

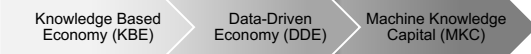
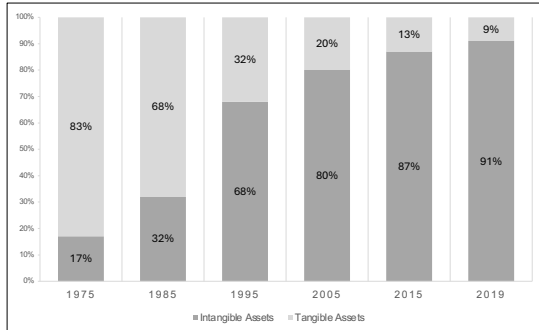
Returning to the Global Stage: Canada's IP Opportunity

2025 IAC National IP Summit

Jim Balsillie November 18, 2025

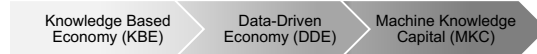
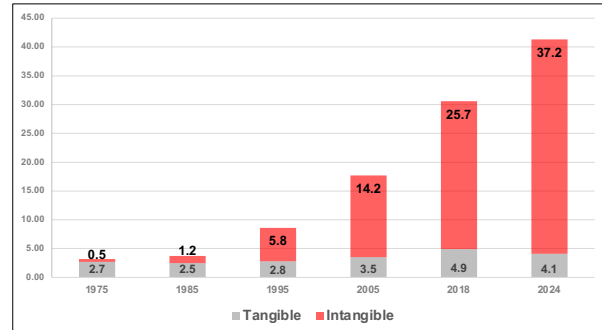
Shift From Tangibles to Intangibles

Figure 1. Shift from Tangibles to Intangibles
Components of S&P Market Value



Source: Ocean Tomo

Figure 2. Tangible & Intangible Capital, S&P 500
1975-2024, constant USD trillion at 2024 prices



Source: <https://papers.ssrn.com/abstract=4762228>

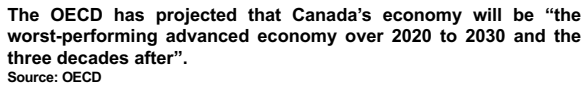
The Magnificent Seven (Apple, Alphabet, Amazon, Meta, Microsoft, Nvidia, Tesla) have a combined market cap of ~\$18 trillion USD of which ~90% is composed of intangibles.

Jim Balsillie, November 2025

Good morning and thank you to Mike for inviting me to speak to you today. As Chair of the Innovation Asset Collective, this event comes following the recent budget which saw a renewed pocket of funding for IAC. It is an ideal moment to reflect on how we think about innovation, investment, and the ownership of ideas in Canada. I will briefly talk about Canada's economic realities, and what the innovation ecosystem needs to be critical drivers of national prosperity, security, and sovereignty.

The digital transformation over the past 40 years has created a new economy in which wealth, power, and security are rooted in the ownership of IP and the control of data and AI. These assets behave differently in the market than tangible goods and require different strategies. They now make up over 90% of the S&P500's \$49 trillion value. With the rise of AI, we've entered the era of "machine knowledge capital", a new form of productive capital that competes with and complements human capital.

Canada to trail OECD in per-capita real GDP growth
Projected annual growth in real GDP per capita (CAGR), 2020 to 2030



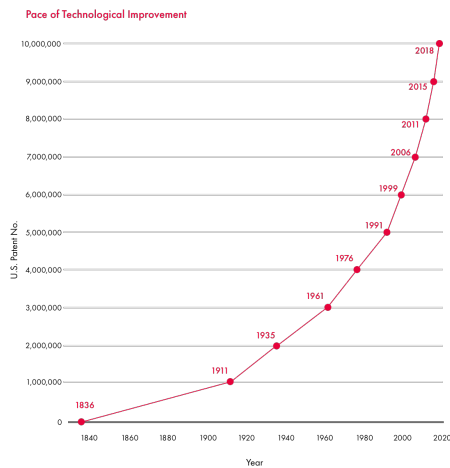
The chart displays the US Dollar Index from 2002 to 2024. The y-axis represents the index value, ranging from -4,000.00 to 12,000.00 in increments of 2,000.00. The x-axis shows years from 2002 to 2024. The index starts at 100 in 2002, remains relatively stable until 2015, then rises to a peak of approximately 110 in 2022, before a sharp decline to around 85 in 2024.

