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Canada and Europe: Strategic Partners Beyond the Trump Years

A public lecture by Professor Stéphane Dion

Event Details

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Co-organized by the Forum of Federations and Freie Universität Berlin, through the Research Unit on the Political System of the Federal Republic of Germany at the Otto Suhr Institute of Political Science

About the Lecture

The lecture argues that the mutual strategic security of Europe and Canada depends on strengthening their alliance, as does their ability to defend democracy, diversify their economies and build a carbon-neutral economy. Professor Dion calls for a long-term partnership that lasts beyond the Trump years and delivers concrete results, not just statements of intent.

Speaker

- **Stéphane Dion** – Diplomat in Residence, Faculty of Arts and Science, Université de Montréal. Former Minister of Foreign Affairs of Canada (2015–2017), Ambassador to Germany (2017–2022), Ambassador to France and Monaco (2022–2025) and Special Envoy to Europe (2017–2025).

The Lecture

I am addressing you at a time when Canadians and Europeans feel the need to get closer to each other, and I am an enthusiastic supporter of this rapprochement.

Canada and the European Union knew they liked each other, now they know they need each other. They are building a closer and stronger relationship to be less dependent on the United States, more economically resilient facing China, and stronger against Putin's threats. And also because Canada is, through its history, its values, and its engagement in the world, the most European non-European country.

> *"Canada and the European Union knew they liked each other, now they know they need each other."*

By even suggesting that Canada could become the first associate member of the European Union (EU), European Commission President Ursula von der Leyen expressed in her own way how much Europe wants closer, more ambitious, and more intense cooperation with Canada. At the same time, she stirred up concerns on both sides of the Atlantic.

In Canada, there is strong opposition to transferring part of its sovereignty to Brussels, whether it involves federal or provincial jurisdictions. And in Europe, it's unimaginable that a country could enjoy all the benefits of the EU without the obligations that come with it, especially regarding financial contributions and regulatory alignment.

The terms chosen by Canadian Prime Minister Mark Carney better express what it's about: an Alliance for the Future. It's this very wording that appears in the title of the Joint Declaration signed by European Commission President Ursula von der Leyen, European Council President Antonio Costa, and Canadian Prime Minister Mark Carney at the last Canada-European Union summit held in Montreal on October 29 and 30, 2026: *"Canada and the European Union Building Together an Alliance for the Future"*.

We'll see which name wins out in the end. I doubt it will be 'associate member,' but we'll see. Both sides have given themselves until next June to decide and, more importantly, to clarify what that entails. Because for Prime Minister Carney, the name doesn't matter much; it's the substance that counts. In that regard, significant progress is being made.

European and Canadian negotiators were starting from a solid foundation: the Strategic Partnership signed in June 2025, which was already the most comprehensive partnership the EU has ever concluded with a non-member country.

Specifically, over the past year, progress has been made in different areas, including defense cooperation, supercomputers, digital trade, satellite communications, research, supply chains, critical minerals, and payment systems. For example:

- Canada became the only non-European participant in the Security Action for Europe (SAFE) instrument;
- Negotiations on a Digital Trade Agreement were concluded, complementing the CETA trade Agreement;
- Negotiations were finalized so that the European Investment Bank can facilitate European investments in critical Canadian resources, especially essential raw materials like nickel and cobalt needed for batteries, electronic boards, and semiconductors;
- Canada will take part in the European Joint High-Performance Computing Initiative, which will strengthen connections between supercomputing resources and pave the way for deeper integration of our AI innovation ecosystems, giving Canadian researchers access to the Jupiter system, the fastest supercomputer in Europe;
- Canada will cooperate with the European satellite system IRIS as part of the EU's Galileo program;
- A feasibility study is going to be launched for an increase in Canadian exports of liquefied natural gas to Europe, given that most of this resource is located in the western province of Alberta, far from Europe;
- Financing guarantees of up to 2.5 billion euros will be granted to the Canadian company De Havilland to increase the production of water tanker planes;
- Canada announced its intention to initially contribute 500 million euros to the EU loan in support of Ukraine.

Closer ties between Canada and the European Union also rely on universities. In particular, negotiations will be launched to expand Canada's participation in Erasmus+, the EU's flagship student and skills exchange program, to offer more opportunities for students to study, live, and work in Europe and Canada.

