks wholesale. Instead, negotiations should be premised on equivalency and mutual recognition. Canada's existing instruments, including the federal AI Directive, CAN/DGSI standards, and sector-specific digital governance policies, should be explicitly recognized as providing adequate protection and oversight.

This approach would allow Canada to maintain its own trajectory in digital governance while still assuring the European Union of high levels of protection. Equivalency clauses must therefore: recognize Canadian standards as legitimate alternatives to EU measures; commit both parties to processes of mutual recognition for conformity assessment; and preserve Canada's right to expand or revise its standards as technology evolves. Without such provisions, Canada risks embedding a one-way adoption of EU rules, eroding its sovereignty and bargaining power.

The Asymmetric Power Trap

GAC's consultation ignores Canada's fundamental disadvantage. The European Union has spent years building comprehensive digital governance through:

- GDPR: establishing global privacy standards;
- Digital Services Act: creating platform accountability mechanisms;
- Digital Markets Act: addressing monopolistic practices; and
- AI Act: governing AI deployment.

In comparison, while Canada has the Online News Act, it has no AI Act or Online Harms Act, and it has paused a Digital Services Tax.

Table 1: The Asymmetric Power Trap

Dimension	Canada today	EU comparator	US comparator	Implication for Canada
Baseline privacy and data rights	Federal-provincial patchwork; adequacy unresolved	GDPR with extraterritorial reach	Sectoral and state laws	Compliance costs without agenda-setting power
AI governance	Early drafts/directives; limited audit power	AI Act (risk-based, audits, registries)	Sectoral enforcement: standard-led	Enters talks from a standards deficit
Platform accountability	Case-by-case statutes (e.g., Online News Act)	Digital Services Act/Digital Markets Act (authority to audit and impose fines)	Antitrust and Federal Trade Commission/ Department of Justice + state attorneys general	Weak leverage over systemic platforms
Cloud and data jurisdiction	Reliance on foreign hyperscalers	Mixed; sovereignty clauses emerging	Clarifying Lawful Overseas Use of Data Act: extraterritorial pull	Jurisdictional exposure in core infrastructure
Intellectual property (IP) and commercialization	Invention strong; ownership weak	Coordinated industrial and IP tools	Deep private IP capital markets	Negotiates from dependency, not strength

The GDPR example shows that EU law can and does reshape foreign regulatory space. For Canada, absent a domestic digital sovereignty framework, a trade agreement could operationalize this “Brussels Effect” in a way that fixes Canada’s governance of AI, data and digital platforms to EU specifications, leaving no path for independent rulemaking in the future.

This is not a negotiation between equals. Unfortunately, with an EU Digital Trade Pact, Canada could find itself as a client state seeking terms from an established digital empire. Again, there must be an embedding of Canada’s own AI Directive, CAN/DGSI standards, and related measures into the agreement, ensuring that EU frameworks are not adopted wholesale without Canadian influence. Otherwise, the result will be Canada adopting EU frameworks without reciprocal influence, locking in permanent technological dependence while calling it “partnership.”³

The CUSMA Constraint Crisis

Canada is already bound by CUSMA provisions affecting:

- data localization requirements;⁴
- cross-border data flow limitations;⁵ and
- source code access mandates.⁶

Adding EU commitments creates “double lock-in” — where conflicting obligations from Canada’s largest trading partners paralyze domestic policy innovation. **Canada risks becoming the Switzerland of digital governance: technically neutral but practically irrelevant.**

The Digital Services Tax Debacle: A Sovereignty Stress Test, Not a Tax Quarrel

The Digital Services Tax episode demonstrates how external pressure can foreclose even modest fiscal initiatives. It is not primarily about revenue; it is probative of negotiating leverage. If Canada can be pressured to abandon a modest three percent levy on dominant platforms, how will it defend algorithmic audit rights, data localization for critical systems, or source-code escrow in trade negotiations? A balanced analysis must also acknowledge two-way digital services trade flows; the sovereignty point, however, survives the arithmetic. The lesson is not the exact net figure — it is that demonstrated vulnerability in a minor fiscal file presages weakness in a constitutional one.⁷

