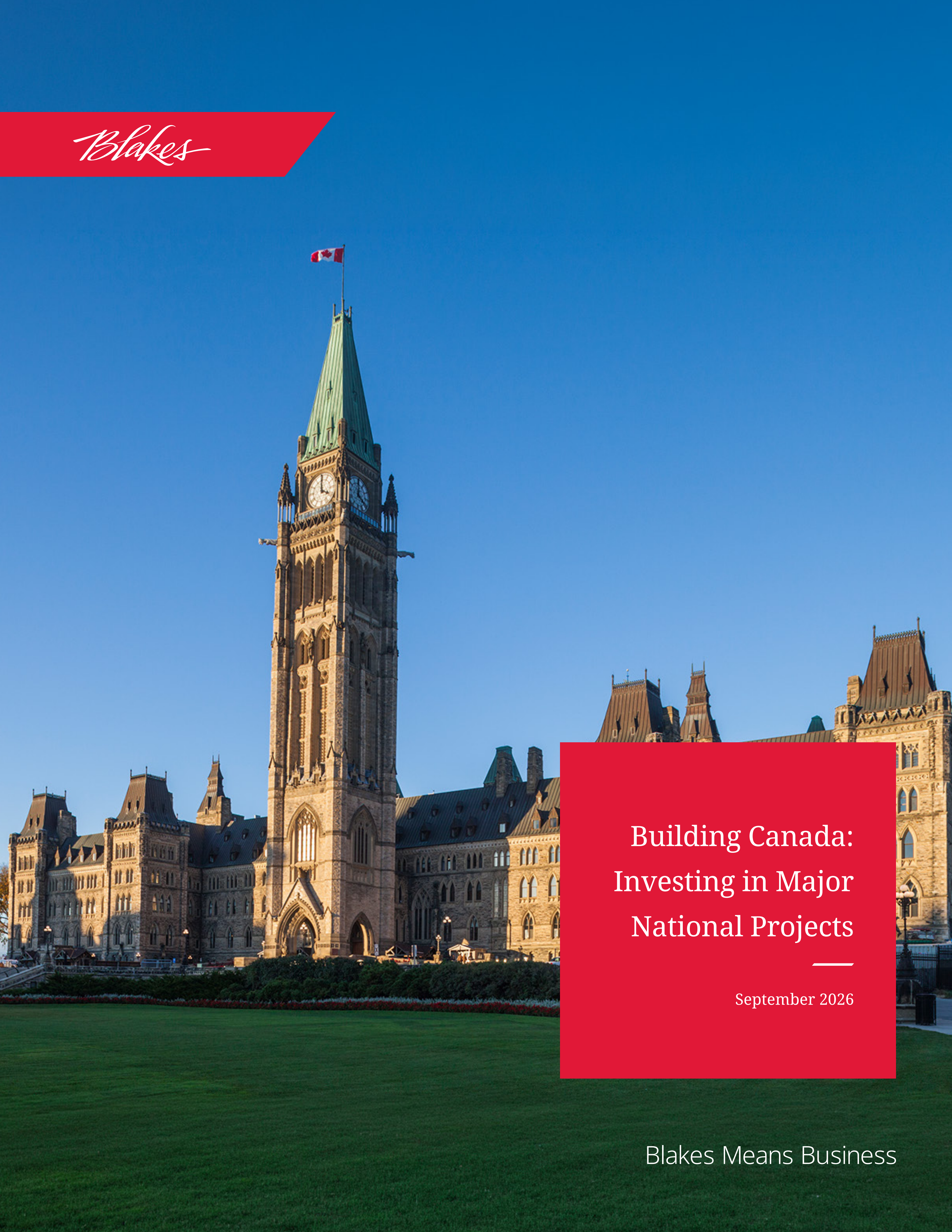

Blakes

Building Canada: Investing in Major National Projects

September 2026

Blakes Means Business

About Blakes

As one of Canada's top business law firms, Blake, Cassels & Graydon LLP (Blakes) provides exceptional legal services to leading businesses in Canada and around the world. We focus on building long-term relationships with clients. We do this by providing unparalleled client service and the highest standard of legal advice, always informed by the business context.

