DEALBOOK SUMMIT 2026 · TALK 6 OF 12

Mark Carney on Canada, China, and Starlink

Mark Carney, prime minister of Canada · 22 min · **Watch the video →**

> Transcript by Myles Marino. Transcribed by machine from the public video, then cleaned up: timestamps and filler removed, speakers labeled, misheard names fixed. The wording is otherwise as spoken. **[inaudible]** marks audio that could not be recovered. Check the video before you quote anything that matters. All twelve talks: mylesmarino.com/posts/dealbook-2026.

SORKIN: Our next guest is Canadian Prime Minister Mark Carney. He joins us now from China, where he is attending the APEC meeting. He spent more than a decade at Goldman Sachs. He was the governor of the Bank of England through the financial crisis. He, of course, is at the center of the U.S. trade war with Canada. His speech at Davos earlier this year was a watershed moment, when he warned of, quote, a "rupture in the world order." We want to thank the Prime Minister for joining us. It is late in China, Mr. Prime Minister. Thank you for being with us. Maybe before we even get into it all, bring us up to date. I know that you just had a meeting with the President of China yesterday, and I believe also today with President Trump. Where do the trade negotiations stand in real time?

CARNEY: Well, Andrew, I can report that the trade negotiations are going exceptionally well. We reached an agreement. We reduced tariffs on over 90 percent of trade irritants. And of course, I'm speaking about our trade negotiations with China. They're very professional. They move forward in a very linear fashion. It's all very rational and moving forward. Now, if you're asking about the United States, well, we continue to have a series of issues there. Look, there is a very, very good trade arrangement that is possible. We had an existing one under USMCA. There is one under the new trade policy that is possible, but we're not yet there.

SORKIN: Can you explain how you now think about your relationship with China differently than your relationship with the U.S.? How do they compare? If we had had this conversation a year or two ago, you would have said the U.S. is our ally, and you would have called China something else.

CARNEY: Well, we certainly, I mean, the U.S. is our ally. That has not changed. We are NATO allies. We're allies in a wide range of areas. So that hasn't changed. The trading relationship has changed. That's the first thing. The second thing that's changed is that both the United States and China, over the last 18 to 24 months, have used integration as a weapon. The U.S. with tariffs, China with critical minerals. There have been other examples of this. Canada would be included in this: we used payment systems against Russia as part of the sanctions over the unjustified war in Ukraine [inaudible]. What we've taken from that, and a number of other countries have taken from that, is that we worry about strategic dependencies. With whom do you need to partner and diversify in order to not be coerced, right? Subjugated, to use another term. And that's much broader than the traditional areas that are still important, of course: energy, food security, defense. It extends up to, and you just obviously had a very fascinating discussion, which I caught a bit of, with Sam and Greg, intelligence infrastructure. It

extends to space, critical minerals, other things. So our trade strategy, with China, with the U.S., but very much with everybody else, is driven by diversification, reducing those dependencies so that we are more sovereign. Ultimately, that's what's driving the strategy.

SORKIN: Is your sense that the midterms here in the U.S. changed anything as it relates to trade, or your view of the U.S.? Given some of the comments this president has made, either about you personally or about Canada being the next 51st state.

CARNEY: You have to take the president's comments in the round. We had a very nice discussion this evening, so I'll hang on to that. Look, it hasn't changed. I would say no is the short answer. What will change views will be policy decisions that are taken and that stick. I think in the end, that is what is going to change views. We're in a situation, when I say we, I mean Canada, and I obviously only speak for Canada, but a number of countries have been through this experience more than once. Until policy actually changes, it's hard to change the view. That's the reality.

SORKIN: Okay, here's a hard one for you. Do you trust President Xi more than President Trump?

CARNEY: Look, you just had a discussion about alignment. We look for situations where there's alignment, and we trust alignment.

SORKIN: And do you see yourself aligned with China now? The reason I ask is, look, he jailed two of your people.

CARNEY: Very much. Yeah, exactly. We've had fundamental issues in the past with China. We've had very frank discussions, myself and President Xi, about those issues, about how to operate going forward, about what the limits are to the relationship. So let's take a big step back in terms of dimensioning Canada-China trade, Canada-China integration, versus the United States. We trade agricultural products. Most of the liberalization has been around agricultural products. We trade some LNG, conventional energy as a whole. We import, like many others, manufactured goods and others from China. We don't trade any aspect of intelligence infrastructure with China. Any aspect. That is a huge difference between us and the United States right there. So the exposure, if I can put it that way, the dual-use exposure between Canada and China, is de minimis, and it's certainly dwarfed by that of the United States. Now, the United States has a very sophisticated policy. It has multi-layered relationships. But I find the emphasis on Canada's relationship with China, which is a normalization from a very low level because of some of the issues you just referenced, Andrew, is a different order of magnitude from what other advanced economies have.

SORKIN: President Trump said last month that Canada is, quote, "willing to give us anything at this moment." He said, quote, "We have all the cards." What are your cards?

