



By: Tomorrow's Affairs Staff

# The new Canadian government faces a labyrinth of national and international challenges



The **elections** in Canada have shown that although the Liberal Party led by Mark Carney **won** the most seats (167 out of 343), it is still five seats away from an absolute majority with 43.3% of the vote.

The Conservatives under the leadership of Pierre Poilievre won 145 seats and received 41.6% of the vote, while the Bloc Québécois under Yves-François Blanchet and the New Democrats under Jagmeet Singh suffered a decline in support with 23 and 7 seats, respectively.

A record 7.3 million early votes were registered, reflecting the high level of civic engagement.

Carney, a former governor of the Bank of Canada and the Bank of England, built his **campaign** on the idea that Canada's national interests are compelled to defend their own sovereignty against threats from US President Donald Trump to impose tariffs on steel, aluminium and energy.

His plan to diversify trading partners—strengthening ties with the European Union and the United Kingdom—resonated with voters who were concerned about economic stability and job preservation.

In metropolises like Toronto, Vancouver, and Montreal, strategic voting made the difference.

## Redirecting the votes of the centre and the left

Exit polls and preliminary results indicate that between 55% and 65% of centrist and left-leaning voters shifted their votes from the New Democrats and Greens to the Liberals to weaken the Conservatives and decided the election by less than two percentage points in at least five key constituencies.

The New Democrats' decline from 24 to just 7 seats is the result of a combination of strategic

voting and the erosion of confidence in their programmes without a sustainable fiscal framework.

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Jagmeet Singh even lost his own seat in parliament and announced his resignation. He said that the NDP needed a profound structural reform after a "significant defeat".

The Bloc Québécois is still strong in the interior of the province but has lost several constituencies around Montreal under pressure from Liberal infrastructure and economic investment proposals.

## The minority government faces numerous concessions

A minority government with 167 seats will constantly have to balance demands. The Liberals will be forced to work with the New Democrats on social and climate initiatives, while the Bloc Québécois will tie its votes to funding projects for regional development and the protection of the French community.

Pierre Poilievre and the Conservatives, who have solid support in the Prairies and suburbs, plan to **block** key budgets and trade agreements, announcing at least three votes of confidence in the first year in office.

## The regional electoral map shows a sharp divide

The regional electoral map shows a sharp divide. Quebec remained a stronghold of the Bloc, but the Liberals were able to expand their influence in the suburbs of Montreal.

Ontario has become a decisive battleground: the Liberals dominate downtown Toronto, while the Conservatives retained power in the so-called 905 area code (suburbs around

Toronto with a large number of middle-class and suburban communities with different political leanings).

In British Columbia, a similar pattern emerged: the Liberals won island constituencies west of Vancouver, while the Fraser Valley remained a Conservative stronghold. In the Prairies—Alberta and Saskatchewan—the Conservatives retained their majorities, although the Liberals narrowed the gap in the urban centres of Calgary and Regina.

## Negotiations with the USA

The forthcoming trade round with the US on tariffs on industrial exports requires a tactical response; Canadian exporters are threatened with a new tax on steel and aluminium, which Carney wants to cushion through more intensive negotiations on **modernising** the CETA agreement with the EU and strategic partnerships in Asia.

At the same time, the expansion of the "Buy Canadian" programme and the subsidisation of clean technologies must be coordinated with the opposition's demands for fiscal control.

On the domestic front, reorganising the healthcare system after the pandemic remains an urgent priority. The rapidly ageing population and the increasing demand for mental health place additional pressure.

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At the same time, the housing crisis in major cities requires innovative **solutions**—a combination of government incentives to build affordable housing and market speculation regulation.

The climate agenda called for by the NDP is prompting the government to introduce tax

breaks for energy renovation of existing buildings and higher subsidies for renewable energy, but the Conservatives are calling for tighter controls on budget spending.

This basis of compromise between environmental protection and economic responsibility will be a key issue in the budget negotiations.

## Obligation to preserve international reputation

Judging by historical patterns, Canadian minority governments do not last longer than two and a half years on average. If Carney succeeds in building a viable alliance with the NDP and Bloc Québécois on key issues, the government could last until the end of the mandate.

Otherwise, the failure to pass a budget or a trade agreement could trigger a vote of no confidence as early as the second year in office, which would lead to new elections in mid-2027 and a deepening of political and economic instability.



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There are further risks: the deterioration of trade relations with the USA, the failure of climate projects and possible internal divisions within the Liberal Party.

Should a minority government fail to ensure stable functioning, this would have

consequences that go beyond domestic policy.

As a member of the G7 and a key Western economy, Canada cannot afford to lose its international standing at a time when trade and security systems are under threat worldwide.

Instability would weaken its negotiating position in relation to the US, European Union, and Asian markets, which would have a direct impact on its economic resilience.

Conversely, the successful leadership of a minority government could set a precedent for strengthening Canada's political culture of compromise and accountability in the face of a divided Parliament.

Canada would strengthen its internal balance and reaffirm its status as a reliable and stable partner on the international stage—exactly the kind of partnership the world is finding increasingly difficult to find today.