Canada’s vulnerability is underscored by its overall balance of trade in digital services. According to Statistics Canada, Canadian exports of information and communication technology services, including software, cloud and data processing, totalled approximately **C\$15.2 billion in 2023**, while imports reached **C\$25.8 billion**, leaving a trade deficit of more than **C\$10 billion** in the sector.⁸ The Organisation for Economic Co-operation and Development (OECD) similarly reports that Canada’s share of global digital service exports is under **two percent**, far below its share of goods trade.⁹ This imbalance means that Canada is a net importer of critical digital infrastructure and services, making it especially exposed to external regulatory and commercial pressures. In this context, the failure to sustain a modest digital services tax is not merely symbolic; it reveals structural dependence that weakens Canada’s position in any negotiation over algorithmic governance and data sovereignty.

The mathematics of digital extraction are staggering:

- Google and Facebook generate at least C\$30 billion annually from Canadian users.¹⁰
- Google’s payment to Canadian journalism: C\$100 million annually.¹¹
- Meta’s payment: \$0 (It chose to block news instead.)¹²
- Net extraction: C\$30+ billion annually with minimal reinvestment.

This represents systematic value extraction designed to benefit foreign shareholders while impoverishing Canadian creative industries. The inability to sustain even modest taxation of this extraction reveals complete negotiating weakness.

If Canada cannot defend a basic digital services tax, how can we negotiate complex algorithmic governance frameworks with the world’s most sophisticated regulatory power?

The Algorithmic Empire Reality

Recent research on algorithmic colonialism demonstrates that Canada faces not just economic competition, but cognitive sovereignty threats.¹³ Foreign platforms now control:

- **information architecture:** what news Canadians see, which voices are amplified, how democratic debates unfold;
- **economic logic:** which businesses access consumers, how innovation is funded, what economic models succeed;
- **social coordination:** how communities organize, how movements emerge, how collective action develops; and
- **behavioural modification:** what Canadians desire, how they make decisions, what they consider normal.

Trade agreements can transform private platform rules into binding public law. **Once a trade agreement encodes these platform rules into binding international law, no future Canadian government can undo them without paying billions in penalties.** This lock-in effect is the constitutional risk at the centre of Canada's current posture.

This is not hyperbole. When Meta blocked Canadian news rather than comply with the Online News Act, it demonstrated that democratic oversight could be economically punished.¹⁴ The message was clear: attempt to govern us and we will govern you.

Any digital trade agreement that fails to address this power imbalance will entrench rather than solve Canada's algorithmic dependence.

III. Specific Dangers in the Consultation Topics

Digital Sovereignty at Risk: What Canada's Trade Consultation Is Not Telling You

GAC's recent consultation on EU digital trade conceals a dangerous reality: beneath innocent-sounding "technical provisions" lie **profound decisions that could determine who controls Canada's digital future.** These are not mere commercial considerations — they are sovereignty choices that will reshape Canadian governance for decades.

As an international trade lawyer specializing in digital trade, I can decode what is really at stake:

- **"Cross-border data movement"** risks stripping away Canadian protections. This seemingly neutral term determines whether your sensitive information remains protected under Canadian law or becomes vulnerable beyond Canada's borders.

- **"Source code disclosure requirements"** determine accountability. This provision chooses whether algorithms governing critical infrastructure and democratic processes remain secret black boxes or are subject to Canadian oversight.
- **"AI development requirements"** establish who sets the rules. This language determines whether Canada can protect its citizens with meaningful AI governance or must surrender to foreign interests.
- **"Misinformation prevention"** provisions threaten Canadian democracy. These terms could hand control of "truth" to foreign tech platforms instead of maintaining protections for Canadian democratic safeguards.

These are not obscure technical details. They represent foundational choices about Canada's digital independence. Appreciating the many different values and interests at stake supports the conclusion that any digital trade agreement demands extensive public debate grounded in Canadian values and priorities, not rushed consultations that mask these profound governance decisions.