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Introduction

Canada is positioning itself as a premier destination for global capital. In response to a fundamental shift in its trade relationship with the United States and an increasingly multipolar geopolitical environment, the Canadian government has launched an ambitious domestic investment agenda. The establishment of the Major Projects Office under the *Building Canada Act*, regulatory modernization, and a strategy of trade and investment diversification are creating new opportunities across Canada's priority sectors, including energy infrastructure, critical minerals, transportation corridors, nuclear power and advanced technology.

At the inaugural Canada Investment Summit held in Toronto, Ontario, in September 2026, more than 100 of the world's largest asset managers and sovereign wealth funds convened to evaluate Canadian investment opportunities. Co-hosted by Prime Minister Carney, the Summit resulted in the government announcing several new opportunities for private investment in Canada, including long-term concessions in Canada's largest airports, and also unveiled a new permanent "Productivity Mega-Deduction" intended to spur further investment by significantly reducing the effective tax rate on new business investment.

For foreign investors, whether financial sponsors, strategic acquirers or institutional capital, understanding Canada's evolving legal and regulatory landscape is essential to capitalize on these opportunities. This guide provides an overview of key considerations for investing in Canada, including infrastructure, foreign investment regulation, environmental and Indigenous law, tax and corporate structuring, and public-private partnerships.

Canada's Infrastructure Momentum

The Global Infrastructure Investor Association, in its Spring 2026 Infrastructure Pulse Survey for North America and Europe heralded Canada as the "Most Attractive Market for Infrastructure Investment". This result, as derived from a survey of the world's leading infrastructure investors, comes after a period of significant geopolitical upheaval that has affected not just Canada, but the world.

Politically, a renewed focus on solving key impediments to infrastructure investment attractiveness, regulatory and policy uncertainty, and access to capital, has emerged as a key reason for Canada's moment. As discussed below, the establishment of a Major Projects Office, conceived to drive regulatory efficiencies, together with new and renewed access to government funding in the form of financing and tax credits, has contrasted favourably with other markets competing for the same capital. The Office now oversees 27 nation-building initiatives representing more than C$129-billion in investment and 330,000 jobs. Canada has leaned into its traditional energy and natural resource sectors to form the backbone of infrastructure growth, while welcoming new technologies and infrastructure opportunities to broaden the country's appeal.

Energy Opportunities

Although already an energy superpower, Canada is pursuing a number of initiatives at both the provincial and federal levels that are creating further opportunities for energy infrastructure development. This involves continued investment in Canada's traditional hydrocarbon sector, including the West Coast Oil Pipeline, a proposed oil export pipeline with transportation capacity of one million barrels per day. There is also a renewed interest in carbon capture, utilization and storage as a means of reducing the carbon footprint of the sector, which at one point appeared to be stalled.

Natural gas continues to be positioned as a transition fuel, both domestically and for export in the form of liquefied natural gas (LNG). A number of LNG liquefaction plants are in development and construction, following the example set by LNG Canada, which exported its first cargo of LNG during the summer of 2025 and is reported to be considering a final investment decision (FID) on a second phase of the project this year.

More broadly, however, Canada's commitment to a net-zero future is being borne out by major initiatives in the clean power sector. Ontario is at the leading edge of the nuclear industry, with small modular nuclear projects under development and construction, the refurbishment of the existing nuclear fleet and the development of new large nuclear projects. Nuclear power has historically been among the most challenging technologies in which to attract private investment. Government financing and the availability of investment tax credits, however, are helping to unlock its potential and drive a nuclear renaissance in Canada.

