



Canada Elections 2025:

Risk Assessment and Strategic Outlook
for Business Continuity and Policy Change

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Executive Summary

The snap elections scheduled for April 28, 2025, mark a critical juncture in Canadian politics, with significant implications for economic policy, energy transition, and Canada's international posture. Triggered by Prime Minister Justin Trudeau's resignation and the rapid ascent of Mark Carney as Liberal leader, the political landscape has shifted dramatically.

The contest is primarily between the Liberals under Carney, offering a platform of fiscal prudence and green innovation, and the Conservatives led by Pierre Poilievre, who champions energy independence, tax relief, and economic sovereignty. As Canada grapples with U.S. trade tensions, inflationary pressures, and foreign interference threats, voter sentiment remains divided. Businesses face uncertainty around carbon taxation, housing markets, and foreign policy redirection—making this election pivotal for strategic planning and risk mitigation.

Introduction

Canada's decision to hold a snap election in April 2025, following Justin Trudeau's departure, comes at a time of rising economic and geopolitical instability. The resulting political vacuum paved the way for Mark Carney's leadership bid—an economist with global credibility. His entrance has re-energized the Liberal base while disrupting Conservative momentum led by Pierre Poilievre. Key electoral issues include inflation, housing affordability, carbon taxes, U.S.-Canada trade dynamics, and cybersecurity. With no single party projected to win a clear majority, the role of coalition politics—especially from the NDP and Bloc Québécois—will be critical. This report unpacks the political contenders, economic platforms, energy strategies, and international implications of the 2025 elections to help businesses and stakeholders prepare for possible governance scenarios and associated risks.

Candidate Profiles & Electoral Outlook



MARK CARNEY

- **Political Party:** Liberal Party of Canada
- **Coalition Party:** N/A (Governs independently or with parliamentary support)
- **Ideology:** Centrist; pro-market with a focus on climate resilience and fiscal stability
- **Voter Base:** Urban professionals, centrists, climate-conscious voters, and internationalists
- **Reason for Potential Victory:** Economic credibility, leadership during U.S. trade tensions, and a unifying figure for moderates
- **Chances of Victory:** 40–45%



PIERRE POILIEVRE

- **Political Party:** Conservative Party of Canada
- **Coalition Party:** N/A (Typically seeks majority governance)
- **Ideology:** Centre-right; emphasizes fiscal conservatism, personal freedom, and energy sector growth
- **Voter Base:** Oil-Dependent Enterprises, Rural and suburban voters, small business owners, and fiscal conservatives
- **Reason for Potential Victory:** Appeal to voters concerned about inflation, taxation, and government overreach
- **Chances of Victory:** 35–40%



JAGMEET SINGH

- **Political Party:** New Democratic Party (NDP)
- **Coalition Party:** Potential support role in a minority government
- **Ideology:** Left-wing; advocates for social justice, wealth redistribution, and expanded public services
- **Voter Base:** Working-class citizens, young voters, and progressive activists
- **Reason for Potential Victory:** Championing of social equity and potential kingmaker in a minority parliament
- **Chances of Victory:** 08–15%

Candidate Profiles & Electoral Outlook



YVES-FRANÇOIS BLANCHET

- **Political Party:** Bloc Québécois
- **Coalition Party:** N/A (Operates exclusively in Quebec)
- **Ideology:** Quebec nationalism; centre-left on social issues
- **Voter Base:** Quebecois nationalists and voters prioritizing provincial autonomy
- **Reason for Potential Victory:** Strong regional support and influence in federal minority scenarios
- **Chances of Victory:** 6–8% nationally, 25–28% in Quebec



