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Canada: Background and U.S. Relations

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SUMMARY

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Canada: Background and U.S. Relations

The United States and Canada are close partners, bound together by a 5,525-mile border as well as by shared history and values. The countries maintain long-standing mutual security commitments under NATO and the binational North American Aerospace Defense Command (NORAD). The United States and Canada also have one of the largest bilateral commercial relationships in the world, with an average of more than $2.5 billion of goods and services crossing the border each day in 2023. Other areas of U.S.-Canada cooperation include cross-border law enforcement and the management of transboundary natural resources. Given the high degree of integration between Canada and the United States, Members of Congress often track bilateral relations and assess how Canadian policies may affect the United States.

Canada's Domestic and Foreign Policy

Justin Trudeau has served as Canada's prime minister since 2015. His center-left Liberal Party currently holds a plurality in the House of Commons and must secure the support of other parties to advance its agenda in Parliament. Over the past nine years, the Liberal Party government has prioritized policies intended to address climate change and to strengthen Canada's social safety net. While continuing to advance those initiatives, the Liberal Party government has placed more emphasis on addressing Canadians' cost-of-living concerns over the past three years as Canada has contended with elevated inflation and relatively slow economic growth (estimated at 1.3% for 2024). In a December 2024 poll, 26% of Canadians expressed satisfaction with Prime Minister Trudeau's government and 69% expressed dissatisfaction. On January 6, 2025, Trudeau announced he would step down after the Liberal Party elects a new leader. Polls conducted prior to Trudeau's announcement suggest that the center-right Conservative Party, led by Pierre Poilievre, is currently poised to win a parliamentary majority and control of the government in Canada's next federal election, due by October 2025.

The Trudeau government has adhered to Canada's traditional approach to foreign policy, emphasizing multilateral diplomacy and contributions to collective security alliances. Among other actions, Canada under Prime Minister Trudeau has bolstered its support for NATO operations, deploying additional military personnel to Eastern Europe since Russia's February 2022 invasion of Ukraine. Canada also has joined with the United States and other like-minded countries to push back against actions by China that undermine international norms and standards. Although the Liberal Party government has doubled nominal defense expenditures since 2014, Canada has yet to meet its NATO defense spending commitment and the Canadian Armed Forces continue to contend with personnel shortfalls and inadequate equipment.

U.S.-Canada Relations

Over the past four years, President Joseph Biden and Prime Minister Trudeau have sought to revitalize and expand the U.S.-Canada partnership. Among other areas of cooperation, the U.S. and Canadian governments have taken steps to modernize NORAD, strengthen cross-border law enforcement, and accelerate the deployment of renewable energy and low-carbon technologies. Nevertheless, the U.S. and Canadian governments have continued to disagree on some policy matters, such as the taxation and regulation of digital services and the construction and maintenance of certain cross-border oil and gas pipelines.

U.S.-Canada relations are entering a renewed era of uncertainty after Donald Trump's November 2024 election to a second presidential term. From 2017 to January 2021, the Trump Administration challenged long-standing pillars of the bilateral relationship, including common commitments to NATO and free trade in North America. This, along with divergent approaches to a range of issues, strained U.S.-Canadian relations during those years. President-elect Trump's statements during and since the 2024 presidential election, including proposals to impose tariffs on imports from Canada, suggest the countries may be on the cusp of another contentious period in the bilateral relationship.

Congressional Action

U.S.-Canada relations remained of interest to the 118th Congress. In committee hearings and other oversight efforts, some Members examined challenges at the U.S.-Canada border, NORAD's capabilities and resource requirements, and implementation of the United States-Mexico-Canada trade agreement (USMCA), among other issues. In terms of legislation, Congress enacted various provisions related to foreign affairs, defense, and border security cooperation in annual National Defense Authorization Acts (P.L. 118-31 and P.L. 118-159). Congress also provided funding for NORAD, binational commissions that help manage environmental and natural resources issues, and other initiatives related to bilateral treaty obligations in annual appropriations legislation (P.L. 118-47). The 119th Congress may consider whether and how to continue shaping U.S.-Canada relations using its legislative and oversight prerogatives.

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Introduction

Shared history, geography, and values underpin the relationship between the United States and Canada. The countries share mutual security commitments under NATO; maintain a close intelligence partnership as members of the "Five Eyes"; cooperate on continental defense through the binational North American Aerospace Defense Command (NORAD); and coordinate frequently on law enforcement efforts, with a particular focus on securing their shared 5,525-mile border.[1] Bilateral trade and investment ties are extensive, bolstered by more than three decades of free trade under the 1989 U.S.-Canada Free Trade Agreement, the 1994 North American Free Trade Agreement (NAFTA), and the 2020 United States-Mexico-Canada Agreement (USMCA).[2] The United States and Canada also work together to manage transboundary environmental and natural resources issues, including through numerous initiatives at the state/provincial and local levels. Nevertheless, with a population (41.5 million) and economy roughly one-tenth the size of those of the United States, Canada historically has sought to protect its autonomy and unique identity and some Canadians have been wary of policies they perceive to cede sovereignty to the United States.[3]

Due to the many similarities and high degree of integration between Canada and the United States, legislators in both countries often study policies proposed or implemented across the border. The U.S. Congress and Canadian Parliament have engaged directly for more than 65 years through the Canada-United States Inter-Parliamentary Group (see text box below). During the 118th Congress, some Members of Congress expressed particular interest in U.S. and Canadian efforts to respond to geostrategic competition from Russia and China, modernize NORAD, secure the shared border, implement USMCA, accelerate the deployment of low-carbon technologies, protect and restore the Great Lakes, and update the Columbia River Treaty.[4] The 119th Congress may continue to examine Canada's approach to such issues as it considers appropriations and other legislation and engages in oversight of U.S. policy.

Canada-United States Inter-Parliamentary Group

Since 1959 (P.L. 86-42, H.Rept. 86-215), the U.S. Congress and the Canadian Parliament have maintained an Inter-Parliamentary Group (IPG) to foster mutual understanding and discuss bilateral and multilateral matters of concern to both countries. The U.S. Section of the IPG includes bipartisan representatives of the U.S. House and Senate, and the Canadian Section includes multiparty representatives of the Canadian House of Commons and Senate. Members historically have met annually, with the location alternating between the United States and Canada. The Canadian Section is expected to host the next meeting in 2025.

Canada's Political and Economic Environment

Canada is a constitutional monarchy and a parliamentary democracy. Although Canada gained self-governance over most matters upon confederation in 1867, autonomous control over its

[1] In addition to the United States and Canada, the "Five Eyes" intelligence alliance includes Australia, New Zealand, and the United Kingdom.

[2] Often referred to as the Canada-United States-Mexico Agreement (CUSMA) in Canada.

[3] Government of Canada, Statistics Canada, "Canada's Population Estimates, Third Quarter 2024," December 17, 2024. Also see, for example, CBC News, "Border Talks 'Not About Sovereignty:' Harper," February 4, 2011; and Neil Macdonald, "With Its New Trade Deal, Canada Surrenders Sovereignty to a Bully," *CBC News*, October 1, 2018.

[4] *Low-carbon technologies* typically refer to processes, products, or services that reduce the greenhouse gas emissions associated with an activity or product. University of Ottawa, Smart Prosperity Institute, *Growing Clean: Investment Flows in Low-Carbon Technology to 2030*, June 2019, p. 2.

foreign affairs in 1926, and full independence from the United Kingdom (UK) in 1982, it maintains some political ties to the British Commonwealth.[5] King Charles III is the head of state; a governor general, appointed by the king on the advice of Canada's prime minister, represents the king in Canadian affairs and carries out certain constitutional, ceremonial, and representational duties. Canada's bicameral Parliament includes an elected, 338-seat House of Commons and an appointed, 105-seat Senate.[6] Canadians elect Members of the House of Commons from individual districts (*ridings*) under a first-past-the-post system, which requires a plurality of the vote to win a seat. Following a parliamentary election, the governor general typically calls upon the party with the most seats to form a government, and the leader of that party typically becomes the prime minister. A government lasts as long as it can command a parliamentary majority, for a maximum of four years. Under Canada's federal system, the national government shares power and authority with 10 provinces and three territories, each of which is governed by a unicameral assembly.

Justin Trudeau has served as Canada's prime minister since 2015. His center-left Liberal Party won an outright majority in the House of Commons in the 2015 federal election, and a plurality of seats in both the 2019 federal election and a 2021 snap election.[7] The Liberal Party currently holds 153 seats in the House of Commons. The Conservative Party of Canada, which holds 120 seats, is the Official Opposition. Given the Liberal Party's lack of a majority, Trudeau's government must obtain support from other parties—such as the left-of-center New Democratic Party (NDP), which holds 25 seats, or the Quebec sovereignty-focused Bloc Québécois, which holds 33 seats—to remain in power and advance its legislative agenda.[8] In March 2022, the NDP agreed to support the Liberal Party government on key votes until June 2025 in exchange for the Liberal Party advancing certain NDP policy priorities.[9] The NDP walked away from the agreement in September 2024, however, reportedly due to some policy disagreements and in order to distance the NDP from the government in advance of the next election.[10]

Addressing climate change has been one of the Liberal Party government's top priorities. In 2016, Trudeau negotiated with Canada's provinces and territories to adopt the Pan-Canadian Framework on Clean Growth and Climate Change, which imposed a price on carbon emissions. The Canadian Net-Zero Emissions Accountability Act, enacted in 2021, enshrined Canada's commitments under the Paris Agreement to reduce greenhouse gas emissions by 40%-45% below 2005 levels by 2030 and to reduce net greenhouse gas emissions to zero by 2050.[11] The act also established an independent Net-Zero Advisory Body to inform policy decisions and required the government to produce interim emissions reduction targets, plans, and progress reports. Major

[5] Government of Canada, Department of Justice Canada, "The Canadian Constitution," August 26, 2024; and U.S. Department of State, Office of the Historian, "A Guide to the United States' History of Recognition, Diplomatic, and Consular Relations, by Country, since 1776: Canada," https://history.state.gov/countries/canada.

[6] The governor general officially appoints senators on the advice of the prime minister. In 2016, Canadian Prime Minister Justin Trudeau established the Independent Advisory Board for Senate Appointments to provide merit-based, but nonbinding, recommendations on nominations to the upper house.

[7] Although elections were not due until 2023, Governor General Mary Simon, at Trudeau's request, dissolved Parliament in August 2021, triggering a snap election in September 2021. Trudeau asserted the election was necessary for Canadians to determine the direction of the country at a pivotal moment in Canada's recovery from the COVID-19 pandemic.

[8] The remaining seats are held by the Green Party (2), independents (4), or are vacant (1). Parliament of Canada, House of Commons of Canada, "Party Standings in the House of Commons," accessed December 20, 2024.

[9] Prime Minister of Canada, *Delivering for Canadians Now, A Supply and Confidence Agreement*, March 22, 2022.

[10] Kyle Duggan, "Why Canada's Progressive Party Just Dumped Trudeau," *Politico Pro*, September 7, 2024.

[11] *Net-zero emissions* refers to a situation where any continued human-caused greenhouse gas emissions are balanced by carbon removed from the atmosphere and stored in products or geological, terrestrial, or ocean reservoirs.

components of Canada's plan include raising the price of carbon incrementally from C$50 (about $37)[12]/ton in 2022 to C$170 ($125)/ton in 2030 and increasing regulatory and financial incentives for investments in clean energy, low-carbon manufacturing, and carbon capture and storage technologies.[13] Canada's Office of the Parliamentary Budget Officer projects that the government will spend C$103 billion ($76 billion) from 2022/23 through 2034/35 on six investment tax credits enacted, in part, to compete with the United States in attracting clean energy investments following the enactment of P.L. 117-169, often referred to as the Inflation Reduction Act of 2022.[14]

The Liberal Party government's efforts to reconcile Canada's Paris Agreement commitments with its role as a major oil and gas producer have drawn criticism from the energy sector and environmentalists. Some in the oil and gas industry, which accounted for 7.2% of Canada's gross domestic product (GDP) and 30.6% of Canada's greenhouse gas emissions in 2022, maintain that Canada's targets are unrealistic.[15] Meanwhile, some environmentalists contend that Canada needs to reduce its emissions and transition away from fossil fuels more quickly than the government's current plan envisions.[16]

The Liberal Party government also has sought to strengthen and expand Canada's social welfare system. During their first four years in power, the Liberals increased cash transfers to help families with the cost of raising children and expanded parental leave and pension benefits. Following the onset of the COVID-19 pandemic, the Canadian government created a series of temporary relief programs that provided C$210.7 billion (about $154 billion, or 10% of Canada's 2021 GDP) in direct financial support to individuals and businesses between March 2020 and May 2022.[17] Those government transfers, on average, exceeded Canadians' market income losses. More recently, the Liberal Party government enacted legislation to enhance labor protections and to create new dental care and prescription drug programs as part of its agreement with the NDP.

Canadians have consistently identified the cost of living as the top issue facing Canada in public opinion polls taken since 2022.[18] Consumer prices rose by 6.8% in 2022 and 3.9% in 2023, contributing to two consecutive years of declining inflation-adjusted wages (see **Table 1**). Canada also has experienced a sharp reduction in housing affordability, with home ownership costs increasing from 42.2% to 58.4% of median household income between the first quarter of 2020 and the third quarter of 2024.[19] Canada's unemployment rate has begun to rise as relatively slow

[12] Currency conversions throughout this report are based on the average exchange rate from January 2024 through November 2024 of C$1.36/U.S.$1. Data from the Board of Governors of the Federal Reserve, "Foreign Exchange Rates," December 2, 2024.

[13] The carbon price is scheduled to rise from C$80 ($59)/ton in 2024 to C$95 ($70)/ton in April 2025. Government of Canada, Environment and Climate Change Canada, *2030 Emissions Reduction Plan*, March 2022.

[14] Rolande Kpekou Tossou, Nora Nahornick, and Tim Scholz, *The Long-Term Fiscal Cost of Major Economic Investment Tax Credits*, Government of Canada, Office of the Parliamentary Budget Officer, July 3, 2024.

[15] Nia Williams, "Canadian Oil Industry at Odds with Trudeau over New 2030 Climate Plans," Reuters, March 31, 2022; Government of Canada, Natural Resources Canada, *Energy Fact Book 2023-2024*, 2023, p. 100; and Government of Canada, Environment and Climate Change Canada, *National Inventory Report 1990-2022*, 2024, p. 11.

[16] See, for example, Climate Action Tracker, "Canada," August 26, 2024.

[17] Office of the Auditor General of Canada, *COVID-19 Pandemic Report 10: Specific COVID-19 Benefits*, December 2022, p. 5.

[18] In September 2024, 57% of Canadians surveyed identified the cost of living as one of the top three issues facing Canadians. Angus Reid Institute, "Federal Politics: Concern Over Immigration Quadruples Over Last 24 Months," September 4, 2024.

[19] Robert Hogue, "Homebuyers Get Some Affordability Relief but Strains Endure," Royal Bank of Canada, December 20, 2024.

economic growth (estimated at 1.3% in 2024) has coincided with higher levels of immigration.[20] Canada's Conservative Party, led by Pierre Poilievre, has blamed the Liberal Party government's environmental, fiscal, and immigration policies for these socioeconomic challenges.[21]

Table 1. Canada and United States: Selected Comparative Economic Statistics, 2022-2024

Indicator	Canada			United States		
	2022	2023	2024 (est.)	2022	2023	2024 (est.)
GDP (Nominal PPP, trillions U.S.$)	2.4	2.5	2.6	26.0	27.7	29.1
GDP Per Capita (Nominal PPP, U.S.$)	63,063.6	63,811.7	65,306.5	76,147.3	80,706.1	84,207.9
Real GDP Growth (% change)	4.2	1.5	1.3	2.5	2.9	2.7
Sectoral Components of GDP (% of GDP)						
Agriculture	2.0	1.9	1.9	0.8	0.8	0.8
Industry	24.5	24.0	24.5	16.8	16.8	16.9
Services	73.6	74.1	74.6	82.3	82.4	82.3
Exports of Goods & Services (% GDP)	33.9	33.3	32.6	11.6	11.0	10.9
Imports of Goods & Services (% GDP)	33.4	33.3	32.9	15.3	13.9	14.1
Unemployment Rate (% of labor force)	5.3	5.4	6.3	3.6	3.6	4.1
Inflation (% change in consumer prices)	6.8	3.9	2.4	8.0	4.1	2.8
Average Real Wages (% change)	-3.1	-0.1	1.5	-1.5	0.8	1.1
Budget Balance (% of GDP)	0.1	-0.6	-1.2	-5.4	-6.2	-7.1
Public Debt (% of GDP)	100.7	101.9	100.5	95.0	96.0	98.0

Source: Economist Intelligence Unit (EIU), "Data" tool, accessed January 2, 2025. Data derived from Government of Canada, Statistics Canada; U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Labor, Bureau of Labor Statistics; U.S. Department of the Treasury; U.S. Office of Management and Budget; and the Organisation for Economic Co-operation and Development.

Notes: GDP = gross domestic product; PPP = purchasing power parity; "Real" = adjusted for inflation.

Canada's opposition parties also have criticized the Liberal Party government for allegedly failing to prevent or properly respond to foreign interference in Canadian politics. Since early 2023, Canadian press sources have published a series of reports about alleged foreign influence operations in Canada, particularly by the People's Republic of China (PRC, or China). The reports spurred Parliamentary committees to investigate the allegations and led the Liberal Party government—under political pressure—to establish an independent Public Inquiry into Foreign Interference in Federal Electoral Processes and Democratic Institutions. In May 2024, the commission conducting the public inquiry released an initial report.[22] Among other preliminary findings, the commission assessed that the PRC is the main perpetrator of foreign interference

[20] Economist Intelligence Unit (EIU), "Jobs Market Struggles to Absorb Larger Labour Force," June 11, 2024.

[21] See, for example, "Trudeau, Poilievre Debate Inflation in Canada," *CTV News*, October 24, 2023; and Brad Platt, "Pierre Poilievre Pledges to Tie Immigration Levels to Homebuilding," *Bloomberg News*, January 12, 2024.

[22] Honourable Marie-Josée Hogue, Commissioner, *Public Inquiry into Foreign Interference in Federal Electoral Processes and Democratic Institutions: Initial Report*, May 3, 2024.

against Canada, and that the PRC's activities, including the use of intimidation and disinformation to influence diaspora communities, may have affected election results in certain districts in 2019 and 2021.[23] The commission also assessed that foreign interference did not undermine the integrity of the electoral system or affect which political party won power at the national level. The commission is to issue a final report by January 31, 2025.

In a December 2024 poll, 26% of Canadians asserted that they were satisfied with the Trudeau government, and 69% asserted that they were dissatisfied.[24] Under increasing pressure from within the Liberal Party to step aside, Trudeau announced on January 6, 2025, that he would resign once the Liberal Party selects a new leader.[25] Potential candidates to succeed Trudeau reportedly include François-Philippe Champagne, Minister of Innovation, Science and Industry; Anita Anand, Minister of Transport and Internal Trade; Mark Carney, a former governor of the Bank of Canada; Christy Clark, a former premier of British Columbia; and Chrystia Freeland, whose resignation as finance minister in December 2024 helped precipitate Trudeau's resignation.[26] The Liberal Party is scheduled to conclude a nationwide leadership vote on March 9, 2025.[27]

Canada's next federal election is due by October 2025 but appears likely to occur sooner given that Canada's three primary opposition parties have announced plans to bring down the Liberal Party government with a no-confidence vote once they have an opportunity to do so.[28] The House of Commons had been scheduled to return to session on January 27, 2025, but Governor General Mary Simon granted Trudeau's request to suspend (*prorogue*) Parliament until March 24, 2025.

A January 6, 2025, CBC electoral projection, based on polls conducted prior to Trudeau's resignation announcement, suggests that the Conservative Party is currently poised to win a parliamentary majority in the next election. The CBC projects that the Conservative Party would win 44% of the national popular vote and 227 seats, compared with 20% of the vote and 44 seats for the Liberal Party, and 19% of the vote and 29 seats for the NDP. The CBC projects that the Bloc Québécois, which competes only in Quebec, would win 37% of the provincial vote and 41 seats.[29] Conservative Party leader Pierre Poilievre has yet to articulate a full campaign platform, but he has pledged to repeal the consumer fuel charge portion of Canada's carbon pricing system and to cut income taxes and government expenditures.[30]

[23] Other governments named in the report are those of Russia, India, Pakistan, and Iran.

[24] The remainder did not respond or did not have an opinion. The poll was conducted from November 29 to December 1, 2024. Leger, *Canadian Politics and Opinions on GST Holiday and Rebate Cheques*, December 3, 2024.

[25] Marie Woolf, "Atlantic Liberal Caucus Asks Trudeau to Resign and Allow Party to Replace Him," *Globe and Mail*, December 30, 2024; CBC News, "Read Prime Minister Justin Trudeau's Resignation Speech in Full," January 6, 2025.

[26] Mickey Djuric, "Here's Who Could Replace Justin Trudeau," *Politico Pro*, January 6, 2025.

[27] Liberal Party of Canada, "Liberal Party of Canada Announces Date of Leadership Vote," January 9, 2025.

[28] Racy Rafique, "Conservatives to Move Non-Confidence Motion Against Liberal Government in the New Year," *CBC News*, December 27, 2024.

[29] Canadians' remaining votes are projected to go to the Green Party (4%, 2 seats) and the right-wing People's Party of Canada (2%, 0 seats). CBC News, "Poll Tracker," January 6, 2025. Projections are updated regularly at https://newsinteractives.cbc.ca/elections/poll-tracker/canada/.

[30] See, for example, Alex Ballingall and Stephanie Levitz, "Pierre Poilievre Says He'll 'Axe the Carbon Tax' for Consumers – but when It Comes to the Pricing System for Canadian Industries, He Won't Say," *Toronto Star*, May 23, 2024; and Tonda MacCharles and Alex Ballingall, "Pierre Poilivre Vows He Would Balance the Federal Budget 'as Soon as Possible' – but Doesn't Give Details About Cuts," *Toronto Star*, September 27, 2024.

Canada's Foreign and Defense Policies

Canadian governments historically have argued that the multilateral institutions, agreements, and standards that Canada helped establish with the United States and other allies in the aftermath of World War II (sometimes referred to as the *rules-based international order*) are essential to Canada's physical security and economic prosperity. According to Chrystia Freeland, who served as Canada's minister of foreign affairs from 2017 to 2019 and deputy prime minister and finance minister from 2019 to December 2024, "As a middle power living next to the world's only super power, Canada has a huge interest in an international order based on rules. One in which might is not always right. One in which more powerful countries are constrained in their treatment of smaller ones by standards that are internationally respected, enforced and upheld."[31] Since World War II, Canadian governments have sought to increase their influence over the shape of the international order by maintaining close relations with the United States, contributing to collective security alliances like NATO, and engaging in multilateral diplomacy.

The Liberal Party government came to office pledging to reinvigorate Canada's role in the world and drafted a new defense policy, which asserted that defending Canada and Canadian interests "not only demands robust domestic defense but also requires active engagement abroad."[32] A 2024 defense policy update states that Canada will prioritize efforts to assert its sovereignty over Canadian territory—particularly in the Arctic, defend North America alongside the United States, and make valuable contributions to allies and partners, particularly in the Euro-Atlantic and Indo-Pacific regions.[33] To date, the Canadian government has made limited progress in meeting its NATO defense spending commitments due its prioritization of other expenditures and difficulties moving allocated resources through Canada's defense procurement system.[34] These defense budget constraints have contributed to military personnel and equipment shortfalls that have limited Canada's ability to contribute to NATO operations and other international security efforts.[35]

NATO Commitments

Canada, like the United States, was a founding member of NATO in 1949 and has been an advocate for NATO enlargement. Since 2017, Canada has commanded a multinational NATO battlegroup deployed to Latvia as part of the alliance's Enhanced Forward Presence, which aims to deter and defend against potential attacks on allies in Eastern Europe particularly vulnerable to Russian aggression. At a June 2022 NATO summit, following Russia's full-scale invasion of Ukraine, Canada agreed to work with Latvia and other NATO allies to transform the battlegroup into a "combat capable brigade."[36] That process, to be completed by 2026, includes more than

[31] Government of Canada, Global Affairs Canada, "Address by Minister Freeland on Canada's Foreign Policy Priorities," June 6, 2017.

[32] Government of Canada, Department of National Defence and Canadian Armed Forces, *Strong, Secure, Engaged: Canada's Defence Policy*, June 2017, p. 14.

[33] Government of Canada, Department of National Defence and Canadian Armed Forces, *Our North, Strong and Free: A Renewed Vision for Canada's Defence*, April 2024, pp. 1-2.

[34] Catherine Lévasque, "Why Canada Keeps Missing Its NATO Spending Target – and Why Conservatives Aren't Promising to Meet It," *National Post*, July 14, 2023.

[35] See, for example, Lee Berthiaume, "Canadian Frigates Missing from NATO Naval Forces for First Time Since 2014," Canadian Press, August 8, 2022; and Steven Chase, "Trudeau Hedges on Military Mission to Haiti, Supply of Soldiers," *Globe and Mail*, January 12, 2023.

