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## Winner of Canada's federal election will need to address immediate economic challenges and long-term systemic problems, report finds



Los Angeles/Ottawa/DNA (ots) -

With anxiety around tariffs, the economy and a deteriorating relationship with the U.S., navigating an economic downturn should be an immediate priority for Canada as it heads into a federal election, a new report recommends.

In the long-term, however, it says Canada will need greater economic diversification and regional representation.

"Although it is wealthy by global standards, Canada's economy faces key vulnerabilities such as excessive reliance on extractive industries, shortages of critical goods like housing and heavy dependence on exports to the U.S.," according to the newly released [Canada BGI Report](#).

The report, based on the [Berggruen Governance Index \(BGI\)](#), was conducted by researchers from the Los Angeles-based Berggruen Institute think tank, the Luskin School of Public Affairs at the University of California Los Angeles (UCLA) and the Hertie School, a German university.

While Canada scores highly on most measures of the BGI, the report finds that Canada's performance "has been uneven over the last decade" and for many years has failed to address systemic problems.

That, however, has been overshadowed by U.S. President Donald Trump.

Until recently, analysts predicted a landslide victory for the Conservatives under Pierre Poilievre in the Canadian election. But the Liberals have "experienced one of the most dramatic electoral turnarounds in recent political history", associating the ascension of Trump to the U.S. presidency in January 2025 with this reversal of fortunes.

This coincided with the resignation of former Prime Minister Justin Trudeau and the selection of former Bank of Canada and Bank of England Governor Mark Carney as the new Liberal leader, who rallied Canadians together after "repeated threats of tariffs and even territorial annexation provoked outrage among Canadians."

Despite this, the report found that public trust in government steadily declined throughout the 2010s - and a major flashpoint is immigration.

Canada has long been a supporter of greater immigration but, by 2024, public sentiment had shifted in line with housing inflation.

Canada currently has one of the highest housing price-to-income ratios in the developed world, according to the OECD.

Canada has also struggled with excessive reliance on extractive industries and heavy dependence on exports to the U.S., which have "recently been exposed as a geoeconomic vulnerability," according to the researchers.

The report says that addressing these challenges will require investments in state capacity, economic diversification - both sectorally and geographically - and building greater democratic legitimacy through regional inclusion.

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## Medieninhalte



Liberal Leader Mark Carney, shown here campaigning at a Bombardier aircraft plant on April 14, replaced former Prime Minister Justin Trudeau in March and has since rallied Canadians together after threats by U.S. President Donald Trump of tariffs and even annexing Canada to make it the "51st state" of the U.S. (Photo by Christinne Muschi/The Canadian Press - The use of this image for editorial purposes is permitted and free of charge provided that all conditions of use are complied with. Publication must use image credits.) / More information via ots and [www.presseportal.de/en/nr/174021](http://www.presseportal.de/en/nr/174021) / The use of this image for editorial purposes is permitted and free of charge provided that all conditions of use are complied with. Publication must include image credits.



The World Integrated Trade Solution (WITS) Product Imports by Canada data for 2022 show the United States being Canada's largest trading partner by far, making Canada extremely dependent upon exports to the United States and leaving it vulnerable to threats from its southern neighbour. (Infographic: The Canadian Press for DNA - The use of this image for editorial purposes is permitted and free of charge provided that all conditions of use are complied with. Publication must include image credits.) / More information via ots and [www.presseportal.de/en/nr/174021](http://www.presseportal.de/en/nr/174021) / The use of this image for editorial purposes is permitted and free of charge provided that all conditions of use are complied with. Publication must include image credits.

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