ELIZABETH MAY

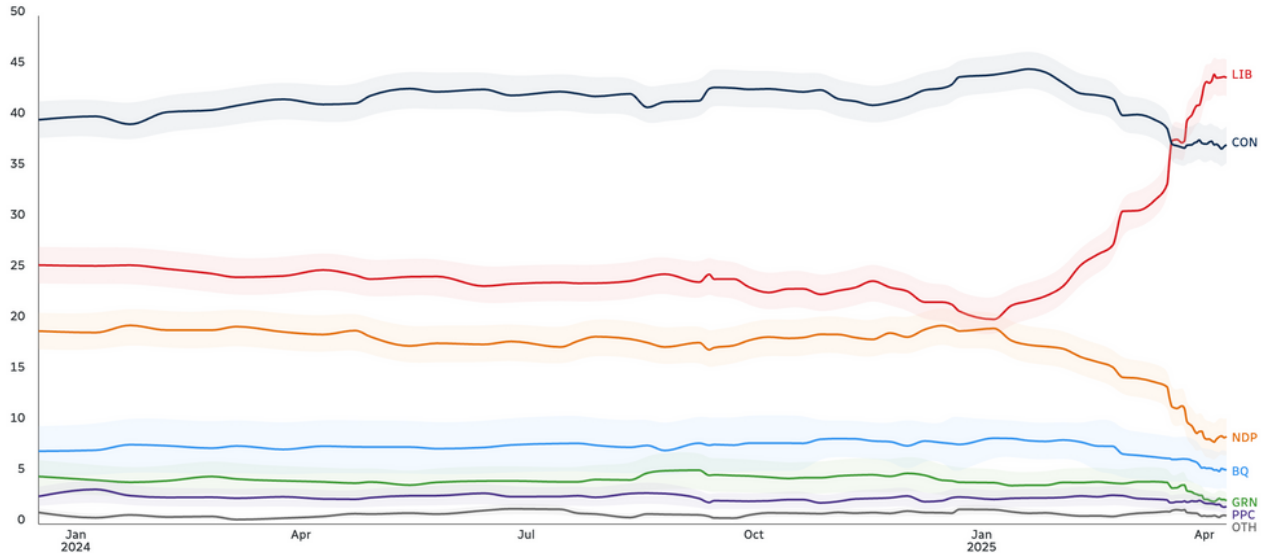
- **Political Party:** Green Party of Canada
- **Coalition Party:** N/A (Focuses on environmental advocacy)
- **Ideology:** Environmentalism; progressive policies on climate change and sustainability
- **Voter Base:** Environmental activists, younger voters, and those prioritizing climate action
- **Reason for Potential Victory:** Growing concern over climate issues and desire for sustainable policies
- **Chances of Victory:** 3–5%

Voter Sentiment & Polling Trends

Polling averages as of Apr. 10, 2025

LIB 43.9% CON 37.3% NDP 8.6% BQ 5.3% GRN 2.3% PPC 1.8% OTH 0.8%

Polling averages (%)



- From the summer of 2024 to early 2025, the Conservatives (CON) maintained a strong lead in the polls. This was largely due to their consistent criticism of Liberal Party (LIB) leader Justin Trudeau's policies, particularly regarding immigration, property tax hikes that made housing unaffordable, constrained medical services, and the implementation of carbon taxes. Many Canadians agreed with these criticisms, and support for Pierre Poilievre surged as he promised to address these issues, offering solutions that resonated with the public's concerns.
- However, Liberal support increased following Justin Trudeau's resignation and Mark Carney's rise as party leader. The Liberals gained ground, particularly during the opening week of the campaign, drawing support away from the NDP and the Bloc Québécois. Since then, their lead has leveled off. After March 19, 2025, the Liberals surpassed the Conservatives in public support, creating new challenges for the Conservative Party.
- Canadians appear divided: some support the Liberal Party's plan for a tougher stance against the U.S., while others favor the Conservative Party's approach of renegotiating terms with the U.S. Despite this, the Conservative Party is slowly gaining traction, signaling a shift in voter sentiment.

