

**FirstFT Canadian politics**

**Q&A: Canada under Carney**

After a stunning election victory how is the country's PM performing?



Mark Carney is still in the honeymoon period with an ambitious plan to build the 'strongest economy in the G7' © AP

**Ilya Gridneff** and Gordon Smith

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*When Mark Carney was sworn in as Canada's prime minister he vowed "never" to let the country become part of the US. He was elected after a backlash against President Donald Trump and a surge in Canadian nationalism, securing a stunning election victory. But three months on from the election Carney has had to soften some of his messaging in dealings with a confrontational US president. Tariffs loom and he has faced criticism at home from the oil and gas lobby. For today's Q&A I spoke to Canada correspondent Ilya Gridneff about Carney's "honeymoon" and the outlook for US-Canada relations.*

***Gordon Smith: How has the US-Canada relationship changed since Carney's election victory?***

Ilya Gridneff: Prime Minister Mark Carney has repeated that Canada's old relationship with the US was "over" and vowed that there would be a "broad renegotiation" of the trade agreement that has defined North America for decades.

The US-Canada-Mexico free trade agreement — known as USMCA — is the cornerstone of trade relations in North America but is set for a review next year and appears strained due to various breaches and tariffs.

But USMCA is also a deal signed and negotiated by Trump in his first term. It underpins US\$1.3tn in annual trade with Mexico and Canada, and exports to both markets are estimated to support close to 3mn US jobs. Whether integrated North American industries like the automotive sector want to make the costly move to the US is another challenge the Trump administration faces.

More broadly, in a geographical sense, a term I have heard used with this Trump administration is "Manifest Destiny" that comes from the 19th-century idea that American settlers should expand across North America, which was seen as a moral obligation and a divine right.

A few of the Maga associates, like Steve Bannon, have described to the FT how Canada is part of the US "[hemispheric defence](#)" plan as the 51st state. Carney directly [told](#) Trump in the White House that his country was "not for sale."

The US relies on Canada as a security partner, in particular, in the North American Aerospace Defense Command (Norad) alliance. Canada bought a new radar system that is vital to Norad. Trump offered Canada free "Golden Dome" defence protection [if it gives up sovereignty](#). The offer was quickly rejected by Carney.

Often, Trump's claims on Canada are discounted as a negotiation tactic to serve US interests, but some observers warn it is part of a strategic, fundamental philosophy to reshape North America to serve US interests.



Carney's Liberal party came from behind to win the election in April © Bloomberg

**GS: How is Carney performing in opinion polls since he became prime minister?**

IG: Carney is still in the honeymoon period with an ambitious plan to build the “strongest economy in the G7”. Early popularity polls show that Carney is riding on a high after the remarkable Liberal party election win. It's worth remembering that the Liberals were set to lose badly to the Conservatives until Carney won the party leadership in March, and stunningly turned their fortunes around for the April 2025 poll.

Local media is still giving Carney the benefit of the doubt during his first three months in power. Nanos polling from June found Carney [has a 25-point advantage](#) over opposition leader Pierre Poilievre, who even lost his own seat at the election, as the person Canadians would prefer as prime minister.

“During the election, ballot support for the front-running parties was a dead heat, currently the Liberals lead by 10 percentage points,” said Nik Nanos, chief data scientist.

A Spark Advocacy [survey](#) (June 6-9), found two out of three people polled (67 per cent) approved of the way Carney [was handling his job](#). Since the Liberals won the election with just under 44 per cent of the popular vote, they say “he’s been gaining support from people who marked a ballot for someone other than a Liberal”.



Donald Trump and Mark Carney at this year's G7 summit in Alberta which the US president left early to deal with Israel and Iran © AP

***GS: Do Canadians back Carney's tough stance towards Donald Trump, even though it could damage the economy?***

IG: Carney ran and won an election campaign based on standing up to Trump. He has repeated that Canada faces a “crisis” and there’s been no shortage of ice hockey references used to capture the fighting spirit with its southern neighbour. The chief campaign slogan was “elbows up”, referring to a tenacious, fierce, play-to-win style of hockey.

But, now three months in, the reality of dealing with Trump and the US is far more complicated and nuanced. Carney has [walked back](#) some of the fighting talk and used both flattery and firmness in dealing with Trump in person.

Carney, a pragmatic technocrat and former central bank governor, was [polite and respectful](#) towards Trump during a White House meeting in May. He used faint praise to describe Trump as a “transformational leader”. Then in June Carney hosted a relatively smooth G7 [summit](#) that saw Trump [leave after only one day](#) to deal with Israel and Iran.