Renewables continue to be the backbone of the clean power sector, with a number of Canada's most favourable jurisdictions for renewables development offering significant new procurements for wind, solar and battery energy storage. Canada's battery energy storage fleet alone is projected to grow to between 20 and 40 gigawatts (GW) by 2050. Again, these opportunities are underpinned by a series of government supports, including financing, investment tax credits and government-backed power purchase agreements (PPAs). Perhaps the most ambitious recent announcement, styled as the "largest clean energy investment in North American history," is the Gull Island Hydroelectric Project and Churchill Falls upgrade project, valued at C$70-billion and underpinned by support from the federal and Quebec governments. Combined, these developments make clear that Canada intends to remain at the top of the rankings for infrastructure investment markets.

Digital Infrastructure

No discussion of Canada's infrastructure opportunity would be complete without considering the impact of artificial intelligence (AI) and the opportunities it presents. While it will come as no surprise that AI is seen as a driver of economic growth in Canada, the infrastructure opportunity is centred on data centre development — for both AI and cloud compute workloads — and the power projects needed to power them.

Canada, Alberta, New Brunswick, Ontario and Saskatchewan each have a data centre playbook or initiative intended to drive investment while managing some of the key risks arising from large-scale digital infrastructure build-out, including those related to water usage and "bring your own power" policies. Other provinces either are or will develop similar initiatives to capitalize on the opportunity.

While the impact of the sector on transmission capacity and Canada's net-zero ambitions remains an open question, particularly as hyperscale data centres are built out, opportunities clearly abound for co-locators, hyperscalers and traditional energy and transmission developers. The largest such opportunity to date is Meta's proposed C$13-billion data centre in Alberta, which will anchor construction and supply of more than one gigawatt of electricity.

Indigenous Reconciliation

Indigenous consultation is an important consideration for projects that engage constitutionally protected Indigenous rights. While consultation remains paramount, engagement with Indigenous Peoples has evolved, such that a project's ability to advance Indigenous interests is a key factor in its designation as a federal nation-building project.

For Canadian infrastructure development, economic reconciliation will mean different things depending on the nature of the project. Increasingly, equity participation of Indigenous communities in infrastructure projects is a key consideration for developments. Developers will need to meaningfully partner with Indigenous communities to address the challenges historically and currently faced by such communities seeking to invest in infrastructure development, including access to capital, the development of governance capacity and the need for meaningful, rather than transactional, engagement. Federal and provincial governments are also looking to address the capital deficit faced by Indigenous communities through loan and other financing programs. Careful structuring remains key as these programs do not, at this time, provide a complete response to the challenge.

Welcoming Foreign Investment

In response to a deepening rift in Canada-U.S. trade relations, including the collapse of bilateral trade talks and the imposition of new U.S. tariffs in August 2026, the Government of Canada has accelerated its push to diversify its trade and investment relationships and prepare further retaliatory measures. Although the Canadian economy is deeply integrated with the United States, and has been for many decades, Canada uniquely participates in three large trading blocs, including CUSMA (USMCA) in North America, the Comprehensive Economic and Trade Agreement (CETA), a free trade agreement with the European Union, and membership in the Comprehensive and Progressive Trans-Pacific Partnership on Trade (CPTPP), as well as numerous bilateral trade agreements. Prime Minister Mark Carney has declared to the world that Canada is "open for business," signalling that Canada will welcome foreign investment across key sectors and from non-traditional trading partners. Within his first year in office, he has reinforced this message through visits to China, the Middle East, India, Japan and Australia. At the same time, Canada continues to welcome U.S.-based investors into the country. Foreign investors can capitalize on this momentum by being prepared to nimbly navigate the Canadian regulatory system, including the *Investment Canada Act* (ICA) notification and review regime.

Understanding the ICA Process

The ICA applies to all investments in Canada by non-Canadians. The purpose of the ICA is "to provide for the review of significant investments in Canada by non-Canadians in a manner that encourages investment, economic growth and employment opportunities in Canada and to provide for the review of investments in Canada by non-Canadians that could be injurious to national security." The administration and enforcement of the ICA by the Government of Canada is closely intertwined with domestic and international political considerations and concerns about Canada's economic security. The ICA's jurisdiction is deliberately broad, permitting government oversight of minority investments and of entirely new businesses in Canada.

