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Major Country Risk Developments
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By Byron Shoulton

Overview

The U.S. aggressive trade stance towards its rivals and long-standing allies alike, now has China acting like the defender of multilateralism and free trade. Sudden shifts in U.S. foreign policy have left leaders of other countries baffled. This includes Canada and NATO allies that long considered themselves close to the U.S. and shared its world view.

While many remain wary of China's growing influence, China still appears to be winning the geopolitical game -at least for now. The reality is more complex. Even if China is not winning the hearts of other countries, its vision of a world order is gaining ground because the U.S., rather than providing a principled and attractive alternative, is looking less like the U.S. and more like a disrupter of a rules-based global order and appears increasingly isolated. In the eyes of our trading partners, the U.S. appears to be moving away from the ideals and principles it once championed.

With China, other countries feel they know where they stand, in contrast to the unpredictability that now defines the U.S. approach. Executives in the U.S. and China remain cautious about the possibility of a sudden policy shift in Washington ahead of a planned visit to China by the U.S. president in April, where a trade deal could be signed.

For example, leaders among U.S. automakers remain concerned about the prospect of their Chinese rivals being allowed to enter the U.S. market. U.S. automakers are on edge over the possibility that they could soon face cut-throat competition from Chinese rivals which have swept across Europe, south-east Asia and Latin America. If the Chinese are given the opportunity to come into the

U.S. market, they bring a very competitive model that will challenge not just Detroit original auto producers, but also the Japanese, European and Korean producers.

The U.S effectively banned Chinese cars from entering its market after the Biden administration imposed 100% tariffs on EV imports from China in 2024. However, senior U.S. auto industry leaders now worry that without access to Chinese technology and manufacturing know-how, they will soon be left behind on the global stage and eventually in the U.S. as well. The answer, for now, appears to be partnering with Chinese companies outside the U.S. This is a current practice for Toyota, Mercedes and several other Japanese and European car manufacturers.

A more likely priority in the near term for Chinese carmakers, would be to secure a foothold in Canada, which in January struck a deal with China to accept 49,000 electric cars with a 6.1% tariff, abandoning the previous 100% tariff. While the volume of Chinese EV import to Canada is limited, once access is gained it becomes harder to reverse entirely.

Geely, the Chinese car manufacturer, which owns Volvo Cars and Polestar, has recently suggested that its entry into the U.S. was a question of "when and where" and that it could share Volvo's facility in South Carolina.

U.S.A.

The U.S. economy shows falling inflation, a somewhat stable labor market, and resilient growth. The vital signs of the economy are pointing in a more favorable direction. It is the closest the U.S. economy has come to achieving a soft landing, a moderation in inflation without recession since the pandemic. Last April, as the economy closed in on a soft landing, steep tariffs had forecasters bracing for a new surge in inflation. It now looks plausible that inflation could return to the Federal Reserve's ("the Fed") 2% goal without a recession. The most recent inflation report showed core prices, which strip out volatile food and energy costs, rose 2.5% in January from a year earlier—the lowest since the pandemic price surge which began in 2021. While that number has been held down artificially by a data gap from last fall's government shutdown, it nonetheless showed less of the start-of-the-year price pressure that tripped up the falling-inflation story in each of the past three years.

Meanwhile, separate data show the unemployment rate ticked down to 4.3% in January, with employers adding a larger-than-anticipated 130,000 jobs. Meanwhile, core prices as measured by the Fed's preferred inflation gauge, which differs from the consumer-price index, are rising nearly 3%, up from the recent low of 2.6% recorded this past April and well above the 2% target. Several forecasters expect little progress this year as tariff-related price increases work their way from ports to store shelves.

The Congressional Budget Office (CBO) forecasts the U.S. budget deficit will widen over the next decade due to rising interest costs. While the deficit will remain roughly flat for the next two years, it is projected to widen over the next decade as interest costs consume an increasing share of spending. This forecast highlights U.S. long-run fiscal challenges.

The U.S. is projected to run a deficit of $1.85 trillion, or

5.8% of gross domestic product, in the year that ends Sept. 30, 2026; and then stay about level at 5.7% of GDP in fiscal year 2027. For every $1 the government collects in taxes and tariffs, it will spend $1.33 this year. That continues a trend of high and persistent deficits that is historically rare outside of emergencies, wars and recessions.