The Innovation Mythology

Canada generates significant inventions but often struggles to retain ownership of the resulting patents. In 2023, non-resident applicants — foreign entities — accounted for approximately 88 percent of patent filings in Canada, while Canadian residents filed only about 12 percent.¹⁵ This indicates a pronounced gap between invention and domestic ownership. In practice, Canada invents; others often legalize and commercialize. In such a market, a digital trade agreement that hard-codes platform standards before addressing Canada's innovation-ownership gap may entrench external dependence rather than promote domestic competitiveness.

This gap means Canadian ideas often fuel foreign commercialization pipelines. While mobility of talent is a real factor, the central issue is structural: Canada lacks ownership of the IP that underpins competitive digital economies.

The consultation assumes digital trade agreements spur innovation. Evidence suggests the opposite for smaller economies:¹⁶

- **platform monopolization:** Trade agreements protect dominant platforms from competitive challenge, reducing innovation incentives while increasing extraction capabilities.¹⁷
- **brain drain acceleration:** Opening markets without building domestic capacity accelerates talent migration to platform headquarters, impoverishing Canadian innovation ecosystems.¹⁸
- **standards colonization:** Without careful standards terms and recognition of Canadian standards, adopting foreign technical standards locks Canadian developers into dependency relationships rather than fostering home-grown innovation.
- **investment diversion:** Foreign platforms extract Canadian value for reinvestment in their home jurisdictions, reducing capital available for domestic digital infrastructure.¹⁹

Real digital sovereignty requires building Canadian alternatives and exports, not negotiating better terms for our dependence. The policy problem is not a lack of ingenuity; it is a lack of domestic ownership, scaling finance and regulatory leverage. A sovereignty-first sequence — law, then capacity — changes the innovation incentives at home rather than outsourcing them.

Constitutional Implications Canada Ignores

Digital trade agreements now function as constitutional documents, establishing:

- **jurisdictional authority:** which courts can govern platform behaviour;
- **democratic accountability:** whether elected officials can oversee algorithmic systems;
- **economic sovereignty:** how value is extracted and distributed; and
- **cultural autonomy:** what information Canadians access and share.

Infrastructure lock-in magnifies this danger. Once foreign AI or cloud infrastructure underpins essential services, the technical and economic cost of replacing it becomes prohibitive. **Early trade-law safeguards such as treaty reservation clauses, national security exceptions, and scheduled review mechanisms are essential to preserve policy space.** The experience of several African states, now dependent on foreign telecom and AI providers for core civic infrastructure, shows that once the hardware, software, and standards are embedded, renegotiating the rules is politically fraught and economically costly.²⁰

The GAC consultation treats these constitutional implications as commercial technicalities. This represents a profound misunderstanding of what is being negotiated away.

International Lessons Canada Must Heed

Other nations demonstrate that digital sovereignty is achievable:

- **India** banned TikTok, mandated data localization and required platform accountability — despite massive trade pressure.²¹
- **Estonia** developed comprehensive digital governance frameworks while maintaining EU compatibility.²²
- **Kenya** rewrote data protection laws to assert sovereignty over information flows.²³
- **Singapore** built digital infrastructure alternatives while engaging international partners.²⁴

Singapore's approach is instructive: it participates in both US and Chinese cloud ecosystems yet retains an independent AI ethics framework that applies to all providers. This “digital non-alignment” ensures access to global infrastructure without ceding domestic rule-making authority. Canada could adopt a similar strategy, balancing trade access with an explicit, legislated commitment to independent governance standards for AI, data and platform infrastructure.

Other relevant comparators for Canada are trade-dependent middle powers such as New Zealand and South Korea. Each has negotiated with larger economic blocs while defending its digital autonomy, offering practical lessons for Canada's asymmetric position.

These nations understood that digital sovereignty is not protectionism — it is the foundation upon which sustainable digital commerce must be built.

The Path Forward: Digital Sovereignty First

Canada must match ambition to capacity. Legislation without people, skills and budgets is performative. The revised roadmap, therefore, integrates short-cycle capacity building, intergovernmental partnerships, and external technical secondees at every phase, acknowledging fiscal constraints and execution risk. Canada should adopt a phased roadmap.

