

FAR APART, TOO CONNECTED TO IGNORE

US–Canada tensions, global energy markets and East Africa’s exposure to compound shocks¹

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Summary

Relations between the United States and Canada, long shaped by unequal power, contested sovereignty and deep economic and security integration, have entered a period of renewed tension. Tariffs, separatist pressures and electoral calculations raise questions about the resilience of this longstanding partnership and its wider consequences. This policy brief examines the historical and political drivers of the dispute and its potential implications for global energy markets and East Africa. It argues that the greatest external risk is not the bilateral confrontation alone, but its possible interaction with disruptions linked to the Russia–Ukraine war, closure & disruption of the Strait of Hormuz and the increasing insecurity in the Red Sea. Such convergence could increase energy-price volatility, transport costs and inflation across fuel-importing economies. Yet North American interdependence, weaker demand and shifts in trade could also contain these effects. For the Horn of Africa, the central concern is therefore how distant political tensions may compound existing market vulnerabilities, rather than direct reliance on Canadian energy.

¹ The Author would like to thank Melanie Sommerville for her comments on the draft of this Policy Brief

The trade confrontation and the limits of energy interdependence

In September 2026, Peter Navarro, special adviser to Donald Trump, warned Canada against interfering in US midterm elections: “if you interfere in our elections in Maine or Michigan you will pay even more dearly.”² Canadian rhetoric has also been harsh. For example, the award-winning researcher Dr. Aisha Ahmed at the University of Toronto discussed the possibility of Canadian guerrilla warfare against the US in Canadian newspapers.³ Ahmed was reflecting on Carney’s admission that Canadian military leaders had war gamed an invasion by the US early in 2025. Relations between Canada and the US have generally been friendly. It was once cited by researchers such as Alexander Wendt and Sean Shore as an example of how a good relationship meant that an asymmetric power balance between two states did not necessarily mean that one feared the other.⁴ Yet this may have been too simple a view.

The rhetoric has hardened considerably since 1 February 2025, when Donald Trump announced new tariffs against Canadian products. The confrontation intensified in August 2026. The US then put forward a proposal which, according to Canadian accounts, would have allowed Washington to determine Canada’s trading partners and

restrict the use of French as an official language in Canada. US officials also complained of what they described as Canadian free-riding, both in NATO and – perhaps more importantly – in the defence of the Western Hemisphere.⁵

Oil and natural gas have largely been exempt from the major 50% US tariffs (and Canada’s retaliatory measures). Both sides have deliberately kept crude oil and natural gas mostly off the tariff lists because the two energy systems are extremely interdependent. Canada supplies roughly half of US petroleum imports, and a large share of Canadian oil and gas production is sold into the US market. Broad tariffs here would raise prices significantly for American consumers and refiners (especially in the Midwest and Northeast) while hurting Canadian producers.⁶ Electricity, however, is more exposed, and the situation could escalate. There have been real threats and temporary measures (Ontario briefly floated or applied a 25% surcharge on power exports to the US in 2025–2026).⁷ Tariffs or reduced Canadian electricity exports could raise wholesale power prices in border states (New York, Michigan, Minnesota, New England), increase reliance on higher-cost or higher-emission US generation, and create reliability risks during extreme weather. Such escalation will impact the tensions in the Red Sea by enhancing the effect of Iran’s Hormuz blockade and

The Houthis blockade of Saudi Arabia in the Red Sea. The Canada–US relationship is highly relevant to actors outside the west, but is very often not discussed by Asian or African actors.

Political confrontation matters internationally when binding measures alter crude or gas flows, refinery inputs or internationally traded product prices. Electricity restrictions primarily affect interconnected North American markets; political rhetoric alone does not establish a global energy shock, although escalation could contribute to price increases.