[36] Government of Canada, Department of National Defence, "Canada and Latvia Sign Joint Declaration to Augment NATO's Enhanced Forward Presence Latvia," press release, June 29, 2022.

doubling the size of the force (to more than 3,500 troops, including 2,200 continuously deployed Canadian Armed Forces personnel), expanding necessary military infrastructure, and procuring and deploying additional equipment and systems.[37] In July 2023, Prime Minister Trudeau announced a three-year, C$2.6 billion (about $1.9 billion) renewal and expansion of Canada's Operation REASSURANCE, which includes the deployment to Latvia as well as contributions to NATO air and maritime activities in Europe on a rotating basis.[38]

According to NATO estimates, Canada spent the equivalent of 1.37% of GDP on defense in 2024. That figure is an increase from 1.01% of GDP in 2014—the year before the Liberal Party government took office—but is below the 2% of GDP guideline that Canada and other NATO allies committed to reaching by 2024. Canada is one of two allies (along with Belgium) that is also falling short of the NATO guideline to devote at least 20% of defense spending to procurement and modernization; Canada allocated an estimated 18.6% of its defense expenditures to equipment in 2024.[39] At the July 2024 NATO Summit, Prime Minister Trudeau announced that Canada expects to meet NATO's 2% of GDP guideline by 2032.[40] Canada's independent Office of the Parliamentary Budget Officer forecasts that Canada's announced defense plans would bring defense expenditures to 1.58% of GDP in the 2029-2030 fiscal year, leaving the country with a significant shortfall to address over the following three fiscal years.[41] Conservative Party leader Pierre Poilievre has not committed to reaching the 2% of GDP target should he become prime minister, stating that he would need to assess Canada's fiscal situation.[42]

Canadian government officials note that Canada has doubled its defense spending over the past decade (not adjusting for inflation) and that its absolute defense expenditures are the seventh-highest within the NATO alliance.[43] Among other planned investments, the Canadian government is purchasing new fighter aircraft and surface combat ships from Lockheed Martin and exploring opportunities for expanding and renewing its submarine fleet.[44] Some of this equipment is not expected to be delivered until the 2030s, and years of recruitment and retention challenges, deferred maintenance, and delayed procurements have eroded Canada's military capacity.[45] During Canada's 2023-2024 fiscal year, the Canadian Armed Forces was about 14,500 troops (14%) below its authorized force strength, and Canada's Department of National Defence

[37] Government of Canada, Department of National Defence, "Roadmap – Scaling the EFP Latvia Battle Group to Brigade," July 11, 2023; and Government of Latvia, National Armed Forces, "Ribbon-Cutting Ceremony of the NATO Multinational Brigade Infrastructure to Take Place at Military Base 'Ādaži,'" August 28, 2024.

[38] Prime Minister of Canada, "Prime Minister Increases Support for Key NATO Presence," July 10, 2023.

[39] NATO, "Defence Expenditure of NATO Countries (2014-2024)," June 17, 2024.

[40] Prime Minister of Canada Justin Trudeau, "Prime Minister Strengthens Defence and Security Partnerships at the NATO Summit," July 11, 2024.

[41] Christopher Penney, *The Fiscal Implications of Meeting the NATO Military Spending Target*, Government of Canada, Office of the Parliamentary Budget Officer, October 30, 2024.

[42] Peter Zimonijic, "Poilievre Won't Commit to NATO 2% Target, Says He's 'Inheriting a Dumpster Fire' Budget Balance," *CBC News*, July 12, 2024.

[43] NATO, "Defence Expenditure of NATO Countries (2014-2024)," June 17, 2024; and CRS meetings with Canadian officials at the Department of National Defence and Global Affairs Canada, September 2024.

[44] For information on Canada's defense procurement projects, see Government of Canada, "Defence Equipment Purchases and Upgrades," October 21, 2024, https://www.canada.ca/en/services/defence/defence-equipment-purchases-upgrades.html.

[45] Philippe Lagassé and Justin Massie, "Don't Count on Us: Canada's Military Unreadiness," *War on the Rocks*, April 11, 2024.

assessed that about 54% of Canada's naval fleet, 51% of its air force fleet, and 51% of its army land fleet was not in condition to be used for operations or training.[46]

Some Members of Congress have expressed disappointment in Canada's failure to meet the NATO defense spending guideline and have urged the Canadian government to accelerate its defense expenditures to ensure it can meet its obligations to the alliance.[47] A provision of the National Defense Authorization Act for Fiscal Year 2024 (NDAA, P.L. 118-31) directs the Secretary of Defense to take into consideration whether or not a country has met the NATO defense spending guideline when making decisions related to U.S. military basing, training, and exercises.[48]

Support for Ukraine

Canada has provided a range of military and other support to Ukraine since Russia seized Crimea in 2014. Under Operation UNIFIER, launched in 2015, the Canadian Armed Forces have trained more than 43,000 Ukrainian military personnel in a range of basic and advanced military skills.[49] Although the Canadian Armed Forces suspended training operations in Ukraine after Russia's 2022 invasion, they are now training Ukrainian troops in the UK, Poland, and Latvia. Since February 2022, Canada has committed to providing more than C$4.5 billion ($3.3 billion) in military assistance to Ukraine, with deliveries scheduled to continue through 2028.[50] To demonstrate Canada's longer-term support for Ukraine, Prime Minister Trudeau and Ukrainian President Volodymyr Zelenskyy signed a 10-year bilateral security cooperation agreement in February 2024.[51] Canada also supported the establishment of NATO Security Assistance and Training for Ukraine, a new command announced at the July 2024 NATO Summit that is intended to coordinate allies' long-term security assistance for Ukraine. Pierre Poilievre has asserted that a Conservative Party government would "continue to support Ukraine in its defense against Russia's illegal invasion," but he has not committed to honoring the security cooperation agreement signed by Trudeau.[52]

In addition to military support, Canada has committed C$12.4 billion ($9.1 billion) in loans and other economic assistance, C$652 million ($479 million) in development and stabilization assistance, and C$358.2 million ($263 million) in humanitarian assistance for Ukraine.[53] As of April 2024, Canada also had approved emergency temporary resident visas for more than 963,000 Ukrainians, some 298,000 of whom had arrived in Canada to join the approximately 1.4 million

[46] Government of Canada, Department of National Defence and Canadian Armed Forces, *2023-24 Departmental Results Report*, December 23, 2024, pp. 26 and 36.

[47] See, for example, Letter from Sen. Jeanne Shaheen, Sen. Thom Tillis, and Sen. Benjamin L. Cardin et al. to Honourable Justin Trudeau, Prime Minister, May 23, 2024, https://www.romney.senate.gov/wp-content/uploads/2024/05/shaheen-tillis_canada_defense_spending_letter.pdf.

[48] P.L. 118-31, §1250; 10 U.S.C. §113 note.

[49] Government of Canada, Department of National Defence, "Operation UNIFIER," November 20, 2024.

[50] Government of Canada, Department of National Defence, "Canadian Donations and Military Support to Ukraine," November 7, 2024.

[51] Government of Canada, Global Affairs Canada, "Agreement on Security Cooperation Between Canada and Ukraine," February 26, 2024.

[52] "Pierre Poilievre's Conservatives Say They Support Ukraine – but Won't Commit to Keeping Justin Trudeau's Latest Agreement with Kyiv," *Toronto Star*, February 27, 2024.

[53] Government of Canada, Global Affairs Canada, "Economic, Humanitarian and Development Assistance, and Security and Stabilization Support—Russia's Invasion of Ukraine," September 9, 2024.

Ukrainian-Canadians in the country prior to Russia's full-scale invasion.[54] Similar to U.S. and European allies, Canada has restricted transactions with Russia's financial and energy sectors, and imposed visa and financial sanctions on 1,509 Russian individuals and 646 Russian entities that are connected to Russia's war on Ukraine.[55]

Relations with the People's Republic of China and the Indo-Pacific

After taking office in 2015, the Liberal Party government initially sought to strengthen ties with the People's Republic of China, in part to reduce Canada's economic dependence on the United States.[56] Canada-PRC ties have deteriorated since December 2018, when Canada arrested Meng Wanzhou, an executive at the Chinese technology company Huawei, to comply with an extradition request from the United States. In apparent retaliation for Meng's arrest, the PRC detained two Canadians, Michael Kovrig and Michael Spavor, holding them for nearly three years. In September 2021, the PRC released the "two Michaels," as they are widely known, hours after Meng reached a deferred prosecution agreement with U.S. prosecutors that allowed her to return to China. Relations have continued to decline as Canada has investigated alleged PRC activities inside Canada, including industrial espionage, intimidation of human rights activists and other dissidents within diaspora communities, and interference in Canadian politics (discussed above).[57]

Canadian criticism of the PRC's human rights record also has contributed to bilateral tensions. In May 2020, Canada joined the United States, the UK, and Australia to express "deep concern" about China's decision to impose a new national security law on Hong Kong.[58] Since then, Canada has suspended its extradition treaty with Hong Kong, placed restrictions on sensitive exports to Hong Kong, and created new pathways to permanent residence in Canada to facilitate the immigration of Hong Kong residents. Canadian officials also have expressed concerns about the PRC's treatment of Uyghurs and other Turkic Muslims in northwest China's Xinjiang region, which the House of Commons unanimously recognized as "genocide" in February 2021.[59] The PRC responded by accusing the House of Commons of having "deliberately smeared China" and "grossly interfered in China's internal affairs."[60]

In November 2022, Canada released an Indo-Pacific Strategy describing the PRC as an "increasingly disruptive global power" that disregards international rules and norms and is seeking to shape the international order "into a more permissive environment for interests and

[54] Government of Canada, Immigration, Refugees and Citizenship Canada, "Canada-Ukraine Authorization for Emergency Travel: Key Figures," July 26, 2024; and Max Stick and Feng Hou, "A Sociodemographic Profile of Ukrainian-Canadians," Statistics Canada, April 28, 2022.

[55] Canada also has imposed sanctions on 483 individuals and 60 entities in Ukraine, 221 individuals and 77 entities in Belarus, and 16 individuals and 7 entities in Moldova tied to the Russian invasion. Government of Canada, Global Affairs Canada, "Sanctions—Russian Invasion of Ukraine," December 10, 2024.

[56] Prime Minister of Canada Justin Trudeau, "Joint Statement Between Canada and the People's Republic of China," September 23, 2016; and Government of Canada, Department of Finance, *Investing in Middle Class Jobs*, Fall Economic Statement 2018, pp. 63-65, November 21, 2018.

[57] See, for example, Royal Canadian Mounted Police, "Hydro-Québec Employee Charged with Espionage," November 14, 2022; and House of Commons of Canada, Special Committee on the Canada-People's Republic of China Relationship, *The Chinese Communist Party's Overseas Police Stations*, interim report, November 2023.

[58] U.S. Department of State, Office of the Spokesperson, "Joint Statement on Hong Kong," May 28, 2020.

[59] Parliament of Canada, House of Commons of Canada, Vote No. 56, 43rd Parl., 2nd sess., February 22, 2021.

[60] Ministry of Foreign Affairs of the People's Republic of China, "Foreign Ministry Spokesperson Wang Wenbin's Regular Press Conference on February 23, 2021," February 24, 2021.

values that increasingly depart from [those of Canada]."[61] The strategy calls for Canada to increase its diplomatic, economic, and military engagement in the Indo-Pacific region and to push back against PRC behaviors that undermine international norms, such as arbitrary detentions, economic coercion, and actions that threaten the status quo in the Taiwan Strait.

The Canadian government has allocated C$2.3 billion ($1.7 billion) for the first five years of the strategy's implementation. Among other initiatives, Canada has concluded a trade agreement with Indonesia, forged new defense and intelligence partnerships throughout the region, and deployed three frigates each year (up from two previously) to maintain a near constant presence in the Indo-Pacific.[62] These Canadian frigates occasionally have participated in the U.S. Navy's routine transits through the Taiwan Strait.

Canada has faced some setbacks in advancing its Indo-Pacific strategy. Bilateral relations with India—which the strategy characterizes as a critical partner for achieving Canada's objectives in the region—have deteriorated amid Canadian government allegations that agents of the government of India have engaged in acts of transnational repression, including murder, inside Canada.[63] Canada also has been unsuccessful to date in its efforts to join the Australia, UK, United States (AUKUS) security pact for the Indo-Pacific, launched in September 2021, or the Indo-Pacific Economic Framework for Prosperity (IPEF), launched by the United States and 13 regional partners in May 2022.[64]

In addition to setting objectives in the region, Canada's Indo-Pacific Strategy states that Canada will take steps domestically to defend against PRC economic coercion and foreign interference. Among other actions, the Canadian government has prohibited Canadian telecommunications providers from using products or services from Chinese firms like Huawei and ZTE in their fifth generation (5G) networks; restricted investment by foreign state-owned enterprises in Canada's critical minerals sector; and imposed tariffs on electric vehicles, steel, and aluminum imports from China (see "PRC Automotive Imports and Investments").[65] The Canadian government also has enacted legislation intended to combat foreign interference by creating new criminal offenses, providing additional powers to the Canadian Security Intelligence Service, and establishing a

[61] Government of Canada, Global Affairs Canada, *Canada's Indo-Pacific Strategy*, 2022, p. 10.

[62] Government of Canada, Global Affairs Canada, *Canada's Indo-Pacific Strategy, 2022 to 2023 Implementation Update*, 2024; and Government of Canada, Global Affairs Canada, "Joint Statement by the Government of the Republic of Indonesia and the Government of Canada on the Conclusion of the Negotiations of the Indonesia-Canada Comprehensive Economic Partnership Agreement," December 2, 2024.

[63] Prime Minister of Canada Justin Trudeau, "Statement by the Prime Minister on the Ongoing Investigation on Violent Criminal Activity Linked to the Government of India," October 14, 2024. Also see CRS Insight IN12292, *Alleged Indian Role in Transnational Assassination Plots*, by K. Alan Kronstadt.

[64] Tim Kelly, "Canada in Talks About Joining Expanded AUKUS, Defence Chief Blair Says," Reuters, September 13, 2024; and Margaret Spiegelman, "Canada Remains Committed to IPEF – and Still Outside Looking In," *Inside U.S. Trade*, November 9, 2023. Also see CRS In Focus IF12373, *Indo-Pacific Economic Framework for Prosperity (IPEF)*, by Cathleen D. Cimino-Isaacs, Kyla H. Kitamura, and Mark E. Manyin, and CRS Report R47599, *AUKUS Pillar 2 (Advanced Capabilities): Background and Issues for Congress*, by Luke A. Nicastro.

[65] Government of Canada, Innovation, Science and Economic Development Canada, "Policy Statement – Securing Canada's Telecommunications System," May 19, 2022; Government of Canada, Innovation, Science and Economic Development Canada, "Policy Regarding Foreign Investments from State-Owned Enterprises in Critical Minerals under the Investment Canada Act," October 28, 2022; Government of Canada, Department of Finance Canada, "Canada Implementing Measures to Protect Canadian Workers and Key Economic Sectors from Unfair Chinese Trade Practices," press release, August 26, 2024.

foreign agent registry.[66] Canada's Conservative Party had advocated for many of these policies before they ultimately were adopted.[67]

Congress has demonstrated interest in coordinating with Canada on approaches to the Indo-Pacific and China. For example, a provision of the Servicemember Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025 (P.L. 118-159; FY2025 NDAA) expresses the sense of Congress that the Secretary of Defense should collaborate with Canada and other NATO allies to build connectivity and advance a shared vision for the Indo-Pacific.[68] In September 2023, the Congressional-Executive Commission on China invited Canadian Member of Parliament Michael Chong to testify at a hearing on "Countering China's Global Transnational Repression Campaign."[69] The commission's chairs also have called for enhanced coordination with Canada (and Mexico) to prevent the importation into North America of goods made with forced labor, citing P.L. 117-78, commonly known as the Uyghur Forced Labor Prevention Act, as a potential model.[70]

Arctic Policy[71]

With 40% of its land mass and 75% of its coastline located in the Arctic, Canada has substantial interests in the changing region.[72] Temperatures in the Arctic have warmed nearly four times faster than the global average since 1979.[73] The resulting decline in sea ice is gradually opening the region to increased shipping, tourism, and resource extraction, among other activities. Although these changes may provide commercial opportunities for Arctic countries and communities, they also present new challenges, ranging from environmental degradation to increased geopolitical competition.[74]

Canada traditionally has viewed the Arctic as a region of international cooperation. It was one of the founding members of the Arctic Council, which brings together the eight Arctic states, six organizations representing Indigenous peoples, and various observers to promote cooperation on sustainable development and environmental protection.[75] Under the auspices of the council, the

[66] Parliament of Canada, Bill C-70, https://www.parl.ca/documentviewer/en/44-1/bill/C-70/royal-assent.

[67] See, for example, Parliament of Canada, House of Commons of Canada, "Vote No. 23," 43rd Parl., 2nd sess., November 18, 2020, https://www.ourcommons.ca/members/en/votes/43/2/23; and House of Commons of Canada, Standing Committee on Natural Resources, *Conservative Dissenting Report – From Mineral Exploration to Advanced Manufacturing: Developing Value Chains for Critical Minerals in Canada*, June 2021.

[68] P.L. 118-159, §1311.

[69] U.S. Congress, Joint Congressional-Executive Commission on China, *Countering China's Global Transnational Repression Campaign*, 118th Cong., 1st sess., September 12, 2023.

[70] Letter from Rep. Chris Smith, chair, and Sen. Jeff Merkley, cochair, Congressional-Executive Commission on China et al. to Honorable Katherine Tai, United States Trade Representative, Secretary Raquel Buenrostro, Mexican Secretariat of Economy, and Honourable Mary Ng, Canadian Minister of Export Promotion, September 18, 2024, https://www.cecc.gov/sites/evo-subsites/www.cecc.gov/files/2024-09/USMCA%20Trade%20Ministers%209.17.24.pdf.

[71] Caitlin Keating-Bitonti, CRS Specialist in Natural Resources Policy, contributed to this section. For more information on Arctic issues and U.S. policy in the Arctic, see CRS Report R41153, *Changes in the Arctic: Background and Issues for Congress*, coordinated by Ronald O'Rourke.

[72] Government of Canada, *Canada's Arctic and Northern Policy Framework*, 2019, p. 81.

[73] Mika Rantanen et al., "The Arctic Has Warmed Nearly Four Times Faster than the Globe Since 1979," *Communications Earth & Environment*, vol. 3 (August 11, 2022).

[74] For additional information, see CRS Report R41153, *Changes in the Arctic: Background and Issues for Congress*, coordinated by Ronald O'Rourke.

[75] The other Arctic states are the United States, Denmark (due to Greenland), Iceland, Norway, Sweden, Finland, and Russia.

Arctic states have negotiated three binding instruments: a 2011 Agreement on Cooperation on Aeronautical and Maritime Search and Rescue in the Arctic, a 2013 Agreement on Cooperation on Marine Oil Pollution Preparedness and Response in the Arctic, and a 2017 Agreement on Enhancing International Arctic Scientific Cooperation.[76] Russia's war against Ukraine has affected the Arctic Council's functioning, however, and raised questions about its future. Canada has participated in some multilateral negotiations on Arctic matters outside the council, including talks that resulted in a 2018 Agreement to Prevent Unregulated High Seas Fisheries in the Central Arctic Ocean.[77]

At the same time, Canada has sought to defend its sovereignty in the Arctic. In 2019, for example, Canada filed a submission with the UN Commission on the Limits of the Continental Shelf to establish the outer limits (i.e., beyond 200 nautical miles of shoreline) of its juridical continental shelf (commonly known as the *extended continental shelf*) for the purpose of exploring it and exploiting its natural resources. In total, Canada's submission includes 1.2 million square kilometers of the Arctic seafloor, including the North Pole.[78] The submission, based on scientific data, overlaps in some areas with other Arctic states' continental shelves, including those of Russia and Denmark.[79] The U.S. extended continental shelf, as announced by the U.S. State Department in December 2023, also overlaps with Canada's submission.[80] Canada has pledged to resolve such overlaps "peacefully and in accordance with international law."[81] To date, the Commission on the Limits of the Continental Shelf has not offered a recommendation on Canada's submission in respect of the Arctic Ocean.[82]

In September 2024, Canada and the United States announced the creation of a joint task force to negotiate an unresolved maritime boundary in the Beaufort Sea, located between Alaska and Canada's High Arctic islands.[83] The disputed boundary stems from differing legal interpretations of an 1825 treaty between Russia and the UK, the rights of which were inherited, respectively, by the United States and Canada. The U.S. and Canadian governments last sought to negotiate the boundary in the late 1970s, spurred by the potential for offshore oil and gas. Those talks

[76] All three agreements are available at https://arctic-council.org/en/explore/work/cooperation/.

[77] The 2018 Agreement to Prevent Unregulated High Seas Fisheries in the Central Arctic Ocean, which entered into force in June 2021, is available at https://www.dfo-mpo.gc.ca/international/agreement-accord-eng.htm.

[78] Government of Canada, Global Affairs Canada, "Canada Marks Major Milestone in Defining Its Continental Shelf in Arctic Ocean," press release, May 23, 2019; and United Nations Commission on the Limits of the Continental Shelf (CLCS), "Outer Limits of the Continental Shelf Beyond 200 Nautical Miles from the Baselines, Submissions to the Commission: Partial Submission by Canada," June 28, 2024, https://www.un.org/depts/los/clcs_new/submissions_files/submission_can1_84_2019.html.

[79] In December 2022, the Canadian government filed an addendum to its original submission in response to a March 2021 Russian addendum that "greatly expanded the size" of Russia's continental shelf and "tripled the area that overlaps" with Canada's continental shelf. Government of Canada, Global Affairs Canada, *Canada's Arctic Foreign Policy*, December 6, 2024, https://www.international.gc.ca/gac-amc/publications/transparency-transparence/arctic-arctique/arctic-policy-politique-arctique.aspx?lang=eng. Hereinafter, *Canada's Arctic Foreign Policy*, 2024.

[80] U.S. Department of State, *The Outer Limits of the Extended Continental Shelf of the United States of America: Executive Summary*, December 19, 2023, pp. 13 and 19. For more information, see CRS Report R47912, *Outer Limits of the U.S. Extended Continental Shelf: Background and Issues for Congress*, by Caitlin Keating-Bitonti.

[81] *Canada's Arctic Foreign Policy*, 2024.

[82] CLCS, "Submissions, Through the Secretary-General of the United Nations, to the Commission on the Limits of the Continental Shelf, Pursuant to Article 76, Paragraph 8, of the United Nations Convention on the Law of the Sea of 10 December 1982," October 7, 2024, https://www.un.org/depts/los/clcs_new/commission_submissions.htm. Recommendations made by the CLCS are "final and binding" (see Article 76, paragraph 8 of United Nations Convention on the Law of the Sea).

[83] U.S. Department of State, "Joint Statement on Creation of Joint Task Force to Negotiate Beaufort Sea Boundary," September 24, 2024.

ultimately stalled due to differing U.S. and Canadian government views over whether or not to include the countries' other unresolved maritime boundaries in the scope of the negotiations.[84]

Canada's government also continues to argue that the various channels that pass through the country's 36,000-island Arctic Archipelago, commonly referred to as the *Northwest Passage*, are internal waters subject to Canadian control.[85] The United States, the European Union (EU), and others maintain the Northwest Passage is an international strait through which foreign vessels have a right to transit. The U.S.-Canada dispute over the passage has been mostly dormant since 1988, when the United States pledged that all navigation by U.S. icebreakers through the passage would be undertaken with the consent of the Canadian government and Canada agreed to facilitate such navigation.[86]

Exercising effective control over the Canadian Arctic has become more difficult as access to, and interest in, the region has grown. Canada asserts that it has observed a general increase in Arctic maritime activity, which has included regular deployments of dual use (i.e., civilian and military) PRC research vessels and surveillance platforms to the region.[87] In November 2022, the auditor general of Canada reported that "the federal organizations that are responsible for safety and security in the Arctic region do not have full awareness of maritime activities in Arctic waters and are not ready to respond to increased surveillance requirements."[88] This is reportedly due to incomplete surveillance, insufficient data and information sharing, and outdated equipment.

