

Canada's \$500 Billion GDP Opportunity

A Strategic Reorientation would drive Canada's Productivity & Growth

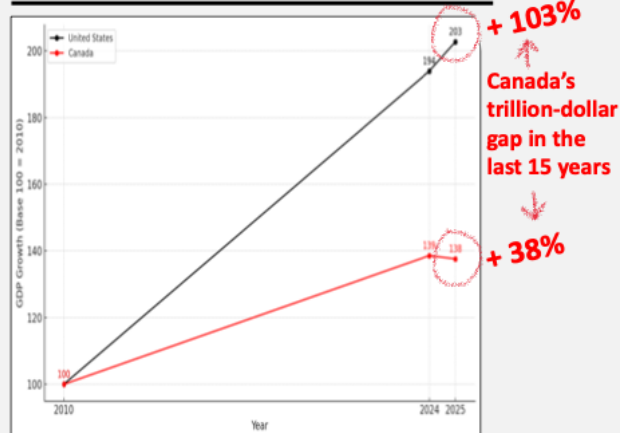
Regional Shares of Global GDP, 2010-2025

	2010	2024	2025	Change
WORLD	66800	110585	113816	
United States	15049	29185	30507	
China	6139	6139	19232	
Global North	28480	28480	36545	
of which Canada	1617	2241	2225	
Global South	17132	17132	27532	
SHARES				
United States	22.53%	26.39%	26.80%	4.28%
China	9.19%	16.95%	16.90%	7.71%
Global North	42.63%	32.23%	32.11%	-10.53%
of which Canada	2.42%	2.03%	1.96%	-0.47%
Global South	25.65%	24.43%	24.19%	-1.46%
SHARES EX CHINA				
United States	24.81%	31.78%	32.25%	7.45%
Global North	46.95%	38.80%	36.84%	-8.31%
of which Canada	2.67%	2.44%	2.35%	-0.31%
Global South	28.24%	29.42%	29.11%	0.87%

In the post-2010 period, (data-driven economy era) the main shift was in market share from the Global North to the United States. The market capitalization of the leading firms in the DDE total \$18 trillion USD.

Source: IMF World Economic Outlook Database April 2025, Calculations by Dan Ciuriak

GDP Growth, Canada and US, 2010-2025



Canada's per capita GDP has been shrinking 0.4 per cent a year since 2020, the worst rate for any developed economy in the top 50. (Financial Times)

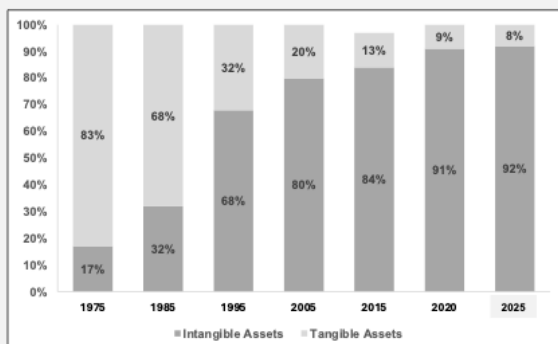
*Note: Between 2010 and 2025, the United States' population grew by 11%, and Canada's grew by 22%

Jim Balsillie, Sept. 2026

The 21st-century economy structurally changed from the 20th century and how Canada is overdue to respond to this. While Canada has lagged the OECD for decades, as shown on this slide, over the past 15 years Canada has particularly lagged U.S. growth, creating a trillion-dollar annual prosperity divergence over this time. My presentation and discussion tonight is an optimistic one because I believe that, with updated approaches, we can close half of this divergence, which is a \$500 billion annual opportunity for all investors, including CFAs, to pursue.

Shift From Tangibles to Intangibles

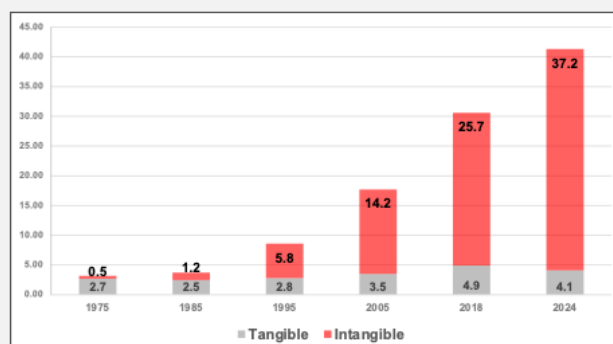
Shift from Tangibles to Intangibles
Components of S&P Market Value



Knowledge Based Economy (KBE) → Data-Driven Economy (DDE) → Machine Knowledge Capital (MKC)

Source: Ocean Tomo

Tangible & Intangible Capital, S&P 500
1975-2024, constant USD trillion at 2024 prices



Knowledge Based Economy (KBE) → Data-Driven Economy (DDE) → Machine Knowledge Capital (MKC)

Source: <https://papers.ssrn.com/abstract=4762228>

The Magnificent Seven (Apple, Alphabet, Amazon, Meta, Microsoft, Nvidia, Tesla) have a combined market cap of ~\$18 trillion USD of which ~90% is composed of intangibles.

