

U.S.-Canada Relations amid Tariffs Under the International Emergency Economic Powers Act

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On February 1, 2025, President Donald J. Trump issued [Executive Order 14193](#), stating that “the failure of Canada to do more” to address illicit fentanyl and other drug trafficking “constitutes an unusual and extraordinary threat” to U.S. national security and foreign policy. The executive order declared a national emergency under the National Emergencies Act (NEA; [50 U.S.C. §§1601 et seq.](#)) and invoked the [International Emergency Economic Powers Act](#) of 1977 (IEEPA; [50 U.S.C. §§1701 et seq.](#)) to impose a 10% tariff on Canadian energy imports and a 25% tariff on all other Canadian goods. The President subsequently [paused implementation](#) of the tariffs on February 3, [imposed](#) duties on March 4, and indefinitely [suspended tariffs](#) on goods [compliant](#) with the United States-Mexico-Canada Agreement ([USMCA; P.L. 116-113](#)) on March 7. While these IEEPA tariffs remain in effect, Canada is exempt from the 10% U.S. [universal tariffs](#) implemented on April 5.

These U.S. actions, and Canadian retaliatory measures, have strained bilateral relations and may call into question long-standing [economic, political, and security ties](#). Congress may assess the situation and consider whether and how to shape U.S. policy using its legislative powers and prerogatives.

Cross-Border Drug Trafficking

Canadian law enforcement agencies [assessed](#) in 2023 that organized crime groups began producing fentanyl within Canada in 2021. According to the [U.S. State Department](#), “authorities estimate that in 2024, Canadian fentanyl production was primarily for domestic consumption, although fentanyl production capacity significantly exceeds domestic consumption rates.” While the full scope of cross-border drug flows is [difficult to ascertain](#), U.S. and Canadian government seizure data suggest that drugs cross the border in both directions and, to date, Canada is not a major source of fentanyl or other drugs consumed in the United States. In FY2024, U.S. Customs and Border Protection (CBP) [seized](#) 11,600 pounds of drugs, including 43 pounds of fentanyl, in the U.S. Northern Border region, representing 2.0% of CBP’s total drug seizures and 0.2% of CBP’s total fentanyl seizures for the fiscal year. The Canadian

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Border Services Agency [reportedly seized](#) nearly 18,300 pounds of drugs, including 1.2 pounds of fentanyl, entering Canada from the United States in 2024.

Canadian Response to IEEPA Tariffs

The Canadian government has taken steps to address President Trump's border concerns since November 2024, when he [announced](#) his intention to impose tariffs on Canadian imports. In December 2024, the Canadian government announced a C\$1.3 billion (about \$910 million) [plan](#) to increase border surveillance and enhance coordination with the U.S. government, building on [existing arrangements](#). The Canadian government also has [issued](#) a new intelligence directive targeting organized crime, [appointed](#) a Fentanyl Czar, [listed](#) seven transnational criminal organizations as terrorist entities, and [launched](#) a joint strike force in accordance with policy commitments it said it made to the Trump Administration on [February 3, 2025](#). On March 4, then-Canadian Prime Minister Justin Trudeau asserted that the U.S. imposition of tariffs despite Canada's efforts demonstrated that the legal pretext for the tariffs was "[totally false](#)."

The Canadian government [imposed](#) 25% retaliatory tariffs on C\$30 billion (about \$21 billion) worth of U.S. imports on March 4 and has conducted public consultations on a potential [second phase of tariffs](#) on C\$125 billion (about \$87 billion) worth of U.S. imports. Mark Carney, who became Canada's Prime Minister on March 14, [stated](#) that Canada will maintain retaliatory tariffs until the United States makes "credible, reliable commitments to free and fair trade." The Canadian government asserted that the tariffs [violate](#) USMCA and [challenged](#) them at the World Trade Organization.

The Canadian government also is discussing potential [non-tariff measures](#) with Canadian provincial and territorial governments, many of which have announced their own [retaliatory actions](#) related to alcohol and government procurement. The province of Ontario [announced](#) and then [suspended](#) a 25% surcharge on electricity exports to the United States. Canadian consumer boycotts of U.S. [goods](#) and [travel](#) are also reportedly underway.

Implications for U.S.-Canada Relations

The IEEPA tariffs may call into question the [U.S.-Canada trade relationship](#), which is among the largest in the world and includes highly integrated energy and automotive markets. [In 2024](#), Canada was the third-largest source of U.S. goods imports (\$413 billion) and the top destination for U.S. goods exports (\$349 billion). In 2024, Canada exported about 76% of its goods to, and imported half of its goods from, the United States. [Additional trade actions](#) also seem to be straining bilateral relations, including U.S. [steel and aluminum tariffs](#), U.S. [automotive tariffs](#) (which largely, but not fully, exclude USMCA-compliant goods), and [Canadian retaliation](#). Canadian officials and observers are discussing strategies for reducing Canada's economic dependence on the United States, including reducing [interprovincial trade barriers](#) and [diversifying trade relationships](#).

U.S. and Canadian officials appear to be reassessing their broader bilateral relationship. U.S. officials [reportedly](#) have threatened to annul several long-standing bilateral agreements and President Trump has [repeatedly asserted](#) that Canada should become a U.S. state. Such U.S. statements and the imposition of U.S. tariffs have sparked widespread [anti-American sentiment](#) in Canada, with the percentage of Canadians viewing the United States favorably falling to [24% in March 2025](#). Prime Minister Carney [has stated](#) that "the old" U.S.-Canada relationship, based on deepening economic integration and tight security cooperation, "is over." On March 28, [President Trump](#) and [Prime Minister Carney](#) announced that the U.S. and Canadian governments plan to negotiate the elements of a new bilateral relationship after Canada's April 28 parliamentary elections.

Options for Congress

On April 2, 2025, the Senate passed a joint resolution to terminate the national emergency underlying the IEEPA tariffs on Canada (S.J.Res. 37). The House could take up the joint resolution, though it voted on March 11 to effectively block [expedited consideration](#) (as provided for in the NEA) of any joint resolution terminating the Canada-related national emergency (H.Res. 211 §4). Some Members of Congress have introduced legislation to limit the President’s ability to impose tariffs under IEEPA (e.g., S. 151, H.R. 407, H.R. 2888). Congress may monitor the effects of tariffs on the United States, Canada, and bilateral relations. Members also could [engage with their Canadian counterparts](#) on these matters.

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