The budget gap is forecast to increase over the course of the next decade as the costs of the country's debt load, an aging population, and healthcare obligations outpace tax collections. Debt held by the public is forecast to cross the 100%-of-GDP threshold this year and surpass the post-World War II record by 2030. By 2036, U.S. annual deficit will exceed $3 trillion, or 6.7% of GDP, according to the CBO. Since World War II, that is a level that the country exceeded only in the aftermath of the 2008 financial crisis and during the Covid-19 pandemic.

The primary deficit—the difference between revenue and spending without considering interest costs—is projected to decline to 2.1% of GDP from 2.7% over the decade. But the interest overhang from past borrowing, overwhelms that effect and pushes total deficits upward. As a share of GDP, federal interest costs are about to be higher than any year since at least 1940, according to the CBO. And by 2036, interest will consume 26% of federal revenue, up from 19% this year.

The budget projections continue to indicate that the U.S. fiscal trajectory is unsustainable. The CBO's annual big-picture analysis warns of the dangers of the high and rising U.S. federal debt. That burden could crowd out private investment and send money out of the country to foreign debtholders.

The CBO forecasts 2.2% real U.S. GDP growth in 2026, because tax cuts are boosting consumer spending and private investment, before a slowdown to 1.8% growth in 2027. The projections include productivity gains from generative artificial intelligence.

President Trump has imposed higher tariffs, signed a tax-cut law, restricted immigration and limited spending in some government agencies. The tax-cut law, which also included spending reductions and more money for immigration enforcement and defense, will increase budget deficits by $4.7 trillion through 2035. That compares with letting tax cuts expire at the end of 2025 as previously scheduled, and it includes the effects on interest costs and economic growth.

In the CBO's estimates, the tax cuts will spur faster growth. That growth will lead to inflationary pressure and higher interest rates. Because the indebted U.S. government is so sensitive to interest rates, the net economic effect will increase budget deficits.

Some have taken exception with the CBO's low assumptions for economic growth. They point out that because of the governments' pro-growth policies, interest rates are coming down, business investment is up, and GDP growth could hit 2.7% this year.

The tariff changes will reduce budget deficits by $3 trillion over the decade. The U.S. immigration slowdown will increase deficits by $500 billion because the lost tax collections outweigh savings on federal benefits, according to the CBO. Meanwhile, the U.S. national debt continues to rise.

As more American consumers fall behind on their mortgage and credit-card payments, a new report sheds light on how financial stress is spreading beyond the lowest-income borrowers.

While credit-counseling agencies typically help low-income people restructure their debt and avoid bankruptcy, now people who earn higher incomes are walking through their doors, according to the National Foundation for Credit Counseling ("NFCC").

The average client seeking help from credit-counseling agencies across the country now makes about $70,000 a year, with unsecured debt levels approaching $35,000, or half their annual income, according to the NFCC. Before the pandemic, the typical client enrolled in counseling made about $40,000 a year and carried $10,000 in unsecured debt, or roughly 25% of their annual income. Clients have rising debt-to-income levels, and more are falling behind on payment plans. These colliding factors pushed the gauge of financial stress to its highest level since the nonprofit group NFCC, began tracking consumer health in 2018.

The financial stress forecast, which weighs payment trends from consumers already in counseling against broader economic indicators, will climb in the current quarter. The increasing number of missed payments by existing counseling clients is particularly concerning, because those borrowers are already on structured repayment plans, with fixed monthly payments based on budgets designed to be manageable.

A separate new report from the Federal Reserve Bank of New York shows that U.S. household debt in some form of delinquency rose to 4.8% in the fourth quarter, the highest level since 2017.

Many banks and analysts have played down that increase as a return to pre-pandemic norms, but the federal data also show a worsening concentration of stress among lower-income borrowers. In the credit-card and auto loan categories, serious delinquencies are near highs last seen in the aftermath of the 2008-09 financial crisis.

Some 13% of people who took out Federal Housing Administration mortgages are not current on their loans, an increase from a year earlier, according to a report from ICE, the financial services company known as Intercontinental Exchange. FHA loans are typically geared toward first-time buyers. There has been a big increase in

FHA loans entering foreclosure.

The data runs counter to other signs of economic strength. The Bureau of Labor Statistics reported the strongest job growth in more than a year last month, and consumer spending rose 2.7% in 2025. Still, credit counselors say there is economic fragility developing within many households.

