



Hi ,

Earlier this month, a rumor bounced around social media that Canada was working with the UK and Australia on a co-ordinated ban of X (née Twitter.)

The flashpoint: Grok (X’s xAI-powered chatbot) has been repeatedly used to generate deepfake images that sexualize women and children. In some cases these images also depict violence. It’s sexual harm at scale, enabled by product design and tolerated by weak guardrails. And it’s a test of courage as much as it is platform regulation.

Canada took to X to deny that they were planning to boycott the platform, and X eventually changed its policy so that now only paying users can generate nonconsensual images. So sexual abuse is a Premium feature.

Regulators in the UK and Australia are now publicly escalating, with [Ofcom investigating](#) and the UK government moving to strengthen criminal enforcement around sexual deepfakes.

The debate is also a reminder that **today’s trade war will be fought with APIs as much as tariffs**. Innovation policy increasingly lives in the terms of service: private rulebooks that decide what’s permitted, promoted, monetized, and erased.

At the same time in January, online commerce giants Google and Shopify attracted much less attention when they pitched a new standard for agentic payments — called the [Universal Commerce Protocol](#).

This is a privately-led foundation for the future of e-commerce, competing against a [different standard](#) put forward in December by OpenAI’s Agentic AI Foundation.

Aside: Agentic commerce is the idea that in the future we’ll all be using chatbots for shopping, and the nuts-and-bolts will be done by AI agents who handle the transaction on our behalf.

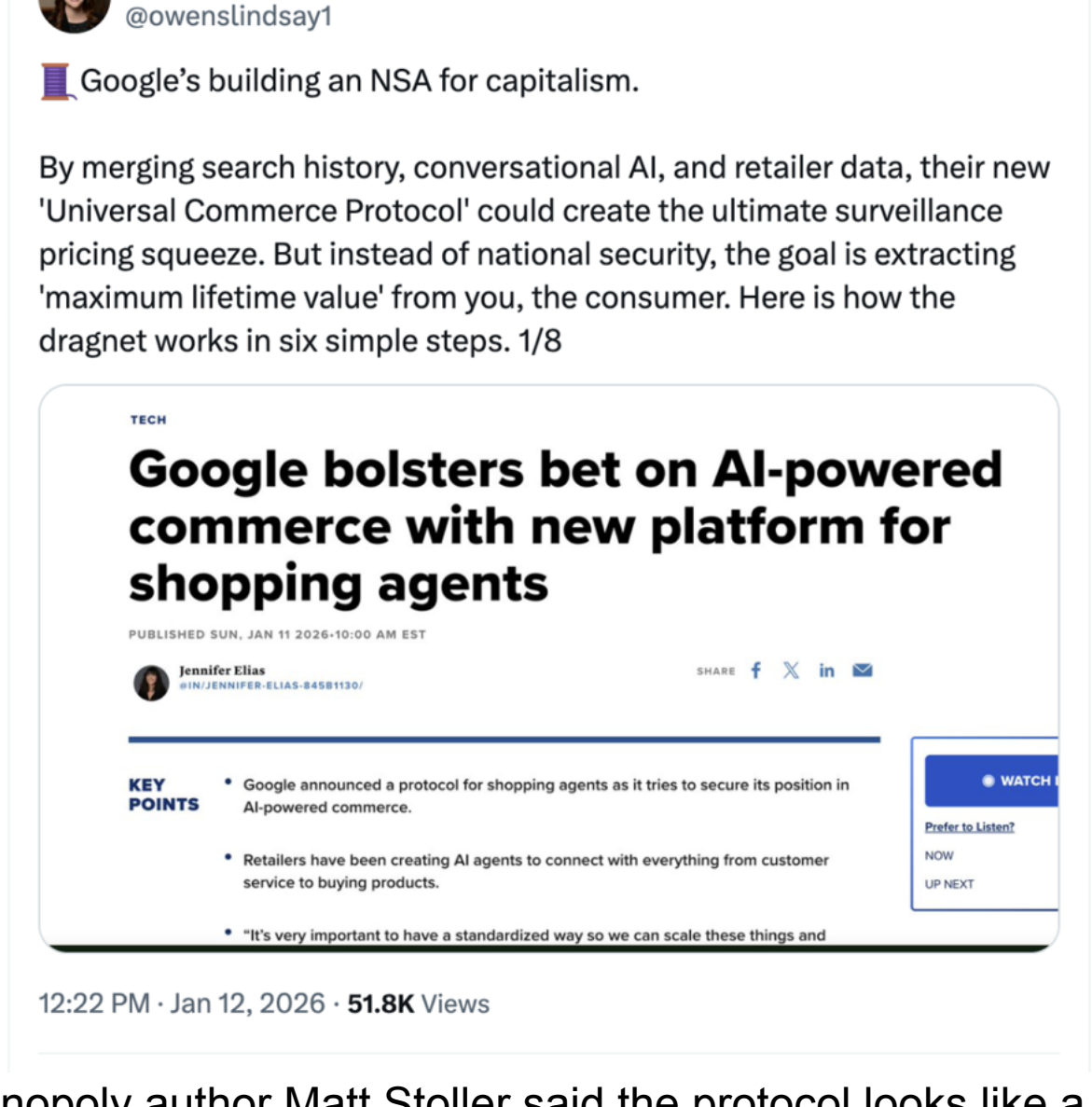
Standards are [instruments of geopolitical power](#) because they determine how systems work and who can participate in them. [Early analysis](#) says OpenAI/Stripe’s Agentic Commerce Protocol is a cross-platform spec built around merchant product feeds and delegated-payment checkout inside AI assistants, while Google/Shopify’s UCP is a broader “common language” for end-to-end agentic shopping that’s launching on Google’s own surfaces and plugs into Google’s commerce/payments stack.

