

CURRENT STATE OF THE USA-CANADA RELATIONS: CHALLENGES AND PROSPECTS

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Abstract. This article explores the evolving relationship between the United States and Canada in the context of shifting global power dynamics. It analyzes how the transition from a liberal international order to a realist framework—especially under the Trump administration—has altered bilateral ties. The paper examines economic dependencies, defense tensions, and energy disputes, while assessing Canada's efforts to diversify its partnerships beyond the U.S. Based on historical and geopolitical analysis, the study outlines two future scenarios for the relationship: increased divergence or strategic reintegration. The conclusion emphasizes that despite existing frictions, long-term cooperation between the two nations remains essential for mutual stability and prosperity.

Keywords:

U.S.–Canada relations, Trump doctrine, North America, economic nationalism, bilateral trade.

Introduction

“There is no turning back” – this is how the new Prime Minister of Canada characterized the relationship between Canada and the United States [1]. These words reflect key changes in global politics: a return from the liberal international order to the principle of fierce competition. The arrival of Donald Trump’s administration in 2016 marked the end of the old system of international relations, accelerating the transition to a more aggressive and pragmatic foreign policy. In the U.S. National Security Strategy (2017), Trump officially declared the rejection of the role of global hegemon in favor of protecting national interests. The new U.S. approach is based on the principle of “peace through strength,” as evidenced by intensified economic and military rivalry with China and Russia. This course remains unchanged under the current U.S. leadership [2]. The U.S. strategic interest zone includes not only its own borders but also the security of key partners and transport routes. This is why statements about the necessity of strengthened control over Canada, Greenland, and the Panama Canal are increasingly present in American discourse.

America First

The outcome of World War II led to the creation of the Yalta-Potsdam system of international relations. This system endured for decades, preventing large-scale global conflicts. However, in our time, it is weakening, giving way to new formats of international security. Old agreements and institutions are losing their power, while the use of force as a means of influence is coming to the forefront, leading to a return to a realist approach in international politics.

The actions and statements of the U.S. administration, such as the introduction of tariffs [3], attempts at territorial annexation [4], withdrawal from international organizations, and termination of globalist initiatives [5], have caused confusion among global elites. The new administration has declared that for them, "America First" is the guiding principle, and any initiatives that contradict U.S. national interests will be halted [6]. Canada announced that its cooperation with the U.S. would be reconsidered and that "there is no turning back." European countries have also stated the need to reassess their relations with the U.S.

America aims to protect its territories both on land and in airspace. The threat posed by China and Russia, both of which have the capability to launch missile strikes on U.S. territory - particularly via the Arctic - has forced Washington to expand its sphere of interest in this region. This is why the U.S. exerts pressure on Canada and engages in dialogue with Greenland, with potential territorial annexation being a subject of discussion.

Among the key U.S. grievances against Canada are insufficient border security, low defense contributions, and economic dependence on the U.S. The U.S. has declared that Canada must strengthen its border security, particularly in the south. As a temporary measure, the U.S. postponed the introduction of trade tariffs against Canadian products [7].

Canada's economy is indeed dependent on the U.S., with the majority of its trade turnover tied to the American market. However, over the past five years, the Canadian economy has experienced stagnation, making it more vulnerable to U.S. pressure. The causes of this stagnation include ineffective monetary and fiscal policies, excessive government spending, high taxes, and low private sector investment. Additionally, low oil prices have had a significant impact. Canada's economy is highly dependent on oil prices, and the government's current focus on "green policies" has led to a decline in oil production and, consequently, revenue losses [8].

The crisis within Canada's administration signals potential policy changes aimed at correcting negative economic trends. Despite this, Canada resists U.S. pressure regarding potential integration into American jurisdiction. In an effort to reduce its dependence on the

U.S., Canada is actively shifting its economic focus toward Europe and China, adding further tension to U.S.-Canada relations and running counter to American national interests.

One of Donald Trump's key campaign slogans - "Make America Great Again" - suggests not only strengthening the U.S. itself but also reinforcing American dominance over the continent as a whole. Washington's interest in Canada, Greenland, and Panama, as well as discussions about renaming the Gulf of Mexico to the "American Gulf," indicate the U.S.'s intention to tighten control over the region.

Despite historically allied relations, the U.S. and Canada have always been competitors. During the colonial period, Canada remained under British control, and after gaining independence, a significant number of British loyalists emigrated to Canada. In 1812, the U.S. attempted to seize British Canada but was defeated. This war strengthened Canadian identity and distrust toward the U.S. Washington, in turn, viewed Canada as a potential threat, as it could be used by other powers as a staging ground against the U.S. The purchase of Alaska reduced this risk.

After World War II, Canada and the U.S. became strategic allies, yet economic rivalry between them persisted. In recent years, Canada's ineffective domestic policies have given the U.S. grounds to reassess its relationship with its northern neighbor. Beyond economic dependence, Canada remains reliant on the U.S. in defense matters, a situation that has caused frustration in Washington.

In 1994, the U.S., Canada, and Mexico signed the North American Free Trade Agreement (NAFTA), which contributed to regional economic integration [9]. However, the Trump administration viewed it as unfavorable for the U.S. and in 2020 replaced it with the USMCA (United States-Mexico-Canada Agreement) [10]. Key changes included stronger protections for U.S. manufacturing, higher wage requirements in the auto industry, and restrictions on the Canadian dairy market. While this agreement formally continued integration, it also highlighted the growing economic nationalism in the U.S.