Meanwhile, the labor marketmight be less sturdy than the report suggests. Annual revisions showed the economy added an average of 15,000 jobs a month in all of 2025, lower than in almost any year outside of recessions since World War II. Furthermore, job growth has been narrowly concentrated in healthcare and education.

The unemployment rate is more likely to rise than fall this year and core inflation, using the Fed's preferred gauge, is uncertain. Unemployment has been stable because even though employers aren't adding many workers, they aren't cutting many either. It wouldn't take much to shatter that fragile equilibrium.

Companies whose stock prices have tumbled as the artificial-intelligence boom reshuffles winners and losers might be forced to cut costs, including through layoffs. Another risk is that household wealth has been buoyed by years of equity gains, and a sustained selloff could cause consumers to pull back, undermining an engine of economic growth. Capital spending on AI contributed nearly a full percentage point to economic output last year and could do so again in 2026.

Fiscal policy might add another tailwind. Ahead of this fall's midterm elections, the Administration has reason to pursue expansive fiscal policies and to be more careful about trade actions that, after steep tariff increases this past April, added to the cost-of-living pressures the president had promised to fix. Inflation is projected to end 2026 at around 3%.

A closer look at the recent report reveals inflation challenges lurking under the surface. Shelter costs [rents, mortgages], which had been the single largest driver of elevated inflation in recent years, are not cooling. Prices for services outside of housing remain firm, and tar-

iff-sensitive goods prices have accelerated. Stripping out used cars, core-goods prices rose at a 4.4% annualized rate in January, the fastest pace in three years. The report also suggests automakers, who absorbed tariff-related costs throughout 2025, now pass more of them along to buyers. That trend is becoming prevalent across industries and most sectors.

The Eurozone

The region is taking to heart the need for Europe to spend to get ready to defend itself. German Chancellor Friedrich Merz announced talks with France on strengthening Europe's nuclear deterrent. The two countries' joint fighter project however looks set to be scaled back after difficulties emerged between France's Dassault and the German-based defense arm of aerospace group Airbus. Germany also has plans for a satellite missile detection system to cut reliance on the U.S., while the new Dutch government is raising a "freedom" tax for defense.

The geopolitical backdrop hung heavily over the Munich Security Conference on February 14, 2026. The U.S. administration's animosity towards its European allies, saw a bit of nuance with Secretary of State Rubio's delivering a less abrasive interpretation of current U.S. policies toward Europe. Mr. Rubio asserted that U.S. destiny will always be intertwined with Europe's. This was seen as a welcomed U.S. "reset" by some but viewed suspiciously by other Europeans. The Danish PM asserted that Europe needs a new mindset on deterrence and defense if it is to survive current global disorder. Denmark has been thrust into the center of the rupturing transatlantic alliance following the U.S. President's threat to take control of Greenland.

The defense of Ukraine has also strained U.S.-NATO relations. European officials fear that the U.S. could abandon Ukraine, a feeling likely to be strengthened by U.S. secretary of state Rubio appearing to skip a meeting on the war while in Munich. Ukraine's President Volodymyr Zelensky has voiced skepticism that Europe can step into the gap with the U.S. pulling back. "Europe loves to discuss the future but avoids taking action today," Zelensky told attendees at Davos.

On the other hand, Nato chief Mark Rutte warns that Europe must stop "dreaming" about defense without the U.S., arguing that the continent cannot afford to replace

the American security umbrella. European officials are hoping for a more congenial tone from the U.S., compared and seek signs that they won't be forced to "think the unthinkable" - Nato without America. While Secretary Rubio tried to change the negative outlook, most Europeans remained skeptical. The future of the transatlantic relationship remains blurred. Europe needs to become more self-assured and not dependent on U.S. largess. U.S. aggressiveness [to friend and foe alike] have forced countries and companies to diversify trade links as a matter of longer-term survival. China will by default benefit as countries and companies seek new markets and new trade relationships around the world.

Senior German officials have pledged to channel more money into innovation and start-ups amid mounting criticism over how the country's vast military budget is being spent. After years of missing its NATO spending targets, Germany has unleashed hundreds of billions of euros on rearmament following Russia's full-scale invasion of Ukraine. The German military leadership has asserted that a much bigger share of the newfound procurement should be on innovation and that the private sector (not bureaucrats) should lead in how the country address this process.