The race to set this new norm is a precondition to winning the agentic payments space. **It’s basically a tech company trade war to set the terms of agentic commerce**.

These kinds of rule-setting activities are ultimately helpful — they clarify how retailers and software developers can engage in the marketplace, ideally reducing compliance costs by ensuring everybody is speaking the same technical language.

But the protocol from Google and Shopify was met with immediate scrutiny from antitrust researchers concerned by the apparent inclusion of personalized upselling. Basically these ecommerce giants want a standard that entrenches the ability to analyze your chat data and purchase history to overcharge you.

Groundwork Collaborative Executive Director Lindsay Owens and others have noted that by merging search history, conversational AI, and retailer data, this protocol could create the [“ultimate surveillance pricing squeeze.”](#)



Anti-monopoly author Matt Stoller [said](#) the protocol looks like a pharmacy benefit manager, where the company lists sky-high drug prices, but then offers fake arbitrary discounts to keep people happy.

The risk is that agentic shopping will be a supercharged laboratory for personalized pricing.

So what does the agentic payments situation have to do with the Grok sexual abuse material?

In the case of X, Canada doesn’t have great options. Canada could boycott the platform, or theoretically we could even outright block X for everyone. But if we were to try more targeted regulation, there’s a good chance that we’d see malicious compliance or non-compliance. Like how Meta is blocking news links in response to regulations saying they need to pay for news shared on their platform.

Economic sovereignty is about whether we can effectively govern our own economy in the national interest, and whether we can capture value to pay for socially beneficial public services.

Canada needs better regulatory options. We should be thinking deeply about interoperability mandates, API portability, and fair access rules for essential digital infrastructure. And in the instances where we aren’t restricted through trade agreements, are we even bothering to shape the markets we want?

It’s easy to think about the trade war in terms of maple leaf icons in grocery store aisles, or in terms of tariffs and geopolitical trade deals.

But arguably the greatest realm for economic value, social power and sovereignty is in the apps and digital platforms where we spend so much of our lives.

Much of this is already dominated by entrenched tech giants. But in the agentic payments space, we are watching the rules get written by companies *in real time* and Canada doesn’t have anything to say about it.

If we continue to allow the agentic payments space to be characterized by [personalized pricing](#) that is calibrated based on someone’s willingness and likelihood of paying a particular price, the practice will be the new normal. Consumers will lose any sense of price anchor, and it will be harder to comparison shop. Rather than allow firms to define the market through open standards, Canada should legislate the contours of shopping completed by a sophisticated bot.

It’s not impossible to pause the development of agentic commerce while we figure this out.

We can live under permissioned capitalism, or we can do the unfashionable thing: govern the economy we actually have. Canada should write the rules before the bots do.

Chart of the Week

There are a lot of different ways to measure business confidence, and the picture is a bit muddled right now, depending on which metric you look at. One number that stood out in the Bank of Canada Business Outlook Survey this week is the share of businesses who are planning on cutting the size of their workforce.

It's not that business sentiment is catastrophically bad right now. But taken together it looks like companies are hunkering down, and trying to ride out uncertainty.

Canada didn't experience a recession in 2025, but with companies downsizing and holding off on new investment, the economy can feel tough even if it's not technically shrinking.

The Share of Businesses Planning to Shrink the Size of their Workforce Doubled in 2025

Year	Share of Businesses (%)
2015 Q1	18.0
2015 Q3	20.0
2016 Q1	15.0
2016 Q3	12.0
2017 Q1	14.0
2017 Q3	10.0
2018 Q1	5.0
2018 Q3	12.0
2019 Q1	10.0
2019 Q3	13.0
2020 Q1	11.0
2020 Q3	18.0
2021 Q1	12.0
2021 Q3	2.0
2022 Q1	3.0
2022 Q3	2.0
2023 Q1	10.0
2023 Q3	12.0
2024 Q1	15.0
2024 Q3	11.0
2025 Q1	13.0
2025 Q3	12.0
2026 Q1	10.0
2026 Q3	24.0

Source: The Canadian SHIELD Institute, BoC

Shield In the News

Prime Minister Mark Carney’s speech in Davos this week provoked a lot of discussion. But as **Shield Chief Economist Kaylie Tiesen** [told The Canadian Press](#), what really matters is the nuts-and-bolts trade deals, investment agreements and economic policies that respond to the geopolitical rupture we’re now living through.

Song of the Week: “Suffer” by [Boy Golden](#)

*"Prices go up and they don't come down
Cost forty bucks just to hang around"*