Phase 0: Immediate Sovereignty Shield (0–6 months)

This phase introduces short-term measures, such as interim data-localization requirements for sensitive sectors and a temporary AI oversight task force, while broader legislation is developed. Subsequent phases must include realistic capacity-building: partnerships with universities, technical secondees from industry, and targeted budget allocations. Institutional reform must match ambition with resources, or risk becoming symbolic rather than sovereign.

- **Interim data-localization policy** for critical public systems and regulated sectors pending full legislation.
- **Temporary AI oversight task force** to coordinate audits, incident reporting and sandbox approvals while permanent bodies are established.

Phase 1: Legislative Foundation (12 months)

- **Digital Sovereignty Act:** Establishing Canadian authority over algorithmic systems, including its digital infrastructure, data and technologies, operating within Canadian jurisdiction.
- **Algorithmic Accountability Act:** Requiring transparency and auditing for AI systems affecting Canadians.
- **Digital Infrastructure Protection Act:** Securing critical digital systems from foreign control.

Phase 2: Institutional Development (18 months)

- **Digital Governance Agency:** Consolidated regulatory authority over digital systems
- **Canadian Digital Infrastructure Corporation:** Public alternative to foreign platform dependence
- **Digital Standards Commission:** Canadian participation in global technical standard-setting.

Phase 2 must not only build capacity but also establish a durable institutional framework for digital sovereignty. Canada should issue an Order in Council to create a **Pan-Canadian Digital Sovereignty Strategy**, designed to coordinate federal, provincial, territorial, Indigenous and private sector initiatives.

The existing Digital Governance Council should be designated as the coordinating authority, with clear statutory authority to set priorities, oversee conformity assessment and ensure accountability.

The framework should set out roles and responsibilities for all levels of government and include mandatory participation provisions for Indigenous partners, ensuring inclusive governance. By embedding this authority in law and institutional practice, Canada would move from abstract commitments to an enforceable architecture capable of sustaining digital sovereignty in negotiations with the European Union and beyond.

Phase 3: Strategic Engagement (24 months)

- **Bilateral digital cooperation agreements:** Non-binding partnerships focusing on research and capacity-building.
- **Multilateral standards participation:** Active engagement in global digital governance development.
- **Trade agreement integration:** Incorporating digital sovereignty protections into existing and future trade agreements.

Only after establishing this foundation should Canada engage in binding digital trade commitments.

Immediate Recommendations

1. **Suspend exploratory discussions** with the European Union until domestic frameworks are established.
2. **Commission an independent analysis** of CUSMA digital provisions to understand current constraints.
3. **Develop a cross-government position** aligning trade policy with national security, economic competitiveness, human rights, mental health protection and democratic oversight.
4. **Engage civil society** in genuine and transparent consultation about Canadian digital futures rather than fait accompli trade negotiations.
5. **Build technical capacity** within government to understand algorithmic governance implications.
6. **Draft an Order in Council** to establish a Pan-Canadian Digital Sovereignty Strategy to coordinate federal, provincial, territorial, Indigenous and private sector actions to advance digital sovereignty; designate the Digital Governance Council²⁵ as its coordinating authority, and set out the roles, responsibilities and participation provisions for federal, provincial, territorial and Indigenous partners.

IV. Conclusion: The Choice Before Us

Canada should not negotiate away sovereignty it has not yet defined. Digital trade agreements today are constitutional charters: they determine who governs the data, algorithms and infrastructure that shape Canada's economy, democracy and daily lives. Entering talks with the European Union, or any other trading partner, without a domestic digital sovereignty framework is not strategy. Rather, it is surrender.

The digital economy is not inevitable; it is engineered. Current arrangements serve foreign shareholders, not Canadian citizens. The platforms extracting billions from our markets while blocking our news, surveilling our citizens, and manipulating our discourse are not natural forces. They are policy choices that can be reversed.

The algorithm is already here, already structuring what Canadians see, share and believe. We have relinquished control over the very logic systems that now determine public discourse, democratic participation and economic opportunity. This consultation offers the choice between digital sovereignty and digital colonization — and Canada has been choosing colonization through inaction.