Meanwhile, Europe's economy is shrinking in relative terms. In 2010, the EU GDP was the same as the U.S. and a lot bigger than China's. Today, Europe is still rich, but its relative wealth is eroding, and it is becoming more difficult to sustain its cherished social model.

Europe used to lead in productivity, now it trails behind in the EU-tech sector as well as in non-tech production. European companies that once dominated have become less competitive and less able to grow. Considering European standing in the world, the region needs to grow more if it wants to be competitive. In order to do that, they need much faster productivity growth. Structural reforms are needed at the national level, focused on increasing flexibility in local products and labor markets. In its quest for the completion of the single market, there needs to be renewed focus in Europe on the freedom of movement of goods, labor and capital within the trade block.

In the energy space, the region suffers from a strategic vulnerability that touches factories, data centers and households across the EU. This vulnerability cuts directly into competitiveness and resilience. To gain regional integration requires elimination of national subsidies, building interconnectors, aligning grid access and tariffs, and fast tracking permitting for renewables and storage. In short, meeting Europe's strategic needs- from energy security to defense- requires joint action and joint funding, including with regional and international financial institutions.

Colombia

GDP growth will accelerate in 2026 aided by disinflation and monetary easing, which will support private consumption. Growth in private investment will strengthen due to the business sector's expectation of stronger policy stability under a new business-friendly government. Real GDP growth was revised up to 2.8% in 2025 (from 2.5% previously), with average growth forecast for 2026-30 at 2.9%. Inflation was up at 5.2% last year (from 5% previously) and an average of 3.6% predicted over 2026-30.

Reflecting the higher inflation forecast, the consensus expects a more gradual pace of monetary easing. The Economist Intelligence Unit (EIU) forecast that interest -rate cuts will resume by the third quarter of 2026. Risks are tilted to a more restrictive policy; a rate increase in early 2026 remains a possibility.

The Colombia peso is expected to weaken slightly in 2026 owing to a narrower interest-rate differential with the Fed, and electoral uncertainty. The currency is expected to strengthen again in 2028-30 as the next government is expected to be more ideological aligned with the U.S.

Private investment in oil and gas will pick up in 2026 as the end of President Petro's term approaches and business confidence improves. However, oil production will contract again. The expectation is that investment in the sector to strengthen thereafter, given business-friendly government is likely to win the general elections and lift Mr. Petro's suspension of new oil and gas licenses.

Relations between the U.S. and Colombia will improve over 2026-30, as the next government to be more ideologically aligned with the U.S. Administration. The next government will also seek to return to previous levels of U.S. security aid to Colombia, after the country was decertified as a U.S. ally in the war against drugs under President Petro.

Colombia's traditional commitment to fiscal discipline appears shaky but will change if a more pragmatic administration takes office in mid-2026. Real GDP is projected to accelerate in 2026 aided by disinflation and monetary easing, which will support private consumption. Growth in private investment is expected to strengthen owing to the business sector's expectation of stronger policy stability under a right-wing business friendly government. Growth is projected to ease slightly in 2027 and to average 2.8% in 2028-30.

Openness towards foreign investment and international trade underpin Colombia's business competitiveness. Stable macroeconomic conditions and the availability of financing also favor business development. However, businesses suffer from a complex and uncompetitive tax regime and deficiencies in infrastructure.

Mr. Petro hampered the business environment in Colombia since 2022. However, the situation should improve once Mr. Petro leaves office in May 2026, and a new government promotes more market-friendly reforms. The intent is to prioritize reversing policies implemented under the Petro government that has weighed on investment and business confidence. Priorities include fiscal prudence, lower regulatory barriers and improved relations with the U.S. to lower bilateral trade restrictions and tariff risks. Having solid institutions will remain an asset for macroeconomic stability and will allow for fiscal consolidation.

Sound regulations will enable open access to financing in the domestic banking and capital markets, although restrictions on smaller companies' access to domestic credit and bonds will remain in place.

The expectation is for the economy to remain highly vulnerable to external shocks over the medium term, if the global economic environment deteriorates due to the U.S. trade war. Poor budgetary execution will likely limit progress in addressing Colombia's infrastructure gap, and the government's need to collect large sums of tax revenue will keep the tax regime complex and uncompetitive. Colombia's heavy dependence on hydropower for electricity generation will sustain the risk of power rationing.