Historical foundations: rivalry, asymmetry and continental cooperation

Understanding tensions between Canada and the US requires distinguishing rhetoric from action, however forceful the rhetoric. The relationship between the two countries has historically been more complicated than is often recognized. Canada was the place where the British loyalists fled after the American War of Independence was lost, and these refugees shaped the English-speaking Canadian identity.⁸ The French-speaking Canadian identity was also shaped by the same War of Independence, through the anti-Catholicism and anti-French attitudes that American troops displayed during the occupation of Montreal (1775–1776).⁹

2 CTVNews.ca Staff “PM Carney laughs off Trump adviser telling Canadian lobbyists to ‘get the hell out’ CTV News, : September 29, 2026 at 9:30p, [Peter Navarro: Trump adviser warns Canada against election interference](#)

3 Don Braid “Braid: Invading Canada would spark guerrilla fight lasting decades, expert says” National Post, Published Mar 07, 2025, [Braid: Invading Canada would spark guerrilla fight lasting decades, expert says | National Post](#)

4 Alexander Wendt “Anarchy is what States Make of it: The Social Construction of Power Politics” International Organization, Spring, 1992, Vol. 46, No. 2 (Spring, 1992); hore SM.

No fences make good neighbors: the development of the US-Canadian security community, 1871–1940. In: Adler E, Barnett M, eds. *Security Communities*. Cambridge Studies in International Relations. Cambridge University Press; 1998:333–367.

5 Paul Wiseman and Rob Gillies “US and Canada fall deeper into a trade war with new tariffs as talks collapse and blame is spread” AP 1, August 24, 2026, [US and Canada fall deeper into a trade war with new tariffs | AP News](#)

6 Haley Zaremba “Why Trump and Carney Haven’t Touched Energy in Their Tariff War” *Oil Prices.com* Oct 23, 2026, 5:00 PM, [Why Trump and Carney Haven’t Touched Energy in Their Tariff War | OilPrice.com](#)

7 Ontario, Office of the Premier, “Ontario Applies 25 Per Cent Surcharge on Electricity Exports to United States,” *news release*, March 10, 2025, <https://news.ontario.ca/en/release/1005690/ontario-applies-25-per-cent-surcharge-on-electricity-exports-to-united-states>.

8 Richard M. Coe “Anglo-Canadian Rhetoric and Identity: A Preface”; *College English*, Dec., 1988, Vol. 50, No. 8, Canadian Literature and Rhetoric (Dec., 1988), pp. 849–860

9 Ouellet, Réal. “« Français canadiens ou Canadiens ? Construction et mutation d’une identité originale au XVIIIe siècle. » *Lumen* 21 (2002): 21–43.

Canada's role as an outpost of the British Empire was also a symbol of the limitations of the Monroe Doctrine, and a source of irritation for many American administrations. The Confederation of 1867, the start of modern Canada, was influenced both by Canadian fear of a strong US and by the US's termination of the Reciprocity Treaty of 1854, a free-trade agreement between the US and Canada.¹⁰ As late as the Second World War, the American general staff had plans for an invasion of Canada under the code name "Plan Red," whose main purpose was to limit Canada's contact with Europe by preventing the connection between Canada's populous Ontario province and the Atlantic coast by seizing the ports in Newfoundland and cutting the St. Lawrence River.¹¹ The plan would take advantage of the fact that Canada's large population centers lie in the areas bordering the US. The relationship between the US and Canada has been complicated in the past

Canada has nevertheless been an important US ally since the Second world war. As the US became more engaged in Europe, cooperation with Canada deepened. During the Second World War, cooperation expanded substantially even before the US entered the conflict. The Ogdensburg Declaration in August 1940 established a joint defence coordination mechanism for the Western Hemisphere, a precursor to the US-Canadian defence of the airspace over

the Western Hemisphere during the Cold War.¹²

Canada made a major contribution to the war effort in Europe. One of the four armies that landed in Normandy was Canadian, and Canada's First Army commanded American, British, Norwegian and Polish units, and formed an integral part of the American-led campaign all the way into Germany.¹³ The Canadian and American economies also became increasingly integrated to promote war production. The Second World War left a lasting institutional legacy: Canada was incorporated into American hemisphere planning and NATO's planning of reinforcements to Europe.