The technology barrier to entry has never been lower. Estonia governs algorithms with 1.3 million people. Singapore built digital infrastructure alternatives with focussed investment. India asserted its digital sovereignty against massive trade pressure.²⁶ The question is not whether Canada is too small to matter. The question is whether we will choose to lead while we still can.

The stakes transcend commerce. This is about who governs the infrastructure of the 21st century. It is about whether Canadian democracy can survive algorithmic manipulation by foreign powers. It is about whether Canadian creativity and innovation can flourish or will be permanently colonized by platform monopolies.

Canada must not enter these negotiations as a policy-taker in the algorithmic age. It must first secure the domestic legislative, institutional and technical capacity to govern its own digital future. Only then can Canada engage partners such as the European Union (and others) on truly reciprocal terms. If, despite these warnings, the Government of Canada nevertheless proceeds prematurely with negotiations for a Canada–EU Digital Trade Agreement, Canada must embed protective mechanisms that preserve its regulatory autonomy. Such an agreement must not simply replicate or import European frameworks without adaptation. At a minimum, Canada should insist on three core safeguards:

- **Reservations and carve-outs:** The agreement must explicitly reserve Canada's right to regulate in the public interest, including privacy, cultural protection, national security, cybersecurity, Indigenous digital rights, and algorithmic governance, even where such measures diverge from European practice.
- **Equivalency and mutual recognition:** Canadian instruments such as the federal AI Directive and CAN/DGSI standards must be recognized as providing an equivalent level of protection to EU

measures. Provisions should require mutual recognition of conformity assessment systems to ensure Canadian standards are not subordinated.

- **Sovereignty safeguards:** A “sovereignty clause” should be embedded to guarantee Canada’s ability to revise its domestic frameworks as technology evolves, without being constrained by rigid treaty obligations that reflect Europe’s current regulatory model.

If Canada engages before a full domestic digital policy build-out, it should negotiate only on the basis of technological non-alignment, reciprocity with revocation rights, and a binding public-interest supremacy clause that preserves regulator-confidential audit and critical-systems sovereignty — otherwise, Canada should suspend all such explorations at this time.

Absent these protections, a Canada–EU digital trade agreement would function less as a partnership and more as an instrument of regulatory dependency. Canada’s objective must be to safeguard its capacity to innovate and legislate independently, while engaging Europe on terms that respect Canadian sovereignty.

The best time to build digital sovereignty was 20 years ago.

The second-best time is now.

The algorithm will not wait for Canada to catch up. If Canada fails to act, it risks becoming a tenant in its own democracy. But if Canadians build a coherent digital sovereignty framework, they can govern their digital future on their own terms.

The lesson of the Digital Services Tax is clear: if Canada could be pressured to abandon a modest levy, it will struggle to defend algorithmic audits, data localization, or national cloud procurement. Our weakness lies not in invention but in ownership; others commercialize what Canadians create. Until we address this structural gap, we will be negotiating from a position of dependency.

The path forward is simple but urgent: legislate first, build institutional capacity second, and only then negotiate on terms of reciprocity. Canada must insist on mutual recognition of its own standards and refuse one-way adoption of others’ rules.

The algorithm is already writing the future. Either Canada governs its digital destiny — or it accepts tenancy in its own democracy. The choice is immediate, and the time to act is now.

Endnotes

¹ GAC, *Share your views: Consulting Canadians on a possible Canada-European Union Digital Trade Agreement*, July 16, 2025 (accessed August 14, 2025): <https://international.canada.ca/en/global-affairs/consultations/trade/2025-06-23-digital-trade> [perma.cc] archived at <https://perma.cc/>.

² In addition to the CUSMA, Canada has entered into digital trade obligations in the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). *Canada-United States-Mexico Agreement*, 30 November 2018 (entered into force 1 July 2020) [*CUSMA*]; *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* (signed 8 March 2018) [*CPTPP*]. For a discussion of existing digital trade agreement provisions, see Barry Appleton, “Algorithmic Empire and the New Digital Colonialism: The Legal Struggle for Technological Self-Determination in the Age of AI” (forthcoming), available at SSRN: <https://ssrn.com/abstract=5389292> or <http://dx.doi.org/10.2139/ssrn.5389292>.