The baseline forecast is that a new government will aim to improve Colombia's relations with the U.S. in 2026-27, which have soured considerably under President Petro. However, persistent unpredictability in U.S. policy will keep some risks of instability in bilateral relations, including tariffs and addressing the rising influence of drug cartels. Mr. Petro's confrontational attitude and failure to reduce violence and crime in Colombia has compounded the population's perception that the president has been stoking political polarization and resulting in more violence.

The Petro government strengthened economic ties with China, mainly by securing Chinese investments in transport infrastructure and telecommunications. However, Chinese rapprochement with China has heightened tensions between the U.S. and Colombia. How the Chinese relationship is managed going forward will be key in how the Colombian-U.S. relationship evolves.

Peru

Peru's 34.2 million population makes it the fifth most populous country in Latin America. Peru has an export-oriented economy which grew rapidly until the mid-2020' on the back of an attractive business environment and prudent macro-economic policies. However, political dysfunction has dampened the long-term economic outlook.

In the short-term, there is an elevated risk that social unrest could break out before the April 2026 general election. The consensus is that the right-of-center candidate is likely to win, given public demand for hard-on-crime policies. The expectation is that the next government will focus on encouraging private investment by implementing business-friendly policies and on pursuing fiscal consolidation. However, fiscal pressures will remain high amidst populist policymaking over 2026-30, owing to a fragmented party system in Congress and a weak executive.

The outlook is for the economy to decelerate in 2026 owing to political instability and uncertainty related to the April 2026 election weighing on investment as well as reduced mining output. Drivers of real GDP growth will be solid private consumption amid low inflation and credit growth spurred by low interest rates. Peru's GDP

will average 2.8% in 2027-30 according to the EIU.

Despite political instability, the economy remains sound with its strengths including low public debt/GDP ratio, enormous foreign reserves and a credible, independent central bank. A vast informal economy, rising security challenges, a low level of educational attainment and reliance on a few commodity exports will constrain market opportunities and long-term growth.

Economic relations with China will deepen which will likely continue to heighten tensions with the U.S. Nevertheless, the consensus is that U.S.-Peru relations will remain strong.

Strong GDP growth in the second half of 2025 (3%) coupled with the removal of U.S. tariffs on numerous Peruvian agricultural goods, resulted in an upgrade in 2025 GDP growth to 3.3% and in the 2026-27 forecasts to 2.7% and 2.9% respectively. Nevertheless, an elevated level of political uncertainty will dampen investor sentiment ahead of the April 2026 election; and poses downside risks to the short-term outlook.

There will likely be greater efforts towards reigning in spending and as a result, the forecast was revised for the 2026 deficit to 2.5% (from 2.8%).

The final approval of the long-delayed Tia Maria copper mine will lift Peru's copper production and exports once it comes on stream, in the second half of 2027.

The sitting government extended the state of emergency in Lima and Callao as a measure to control worsening crime - although some suspect this may be used to suppress anti-government protests.

Overall, a well-managed, market-friendly economy puts Peru first in the region in the macroeconomic environment category. Peru also does well in foreign trade, foreign investment, exchange controls and financing- all of which benefit from structural advantages that persist across administrations. Tax rates are low by global standards, and there are no signs of any impetus for substantial tax reform soon.

Of Peru's trade and investment relationships, that with China will be most important, particularly in the context of U.S. protectionism, although Peru's government will seek to further diversify its economic partnerships, particularly with Asia. Still, a more adverse global outlook, coupled with concerns over political stability, means that only part of its ambitious $70 billion (21.4% of GDP) portfolio of investment projects may come to fruition this year.

Canada

Canada aims to create 125,000 jobs by increasing military spending to 5% of GDP over the next decade and shifting away from U.S. arms manufacturers, according to a new strategy paper. The new policy set out Canada's plan to bring production onshore in the latest step in the country's "'Buy Canadian" campaign.

The country biggest military push since the World War II, will aim to award Canadian firms 70% 0f the country's defense spending, up from around 50%, boosting revenues for local businesses by more than $4 billion annually. The strategy paper outlines what it calls "a new way of doing business in defense acquisitions." It asserts that tariffs and changing trade relationships have placed significant pressure on critical Canadian industries. Taking these essential steps is aimed at reducing Canada's reliance on foreign suppliers, and in turn will help foster national champions.