To bolster its presence in the Arctic, Canada has begun upgrading infrastructure and procuring new equipment, including ice breakers, offshore patrol vessels, and fighter and patrol aircraft. Canada is also coordinating with the United States to enhance Arctic defenses as part of the ongoing modernization of NORAD (see "NORAD"), and collaborating with the United States and Finland on the production of new polar icebreakers and other Arctic capabilities.[89] Canada's Arctic Foreign Policy, released in December 2024, also calls for increased information sharing with NATO allies and continued cooperation with northern Indigenous Peoples and territorial and provincial governments to enhance domain awareness.[90]

U.S.-Canada Relations

In February 2021, President Biden and Prime Minister Trudeau announced the Roadmap for a Renewed U.S.-Canada Partnership, which pledged to revitalize and expand bilateral relations.[91]

[84] The United States and Canada have four unresolved (or partially resolved) maritime boundaries within 200 nautical miles of their shores in the Beufort Sea, the Gulf of Maine, and two areas off the Pacific Coast: the Juan de Fuca Strait (located offshore of Washington and Vancouver Island, Canada) and the Dixon Entrance (located offshore of southeastern Alaska and British Columbia, Canada). Michael Byers and Andreas Østhagen, "Why Does Canada Have So Many Unresolved Maritime Boundary Disputes?," *The Canadian Yearbook of International Law*, vol. 54 (2017). The countries also have two unresolved boundaries beyond 200 nautical miles (in the Arctic and northern Atlantic regions). U.S. Department of State, *The Outer Limits of the Extended Continental Shelf of the United States of America: Executive Summary*, December 19, 2023, pp. 13, 19, and 25.

[85] *Canada's Arctic Foreign Policy*, 2024.

[86] Agreement Between the Government of Canada and the Government of the United States of America on Arctic Cooperation, January 11, 1988, https://www.treaty-accord.gc.ca/text-texte.aspx?id=101701.

[87] *Canada's Arctic Foreign Policy*, 2024.

[88] Office of the Auditor General of Canada, *Arctic Waters Surveillance*, November 15, 2022, p. 7.

[89] White House, "Biden-Harris Administration Announces New Polar Partnership 'ICE Pact' Alongside Finland and Canada," press release, July 11, 2024.

[90] *Canada's Arctic Foreign Policy*, 2024.

[91] White House, "Roadmap for a Renewed U.S.-Canada Partnership," February 23, 2021.

U.S.-Canada ties had been strained in the preceding four years as the countries adopted divergent approaches to a range of issues and the Trump Administration challenged many long-standing pillars of the bilateral relationship, including common commitments to NATO and to free trade in North America.[92] Although some policy disagreements have persisted since the launch of the roadmap (see "Trade and Investment Issues" and "Cross-Border Energy Infrastructure Disputes"), the U.S. and Canadian governments have taken steps to modernize NORAD, strengthen cross-border law enforcement, and accelerate the deployment of low-carbon technologies, among other ongoing areas of cooperation (see "Security Cooperation" and "Climate Change Collaboration"). During a March 2023 speech to the Canadian Parliament, President Biden asserted that "no two nations on Earth are bound by such close ties" and assured Canadians they would "always be able to count on the United States of America."[93]

Bilateral relations are entering a renewed era of uncertainty after Donald Trump's November 2024 election to a second term. During the presidential campaign, Trump asserted that he would not defend NATO allies that did not dedicate sufficient resources to defense, and proposed a minimum 10% tariff on all U.S. imports.[94] During the presidential transition, President-elect Trump threatened to impose a blanket 25% tariff on all imports from Canada until the Canadian government takes unspecified actions to combat cross-border flows of illicit narcotics and migrants.[95] (For information on such flows, see "Border Issues.") Potential disruptions to U.S.-Canada trade are viewed as a major threat to the Canadian economy by many in Canada given Canada's deep economic integration with the United States (see "Trade and Investment Issues").[96] Prime Minster Trudeau reportedly has sought to engage with President-elect Trump on ways the United States and Canada can work together to address shared challenges while not ruling out potential retaliatory measures.[97] Trudeau also has reestablished a cabinet committee on Canada-U.S. relations to focus on critical bilateral issues.

In a December 2024 poll, 72% of Canadians reported they were "pessimistic and worried" about the next four years with Trump's anticipated return to the U.S. presidency.[98] Some 76% of those surveyed asserted that they expect a second Trump Administration will hurt Canada's economy, 65% asserted that it will hurt global peace and stability, and 50% asserted that it will hurt Canada's overall security in the world. In the face of potential U.S. tariffs, 49% of Canadians argued that the Canadian government should "play hardball" and not allow Canada to "be bullied," 33% contended that Canada should try to negotiate with President-elect Trump, and 10% maintained that Canada should concede to U.S. demands to avoid tariffs. At the same time, 54% of those surveyed asserted that Canada needs to do more to secure its border with the United

[92] See, for example, Arthur Beesly, Alex Barker, and Demetri Sevastopulo, "Donald Trump Fails to Endorse NATO's Mutual Defence Pledge," *Financial Times*, May 25, 2017; and Heather Long, "Trump Threatens to Leave Canada Behind on NAFTA, Warns Congress Not to 'Interfere,'" *Washington Post*, September 1, 2018.

[93] White House, "Remarks by President Biden in Address to the Canadian Parliament," March 24, 2023.

[94] Meg Kinnard and Michelle L. Price, "Donald Trump Stands by Remarks About Not Defending NATO Members After Backlash," Associated Press, February 14, 2024; and "Read the Full Transcripts of Donald Trump's Interviews with TIME," *TIME*, April 30, 2024.

[95] Jill Colvin and Rob Giles, "Trump Threatens to Impose Sweeping New Tariffs on Mexico, Canada and China on First Day in Office," Associated Press, November 26, 2024.

[96] CRS meetings with Canadian government officials and private sector stakeholders, September 2024; and Statistics Canada data, reported by Trade Data Monitor, accessed November 13, 2024.

[97] Mickey Djuric, "Trump 2.0 Offers Trudeau a Make-or-Break Moment," *Politico Pro*, November 28, 2024; and Sue Allan and Mickey Djuric, "What Trudeau Told Trump at Mar-a-Lago," *Politico Pro*, December 1, 2024.

[98] Angus Reid Institute, "Tariffs, Border Demands & Defence: Half of Canadians Say This Country Should Play Hardball Against Trump's Threats," December 5, 2024.

States and 51% asserted that Canada is moving too slowly to meet its NATO defense spending commitment.[99]

Security Cooperation

According to the U.S. State Department, "U.S. defense arrangements with Canada are more extensive than with any other country."[100] In addition to their mutual defense commitments under NATO and close intelligence partnership as members of the Five Eyes alliance, the United States and Canada cooperate on continental defense through NORAD and coordinate extensively on law enforcement matters (see "NORAD" and "Border Issues").

The U.S. and Canadian defense industries are also highly integrated. Congress has designated Canadian individuals and organizations as part of the National Technology and Industrial Base (10 U.S.C. §4801) and has designated Canadian firms as "domestic sources" for the purposes of the Defense Production Act of 1950 (50 U.S.C. §§4501 et seq.).[101] Likewise, Congress granted special treatment to Canada under the Arms Export Control Act of 1976 (22 U.S.C. §§2751 et seq.), reflected in the International Traffic in Arms Regulations, which provide licensing requirement exemptions for some—but not all—U.S. defense exports to Canada and temporary U.S. defense imports from Canada (22 C.F.R. §126.5).

NORAD

NORAD, established in 1958, is charged with monitoring all aerial and maritime threats to the United States and Canada and defending North American airspace. NORAD is unique in the world as a binational command that has a U.S. Commander and a Canadian Deputy Commander who are appointed by, and responsible to, both the U.S. President and the Canadian Prime Minister. Likewise, NORAD headquarters at Peterson Space Force Base in Colorado is composed of integrated staff from both countries. This binational structure allows the United States and Canada to pool resources, avoiding duplication of some efforts and increasing North America's overall defense capabilities. Nevertheless, because the U.S. and Canadian governments want to maintain their abilities to take unilateral action, some NORAD responsibilities and authorities overlap with those of U.S. Northern Command and Canadian Joint Operations Command.

In 2021, the United States and Canada issued a joint statement on NORAD modernization. The statement recognized the challenges posed by "growing strategic competition, rapid advancements in technology, and ongoing changes in climate" and asserted that NORAD must be able to detect and identify threats earlier and respond to them faster and more decisively.[102] The countries identified several priority areas for new investments, including situational awareness, especially in the northern and maritime regions of North America; modernized command and control systems; improved capabilities to deter and defeat evolving aerospace threats; and research and development.

In 2022, the Canadian government announced plans to invest C$4.9 billion (about $3.6 billion) over six years and C$38.6 billion (about $28.4 billion) over 20 years to modernize NORAD's

[99] Ibid.

[100] U.S. Department of State, Bureau of Western Hemisphere Affairs, "U.S. Relations with Canada," August 19, 2022.

[101] For more information on the National Technology and Industrial Base and the Defense Production Act, see CRS In Focus IF11311, *Defense Primer: The National Technology and Industrial Base*, by Luke A. Nicastro; and CRS Report R43767, *The Defense Production Act of 1950: History, Authorities, and Considerations for Congress*, by Alexandra G. Neenan and Luke A. Nicastro.

[102] U.S. Department of Defense (DOD), "Joint Statement on NORAD Modernization," August 17, 2021.

capabilities.[103] The funding is to be allocated to five broad priorities: surveillance systems, modern technology, air weapons systems, infrastructure and support capabilities, and science and technology. Among other expenditures, Canada has committed to procuring two next-generation over-the-horizon radar systems to enhance early warning and domain awareness of the Arctic approaches to North America. Canada also has committed to upgrading infrastructure at bases across the country, including four forward operating locations in the north, to support the arrival of Canada's new fleet of 88 F-35 Joint Strike Fighters and meet other Canadian, U.S., and NORAD military requirements.[104] Nevertheless, over the past two years, Canada has fallen short of meeting all of its NORAD commitments and obligations, partly due to equipment maintenance requirements and personnel shortages that have hindered Canada's ability to deploy aircraft and staff NORAD positions.[105]

Historically, NORAD has been funded through a 60% to 40% split between the United States and Canada.[106] It is not possible to compare the countries' current contributions, however, since the U.S. Department of Defense (DOD) budget does not designate a specific funding level for NORAD operations or modernization. Although the DOD budget includes funding for military systems that may support NORAD once fielded, DOD does not procure those systems solely for NORAD. In March 2024 written testimony to Congress, General Gregory M. Guillot, the Commander of NORAD and U.S. Northern Command, called for continued investments in over-the-horizon radar and an integrated undersea surveillance system, among other capabilities intended to enhance air and maritime domain awareness and limit competitors' abilities to "approach North America undetected."[107]

Congress has placed increased focus on continental defense issues since early 2023, when a high-altitude balloon passed over North America allegedly surveilling strategic sites for the PRC.[108] The 118th Congress adopted resolutions condemning the PRC's use of a high-altitude surveillance balloon over U.S. territory (H.Res. 104 and S.Res. 66) and held several hearings to examine NORAD's response to the incident and assess NORAD's capabilities and funding requirements.[109] S.Rept. 118-81, incorporated into the explanatory statement accompanying the

[103] The C$38.6 billion commitment is on an "accrual basis," which records the cost of acquiring an asset when it is put into service and spread over its useful life rather than the year the payments are made. For information on planned investments and timelines, see Government of Canada, Department of National Defence, "NORAD Modernization Project Timelines," fact sheet, March 24, 2023, https://www.canada.ca/en/department-national-defence/services/operations/allies-partners/norad/norad-modernization-project-timelines.html.

[104] Canada has participated in the U.S.-led F-35 Joint Strike Fighter program since 1997 but did not conclude its advanced fighter procurement process until January 2023. Canada allocated C$19 billion ($14 billion) for the aircraft, sustainment, and associated equipment and facilities. The 88 F-35s are to be delivered to Canada between 2026 and 2032. Government of Canada, Department of National Defence; "Announcement Regarding the F-35 Acquisition," January 9, 2023.

[105] Government of Canada, Department of National Defence and Canadian Armed Forces, *2023-24 Departmental Results Report*, December 23, 2024, p. 12.

[106] CRS communication with NORAD, May 17, 2023.

[107] General Gregory M. Guillot, Commander, United States Northern Command and North American Aerospace Defense Command, "Statement Before the Senate Armed Services Committee," March 14, 2024, p. 12.

[108] Jim Garamone, "F-22 Safely Shoots Down Chinese Spy Balloon off South Carolina Coast," *DOD News*, February 4, 2023.

[109] See, for examples, U.S. Congress, Senate Committee on Appropriations, *The People's Republic of China's High Altitude Surveillance Efforts Against the United States*, 118th Cong., 1st sess., February 9, 2023; House Committee on Armed Services, *Security Challenges in North and South America*, 118th Cong., 1st sess., March 8, 2023; and Senate Committee on Armed Services, Subcommittee on Strategic Forces, *To Receive Testimony on the Department of Defense Missile Defense Activities in Review of the Defense Authorization Request for Fiscal Year 2024 and the Future Years Defense Program*, 118th Cong., 1st sess., May 9, 2023.

Department of Defense Appropriations Act, 2024 (P.L. 118-47, Division A), recommended additional funding to accelerate the deployment of several radar and sensor systems intended to improve homeland defense capabilities and ensure similar incidents do not occur in the future.[110]

Border Issues

The United States and Canada coordinate extensively on efforts to secure their shared 5,525-mile border. The 2011 Beyond the Border declaration and action plan have provided the framework for bilateral cooperation, including efforts to address potential threats, facilitate legal commercial and passenger traffic, enhance cross-border law enforcement cooperation, and strengthen and protect critical infrastructure.[111] The declaration and action plan have resulted in several initiatives, including

- implementation of a 2009 Framework Agreement on Integrated Cross-Border Maritime Law Enforcement Operations (Shiprider program) that allows Royal Canadian Mounted Police (RCMP) and U.S. Coast Guard personnel to jointly crew marine vessels to enforce the law on both sides of the border;
- a 2012 Visa and Immigration Information Sharing Agreement that allows for the automated sharing of biographic and biometric information;
- a 2013 entry/exit program that allows data on entry to one country to serve as a record of exit from the other;
- a 2015 Agreement on Land, Rail, Marine, and Air Transport Preclearance that allows customs and immigration officials to clear travelers and cargo in their countries of origin; and
- a 2016 accord that allows for the exchange of information on individuals who present a clear threat, including the countries' respective "no-fly" lists.[112]

Canadian concerns about privacy and sovereignty delayed implementation of some of these initiatives.[113] Consequently, the United States and Canada did not begin exchanging information on all U.S. and Canadian citizens under the entry/exit program until July 2019 and the Agreement on Land, Rail, Marine, and Air Transport Preclearance did not enter into force until August 2019.

The COVID-19 pandemic led the U.S. and Canadian governments to close their shared land border to all nonessential travel in March 2020.[114] Although both governments generally sought to maintain bilateral trade flows, the border restrictions took an economic and social toll on both countries, particularly in border communities.[115] Canada ultimately allowed vaccinated U.S. citizens to begin nonessential travel to Canada again in August 2021, and the United States reopened the land border to vaccinated Canadians for nonessential travel in November 2021.[116]

[110] S.Rept. 118-81, p. 10.

[111] The Beyond the Border declaration and action plan are available at https://www.dhs.gov/sites/default/files/publications/us-canada-btb-action-plan.pdf.

[112] U.S. Department of Homeland Security (DHS), "Beyond the Border Fact Sheet," January 2017.

[113] Evan Dyer, "Ottawa Gets an Earful on Proposed Expansion of U.S. Border Pre-clearance Powers," *CBC News*, August 6, 2017; and John Paul Tasker, "Ottawa's Push to Share More Border-Crossing Data with U.S. Raising Red Flags over Privacy," *CBC News*, June 28, 2018.

[114] DHS, "Joint Statement on U.S.-Canada Joint Initiative: Temporary Restriction of Travelers Crossing the US-Canada Land Border for Non-Essential Purposes," March 20, 2020.

[115] Western Washington University, Border Policy Research Institute, *Border Barometer*, April 9, 2021.

[116] Canadian Border Services Agency, "Travel Advisory: Reminder—On August 9th, Fully Vaccinated United States (continued...)

Canadians could fly into the United States throughout the pandemic. Canada and the United States ended their vaccination requirements for all foreign travelers in October 2022 and May 2023, respectively.[117]

Some Members of Congress have raised concerns about an increase in unauthorized migrant crossings and other security challenges since border travel restrictions have been lifted.[118] The number of individuals encountered by U.S. Border Patrol after crossing into the United States from Canada between ports of entry rose from 2,238 in FY2022 to 10,021 in FY2023 and 23,721 in FY2024 (see **Figure 1**). This increase in the south-bound flow of unauthorized border-crossers reportedly has been driven by nationals of India, Mexico, and various other countries flying to Canada and then seeking entry into the United States, sometimes with the assistance of smugglers.[119] Others are seeking to stay in Canada, contributing to record asylum claims.[120] Over the past year, the Canadian government has ended visa-free travel for Mexican nationals, enhanced scrutiny of visa applications for other visitors to Canada, and sought to crack down on fraud and abuse in temporary resident programs in an attempt to address U.S. concerns as well as the growing backlog of asylum claims in Canada.[121]

The number of asylum seekers intercepted by the RCMP after crossing into Canada from the United States between ports of entry has trended in the opposite direction. This northern flow of asylum seekers surged in 2017, reportedly spurred, in part, by the Trump Administration's immigration policies, including a plan to end Temporary Protected Status (TPS) for Haitians.[122] Crossings declined during the pandemic but spiked again to nearly 40,000 in 2022 after the U.S. and Canadian governments lifted border travel restrictions. This post-pandemic surge was purportedly driven by individuals who had initially sought asylum in the United States but determined they may have better odds of obtaining asylum and other support in Canada.[123] RCMP interceptions have declined dramatically since early 2023, when the U.S. and Canadian governments expanded a 2004 Safe Third-Country Agreement that allows either country to return to the other asylum seekers who cross the U.S.-Canada land border (see **Figure 1**). Prior to the expansion, the agreement did not apply between ports of entry.[124]

Citizens and Permanent Residents Will Be Able to Enter Canada," press release, August 6, 2021; and DHS, "Starting Today Fully Vaccinated Travelers Permitted to Enter U.S. via Land and Ferry Border Crossings," press release, November 8, 2021.

[117] Government of Canada, Public Health Agency of Canada, "COVID-19 Border Measures," September 26, 2022; and White House, "The Biden-Harris Administration Will End COVID-19 Vaccination Requirements for Federal Employees, Contractors, International Travelers, Head Start Educators, and CMS-Certified Facilities," May 1, 2023.

[118] U.S. Congress, House Committee on Homeland Security, Subcommittee on Oversight, Investigations, and Accountability, *Biden's Growing Border Crisis: Death, Drugs, and Disorder on the Northern Border*, 118th Cong., 1st sess., March 28, 2023.

[119] See, for example, Elizabeth Thompson, "U.S. Border Patrol Reports Record Number of Encounters with Migrants at the Canadian Border," *CBC News*, September 12, 2024.

[120] Anna Mehler Paperny, "Canada Hints at Fast-Tracking Refugee Refusals," Reuters, November 26, 2024.

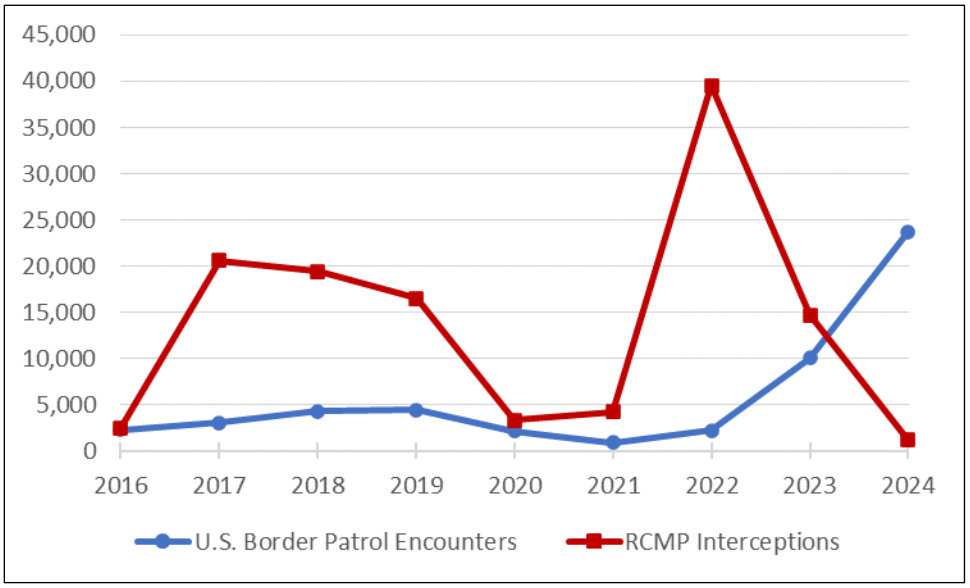
[121] Ibid.; Reuters, "Exclusive—Canada Turning Away More Foreigners, Approving Fewer Visas in Border Crackdown," September 3, 2024; and CRS meeting with Canadian government officials, September 24, 2024.

[122] See, for example, Dan Levin, "A Surge of Migrants Crossing into Quebec Tests Canada's Welcome," *New York Times*, August 10, 2017. For more on TPS, see CRS Report RS20844, *Temporary Protected Status and Deferred Enforced Departure*, by Jill H. Wilson.

[123] See, for example, Reuters, "Insight—Canada Immigration: Why Record Asylum Seekers Are Crossing U.S. Border," March 11, 2023.

[124] DHS, "United States and Canada Announce Efforts to Expand Lawful Migration Processes and Reduce Irregular Migration," press release, March 24, 2023.

Figure 1. Encounters and Interceptions at the U.S.-Canada Border Between Points of Entry: 2016-2024



Sources: U.S. Customs and Border Protection, "Nationwide Encounters" database, November 19, 2024; U.S. Department of Homeland Security, Office of Homeland Security Statistics, *2022 Yearbook of Immigration Statistics*, p. 94; Government of Canada, Immigration, Refugees and Citizenship Canada, "Asylum Claimants Processed by Year," 2017-2024, https://www.canada.ca/en/immigration-refugees-citizenship/services/refugees/asylum-claims.html; and Canadian government data in Stephanie Levitz, "Asylum Seekers Arrested at Illegal Crossings so Far in 2017 Nearly Half of 2016 Total," Canadian Press, March 21, 2017.

Notes: U.S. Border Patrol data are reported by U.S. fiscal year while Royal Canadian Mounted Police (RCMP) data are reported by calendar year. Border Patrol data for FY2020-FY2023 include public health expulsions under Title 42 of the *U.S. Code* in addition to apprehensions under Title 8 of the *U.S. Code*; data for all other years consist entirely of apprehensions. RCMP data for 2024 cover the first 11 months of the calendar year.

Some Members of Congress also have expressed concerns about an increase in encounters at the U.S.-Canada border with individuals whose names appear in the Terrorist Screening Dataset—a U.S. government database of known and suspected terrorists, affiliates, and others deemed to represent a potential threat to the United States.[125] Between FY2022 and FY2024, U.S. Customs and Border Protection (CBP) averaged 387 encounters with watch-listed individuals at the U.S.-Canada border per year, a 70% increase compared to 227 per year on average between FY2017 and FY2019 (prior to the pandemic); these figures may include repeat encounters with some individuals. All but six (99.5%) of the encounters with watch-listed individuals between FY2022 and FY2024 occurred at U.S. ports of entry, where U.S. authorities may deny such individuals entry into the United States. The remaining cases occurred between ports of entry; CBP recorded 11 encounters with watch-listed individuals at the U.S.-Canada border between ports of entry between FY2017 and FY2019.[126]

Canadian authorities assess that organized crime groups in Canada have become producers and exporters of illicit fentanyl.[127] According to a March 2024 U.S. Department of State report, "U.S.

[125] See, for example, H.Res. 774. For more information on the Terrorist Screening Dataset, see CRS In Focus IF12669, *The Terrorist Watchlist*, by Lisa N. Sacco.

[126] U.S. Customs and Border Protection (CBP), "CBP Enforcement Statistics," December 3, 2024, https://www.cbp.gov/newsroom/stats/cbp-enforcement-statistics.

[127] Government of Canada, Criminal Intelligence Service Canada, *2023 Public Report on Organized Crime*, December 15, 2023.

law enforcement has stated there is no evidence that Canada is trafficking vast amounts of fentanyl to the United States."[128] In FY2024, CBP seized 43 pounds of fentanyl at the U.S.-Canada border, representing 0.2% of CBP's total fentanyl seizures for the fiscal year.[129]

Over the past four years, U.S. and Canadian officials have sought to enhance collaboration on shared security challenges through the high-level Cross-Border Crime Forum, a Cross-Border Firearms Task Force, and the Trilateral Fentanyl Commission (in which Mexico also participates). Memoranda of understanding signed by the U.S. Drug Enforcement Administration and the RCMP in November 2022 and by the Bureau of Alcohol, Tobacco, Firearms and Explosives and the Canada Border Services Agency in March 2023 reportedly have allowed for increased information sharing in support of cross-border investigations into opioid and gun trafficking.[130] In December 2024, the Liberal Party government proposed a C$1.3 billion ($956 million) border plan intended to increase border surveillance and further enhance operational coordination and information sharing with the U.S. government.[131]

A provision of the FY2025 NDAA (P.L. 118-159) directs the Department of Homeland Security (DHS) to establish a Northern Border Mission Center. The center is to serve as DHS's "forward deployed centralized operations support center for domain awareness, information sharing, intelligence, training, and stakeholder engagement with Federal, State, tribal, local, and international government partners along the northern border."[132] The joint explanatory statement accompanying the act also directs the Assistant Secretary of Defense for Homeland Defense and Hemispheric Affairs to submit a report to the congressional defense committees on the assistance that DOD provides to CBP and DHS to secure the U.S. northern border.[133]

Trade and Investment Issues[134]

The United States and Canada have one of the largest bilateral commercial relationships in the world, including a highly integrated automotive and energy market. As noted above, the countries have maintained free trade for more than three decades, first bilaterally under the 1989 U.S.-Canada Free Trade Agreement, then trilaterally with Mexico under the 1994 NAFTA and its successor, the 2020 USMCA.[135] Congress approved implementing legislation for USMCA in December 2019 (P.L. 116-113) and has a role in overseeing USMCA implementation.