Another major issue was the trade war between the U.S. and Canada. In 2018, the Trump administration imposed tariffs on Canadian steel and aluminum, prompting retaliatory measures from Ottawa [11]. Although some tariffs were later lifted through negotiations, this incident underscored the fragility of economic ties between the two countries.

Additionally, the U.S. has exerted pressure on Canada regarding energy policies, demanding increased oil and gas production despite Canada's focus on green energy.

Washington has also repeatedly criticized Ottawa for insufficient defense spending and weak protection of its northern borders.

On February 18 2025, U.S. President Donald Trump signed an order imposing a 25% tariff on steel and aluminum imports. Although these tariffs were initially suspended, they were ultimately implemented. The justification given was the fight against drug trafficking and illegal migration. The administration also announced tariffs on automobiles and auto parts, set to take effect on April 3, contradicting agreements signed during Trump's first term.

The Canadian Prime Minister emphasized that Canada will reduce its economic dependence on the U.S. market and reorient its trade toward other global regions. "We can no longer rely on trade relations with the U.S. as we did before," Carney stated at a press conference.

He also emphasized that "the era of previous relations with America is over." The Prime Minister added that the U.S. will never own Canada and that Ottawa intends to resist any attempts by Washington to weaken it. On March 26, the Canadian government ended all compensation payments for Tesla and banned the company from participating in future electric vehicle subsidy programs [12].

To analyze the prospects of U.S.-Canada relations, several key factors must be considered, as they will shape the development of bilateral ties. These include political instability, a change in prime minister, economic stagnation, technological lag, and resource dependence. These challenges, combined with growing U.S. interest in national security issues and economic policies directed against Canada, create two main scenarios for the future development of relations between the two countries.

The first possible scenario is a complete departure from traditional relations with the U.S. In this case, the current Canadian administration may continue its policy of economic diversification and reorientation toward other international markets, such as Europe and China. However, such an approach would require significant efforts to develop new trade and economic partnerships, as well as domestic policy adjustments, which could lead to short-term uncertainty.

The second scenario is deeper integration with the U.S., which could be beneficial for both countries in the context of global economic and geopolitical shifts. In particular, a return to closer economic and trade relations with the U.S. could help Canada overcome economic stagnation and reduce its dependence on external crisis factors. However, this would require

domestic reforms, including improving technological competitiveness and strengthening defense policy.

Political uncertainty in Canada plays a crucial role in predicting these scenarios. Current government approval ratings suggest a possible loss of influence in the future, making the upcoming elections particularly significant. If the Conservative Party have won, a more balanced and pragmatic foreign policy would be expected, aimed at restoring economic and political ties with the U.S [13].

Moreover, political dynamics in Europe could also impact the situation. For example, the Alternative for Germany (AfD) party, which advocates strengthening national interests and limiting the EU's role, actively promotes ideas that could influence international relations. Reformist movements in the United Kingdom are also seeking to restore national sovereignty and reassess relations with the European Union. These developments could contribute to a rise in nationalist tendencies among major global players.

Another noteworthy development is the referendum in Greenland, where discussions about autonomy and potential integration with the U.S. or other states are taking place. All these examples highlight a global trend toward seeking new forms of political and economic integration, which could influence Canada's choices in its relationship with the U.S.

Conclusion The relationship between the United States and Canada is undergoing tectonic changes. However, this trend is not unique to these two countries—it reflects a global transformation of the international system. Traditional international institutions are losing their former influence, giving way to new formats of interaction. Donald Trump repeatedly emphasized that he would not support international organizations if their activities contradicted U.S. national interests. This approach became a catalyst for the weakening of traditional alliances and the formation of new geopolitical blocs, making the future of international relations increasingly difficult to predict.

Despite existing differences, the U.S. and Canada share deep historical, linguistic, cultural, and economic ties. This makes their cooperation inevitable, despite temporary political crises and economic disputes. The challenges both countries face—economic stagnation, political instability, demographic shifts, and security concerns—require joint solutions. In the long run, Canada and the U.S. will be forced to find a balance between national interests and the need for cooperation in the name of stability and prosperity for both nations.

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ABŞ–Kanada Münasibətlərinin Cari Vəziyyəti: Çağırışlar və Perspektivlər

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Xülasə. Bu məqalə dəyişən global güc balansları fonunda ABŞ və Kanada arasında inkişaf edən münasibətləri araşdırır. O, xüsusilə Tramp administrasiyası dövründə liberal beynəlxalq nizamdan realist yanaşmaya keçidin ikitərəfli əlaqələrə necə təsir etdiyini təhlil edir. Məqalədə iqtisadi asılılıqlar, müdafiə sahəsindəki gərginliklər və enerji mübahisələri incəlenir, həmçinin Kanadanın ABŞ-dan kənarda tərəfdaşlarını şaxələndirməyə yönəlmiş söyləri qiymətləndirilir. Tarixi və geosiyasi təhlilə əsaslanaraq, tədqiqat bu münasibətin gələcəyi üçün iki ssenari təqdim edir: artan uzaqlaşma və ya strateji yenidən integrasiya. Nəticədə vurğulanır ki, mövcud fikir ayrılıqlarına baxmayaraq, iki ölkə arasında uzunmüddətli əməkdaşlıq qarşılıqlı sabitlik və rifah üçün vacib olaraq qalır.

Açar sözlər: ABŞ–Kanada münasibətləri, Tramp doktrinası, Şimali Amerika, iqtisadi millətçilik, ikitərəfli ticarət