CARNEY: Our card is that everyone else in the world wants to deal with us. Number one. Number two, look, we've got the strongest fiscal position in the G7 by far. We are at the start of an investment supercycle. We're an energy superpower. We're tracking job creation at twice the rate of the United States. We're tracking foreign investment per capita at twice the rate of the United States. We've grown

our non-U.S. exports, in the last 18 months, to the point that they are the highest proportion of our trade in 40 years. We have a lot of cards that we're playing. I'm not saying that the transition from an economy that was highly integrated with the United States is easy. It's not. There are challenges there. But equally, the other card we have, I would say, is a population that is as united as you can have a population in a democracy behind what we're looking to do.

SORKIN: Interestingly, you talk about the population being united. You look at some of the polling in Canada, and there's a lot of concern about the relationship with China. The Angus Reid Institute, a nonprofit Canadian pollster, found that only 14 percent of Canadians favor closer trade ties with China. It's 58 percent who want closer trade ties with Europe. What do you make of that?

CARNEY: Well, what we make of it is that we're pursuing the closest economic relationship and partnership with Europe that we can have without being a member of the European Union. We're in the process of becoming an associate member of the European Union. We already have a deep free trade agreement with the European Union. We're taking it to the next level: people-to-people ties, research, again, intelligence infrastructure, regulatory alignment, and defense alignment. We're treated effectively as European for the purposes of the defense industrial bill.

SORKIN: Explain why that's helpful to you, though. It seems to me that, without being an associate member, you actually have a lot of those benefits already.

CARNEY: Well, no, a lot of those are being built above and beyond a conventional trade relationship. And why is it a benefit? There are a couple of things. One is that it is still the second largest economy in the world. We are under-penetrated in that economy because we had been more focused on the United States. Now, the United States has changed its trade policy and a number of other policies. We're reacting to that. We're diversifying. That's the first thing. The second thing, as we were talking about earlier, is the rupture you referenced. Part of that rupture is how the international system operates. You can't rely as much as you could, and you never could fully, on WTO rules and other global standards. And we're seeing that deeper integration with one partner is a huge risk. It's an obvious point once you realize it. It is a huge risk. So us diversifying with Europe, who is very like-minded, who is minded to follow the rules, who is complementary in things from space through to critical minerals and others, that's an advantage. That's not the only aspect of our strategy, but it's an important element of our strategy. And as you just referenced, it is very, very much supported.

SORKIN: One of the things I know you're working on with the Europeans is satellites in space, in large part, I believe, to not become dependent on Starlink. We're going to be talking to Elon Musk in just a little bit. He also, I know, is in China with you, and we're going to have that conversation. But my question to you is this. When you say, okay, I don't want to be dependent on Starlink, do you think you can find products and services that will actually do what a Starlink would do? I know you're planning to use some satellites that I think are going to go up a year or two from now. Do you think that in a year or two Starlink will be even better, and you will wish you had gone that way?

CARNEY: Well, again, it's an important question, and it's a great question, because it gets to the heart of what we're talking about. We have seen cases, including in Ukraine, where a dependence on Starlink, or Starshield to be more precise, but related technology, has gone from being an advantage to a huge vulnerability. You can't unsee that once you've seen it, particularly given the integration of space technology and defense technology, drone tech, all the aspects I'm sure you're well familiar with. And you've got Palmer Luckey and other people, I think, on DealBook.

SORKIN: Yes, exactly.

CARNEY: So the issue for us, the issue for the Koreans, the issue for the Japanese, the issue for the Europeans is: can we build, at a minimum, a redundant system or a sovereign system? With whom do we pool in order to do that? And remember, we're not looking for something that is global retail, if I can put it that way. We're not looking for hundreds of millions of applications. But if you're looking at the Arctic, which we are, and the Norwegians are, and the Europeans are, how are we going to protect the Arctic and the High North, and whose system are we going to rely on? Can we rely on that system when push comes to shove? Who will make the decision whether that system is on? These are fat-tail risks that have been realized in the recent past by some of our allies. That's the situation in which we and others are making these determinations.

SORKIN: Let me ask you this, though. This whole idea of sovereignty has been the big theme for you, by diversifying these relationships. Longer term, I imagine it's going to be more complicated, not less, because there are going to be things that China, for example, may do. I don't know whether you think they're going to invade Taiwan. That's a question I have for you. But if they do, how does that change everything else that you're talking about?

CARNEY: Well, I'm not sure it changes it, Andrew, so much, but you have to make a determination about with whom you are partnering. Now, if we're partnering with China to sell them canola, I don't think that's compromising our sovereignty. It's just basic agricultural trade policy. If we were partnering with China to provide our space system, our satellite system, for military applications, then yes, we would be compromising something. We're a little more sophisticated than that in determining who our partners are, who will be aligned with us, and how they are aligned with us. Last thing I'll say on this: you're always taking some risk, right? Different governments could come in, their priorities could shift, different alliances could come into place. So you have to build in some redundancy. And look, this is not ideal. To be clear, it's not ideal. There is a cost to insurance. This is insurance. It would be simpler if we could just align within the Western alliance as it was, and take first-best technologies. But you can't go through Greenland, you can't go through the 51st state, you can't go through Ukraine and Starlink, and responsibly hold that assumption at 100 percent. That is a very difficult reality, but it is reality.