In 2023, Canada was the United States' top partner for combined trade in goods and services—the United States imported $481.6 billion from Canada and exported $440.9 billion to Canada for a total of $922.5 billion in bilateral trade.[136] In 2023, Canada exported 77% of its goods to the United States and was the third-largest supplier of goods to the United States, behind Mexico and

[128] U.S. Department of State, *International Narcotics Control Strategy Report, Volume I: Drug and Chemical Control*, March 2024, p. 88.

[129] CBP, "Drug Seizure Statistics," November 19, 2024, https://www.cbp.gov/newsroom/stats/drug-seizure-statistics.

[130] DHS, "The 2023 Canada-U.S. Cross-Border Crime Forum," April 28, 2023; and Dylan Robertson, "Canada, U.S. to Share More Data in Fight Against Cross-Border Gun Smuggling, Opioids," Canadian Press, April 28, 2023.

[131] Government of Canada, Public Safety Canada, "Government of Canada Announces Its Plan to Strengthen Border Security and Our Immigration System," press release, December 17, 2024.

[132] P.L. 118-159, §5611.

[133] Joint Explanatory Statement to Accompany the Servicemember Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025, pp. 422-423.

[134] Written by Kyla H. Kitamura, CRS Analyst in International Trade and Finance.

[135] For more details on USMCA, see CRS Report R44981, *The United States-Mexico-Canada Agreement (USMCA)*.

[136] U.S. Bureau of Economic Analysis (BEA), "Table 1.5. U.S. International Trade in Goods and Services by Area and Country," December 18, 2024.

China.[137] Canada imported nearly half of its goods from the United States in 2023 and was the United States' top goods export destination—about 18% of U.S. goods exports went to Canada.[138]

Bilateral investment ties are also substantial. As of 2023, Canada was the third-largest source of foreign direct investment (FDI) in the United States by stock ($671.7 billion), and nearly half of Canada's total FDI was in the United States.[139] In 2023, the United States was the largest source of FDI in Canada, comprising 45.7% of total FDI (C$618.2 billion; about $455 billion).[140]

As previously noted, President-elect Trump has stated that he may impose a 25% tariff on all Canadian imports upon entering office on January 20, 2025.[141] Given Canada's deep economic integration with the United States, some Canadian observers note that actual or potential disruptions to U.S.-Canada trade would have large negative impacts on the Canadian economy.[142] Some analysts have argued that broad U.S. tariffs on Canadian imports would have negative effects on both Canada and the United States, particularly if Canada were to retaliate.[143] Some Canadian observers have expressed concerns about Canada's economic reliance on the United States and negative impacts on Canada resulting from geopolitical tensions between larger economic powers (e.g., the United States, China, and the EU); such observers have argued that Canada should enhance cooperation with other "middle power" countries who rely on a rules-based international trading system in order to enhance Canada's geopolitical leverage and position.[144] Canada has 15 free trade agreements (FTAs) with 51 countries, encompassing about 60% of global GDP in 2023.[145] These FTAs include USMCA, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and an agreement with the EU that is provisionally in force.[146]

One of the key issues facing the 119th Congress—with potentially large implications for U.S.-Canada trade relations—is the scheduled 2026 "joint review" of USMCA. USMCA is scheduled to terminate 16 years after its entry into force (July 1, 2036), unless all three USMCA parties confirm that they wish to continue the agreement through a "joint review" process. The first joint

[137] Data from the U.S. Census Bureau and Government of Canada, Statistics Canada, as presented by *Trade Data Monitor*, accessed December 2024.

[138] Data from the U.S. Census Bureau, accessed December 2024, and Government of Canada, Statistics Canada, as presented by *Trade Data Monitor*, accessed December 2024.

[139] Data from BEA, "Table 7. Foreign Direct Investment in the United States: Selected Items by Country of Foreign Parent, 2020–2023," July 23, 2024; and Government of Canada, Statistics Canada, "Foreign direct investment, 2023," April 29, 2024. For BEA data, FDI position on a historical-cost basis by country of foreign parent.

[140] Ibid. and Government of Canada, Statistics Canada, "Foreign Direct Investment in Canada by Select Ultimate and Immediate Investing Country, 2023," modified April 29, 2024. FDI by stock by immediate investing country.

[141] Jill Colvin and Rob Giles, "Trump Threatens to Impose Sweeping New Tariffs on Mexico, Canada and China on First Day in Office," Associated Press, November 26, 2024.

[142] Based on various CRS conversations with Canadian stakeholders in September and October 2024. Also see, for example, Edward Greenspon, Janice Gross Stein, and Drew Fagan, "Canada Needs to Have a Plan for the U.S., No Matter Who Becomes President. That Starts with Making Us Matter More," *Globe and Mail*, April 27, 2024.

[143] Stephen Tapp and Trevor Tombe, *What the Return of the "Tariff Man" Means for the Canadian and U.S. Economies*, Canadian Chamber of Commerce's Business Data Lab, November 28, 2024; and Kate Gibson, "Trump tariffs on Canada Imports Could Lead to Sharply Higher Gas Prices, Experts Warn," *CBS News*, November 27, 2024.

[144] See, for example, Patrick Leblond, "Canada Needs to Find New Ideas in Geopolitical and Economic Strategy to Avoid Getting Squeezed," *Policy Options*, Institute for Research on Public Policy, September 10, 2024.

[145] Government of Canada, "Trade and Investment Agreements," updated October 31, 2024; and CRS analysis of data from the International Monetary Fund, World Economic Outlook Database, October 2024.

[146] The United States does not currently have an FTA with the EU and withdrew from CPTPP's predecessor, the Trans-Pacific Partnership (TPP) in 2017 after negotiations were completed. For more on CPTPP, see CRS In Focus IF12078, *CPTPP: Overview and Issues for Congress*.

review is scheduled to be held on the coming sixth anniversary of the agreement's entry into force, July 1, 2026.[147] This is the first time such a joint review provision has been included in any U.S. free trade agreement. Due to the lack of precedent, some observers have noted that there is uncertainty about the scope and process related to the review.[148] The Canadian government held public consultations on USMCA from August 2024 to October 2024.[149] The Office of the United States Trade Representative (USTR) is also statutorily required to seek public comments, hold a public hearing, and report to Congress ahead of the joint review.[150]

Congress has an oversight role in the joint review process and could potentially shape U.S. priorities and approaches through hearings, letters, and other consultation mechanisms. Some Members have lauded the U.S.-Canada economic partnership and highlighted the potential for bilateral cooperation to develop more resilient supply chains (e.g., S.Res. 591/H.Res. 1053). At the same time, some Members have expressed concerns about various trade issues with Canada. Outlined below are a few key U.S.-Canada trade issues, including "Automotive Trade," "Digital Services," "Canadian Dairy Tariff-Rate Quotas and Supply Management System," "Softwood Lumber," and "Government Procurement and Federally Funded Infrastructure." Congress may consider the implications of these issues in relation to the USMCA joint review or in the context of the broader U.S.-Canada relationship.

Automotive Trade

NAFTA was instrumental in shaping a highly integrated North American automotive industry. It built upon automotive trade integration that had already been developed between the United States and Canada, dating back to the Canada-United States Automotive Products Agreement (Auto Pact), signed in 1965 and approved by P.L. 89-283, commonly known as the Automotive Products Trade Act.

In 2023, the United States imported $63 billion in automotive goods from Canada and exported $68.2 billion to Canada.[151] In 2023, the United States supplied 41% of Canadian vehicle imports by value, and Canada supplied 17% of U.S. vehicle imports by value.[152] The Canadian auto industry, which includes subsidiaries of U.S.-headquartered automakers, is highly reliant on the U.S. auto market—in 2023, 94% of Canadian auto exports by value went to the United States.[153] For this reason, some Canadian auto industry groups prioritize maintaining integration with the U.S. economy and alignment with U.S. policies and regulations.[154]

Several key issues related to the North American auto industry such as USMCA automotive rules of origin and automotive imports and investments from China are discussed below. The 119th Congress has an oversight role over the implementation of USMCA and may monitor

[147] Agreement between the United States of America, the United Mexican States, and Canada (USMCA), Article 34.7.

[148] See, for example, Simon Lester, *A New Chapter in Trade: Preparing for the Landmark Review of the USMCA*, Rice University's Baker Institute for Public Policy, June 14, 2024.

[149] Government of Canada, Global Affairs Canada, "Public consultations on Canada-United States-Mexico Agreement commence," August 21, 2024.

[150] See CRS In Focus IF10997, *U.S.-Mexico-Canada (USMCA) Trade Agreement*.

[151] BEA, "Table 1.5. U.S. International Trade in Goods and Services by Area and Country," December 18, 2024.

[152] Harmonized System (HS) code 8703. CRS analysis of data from the U.S. Census Bureau, and data from Government of Canada, Statistics Canada, as presented by *Trade Data Monitor*, accessed December 2024.

[153] HS code 8703. CRS analysis of data from Government of Canada, Statistics Canada, as presented by *Trade Data Monitor*, accessed December 2024.

[154] Canadian Vehicle Manufacturers' Association, "CVMA Statement on Securing the Automotive Supply Chain," press release, September 25, 2023.

developments related to these issues—including through the USMCA joint review—and assess their implications for the U.S. and North American automotive industry as well as broader U.S.-Canada relations.

Rules of Origin

NAFTA established rules for duty-free automotive trade in North America (referred to as *rules of origin*), and USMCA tightened these rules.[155] The automotive rules of origin were an area of contention among and within the United States, Canada, and Mexico during USMCA negotiations. During the implementation phase, the three parties have disagreed over the interpretation of the rules. Mexico and Canada challenged the U.S. interpretation of North American content requirements related to the automotive rules of origin under USMCA's Chapter 31 state-state dispute settlement mechanism. The United States argued for a stricter approach to calculating North American content, particularly related to core parts (e.g., engines, transmissions). Mexico and Canada argued for a more flexible interpretation that would help North American producers meet the USMCA content requirements.[156] On December 14, 2022, a USMCA panel issued a report ruling in favor of Mexico and Canada's position.[157] The decision cannot be appealed. As of December 2024, the three parties have not reached a resolution. Under USMCA rules, Canada and Mexico could have begun suspending certain benefits to the United States on January 28, 2023, 45 days after the parties received the final report, but they have not done so to date.

The December 2022 USMCA panel decision has provoked mixed reactions from North American stakeholders. Canadian officials and Mexican business groups praised the decision, whereas USTR expressed disappointment, claiming the panel's interpretation could negatively impact the North American auto industry and U.S. jobs.[158] Some U.S. stakeholders, such as labor groups, expressed concerns that the USMCA panel ruling undermines efforts to boost the U.S. auto industry and undercuts workers' confidence in trade agreements.[159] At the same time, some automotive industry groups have criticized the Biden Administration for not complying with the panel's decision in favor of Canada and Mexico's interpretation of the rules of origin, with one group stating that this lack of resolution creates uncertainty as the automotive industry deals with a "regulatory limbo."[160]

Some automotive industry groups have noted that the USMCA rules of origin create additional administrative burdens, and have called for more flexibility.[161] At the same time, some labor groups have called for tighter rules of origin on components related to EVs and autonomous

[155] For more details, see CRS In Focus IF12082, *USMCA: Automotive Rules of Origin*.

[156] Steven Chase, "USMCA Auto-Dispute Ruling Favours Canada, Mexico; Panel's Decision Upholds Regional Content Rules Negotiated in Pact That Succeeded NAFTA," *Globe and Mail*, January 11, 2023.

[157] The USMCA panel report is available at https://ustr.gov/sites/default/files/enforcement/FTA/USMCA%2031/USMCAAutomotive%20ROO.pdf.

[158] Government of Canada, Global Affairs Canada, "Statement by Minister Ng on Canada-United States-Mexico Agreement Dispute on Rules of Origin for Automotive Goods," January 11, 2023; and Alejandro Alegría, "Fallo sobre Reglas de Origen Favorece Institucionalidad del T-MEC: IP," *La Jornada*, January 11, 2023.

[159] United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW), "UAW Statement on the Car-Content Rule Announced by the USTR," press release, January 12, 2023.

[160] Autos Drive America, *Inaction on USMCA Creates Uncertainty for North American Auto Industry*, January 31, 2024.

[161] USTR, *Report to Congress on the Operation of the United States-Mexico-Canada Agreement with Respect to Trade in Automotive Goods*, July 1, 2024, pp. 13-14.

vehicles.[162] Such labor groups have also called for increasing the 2.5% U.S. most-favored-nation (MFN) tariff on passenger vehicles—which the United States applies to vehicles from non-FTA countries—to encourage greater compliance with the USMCA rules of origin.[163] Some observers have noted, for example, that North American auto manufacturers may consider paying the 2.5% tariff less costly than the investment required to bring their supply chains into compliance with USMCA rules of origin.[164]

PRC Automotive Imports and Investments

As of September 27, 2024, China's EV exports to the United States face an additional 100% tariff under Title III of the Trade Act of 1974 (19 U.S.C. §§2411-2420), commonly referred to as "Section 301."[165] The United States also implemented 25% tariffs on EV batteries and critical minerals, with some tariffs going into effect in September 2024 and others scheduled to go into effect in 2026.[166] The Biden Administration cited "extensive subsidies and non-market practices leading to substantial risks of overcapacity" from China and stated that it was implementing tariffs to "protect American manufacturers from China's unfair trade practices."[167]

Some Members of Congress have noted an increase in China's global vehicle exports and expressed concerns that PRC firms may seek to circumvent the Section 301 tariffs on PRC imports by establishing operations in North America.[168] Some observers have noted that imports to the United States from potential PRC operations in Canada or Mexico would be deemed Canadian or Mexican goods and face MFN tariff rates, or be traded duty-free if they meet the USMCA rules of origin).[169] Some labor groups have argued for increasing U.S. MFN tariff rates on vehicles and auto parts to raise the costs of Section 301 tariff circumvention and encourage compliance with USMCA rules of origin; such groups have also commented that the USMCA partners may need to consider how to address imports of PRC automakers' vehicles exported from third countries (not coming from China).[170]

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[162] UAW, "UAW's Public Comment on Operation of the United States-Mexico-Canada Agreement with Respect to Trade in Automotive Goods," January 17, 2024, https://www.regulations.gov/comment/USTR-2023-0013-0013, and Unifor, "A Better Deal for Canada: Fixing the Flaws in North American Trade, Submission to Government of Canada Consultations on the Operation of the Canada-United States-Mexico Agreement (CUSMA)," October 31, 2024.

[163] See definition of most-favored nation (MFN) tariff at https://www.wto.org/english/thewto_e/glossary_e/mfn_tariff_e.htm.

[164] See, for example, William Alan Reinsch, *USMCA Automotive Rules of Origin: Economic impacts, Competitiveness Effects, and Relevance*, Center for Strategic & International Studies, November 4, 2022. The MFN tariff for certain pickup trucks is 25%.

[165] For more on the Section 301 China tariffs, see USTR, "China Section 301-Tariff Actions and Exclusion Process," https://ustr.gov/issue-areas/enforcement/section-301-investigations/tariff-actions. The Section 301 tariff on EVs is in addition to the 2.5% MFN tariff. USTR, "Notice of Modification: China's Acts, Policies and Practices Related to Technology Transfer, Intellectual Property and Innovation," 89 *Federal Register* 76581, September 18, 2024.

[166] Ibid.

[167] White House, "FACT SHEET: President Biden Takes Action to Protect American Workers and Businesses from China's Unfair Trade Practices," May 14, 2024.

[168] See, for example, Sen. Marco Rubio, "Rubio Introduces Bills to Prevent China from Flooding U.S. Auto Markets," press release, March 5, 2024; and Letter from Rep. Mike Gallagher and Rep. Raja Krishnamoorthi et al. to USTR Katherine Tai, November 7, 2023.

[169] USTR, *Report to Congress on the Operation of the United States-Mexico-Canada Agreement with Respect to Trade in Automotive Goods*, July 1, 2024, pp. 25-26, and Alliance for American Manufacturing, *On a Collision Course: China's Existential Threat to America's Auto Industry and Its Route Through Mexico*, February 20, 2024.

[170] USTR, *Report to Congress on the Operation of the United States-Mexico-Canada Agreement with Respect to Trade in Automotive Goods*, July 1, 2024, pp. 25-26.

Canadian Members of Parliament and other Canadian stakeholders have expressed concerns about being viewed as a "backdoor" for PRC imports and have urged alignment with U.S. policies related to tariffs and bans of imported goods involving forced labor.[171] In 2023, Canada imported $2 billion worth of vehicles—mostly EVs—from China; this represented a 317% increase from 2022 ($473 million) and a 1,775% increase from 2018 ($105 million).[172]

In August 2024, Canada announced its intention to impose tariffs on PRC EV imports. In September 2024, in what some observers have described as retaliation for Canada's actions, China's Ministry of Commerce announced that it would initiate an anti-dumping investigation into imports of Canadian canola seed.[173] On October 1, 2024, Canada imposed an additional 100% tariff on EV imports from China (on top of Canada's 6.1% MFN tariff on passenger vehicles) under Section 53 of its Customs Tariff.[174] From September 10 to October 10, 2024, the Canadian government also held a separate consultation on potential tariffs in "critical manufacturing sector" items, such as EV batteries, semiconductor-related goods, solar products, and critical minerals.[175] As of October 1, 2024, federal incentives Canada extended for zero-emission vehicles were limited to vehicles manufactured in a country with which it has an FTA.[176]

Some stakeholders, including Biden Administration officials, promote deliberating a coordinated North American approach to PRC imports and investments through the USMCA joint review.[177]

Critical Minerals and EV Battery Supply Chains

Critical minerals are used in goods related to defense, clean energy (e.g., EVs), and other strategic sectors. Some analysts have expressed concerns about a high risk for potential disruptions to critical mineral supply chains because current critical mineral mining and processing is concentrated in a small number of countries, notably China.[178] Such analysts have commented that this challenge could become more acute as demand for critical minerals grows due to the global transition toward clean technologies.

Canada has reserves and production of various critical minerals and materials—including cobalt, copper, graphite, lithium, and nickel.[179] According to Canada's critical minerals strategy document, the country is seeking to increase production of critical minerals and to develop commercial production of reserves, such as rare earth elements.[180] The strategy also discusses Canada's goals to develop other supply chain capabilities, such as processing and recycling of

[171] See, for example, Parliament of Canada, House of Commons of Canada, Standing Committee on International Trade, *2026 CUSMA Review*, hearing, 44th Parl., 1st sess., May 30, 2024.

[172] HS code 8703. CRS analysis of data from Government of Canada, Statistics Canada, as presented by *Trade Data Monitor*, accessed December 2024.

[173] Canola Council of Canada, "Trade with China," https://www.canolacouncil.org/china-update/. According to the Canola Council of Canada, China is the second-largest export market for Canadian canola.

[174] "China Surtax Order (2024): SOR/2024-187," *Canada Gazette*, Part II, vol. 158, no. 21, SOR/2024-187, September 20, 2024.

[175] Government of Canada, Department of Finance Canada, "Consultations on Potential Surtaxes in Response to Unfair Chinese Trade Practices in Critical Manufacturing Sectors," updated September 10, 2024.

[176] Government of Canada, Transport Canada, "Incentives for Zero-Emission Vehicles (iZEV)," updated July 5, 2024.

[177] Tracy Alloway and Joe Weisenthal, "US Trade Representative Tai Explains the New Way of Trading with China," *Bloomberg*, September 9, 2024; and Margaret Spiegelman, "Tai: Some 'Discomfort' Will Be Key to Successful USMCA Review," *Inside U.S. Trade*, March 6, 2024.

[178] International Energy Agency, *Global Critical Minerals Outlook 2024*, May 2024.

[179] U.S. Geological Survey, "Mineral Commodity Summaries 2024," https://doi.org/10.3133/mcs2024.

[180] Government of Canada, "The Canadian Critical Minerals Strategy," December 2022.

critical minerals. Individual provinces have also released critical minerals strategies.[181] The Canadian government notes some challenges to further mining development, such as complex regulatory and permitting processes, and insufficient investments in land-based, transportation, and energy infrastructure needed to access reserves in remote areas.[182]

In October 2022, Canada updated its guidelines related to foreign investments from state-owned enterprises in critical minerals sectors; Canadian officials stated that "significant transactions by foreign state-owned enterprises in Canada's critical minerals sectors will only be approved as of likely net benefit on an exceptional basis."[183] This action occurred amidst broader concerns about PRC investments in strategic sectors. For example, Congress passed P.L. 117-169, which included revisions to the $7,500 U.S. EV tax credit (discussed below), such as prohibiting EV battery components and critical minerals from "foreign entities of concern," (e.g., PRC state-owned enterprises). In November 2022, the Canadian government ordered the divestiture of several investments in Canadian critical mineral companies by PRC and Hong Kong investors.[184] Some observers have noted that some Canadian mining companies are struggling to attract non-PRC capital and may be moving overseas to avoid Canadian investment regulations.[185]

Some U.S. observers have called for increased cooperation between the United States and allies such as Canada on mining regulations and investments.[186] The United States and Canada are engaged in cooperative efforts related to critical minerals through several bilateral and multilateral fora. Canada is a member of the U.S.-initiated Minerals Security Partnership, which brings various countries and private sector stakeholders together to discuss critical minerals project investments and standards.[187] Under the Trump Administration, Canada and the United States also launched a bilateral Joint Action Plan on Critical Minerals Collaboration to increase information and data sharing, promote private sector engagement, coordinate on research and development, and collaborate in multilateral fora.[188]

Congress has taken some actions to deepen U.S.-Canadian cooperation on critical minerals. During the 117th Congress, for example, Congress enacted legislation (P.L. 117-169, commonly referred to as the Inflation Reduction Act (IRA)), which addressed Canadian concerns about proposed U.S. content and assembly requirements for EV tax credits.[189] The law included North American assembly requirements for vehicles and batteries, rather than U.S.-specific

[181] See, for example, the Government of Quebec, "Québec Plan for the Development of Critical and Strategic Minerals," https://www.quebec.ca/en/government/policies-orientations/quebec-plan-development-critical-strategic-minerals, updated June 3, 2024.

[182] Government of Canada, "The Canadian Critical Minerals Strategy," December 2022.

[183] Government of Canada, "Policy Regarding Foreign Investments from State-Owned Enterprises in Critical Minerals under the Investment Canada Act," updated June 26, 2024; and Innovation, Science and Economic Development Canada, "Canada Strengthens Guidelines to Protect Critical Minerals Sectors from Foreign State-Owned Enterprises," October 28, 2022.

[184] Government of Canada, Innovation, Science and Economic Development Canada, "Government of Canada Orders the Divestiture of Investments by Foreign Companies in Canadian Critical Minerals Companies," November 2, 2022.

[185] See, for example, Niall McGee, "Navigating 'The Valley of Death': Why Canada's Emerging Critical Minerals Miners Are Struggling to Survive and What Can Be Done About It," *Globe and Mail*, November 22, 2024.

[186] Joseph Bouchard, "Canadian Miners Need Capital – but Only China Is Stepping Up," *The Diplomat*, March 25, 2024.

[187] U.S. Department of State, "Minerals Security Partnership," June 14, 2022.

[188] White House, *U.S.-Canada/Canada-U.S. Supply Chains Progress Report*, June 2022; and Government of Canada, Natural Resources Canada, "Canada and U.S. Finalize Joint Action Plan on Critical Minerals Collaboration," press release, January 9, 2020.

[189] Alexander Panetta, "Trudeau Arrives in U.S. with Last-Minute Warning for Democrats About Electric Vehicle Tax Credit," *CBC News*, November 17, 2021.

requirements, which Canadian officials publicly asserted would have had negative economic impacts on Canada and the integrated North American auto sector.[190] The EV tax credit (26 U.S.C. §30D) also requires that a certain percentage of critical minerals in an EV battery be sourced from the United States (or in an FTA partner country, such as Canada) or recycled in North America.[191] U.S. policymakers crafted such IRA provisions in part reflecting concerns over U.S. dependence on PRC supply chains.[192]

The Canadian federal government and provincial governments have been actively supporting EV supply chain investments. According to analysis by the Office of the Parliamentary Budget Officer, from October 8, 2020 to April 25, 2024, a total of C$46.1 billion ($33.9 billion) in investments across the EV supply chain were announced, with up to C$52.5 billion ($38.6 billion) in estimated federal and provincial government support.[193]

The U.S. and Canadian governments have also co-invested in some critical minerals projects. In May 2024, for example, the U.S. Department of Defense announced $14.7 million in funding under Title III of the Defense Production Act (50 U.S.C. §§4501 et seq.) to two Canadian companies operating in Canada to "build resilience" in cobalt and graphite supply chains.[194] The Canadian government awarded the companies $9.2 million in additional funding.[195] The U.S. and Canadian governments have also announced co-investments related to the production of cobalt sulfate and active materials for lithium iron phosphate cathodes as well as tungsten mining.[196]

Some observers have commented that the USMCA joint review may be an opportunity to further discussions about North American collaboration on critical minerals and clean energy supply chains.[197] As noted above, Congress has an oversight role in the joint review process and may consider whether to prioritize critical minerals supply chain collaboration as part of the review.