Jim Balsillie, Sept. 2026

The global economy has undergone an unprecedented 35-year transformation where wealth, power, and security are rooted in the ownership and control of intangible assets: Intellectual Property and Data/AI. These assets behave differently than tangible goods and require fundamentally different strategies. Today, they dominate, comprising 92% of the S&P 500's \$55 trillion value. The rise of AI has also ushered in the era of "machine knowledge capital", a new factor of production.

Statecraft for the 21st Century Economy of Intangibles

"...America will write the rules of the next economy...we will not allow economic policy to grow detached from national strategy...That is American economic statecraft in the twenty-first century..."

...economic security is the foundation that allows a nation to fulfill its most basic obligations...

...Standards can become strategy, for the nation that fails to help write the rules of the next economy will sooner or later answer to those that did...

...[Financial market] leadership bestows enormous advantages, among them lower borrowing costs, deeper capital markets, enhanced sanctions capabilities, and great influence across the global financial system..."

**-Scott Bessent, U.S. Secretary of the Treasury
June 23, 2026**

Successful economic strategies over this period shifted to active economic statecraft to shape the legal frameworks that underpin this economy of intangible assets. Treasury Secretary Bessent laid this longstanding reality bare when he said in a recent speech that: "America will write the rules of the next economy" and "the nation that fails to help write the rules of the next economy will sooner or later answer to those that did".

Economy of Traditional, Tangible Goods

Economy of Ideas, Intangible Goods

Ownership of physical property is a positive right	→	Owning ("generating") intellectual property is a negative right
Production and sale of physical property to generate revenue	→	Amassing IP and controlling data/AI then restricting use to collect "rents"
The objective in industrial/services economy is to move inventory	→	The objective in the innovation economy is to acquire IP & data/AI assets
Traditional goods can only be owned by one person at a time ("rivalrous")	→	Both IP and data/AI are globally and simultaneously accessible by unlimited number of people ("non-rivalrous")
Traditional infrastructure needed to move goods across borders to individual customers	→	IP and brokered data are impossible to determine where they originate, where they are stored (owned) and how they move across borders
Supply chains feature multiple vendors competing with each other based on cost competitiveness	→	Value chains are based on winner-take-all economics
Competition rules prevent traditional production monopolies	→	IP is a government created temporary monopoly
Trade liberalization increases competition and reduces prices	→	Stronger IP protections and the natural monopoly of data/AI decrease competition and increase prices
Traditional trade agreements reduce the value of vested interests	→	"Asset Enhancement Agreements" raise value of vested IP-based and data/AI interests

Jim Balsillie, Sept. 2026

The tangible and intangible economies operate differently, as illustrated on this slide. In the production economy, value came from producing efficiently at scale; whereas in the knowledge economy, wealth accrues to those who own and control rent-generating IP and data/AI assets. Thus, FTAs like the USMCA shifted from spreading efficiency and competition to very technical treaties designed to spread friction and monopolies.

Examples of United States 2025 Strategic Behaviour

IEEPA, Sec. 122, Sec. 232 Tariffs (beginning Feb. 2025)

- Expands executive authority to restrict or tariff flows of strategic tech and data.
- Treats digital infrastructure, AI, and compute as national security assets.
- Weaponizes access to U.S. markets to shape global technology supply chains.
- Sends the message that if you want access, you play by U.S. strategic terms.

AI White Paper (July 2025)

- The White House published America's AI Action Plan, "Winning the Race".
- Defines AI in terms of hegemony and global dominance.
- Calls for securing data and building critical infrastructure (physical and digital).
- Goal is to achieve and maintain unquestioned and unchallenged global technological dominance.

GENIUS Act (July 2025)

- Anchors U.S. sovereignty in digital finance by securing the role of the dollar in the Stablecoin era.
- Creates a strategic financial rail to compete with foreign digital currency systems.
- Extends U.S. leverage over global payments through regulatory control and reserve requirements.

Deploying March-In IP Rights (Aug. 2025)

- Gives U.S. government leverage over IP developed with federal funding.
- Authority to "march in" and re-license patents if public interest is at stake.
- Prevents critical innovations from being locked up by private monopoly or foreign acquisition.
- Signals willingness to actively manage IP flows as part of industrial strategy.

Jim Balsillie, Sept. 2026

Over the next few slides, I will give several examples of this kind of economic and security statecraft during Trump 2.0, including the AI Action Plan which defines AI as a pillar of national power, the GENIUS Act for digital currencies, IEEPA and other tariffs to restructure terms of trade and regulatory remote control globally, and assertion of march-in IP rights under the Bayh-Dole Act. These are not isolated disparate initiatives but rather part of a coherent policy framework for global economic and security dominance.

United States New National Security Strategy (Nov. 2025)

Standards Determine Market Power

- Prioritizes leadership in technical, digital, financial, and industrial standards.
- Uses standards to shape market structure and system design.
- Advances standards in parallel with industrial and security policy.
- Treats standards bodies as arenas of strategic competition.

