

3 things to watch: CANADA



1

The Weakening U.S. Alliance

The new U.S. policy of unilateralism in economic and foreign relations is threatening to break or significantly reconfigure traditional alliances. One of the first casualties is the U.S.-Canada relationship. Some of the major challenges of the past two years include the public campaign against NAFTA, national security tariffs levied against Canada, and most recently, Canada's arrest of a Huawei official at the request of U.S. law enforcement (which the White House subsequently disavowed). While some aspects






of the relationship remain as strong as ever – especially technical cooperation at the working level and military and security relationships – Canadians are feeling increasingly alienated from the United States. They are looking to fill the gap with alliances in Europe, Asia, and the Americas. As the largest buyer of U.S. exports, and the primary buffer against military attacks across the Arctic, the loss of Canada could significantly affect U.S. prosperity and well-being.

Featured Experts

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2

The Fate of the USMCA

With the United States-Mexico-Canada Agreement, or [USMCA](#), in crucial ratification stages, there are [numerous dynamics](#) – foreign and domestic, political and economic – that could derail the process. The Canada-U.S. [energy relationship](#), similar to the trade relationship, is characterized by a high degree of [integration](#). Canada is the United States' largest source of imported oil and 99% of Canadian export

oil is sold to the United States (at a significant discount). Reliable, low-cost energy is a source of strength for both countries, but secure supply chains are affected by myriad regulatory, infrastructure, and security issues. These concerns will be a focus of attention in 2019 and beyond.



3

The Border that Binds

The 5,500-mile U.S.-Canadian border is not fortified with barbed wire and bricks, but neither is it “undefended,” as some believe. Rather, the U.S. northern border exemplifies a global best practice of cooperative border management. Changing threats and technologies demand constant upgrades to border security. At the same time, more than a million dollars in [two-way trade](#) crosses the border every minute, and the fourth-largest U.S. airport, when

ranked by number of U.S. passengers, is, in fact, Toronto’s Pearson Airport. Beyond cooperative [border security](#), the U.S. and Canada have shared interests in the defense of the North America, from synergies in law enforcement and cybersecurity to modernization of the 60-year-old NORAD joint command. What will the new year have in store for cooperation across the dividing line?