Cassels

Insights from Cassels/ACG Event

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Cassels and ACG recently co-hosted an event entitled "An Insider's Perspective on Shaping Canada's Economic Future" and a number of observations were shared by the panelists, including Prime Minister Carney's seven economic priorities:

1. Establishing a new economic and security relationship with the United States and strengthening our collaboration with reliable trading partners and allies around the world.
2. Building one Canadian economy by removing barriers to interprovincial trade and identifying and expediting nation-building projects that will connect and transform our country.
3. Bringing down costs for Canadians and helping them to get ahead.
4. Making housing more affordable by unleashing the power of public-private cooperation, catalysing a modern housing industry, and creating new careers in the skilled trades.
5. Protecting Canadian sovereignty and keeping Canadians safe by strengthening the Canadian Armed Forces, securing our borders, and reinforcing law enforcement.
6. Attracting the best talent in the world to help build our economy, while returning our overall immigration rates to sustainable levels.
7. Spending less on government operations so that Canadians can invest more in the people and businesses that will build the strongest economy in the G7.

The Insider's Perspective event focused on the establishment of a new economic and security relationship with the US and strengthening our collaboration with allies around the world as well as removing barriers to interprovincial trade and expediting nation-building projects. The theme of the discussion during the panel, as well as during the first months of the Carney leadership regime, has been "Build Baby, Build." The five 'nation-building projects' announced resonate with this theme. The five projects include: Phase two of LNG Canada in Kitimat, B.C., doubling its production of liquefied natural gas; The Darlington New Nuclear Project in Clarington, Ont., which will make small modular reactors; Contrecoeur Terminal Container Project to expand the Port of Montreal; The McIlvenna Bay Foran Copper Mine Project in Saskatchewan; The expansion of the Red Chris Mine in northwestern B.C. The five projects are expected to generate more then $60 billion for the Canadian economy. In addition to strengthening domestic relations, the Carney administration has prioritized strengthening relations with new partners like the EU as seen with the 'New EU-Canada Strategic Partnership of the Future.'

Trends and Topics Discussed

M&A and Deal Trends

The panelists noted that the M&A market remains cautious in light of an uncertain economic outlook, temped economic growth and variables around capital availability. Nevertheless, private equity funds are closing deals where tariff exposure is minimal, manageable, or beneficial. Where tariff impact is negligible and/or applicable tariffs can be absorbed without significant disruption, parties are finding ways to get deals done. In other cases, repeated exposure to tariff volatility is manageable as it fosters a level of predictability, enabling firms to anticipate changes and adjust pricing strategies accordingly. Occasionally, tariffs may even prove advantageous, particularly when they eliminate competition, creating opportunities for market expansion or increased pricing power. However, there is no question that increased tariffs and uncertainty around future tariffs are having a material impact on Canadian PE M&A.

Exits

Exits continue to be challenging for PE sponsors: the IPO market remains slow, sales of portfolio companies remain difficult to complete and deal volume remains down. As a result, alternative liquidity options like secondaries are becoming more appealing. This aligns with the sentiment from our Deal Trends and Legal Trends article.

Trade

There are significant concerns surrounding the Canadian economy, as the effects of tariffs and other recent developments continue to emerge in economic data. Although the Major Projects Office initiative represents a promising step forward, the process of identifying, approving, and constructing these large-scale projects is expected to span several years. In the near term, Canada faces notable challenges related to productivity, innovation, and overall economic growth.

Immigration

With a number of politicians calling for major changes to the Canadian immigration system, the discussion has amplified in the last few months. Many observers agree that a re-tooling of the immigration system is required to ensure a steady stream of qualified individuals to support growth, while eliminating abuse and fraud in the system.

AI

As noted in the Harvard Business Review article cited in the “What We are Reading” section of our recent Private Equity: Recap 2025 & Outlook 2026’, PE funds and M&A actors generally continue to iterate effective uses of AI. Increasingly, deal players such as law firms are using analytical AI to make the deal process more efficient. The adoption of AI in PE funds is ramping up, with firms primarily deploying it for internal applications such as supporting due diligence in M&A transactions, organizing closing documents and managing signature pages, and using AI for value creation (for example, analyzing contracts within portfolio companies). More information on AI integration in M&A transactions can be found in our Deal Trends & Legal Trends article.