In 1958, Canada and the United States formally established the North American Air Defense Command (NORAD), institutionalizing their joint responsibility for continental air defense following an agreement reached in 1957.¹⁴ The Canadian Air-Sea Transportable (CAST) Brigade Group was created in 1968 to reinforce NATO's flanks and became an important part of defence planning in the Arctic. Canada's role in NORAD weakened as Canada delayed fleet renewal and reduced readiness. In 2005, Canada chose not to participate in the American ballistic missile defence (Ground-based Midcourse Defense), which created American criticism of Canada as a free-rider in NORAD, from both the Biden and Trump administrations.¹⁵ Trump's rhetorical attacks against Canada extends beyond the

trade dispute, but also on Canada's ability to defend its part of the Western Hemisphere and thereby protect American cities from air and missile attacks. Canada remains among the countries with comparatively low defence expenditure as a share of GDP.

Separatism, domestic politics and the US electoral cycle

The tension between Canada and the US is also influenced by Canadian separatism and Canadian attempts to influence American midterm elections, especially in border states. Paradoxically, Quebec, traditionally Canada's "enfant terrible", has been pushed closer to Ottawa by the trade war, especially as Canada has signalled that the Americans' eagerness to reduce non-tariff barriers could mean a weakening of the rights of the French language in Canada. The separatists recently won the provincial election in Quebec and formed a minority government, but postponed debates about independence until Trump is out of the presidency in the US, in order to "have an informed and calm debate."¹⁶ Two other provinces, Saskatchewan and Alberta, also have separatist movements that have received more attention in 2026; the separatist agenda has support from between 24% (Alberta) and 21% (Saskatchewan) of the population.¹⁷ Alberta held a referendum on starting the process towards a fu-

summit/.

16 Jessica Murphy and James FitzGerald" Separatist party projected to win Quebec election, adding new test to Canada's unity" *BBC* 6 October 2026. [Separatist party wins Quebec election, adding new test to Canada's unity](#)

17 Rahim Mohamed" Western alienation has declined to a four-year low: poll" *National Post*"Published Jan 09, 2026, [Western alienation has declined to a four-year low: Poll | National Post](#)

10 John Douglas Belshaw, "1.4 Other Causes of Confederation," in *Canadian History: Post-Confederation* (Victoria, BC: BCcampus, 2016), <https://opentextbc.ca/postconfederation/chapter/1-4-other-causes-of-confederation/>.

11 Cecco, Leyland. "The US Drew Up a Plan to Invade Canada in 1930. Now Trump Is Reviving Old Fears." *The Guardian*, January 27, 2026. <https://www.theguardian.com/world/2026/jan/27/trump-canada-us-war-plan>.

12 H. L. Keenleyside" *The Canada-United*

States Permanent Joint Board on Defence, 1940-1945" *International Journal*, Winter, 1960/1961, Vol. 16, No. 1 (Winter, 1960/1961), pp. 50-77

13 C. P. Stacey, *The victory Campaign*, Ottawa: The Queen's Printer And Controller Of Stationery, 196

14 North American Aerospace Defense Command. "NORAD Agreement." Accessed October 26, 2026. <https://www.norad.mil/about-norad/norad-agreement/>.

15 Agrawal, Ravi. "Is Canada Free-Riding on Defense?" *Foreign Policy*, July 10, 2024. <https://foreignpolicy.com/2024/07/10/blair-canada-nato->

ture vote on independence on the 19 October.¹⁸ The independence movement in these two provinces has a greater overlap with parts of the MAGA movement's agenda. Both provinces have grown increasingly critical of federal regulations on the oil and gas industry, which is important in the provinces, at increased costs in connection with the green transition, and at what they regard as their subsidisation of Federal Government of Canada through transfers of oil and gas revenues. This perception goes far beyond the ranks of the separatists. At the same time, the two provinces are more socially conservative than Ontario. Trump supporters such as Elon Musk have expressed support for the separatists. Separatist groups have also tried to gain support in Washington. Public statements by the US ambassador in Ottawa claiming that Canadian unity is an open question, statements by Scott Bessent about the importance of Alberta's natural resources and Republican Party operatives coming to Alberta and sharing software and tactics with Alberta separatists. Meetings between State Department officials and separatist leaders have also added to a tense atmosphere between Canada and the US.¹⁹ The mixing of the separatist agenda and American politics has created uncertainty and suspicion around the election in Alberta, and adds further tension to the US–Canadian relationship.