There are two distinct but overlapping purposes to the ICA. For most investments, it is designed to give the government an opportunity to consider whether a particular transaction or new business could give rise to a national security concern and therefore be prohibited or require some form of mitigation related to the government's concern. Most foreign acquisitions of control and new business establishments are notifiable, requiring a filing before or within 30 days after closing. There are also amendments to the ICA regulations, expected to come into force in 2026 or early 2027, that will introduce a mandatory pre-closing filing and standstill for investments in prescribed sensitive activities, including minority investments.

However, for transactions of considerable size, the ICA permits the government to negotiate with investors to ensure that investments will be, in the government's view, of "net benefit" to the Canadian economy. An application for review is required for such investments in advance of closing. Cultural businesses (for example, video game developers, bookstores or book publishers, and film production companies) are more sensitive and are subject to much lower asset-value thresholds. In addition to the mandatory filing obligation, all investments in a Canadian business by non-Canadians may be subject to a national security review.

Type of Investor	2026 Threshold for Review (adjusted annually)
WTO Investor	C$1.452-billion enterprise value
"Trade Agreement" Investor	C$2.179-billion enterprise value
State-Owned Enterprise	C$578-million in asset value

Expanding Global Investment Opportunities

Canada is actively courting foreign capital in key sectors and from new sources.

In January 2026, Prime Minister Mark Carney's visit to Beijing resulted in a Canada–China economic roadmap welcoming two-way investment in energy, agriculture, consumer products and clean energy. This was accompanied by trade concessions from China on Canadian canola and seafood exports, and from Canada on electric vehicles, as well as the reversal of a prior ICA order closing TikTok Canada, a Chinese-owned Canadian business.

Canada has also advanced investment partnerships with the United Arab Emirates and Qatar, and joined an Australia–Canada–India technology partnership focused on critical minerals, supply-chain resilience and artificial intelligence. In September 2026, the Government of Canada also renewed its efforts to build on the Canada-Europe trade deal to pursue stronger relationships with the European Union.

Canada is welcoming of investment, building and innovation from across the globe. Knowing the process for investing in Canada, including the ICA's filing obligations and strategies for proactive engagement, is the best safeguard against delays and national security complications and allows you to chart the most efficient path to closing.

The Green Light: Fast-Tracking Environmental Approvals

Canada has implemented federal and provincial mechanisms to streamline regulatory approvals for major projects designated as being in the national interest. At the federal level, designated projects may receive consolidated authorizations through a single conditions document, reducing the number of separate permits required under different statutes. A dedicated federal coordination office serves as a single point of contact for proponents navigating the approval process.

Provinces, including Ontario, British Columbia and Quebec, have introduced parallel acceleration regimes. Environmental review is not eliminated under these frameworks; rather, it is restructured to provide earlier regulatory clarity and a faster path to defined conditions, shifting the focus from whether a project proceeds to how it proceeds.

Tax Incentives

New Incentives for the Modern Economy

Canada's tax landscape is dynamic, and the tax system is an important means of attracting investments in the Canadian economy. Over the past few years, Canada has introduced new or expanded tax credit incentives in the areas of scientific research and experimental development, critical minerals exploration, low-carbon liquefied natural gas facilities, clean technology manufacturing, carbon capture, utilization and storage and enhanced oil recovery, and clean electricity, among others. Each of these regimes has unique technical requirements, including some requirements for the participation or control by Canadian residents. Major projects will benefit from early attention to legal structuring to help ensure eligibility for available tax incentives.

In a further investor-friendly measure announced at the Canada Investment Summit, the Canada Revenue Agency (CRA) will prioritize advance income tax ruling requests from investors committing C$1-billion or more into the Canadian economy.

This will allow significant investors a faster timeline to obtain rulings that clarify how Canadian income tax law applies to their investment before capital is committed.