Economic Impact & Market Forecast

Market Reactions

- **Trade Tensions:** Recent U.S. tariffs on Canadian exports, including cars, steel, and aluminum, have strained Canada's economy. The Bank of Canada survey indicates 32% of businesses anticipate a recession within the next year, with many planning to pass rising costs onto consumers.
- **Currency and Bonds:** The Canadian dollar has depreciated to a five-year low against the U.S. dollar. Concurrently, Canadian bond yields have risen, influenced by political uncertainties and fiscal policies.

Fiscal Policies: Carney vs. Poilievre

1) Liberal Party (Mark Carney):

- **Income Tax Reduction:** Proposes reducing the lowest income tax bracket from 15% to 14%, aiming to save middle-income families up to \$825 annually.
- **Housing Initiatives:** Plans to eliminate the GST on new home purchases under \$1 million for first-time buyers and to double the annual construction of new homes to nearly 500,000 units.
- **Cultural Funding:** Intends to increase annual funding for CBC/Radio-Canada, with commitments to enshrine this funding in law.
- **Canada Strong Pass:** Introduce a pass granting free access to national galleries and museums for Canadians under 18 and free Via Rail travel for youth accompanied by parents during summer 2025.

Economic Impact & Market Forecast

2) Conservative Party (Pierre Poilievre):

- **Income Tax Reduction:** Proposes lowering the lowest income tax bracket from 15% to 12.75%, potentially saving the average Canadian \$900 annually.
- **Energy Sector Policies:** Plans to eliminate the carbon tax on industry, repeal environmental assessment laws to expedite resource projects, and grant Quebec authority over selecting temporary immigrants under the International Mobility Program.
- **Housing Initiatives:** Aims to eliminate the GST on new home purchases under \$1.3 million for all buyers.
- **Tax-Free Savings Account (TFSA) Expansion:** Proposes increasing the annual TFSA contribution limit by \$5,000, provided the funds are invested in Canadian businesses.
- **CBC Funding:** Plans to end funding for CBC's English-language operations while maintaining Radio-Canada's French-language programming.

Carbon Tax Policies Carney vs. Poilievre:

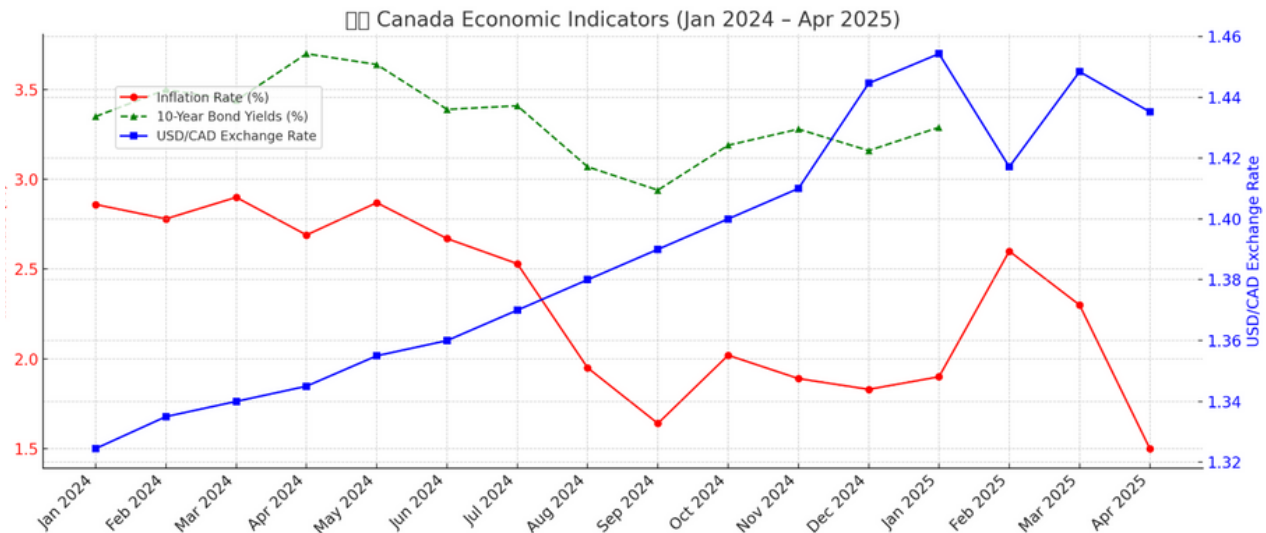
Consumer Carbon Tax:

- **Liberal Party:** Under Prime Minister Carney, the consumer carbon tax was reduced to 0% as of April 1, 2025, aiming to alleviate financial pressures on Canadians.
- **Conservative party:** Conservatives opposed the consumer carbon tax entirely, calling for its full repeal rather than just a rate reduction, arguing it unfairly burdens Canadians during a cost-of-living crisis

Industrial Carbon Tax:

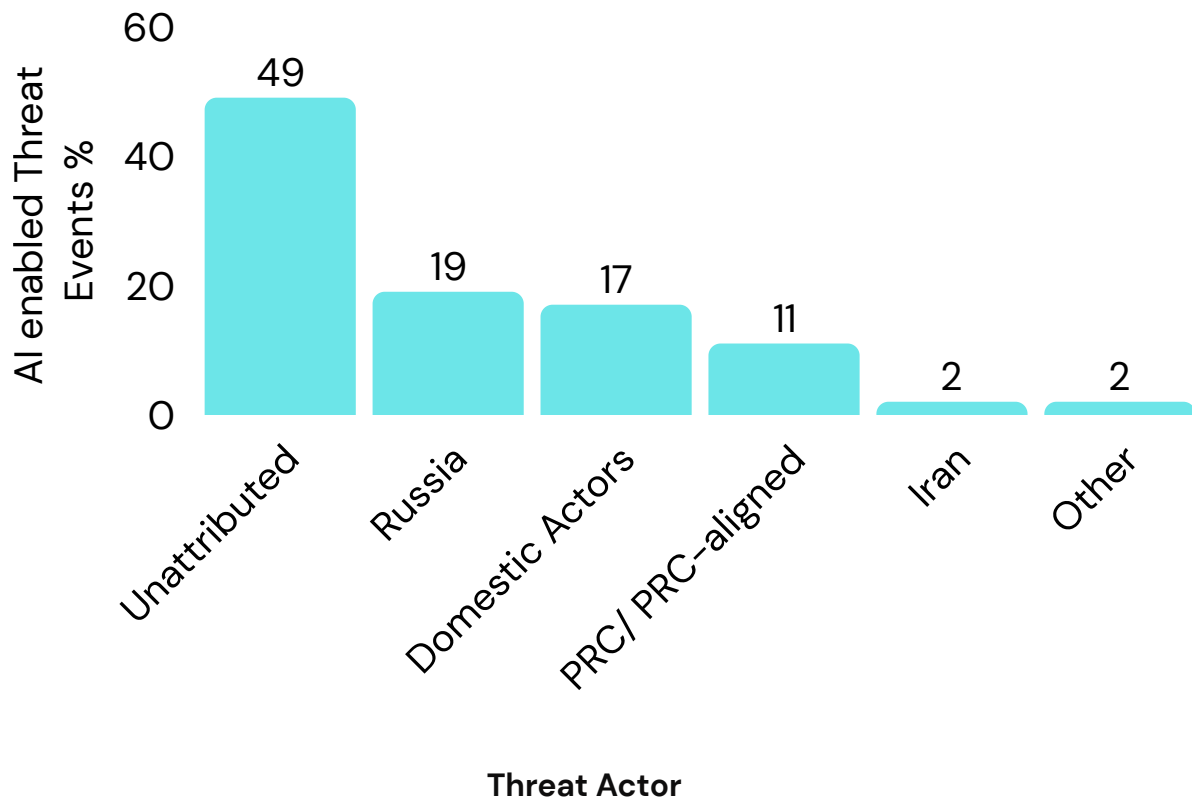
- **Liberal Party:** The Liberal Party supports maintaining the industrial carbon tax on large emitters,
- **Conservative Party:** Conservative Party proposes eliminating it and expanding clean technology tax credits.