Economic Policy is now National Security

- Integrates trade, technology, finance, procurement, and security authorities.
- Expands use of national security tools for economic objectives.
- Aligns domestic industrial policy with external economic pressure.
- Applies security framing to trade, investment, and technology flows.

Control of Intangibles Defines Sovereignty

- Elevates data, AI systems, intellectual property, and digital infrastructure as strategic assets.
- Prioritizes domestic control over critical digital and IP assets.
- Uses regulatory and legal tools to secure intangible advantage.
- Links technological leadership directly to national power.

Resource Security as National Power

- Prioritizes secure access to critical minerals and energy inputs.
- Treats resource supply chains as security infrastructure.
- Willing to bypass partners to secure supply objectives.
- Links resource access to broader geopolitical bargaining.

Jim Balsillie, Sept. 2026

Note that the recent US National Security Strategy aligns economic, technological, and security policy. It emphasizes standards leadership, national security driven economic tools, control of data/AI, IP, and secure access to critical resources - all as foundations of national power.

USMCA's Digital Architecture and Other Restrictions on Canada

FINANCIAL TIMES

Why Silicon Valley wins big from the USMCA

Jamie Powell

Published DEC 12 2018

It's fair to say some Canadians are concerned. We spent time talking to some trade experts, economists and businessmen about Chapter 19, and what it may mean for the country in the future. Barry Appleton, a veteran international trade lawyer, told us that Chapter 19 "leaves very little capacity for the state to engage in proper data regulation, and therefore protect its citizens". While Jim Balsillie, former co-chief executive of BlackBerry owner Research In Motion, told us its "extraordinarily wrong . . . the data stuff is massively determinative of many economic realms — privacy, security and economy — they belong in the sovereign democratic state".

- **Article 19.11:** Guarantees cross border data flows
- **Article 19.12:** Prohibits data localization requirements
- **Article 19.16:** Protects proprietary source code and algorithms
- **Article 19.17:** Limits when platforms can be held responsible
- **Articles 20.67-69:** Constrain Trade Secret Sovereignty

LOCKED IN AND LOCKED OUT: HOW CUSMA'S DIGITAL TRADE ARCHITECTURE CONSTRAINS CANADIAN SOVEREIGNTY—AND WHERE THE EXITS STILL EXIST

Barry Appleton

"The threat today is different in form but not in stakes: it is a set of trade obligations that function as de facto constitutional constraints, stripping Parliament of the ability to audit algorithms, require domestic data storage, impose platform accountability, or protect Canadian intellectual property..."

- **Article 11.4:** Privileges international standards systems that can advantage dominant incumbent platform ecosystems.
- **Articles 31.2, 6, 17-18:** Expand treaty enforcement and compliance pressure over Canadian digital and industrial policy.
- **Article 32.10:** Embeds U.S. geopolitical preferences through the "non-market economy" clause.
- **Article 32.2:** Enables national security assertions over critical infrastructure and sensitive health data sovereignty.
- **Articles 34.6 & 34.7:** Create recurring renegotiation leverage through review and sunset mechanisms.

The USMCA was architected for regulatory remote control of Canada via legal frameworks in a broad set of areas, including digital, some of which I list here. If you search USMCA's near million words, you will not find the words "free trade".

U.S. Strategic Use of Statutory Trade Authorities

Sections 301, 307 and 338 use Trade Law to advance strategic, economic and national security objectives.

Section 301: Unfair Trade Practices

- Authorizes the U.S. Trade Representative (USTR) to investigate and respond to foreign policies or practices that burden U.S. commerce.
- Investigates unfair foreign trade, investment and regulatory practices.
- Authorizes tariffs and other trade enforcement measures.
- Extends beyond emergency tariff authorities.
- Provides a durable statutory basis for U.S. trade enforcement.
- Supports strategic, industrial and national security objectives.

Section 307: Forced Labour Imports

- Prohibits the importation of goods mined, produced or manufactured wholly or in part with forced labour.
- Restricts market access for goods produced with forced labour.
- Uses trade law to advance human rights objectives.
- Encourages supply chain transparency and due diligence.
- Creates incentives for stronger labour standards among trading partners.
- Reinforces the strategic use of trade law to influence foreign practices.

Section 338: Discrimination Against U.S. Commerce

- Authorizes additional tariffs of up to 50% to offset discriminatory or unequal treatment of U.S. commerce.
- Applies to discrimination through laws, regulations or administrative practices, not just tariffs at the border.
- Gives the President discretion to determine when foreign treatment places U.S. commerce at a disadvantage without Congress.
- Can escalate if the discrimination persists. Activated against Canada in July 2026.

Jim Balsillie, Sept. 2026

The U.S. is also using several seemingly arcane statutory trade authorities to further advance their strategic economic objectives, including Sections 301, 307 & 338 and IEEPA tariffs.

U.S. Announces Legislative AI Framework (March 2026)

President Donald J. Trump Unveils National AI Legislative Framework

The White House | March 20, 2026

The Trump Administration is committed to winning the AI race to usher in a new era of human flourishing, economic competitiveness, and national security for the American people. Achieving these goals requires a commonsense national policy framework that both enables American industry to innovate and thrive and ensures that all Americans benefit from this technological revolution.

