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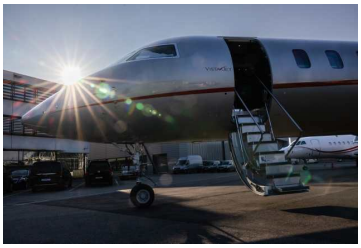
Canada Leads in AI policy. What the U.S. Should Learn From Its Neighbor

Jerry Haar, Paola Viatela and Luis Venancio

April 01, 2025



Montreal jet manufacturer Bombardier is exploring the use of AI in maintenance and manufacturing.

About the authors: ***Jerry Haar*** *is a professor of international business at Florida International University.* ***Paola Viatela*** *is associate director of investor relations at Participant Capital Advisors.* ***Luis Venancio Flores*** *is relationship manager at the Dupont & Alonso Group.*

In late January, OpenAI and SoftBank announced Stargate, a four-year U.S. artificial intelligence infrastructure project worth hundreds of billions of dollars. The new joint venture will spend its first $100 billion—with large funding by Oracle and Abu-Dhabi's AI-focused state-fund, MGX—on constructing an AI data center in Texas.

"We want to keep it in this country," President Donald Trump said of AI manufacturing when he unveiled the Stargate project. "We have an emergency," he added. "China is a competitor."

Trump isn't alone in this line of thinking. In the government policy domain, many consider the fight for AI dominance to be between the U.S. and China. The contest is actually more global: South Korea has invested heavily in 5G networks and so-called smart cities, the European Union in AI ethics and regulation, and the U.K. in AI development and business-academia collaboration.

Emerging markets are players in the AI space as well, and many have developed AI strategies. Just in Latin America, Argentina employs AI in energy, agriculture, and biotechnology; Chile in mining and renewable energy; Brazil in agriculture and finance; and Mexico in manufacturing,

services, and the public sector. And AI is not just a large-firm phenomenon in the region. Start-ups, such as Gupy, Blip, and NotCo, are proliferating throughout the region, where the AI market—presently valued at nearly $5 billion—is projected to reach $30 billion by 2033.

As industrialized and emerging markets strive to further develop and capture the benefits of AI, they should look to North America for a road map. But not to the U.S. Yes, the model is Canada. Canada is a leader in the global AI race—thanks to government support for AI innovation.

Notably, Canada was the first country to establish a national AI strategy. In an early and monumental embrace of AI in 2017, Canada launched the Pan-Canadian Artificial Intelligence Strategy, a government investment plan to drive AI across Canada's economy and society by connecting its world-class talent and research institutions and supporting the commercialization of ideas and knowledge.

The strategy has three pillars: commercialization, standards, and research. The first pillar engages the nation's three National Artificial Intelligence Institutes— Amii in Edmonton, Mila in Montreal, and the Vector Institute in Toronto—to help translate research in artificial intelligence into commercial applications. It also promotes the adoption of made-in-Canada artificial intelligence technologies by businesses in key industries.

The second pillar supports efforts to advance AI standards through the Standards Council of Canada, while the third pillar mobilizes the Canadian Institute for Advanced Research to attract, retain and develop academic research talent.

Guided by this government strategy, Canada has fostered collaboration between private companies, academic institutions, and government bodies—creating a healthy ecosystem for the implementation of AI technologies in manufacturing. The Ontario-based Linamar Corporation, for instance, has implemented AI-enabled autonomous manufacturing equipment and advanced machine vision systems to improve quality control and operational efficiency.

Aerospace, one of Canada's globally competitive industries, is at the forefront of the country's AI-driven manufacturing transformation. Montreal jet manufacturer Bombardier has been exploring the use of AI in predictive maintenance and automation in its aerospace manufacturing, aiming to streamline operations and enhance safety and efficiency.

Over the last five years, Canadians have also created 670 AI start-ups worth at least $1 million that span healthcare, finance, logistics, and retail—including the globally recognized start-ups Cohere, Waabi, and Element AI. Venture capital funding invested in Canadian AI companies now comprise over 30% of all Canadian VC activity, and Canada ranks second among G-7 countries in annual rate of increase of AI patents, just behind Italy.

Canada is poised to remain a leader in AI start-ups, particularly in ethical AI, natural language processing, and AI for social good—all of which are expected to drive innovation in clean tech, biotech, and advanced manufacturing. For governments and private enterprise the world over to capitalize on the benefits of AI, they will need the right physical and human capital. Be it for productivity improvement, efficiency gains, or improved public services, Canada's strategy provides a promising path forward. Even the U.S. can learn much from our northern neighbor.