Canadian countermeasures against the American tariff increases are specifically designed to drive prices higher in specific border states, some of these states are swing states in the mid-term election. Canada's industry minister Mélanie Joly has in-

directly indicated that the tariffs are intended to create inflation in swing states.²⁰ The United States accuses Canada of electoral influence based on this, although Joly denies, it seems like the measures could have a such effect. The Republicans currently have a 53–47 majority in the Senate. The Democrats need a net gain of at least four seats to take control (while they must defend their own seats). Maine, Iowa and, quite surprisingly, Texas are all swing states where Canadian tariffs hit hard. The contest for the House of Representatives is closer, and the same states are important there as well, even if changes in other states can also create change. Canada is also employing lobbyists to exert influence on American politicians; firms such as Ballard Partners, Akin Gump and BGR Group have been engaged; nothing equivalent exists on the American side.

Separatist mobilization and electoral incentives may narrow the room for compromise even when economic interdependence favors restraint. These pressures could also create a security dilemma in North America.

Global energy pressures and the Horn of Africa: transmission, outlook and response

A striking paradox is that Canada may now be among the challengers to American global power. It is nevertheless too early to say who will win the dispute; Canada is simply more dependent on the US than vice versa, and will face difficulties diversifying after decades of market integration with the US. Canada is seeking to reduce this dependence by expanding trade with the EU.

An association arrangement would represent a symbolic victory – even though it is still unclear what this will concretely entail, and EU does not speak with one voice, and several of its member states would probably seek to avoid future trade wars with the United States, facts that would complicate future integration. At the same time, Canada is orienting itself towards other partners, including Turkey. China could in theory have offered Canada greater independence from the US, and Canada has also approached the country commercially, but a closer alignment could provoke Washington to a far greater degree than any other actor. Democratic control of the House of Representatives could help Canada; it could lead to resolutions and bills that try to overturn or limit Trump's tariffs against Canada, or start hearings about Trump's tariff policy against Canada. A Democrat-controlled Senate could question the legality of Trump's justification for the tariffs, the International Emergency Economic Powers Act (IEEPA), but it is unlikely that the Democrats will get a large enough majority to override a presidential veto to stop the tariffs, which are grounded in Section 232 (National Security) of the Trade Expansion Act of 1962, and the more contested Section 301 (Unfair Trade / Forced Labor) of the Trade Act of 1974, that is currently challenged in court by 25 states.²¹

The tensions between the two states remain, and further harsh rhetoric remains likely. Canada is the largest foreign supplier of crude oil to the United States. An escalation that directly targets or disrupts energy transport risks localized price spikes for North American refiners, particularly in the

18 Max Saltman "Canada won't see Alberta seceding anytime soon. But what to do with the people who wanted to leave?" *CNN* published Oct 24, 2026, [Canada won't see Alberta seceding anytime soon. But what to do with the people who wanted to leave? | CNN](#)

19 Carrie Tait, Grant Robertson and Nathan Vanderklippe "How some Alberta separatists are courting U.S. support for independence"

The *Globe and the Mail*, published on October 16 2026. [How some Alberta separatists are courting U.S. support for independence - The Globe and Mail](#)

20 North, Harry. "Show Strength, Target GOP States to Pressure Trump over Tariff 'Melodrama,' Joly Says at Liberal Rally in Montreal." *Montreal Gazette*, March 7, 2025. <https://montrealgazette.com/news/show-strength-target-gop-states-to-pressure-trump-over-tariff-melodrama-joly-says-at-liberal-rally-in-montreal/>.