Digital Services

The United States is home to several of the world's largest digital services providers. The Canadian government has passed several bills that tax, mandate payments from, and/or regulate such digital services companies. As described below, some Members of Congress and business groups have argued that these laws disadvantage and/or target U.S. companies and could

[190] See, for example, statements by Mary Ng, then-Canadian Minister of International Trade, Export Promotion, Small Business and Economic Development, as quoted in Steven Chase, "Threat to Canadian Electric Vehicle Industry Dissipates with U.S. Senate Deal," *Globe and Mail*, July 28, 2022.

[191] For more information, see CRS In Focus IF12517, *U.S.-Japan Critical Minerals Agreement*; and CRS In Focus IF12600, *Clean Vehicle Tax Credits*.

[192] See, for example, Senate Majority Leader Chuck Schumer, "Summary of the Energy Security and Climate Change Investments in the Inflation Reduction Act of 2022," July 27, 2022; and Morgan D. Bazilian and Gregory Brew, "The Inflation Reduction Act Is the Start of Reclaiming Critical Mineral Chains," *Foreign Policy*, September 16, 2022.

[193] Jill Giswold, "Tallying Government Support for EV Investment in Canada," Government of Canada, Office of the Parliamentary Budget Officer, June 18, 2024.

[194] U.S. Department of Defense (DOD), "Department of Defense Awards $14.7 Million to Enhance North American Cobalt and Graphite Supply Chain," press release, May 16, 2024. For more information on the Defense Production Act, see CRS Report R43767, *The Defense Production Act of 1950: History, Authorities, and Considerations for Congress*.

[195] Ibid.

[196] DOD, "Department of Defense Awards $20 Million to Establish Sustainable Cobalt Sulfate Production for Large Capacity Battery Supply Chain," press release, August 19, 2024; DOD, "Department of Defense Awards $12.9 Million to Increase Production of Active Materials for Lithium Iron Phosphate Cathodes," press release, September 26, 2024; and DOD, "Department of Defense Makes Investment to Strengthen the Tungsten Supply Chain," December 13, 2024.

[197] See, for example, C.J. Mahoney and Peter Harrell, *Toward a Cleaner, Smarter USMCA*, Carnegie Endowment for International Peace, December 17, 2024.

potentially violate USMCA rules. Conservative Leader Poilievre has stated that he would repeal some of these measures if Conservatives take power in the next federal election.[198]

Digital Services Tax

In June 2024, the Canadian government enacted Bill C-59, which included a 3% digital services tax (DST)—retroactive to January 1, 2024—on certain revenue of large digital services providers. Digital services providers are required to register with the Canadian Revenue Agency by January 31, 2025, and to make their first tax payments by June 30, 2025.[199]

The Canadian government first proposed draft DST legislation (the Digital Services Tax Act) in February 2022. In background materials about the act, the Department of Finance Canada (Finance Canada) stated that the government had a "strong preference for a multilateral approach to addressing the tax challenges arising from today's digital economy," and that the DST was proposed as an "interim measure, to apply until an acceptable multilateral approach comes into effect."[200]

In October 2021, members of the Organisation for Economic Co-operation and Development/Group of 20 (OECD/G20) Inclusive Framework, including the United States and Canada, agreed on a plan to update the global tax system to address profit shifting and develop an international digital tax framework.[201] Finance Canada noted that the government would not impose a DST before January 1, 2024, and would impose it only if the digital services portion of the international tax reform plan agreed to by the OECD/G20 Inclusive Framework had not come into force.[202] In July 2023, 138 out of 145 Framework members agreed to hold off on imposing DSTs until at least 2025 to allow for additional negotiations; Canada objected, stating that it would not support a DST moratorium without a "firm and binding" timeline for Framework implementation.[203]

In its 2024 report on foreign trade barriers, USTR expressed concerns that the DST would create "the possibility of significant retroactive tax liabilities with immediate consequences for U.S. companies."[204] In August 2024, USTR requested consultations with Canada under USMCA to discuss the DST and said the United States would continue its efforts to reach a multilateral agreement through the OECD/G20 framework.[205] If the United States and Canada are unable to

[198] Marie Woolf, "Poilievre Pledges to Repeal Online Streaming Bill, Says It Gives Power to 'Woke' Agency," *Globe and Mail*, March 9, 2023; and Richard Raycraft, "New Law Requiring Facebook, Google to Pay for News Draws Praise, Criticism," *CBC News*, June 23, 2023.

[199] Parliament of Canada, Bill C-59, 44th Parl., 1st sess., https://www.parl.ca/legisinfo/en/bill/44-1/c-59. For more details, see CRS Insight IN12399, *Canada's Digital Services Tax Act: Issues Facing Congress*, by Kyla H. Kitamura and Danielle M. Trachtenberg.

[200] Government of Canada, Department of Finance Canada, "Digital Services Tax Act," February 14, 2022.

[201] For more on the OECD/G20 Framework, see CRS Report R47988, *The OECD/G20 Pillar 1 and Digital Services Taxes: A Comparison*.

[202] Government of Canada, Department of Finance Canada, "Digital Services Tax Act," February 14, 2022.

[203] Organisation for Economic Co-operation and Development, "138 Countries and Jurisdictions Agree Historic Milestone to Implement Global Tax Deal," press release, July 12, 2023; and Deputy Prime Minister of Canada Chrystia Freeland, "Statement by the Deputy Prime Minister on International Tax Reform Negotiations," press release, July 12, 2023.

[204] USTR, *2024 National Trade Estimate Report on Foreign Trade Barriers*, March 29, 2024, p. 46.

[205] USTR, "United States Requests USMCA Dispute Settlement Consultations on Canada's Digital Services Tax," press release, August 30, 2024.

reach a solution through consultations, the United States can request a USMCA dispute settlement panel.

In the past, USTR has stated that it would "examine all options" for addressing a potential Canadian DST, including mechanisms under existing trade agreements and domestic statutes.[206] Prior to the OECD/G20 Framework agreement, USTR initiated Section 301 investigations into various countries' DSTs.[207] USTR found DSTs in several countries to be discriminatory and announced it would impose retaliatory tariffs. Negotiations followed the announcement, during which these tariffs were suspended prior to implementation. After the talks concluded, several countries agreed to apply U.S. companies' DST liabilities toward future taxes accrued under the OECD/G20 agreement; in exchange, the United States agreed to terminate suspended Section 301 duties.[208] The agreements with most countries were extended through June 30, 2024.[209] To date, there have been no updates or extensions of the DST agreements.

In hearings and letters about Canada's DST, some Members of Congress have urged USTR to "continue reviewing all available options," including a Section 301 investigation.[210] Some Canadian industry groups have expressed concerns about the DST's potential negative impacts on U.S.-Canada trade relations, particularly ahead of the USMCA joint review.[211] Canada's Office of the Parliamentary Budget Officer estimated that a DST would increase Canadian government revenues by C$7.2 billion (about $5.3 billion) from FY2023 through FY2027.[212]

Online Streaming Act

The Canadian Radio-Television and Telecommunications Commission (CRTC) regulates Canadian content requirements for Canadian radio and television. The CRTC formally established its first Canadian content requirements in 1971 (for AM radio) amid concerns that Canadian culture would be dominated by cultural imports, particularly from the United States.[213] The CRTC requires television and radio companies operating in Canada to fund and broadcast a certain percentage of Canadian content. The Online Streaming Act (Bill C-11), which became law in April 2023, amended Canada's Broadcasting Act to give the CRTC the power to regulate entities

[206] USTR, "USTR Opposes Canada's Digital Services Tax Act Proposal," press release, February 22, 2022.

[207] For more details, see CRS In Focus IF11564, *Section 301 Investigations: Foreign Digital Services Taxes (DSTs)*.

[208] USTR, "USTR Welcomes Agreement with Austria, France, Italy, Spain, and the United Kingdom on Digital Services Taxes," press release, October 21, 2021; and USTR, "USTR Welcomes Agreement with India on Digital Services Taxes," press release, November 24, 2021.

[209] USTR, "The United States, Austria, France, Italy, Spain, and the United Kingdom Announce Extension of Agreement on the Transition from Existing Digital Services Taxes to New Multilateral Solution Agreed by the G20/OECD Inclusive Framework," press release, February 15, 2024.

[210] See, for example, Letter from Rep. Dan Kildee and Rep. Bill Huizenga to Treasury Secretary Janet Yellen, Secretary of State Antony Blinken, USTR Katherine Tai, and National Economic Council Director Lael Brainard, October 1, 2024; U.S. Congress, House Ways and Means Committee, Trade Subcommittee, *Trade Subcommittee Hearing on Protecting American Innovation by Establishing and Enforcing Strong Digital Trade Rules*, 118th Cong., 2nd sess., September 20, 2024; and Brett Fortnam, "Ways & Means Members Take Aim at Foreign Digital Trade Policies," *Inside U.S. Trade*, September 20, 2024.

[211] Business Council of Canada, "Unilateral Digital Service Tax Risks Retaliatory Action from the United States," press release, July 3, 2024; and Canadian Chamber of Commerce, "Canadian Chamber Statement on the Imminent Implementation of the Digital Services Tax (DST)," press release, July 4, 2024.

[212] Diarra Sourang, *Digital Services Tax*, Government of Canada, Office of the Parliamentary Budget Officer, October 17, 2023.

[213] Eric Spalding, "Turning Point: The Origins of Canadian Content Requirements for Commercial Radio," *Journal of Canadian Studies*, vol. 50, no. 3 (August 22, 2017).

that broadcast through social media (e.g., Meta) or online streaming services (e.g., Netflix, YouTube), including enforcing rules related to Canadian content.[214]

The Canadian government argued that the growing importance of streaming platforms necessitated the Online Streaming Act and that it would increase funding for the production of Canadian content.[215] Some observers have claimed that the definition of Canadian content is overly narrow and argue that the current definition must be broadened and modernized.[216] From November 2024 to January 2025, the CRTC is holding public consultations on the definition of Canadian content for television and online streaming services.[217]

In June 2024, the CRTC released proposed regulations related to the Online Streaming Act and announced that it will require online streaming services with annual revenues of C$25 million ($18.4 million) or more to contribute toward or directly fund Canadian content.[218] The CRTC issued final regulations on August 29, 2024.[219] The funding requirement is in place for the 2024-2025 broadcast year, with the first substantive contributions due by August 31, 2025.[220]

Several U.S.-based companies have challenged the act in Canadian courts. Canadian officials maintain that the Online Streaming Act is consistent with Canada's international trade obligations.[221] U.S. industry groups have criticized the fund contribution requirement as discriminatory toward foreign firms (who cannot draw upon the fund), while some Canadian observers note that funding requirements apply to companies in Canada regardless of nationality.[222] Some Members of Congress posit that Canada will apply Canadian content quotas to online streaming services under the Online Streaming Act, which such Members argue would discriminate against U.S. content and negatively impact consumers.[223] Such Members also argue that rules that condition access to the Canadian market on "making financial contributions into certain government-linked funds intended for the [Canadian] domestic music industry" may violate USMCA rules related to digital trade.[224]

Under USMCA, Canada is allowed to adopt or maintain measures related to a "cultural industry" that would be otherwise inconsistent under the agreement. The other Parties are allowed to take "a measure of equivalent commercial effect" in response; disputes related to the response must be

[214] Parliament of Canada, Bill C-11, 44th Parl., 1st sess., https://www.parl.ca/LegisInfo/en/bill/44-1/c-11.

[215] Government of Canada, Canadian Heritage, "Questions & Answers on the Online Streaming Act," updated March 21, 2023.

[216] Marie Woolf, "Streamers May Be Required to Feature More Cancon. But What Should Qualify as Canadian?," *The Canadian Press*, April 11, 2022.

[217] Government of Canada, Canadian Radio-Television and Telecommunications Commission (CRTC), "CRTC Consults on Definition of Canadian Content and Flexible Approach for Radio," November 15, 2024.

[218] CRTC, "Broadcasting Regulatory Policy CRTC 2024-121, The Path Forward – Supporting Canadian and Indigenous Content Through Base Contributions," June 4, 2024.

[219] CRTC, "Broadcasting Regulatory Policy CRTC 2024-121-1 and Broadcasting Order CRTC 2024-194, The Path Forward – Supporting Canadian and Indigenous Content Through Base Contributions – Finalization of Conditions of Service," August 29, 2024.

[220] Ibid.

[221] Anja Karadeglija, "Online News, Streaming Bills in Line with Trade Obligations, Ng Says After U.S. Criticism," *National Post*, December 22, 2022.

[222] Computer & Communications Industry Association, "CCIA Responds to Regulatory Requirement to Fund Canadian Content," press release, June 4, 2024 and Oliver Ward, "U.S. Streaming Giants to Face Five Percent Levy on Canadian Sales, Says Regulator," *Inside U.S. Trade*, June 4, 2024.

[223] See, for example, Letter from Rep. Lloyd Smucker and Rep. Linda Sánchez, to USTR Katherine Tai, May 16, 2024.

[224] Ibid.

settled under USMCA.[225] In its 2024 report on foreign trade barriers, USTR mentioned the Online Streaming Act and noted that the United States will "closely monitor the implementation of the Act and any USMCA implications."[226] Some Canadian observers have expressed concerns that the Online Streaming Act could negatively impact U.S.-Canada relations ahead of the USMCA joint review and could spark U.S. retaliation.[227]

Online News Act

The Online News Act (Bill C-18)—which became law in June 2023 and went into effect on December 19, 2023—allows Canadian news outlets to collectively bargain with digital platforms (e.g., Google, Meta) regarding the use of their news content.[228] The act also establishes a mandatory arbitration framework in the event that digital platforms and news outlets cannot reach an agreement. The Canadian government states that the act will ensure that "dominant platforms compensate news businesses when their content is made available on their services," noting that news outlets have seen declining advertising revenue as more Canadians read news online.[229] As additional context for the act, the Canadian government noted news outlets' "vital role in maintaining a healthy democracy."[230] The Canadian government published implementing regulations for the act on December 15, 2023.[231]

Some U.S. digital platforms have pushed back against the Online News Act, which one U.S. company claimed created a "flawed and unfair regulatory environment." Such platforms have responded to the act by ending the availability of news content through their platforms in Canada.[232] Other U.S. digital platforms have engaged with the Canadian government to discuss their concerns, negotiated annual payouts to Canadian news outlets, and requested exemptions from the mandatory arbitration framework. After a public consultation process, the CRTC granted its first exemption to Google under the Online News Act in October 2024.[233]

Canadian officials claim that the Online News Act is consistent with Canada's international trade obligations.[234] Some Members of Congress introduced legislation during the 118th Congress (e.g., S. 1094) similar to the Online News Act. Other Members have expressed concerns that the Online News Act may unfairly target U.S. companies and violate USMCA.[235]

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[225] Agreement between the United States of America, the United Mexican States, and Canada (USMCA), Article 32.6.

[226] USTR, *2024 National Trade Estimate Report on Foreign Trade Barriers*, March 29, 2024, p. 46.

[227] Kyle Duggan, "Canada's Digital Policies Are an Easy Target for Next White House, Trade Expert Warns," *Politico Pro*, October 9, 2024.

[228] Parliament of Canada, Bill C-18, 44th Parl., 1st sess., https://www.parl.ca/legisinfo/en/bill/44-1/c-18.

[229] Government of Canada, Canadian Heritage, "The Online News Act," updated April 15, 2024.

[230] Ibid.

[231] "Online News Act Application and Exemption Regulations," *Canada Gazette*, Part II, vol. 158, no. 1, SOR/2023-276, December 15, 2023.

[232] Meta, "Meta's Position on Canada's Online News Act," May 8, 2023; Meta, "News Regulations," updated September 3, 2024.

[233] Google submitted an exemption request after agreeing to pay news outlets C$100 million ($73.5 million) annually, to be distributed by the Canadian Journalism Collective-Collectif Canadien de Journalisme. Per the agreement, Google is to pay its contribution within 60 days of the CRTC's exemption order decision. Google, "How We're Moving Forward with the Canadian News Ecosystem," June 7, 2024; and CRTC, "Online News Decision CRTC 2024-262, Exemption Order from the Online News Act Granted to Google," October 28, 2024.

[234] Anja Karadeglija, "Online News, Streaming Bills in Line with Trade Obligations, Ng Says After U.S. Criticism," *National Post*, December 22, 2022.

[235] See, for example, Letter from Sen. Ron Wyden, chairman, Committee on Finance, and Sen. Michael Crapo, Ranking Member, Committee on Finance, to USTR Katherine Tai, January 26, 2023.

Canadian Dairy Tariff-Rate Quotas and Supply Management System

Under USMCA, Canada committed to provide greater access for U.S. dairy exports through 14 U.S.-specific tariff-rate quotas (TRQs), which allow specified quantities to be imported into Canada at preferential duty rates.[236] Canada supports its dairy, poultry, and egg sectors by limiting production, setting prices, and restricting imports ("supply management").[237] U.S. stakeholders, including some Members of Congress, have argued that Canada is not providing the U.S. dairy industry with "fair" market access, in violation of its USMCA commitments.[238]

USTR has challenged Canada's dairy TRQs twice under USMCA's Chapter 31 state-state dispute settlement mechanism. USTR sought its first consultation regarding Canada's dairy TRQs in December 2020. In December 2021, a USMCA dispute settlement panel found Canada's practice of reserving TRQ pools exclusively for the use of domestic processors and further processors to be inconsistent with Canada's USMCA commitments.[239] The panel did not make a ruling regarding other issues raised by the United States. USTR requested a second USMCA panel after contending that Canadian revisions to the dairy TRQ system in response to the 2021 USMCA panel ruling remained inconsistent with Canada's USMCA obligations.[240] In November 2023, a USMCA panel ruled in favor of Canada.[241] U.S. officials and some Members of Congress expressed disappointment in the decision.[242] Some Canadian officials have stated that the USMCA panel reports "expressly [recognize] the legitimacy of Canada's supply management system," and that Canada will "continue to preserve and defend Canada's supply management system."[243]

Some U.S. dairy groups and Members of Congress have called on USTR to "leverage all available tools" during the 2026 USMCA review to address U.S. concerns about access to the Canadian dairy market.[244] At the same time, other Members have called on USTR to pursue new U.S. dairy market access opportunities elsewhere.[245]

[236] For more information on United States-Mexico-Canada Agreement (USMCA) dairy provisions, see CRS In Focus IF11149, *Dairy Provisions in USMCA*.

[237] Khamla Heminthavong, *Canada's Supply Management System*, Parliament of Canada, Library of Parliament, November 30, 2018.

[238] See, for example, Letter from Rep. Mike Bost and Rep. Jim Costa et al. to USTR Katherine Tai and Agriculture Secretary Tom Vilsack, December 14, 2023.

[239] Final Panel Report on Canada-United States-Mexico Agreement, Arbitral Panel Established Pursuant to Article 31, Canada-Dairy TRQ Allocation Measures (CDA-USA-2021-31-010), December 20, 2021.

[240] USTR, "United States Establishes Second USMCA Dispute Panel on Canadian Dairy Tariff-Rate Quota Policies," press release, January 31, 2023.

[241] See Final Report on Agreement between the United States of America, the United Mexican States, and Canada; Panel Established Pursuant to Article 31.6; Canada-Dairy Tariff-rate Quota Allocation Measures 2023 (CDA-USA-2023-31-01), November 10, 2023.

[242] USTR, "WHAT THEY ARE SAYING: USMCA Dairy Ruling," press release, November 27, 2023.

[243] Government of Canada, Global Affairs Canada, "Minister Ng and Minister Bibeau Welcome Canada-United States-Mexico Agreement Dispute Settlement Panel Report on Dairy Tariff Rate Quotas," press release, January 4, 2022; and Global Affairs Canada, "Canada Welcomes CUSMA Dispute Settlement Panel Findings on Dairy Tariff Rate Quotas," press release, November 24, 2023.

[244] Comments to USTR from the U.S. Dairy Export Council and National Milk Producers Federation, *Comments Regarding Foreign Trade Barriers to U.S. Exports for 2024 Reporting*, October 17, 2024; and Letter from Rep. Mike Bost and Rep. Jim Costa et al. to USTR Katherine Tai and Agriculture Secretary Tom Vilsack, December 14, 2023.

[245] Letter from Rep. Derrick Van Orden et al. to USTR Katherine Tai and Agriculture Secretary Thomas Vilsack, December 7, 2023.

The Canadian Parliament is considering a bill that would prevent Canadian trade negotiators from making concessions related to Canada's supply management system (Bill C-282).[246] Supporters of Bill C-282 and the supply management system have criticized market access concessions in recent Canadian trade agreements, and argue that Canada's supply management system provides price stability for Canadian producers and preserves Canada's food security.[247] Critics of the bill argue that an inability to make concessions would constrain Canada's negotiating position and potentially antagonize the United States ahead of the USMCA review.[248] Some observers criticize the supply management system overall as protectionist and regressive, leading to high prices for Canadian consumers.[249]

The Canadian Senate passed an amendment to Bill C-282; the amendment states that Bill C-282 would not apply to existing agreements, ongoing trade negotiations, or the renegotiation of existing agreements.[250] Members may consider how, if passed, Bill C-282 might impact potential future discussions on U.S. access to the Canadian dairy market.

Congress may also consider whether concerns about access to the Canadian dairy market should be raised during the USMCA joint review.

Softwood Lumber

Trade in softwood lumber—primarily used in residential construction, remodeling, and repair—historically has been one of the most controversial and enduring disputes in the U.S.-Canada trade relationship.[251] Canada has filed legal challenges against these duties under NAFTA, USMCA, the World Trade Organization (WTO), and the Court of International Trade. Until October 2015, the 2006 Softwood Lumber Agreement governed U.S.-Canada softwood lumber trade. Since the agreement's expiration, the United States has imposed antidumping (AD) and countervailing duties (CVD) on imports of Canadian softwood lumber. Currently, there are no formal negotiations regarding a new softwood lumber agreement. Although U.S. and Canadian officials have expressed interest in reaching a new agreement, each side asserts that the other is unwilling to negotiate.[252]

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[246] Parliament of Canada, Bill C-282, 44th Parl., 1st sess., https://www.parl.ca/legisinfo/en/bill/44-1/c-282.

[247] See, for example, a 2024 joint editorial by several Canadian dairy, poultry, and egg associations, Chicken Farmers of Canada, "Don't Be Fooled by Flashy Headlines. Supply Management Delivers on Food Security," https://www.chickenfarmers.ca/media-room/dont-be-fooled-by-flashy-headlines-supply-management-delivers-on-food-security/; Canadian Federation of Agriculture, "CFA Supports Bill C-282," press release, February 8, 2023; and Canadian Sen. Amina Gerba, "Bill C-282 Will Protect Canada's Supply Management Policy: Senator Gerba," October 17, 2023.

[248] See, for example, Canadian Agri-Food Trade Alliance, "Canadian Agri-Food Producers Launch Campaign Warning of Bill C-282's Threat to Trade," press release, October 30, 2024; Joel Dryden, "Alberta Government 'Deeply Concerned' with Bloc Québécois Supply Management Bill," *CBC News*, October 17, 2024; and Janyce McGregor, "Senators Amend Bloc Québécois Supply Management Bill, Putting It on Path Back to Commons," *CBC News*, November 7, 2024.

[249] See, for example, Sylvain Charlebois, "CHARLEBOIS: Here's Why Bill C-282 Is an Awful Idea," *Toronto Sun*, February 11, 2024; and Jake Fuss and Alex Whalen, "OPINION: Canada Could Lower Grocery Bills by Scrapping Supply Management," *Toronto Sun*, June 25, 2024.

[250] Parliament of Canada, Senate of Canada, Standing Committee on Foreign Affairs and International Trade, *Fifteenth Report: Bill C-282, An Act to Amend the Department of Foreign Affairs, Trade and Development Act (supply management), with amendment and observations*, November 7, 2024.

[251] For additional background on the history of U.S.-Canada softwood lumber disputes, see CRS Report R42789, *Softwood Lumber Imports from Canada: Current Issues*.

[252] Reuters, "U.S. Open to New Lumber Talks with Canada, USTR Tai Says," June 22, 2022; and Parliament of (continued...)