The Administration recognizes that some Americans feel uncertain about how this transformative technology will affect issues they care about, like their children's wellbeing or their monthly electricity bill. These issues, along with other emerging AI policy considerations, require strong Federal leadership to ensure the public's trust in how AI is developed and used in their daily lives.

Today, the Trump Administration is demonstrating that leadership by issuing a **commonsense national legislative framework**, that addresses the most pressing policy topics that AI presents. This framework addresses six key objectives:

- Protecting Children and Empowering Parents:** Parents are best equipped to manage their children's digital environment and upbringing. The Administration is calling on Congress to give parents tools to effectively do that, such as account controls to protect their children's privacy and manage their device use. The Administration also believes that AI platforms likely to be accessed by minors should implement features to reduce potential sexual exploitation of children or encouragement of self-harm.
- Safeguarding and Strengthening American Communities:** AI development should strengthen American communities and small businesses through economic growth and energy dominance. The Administration believes that ratepayers should not foot the bill for data centers, and is calling on Congress to streamline permitting so that data centers can generate power on site, enhancing grid reliability. Congress should also augment Federal government ability to combat AI-enabled scams and address AI national security concerns.
- Respecting Intellectual Property Rights and Supporting Creators:** The creative works and unique identities of American innovators, creators, and publishers must be respected in the age of AI. Yet, for AI to improve it must be able to make fair use of what it learns from the world it inhabits. The Administration is proposing an approach that achieves both of these objectives, enabling AI to thrive while ensuring Americans' creativity continues propelling our country's greatness.
- Preventing Censorship and Protecting Free Speech:** The Federal government must defend free speech and First Amendment protections, while preventing AI systems from being used to silence or censor lawful political expression or dissent. AI cannot become a vehicle for government to dictate right and wrong. The Administration is proposing guardrails to ensure that AI can pursue truth and accuracy without limitation.
- Enabling Innovation and Ensuring American AI Dominance:** The Administration is calling on Congress to take steps to remove outdated or unnecessary barriers to innovation, accelerate the deployment of AI across industry sectors, and facilitate broad access to the testing environments needed to build and deploy world-class AI systems.
- Educating Americans and Developing an AI-Ready Workforce:** The Administration wants American workers to participate in and reap the rewards of AI-driven growth, encouraging Congress to further workforce development and skills training programs, expanding opportunities across sectors and creating new jobs in an AI-powered economy.

- Builds on the July 2025 White House AI Action Plan which defined AI as a domain of **economic and geopolitical competition**.

- Calls for a consistent federal approach to avoid fragmented state regulation and signals plans to work with Congress to enact the framework into law.

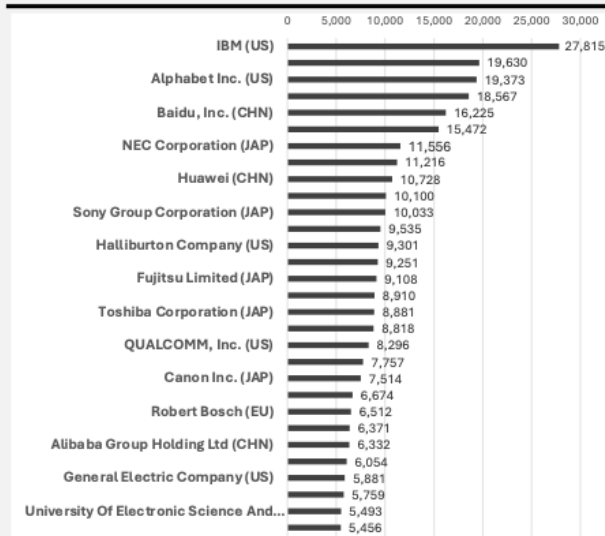
- The 2026 framework **advances U.S. AI policy into a legislative approach** around 6 key categories:

- Protecting Children and Empowering Parents:** Expands parental control and safeguards against harm on AI platforms used by minors.
- Strengthening American Communities:** Links AI to resilience, small business growth, energy capacity, and national security.
- Respecting Intellectual Property and Creators:** Protects creators and rights holders while enabling AI development.
- Protecting Free Speech:** Prevents AI-driven censorship and reinforces First Amendment protections.
- Enabling Innovation and U.S. AI Leadership:** Removes barriers, accelerates deployment, and supports global competitiveness.
- Building an AI-Ready Workforce:** Expands skills training and workforce development for an AI-driven economy.

In March, the U.S. moved to lock in a legislative AI framework that brings together innovation, security, and economic competitiveness under one federal strategy. It reflects a coordinated horizontal approach across key domains like IP, workforce, and platform governance, with a clear goal of global technological dominance.

AI Fortunes Depend on IP Ownership

~3 Million AI Patents Filed and Registered Globally by 2023 (Top 30)



Approximately 3 million AI patents have been granted globally, but Canada does not appear among the top 100 holders, even though our publicly funded research built the foundations of the field.