³ Anu Bradford, *The Brussels Effect: How the European Union Rules the World* (Oxford University Press, 2020), 125–150.

⁴ *CUSMA*, art 19.12. For a discussion of this impact, see Barry Appleton, “Algorithmic Empire.”

⁵ *CUSMA*, art 19.11.

⁶ *CUSMA*, art 19.16.

⁷ Chrystia Freeland, “Statement by the Deputy Prime Minister and Minister of Finance on the Digital Services Tax,” Government of Canada, January 21, 2025, <https://www.canada.ca/en/departement-finance/news/2025/01/statement-by-the-deputy-prime-minister-and-minister-of-finance-on-the-digital-services-tax.html>.

⁸ Statistics Canada, *Trade in Information and Communication Technology (ICT) Services, by Type of Service and Partner Country, Annual (Table 12-10-0153-01)*, 2024.

⁹ OECD, *Measuring Digital Trade: Results of the OECD-WTO-IMF Handbook* (2023), 45–48.

¹⁰ The Interactive Advertising Bureau of Canada (IAB Canada) estimates total Canadian digital media revenue at C\$18.1 billion for 2024, with Google and Facebook together accounting for approximately 80 percent of this market. This figure excludes advertising purchased and billed in the United States but targeted at Canadian audiences. When US-billed revenue is included, the addressable Canadian market for Google and Facebook exceeds C\$30 billion annually. Data from IAB Canada, “Decoding Industry Growth at IAB Canada’s State of the Nation Toronto 2024,” February 25, 2025, <https://iabcanada.com/decoding-industry-growth-at-iab-canadas-state-of-the-nation-toronto-2024/>; News Media Canada, “Google and Facebook control the internet advertising market in Canada,” April 8, 2021, <https://nmc-mic.ca/2021/03/30/google-and-facebook-control-the-internet-advertising-market-in-canada/>; IAB Canada, “Digital Ad Revenues” (2024); Google Inc., Annual Report (Form 10-K) (2024), 45–48; Meta Platforms Inc., Annual Report (Form 10-K) (2024), 52–55.

¹¹ Government of Canada, “Google reaches agreement with the Government of Canada to support Canadian journalism,” November 29, 2023, <https://www.canada.ca/en/canadian-heritage/news/2023/11/google-reaches-agreement-with-the-government-of-canada-to-support-canadian-journalism.html>.

¹² Anja Karadeglija, “Meta to block news content for all Canadian users,” *National Post*, August 1, 2023, <https://nationalpost.com/news/politics/meta-to-block-news-content-for-all-canadian-users>.

¹³ Appleton, “Algorithmic Empire,” 15–25.

¹⁴ Michael Geist, “Meta’s News Blocking Decision Reveals the Weakness of Canada’s Online News Act,” August 1, 2023, <https://www.michaelgeist.ca/2023/08/metass-news-blocking-decision-reveals-the-weakness-of-canadas-online-news-act/>.

¹⁵ Canadian Intellectual Property Office, *IP Canada Report 2024*, 13.

¹⁶ Dan Ciuriak, “World Trade Organization 2.0: Reforming Multilateral Trade Rules for the Digital Age,” CIGI Policy Brief No. 152 (July 2019): 4–7, Centre for International Governance Innovation, https://www.cigionline.org/sites/default/files/documents/PB%20no.152_3.pdf. Ciuriak explains that while digital trade agreements are structured to benefit multinational firms, for smaller economies, they can intensify dependency, enable platform monopolization, and reduce the domestic capture of innovation benefits, fundamentally challenging the assumption that these agreements automatically spur innovation in all markets.

¹⁷ Ciuriak, “World Trade Organization 2.0,” 6–7. Ciuriak details how digital trade rules, when structured without appropriate controls, enable large platforms to dominate new markets, crowding out local businesses and concentrating value extraction outside the domestic economy.

¹⁸ Colin R. Singer, “Canada’s Brain Drain: Figures Show Technology Graduate Exodus,” Immigration.ca, September 26, 2023, <https://immigration.ca/canadas-brain-drain-figures-show-technology-graduate-exodus/>. A recent study found that two-thirds of Canadian software engineering graduates and a significant share of STEM talent are leaving for the United States, illustrating how dominant foreign digital platforms and ecosystems attract top Canadian innovators.