Year	Index Value (approx.)
2002	100
2003	90
2004	85
2005	95
2006	90
2007	100
2008	95
2009	100
2010	90
2011	100
2012	95
2013	90
2014	95
2015	100
2016	110
2017	115
2018	110
2019	120
2020	110
2021	105
2022	110
2023	90
2024	85

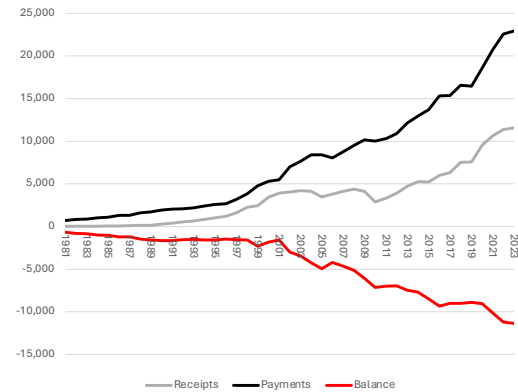
Canada's per capita GDP has been shrinking 0.4 per cent a year since 2020 - the worst rate for any developed economy in the top 50.
Financial Times, May 2024

Because Canada missed the shift, we're seeing Canada's standard of living in steady decline. Our GDP per capita shrank 0.4% annually over the last five years, the worst among the top 50 developed countries globally. The OECD projects Canada will be the slowest-growing advanced economy through 2060. The growing gap in GDP per capita between Canada and the U.S. further shows that these are not global conditions but a consequence of a lack of strategic reorientation as the world changed. At the household level, the cost of living is getting higher. As paycheques have gone down, costs keep going up.

USPTO – Patent Filings



Canada's International IP Payments & Receipts, from 1981-2023, millions (CAD)



Source: Statistics Canada

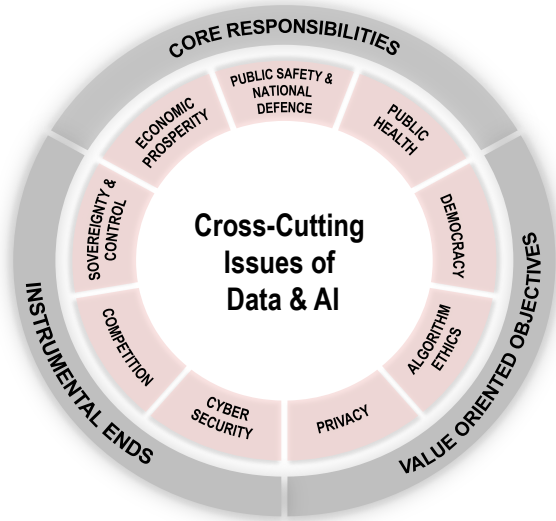
“Patents are the most concrete and comparable measure of innovative output over countries and time.”

The IT Revolution and the Globalization of R&D (<http://www.nber.org/papers/w24707>)

Jim Balsillie, November 2025

In today's economy, productivity comes from *new* ideas that bring in *new* high profit margin revenue. IP has a direct impact on wealth and power at the firm level and nationally, which is why smart innovation jurisdictions focus on owning and protecting these assets. Canada's IP payments and receipts deficit is growing and would be far larger if we accounted for the net flow value of AI and data.

Cross-cutting Monopolistic Nature of the Data-Driven Economy



The Data-Driven Economy's Structural Characteristics Lead to Natural Monopolies

1. Economies of Scope
2. Economies of Scale
3. Network Externalities
4. Information Asymmetries

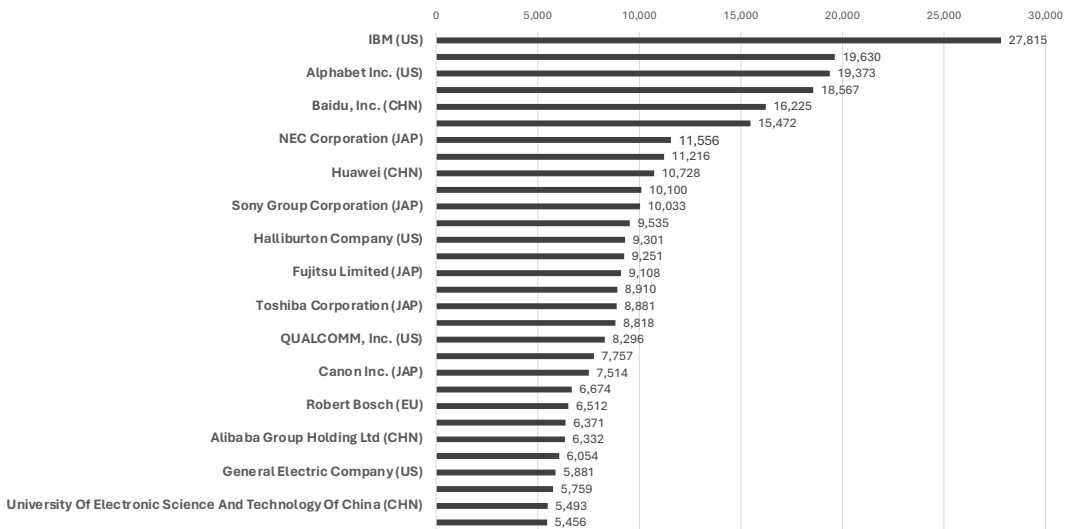
"Data is not the new oil – it's the new plutonium. Amazingly powerful, dangerous when it spreads, difficult to clean up and with serious consequences when improperly used."