Source: STG Data Set

IP & Data/AI Dominate Value Chains in Traditional Sectors

Mining

Data is a key resource for the future of mining - and IP strategy is key for commercialization

Agriculture

Utilizing AI in Agriculture Requires a Strong IP Strategy

Oil & Gas

Unifying the Oil & Gas Value Chain: How Data + AI Power Performance

Healthcare

Protecting the AI Advantage: Why Patents Are a Critical Growth and Risk-Management Tool for Digital Health Platforms

AI is transforming industries at scale. Over 3 million AI patents have been granted globally, but Canada does not appear among the top 100 holders even though our publicly funded research built the foundations of the field. It is transforming both traditional and non-traditional sectors, a few of which I list here on the right.

Patent System Aligned to Strategic Standard Setting (Dec. 2025)

Patent Alert



USPTO announces Standard-Essential Patent Working Group to renew American leadership in technology standards

In furtherance of recent actions directed to the restoration of robust and predictable patent remedies, the United States Patent and Trademark Office (USPTO) today announces the launch of a Standard-Essential Patent (SEP) Working Group, reporting directly to USPTO Director John A. Squires. The new SEP Working Group will be dedicated to ensuring that all patent holders—regardless of their size or sophistication—are treated fairly and that their rights receive strong and predictable enforcement wherever standards incorporate patented technologies. Today's announcement builds upon the recent USPTO engagement on patent remedies and enforcement.

Standards form the backbone of many modern technologies. From telecommunications to automotive systems to artificial intelligence, voluntary technical standards enable interoperability, create markets, and unlock innovation. Many standards incorporate patented technologies—innovations that represent significant investment, ingenuity, and risk-taking by American inventors.

Yet the SEP ecosystem has become increasingly hostile to innovators. Patent holders who contribute their technologies to standards face widespread efforts to devalue their contributions, unclear rules about their rights, and systematic suppression of licensing rates.

To counter the erosion of patent holders' rights and ensure that American inventors—whether they work for Fortune 500 companies, small startups, universities, or in their own garages—can obtain meaningful protection for their breakthroughs, the USPTO is establishing the **SEP Working Group**. It will be comprised of a cross-functional team and will use all available USPTO authorities to deliver meaningful policy solutions on SEP-related issues. The SEP Working Group will be co-chaired by USPTO Deputy General Counsel for Intellectual Property Law and Solicitor Nicholas Matich, and USPTO Senior Legal Advisor Austin Maynor.

In recent months, working alongside the Department of Justice Antitrust Division, the USPTO has already spearheaded efforts to restore robust patent remedies by selectively and impactfully filing express court statements and tribunal comments.

- **Utilizes patents as instruments of industrial strategy** by strengthening enforcement and restoring leverage around injunctions and licensing.

- **Positions standards leadership as geopolitical power**, recognizing that embedding patents into global technical standards determines who captures long-term economic value.

- **Shifts policy balance toward licensors and inventors** to create stronger royalty environments and reinforce U.S. technology ownership.

- **Coordinates patent, antitrust, and innovation policy across agencies** so SEP enforcement functions as an integrated national strategy.

- **Expands U.S. participation in standards bodies** to ensure American technologies and governance frameworks shape future global protocols.

- **Institutionalizes long-term standards competition through a permanent SEP Working Group**, to ensure U.S. leadership in standardised technologies.

Source: <https://content.govdelivery.com/accounts/USPTO/bulletins/4017ff>

Jim Balsillie, Sept. 2026

The U.S. positions patents and technical standards as core instruments of industrial and geopolitical strategy and are moving to ensure that American technologies shape the rules that govern future markets. The creation of a permanent standard essential patent working group is a structural reemphasis toward embedding IP into leverage and long-term economic advantage.

U.S. Participation in Key Standards-Setting Organizations (January 2026)



Published on 09 January 2026
Author: Jovan Kurbalija

USA's exit from international organizations leaves digital governance largely unscathed



On 7 January, the United States withdrew from a slate of international organisations and initiatives. It was not a surprise, following the overall spirit of Trump's administration strategy towards the UN and international cooperation.

Despite the wider retrenchment, the technology and digital governance ecosystem was largely spared. Most major tech-relevant bodies remained on the 'white list,' including the International Telecommunication Union (ITU), the International Organization for Standardization (ISO), and the International Electrotechnical Commission (IEC). In the digital space, only two initiatives were explicitly dropped: the Freedom Online Coalition (FOC) and the Global Forum on Cyber Expertise (GFCE).

The bigger uncertainty lies elsewhere: the US decision to step back from UNCTAD and UN DESA could still create knock-on effects for digital initiatives linked to them, including the Commission for Science and Technology for Development (CSTD), the Internet Governance Forum (IGF) and WSIS follow-up processes, among others.

In January 2026, the U.S. quit 66 international organizations while doubling down on three key global standard setting bodies, ITU, ISO, and IEC:

ITU shapes telecommunications architecture, spectrum coordination, and next generation network governance.

ISO defines industrial, data, and manufacturing standards that structure global supply chains and certification regimes.

IEC sets electrotechnical and digital system standards that determine safety requirements, interoperability, and embedded technology pathways.