The release of the strategy paper comes weeks after Prime Minister Carney in a speech in Davos emphasized the "rupture" of the rules-based international order with U.S. policy changes. Carney urged the world's "middle powers" to unite in response.

Cananda and the U.S. have long cooperated on the procurement of military goods and services. The latest strategy states that Canada will be able to make use of national security exception to direct work to Canadian firms instead. Essentially, this takes a leaf out of the U.S. playbook.

Canada is already reviewing a 2023 contract to buy 88 F-35 fighter jets from the U.S. It is also seeking to buy 12 submarines capable of operating in Arctic conditions with competing South Korean and German bids due to be submitted in March 2026.

The Canadian government's responsibility now is to build sovereign capability, not to default to incumbency says the founder of Dominion Dynamics, which develops high-tech military equipment that works in inhospitable environments like the Arctic. Prioritizing Canadian-owned and controlled firms and using procurement to deliberately scale them in needed, says the firm.

The strategy paper says Canada will build a new, ambitious, and comprehensive partnership with the EU and the UK as well. It will also seek similar opportunities to collaborate with partners in the Indo Pacific, in particular Australia, New Zealand, Japan and South Korea.

Canada is investing $1.8 billion in its armed forces and plans to increase spending on defense and security to 5% of annual GDP by 2035, to meet the target set by NATO member states.

The rise of new powers, increasing protectionism and shifting dynamics in international relations have also underlined the necessity of thinking differently about Canadian sovereignty, defense needs and economic development, declares the strategy paper.

Prime Minister Mark Carney's recalibration of the Canadian economy away from an over-reliance on the U.S. is gathering pace as Ottawa looks to India and China as new destinations for its oil, gas and potentially uranium. Canada's oil sector is thriving as it pushes into Asian markets in a bid to reduce its dependence on the US, where a majority of its crude is sold, at a time when the industry is already pumping record volumes and boosting shareholder returns in spite of weak global oil prices. Canada is the world's fourth-largest oil producer and has the world's third-largest proven reserves, mostly in the Alberta oil sands region, infamous for its carbon-intensive process.

It is also one of the world's biggest uranium producers at a time of renewed nuclear energy interest. As trade tensions with the U.S. simmer, Canada has accelerated efforts to diversify its exports to Asian countries hungry for energy.

In January Mr. Carney visited Beijing, a first for a Canadian prime minister in almost a decade, where he touted building a new strategic partnership with China.

Canada's oil sales to China more than quadrupled to 88.7 million barrels last year, according to shipping data analyzed by the Baltic and International Maritime Council. The surge comes after the opening of the Trans Mountain Expansion pipeline in May 2024, which enabled Canadian crude to flow from Alberta's oilfields to the west coast for export to Asia.

PM Carney will visit India in March following Canada's energy minister's recent trip during India's energy week. Indian companies that want more LNG consider Canada a new potential source of supply.

Carney's trip to India may include the signing of a $3billion uranium deal with Cameco, the world's largest publicly traded uranium company, based in Saskatoon, Saskatchewan.

Getting more energy to Asia requires more infrastructure built in Canada. The country plans to double its LNG production and aims to fast-track new production sites. Similarly, a memorandum of understanding signed in November between oil-rich Alberta and Ottawa signals the need for a new pipeline to the west coast that could produce an additional million barrels a day for Asian markets.

Those ambitions took a hit when Enbridge, North America's biggest pipeline company, recently announced it was not willing to build a new pipeline from Alberta to Canada's west coast. Neither investors or the infrastructure companies will be taking on all that risk of development in jurisdictions that have historically created challenges. PM Carney has said any increase in oil production requires the sector to help bankroll a carbon capture and storage mega-facility, known as the Pathways Alliance, which will offset emissions and has an estimated price tag somewhere between C$10bn-C$20bn. But the consortium of Canadian oil companies involved in Pathways is reluctant to add the decarbonization project to their annual operating costs.

Despite PM Carney's so-called grand bargain with Alberta's oil and gas industry, the sector is still grumbling about mixed signals, particularly when it comes to policy over federal methane regulations and the proposal to significantly alter the industrial carbon pricing structure. How Mr. Carney manages to sell more oil and gas to Asia while balancing the relationship with Washington and Canada's climate goals, underscores the challenges to his goal of making Canada an energy superpower.

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