The dispute over softwood lumber revolves around different pricing policies and forest management structures in the two countries. In Canada, about 94% of forests are *crown lands*, owned and administered by the federal and provincial governments; in the United States, about 58% of forests are privately held, with prices set by the market.[253] The Canadian provinces typically allocate timber to producers under tenure agreements, generally long-term (5-25 years), and charge a stumpage fee—a per-unit-of-volume fee charged for the right to harvest the trees. U.S. producers maintain that since the stumpage fee is not determined by market forces, it acts as a subsidy to promote the Canadian industry, sectoral employment, or regional development. Canada denies that its timber management practices constitute a subsidy and maintains that it has a comparative advantage in timber and a more efficient industry than the United States.[254]

Under the 2006 Softwood Lumber Agreement, which expired in October 2015, the United States agreed to allow unlimited imports of Canadian timber when market prices remained above a specified level; when prices fell below that level, Canada imposed export taxes and/or quotas. Under the agreement, the United States returned about $4 billion that was collected from the duties to the importers of record. The remaining deposits were split evenly between the U.S. lumber industry and jointly agreed-upon initiatives. The parties agreed to terminate or dismiss all active international and domestic court claims. The agreement also precluded new cases, investigations and petitions, and actions to circumvent the commitments in the agreement and established a third-party arbitration system to handle any disputes under the agreement.

Following a one-year cooling-off period after the agreement's expiration, in November 2016, a coalition of U.S. lumber producers petitioned the U.S. Department of Commerce's International Trade Administration (ITA) and the U.S. International Trade Commission (USITC) to initiate AD/CVD proceedings against Canadian softwood lumber imports.[255] In 2017, after the U.S. and Canadian governments failed to reach a negotiated settlement, the Commerce Department began collecting estimated duties for 2015 imports, with AD/CVD rates varying depending on the firm.[256] ITA issued final determinations in November 2017, but, after some Canadian softwood lumber producers disputed the calculations, ITA revised the final AD/CVD rates—the dumping margin (AD) was assessed at 3.20%-7.28% and the subsidy rate (CVD) was assessed at 3.34%-17.99%.[257]

The Canadian government maintains that U.S. duties on Canadian softwood lumber are "unjustified" and "act as a tax on American consumers, increasing building costs at a time of

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Canada, House of Commons of Canada, Standing Committee on International Trade, *U.S. Countervailing and Antidumping Duties on Canadian Exports of Certain Softwood Lumber Products*, hearing, 44th Parl., 1st sess., May 11, 2023.

[253] Government of Canada, Natural Resources Canada, "Forest Land Ownership," June 29, 2020; and U.S. Department of Agriculture, Forest Service, "Table 2–Forest and Woodlands Area in the United States by Ownership, Region, Subregion, and State, 2017," *Forest Resources of the United States, 2017*, GTR WO-97, March 2019.

[254] U.S. Department of Commerce, *Softwood Lumber Subsidies Report to the Congress*, June 2020.

[255] U.S. Department of Commerce, International Trade Administration (ITA), "Certain Softwood Lumber Products From Canada: Initiation of Countervailing Duty Investigation," 81 *Federal Register* 93897, December 22, 2016; and ITA, "Certain Softwood Lumber Products from Canada: Initiation of Less-Than-Fair-Value Investigation," 81 *Federal Register* 93892, December 22, 2016. For more information on the antidumping/countervailing duties process, see CRS In Focus IF10018, *Trade Remedies: Antidumping and Countervailing Duties*.

[256] U.S. Department of Commerce, "U.S. Department of Commerce Finds Dumping and Subsidization of Imports of Softwood Lumber from Canada," press release, November 2, 2017.

[257] ITA, "Certain Softwood Lumber Products From Canada: Antidumping Duty Order and Partial Amended Final Determination," 83 *Federal Register* 350, January 3, 2018; and ITA, "Certain Softwood Lumber Products From Canada: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order," 83 *Federal Register* 347, January 3, 2018.

surging inflation."[258] U.S. homebuilders—major consumers of softwood lumber—have criticized the tariffs, arguing that they contribute to price volatility and increased housing costs.[259] USTR has repeatedly stated that Canada must create a level playing field for U.S. producers. U.S. lumber producers have celebrated the "continued enforcement of U.S. trade laws" to maximize long-term U.S. production and create a level playing field.[260] Such producers have argued that the United States does not need Canadian lumber imports to supply U.S. home construction, and that maintaining a level playing field is needed to "retain production and availability of lumber produced by U.S. workers to build U.S. homes."[261]

ITA undertakes an annual administrative review of the AD/CVD orders, during which it adjusts the duty rates. To date, ITA has completed five administrative reviews covering imports from April 2017-December 2022.[262] For the fifth administration review covering 2022, ITA assessed the dumping margin for AD duties at 5.04%-10.44% and the CVD subsidy rate at 3.88%-9.61%.[263] The Canadian government stated that it was "extremely disappointed the U.S. Department of Commerce has significantly increased its unfair and unwarranted duties on softwood lumber from Canada."[264] U.S. lumber producers stated that "Canadian unfair trade practices are making a bad situation worse by accelerating and deepening market downcycles, resulting in today's extreme low lumber prices, forcing U.S. mill closures and layoffs."[265] In March 2024, ITA initiated its sixth administrative review, which will cover calendar year 2023.[266]

As noted above, Canada has filed legal challenges against the U.S. duties on softwood lumber. Panels have issued decisions for a few cases (e.g., the WTO and NAFTA challenges), with results being mixed for Canada and the United States.[267] For the two WTO cases, Canada and the United

[258] Government of Canada, Global Affairs Canada, "Statement by Minister Ng on U.S. Preliminary Duty Rates on Canadian Softwood Lumber," press release, January 24, 2023.

[259] National Association of Home Builders (NAHB), "Statement from NAHB Chairman Jerry Konter on Administration's Refusal to Act on Lumber Tariffs," press release, June 22, 2022.

[260] U.S. Lumber Coalition, "U.S. Lumber Coalition Supports U.S. Department of Commerce's Continued Trade Law Enforcement Against Unfairly Traded and Harmful Canadian Lumber Imports," press release, January 24, 2023.

[261] U.S. Lumber Coalition, "U.S. Department of Commerce Confirms Higher Levels of Harmful Canadian Softwood Lumber Subsidies and Dumping in Fifth Annual Administrative Review," press release, August 13, 2024.

[262] The first administrative review covered April 2017-December 2018. The subsequent administrative reviews cover imports over one calendar year.

[263] ITA, "Certain Softwood Lumber Products From Canada: Amended Final Results of Antidumping Duty Administrative Review in Part; 2022," 89 *Federal Register* 77826, September 24, 2024; ITA, "Certain Softwood Lumber Products From Canada: Final Results of Antidumping Duty Administrative Review, Partial Rescission of Administrative Review, and Final Determination of No Shipments; 2022," 89 *Federal Register* 67067, August 19, 2024; and ITA, "Certain Softwood Lumber Products From Canada: Final Results of the Countervailing Duty Administrative Review; 2022," 89 *Federal Register* 67062, August 19, 2024.

[264] Government of Canada, Global Affairs Canada, "Statement by Minister Ng on U.S. Department of Commerce Fifth Review of Duties on Canadian Softwood Lumber," press release, August 13, 2024.

[265] U.S. Lumber Coalition, "U.S. Department of Commerce Confirms Higher Levels of Harmful Canadian Softwood Lumber Subsidies and Dumping in Fifth Annual Administrative Review," press release, August 13, 2024.

[266] ITA, "Initiation of Antidumping and Countervailing Duty Administrative Reviews," 89 *Federal Register* 15827, March 5, 2024.

[267] See, for example, World Trade Organization (WTO), "DS534: United States—Anti-Dumping Measures Applying Differential Pricing Methodology to Softwood Lumber from Canada," https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds534_e.htm; WTO, "DS257: United States—Final Countervailing Duty Determination with Respect to Certain Softwood Lumber from Canada," https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds257_e.htm; ITA, "North American Free Trade Agreement (NAFTA), Article 1904; Binational Panel Review: Notice of Panel Decision," 88 *Federal Register* 72428, October 20, 2023; and ITA, "North American Free Trade Agreement (NAFTA), Article 1904; Binational Panel Review: Notice of Panel Decision," 89 *Federal Register* 41377, May 13, 2024.

States each appealed a ruling; neither appeal has been heard because the WTO Appellate Body is, in effect, not functioning due to a lack of quorum.[268]

Congress may consider whether a new softwood lumber agreement is necessary and how a potential agreement might impact U.S. producers. Congress may also consider the economic impacts of lumber duties on U.S. consumers.

Government Procurement and Federally Funded Infrastructure

The Canadian government has expressed concerns about U.S. efforts to expand domestic sourcing requirements for U.S. government procurement (such as the Buy American Act of 1993, 41 U.S.C. §§8301 et seq.) and federally funded infrastructure projects (commonly referred to as *Buy America* requirements).[269] Canadian officials and Members of Parliament have sought exemptions for Canada, pointing to tightly integrated U.S.-Canada supply chains, with Canadian finished products containing U.S. components and vice versa.[270]

Canada is excluded from USMCA's chapter on government procurement; procurement opportunities between the United States and Canada are covered by the WTO Government Procurement Agreement.[271] In January 2021, President Biden issued an executive order initiating a review of domestic sourcing laws, such as the Buy American Act, and establishing the Made in America Office in the Office of Management and Budget (OMB). The Made in America Office manages the Buy American and Buy America waiver process, among other responsibilities. Provisions in the 2021 Build America, Buy America Act (BABA; Division G, Title IX of the Infrastructure Investment and Jobs Act, P.L. 117-58) affirmed and codified many of the commitments from President Biden's executive order. BABA also expanded Buy America domestic sourcing requirements for federally funded infrastructure, including the materials and types of projects covered. The Canadian government has argued that even with a waiver process, these requirements disadvantage Canadian goods and services, noting that Buy America requirements apply even if a federal agency funds a small part of an infrastructure project undertaken by a state or municipality.[272] U.S. officials have argued that the requirements apply to only a small portion of U.S.-Canada trade volumes and will not have a large negative impact on Canadian companies.[273]

In February 2023, OMB issued proposed guidance that would tighten and standardize Buy America implementation and solicited public feedback.[274] The Canadian government submitted

[268] For more details, see CRS In Focus IF10645, *Dispute Settlement in the WTO and U.S. Trade Agreements*.

[269] See, for example, Government of Canada, Global Affairs Canada, "Minister Ng Meets United States Trade Representative Katherine Tai," May 2, 2023. *Buy America* refers to several statutes and regulations that apply to federal financial assistance for infrastructure-related projects. For more details, see CRS Report R47243, *U.S. Government Procurement and International Trade*, and CRS In Focus IF11989, *Congress Expands Buy America Requirements in the Infrastructure Investment and Jobs Act (P.L. 117-58)*.

[270] See, for example, Parliament of Canada, House of Commons of Canada, Special Committee on the Economic Relationship Between Canada and the United States, *"Buy America" Procurement Policies: An Interim Report*, 43rd Parl., 2nd sess., June 2021.

[271] See CRS Report R44981, *The United States-Mexico-Canada Agreement (USMCA)*, and CRS In Focus IF11651, *WTO Agreement on Government Procurement (GPA)*.

[272] Government of Canada, Trade Commissioner Service, "The Buy American Act and Buy America Requirements," March 2, 2021.

[273] See, for example, David L. Cohen, U.S. Ambassador to Canada, "Remarks at the Wilson Center Canada Institute," May 3, 2023, https://ca.usembassy.gov/remarks-by-ambassador-david-l-cohen-at-the-wilson-center-canada-institute/.

[274] Office of Management and Budget (OMB), "Guidance for Grants and Agreements," 88 *Federal Register* 8374, February 9, 2023.

comments recommending that OMB guidance reflect the "unique nature" of the U.S.-Canada trading relationship.[275] In March 2023, President Biden and Prime Minister Trudeau agreed to "continue discussions to carve-in Canadian goods into Buy America requirements."[276] Some Canadian business and labor groups have expressed concerns that Buy American/Buy America rules may encourage business to move operations from Canada to the United States, increase costs for U.S. consumers, and have negative impacts on Canadian jobs.[277]

Energy, Environmental, and Natural Resources Issues

The United States and Canada maintain extensive energy ties (see "Bilateral Energy Trade") and have concluded a wide array of agreements at the federal, state/provincial, and local levels to manage transboundary environmental and natural resources issues (see "Great Lakes Cooperation" and "Columbia River Treaty"). The countries also have established specialized organizations to support these efforts (see "Binational Commissions"). Over the past four years, President Biden and Prime Minister Trudeau have prioritized bilateral cooperation on climate change; however, some policy disagreements have arisen as the United States and Canada have sought to reconcile environmental objectives, energy needs, and economic interests (see "Climate Change Collaboration" and "Cross-Border Energy Infrastructure Disputes").

Bilateral Energy Trade[278]

Canada is the largest supplier of U.S. energy imports and the second-largest recipient of U.S. energy exports, including oil, natural gas, and electricity.[279] Canada is also a major supplier of uranium to the United States. In 2023, Canada was the world's fourth-largest petroleum and other liquids producer, behind the United States, Saudi Arabia, and Russia.[280] As of January 2024, Canada's proved oil reserves—largely in the form of oil sands—are the fourth-largest in the world, after those of Venezuela, Saudi Arabia, and Iran.[281] In 2022, Canada was the world's fifth-largest natural gas producer.[282]

[275] Comments from the Government of Canada to OMB, "Proposed Guidance on the *Build America, Buy America Act*," March 13, 2023.

[276] Prime Minister of Canada Justin Trudeau, "Working with the United States to Grow Our Clean Economies and Create Good, Middle-Class Jobs on Both Sides of Our Border," press release, March 24, 2023.

[277] Parliament of Canada, House of Commons of Canada, Special Committee on the Economic Relationship between Canada and the United States, *"Buy America" Procurement Policies: An Interim Report*, 43rd Parl., 2nd sess., June 2021.

[278] Written by Kyla H. Kitamura, CRS Analyst in International Trade and Finance.

[279] Based on CRS analysis of U.S. Census Bureau data, as presented by *Trade Data Monitor*, accessed December 2024.

[280] U.S. Energy Information Administration, "Frequently Asked Questions (FAQs) - What Countries Are the Top Producers and Consumers of Oil?," updated April 11, 2024, https://www.eia.gov/tools/faqs/faq.php?id=709&t=6.

[281] U.S. Energy Information Administration, "Country Analysis Brief: Canada," updated May 30, 2024.

[282] Ibid.

Table 2. U.S. Crude Oil Imports from Canada: 2019-2023

	2019	2020	2021	2022	2023
Value (billions current $)	62.7	42.7	76.0	113.4	92.5
Volume (million barrels)	1,338.4	1,275.3	1,352.1	1,374.1	1,407.5
% of Total U.S. Oil Imports (by volume)	56.3	61	61.3	60.9	60.5

Source: U.S. Census Bureau data, as presented by *Trade Data Monitor*, accessed December 2024.

In 2023, the value of U.S. petroleum and natural gas imports from Canada was $116.5 billion.[283] That year, Canada provided 60.5% of total U.S. crude oil imports by volume and 90% of U.S. natural gas imports by value. The value and volume of bilateral energy trade has varied from year to year in response to global conditions. For example, energy prices and trade volumes dropped in 2020 due to shutdowns related to the COVID-19 pandemic but sharply rebounded in 2021. Energy prices in 2022 were higher overall due to market instability following Russia's invasion of Ukraine (see **Table 2**). Some Members of Congress have responded to global energy challenges resulting from the Russia-Ukraine war by examining ways to strengthen bilateral energy ties with Canada.[284] Such Members view Canada as a particularly valuable partner for achieving U.S. energy security and climate objectives because of its reliable oil and gas supply (Canada is not a member of the Organization of the Petroleum Exporting Countries [OPEC]), relatively low-carbon electricity grid, and shared commitments to democracy and environmental standards.[285]

Cross-Border Energy Infrastructure Disputes

U.S.-Canada energy trade has resulted in extensive cross-border infrastructure, including some 71 oil and gas pipelines and 35 electric transmission lines connecting the integrated U.S. and Canadian grids.[286] Several efforts to expand, upgrade, or replace such infrastructure have been contentious, with advocates highlighting the potential benefits for U.S. energy security and the U.S. and Canadian economies and opponents raising concerns about the projects' potential detrimental effects on the environment and local communities. In January 2021, for example, President Biden revoked the required presidential permit for the cross-border construction of the Keystone XL pipeline, asserting that the project "disserves the U.S. national interest" and would not be consistent with the Administration's "economic and climate imperatives."[287] Other projects are subject to ongoing legal challenges, including the "Line 5 Pipeline Replacement/Tunnel Project." Congress may continue to assess U.S. energy needs and consider legislative measures to facilitate cross-border energy trade and/or address concerns about cross-border infrastructure.

[283] Data based on Harmonized Tariff Schedule codes 2709, 2710, and 2711. U.S. Census Bureau data, as presented by *Trade Data Monitor*, accessed December 2024.

[284] See, for example, U.S. Congress, Senate Committee on Energy and Natural Resources, *Full Committee Hearing to Examine the U.S.-Canada Energy and Minerals Partnership*, hearing, 117th Cong., 2nd sess., May 17, 2022.

[285] See, for example, opening statement by Sen. Joe Manchin, U.S. Congress, Senate Committee on Energy and Natural Resources, *Full Committee Hearing to Examine the U.S.-Canada Energy and Minerals Partnership*, 117th Cong., 2nd sess., May 17, 2022. In 2022, Canada generated 82.8% of its electricity from non-greenhouse gas emitting sources: 61.5% from hydropower, 8.4% from other renewables, and 12.9% from nuclear power. U.S. Energy Information Administration, "Country Analysis Brief: Canada," updated May 30, 2024.

[286] Embassy of Canada in the United States, Connect2Canada, "Energy & The Environment," https://connect2canada.com/canada-u-s-relationship/energy-and-the-environment/.

[287] Executive Order 13990, "Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis," 86 *Federal Register* 7037-7043, January 25, 2021. For more information, see CRS Insight IN11445, *Keystone XL Pipeline: The End of the Road?*, by Paul W. Parfomak.

Line 5 Pipeline Replacement/Tunnel Project[288]

The Line 5 Pipeline is a 30-inch, 645-mile pipeline owned by Enbridge Inc., a Canadian multinational pipeline and energy company, that carries crude oil and natural gas liquids from Superior, WI, to Sarnia, Ontario. Line 5 was constructed in 1953 as part of a pipeline system linking oil fields in Alberta, Canada, to refinery markets in the Great Lakes region. President Eisenhower originally issued a presidential permit for the pipeline's border crossing in April 1953.[289] The permit was reissued by the State Department under delegated presidential authority in 1991.[290]

One key segment of Line 5 is an underwater crossing at the Straits of Mackinac—between Michigan's upper and lower peninsulas—along a 1953 easement from the State of Michigan. Along this segment the pipeline splits into two 20-inch parallel lines and runs for 4.5 miles across the lakebed at the junction of Lake Michigan and Lake Huron.[291] This crossing has been an environmental concern due to the risk it poses of a "worst case" oil spill into the Great Lakes.[292] In 2018, Michigan and Enbridge entered an agreement whereby Enbridge would construct a tunnel under the straits, replace the existing Line 5 segment with a new pipeline segment through the tunnel, and would "permanently deactivate" the old segment.[293] However, in 2019, the Michigan Attorney General filed a complaint in state court seeking to shut down Line 5 as a "public nuisance" that was "likely to cause pollution."[294] In 2020, under a new gubernatorial administration, state officials notified Enbridge that the easement for the underwater crossing was being revoked on safety grounds, requiring the Line 5 segment across the straits to cease operating by May 2021. In 2020, Enbridge filed a challenge in federal district court to the state's jurisdiction, which resulted in the litigation being moved to federal court in 2021. Michigan's Attorney General appealed and, on June 17, 2024, a federal appeals court ruled that the state's case should be remanded back to state court.[295] Based on the state court's schedule in this case, a decision does not appear likely before 2026.[296]

Separately, Enbridge has applied to the U.S. Army Corps of Engineers ("the Corps") for tunnel project permits as required by the Clean Water Act (33 U.S.C. §1344) and the Rivers and Harbors

[288] Written by Paul W. Parfomak, CRS Specialist in Energy Policy.

[289] Executive Office of the President, "Presidential Permit Authorizing the Lakehead Pipe Line Company, Inc, ("Lakehead") to Construct, Operate, Maintain, and Connect Facilities for the Transportation and Exportation to Canada of Oil," April 28, 1953.

[290] U.S. Department of State, "Authorizing Lakehead Pipeline Company, Limited Partnership, to Operate and Maintain a Pipeline at the International Boundary Line Between the United States and Canada," December 12, 1991.

[291] Enbridge, "About Line 5," https://www.enbridge.com/projects-and-infrastructure/public-awareness/line-5-michigan/about-line-5.

[292] Michigan Technological University, *Independent Risk Analysis for the Straits Pipelines, Final Report*, September 15, 2018.

[293] State of Michigan and Enbridge Energy, "Second Agreement Between the State of Michigan, Michigan Department of Environmental Quality, and Michigan Department of Natural Resources and Enbridge Energy, Limited Partnership, Enbridge Energy Company, Inc., and Enbridge Energy Partners, L.P.," October 3, 2018.

[294] State of Michigan 30th Judicial Circuit Court, Summons and Complaint, Dana Nessel v. Enbridge Energy Company, Case No. 19-474-CE, June 27, 2019.

[295] *The U.S. Court of Appeals for the 6th Circuit*, Appeal from the United States District Court for the Western District of Michigan at Grand Rapids, No. 1:21-cv-01057, June 17, 2024. On August 16, 2024, the appeals court rejected Enbridge's request to rehear its June decision. See Michigan Department of Attorney General, "Federal Appeals Court Upholds Decision to Remand AG Nessel's Line 5 Lawsuit to State Court, Denies Enbridge Request for Rehearing," press release, August 16, 2024.

[296] Ingham County, MI, Court Hearing Schedule, Case No. 19-000474-CE, schedule search, accessed December, 3, 2024.

Act of 1899 (33 U.S.C. §403). On March 23, 2023, the Corps announced it planned to publish an environmental impact statement for the project in spring 2025 in order to satisfy the requirements of the National Environmental Policy Act (42 U.S.C. §4321).[297] Enbridge already has been issued a construction permit from the Michigan Public Service Commission, and reportedly plans to reapply for an already-issued water resources permit from the Michigan Department of Environment, Great Lakes and Energy based on updated wetlands surveys.[298]

Another key segment of Line 5 passes 12 miles through tribal lands of the Bad River Band of Lake Superior Chippewa in northern Wisconsin. On September 7, 2022, a U.S. district court ruled that, due to the expiration of the pipeline's easement agreements—which the tribe refused to renew due to concerns about a potential spill—Line 5 was trespassing on the Bad River Reservation.[299] However, the court rejected the tribe's request to enjoin operation of Line 5, citing "significant public and foreign policy implications." On June 16, 2023, the court ordered Enbridge to reroute Line 5 around the tribal land within three years or face potential shutdown.[300] Both the tribe and Enbridge are appealing the ruling to the U.S. Court of Appeals for the 7th Circuit. In the meantime, Enbridge has begun the process for the reroute but has expressed concerns about securing the necessary permits and completing construction in time to meet the three-year deadline. On November 14, 2024, the Wisconsin Department of Natural Resources issued state approvals for the reroute project.[301] Enbridge has also applied to the Corps for project permits as required by the Clean Water Act and the Rivers and Harbors Act. The Corps published a draft combined decision document on May 20, 2024 for public comments, but has not indicated when it will make a final permitting decision.[302]

The Line 5 pipeline remains in operation as litigation proceeds. The Canadian government ardently supports the continued operation of Line 5. Canada has intervened through public statements and court filings, citing a 1977 pipeline treaty with the United States that prohibits a "public authority in the territory of either" from instituting "any measures ... which are intended to, or which would have the effect of, impeding, diverting, redirecting or interfering with in any way the transmission of hydrocarbon in transit."[303] Canada has formally invoked the treaty dispute settlement provisions regarding Line 5 with respect to both the Michigan and Wisconsin segments.[304] In November 2021, the White House Deputy Press Secretary stated that "both the U.S. and Canada will engage constructively" in Line 5 negotiations and that shutting down the

[297] US Army Corps of Engineers, "Corps of Engineers Revises Enbridge Line 5 EIS Schedule to Ensure Thorough Analysis," press release, March 23, 2023.

[298] Kyle Davidson, "Enbridge Agrees to Redo Key Permit for Line 5 Tunnel Project," *Michigan Advance*, September 6, 2024.

[299] *Bad River Band of the Lake Superior Tribe of Chippewa Indians of the Bad River Reservation v. Enbridge Energy Company, Inc. and Enbridge Energy, L.P.*, U.S. District Court for the Western District of Wisconsin, Case: 3:19-cv-00602-wmc, September 7, 2022.