Continued Technical Updates

While incentives are an important part of Canada's recent tax policy initiatives, the country continues to have complex tax rules that must be considered when structuring any project. The Canadian government has emphasized technical changes aimed at closer alignment with global standards, as well as enhanced enforcement and anti-avoidance rules. Canada has recently introduced an overhauled general anti-avoidance rule, a new interest deductibility restriction (roughly 30% of EBITDA, consistent with rules enacted globally in response to recommendations from the base erosion and profit shifting (BEPS) process), and significantly revised transfer pricing rules intended to more closely align with guidance from the Organisation for Economic Co-operation and Development (OECD). The government is revising Canada's Pillar Two system (the *Global Minimum Tax Act*) to add an undertaxed profits rule (UTPR) and enacting significantly expanded Canada Revenue Agency audit powers and new anti-hybrid rules to address hybrid-entity mismatches.

Building the Deal: Structuring Investments

Investors considering participation in Canada's major projects program should expect a multi-stakeholder structure involving federal and provincial governments, government investment vehicles, Indigenous partners and private capital.

The Major Projects Office facilitates regulatory approvals and coordinates funding across governmental bodies. Capital sources — beyond private equity — may include federal and provincial investment vehicles such as the Canada Growth Fund, the Canada Infrastructure Bank and the Building Ontario Fund, as well as Indigenous development corporations.

Nation-building projects require bespoke structuring arrangements tailored to the participants and policy objectives involved. Because no mandated structure exists, investments in major projects can be highly customized to accommodate governance and tax considerations.

Capital Timing: Risk and Return

A key consideration for private investors is the timing and risk profile of capital deployment. Government financing is designed to enter projects at an early, higher-risk stage and at a lower cost of capital, generally with the intention of divesting once the project has been de-risked — thereby transferring value to the market.

Participating as first capital alongside government and Indigenous partners offers greater potential upside but requires careful assessment of governance over longer holding periods. Investors seeking a lower risk profile may consider secondary capital opportunities, which offer more defined returns in exchange for reduced upside.

Positive vs. Negative Control Structures

Canadian ownership and control requirements that constrain foreign investor participation may arise in connection with certain regulated sectors, such as airlines and telecommunications sectors implicating national security and certain investment tax credits. Foreign investors should consult counsel at the outset to assess applicable requirements.

Foreign private investors must determine whether their investment thesis requires positive control — the ability to direct management and operations — or whether a negative control structure can achieve their commercial objectives within applicable constraints. Negative control regimes, utilizing minority protections, veto rights and other contractual mechanisms, permit investors to block specified actions without exercising day-to-day operational control, and may present an appropriate alternative where regulatory requirements preclude foreign majority ownership.

La Belle Province: Quebec's Unique Landscape

Quebec has developed its own accelerated authorization framework for priority projects that, while preserving environmental assessment requirements, consolidates multiple provincial permits into a single government authorization.

The province has also modernized its energy governance legislation to expand private-sector participation in renewable energy, streamline procurement and provide greater rate predictability for industrial consumers.

Quebec's 2025–2031 Critical and Strategic Minerals Strategy signals sustained provincial support for large-scale project development across the mining and infrastructure sectors, with an emphasis on value chain development, logistics infrastructure, and Indigenous and international partnerships.

Investors should note that northern Quebec is subject to treaty regimes with Cree and Inuit communities, and projects in that region are subject to distinct, treaty-based regulatory approval processes.

Conclusion

Canada's nation-building agenda presents a significant capital deployment opportunity, but realizing that opportunity requires careful preparation. Foreign investors considering Canada's priority sectors will encounter a legal and regulatory landscape that has undergone significant change in recent years. Early engagement with Canadian counsel, bespoke structuring and a thorough understanding of the applicable regulatory pathways are essential to navigating these frameworks effectively.

We would be pleased to discuss any of the matters addressed in this guide and to assist in evaluating specific investment opportunities in Canada. For more information, please contact any member of our Private Equity, Infrastructure, Competition, Antitrust & Foreign Investment, Environmental or Indigenous law groups.

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