Economic Impact & Market Forecast



- Canada's inflation has declined from 2.86% in January 2024 to a projected 1.5% by April 2025, signaling easing price pressures. After a steady decline starting in August 2024, inflation briefly spiked to 2.6% in February 2025 but quickly resumed its downward trajectory. This trend reflects the effects of tight monetary policies and is crucial for market expectations regarding interest rates, consumer purchasing power, and overall economic stability.
- The Liberal Party, led by Prime Minister Carney, focuses on moderate spending and inflation control, including removing the carbon tax in 2025 to help reduce living costs. In contrast, the Conservative Party, led by Poilievre, advocates for fiscal tightening, reducing government intervention, and eliminating the carbon tax to curb inflation. Both parties' economic policies will significantly influence inflation trends and market reactions in the lead-up to the snap elections.

Cybersecurity & Election Integrity Risks



AI and Foreign Interference Risk in Canada's 2025 Election

- The growing accessibility of generative AI has increased the risk of foreign interference in Canada's democratic process. Once limited to experts, these tools are now widely available and easy to use, enabling malicious actors to spread disinformation at scale.
- Canada's high internet (94.3%) and social media (80%) usage makes its population particularly susceptible to AI-driven influence campaigns. Though federal elections use paper ballots, much of the surrounding infrastructure—like voter registration and communications systems—is digital and vulnerable to cyber threats.
- Canada's intelligence service has identified China and India as likely to attempt interference in the April 28 election, with Russia and Pakistan also posing risks. Recent reports detail a China-linked campaign targeting PM Mark Carney and Chinese-speaking Canadians through WeChat accounts tied to state agencies.

Energy Transition: Competing Visions

The energy sector is a cornerstone of Canada's economy, contributing approximately 12.5% to the national GDP in the second quarter of 2024 . In that period, it directly employed 641,387 individuals, with the energy subsector accounting for a significant portion of this workforce. Energy exports reached \$240.5 billion, representing 33% of Canada's goods exports . The sector also generated an average of \$19.3 billion in government revenues annually from 2018 to 2022. Below are the differing viewpoints of the two prospective prime ministers, Mark Carney and Pierre Poilievre, on how to shape the future of Canada's energy sector.

Mark Carney (Liberal Party – Prospective Leader)

- Mark Carney's energy policy focuses on clean energy transition and carbon reduction, aiming to position Canada as a leader in sustainable energy.

Key Policy Proposals:

1) Clean Energy Development:

- Strong support for renewables, such as wind, solar, and hydropower, particularly in Quebec and British Columbia. Emphasizes scaling up clean hydrogen production as part of Canada's green energy export strategy.

2) Carbon Pricing and Emissions Reduction:

- Maintains carbon pricing for large industrial emitters while proposing carbon border adjustments to protect Canadian industries. This aligns with efforts to reduce carbon emissions while fostering green innovation.

3) Gas Pipelines with Emission Controls:

- Supports natural gas pipelines, particularly in Alberta and British Columbia, but only if integrated with carbon capture and storage (CCS) technologies to reduce emissions.

Strategic Impact:

- Carney's policies would position Canada as a global clean energy leader, driving investment in renewables and clean technologies while still managing conventional energy needs with a focus on emissions reduction.

Energy Transition: Competing Visions

Pierre Poilievre (Conservative Party Leader)

Pierre Poilievre's approach emphasizes resource development, energy independence, and economic growth through traditional energy sectors.

Key Policy Proposals:

1) Natural Gas Pipeline Expansion:

- Strong support for new natural gas pipelines, particularly in Alberta, Saskatchewan, and British Columbia, to expand LNG exports to global markets, reducing reliance on authoritarian regimes.

2) Repeal of Carbon Taxes:

- Plans to repeal carbon taxes, which he views as detrimental to economic growth, focusing instead on technological innovation like carbon capture to reduce emissions.