Jim Balsillie, International Grand Committee on Big Data, Privacy and Democracy. May 28, 2019

This is a representation of how I think strategically about the cross-cutting issues that the digital transformation raises. It's about the generation of wealth, prosperity, and preserving competitive markets. It's also about values such as privacy, health, the integrity of democratic process, national security and sovereignty through both policy and infrastructure. Given its social nature and non-rivalrous "public good" characteristics, data gives rise to spillovers or externalities, both good and bad. Listed are the structural characteristics of the data-driven economy that naturally led to monopolies, requiring policy makers to link these factors in their regulatory responses.

AI Fortunes Depend on IP Ownership

1.4 Million AI Patents Filed and Registered Globally by 2023 (Top 30)



Source: STG's dataset of 1.4 million AI patents

Jim Balsillie, November 2025

AI is transforming industries at scale in ways never seen. Over 1.8 million AI patents have been granted globally, but Canada does not appear among the top 100 holders even though our publicly funded research built the foundations of the field over several decades. This gap speaks to a lack of sovereign, value-added approaches to how we connect invention with ownership and control. Nations that *own* their compute, their data, and their IP determine their *own* economic and security outcomes. Those that do not will find themselves renting their future from others.

Examples of Strategic Focus on IP by other Jurisdictions



EUROPEAN UNION

- The European Patent Office and Unitary Patent system create one enforceable patent right across member states.
- A federated patent architecture reduces cost and fragmentation while strengthening EU-wide IP protection.
- Rising defense spending doubles as industrial policy, driving R&D and technology development.
- Data and competition policies link sovereignty, innovation, and market power under a common framework.



GERMANY

- Fraunhofer Institutes bridge public research and industry, turning publicly funded innovation into industrial capacity.
- Comprise 76 applied research centers focused on AI, energy, and advanced manufacturing.
- Funded through one third public support and two thirds contract research, aligning commercialization incentives.
- A global model for converting R&D into sovereign economic strength.



SOUTH KOREA

- South Korea elevated its Intellectual Property Office to a full ministry, making IP a core pillar of national economic strategy.
- Electronics and Telecommunications Research Institute (ETRI) holds thousands of patents, including many essential to international technology standards, reinforcing South Korea's strength in strategic IP monetization.
- Signals that ownership and protection of IP assets are matters of national security and prosperity.



CHINA

- China's transformation has been guided by two landmark strategies: *Made in China 2025* and the *New Generation Artificial Intelligence Development Plan*.
- Centred on two pillars: large patent portfolios and expansive national data assets.
- Public funding, state-backed firms, and regional innovation zones accelerate domestic ownership of strategic technologies.
- Captures economic and security spillovers and converts to power.

Jim Balsillie, November 2025

On this slide I list a few examples of jurisdictions that reoriented to own and protect valuable IP and data assets to capture their economic and security spillovers. In Europe, the creation of the European Patent Office and the new Unitary Patent System reduce costs and fragmentation. In Germany, the Fraunhofer Institutes bridge public research and industry, converting taxpayer-funded R&D into industrial capacity and global market strength. In South Korea, the Intellectual Property Office was recently elevated to a full ministry as IP ownership increases as a national priority. In China, industrial strategies such as *Made in China 2025* and the *New Generation AI Development Plan* combine vast patent portfolios with control of data assets to secure long-term control in key technologies.