[300] *Bad River Band of the Lake Superior Tribe of Chippewa Indians of the Bad River Reservation v. Enbridge Energy Company, Inc. and Enbridge Energy, L.P.*, U.S. District Court for the Western District of Wisconsin, Case: 3:19-cv-00602-wmc, June 16, 2023.

[301] Wisconsin Department of Natural Resources, "DNR Announces Permitting Decisions For Proposed Enbridge Line 5 Relocation," press release, November 14, 2024.

[302] US Army Corps of Engineers, "Second Time Extension for Draft Combined Decision Document Comments," public notice, July 26, 2024.

[303] Government of the United States and Government of Canada, *Agreement Between the Government of Canada and the Government of the United States of America Concerning Transit Pipelines*, E101884 - CTS 1977 No. 29, January 1977.

[304] Government of Canada, Global Affairs Canada, "Statement by Minister Joly on Line 5 Transit Pipeline," August 29, 2022.

existing pipeline "is something that we're not going to do."[305] The Canadian government stated in 2023 that it was "engaged in ongoing formal diplomatic negotiations on Line 5."[306] Details about any ongoing aspects of the treaty dispute resolution process have not been publicly released.

A provision in the House-passed Department of State, Foreign Operations, and Related Programs Appropriations Act, 2025 (H.R. 8771) would prohibit the Secretary of State from using appropriated funds "to impede the uninterrupted transmission of hydrocarbons by pipeline" between the United States and Canada "as ratified" by the 1977 U.S.-Canada pipeline treaty.[307] Pursuant to a 2019 executive order, presidential permit authority again resides with the President, with the State Department playing only an administrative and advisory role.[308] Given the change in the State Department's role, it is unclear how the appropriations provision could affect Line 5's presidential permit or continued operation.

Climate Change Collaboration

Canada and the United States have experienced similar debates over whether and how to address greenhouse gas-induced climate change. Populations of both countries emit among the highest levels of greenhouse gas emissions per person worldwide due to a number of factors, including high income and consumption levels, dependence on personal vehicles and trucking, long travel distances, and cold winters (see **Table 3**). Further, national infrastructures were constructed in the context of inexpensive and generally abundant fossil fuels, which are responsible for the majority of greenhouse gas emissions. Both countries also have regions strongly dependent on producing and processing fossil fuels. Regulation of energy is primarily a provincial or state authority in both Canada and the United States. In both countries, domestic environmental protection authorities are shared between federal and sub-federal governments. Canada typically has sought policies compatible with those of the United States, with the understanding that there could be significant economic benefits in harmonizing pollution control strategies to facilitate trade and make compliance easier for transnational businesses.

Table 3. Canada and United States: Selected Comparative Greenhouse Gas Emissions Indicators, 2021

	Canada	United States
Net GHG Emissions ($MtCO_2e$)	731.5	5,289.1
Net GHG Emissions per Capita (t CO_2e)	19.2	16.0
Net GHG Emissions per GDP (t CO_2e/million $)	444.6	253.1
Change Net GHG Emissions from 2019 (%)	-5.8	-4.1
Percentage of Global Emissions (%)	1.5	11.1

Source: World Resources Institute, "Climate Watch data," https://www.climatewatchdata.org/, accessed December 2, 2024.

[305] White House, "Press Briefing by Principal Deputy Press Secretary Karine Jean-Pierre and Commerce Secretary Gina Raimondo," transcript, November 9, 2021.

[306] Government of Canada, Global Affairs Canada, "Government of Canada Statement on the 1977 Canada-U.S. Transit Pipelines Treaty as It Relates to Line 5 on the Bad River Band Reservation in Wisconsin," May 16, 2023.

[307] H.R. 8771, §7061(e).

[308] Executive Order 13867, "Issuance of Permits With Respect to Facilities and Land Transportation Crossings at the International Boundaries of the United States," April 10, 2019.

Notes: GHG = greenhouse gas; Mt = million metric tons; t = metric tons; CO_2e = carbon dioxide-equivalent. CO_2e is a metric used to compare emissions from different greenhouse gases by converting those emissions into the equivalent amount of carbon dioxide (CO_2) that would have the same effect on global temperature increase.

Scientists have identified certain challenges that Canada and the United States may face as a result of climate change, including increasing forest fires and habitat losses, public health effects of heat episodes and expanding disease vectors, increasing costs of cooling, and risks to coastal communities due to more intense storms and sea-level rise.[309] As noted (see "Arctic Policy"), shrinking sea-ice extent in the Arctic brings opportunities and concerns for both countries, due to the effects on Indigenous populations and increased commercial activity, shipping, tourism, and risks of associated accidents, as well as dramatically changing ecosystems.

In February 2021, President Biden and Prime Minister Trudeau pledged to work together and with other partners to increase the scale and speed of collective efforts to address climate change.[310] Since then, the leaders have placed particular emphasis on the deployment of low-carbon technologies by seeking to strengthen integrated supply chains for critical minerals, harmonize cross-border standards for electric vehicles, and increase electricity grid integration and resilience. In March 2023, the United States and Canada launched a one-year Energy Transformation Task Force to accelerate such efforts and increase energy security.[311] In May 2024, the two governments agreed to extend the task force for a second year, with a particular focus on developing secure and resilient civil nuclear supply chains.[312]

U.S. states and Canadian provinces also work together on climate issues. Such cooperation includes the Regional Climate Action Plan, adopted in 2001 and updated in 2017 by the six states and five provinces of the Conference of New England Governors and Eastern Canadian Premiers. The updated plan sets a goal of reducing greenhouse gas emissions by 35% to 45% below 1990 levels by 2030.[313] Likewise, California and Quebec have linked their cap-and-trade programs for greenhouse gas emissions under the Western Climate Initiative since 2014. The state of Washington joined the initiative in 2021; its cap-and-trade program remains separate from the California-Quebec program but the three jurisdictions are in discussions about linking them.[314] Ontario briefly linked its cap-and-trade program to those of California and Quebec in 2018 but withdrew the same year.

Binational Commissions

The United States and Canada have established several binational commissions to help manage transboundary environmental and natural resources issues. These include the "International Joint Commission," charged with facilitating bilateral cooperation on boundary waters issues, and several fisheries commissions to support implementation of "Bilateral Fisheries Agreements." Congress appropriates funding for these commissions through annual Department of State, Foreign Operations, and Related Programs (SFOPS) appropriations acts (see **Table 4**). As of the

[309] Jeffery A. Hicke et al., "North America," in *Climate Change 2022: Impacts, Adaptation and Vulnerability*, Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, 2022, pp. 1929-2042.

[310] White House, "Roadmap for a Renewed U.S.-Canada Partnership," February 23, 2021.

[311] White House, "Joint Statement by President Biden and Prime Minister Trudeau," March 24, 2023.

[312] White House, "U.S.-Canada Joint Statement on the Extension of the Bilateral Energy Transformation Task Force," May 16, 2024.

[313] Conference of the New England Governors and Eastern Canadian Premiers, *2017 Update of the Regional Climate Change Action Plan: Building on Solid Foundations*, August 28, 2017.

[314] State of Washington, Department of Ecology, "California, Québec and Washington to Begin Linkage Agreement Discussions," press release, September 23, 2024.

end of 2024, Congress had not concluded action on FY2025 SFOPS appropriations. As it considers final appropriations, Congress may draw from the SFOPS measures passed by the House (H.R. 8771/H.Rept. 118-554) and reported in the Senate (S. 4797/S.Rept. 118-200) during the 118th Congress, both of which would have included some directives and reporting requirements related to binational commissions.

Table 4. U.S. Funding for Selected U.S.-Canada Binational Commissions, FY2023-FY2025

(thousands of current U.S. dollars)

	FY2023 (actual)	FY2024 (estimate)	FY2025 (request)	H.R. 8771/H.Rept. 118-554	S. 4797/S.Rept. 118-200
International Joint Commission	10,881	10,881	11,900	11,900	10,881
Great Lakes Fishery Commission	50,000	50,000	39,000	50,000	50,000
International Pacific Halibut Commission	4,762	4,762	5,201	4,582	7,868
Pacific Salmon Commission	5,583	5,583	5,600	5,868	5,868

Source: U.S. Department of State, *Congressional Budget Justification, Appendix 1: Department of State Diplomatic Engagement, Fiscal Year 2025*, April 2024, pp. 505, 519.

International Joint Commission[315]

The International Joint Commission (IJC) was established under the 1909 Boundary Waters Treaty between the United States and Canada.[316] The IJC aims to prevent and resolve disputes between the United States and Canada over uses of boundary waters, including issues that can affect drinking water, ecosystems, hydroelectric power generation, commercial shipping, fishing, agriculture, industry, and recreation. The IJC has two primary functions: (1) issuing *references*, which recommend solutions to issues brought to the IJC by the United States and Canada, and (2) issuing *orders of approval* for projects and infrastructure that would affect the natural level of boundary waters. The IJC has six commissioners—three from each country. The United States and Canada fund the IJC, equally sharing expenses for projects and reports.[317]

Recent stakeholder discussions regarding IJC activities have focused on Plan 2014,[318] which was adopted by the IJC via an order of approval in 2016.[319] Plan 2014 aims to provide natural flows to support shoreline ecosystems, prevent extreme water levels, and adapt to climate change. To achieve these goals, the plan regulates flows through the Moses Saunders Dam on the St. Lawrence River, which generates hydropower for Canada, to address water levels in Lake Ontario. Some stakeholders argue that Plan 2014 has led to record-high water levels and flood

[315] Written by Pervaze A. Sheikh, CRS Specialist in Natural Resources Policy.

[316] *Treaty Between the United States and Great Britain Relating to Boundary Waters Between the United States and Canada, U.S.-United Kingdom*, January 11, 1909, 36 Stat. 2448, T.S. 548.

[317] For more information on the International Joint Commission (IJC), see CRS In Focus IF10761, *The International Joint Commission (IJC)*, by Eva Lipiec and Pervaze A. Sheikh.

[318] IJC, *Regulation Plan 2014 for the Lake Ontario and the St. Lawrence River*, December 2016.

[319] IJC, "IJC Moves Ahead with Plan 2014," press release, December 8, 2016. Hereinafter, IJC press release, 2016.

events in the United States and that should be modified or removed.[320] Some supporters of Plan 2014 contend it improves coastal ecosystems and enhances the resiliency of natural shorelines. Canada is interested in Plan 2014, in large part, because low outflows from the Moses Saunders Dam can lead to high waters in Lake Ontario and flooding in several Canadian cities.[321] The implementation of Plan 2014 is ongoing, and phase I of a review of implementation was completed in 2021.[322] Phase II began in February 2023.[323] Any changes to the plan would have to be approved by the IJC and the U.S. and Canadian governments. For example, in 2024, there was a minor deviation in Plan 2014 to provide more predictable water levels for recreational navigation in Lake St. Lawrence and the upper St. Lawrence River.[324]

The IJC also may become involved in rising selenium concentration issues that have arisen in the Kootenai River Basin and Lake Koocanusa, which straddles the U.S.-Canada border between British Columbia and Montana and Idaho. Selenium concentrations in these water bodies have been rising due to runoff containing selenium originating, in part, from coal mining in British Columbia. High selenium levels pose threats to fish populations and human health.[325] Some stakeholders question whether the federal and state or provincial standards are sufficient to prevent ecological harm. Others question whether the standards are too stringent.[326] Stakeholders in both countries have asked the U.S. and Canadian governments to submit a reference to the IJC to review selenium concentration standards and address selenium pollution.[327] In March 2024, a reference was submitted to the IJC by the United States and Canada (in partnership with the Ktunaxa Nation), and an 18-member governance board was established to serve as a collaborative forum for the countries to reduce and mitigate water pollution in the watershed.[328] The reference specifically asked the IJC to address two points:

- Assist in the establishment of a Governance Body comprised of the Governments of the United States, Canada, the Ktunaxa Nation, British Columbia, Idaho, and Montana
- Convene experts in a Study Board to provide recommendations to the Governance Body on how to reduce water pollution and mitigate its impacts in the Kootenai watershed[329]

[320] For example, see New York Attorney General, "AG James and Governor Cuomo File Expanded Lawsuit Against International Joint Commission over Substantial Flooding Damages," November 15, 2019.

[321] IJC press release, 2016.

[322] IJC, Great Lake-St. Lawrence River Adaptive Management Committee, "GLAM Expedited Review of Plan 2014: Phase 1," https://www.ijc.org/en/glam/glam-expedited-review-plan-2014-phase-1.

[323] IJC, "IJC Committee Begins Second Phase of the Expedited Review of Plan 2014 for Lake Ontario and the St. Lawrence River," February 9, 2023.

[324] International Joint Commission, "The International Lake Ontario- St. Lawrence River Board Will Deviate from Plan 2014 Flows This Fall," press release, August 29, 2024, https://ijc.org/en/loslrb/international-lake-ontario-st-lawrence-river-board-will-deviate-plan-2014-flows-fall.

[325] U.S. Geological Survey, "Selenium in the Kootenai River Basin, Montana and Idaho, United States, and British Columbia, Canada," 2022.

[326] For example, see Tristan Scott, "Montana Board Urges EPA to Repeal Water Quality Standard on Lake Koocanusa," *Flathead Beacon,* December 22, 2022.

[327] Tristan Scott, "Investigation Urged into Canadian Mining Waste in Montana," Associated Press, June 27, 2021.

[328] International Joint Commission, "International Joint Commission Update Regarding the Elk-Kootenai/y Watershed Reference," press release, November 19, 2024, https://ijc.org/en/elk/international-joint-commission-update-regarding-elk-kootenaiy-watershed-reference.

[329] International Joint Commission, *Terms of Reference*, Elk-Kootenai/y Watershed Governance Body Terms of Reference, March 8, 2024, https://ijc.org/en/terms-reference-governance-body.

The explanatory statement accompanying the FY2024 SFOPS appropriations legislation (P.L. 118-47, Division F) states that a portion of the funds for the IJC are intended to "address gaps and limitations in transboundary governance between British Columbia and bordering U.S. states, including Alaska, Washington, Idaho, and Montana." The FY2025 SFOPS appropriations bill reported in the Senate (S. 4797) also includes $500,000 for the IJC to "address gaps and limitations in transboundary governance between British Columbia and bordering U.S. States," according to S.Rept. 118-200.

Bilateral Fisheries Agreements[330]

The United States and Canada have agreed to a series of bilateral agreements to manage shared fisheries and, in some cases, have established binational commissions to implement the agreements. Congress has enacted implementing legislation for each of the agreements, most of which were ratified after receiving the advice and consent of the U.S. Senate.

The International Pacific Halibut Convention was established in 1923 for joint management of Pacific halibut and was most recently revised in 1979.[331] The convention created the International Pacific Halibut Commission (IPHC), which has joint representation from the U.S. and Canadian governments and manages the halibut fishery throughout the western exclusive economic zones (EEZs; i.e., up to 200 nautical miles from shore) of both nations.[332] The IPHC's functions include dividing convention waters into fishing allocation areas, establishing open or closed seasons and catch and size limits within each area, and regulating gear types and spatial closures.[333] The Northern Pacific Halibut Act (P.L. 97-176) implements the convention and authorizes the Secretary of Commerce and the Secretary of Homeland Security to enforce the convention.[334] This law also makes it unlawful to violate any provision of the convention and defines criminal and civil penalties for violations.[335]

The House-passed and Senate-reported FY2025 SFOPS measures both include reporting requirements related to the IPHC. H.Rept. 118-554, accompanying H.R. 8771, would direct the Secretary of State, in coordination with the U.S. Commissioners of the IPHC, to carry out an economic impact study on Pacific halibut during FY2025, and to report the findings to the House and Senate Appropriations Committees. S.Rept. 118-200, accompanying S. 4797, would require the Secretary of State to submit a report to the House and Senate Appropriations Committees "on the cost of conducting the annual Fishery-Independent Setline Survey, including an assessment of

[330] Written by Tony Marshak, CRS Analyst in Natural Resources Policy.

[331] International Pacific Halibut Commission, "The Commission," https://iphc.int/the-commission. The agreement is formally known as the Convention Between the United States of America and Canada for the Preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea.

[332] U.S. Department of State, Protocol Amending the Convention Between the United States of America and Canada for the Preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea, Treaties and Other International Acts Series (TIAS) 9855, March 29, 1979.

[333] International Pacific Halibut Commission, *International Pacific Halibut Commission Fishery Regulations 2023,* IPHC-2023-FISHR23, 2023.

[334] 16 U.S.C. §§773-773k.

[335] 16 U.S.C. §§773e-773i.

Canada's contributions to the survey."[336] These directives align with recent stakeholder concerns regarding the Pacific halibut population and the economics of its fishery.[337]

The 1954 Convention on Great Lakes Fisheries Between the United States and Canada created the Great Lakes Fishery Commission (GLFC).[338] The GLFC coordinates fisheries research, recommends measures to permit the maximum sustained productivity of stocks of common concern, works toward controlling invasive sea lamprey, and facilitates cooperative fishery management among state, provincial, tribal, and federal agencies.[339] Fishery managers cooperatively strive to maintain fisheries in the Great Lakes through stocking and by enforcing harvest and fishing regulations.[340] The Great Lakes Fishery Act (16 U.S.C. §§931-939) implements this convention and authorizes the Secretary of the Interior to undertake lamprey control projects and other measures related to it. In 1981, U.S. and Canadian fishery managers further agreed to cooperate to maintain working relationships through a nonbinding agreement, as facilitated by the GLFC.[341] This nonbinding agreement was revised in 1997 and serves as the current joint strategic plan for Great Lakes fisheries management.[342] The House-passed and Senate-reported FY2025 SFOPS measures (H.R. 8771/H.Rept. 118-554 and S. 4797/S.Rept. 118-200) would include appropriations and directives for the GLFC to address the threat of invasive grass carp to the Great Lakes region.

The legislation implementing the 1981 United States-Canada Albacore Treaty (commonly known as the Pacific Albacore Tuna Treaty; P.L. 108-219) authorizes the Secretary of Commerce to "promulgate regulations necessary to discharge the obligations of the United States under the Treaty and its Annexes."[343] The Secretary of Commerce delegated authority to the National Marine Fisheries Service to create an annual list of U.S. vessels allowed to fish for Pacific albacore tuna in Canadian waters.[344] This agreement also allows Canadian vessels to fish for Pacific albacore tuna in U.S. waters. Under the treaty, each nation is allowed to fish in the area 12 nautical miles seaward from the other nation's shore to the extent of that nation's EEZ.[345]

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[336] S.Rept. 118-200 also would encourage the Department of State to work with the National Oceanic and Atmospheric Administration's (NOAA's) National Marine Fisheries Service (NMFS) and the U.S. Commissioners of the International Pacific Halibut Commission on revisiting the current contributions of the United States and Canada toward establishing catch limits and improving understanding of Pacific halibut throughout the North Pacific region.

[337] See, for example, Jacob Resneck, "Pacific Halibut Harvests Slow Across Alaska, BC Waters," *Undercurrent News*, October 18, 2024; and Kristen Dobroth, "Low Catch Rates, Prices Set Stage for Big US Halibut Decisions," *Undercurrent News*, December 5, 2023.

[338] Convention on Great Lakes Fisheries Between the United States of America and Canada, September 10, 1954, TIAS 3326.

[339] Great Lakes Fishery Commission (GLFC), "History," http://www.glfc.org/history.php; GLFC, *A Joint Strategic Plan for Management of Great Lakes Fisheries (Adopted in 1997 and Supersedes 1981 Original)*, Great Lakes Fisheries Commission Misc. Publ. 2007-01, Ann Arbor, MI, November 2007. Hereinafter, GLFC, *Joint Strategic Plan*.

[340] GLFC, "Fisheries Management: Working to Sustain the Resource," http://www.glfc.org/fishery-management.php.

[341] Ibid.

[342] GLFC, *Joint Strategic Plan*.

[343] 16 U.S.C. §1821 note. The agreement is formally known as the Treaty Between the Government of the United States of America and the Government of Canada on Pacific Coast Albacore Tuna Vessels and Port Privileges, May 26, 1981, TIAS 10057.

[344] 50 C.F.R. §300.172.

[345] Western Fishboat Owners Association, *WFOA Membership Newsletter*, September 2023, p. 4. NOAA, NMFS, "Guide for Complying with the Vessel Fishing Requirements of the U.S. - Canada Albacore Treaty 2024," https://www.fisheries.noaa.gov/west-coast/resources-fishing/guide-complying-vessel-fishing-requirements-us-canada-albacore-treaty. Hereinafter, NOAA, NMFS, "Guide for Complying with the Vessel Fishing Requirements of the U.S. - Canada Albacore Treaty 2024."

Fisheries data between the two governments shall be exchanged under the treaty.[346] The agreement was amended in 2002 to reflect the higher abundance and joint fishing of Pacific albacore tuna in U.S. waters than in Canadian waters, as agreed to by the Secretary of State, and codified by law in April 2004 following the advice and consent of the U.S. Senate (Treaty Doc. 108-1). The Treaty lapsed on December 31, 2022, preventing U.S. and Canadian fishing fleets from operating in each other's' EEZs during 2023, but was renewed for 2024 following negotiations.[347]

The 1985 Pacific Salmon Treaty (PST) between the United States and Canada aims to prevent overfishing and provide for optimum production of shared salmon fisheries through cooperative management and research efforts (Treaty Doc. 99-2).[348] The PST sets catch limits on transboundary stocks of Pacific salmon occurring between southeastern Alaska, British Columbia, and Washington State.[349] The PST also strives to ensure each country receives monetary and nonmonetary (i.e., social, economic, cultural, or ecosystem) benefits equivalent to the production of salmon originating in its waters.[350]

The Pacific Salmon Commission (PSC) implements the PST and governs overall harvest and allocation of jointly exploited salmon stocks.[351] The PSC is composed of delegates and commissioners from the United States and Canada, representing national, provincial/state, First Nation, and U.S. tribal interests. Following continued declines of U.S. and Canadian Chinook and Coho salmon stocks in the 1980s and 1990s,[352] and listings of U.S. Pacific northwest salmon stocks under the Endangered Species Act (16 U.S.C. §§1531-1544), the commission developed a 10-year agreement in 1999.[353] This agreement replaced previously set harvest ceilings with longer-term harvest limitations to conserve and restore depressed salmon stocks.[354] The PSC recommended new agreements, adopted in 2008 and 2018, for continued science-based conservation and bilateral sharing of Pacific salmon stocks, with the current agreement effective through 2028.[355] The Pacific Salmon Treaty Act of 1985 (P.L. 99-5) implements the PST and its recurrent 10-year agreements.[356] The act also includes details about PSC commissioners and

[346] NOAA, NMFS, "Guide for Complying with the Vessel Fishing Requirements of the U.S. - Canada Albacore Treaty 2024."

[347] NOAA, NMFS, "United States - Canada Albacore Treaty," https://www.fisheries.noaa.gov/west-coast/sustainable-fisheries/united-states-canada-albacore-treaty.

[348] Treaty Between the Government of the United States of America and the Government of Canada Concerning Pacific Salmon, Including Annexes and a Memorandum of Understanding to the Treaty, January 28, 1985, TIAS 11091, as amended through February 2022. The agreement is commonly known as the PST. Hereinafter, PST, 2022.

[349] NOAA defines *transboundary stocks* as "stocks of fish that migrate across international boundaries or, in the case of the United States, across the boundaries between states or fishery management council (FMC) areas of control." U.S. Department of Commerce, NOAA, "NOAA Fisheries Glossary," NOAA Technical Memorandum NMFS/F-SPO-69, June 2006, p. 55; Kathleen A. Miller, "North American Pacific Salmon: A Case of Fragile Cooperation," in *Papers Presented at the Norway-FAO Expert Consultation on the Management of Shared Fish Stocks. Bergen, Norway, 7-10 October 2002*, ed. Food and Agricultural Organization of the United Nations (FAO), vol. 695, Suppl. (Rome: FAO, 2003), pp. 105-122. Hereinafter, Miller, "North American Pacific Salmon."

[350] PST, 2022.

[351] Pacific Salmon Commission, "The Pacific Salmon Commission," https://www.psc.org/about-us/history-purpose.

[352] Miller, "North American Pacific Salmon"; Richard Beamish, "I Think That I Will Just Sit Here and Wait," *ICES Journal of Marine Science*, vol. 80, no. 4 (May 2023), pp. 710-718.

[353] PST, 2022; Miller, "North American Pacific Salmon."

[354] PST, 2022; Miller, "North American Pacific Salmon."

[355] PST, 2022.