“The American objectives are multiple. They change from time to time,” Carney said after a meeting with the nation’s premiers on July 22. “Canada will not accept a bad deal. Our objective is not to reach a deal whatever it costs.”

Carney conceded it was likely any trade deal with the US would see tariffs remaining, and accepted a US-initiated delay to a deadline for tariff talks. Both concessions highlighted that he’s not the one dominating the negotiations. He also [scrapped](#) the digital services tax when Trump suspended talks over it, addressing a long-standing US complaint.

So, some critics are questioning where they should put their elbows, considering recent capitulations.



Canadian Prime Minister Mark Carney talks with Alberta Premier Danielle Smith © Reuters

***GS: Should Carney be worried about the Alberta independence movement?***

IG: Carney, who was raised in Alberta, is keeping a close eye on the issue. But it is fair to say it is a vocal minority and is the manifestation of a section of Alberta that has always been angry with Ottawa, as part of historical grievances dating back some 100 years.

Alberta premier Danielle Smith [says](#) she is against Alberta becoming independent from Canada, but has lowered the threshold to hold a referendum on the issue in response to party politics.

While hardline pro-independence supporters represent a small minority of the province's voters, there are concerns the promise of a referendum has opened a Pandora's box, and the movement could gain traction akin to Brexit.

The main claim advanced by pro-independence advocates is that Alberta's oil and gas wealth is being squandered by the federal government on other parts of the country, with little benefit for the province. Many Albertans also believe the federal government puts obstacles in the way of the further oil-and-gas sector development, such as overly burdensome environmental requirements.

Even if the majority of Albertans are not pro-independence, the issue is still a problem for Carney, not least because he is building his leadership on a national unity platform.



The LNG Canada export terminal in Kitimat, British Columbia © Aaron Whitfield/FT

***GS: Can Canada really become an energy superpower?***

IG: Some argue Canada is already an energy superpower. Canada is sending record quantities of oil to the US, and, through the export of electricity (especially hydro) is keeping the lights on for millions of Americans. The country also has some of the [world's largest uranium](#) reserves necessary for nuclear reactors. But one of Carney's election pledges is to make Canada an energy superpower and export to new regions, in order to diversify away from the US.

Carney, a longtime climate finance advocate, has set about restoring relations with the fossil fuel industry, particularly Alberta's oil and gas producers, which were deeply antagonistic under former prime minister Justin Trudeau.



In early June, Carney touted a “[grand bargain](#)” when meeting oil and gas executives. He offered tentative backing for new pipelines and a multibillion-dollar carbon capture project as a way to neutralise emissions and produce “decarbonised oil”. But the industry is also demanding a raft of Trudeau-era regulations to be torn up.

In early July, Canada sent its first LNG shipment to Asia [as part of Canada’s bid to increase energy output](#) and pivot to new markets.

How Canada lifts energy production without backtracking on climate pledges will be [Carney’s real challenge](#) if Canada is to become an energy superpower. He also faces difficult political discussions with First Nations and provincial leaders affected by major energy projects.



Former Canadian prime minister Pierre Trudeau (left) and Richard Nixon © Photoquest/Getty Images

***GS: What difference to the US-Canada relationship can we expect to see?***

IG: In [1969](#) Prime Minister Pierre Trudeau, the father of former PM Justin Trudeau, met President Richard Nixon and said: “Living next to you is in some ways like sleeping with an elephant. No matter how friendly and even-tempered is the beast, if I can call it that, one is affected by every twitch and grunt.”

The complicated relationship between the US and Canada is defined by geography, history, trade and culture, but it’s also been contested over the decades.

One of Trump's first comments as president was to criticise Canada over its management of its border with the US. Trump has also repeatedly threatened to make Canada the 51st US state and claimed that Canada is ["very nasty to deal with"](#).

Canadians are angry about this latest elephantine twitch in US policy. Canadian tourism to the US has plummeted, American consumer goods are facing [boycotts](#) and Carney's government has put in place retaliatory tariffs affecting C\$155bn worth of US imports as part of its [countermeasures to Trump's hostilities](#).

But Carney, as well as some Canadian business leaders, are describing the current rupture in the bilateral relationship as a necessary "wake-up call". It has forced Canada to address systemic weaknesses in its economy such as major obstacles to [internal trade](#); it's driven the new government to tackle long-standing underspending on [defence](#); and has motivated it to seek new trading partners globally, particularly in Europe and Asia.

Ultimately, the trust between Canada and the US has been fractured and will take a long time to repair. It's possible that the relationship will never be fully restored.

*How do you rate Carney's start as prime minister of Canada? Vote in our [latest poll](#).*

### How do you rate Mark Carney's performance so far?

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Impressive	He's made a good start	Yet to be convinced

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