3) Hydropower and Critical Minerals for EVs:

- Advocates for hydropower expansion in Quebec and Manitoba, and increased mining of lithium, cobalt, and copper to support the electric vehicle supply chain.

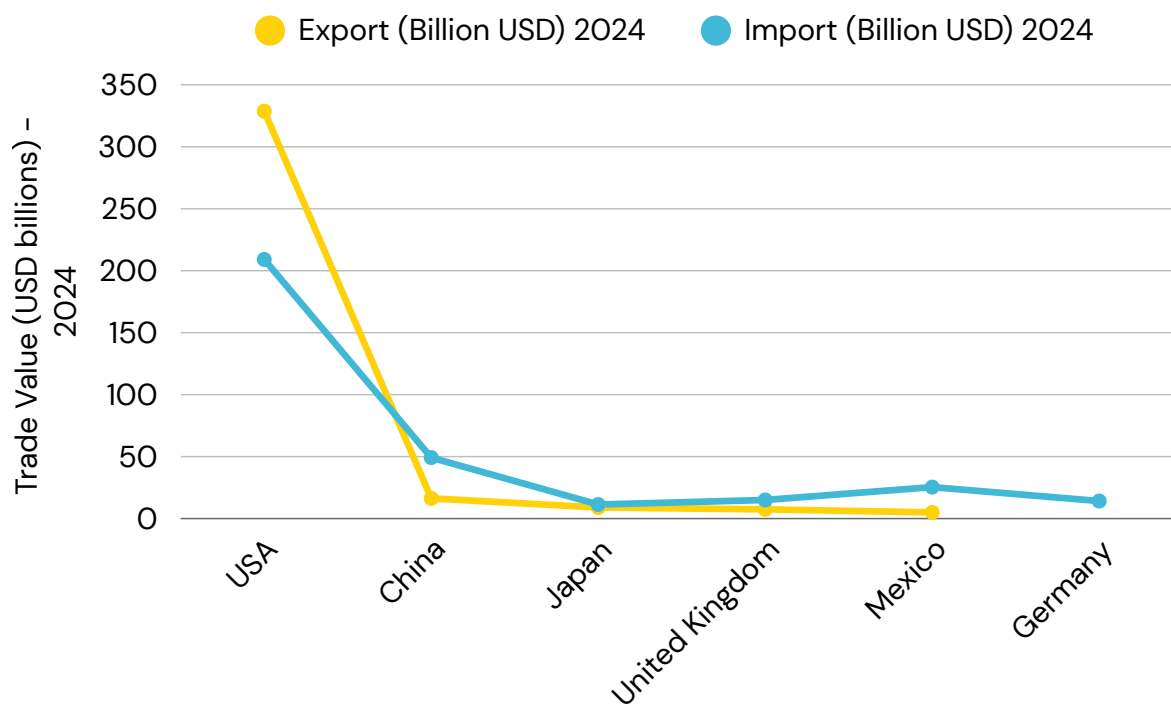
Strategic Impact:

Poilievre's policies aim to enhance Canada's energy security and economic strength, focusing on resource development, pipeline construction, and reducing regulatory barriers to accelerate energy infrastructure projects.

Analysis

Carney's policies focus on clean energy transition and carbon reduction, aiming for long-term environmental sustainability, while Poilievre's approach centers on energy independence and economic growth through resource development. Each candidate's energy plan has significant implications for Canada's energy future and its global role in both conventional and clean energy markets.

Key International Trade Relationships



Top 5 Trading Partners – Canada 2024

In 2024, Canada's top five trading partners for both imports and exports reflect strong economic ties, particularly with the United States. The U.S. remains the largest trading partner, accounting for nearly 50% of Canada's trade. China follows as the second-largest, with significant imports of electronics, machinery, and consumer goods. Mexico, Japan, and Germany round out the top five, each playing a key role in sectors like automotive, machinery, and industrial products. These countries are integral to Canada's supply chains and export markets, influencing both its manufacturing and service sectors.