[356] PST, 2022; 16 U.S.C. §§3631-3645. Only the 1999 agreement is directly referenced in the Pacific Salmon Treaty Act, as amended in P.L. 109-479.

panels, lists unlawful activities, and provides penalties for violations.[357] According to the PSC, it has supported over $135 million in grants to more than 1,700 projects as of March 2024.[358]

The 2003 Agreement Between the Government of the United States and the Government of Canada on Pacific Hake/Whiting (Treaty Doc. 108-24) manages the transboundary stock of Pacific whiting, also known as Pacific hake.[359] The agreement allocates a set percentage of the overall total allowable catch for Pacific hake/whiting to U.S. and Canadian fishers.[360] As of 2021, the Pacific hake/whiting fishery represented the largest fishery by weight off the U.S. west coast,[361] with migratory populations accounting for 61% of its pelagic biomass.[362] Previously, informal allocations and overfishing resulted in stock declines,[363] and the stock was classified as overfished in 2002.[364] The agreement gave the United States a right to nearly 74% of the overall total allowable catch and Canada a right to the remaining amount.[365] As of April 2023, the stock is no longer classified as overfished or subject to overfishing, and allocations are continuing as specified in the joint agreement.[366] The Pacific Whiting Act (P.L. 109-479) authorizes the Secretary of Commerce to establish a catch level for Pacific whiting corresponding to standards and procedures agreed to by the United States and Canada.[367] The law also includes information about U.S. representation on the joint Pacific hake/whiting bilateral bodies, enforcement, prohibited acts, and penalties for violations.[368]

These agreements could provide templates for addressing bilateral disputes over other fisheries, such as American lobster, Atlantic sea scallop, and New England and west coast groundfish, whose distributions are projected to shift further northward from the United States into Canadian waters.[369] The explanatory statement accompanying FY2023 SFOPS legislation (P.L. 117-328,

[357] 16 U.S.C. §3637.

[358] Pacific Salmon Commission, *Annual Report of the Southern Boundary Restoration and Enhancement Fund and the Northern Boundary and Transboundary Rivers Restoration and Enhancement Fund for the Year 2023*, 2024, pp. 4-5; "Pacific Salmon Commission Selects Projects for $9M in Funding," *Fishermen's News*, March 27, 2024.

[359] Agreement Between the Government of the United States of America and the Government of Canada on Pacific Hake/Whiting, November 21, 2003, TIAS 08-625. The agreement is commonly known as the Pacific Hake/Whiting Treaty or the Pacific Whiting Treaty. Hereinafter, Agreement on Pacific Hake/Whiting.

[360] Agreement on Pacific Hake/Whiting, Article III.

[361] NOAA, NMFS, Office of Science and Technology, *Commercial Landings Query*, accessed June 2, 2023, http://www.fisheries.noaa.gov/foss.

[362] NOAA defines *pelagic* as, "inhabiting the water column as opposed to being associated with the sea flood, generally occurring anywhere from the surface to 1,000 meters." U.S. Department of Commerce, NOAA, "NOAA Fisheries Glossary," NOAA Technical Memorandum NMFS/F-SPO-69, June 2006, p. 35; Jason S. Link and Anthony R. Marshak, *Ecosystem-Based Fisheries Management: Progress, Importance, and Impacts in the United States* (Oxford: Oxford University Press, 2021). Hereinafter, Link and Marshak, *Ecosystem-Based Fisheries Management*.

[363] The Agreement on Pacific Hake/Whiting formalized a process for Pacific hake/whiting allocations that had been conducted since the 1970s through informal joint U.S.-Canada stock assessments and stock management measures. Owen S. Hamel et al., "Biology, Fisheries, Assessment, and Management of Pacific Hake (*Merluccius productus*)," in *Hakes: Biology and Exploitation*, ed. Hugo Aranciba (New York, NY: John Wiley and Sons, 2015), pp. 234-262.

[364] No formal agreement on percentage shares or for jointly addressing overfishing was reached until the Agreement on Pacific Hake/Whiting. Link and Marshak, *Ecosystem-Based Fisheries Management*.

[365] Agreement on Pacific Hake/Whiting, Article III.

[366] Joint Technical Committee of the Pacific Hake/Whiting Agreement Between the Governments of the United States and Canada, NMFS and Fisheries and Oceans Canada, *Status of the Pacific Hake (Whiting) Stock in U.S. and Canadian Waters in 2023*, February 16, 2023.

[367] 16 U.S.C. §§7001-7010.

[368] 16 U.S.C. §§7002-7005, 7009.

[369] James W. Morley et al., "Projecting Shifts in Thermal Habitat for 686 Species on the North American Continental Shelf," *PLoS One*, vol. 13, no. 5 (2018), e0196127.

Division K), directed the Secretary of State to work with Canadian officials and relevant stakeholders to "develop an agreement that addresses territorial disputes and conflicting fisheries management measures in the Gulf of Maine."[370] In FY2024, Congress further directed the Secretary of State to work with Canadian officials on these matters and to submit a report to the House and Senate Committees on Appropriations.[371] The State Department published the mandated report on its website in September 2024.[372]

Great Lakes Cooperation

The Great Lakes contain 20% of the world's fresh water. They serve as the primary source of drinking water for approximately 28 million people in the United States and Canada and support a wide range of economic activities, including farming, manufacturing, and tourism.[373] Decades of heavy manufacturing and other human activity have altered the lakes, leading to degraded water quality and diminished habitat for native species. Federal, state, provincial, local, and tribal governments in the United States and Canada have sought to work together to address those environmental challenges and restore the Great Lakes ecosystem (see "Great Lakes Water Quality Agreement" and "Great Lakes Protection and Restoration Initiatives"). Congress authorizes and appropriates funding for restoration efforts and may continue to oversee the implementation of such efforts. Congress also may track Canadian policies and proposals that could affect the Great Lakes, such as a potential nuclear waste repository (see "Nuclear Waste Storage Proposal").

Great Lakes Water Quality Agreement[374]

The United States and Canada first signed the Great Lakes Water Quality Agreement (GLWQA) in 1972 and amended it in 1983, 1987, and 2012.[375] GLWQA provides a framework for identifying binational priorities and coordinating actions to restore and protect water quality and ecosystem health in the Great Lakes.[376] The 2012 amendments aimed to better identify and manage existing environmental issues and to strengthen efforts to anticipate and prevent ecological harm.[377]

The 2012 GLWQA includes 13 articles, which are general provisions that describe the two countries' objectives and responsibilities. It also includes 10 annexes, which include commitments on specific environmental issues that can affect water quality in the Great Lakes.

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[370] "Explanatory Statement Submitted by Mr. Leahy, Chair of the Senate Committee on Appropriations, Regarding H.R. 2617, Consolidated Appropriations Act, 2023," *Congressional Record*, vol. 168, part 180—Book II (December 20, 2022), p. S9286.

[371] "Explanatory Statement Submitted by Ms. Granger, Chair of the House Committee on Appropriations, Regarding H.R. 2882, Further Consolidated Appropriations Act, 2024," Proceedings and Debates of the 118th Congress, Second Session, *Congressional Record*, vol. 51—Book II (March 22, 2024), p. H2088; S.Rept. 118-71 for P.L. 118-47.

[372] U.S. Department of State, *Report to Congress on Progress Toward an Agreement with Canadian Officials Addressing Territorial Disputes with Conflicting Fisheries Management Measures in the Gulf of Maine*, https://www.state.gov/wp-content/uploads/2024/09/Report-7-Progress-Toward-an-Agreement-on-International-Fisheries-Management-Between-the-United-States-and-Canada-006144-Accessible-8.21.2024.pdf.

[373] U.S. Environmental Protection Agency (EPA) and Environment and Climate Change Canada, *State of the Great Lakes 2022 Report*, July 29, 2022, p. 4.

[374] Written by Laura Gatz, CRS Specialist in Environmental Policy.

[375] Great Lakes Water Quality Agreement, Protocol Amending the Agreement Between Canada and the United States of America on Great Lakes Water Quality, 1978, as Amended on October 15, 1983 and on November 18, 1987, September 7, 2012, TIAS 13-212.

[376] EPA, "What Is GLWQA?," https://www.epa.gov/glwqa/what-glwqa.

[377] Ibid. See also EPA and Environment and Climate Change Canada, "About the Great Lakes Water Quality Agreement," https://binational.net/agreement/.

The 2012 GLWQA added provisions to address aquatic invasive species, habitat degradation, and the effects of climate change; it also continued to support work on existing threats to public health and the environment, including harmful algal blooms, toxic chemicals, and vessel discharges.[378]

The U.S. Environmental Protection Agency (EPA) Great Lakes National Program Office coordinates U.S. efforts to fulfill the commitments under the GLWQA. Various federal agencies and programs implement these efforts, in coordination and consultation with states, tribes, local agencies, and others. Environment and Climate Change Canada is Canada's lead implementing agency and coordinates with other federal agencies, the government of Ontario, and local partners.

Under Article 7.1(k) of the GLWQA, the IJC is responsible for providing the United States and Canada with triennial reports that assess progress toward achieving the agreement's objectives.[379] The *Third Triennial Assessment of Progress on Great Lakes Water Quality*, published in 2023, commended both countries for certain efforts and identified current and future challenges for the lakes.[380] The IJC recommended that the United States and Canada (1) collaborate with First Nations, Métis, and tribal governments as active partners in the GLWQA agreement review process and any subsequent processes to change or amend the agreement; (2) develop common, basinwide, and scalable climate resiliency goals, in coordination with all levels of government, regional watershed authorities, and others, as appropriate, and include performance metrics and assessment processes in the management plans for each of the Great Lakes as they are developed; and (3) support and actively participate in the ongoing process to develop a 10-year Great Lakes Science Plan focused on improving basinwide coordination of science and monitoring.[381] The next assessment is expected to be released in 2026.

Great Lakes Protection and Restoration Initiatives[382]

The United States and Canada both have established initiatives intended to protect and restore the Great Lakes. The Great Lakes Restoration Initiative (GLRI), codified in 2015 through amendments to the Clean Water Act, is an EPA-led, multiagency effort to protect and restore the Great Lakes.[383] The GLRI is guided by an action plan—a framework for restoring the Great Lakes ecosystem and achieving the commitments agreed to in the GLWQA.[384] The latest action plan, summarizing ecosystem restoration actions to be implemented from FY2025 to FY2029, focuses on the five priority areas identified in statute: (1) toxic substances and areas of concern; (2) invasive species; (3) nonpoint source pollution impacts; (4) habitats and species; and (5) foundations for future restoration actions.[385]

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[378] For full list of the Great Lakes Water Quality Agreement (GLWQA) annexes and links to updated information about the status of each annex or issue, see EPA, "GLWQA Annexes," https://www.epa.gov/glwqa/glwqa-annexes.

[379] GLWQA, Article 7.1(k), https://www.canada.ca/en/canada-water-agency/freshwater-ecosystem-initiatives/great-lakes/great-lakes-protection/2012-water-quality-agreement/appendix.html#A7.

[380] IJC, *Third Triennial Assessment of Progress on Great Lakes Water Quality*, 2023, https://www.ijc.org/en/2023-TAP-Report.

[381] Ibid.

[382] Written by Eva Lipiec and Pervaze Sheikh, CRS Specialists in Natural Resources Policy. For more information, see CRS In Focus IF12280, *Great Lakes Restoration Initiative (GLRI)*, by Laura Gatz and Eva Lipiec.

[383] P.L. 114-113, §426; 33 U.S.C. §1268(c)(7).

[384] 33 U.S.C. 1268(c)(7). For more about the Great Lakes Restoration Initiative (GLRI), see Great Lakes Restoration, "About," https://www.glri.us/about.

[385] Great Lakes Restoration, *Great Lakes Restoration Initiative, Action Plan IV, Fiscal Years 2025–2029*, November 21, 2024, https://glri.us/sites/default/files/apiv_great_lakes_restoration_initiative_final_11-21-24.pdf.

Congress reauthorized the GLRI in 2021 (P.L. 116-294), increasing the authorized appropriations level to $375.0 million in FY2022, with subsequent increases of $25.0 million each year to a maximum of $475.0 million in FY2026. Congress appropriated $375.0 million for the GLRI in FY2023 and $368.0 million for the initiative in FY2024.[386] The Biden Administration requested $368.0 million for the GLRI in FY2025.[387] The Infrastructure Investment and Jobs Act (P.L. 117-58) provided an additional $200.0 million annually in supplemental appropriations for the GLRI for FY2022 through FY2026.

Between 2017 and 2022, Canada allocated a total of C$44.8 million (about $33 million) to its Great Lakes Freshwater Ecosystem Initiative (formerly known as the Great Lakes Protection Initiative), intended to meet Canada's commitments under the GLWQA.[388] Some Members of Congress expressed concerns with the adequacy of that funding amount and called on the Canadian government to increase expenditures on the initiative.[389] During President Biden's March 2023 visit to Canada, Prime Minister Trudeau pledged C$420.0 million (about $309 million) over 10 years to "protect and restore" the Great Lakes.[390] In September 2024, the Canadian government took a step toward achieving that objective by allocating C$76.0 million (about $56 million) for Great Lakes restoration.[391] This funding focuses on improving water quality and ecosystem health in Areas of Concern (areas impacted by historical pollution), preventing harmful algae in Lake Erie, reducing harmful chemicals, restoring coastal ecosystems, and supporting community-based science projects.[392]

Nuclear Waste Storage Proposal[393]

Currently, spent nuclear fuel (SNF)[394] produced due to commercial nuclear power production in Canada is managed at the nuclear reactor site where the SNF was produced, similar to commercial SNF produced in the United States.[395] According to the Canadian Nuclear Waste Management Organization (NWMO), as of June 30, 2024, approximately 3.3 million used fuel

[386] House Committee Print 56-550, the Consolidated Appropriations Act, 2024 (P.L. 118-42).

[387] EPA, *FY2025 EPA Budget in Brief*, March 2024, p. 97.

[388] Environment and Climate Change Canada, *Evaluation of Freshwater Action Plan: Great Lakes Protection Initiative*, April 2022, p. 1.

[389] Letter from Brian Higgins, Member of Congress; Bill Huizenga, Member of Congress; and Marcy Kaptur, Member of Congress et al. to Honorable Joseph R. Biden, President of the United States, March 8, 2023.

[390] White House, "Joint Statement by President Biden and Prime Minister Trudeau," March 24, 2023.

[391] Environment and Climate Change Canada, "Turning the Tide: Federal Dollars to Clean Pollution and Deliver Clean Water for Great Lakes Communities," press release, September 20, 2024.

[392] Ibid.

[393] Written by Lance N. Larson, CRS Analyst in Environmental Policy.

[394] In the United States, Congress defined *spent nuclear fuel* (SNF) and *high-level nuclear waste* (HLW) in the Nuclear Waste Policy Act of 1982 (NWPA), as amended (see 42 U.S.C. §10101). The NWPA defines SNF as "withdrawn from a nuclear reactor following irradiation" and HLW as "highly radioactive material from reprocessing spent nuclear fuel." Although they are quite different technically, under the NWPA, SNF and waste from reprocessing are both defined legally as HLW. In the United States, the NWPA requires the permanent disposal of SNF and HLW in a geologic repository at Yucca Mountain, NV (42 U.S.C. §1010(18)).

The Canadian Nuclear Safety Commission defines *high-level radioactive waste* as "used (irradiated) nuclear fuel whose owners have declared it as radioactive waste and/or which generates significant heat through radioactive decay." See Canadian Nuclear Safety Commission, "High-Level Radioactive Waste," http://nuclearsafety.gc.ca/eng/waste/high-level-waste/index.cfm.

[395] Canadian nuclear power plants rely upon Candu (Canada Deuterium Uranium) reactors, which use *heavy water* (deuterium oxide) as a moderator and coolant. These reactors differ from light (ordinary) water reactors used in the United States, as they are fueled by natural uranium as opposed to enriched uranium.

bundles (SNF) were stored at sites in Canada.[396] The NWMO estimates a total of 5.9 million used fuel bundles will have accumulated by the end of these reactors' life cycles, requiring long-term storage and management.[397]

On November 28, 2024, the NWMO announced the selection of the Wabigoon Lake Ojibway Nation (WLON) and the township of Ignace, located in Ontario approximately 150 miles northwest of Lake Superior, as the future site of a deep geological repository to permanently store and manage SNF.[398] The council for the township of Ignace passed a resolution on July 10, 2024 to formally indicate to NWMO that the community endorsed the repository.[399] In a letter dated November 21, 2024, the Joint Chiefs and Councils of the Saugeen Ojibway Nation announced engagement with NWMO and plans for consultations regarding the proposed deep geologic repository.[400] An alternative site near South Bruce, Ontario and the Saugeen Ojibway Nation, about 30 miles East of Lake Huron, had also been under consideration. To date, no deep geological repositories for SNF and other high-level nuclear wastes are known to operate in the world.[401]

According to a statement by NWMO's Director of Government and External Relations, the construction of the repository is anticipated to begun in 2033 with operations starting in the early 2040s. The cost of the project is expected to be C$26 billion ($19 billion) over the lifespan of the project, which NWMO estimates to be 150 years of operation.[402] Concurrently with the NWMO program, Ontario Power Generation had proposed to build a repository for intermediate-level radioactive waste near Kincardine, Ontario—less than a mile from Lake Huron—but canceled the project in 2020.[403]

Some Members of Congress have expressed concerns about Canadian proposals to store nuclear waste in the Great Lakes region. Such Members have expressed particular opposition to the potential site near South Bruce, Ontario that the NWMO opted not to select.[404] The FY2025 NDAA bill (H.R. 8070), as engrossed in the House, would have expressed the sense of Congress that the U.S. and Canadian governments should not develop permanent storage facilities for nuclear waste within the Great Lakes Basin.[405] That provision was not included in the final

[396] Nuclear Waste Management Organization (NWMO), *Nuclear Fuel Waste Projections in Canada – 2024 Update*, NWMO-TR-2024-09, November 2024.

[397] Ibid.

[398] NWMO, "The Nuclear Waste Management Organization Selects Site for Canada's Deep Geological Repository," press release, November 28, 2024.

[399] "Canadian Township Votes to Offer to Host Spent Fuel Repository," *Platts Nuclear Fuel*, July 19, 2024.

[400] Sarah Heath, *Statement from the Joint Chiefs and Councils Re: Community Pre-Engagement Sessions*, Environment Office Saugeen Ojibway Nation, November 2024.

[401] Deep geological repositories for SNF are under consideration or development in multiple countries. For an overview of those activities, see Cindy Vestergaard, Rowen Price, and Trinh Le, *Geological Disposal of Spent Nuclear Fuel*, Stimson Center, 2021.

[402] As quoted in "Canadian Township Votes to Offer to Host Spent Fuel Repository," *Platts Nuclear Fuel*, July 19, 2024.

[403] According to the Canadian Nuclear Safety Commission, *intermediate-level radioactive wastes* (ILW) "generally contains long-lived radionuclides in concentrations that require isolation and containment for periods greater than several hundred years. ILW needs no provision, or only limited provision, for heat dissipation during its storage and disposal. Due to its long-lived radionuclides, ILW generally requires a higher level of containment and isolation than can be provided in near-surface repositories." See Canadian Nuclear Safety Commission, "Low- and Intermediate-Level Radioactive Waste," http://nuclearsafety.gc.ca/eng/waste/low-and-intermediate-waste/index.cfm.

[404] Joseph Gedeon, "'We Don't Want It': Great Lakes Lawmakers Reject Canada's Nuclear Waste Proposal," *Politico*, March 22, 2023.

[405] H.R. 8070, §3123.

FY2025 NDAA (P.L. 118-159), but the joint explanatory statement accompanying the act states, "We discourage the Government of the United States and the Government of Canada from developing storage facilities for permanent storage of spent nuclear fuel, low-level or high-level nuclear waste, or military-grade nuclear material within the Great Lakes Basin."[406]

Columbia River Treaty[407]

The Columbia River Treaty (CRT),[408] ratified by the United States and Canada in 1964, is an international agreement between the United States and Canada for the cooperative development and operation of the water resources of the Columbia River Basin.[409] The CRT provided for the construction and operation of three dams in Canada and one dam in the United States whose reservoir extends into Canada. Together, the dams provide significant flood protection benefits in both countries. In exchange for these benefits, the United States agreed to provide funding for dam construction and to provide Canada with lump-sum cash payments totaling $64.4 million and a portion of downstream hydropower that is attributable to Canadian operations under the CRT. These hydropower benefits are generally known as the *Canadian Entitlement*.[410]

The CRT has no specific end date. Since 2014, both nations have had the ability to terminate most provisions of the CRT with at least 10 years' written notice (i.e., as early as 2024). If the CRT is not terminated or modified, most of its provisions continue indefinitely. One exception is the flood control provisions, which under the terms of the treaty transitioned automatically to "called-upon" operations in September 2024. This means that the United States must now request Canadian flood control operations on an ad hoc basis, and must compensate Canada for these operations at agreed-upon levels.

The U.S. Army Corps of Engineers and the Bonneville Power Administration, in their joint role as the *U.S. entity* overseeing the CRT, undertook a review of the treaty from 2009 to 2013 and recommended continuing the CRT with certain modifications.[411] Between 2018 and 2023, U.S. and Canadian negotiating teams held 18 rounds of negotiations.[412] President Biden and Prime Minister Trudeau announced an agreement in principle on terms of modernization of the Treaty

[406] Joint Explanatory Statement to Accompany the Servicemember Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025, p. 490.

[407] Written by Charles V. Stern, CRS Specialist in Natural Resource Policy. For more information, see CRS Report R43287, *Columbia River Treaty*, by Charles V. Stern.

[408] Treaty Between Canada and the United States of America Relating to Cooperative Development of the Water Resources of The Columbia River Basin, January 17, 1961, TIAS 5638.

[409] After Canadian ratification, the Colombia River Treaty went into effect in 1964.

[410] Some have estimated the Canadian Entitlement to be worth as much as $335 million annually, in 2012 dollars. See U.S. Entity, "Columbia River Treaty 2014/2024 Review: Recent Study Results," June 2012.

[411] U.S. Entity, *U.S. Entity Regional Recommendation for the Future of the Columbia River Treaty After 2023*, December 13, 2013.

[412] U.S. Department of State, "18th Round of Negotiations to Modernize the Columbia River Treaty Regime and Announcement of Public Virtual Listening Session," press release, August 14, 2023, https://www.state.gov/18th-round-of-negotiations-to-modernize-the-columbia-river-treaty-regime/.

on July 11, 2024.[413] Proposed Treaty amendments reportedly include a reduction of hydropower sent to Canada and terms for U.S. payments for Canadian flood control, among other things.[414]

On November 25, 2024, the State Department announced the implementation of interim measures relevant to the proposed amendments in the agreement in principle.[415] These measures include provisions related to flood risk management storage and a reduction to the Canadian Entitlement. The State Department noted that the interim measures would remain in force until a modernized Treaty enters into force.[416]

Some Members of Congress have tracked the negotiations closely and called on President Biden to prioritize conclusion of the negotiations in his engagement with the Canadian government. The Water Resources Development Act of 2022 (Division H of P.L. 117-263) included a provision authorizing the Secretary of the Army to study the feasibility of a flood risk management project to potentially reduce the U.S. reliance on Canada for flood risk management in the Columbia River Basin.[417] The Secretary is to carry out the study in coordination with other federal and state agencies and Indian tribes and to report recommendations to congressional authorizing committees. That same section authorized the Secretary of the Army to expend funds for called-upon Canadian flood control operations in the Columbia River Basin, but only when such funds are appropriated by Congress for these purposes. In Section 122 of the Continuing Appropriations and Extensions Act, 2025 (P.L. 118-83), Congress provided FY2025 funding for the U.S. Army Corps of Engineers for flood risk management payments to Canada in the amount announced under the aforementioned July 2024 agreement (i.e., $37.6 million).

Outlook

Over the past four years, the U.S. and Canadian governments have sought to build on the countries' long-standing areas of cooperation to address current challenges, including climate change, access to critical minerals, and increased geopolitical competition from countries such as Russia and China. Many of these efforts are still nascent, and it is unclear whether they will continue following presidential and congressional changes in the United States and a potential change in government in Canada in 2025. President-elect Trump's statements during and since the 2024 election suggest U.S.-Canada relations may be more contentious over the next four years, with increased emphasis on trade disputes and other policy disagreements. Nevertheless, bilateral cooperation is likely to continue on a wide array of issues, reflecting the countries' extensive ties and the close working relationships between U.S. and Canadian institutions at all levels of government. Congress may consider whether and how to continue shaping U.S.-Canada relations using its legislative and oversight prerogatives, and Members could seek to authorize, restrict, or

[413] The White House, "Statement from President Joe Biden on Reaching an Agreement in Principle on Modernization of the Columbia River Treaty Regime," press release, July 11, 2024, https://www.whitehouse.gov/briefing-room/statements-releases/2024/07/11/statement-by-president-joe-biden-on-reaching-an-agreement-in-principle-on-modernization-of-the-columbia-river-treaty-regime/.

[414] U.S. Department of State, "Details About the Key Elements Agreed Between the United States and Canada Regarding Modernization of the Columbia River Treaty Regime," press release, July 26, 2024, https://www.state.gov/details-about-the-key-elements-agreed-between-the-united-states-and-canada-regarding-modernization-of-the-columbia-river-treaty-regime/.

[415] U.S. Department of State, "Interim Measures to Continue Columbia River Treaty Coordination," press release, November 25, 2024, https://www.state.gov/interim-measures-to-continue-columbia-river-treaty-coordination/.

[416] Ibid.

[417] P.L. 117-263, §8309.

block the incoming administration's actions on trade or other matters with implications for the bilateral relationship.

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