Examples of United States' 2025 Strategic Behaviour

AI White Paper

- In July 2025, The White House published America's AI Action Plan, "Winning the Race".
- Defines AI in terms of hegemony and global dominance.
- Calls for securing data and building critical infrastructure (physical and digital).
- Goal is to achieve and maintain unquestioned and unchallenged global technological dominance.

IEEPA Tariffs

- Expands executive authority to restrict or tariff flows of strategic tech and data.
- Treats digital infrastructure, AI, and compute as national security assets.
- Weaponizes access to U.S. markets to shape global technology supply chains.
- Sends the message that if you want access, you play by U.S. strategic terms.

GENIUS Act

- Anchors US sovereignty in digital finance by securing the role of the dollar in the Stablecoin era.
- Creates a strategic financial rail to compete with foreign digital currency systems.
- Extends US leverage over global payments through regulatory control and reserve requirements.

Deploying March-In IP Rights

- Gives U.S. government leverage over IP developed with federal funding.
- Authority to "march in" and re-license patents if public interest is at stake.
- Prevents critical innovations from being locked up by private monopoly or foreign acquisition.
- Signals willingness to actively manage IP flows as part of industrial strategy.

Jim Balsillie, November 2025

In the last few months, the U.S. has exercised strategic behavior in several policy areas to reshape the rules of the game. The AI Action Plan which defines AI as a pillar of national power, the GENIUS Act for digital currencies, IEEPA tariffs to restructure their terms of trade and regulatory remote control globally, and assertion of march-in IP rights under Bayh-Dole Act. These are not isolated disparate initiatives but rather part of a coherent policy framework to enhance U.S. economic and security dominance globally.

Canada's \$500 Billion Opportunity

A Strategic Reorientation would kickstart Canada's Economic Growth

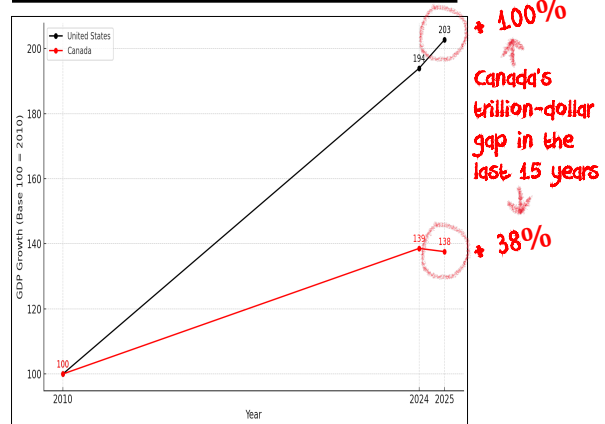
Regional Shares of Global GDP, 1980–2025

	2010	2024	2025	Change
WORLD	66800	110585	113816	
United States	15049	29185	30507	
China	6139	6139	19232	
Global North	28480	28480	36545	
of which Canada	1617	2241	2225	
Global South	17132	17132	27532	
SHARES				
United States	22.53%	26.39%	26.80%	4.28%
China	9.19%	16.95%	16.90%	7.71%
Global North	42.63%	32.23%	32.11%	-10.53%
of which Canada	2.42%	2.03%	1.96%	-0.47%
Global South	25.65%	24.43%	24.19%	-1.46%
SHARES EX CHINA				
United States	24.81%	31.78%	32.25%	7.45%
Global North	46.95%	38.80%	36.84%	-8.31%
of which Canada	2.67%	2.44%	2.35%	-0.31%
Global South	28.24%	29.42%	29.11%	0.87%

In the post-2010 period, (data-driven economy era) the main shift was in market share from the Global North to the United States. The market capitalization of the leading firms in the DDE total 18 trillion USD.

Source: IMF World Economic Outlook Database April 2025, Calculations by Dan Ciuriak

GDP Growth, Canada and US, 2010–2025



*Note: Between 2010 to 2025, the United States' population grew by 11%, and Canada's grew by 22%

Canada needs a strategic reorientation toward owning and capturing value from IP, data, and AI, and this slide shows why. While the table on the left shows Canada lost global GDP share as the U.S. gained, the graph on the right shows a widening gap in overall economic performance as the U.S. shifted to capturing the value of intangible assets. Had we kept pace with U.S. growth, we would have generated about a trillion dollars more annually in national income, prosperity that I believe can be partially recaptured with the reorientation. Imagine recapturing half of that which would be \$500 billion annually. By rebuilding capacity, developing ownership frameworks, and creating comprehensive conditions for firms to scale their IP and AI/data assets, this is achievable. Thank you.