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INSIGHT

U.S.-Canada Relations: Current Tensions and Issues for Congress

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U.S.-Canada relations have sharply deteriorated under the second Trump Administration. After several decades of deepening integration, officials in both countries are reevaluating bilateral ties. Congress, which historically has sought to foster cross-border collaboration, may assess whether and—if so—how to guide U.S.-Canada relations through current tensions, drawing on its constitutional authority over tariffs and other aspects of foreign policy.

Shifts in Bilateral Relations

Shared history, geography, and values have underpinned U.S.-Canada relations. The countries share mutual security commitments under NATO; cooperate on continental defense through the binational North American Aerospace Defense Command (NORAD); and coordinate on law enforcement efforts, with a particular focus on securing their shared 5,525-mile border. The U.S.-Canada trade relationship is among the largest in the world, bolstered by nearly four decades of trade liberalization and integration under a series of free trade agreements (FTAs), most recently the 2020 United States-Mexico-Canada Agreement (USMCA). The United States and Canada also collaborate on cross-border environmental and natural resources issues, including through state-provincial initiatives. Nevertheless, with a population and economy that are roughly one-eighth and one-thirteenth the size, respectively, of those of the United States, Canada historically has sought to protect its autonomy and national identity.

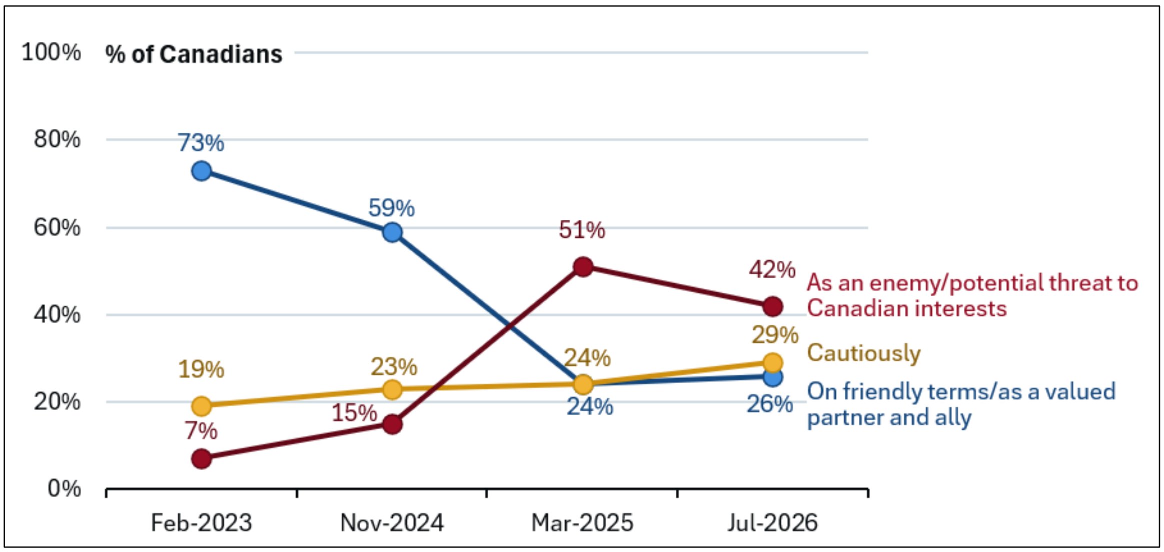
The second Trump Administration argues that Canada has been "ripping off the United States for decades." The Administration asserts that Canda has "extracted a persistent annual goods trade deficit" through unfair treatment, including "discrimination" against U.S. producers in dairy and other sectors. The Administration also has claimed that Canada has failed to stem drug trafficking across the border and echoed long-standing U.S. concerns that Canada has not dedicated sufficient resources to defense. Citing these issues and other objectives, such as repatriating U.S. manufacturing, the Trump Administration has imposed a series of tariffs on U.S. imports from Canada. Some of these tariffs target Canada specifically; others are global in scope.