¹⁹ Jim Balsillie, “Making in the Modern Economy: Submission to the House of Commons Standing Committee on Industry, Science and Technology,” Council of Canadian Innovators, May 19, 2021, 4–6, <https://www.ourcommons.ca/Content/Committee/432/INDU/Brief/BR11374233/br-external/CouncilOfCanadianInnovators-e.pdf>. This brief explains how Canada, in the world of IP and data, is a payee, not a rent-collector, and argues that digital economy measures in trade agreements enable foreign platforms to extract economic value that is then redeployed elsewhere, further widening Canada’s digital infrastructure and innovation gap.

²⁰ Tshilidzi Marwala, “Africa’s Artificial Intelligence Future Needs Local Roots,” United Nations University, May 1, 2025, <https://unu.edu/article/africas-artificial-intelligence-future-needs-local-roots>.

²¹ Ashish Arya and Subhomoy Bhattacharjee, “India’s Ban on TikTok and Other Chinese Apps: A Case Study in Digital Sovereignty,” *International Journal of Communication* 15, no. 2 (2021): 891.

²² Rain Tamm and Kristjan Vassil, “E-Estonia: The Digital Government Revolution” in *Digital Government: Technology and Public Sector Performance*, ed. Sanjeev Kumar (Routledge, 2019), 156.

²³ Grace Mutung’u, “Data Protection and Privacy in Kenya: An Analysis of the Data Protection Act, 2019,” *African Journal of International and Comparative Law* 8, no. 1 (2020): 89.

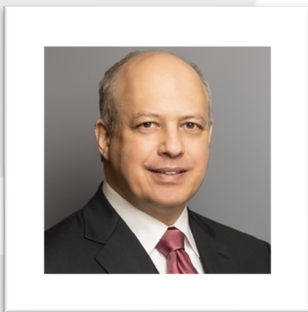
²⁴ Heng Swee Keat, “Building a Smart Nation: The Singapore Experience,” *Government Information Quarterly* 27, no. 3 (2019): 405.

²⁵ The Digital Governance Council is a not-for-profit, cross-sector, neutral convener for Canada’s executives to share best practices, identify digital governance issues and prioritize collective action. See Digital Governance Council, “About Us” (accessed August 14, 2025): <https://dgc-cgn.org/>.

²⁶ See notes 14–17, above.

²⁷ Barry Appleton, “Written Testimony to the US Trade Representative on Request for Comments to Assist in Reviewing and Identifying Unfair Trade Practices and Initiating All Necessary Actions to Investigate Harm from Non-Reciprocal Trade Arrangements,” USTR-2025-0001-00110196 (March 7, 2025); Barry Appleton, “Expert Testimony on Investor-State Treaty Disputes,” Appearance before Canadian House of Commons Standing Committee on International Trade (March 26, 2021).

²⁸ Appleton, “Algorithmic Empire.”



Barry Appleton brings unique expertise to digital trade governance analysis. As Co-Director and Distinguished Senior Fellow at the Center for International Law at New York Law School and Fellow at the Balsillie School of International Affairs, his ongoing research focuses on how emerging technologies challenge traditional trade frameworks and threaten middle power sovereignty.

A Canadian and American lawyer with deep roots in Canadian trade policy, Barry Appleton advised Ontario's Cabinet Committee on North American free trade during the original NAFTA negotiations and has served as an external trade advisor to other Canadian governments. He has represented clients in landmark treaty arbitrations that shaped modern interpretations of regulatory sovereignty under global trade agreements.

His testimony before the US Trade Representative (2025), the World Trade Organization, Canadian Parliament, and provincial committees positions him at the intersection of digital governance and international economic law.²⁷ His forthcoming paper, "Algorithmic Empire and the New Digital Colonialism,"²⁸ examines how platform monopolization challenges traditional sovereignty concepts — making him exceptionally qualified to address the constitutional implications of digital trade agreements.

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