Moreover, negotiations are going to be launched for Canada to join the new version of the Horizon Europe program for funding university research. It's crucial that Canada gets, in terms of access to this renewed program, the equivalent of the full access it currently enjoys with Horizon, including in the new dual-use research sector, both civil and military. There's a risk that associated states, including Canada, could be excluded from dual-use research, especially in sectors considered sensitive: AI, quantum, and cybersecurity. We need to avoid that; Canada must be fully included as a full research partner.

In the same way, it will be necessary to make sure that Canada can get the 'Made in Europe' status under the EU's Industrial Accelerator Act, which will direct procurement spending in sectors ranging from green energy to automotive toward locally made products.

To keep track of progress on all these goals, Carney and von der Leyen will meet periodically, and a joint meeting will take place next March in Canada between the Canadian Cabinet and the College of European Commissioners, followed by Prime Minister Carney attending the European Council in June, with the aim of better preparing for the next Canada-EU summit. The goal is to get as close as possible, without Canada joining the European Union.

The increase in exchanges between Europe and Canada is already being felt in concrete ways. French companies (SNCF, Keolis, and Systra) are involved in developing Canada's proposed High-Speed Train. A German-Norwegian consortium (TKMS) is building Canada's new fleet of twelve submarines. The French company Alstom will manufacture 313 train cars to replace VIA Rail's fleet. The Canadian mining company Lumina Metals is engaged in a major copper and silver project in western Poland. The momentum is undeniable; yet we need to speed it up, widen it, and make it last for the long term.

Call it whatever you want, associated members or strategic allies, but the fact remains: it's clear that we are at a time in history when Europeans and Canadians feel an exceptional need to come closer. This need for rapprochement is due, as we well know, to our shared disapproval of the erratic and unfriendly behavior, not to say more, of the Trump administration. Europe appears to Canadians as a vital political and economic ally at a time when they really need it. And Canada stands out, for many Europeans, as the "good" country in North America, the one you can rely on, that believes in win-win agreements, that keeps its word, the most European of non-European countries.

Yet, at this crucial stage of our relationship, I feel the need to emphasize that our goal to get closer should go far beyond the Trump era. We need to learn, in a lasting way, to be less dependent on the United States, both in terms of military and security matters, and economically and commercially.

> *"Our goal to get closer should go far beyond the Trump era."*

It is now, while our relations are so strong and Prime Minister Carney enjoys such an exceptional reputation in Europe, that we need to develop effective working habits together.

Let's suppose that in two years the American people elect a more normal president, as friendly toward Canada and Europe as all of Donald Trump's predecessors have been since at least the early 20th century. Then the insults, the blatant extortion, the threats of annexation, the relentless attacks on academic freedom, and the trade war will end. But customs barriers and trade disputes will remain, and protectionist pressures will continue, all the more so since the heavily indebted American government will have a hard time giving up the considerable revenue it now gets from tariffs: 195 billion dollars in 2025.

Surely, the unhealthy sympathies for hostile dictators, the threats to withdraw from NATO, the refusal to help Ukraine — all these aberrations will stop — but the United States will still want to pivot toward the Asian front and ask Europe and Canada to take more responsibility for their own defence. We'll still have good reasons not to put all our eggs in one basket.

The famous Davos speech by Prime Minister Carney, delivered on January 20, 2026, was addressed to the whole world, but he also sent a clear message to his fellow Canadians: they need to take their economic and geostrategic diversification goals seriously. They've been talking about it since the 1970s, since Pierre Elliott Trudeau, Justin's father! This time, Canada must make it real.

Canada needs to significantly strengthen its ties with Latin America, the Indo-Pacific, the Middle East, and Africa — and… with Europe. There will be no successful diversification strategy for Canada without a considerable strengthening of its ties with Europe. The EU is the second largest economy in nominal terms after the US. It includes 12 of the top 25 countries in the world regarding living standards, according to the 2024 U.S. News & World Report's annual Best Countries rankings.

Precisely because the EU is so large, rich and democratic, so close to its own societal project, Canada needs it as a major economic partner as well as a key political ally.