21 Halit Harput and Marius Risse "After IEEPA: How Sections 232 and 301 Work" *Global Trade Alert* 26 February 2026, [After IEEPA: How Sections 232 and 301 Work - Global Trade Alert](#)

US Midwest and Ontario/Quebec. Canada did set an export tax on oil after the OPEC crisis of 1973, and faced much criticism for this in American media, to the extent of being called 'blue-eyed Arabs', providing a precedent for such a move.²² A comparable convergence of pressures is possible today, with both the Houthis, and Iran targeting the international energy market, and the effects on the energy market by Ukrainian and Russian targeting of oil and gas refineries in the Ukrainian war. Any North American escalation or global uncertainty reinforces the risk premium already present from the Iranian war. Conversely, over time a North American slowdown could soften global demand and reduce demand for Gulf oil, and a detachment between the US and Canadian oil marked will lead Canada to search for new buyers, perhaps competing with gulf countries.

For Africa (and Asia), the immediate channel is the international price and delivered cost of fuel, rather than direct purchases from Canada. Somalia's dependence on imported petroleum products and diesel-generated electricity makes fuel costs consequential for transport, food distribution and household expenditure. Djibouti combines fuel-import exposure with sensitivity to Red Sea shipping and transit flows serving Ethiopia. Ethiopia's hydropower capacity reduces the direct exposure of electricity generation to oil prices, but imported transport fuels, foreign-exchange constraints and dependence on trade corridors remain important vulnerabilities. Kenya faces imported petroleum costs alongside its role as a regional distribution hub through Mombasa. These differences matter: the same international price movement may have unequal effects on inflation, public finances and commercial activity.

External energy pressures can reach the region through four linked channels such as

possible changes in the price or availability of petroleum products; fertiliser costs, exchange rates and import financing; freight, insurance and delivery costs; and domestic pass-through to transport, electricity, food and public budgets. These pathways establish exposure.

Three distinct trajectories illustrate the uncertainty over the next six to twelve months. Under contained confrontation, tariffs and political pressure persist while cross-border energy flows remain largely intact; direct global supply effects are limited, although uncertainty continues. Under energy confrontation and compound disruption, new restrictions materially affect North American crude, gas or electricity arrangements at the same time that Gulf or Red Sea pressures limit alternatives; energy importers then face a higher risk of delivered-cost increases. Under adjustment and demand moderation, Canada seeks alternative markets and North American economic activity weakens, potentially reducing some global price pressure even as financing and trade conditions become less favourable. These are conditional pathways, not forecasts assigned numerical probabilities, but these factors are nevertheless often overlooked. The Canadian-US conflict does, as the Iranian Conflict, the Houthi blockade in the Red Sea, the Ukrainian war, and Chinese US disentanglement contribute to inflation, and will have repercussions on the mid term elections in the USA.

Conclusion

The decisive question is whether North American political tensions materially restrict energy-market adjustment at a time when other supply routes are constrained. For East African policymakers, the priority is

to monitor this threshold rather than assume that every diplomatic escalation will translate into an energy shock. Preparedness should reflect measurable exposure and the differing capacities of regional economies to absorb its effects.

²² Robert Skinner "Will we see you in September, gas tax?" *Financial Post* 16 June 2026. [Will we see you in September, gas tax? | Financial Post](https://www.financialpost.com/news/canada/article/Will-we-see-you-in-September-gas-tax-1.4688888); Robert Trunbul "Canada Increases

Gas Export Price; U.S. to Bear Brunt." *New York Times*, September 21, 1974. <https://www.nytimes.com/1974/09/21/archives/canada-increases-gas-export-price-us-to-bear-brunt->

[canadian-price.html](https://www.nytimes.com/1974/09/21/archives/canada-increases-gas-export-price-us-to-bear-brunt-canadian-price.html).