SORKIN: Let me put a hypothetical to you. 2028 comes, a new president is elected. They have a very different approach. They say, we want to be allies with Canada. We want to go back to the way it was. You say what?

CARNEY: I look forward to dealing with that. I look forward to moving forward in that regard. Do I think there will be some...

SORKIN: Do you think memories are long or short? Has the world changed forever, or, depending on who is in office, could things be different? I'm just trying to understand, because if we had had this conversation a couple of years ago, we wouldn't be having it, actually, as it happens.

CARNEY: You'd be having it to an extent, but I don't think the necessity of acting would be as great. It is a hypothetical, so it depends. I think the issue, can I put it this way, is that it will take action as opposed to intent. And exactly the form of that action on the trade side... I can't put it back in the bottle, if you will. Look, let me say as well, there are a variety of areas where we cooperate deeply with the United States. Arctic defense, NORAD, would be an example. We are NATO allies. There are a host of issues where we collaborate on national security and other aspects. We still have quite an open trading relationship as well. But there are dependencies for which it would be unwise for us not to hedge. And once you hedge, you take a decision, and this is from finance: do you take the hedge off just because the market has repriced, or is it better to leave it on? I think people will be leaving on their hedges for a while, until they truly believe they're in a different market environment, if I can sustain the analogy.

SORKIN: Let me ask you a question about automobiles, because it's a biggie. Canada cut tariffs on Chinese-made electric cars from 100 percent to 6 percent. Interestingly, by the way, one of the first companies to really use that opening was Tesla, building those cars in China and then exporting them into Canada. What is your thought longer term about automobiles coming from China, and their ability to ultimately, potentially, get to the U.S. or not?

CARNEY: So a couple of things. One, we had been importing about 49,000 cars from China before we put punitive tariffs on Chinese cars, matching the U.S., and then they put tariffs on us, et cetera. So we unwound that on the agricultural side. What we said to China, when we dropped the tariff from 100 percent to the 6 percent MFN rate, was that it's only for 49,000. Above that, there's a hard cap, because the tariff is there. So effectively we've capped them, whereas before 2024 it was the market that determined what was coming into Canada. And they were all Teslas then. In fact, I bought one of them, Andrew. I don't have it anymore. Sorry, Elon, I don't have it anymore.

SORKIN: Why not?

CARNEY: I didn't get the resale value for it that I thought I would, because they don't quite have the [inaudible] that they used to. Well, I got a new job and I'm not allowed to drive anymore. That's actually what happened. There you go. But to go to your broader question, what happens with Canada-China auto trade? Where our deal is right now, it's capped. It's less than 3 percent of our market. It's basically going to sit there for the next few years. That's our deal with China. The question is what is going to happen to the North American auto market. That's the fundamental question. I don't believe President Sheinbaum, who I also saw here in the last 24 hours, believes either that the North American auto market is going to ultimately be competitive if it is disintegrated. In other words, if it's

all repatriated into the United States, it doesn't have the advantage of Canadian and Mexican auto parts and other aspects. That's not the sole determinant of competitiveness in North American auto, but it's a big determinant, as is the speed with which it becomes electrified and, to go back to your previous guests and others, connected and AI-driven. Let's state the obvious: we are way behind in North America relative to China. As is Europe. And so we're spending way too much time on a trade war around autos, as opposed to where this sector is going and how we are pooling our resources. We are very keen to do that, but we need a willing partner in the United States.

SORKIN: I know we're out of time, Mr. Prime Minister. Let me ask you a very personal question. You meet with President Trump, who, by the way, says he is the reason you were elected. He believes he got you the job. I think you know that. What is it like when you shake hands at the end of the meeting? On a very personal level, how does it begin? How does it end? Is it as blustery as it is on television, or is it very different inside the room?

CARNEY: He's very different inside the room, is the short answer. He's a very personal individual. It's hard to get elected president ultimately if you're not. Number two, he listens a lot more in private. He's genuinely interested in your opinion. And it's a reasonably direct conversation. But in the end, we're talking about a deal or not. It's got to be something that's in my country's interest. And we're not yet there. We're moving closer to something.

SORKIN: If you handicap it, give us a calendar here.

CARNEY: Look, it should have been done six months ago. But we're not going to sign something that doesn't make sense for Canada. And Andrew, I'll leave you with this. We are catalyzing a trillion dollars of investment over the next five years. We're on track for that. We have a lot of things to do. We just signed two trade deals in the last two days, with ASEAN, 700 million people, and with the Philippines. We will sign a deal with India over the next three months. We have free trade with two billion consumers, ex the United States. We're on route to three. We've got a lot to do. So we would like to do the deal. But if the U.S. doesn't want to do the deal, we're busy.

SORKIN: Mr. Prime Minister, thank you so much for staying up late. We look forward to seeing you in person very, very soon.

CARNEY: Thank you. Appreciate it.

SORKIN: We're going to take a quick break, go get a coffee, and make some friends. And when we come back, David Ellison.