Note: While Germany is one of Canada's top five import partners, it does not feature in the top five export destinations. In 2024, Canada's exports to Germany totaled USD 568.25 million

Note: A detailed, country-wise analysis follows on the next page.

How Canada's 2025 Elections Matter to Global Trade Partners

Country: United States

Interest Level: High

- The U.S. remains Canada's largest trading partner, responsible for nearly 50% of Canada's total trade. With Trump's administration imposing 25% tariffs on Canadian imports in March 2025 and Canada's retaliatory measures, the stakes are high. The election outcome will directly influence Canada's response strategy, future USMCA negotiations, and cross-border supply chains.
- Marc Carney Vision: Recent developments also highlight diverging visions for Canada–U.S. relations among leading political candidates. Mark Carney asserts that the era of deep economic integration with the U.S. is coming to an end, citing America's retreat from global leadership and multilateral frameworks. He calls for Canada to diversify its economic and defense partnerships, favoring new alliances grounded in free trade and shared democratic values.
- Pierre Poilievre Vision: In contrast, Pierre Poilievre promotes re-engagement, proposing a fast-tracked renegotiation of USMCA and suspension of tariffs. He positions this as a sovereignty-first approach but sees enhanced bilateral trade and increased defense spending—particularly to meet NATO targets—as key to strengthening Canada's international position.
- This divergence reflects larger uncertainties around Canada's strategic orientation and the reliability of the U.S. as a long-term partner in a volatile geopolitical landscape.

Country: China

Interest Level: High

- As Canada's second-largest trading partner, China is closely watching the political climate. Ongoing trade tensions—sparked by Canadian tariffs on Chinese EVs and China's retaliation against Canadian agriculture—make this election pivotal. Beijing has also been accused of foreign election interference via disinformation campaigns targeting Chinese-speaking voters.

How Canada's 2025 Elections Matter to Global Trade Partners

Country: United Kingdom

Interest Level: Moderate to High

- The UK ranks among Canada's top global trade partners, with over \$61 billion in bilateral trade in 2024. Political and personal ties are strong—Prime Minister Mark Carney's previous role as Bank of England Governor adds relevance. The UK is invested in stable Canada–UK relations, including the progress of the Canada–UK Free Trade Agreement (CUKFTA) and broader Commonwealth cooperation.

Country: Mexico

Interest Level: Moderate to High

- As a key USMCA partner, Mexico is attentive to any electoral shift that could impact trilateral trade dynamics. With Canadian exports to Mexico valued at \$6.3 billion, changes in tariff regimes, labor policies, or supply chain agreements could have bilateral and regional implications.

Country: Japan

Interest Level: Moderate

- Japan is Canada's fourth-largest export market and a key partner in the CPTPP framework. While not directly impacted by Canadian domestic politics, Japan may monitor the elections for potential realignments in energy policy, digital trade, and Pacific multilateral engagement.

Country: Germany

Interest Level: Low to Moderate

- Germany is a major import partner but a relatively smaller export destination for Canada. While stable trade ties are expected to continue, unless there's a major policy shift impacting the EU or Canada's stance on CETA, Germany's engagement with the election outcome is likely limited to commercial observation.