Prior to his inauguration, President Trump stated that he may use "economic force" to annex Canada, and he has repeatedly asserted that Canada could avoid tariffs by becoming a U.S. state. The Trump

Administration also required Canadian financial concessions to open the Gordie Howe International Bridge (connecting Michigan and Ontario); declined to renew USMCA in its current form; and reportedly threatened to annul a 1908 boundary treaty, among other agreements. In August 2026, following a breakdown in trade discussions, President Trump issued an executive order to rename Lake Ontario as "Lake America"; it remains Lake Ontario in U.S.-Canada agreements and throughout the *U.S. Code* (e.g., 16 U.S.C. §931).

The Trump Administration's tariffs, approach to bilateral agreements, and statehood comments are widely viewed in Canada as threats to Canadian sovereignty. Polls suggest Canadians are now more likely to view the United States as an enemy or potential threat than as a friend or partner (see **Figure 1**). Some Canadians have boycotted U.S. products and travel, contributing to a 25% decline in Canadian trips to the United States in 2025 compared with 2024. Canadian Prime Minister Mark Carney argues that the United States is using "economic integration as a weapon." Canada's federal government has imposed retaliatory tariffs on some imports from the United States, and some provinces have restricted U.S. alcohol sales and U.S. firms' eligibility for government contracts.

Figure 1. How Canadians Think Their Government Should Approach the United States



Source: Angus Reid Institute.

Note: Unsure responses omitted from figure.

Amid these tensions, Prime Minister Carney's Liberal Party government has made some policy changes intended to facilitate a new economic and security partnership with the United States. These changes have included repealing a digital services tax, implementing enhanced border security measures, removing restrictions on Canada's participation in North American missile defense, and increasing defense spending. As relations have continued to deteriorate in recent months, Prime Minister Carney and some Canadian analysts have expressed doubts about whether it is possible to negotiate mutually beneficial, enduring agreements with the United States.

Hedging against this uncertainty, Canada is seeking to diversify its economic and strategic relationships. Domestically, Canada is expediting infrastructure, natural resource development, and other "projects of national interest" to facilitate trade with alternative markets. Canada also has adopted a defense industrial strategy intended to develop more capabilities domestically and reduce its reliance on U.S. military equipment. To open new markets, Canada has concluded an FTA with Indonesia, is seeking to expedite FTA negotiations with India and various other partners, and aims to increase trade in certain goods with China. Canada also has concluded a security and defense partnership with the European Union (EU) and joined the EU's joint defense procurement initiative. According to Statistics Canada data, the United States was the destination of about 68% of Canadian goods exports during the first half of 2026, down from 77% during the same period of 2024.

Issues for Congress

Congress historically has supported the United States' extensive ties with Canada. Among other measures, Congress has approved and implemented successive FTAs (P.L. 100-449; P.L. 103-182; P.L. 116-113), incorporated Canadian firms into the U.S. defense industrial base (e.g., 10 U.S.C. §4801; 50 U.S.C. §4552(7)), and approved state-provincial compacts on issues such as emergency management (P.L. 105-381, P.L. 110-171) and wildfire response (P.L. 82-340; P.L. 105-377).

The 119th Congress has demonstrated some continued support for bilateral integration. The Senate and the House separately have passed joint resolutions that would terminate the national emergency underlying the Trump Administration's initial tariffs on Canada (S.J.Res. 37, S.J.Res. 77, H.J.Res. 72), and the House has passed a bill to promote cross-border energy infrastructure (H.R. 3062). Conversely, some Members have advocated trade investigations of provincial retaliatory measures (H.R. 9601) and sanctions against Canada over wildfire smoke (H.R. 9783).

Looking ahead, Members of Congress may assess the implications of continued bilateral tensions for U.S. economic and security interests and evaluate whether to exert more influence over relations using its legislative and oversight prerogatives. Among other actions, Congress could legislatively codify, adjust, or repeal U.S. tariffs; reevaluate legislation that delegated tariff and other authorities to the President or facilitated bilateral integration; or engage directly with Canadian policymakers.

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