- **This concentrates influence** where technical rules determine interoperability, royalties, and technology adoption, embedding U.S. IP into global protocols to secure long term economic leverage.

- **It prioritizes protocol level governance** over broad multilateralism, focusing on institutions that shape market structure rather than political consensus.

In January, the U.S. withdrew from dozens of multilateral institutions while maintaining their role in three core technical standards bodies: ITU, ISO, and IEC. These institutions shape interoperability, safety, and tech adoption pathways and the U.S. has reinforced a value-chain embedding mechanism for their own strategic interests.

Patent System Aligned to U.S. Industrial Strategy (March 2026)

Patent Trial and Appeal Board



USPTO issues memorandum identifying additional discretionary institution considerations concerning American manufacturing operations and investment

Today, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office John A. Squires issued a Memorandum announcing that the Director will consider additional discretionary institution facts regarding U.S. manufacturing facilities and investment and small business use of *inter partes* review (IPR) and post-grant review (PGR) proceedings. Parties are encouraged to identify facts relevant to the below considerations in their discretionary briefs, which the Director will consider when determining whether to institute review:

1. the extent to which any products accused of infringement in a parallel proceeding are manufactured in the United States or are related to investments in American manufacturing operations;
2. the extent to which any products made, sold, or licensed by the patent owner that compete with the accused products are manufactured in the United States; and
3. whether the petitioner is a small business that has been sued for infringement of the patent at issue.

The Memorandum applies to all IPRs and PGRs in which the due date for a patent owner discretionary brief has not yet elapsed.

Learn more about the Interim Director Discretionary Process.

- **Introduces discretionary factors tied to U.S. manufacturing and investment**, embedding domestic economic considerations directly into patent adjudication decisions.
- **Links patent system outcomes to industrial strategy**, recognizing that IP enforcement influences where production, investment, and value creation occur.
- **Shifts adjudicative balance toward domestic economic interests**, allowing institutional decisions to favour outcomes aligned with U.S. manufacturing strength.
- **Expands the role of the patent system beyond legal validity**, incorporating national security and economic resilience considerations into core decision-making.
- **Aligns patent adjudication with broader government priorities**, reinforcing coordination across IP, competition, and industrial policy frameworks.
- **Signals a structural shift from neutral arbitration to strategic adjudication**, where institutional processes support domestic advantage in real time.

Source: https://content.govdelivery.com/bulletins/gd/USPTO-40dca58?wtg_ref=USPTO_WIDGET_1

Jim Balsillie, Sept. 2026

In March, the U.S. signaled a shift in its patent system to align more directly with industrial strategy and domestic economic priorities. New discretionary factors tie patent outcomes to manufacturing, investment, and national interest, putting a clear tilt in favour of domestic advantage.

U.S. Establishes Regulatory Framework for Digital Assets (May 2025)



The Digital Asset Market Clarity (CLARITY) Act establishes clear, functional requirements for digital asset market participants, prioritizing consumer protection while fostering innovation. By providing strong safeguards and long-overdue regulatory certainty, the legislation advances American innovation and reinforces America's leadership in the global financial system.

Why is the CLARITY Act needed?

- Digital assets and related blockchain technology have the potential to form the foundation of the next generation of internet innovation.
- However, regulation-by-enforcement and ongoing regulatory ambiguity have stifled innovation, triggered innovative U.S. companies locating in jurisdictions outside the U.S., and left consumers unprotected.
- The CLARITY Act addresses these challenges by establishing a clear framework for digital asset markets and closing the current regulatory gaps.
- For years, Congress has been working on legislation to provide a roadmap that supports entrepreneurs, developers, and consumers.
- Now is the time to deliver that clarity and protections for Americans.
- The CLARITY Act is essential to restoring confidence, encouraging innovation, and keeping businesses in the United States.

The CLARITY Act will protect consumers by strengthening transparency and accountability for market participants:

- Developers will be required to provide accurate, relevant disclosures, including information relating to the digital asset project's operation, ownership, and structure.
- Customer-facing digital asset firms, like brokers and dealers, will be required to:
 - Provide appropriate disclosures to customers;
 - Segregate customer funds from their own; and
 - Address conflicts of interest through registration, disclosure, and operational requirements.

The CLARITY Act will strengthen the market by fostering the development of digital asset projects:

- Digital asset developers will have a clear pathway to raise funds under the SEC's jurisdiction.
- Market participants will have a trusted pathway to trade digital commodities through intermediaries and exchanges overseen by the CFTC.

The CLARITY Act will provide clarity to customer-facing digital asset firms:

- Establishes clear lines between the two market regulators: SEC and CFTC.
- Creates comprehensive registration regimes to permit digital asset firms to lawfully serve customers in digital asset markets.