Impact on International Trade Agreements

- United States–Mexico–Canada Agreement (USMCA): The ongoing trade tensions have strained the USMCA framework. Canada's retaliatory tariffs and the U.S.'s imposition of new tariffs have raised concerns about the future stability of the agreement .
Carney: Seeks reduced reliance on U.S.; supports diversification amid trade instability.
Poillievre: Wants swift renegotiation; aims to suspend tariffs and restore bilateral strength.
- Comprehensive Economic and Trade Agreement (CETA): The trade dispute with the U.S. may prompt Canada to strengthen its economic ties with European partners. The government has indicated a commitment to developing both clean and conventional energy sources, which could influence Canada's approach to CETA, particularly concerning energy trade with European partners.
Carney: Favors deeper EU ties, especially in clean energy and green tech.
Poillievre: Supports export growth; focuses on agriculture and energy market access.
- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP): In light of the trade tensions with the U.S., Canada may seek to enhance its engagement with the CPTPP to diversify its trade relationships. Strengthening ties with Asia-Pacific nations could provide Canada with alternative markets and reduce dependence on the U.S.
Carney: Strategic priority to diversify trade with Asia-Pacific allies.
Poillievre: Opportunity to boost Canadian exports, especially resources and agri-food.
- Canada–United Kingdom Free Trade Agreement (CUKFTA): The potential for a change in government could impact the pace and direction of CUKFTA negotiations. A new administration may prioritize different aspects of the trade agreement, such as agricultural market access or digital trade provisions, affecting the overall trajectory of the deal.
Carney: Pushes climate-smart, innovation-driven UK partnership.
Poillievre: Focus on practical trade wins in agriculture, autos, and digital commerce.

Key Risks & Strategic Outlook

Political Instability

Probability

High

High

Impact

- With no party projected to secure a decisive majority, Canada faces a high likelihood of entering a minority government post-election.
- This increases the probability of legislative deadlock, short-term coalition alignments, and frequent policy shifts.
- Disagreements between federal parties—particularly around carbon policy, housing reforms, and trade direction—may delay critical economic decisions.
- For businesses, this adds complexity to strategic planning, especially in regulated sectors like energy, real estate, and public infrastructure.

Economic Downturn and Currency

Volatility

Probability

High

High

Impact

- The Bank of Canada reports that over 30% of businesses foresee a recession within a year.
- Rising bond yields, ongoing inflation concerns, and the Canadian dollar hitting a five-year low highlight increasing economic instability.
- Consumer spending may slow, impacting demand across several sectors.
- Businesses face tighter credit conditions and rising input costs, adding pressure to operations and planning.
- Firms in consumer goods, housing, and retail may need to revise growth forecasts in light of economic headwinds.
- Exporters must prepare for volatile exchange rates, which could impact pricing and international competitiveness.

Key Risks & Strategic Outlook

Cybersecurity and Foreign Interference

Probability

Medium

High

Impact

- The 2025 elections face rising threats of foreign interference, particularly from China, India, Russia, and Pakistan.
- AI-powered disinformation is spreading across high-usage platforms such as WeChat, X (formerly Twitter), and Facebook, potentially influencing public trust and voter behavior.
- While paper ballots ensure voting integrity, digital systems—including voter registries and campaign platforms—remain vulnerable to cyber threats.
- Businesses in finance, media, and other public-facing sectors must remain vigilant against reputational damage and cybersecurity risks.

Trade Agreement Disruptions

Probability

Medium

High

Impact

- Diverging foreign policy agendas may significantly reshape Canada's global trade posture.
- Mark Carney emphasizes economic diversification, seeking to broaden Canada's international partnerships.
- Pierre Poilievre aims to renegotiate CUSMA and lift tariffs, focusing on strengthening bilateral ties with the U.S.

These differing approaches could:

- Strain U.S.-Canada relations
- Delay progress with EU and Asia-Pacific partners

Export-reliant industries—such as automotive, agriculture, and manufacturing—should prepare for:

- Potential trade disputes
- Regulatory uncertainty
- Realignment of customs and compliance protocols

Key Risks & Strategic Outlook

Energy Policy Uncertainty

Probability

High

High

Impact

- The stark divide between Liberal and Conservative energy policies presents significant risk for the sector.
- Mark Carney promotes a clean energy transition, supporting carbon pricing and carbon capture and storage (CCS) technology.
- Pierre Poilievre plans to eliminate carbon taxes and increase fossil fuel development.

Businesses in oil & gas, clean tech, and heavy industry face uncertainty around:

- Future tax credits
- ESG compliance requirements
- Long-term project feasibility
- A policy reversal post-election could also impact foreign investment sentiment in Canada's energy sector.



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