- Three days into the presidency (January 23, 2025), an Executive Order **set direction for digital asset policy**, calling for regulatory clarity and moving away from enforcement-led approaches.
- Within 5 months in May 2025, **the CLARITY Act was introduced to establish a federal framework** for digital asset markets.
- The Act **defines jurisdiction (SEC-CFTC)**, **sets market structure** rules for exchanges and intermediaries, and **introduces disclosure and issuance requirements**.
- The legislation **aligns federal oversight to reduce fragmentation and provide consistent rules** for U.S. digital asset markets.
- Positions the U.S. to **define digital asset market structure domestically**, influencing how markets are structured and regulated globally.
- Together with the GENIUS Act on Stablecoin, it establishes a **coordinated federal framework** spanning market structure and financial infrastructure.

Jim Balsillie, Sept. 2026

Digital market frameworks are also on an accelerated timeline. Within months of taking office, the administration moved from direction to legislation with the introduction of the GENIUS and CLARITY Acts in May 2025 to establish a federal framework for digital asset markets and position the U.S. to shape these markets globally.

U.S. Integrates Fintech Innovation into Regulatory Frameworks (May 2026)



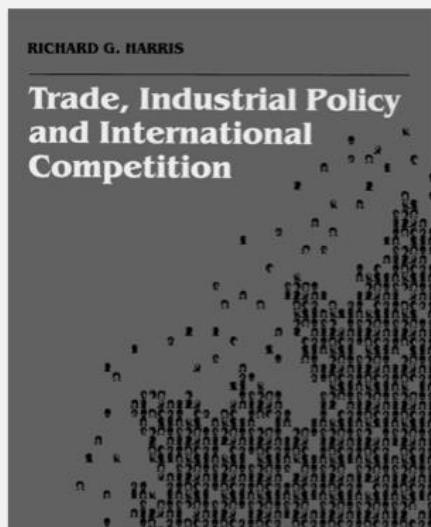
- Shifts U.S. policy from regulating digital assets as a separate sector toward **integrating fintech and digital finance into core banking and payment infrastructure**.
- Directs federal agencies to **identify and remove regulations restricting fintech participation** in payments, settlement systems, and financial services markets.
- Launches a **120-day Federal Reserve review of payment account and payment rail access** for fintech and digital asset firms. It frames existing financial regulation as **fragmented, overly burdensome, and protective of incumbents**, arguing that current structures slow innovation.
- The Order pushes greater coordination across federal regulators to **create a more unified national framework for digital finance and payments modernization**.
- Together with the CLARITY and GENIUS Acts, it advances a **coordinated U.S. strategy spanning digital assets, stablecoins, payments, and financial infrastructure**.

Jim Balsillie, Sept. 2026

In May, a U.S. Executive Order moved to integrate digital finance directly into core banking, payments, and financial infrastructure, while reducing barriers to fintech participation in U.S. financial markets. Another EO followed in June which established a framework for the AI and digital infrastructure that will underpin this next generation of financial services.

1985 Economic Commission Advised Canada Not to Ignore the Shifting Economy

Research commissioned by the Macdonald Commission examined how Canada should position itself as trade liberalization, technological change and international competition reshaped the global economy.



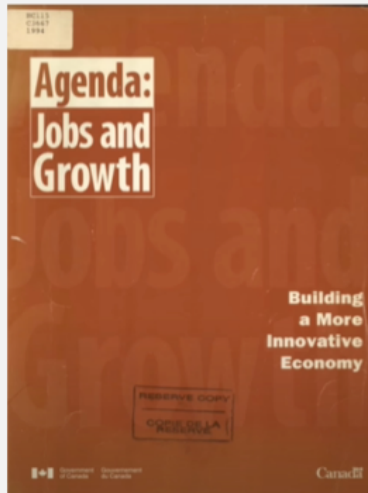
“An industrial policy which emphasizes positive adjustment in the face of world competition and technological change should be actively pursued.”
Harris, p. 151.

- These issues were being identified within Canada's major economic-policy review in 1985, as the country was determining how it would respond to a changing global economy.
- Harris argued that greater market access had to be complemented by an active industrial strategy responding to technological change.
- His analysis identified market failures, cumulative technological advantage and particular disadvantages facing firms in a small open economy.

Jim Balsillie, Sept. 2026

Now let's shift to Canada. In 1985, the Macdonald Commission examined how Canada should position itself in a changing global economy. While the Commission's economist Richard Harris advocated for free trade, he argued that market access alone was not enough; it needed to be complemented by an industrial strategy responsive to technological change. In essence, a two-pronged strategy was proposed.

Policy Community Didn't Even Recognize That A Revolution Was Happening



What the Nov. 1994 Industry Canada "Orange Book" Says:

- Rooted in outdated **production economy** mindset (resources/manufacturing)
- Promises "Better Jobs" with "More Efficient Production"
- Focuses on Skills, FDI, and Deregulation
- Proposes frameworks that assumed the **market would deliver prosperity**
- Emphasis on **globalization** without strategy

What the Orange Book Ignored:

- Ignored shift from **tangible** to **intangible** economy
- Did not reference the **TRIPS Agreement** (Jan 1994)
- Did not reference **NAFTA's IP provisions**
- No mention of **intellectual property as a strategic asset**
- No recognition that **knowledge was becoming "owned"**
- Ignored the shift from **Open Science** to **IP Rents**

Jim Balsillie, Sept. 2026

But that thinking, and the Commission's broader recommendations, did not carry forward into Canada's policy frameworks. In 1994, the Federal Government released its Orange Book, its agenda for innovation. Despite being published just after Canada's early 1994 NAFTA and TRIPS treaty commitments with their extensive new IP provisions giving birth to the global knowledge economy, the Orange Book emphasized only deregulation, skills and competition without mentioning IP frameworks once. Canada entered the knowledge economy with a policy thinking built only for the production economy.

Economy of Traditional, Tangible Goods

Economy of Ideas, Intangible Goods

Ownership of physical property is a positive right	→	Owning ("generating") intellectual property is a negative right
Production and sale of physical property to generate revenue	→	Amassing IP and controlling data/AI then restricting use to collect "rents"
The objective in industrial/services economy is to move inventory	→	The objective in the innovation economy is to acquire IP & data/AI assets
Traditional goods can only be owned by one person at a time ("rivalrous")	→	Both IP and data/AI are globally and simultaneously accessible by unlimited number of people ("non-rivalrous")
Traditional infrastructure needed to move goods across borders to individual customers	→	IP and brokered data are impossible to determine where they originate, where they are stored (owned) and how they move across borders
Supply chains feature multiple vendors competing with each other based on cost competitiveness	→	Value chains are based on winner-take-all economics
Competition rules prevent traditional production monopolies	→	IP is a government created temporary monopoly
Trade liberalization increases competition and reduces prices	→	Stronger IP protections and the natural monopoly of data/AI decrease competition and increase prices
Traditional trade agreements reduce the value of vested interests	→	"Asset Enhancement Agreements" raise value of vested IP-based and data/AI interests

Jim Balsillie, Sept. 2026

So, let's finally escape this original sin of domestic policy thinking. The distinction between tangible and intangible economies is central to understanding the 21st century economy, and we need to develop capacity and strategies for the left side of this slide.

Foreign Investment Spillovers

"Today's globalisation is not primarily about shipping finished products across borders. It is about fragmenting production into tasks and stages scattered across countries. The classic story in which foreign capital finances investment within a national production structure is increasingly outdated. Multinational firms now invest not to recreate entire value chains locally, but to plug specific locations into cross-border production networks. Participation in global value chains can provide a fast track to industrialisation and export growth. **But it can also lock countries into low-value segments with limited technology diffusion. A country can host large foreign-owned production facilities and impressive export volumes while capturing only a thin slice of the value created.**"

*FDI and Growth in the Age of Global Value Chains
Agustín Bénétrix, Hayley Pallan, Ugo Panizza
30 Jan. 2026*

ECONOMIC PROSPERITY

1. Jobs Created (key skills such as computer engineering and data science have negative unemployment)
2. Wealth Effects (future benefits go to foreign owners)
3. Management Development
4. Top Talent Exfiltration
 - a. Remote Direction/Supervision vs. Autonomous Branch Operation
 - b. Expansiveness of Employee Non-Disclosure Agreements
 - c. Comprehensiveness of Non-Competition Agreements
5. Data Exfiltration
6. Ecosystem Dynamism Effects
7. Erosion of Tax Base
8. Value Chain Effects (particularly for high potential emerging firms)

NATIONAL SECURITY

1. Cyber Security Impacts
2. Critical Infrastructure Impacts
3. Public Health Impacts
4. Military/Defence Impacts
5. Social Good Impacts (democracy, values, cohesion, autonomy)
6. Geopolitical Considerations

Jim Batillie, Sept. 2026

Given the Investment Summit this week, I will briefly highlight how this should impact our FDI thinking. While not ignoring the traditional benefits of FDI, including capital and jobs, the quote on this slide suggests we must do both: pursue those benefits while assessing ownership, value capture, strategic assets and national security. Otherwise, we compete only on cost with low-cost jurisdictions, which is a low productivity strategy.

Security & Foreign Investment in the Intangible Economy



"Investment screening, once a backstop against discrete security threats, has become a primary instrument in the geopolitics of technology."

CSIS, July 2026

Jim Batillie, Sept. 2026

Other jurisdictions have modernized their foreign investment screening frameworks to reflect the changing nature of economic and security risks in the intangible economy. Canada can begin by emulating these comprehensive, legislative approaches to strengthen its own FDI governance to better protect strategic assets and sovereign economic value.



<https://cpaontario.ca/members/professional-development/innovation-leadership-accelerator>
cpao-pd@cpaontario.ca



<https://balsillieinstitute.ca>
info@balsillieinstitute.ca



<https://igp.canadianinnovators.org>
gboulos@canadianinnovators.org

Charting a path forward begins with building the capacity to thrive in this economy of intangibles. That is why I am committed to programs like CCI's iGP, CPA Ontario's ILA, and the Balsillie Executive Institute at the BSIA, which I have funded, to support building this expertise to shrink our prosperity and security gap. Perhaps the CFA Society is interested in a similar initiative for its members.

I am an entrepreneur and an optimist who believes in Canada. Building and implementing strategies for our intangible economy is not expensive and benefits will start flowing very quickly – including for professional investors like you.