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Even when it comes to developing Canada's ties with other continents, its European allies are of crucial help. Whether it is managing our relations with the United States or promoting our objectives in Africa, the Asia-Pacific, or the Arctic, consultation between Canadian and European allies is essential. Every polycrisis, wherever it occurs in the world – in Ukraine, the Middle East, Haiti, with China, with the Trump Administration – produces an intensification of calls, contacts, and coordination efforts between Canadian and European leaders and ministers.

The European Union is particularly vital for successfully transitioning to a carbon-neutral economy that will spare us the worst ravages of climate change. Canada, the whole world, needs a European Union fully committed to this struggle. If the European Union were to fail on this front, it would be a tragedy for humanity.

Luckily, Canada's interest in a considerable and long-term strengthening of its ties with Europe is mutual. Europe also has an interest in reinforcing its ties with Canada for the long term, beyond the current difficulties caused by the hostility of the Trump Administration.

Of course, Europeans are particularly drawn to Canada right now because of the strong dislike they feel toward Trump. That dislike is intense. One can see it in the polls, or in the fact that it took the European Parliament a whole year just to barely and reluctantly approve the 15-0 deal (the US imposes 15 per cent tariffs on the EU with no reciprocity) negotiated by President Von der Leyen. Trump regularly threatens to break this agreement, in order to put pressure on Europe regarding Greenland, which he dreams of annexing, or to force Europeans to back him in his war against Iran.

The U.K. government is also tasting this medicine, as Trump threatens them that if they don't increasingly align with his views he will support his Argentine ally Javier Milei regarding the Falkland Islands.

But Canada and the EU's relationship with the U.S. also differs. For the EU, the American market doesn't account for three-quarters of foreign trade like it does for Canada, but rather about a fifth. So, trade issues are seen as less crucial in Europe than for Canada, the country in the world whose economy is most closely tied to that of the United States.

On the other hand, the massive U.S. military support, their steadfast presence in NATO, and their unwavering backing of Ukraine are seen in Europe as vital, existential issues, especially in the eastern part of the continent. The growing tensions with the Putin regime, its drone intrusions into NATO territory, its meddling in the political life of European countries, its blatant attempts to sabotage energy infrastruc-

ture in Germany and elsewhere — all of this makes Donald Trump's threats of military withdrawal, his support for far-right parties including German neo-Nazis, and his repeated insults toward European leaders extremely worrying, especially in contrast to his deference toward Putin.

Faced with Trump, European governments pick their battles, avoiding unnecessarily adding fuel to the fire. So we shouldn't expect European leaders to make loud declarations of support in the trade war that Trump is imposing on Canada. But Canada's resilience earns Europeans' admiration and further boosts the exceptional prestige of prime minister Carney in Europe.

Europeans are relieved to see that Canada resisted an attempt at vassalization and extortion that went beyond trade issues. The United States would have taken over Canada's natural resources, even granting itself a right of first refusal on Canada's critical minerals. Canada would have practically violated its trade agreement with the EU, CETA, which would have abruptly halted the current momentum of Canada-Europe economic exchanges.

However, we need to look beyond Trump and all the problems he's causing today. There is for Europe a long-term interest in a stable, allied democracy, strong in technology and R&D, and blessed with natural resources like Canada. The European Union and its Member States consider Canada as a reliable partner and a rapidly expanding strategic market, a cutting-edge economy rich in critical resources, essential for the energy and digital transitions as well as for military rearmament, at a time where European states are seeking to get out of their dependence on Russian gas and on critical minerals from China.

Europeans also see Canada as a trading nation with the largest network of free trade agreements among G7 countries, giving it access to nearly two-thirds of the global economy, as well as one of the best banking systems there is, with pension funds that are among the most active infrastructure investors in the world.

Canada is among the most attractive countries for foreign investment with exceptional financial stability: the lowest net debt in the G7, the highest credit rating (AAA), and a borrowing rate on financial markets nearly 100 basis points lower than that of the United States. Besides, Canada has the most educated talent pool in the OECD… according to the OECD. Canada is a country with strong companies in traditional defence sectors, such as Bombardier, De Havilland, and MDA in aerospace and space.

Like the EU, Canada believes in science and academic freedom, with thousands of university cooperation agreements with European universities. Canada is not only a full participant in Horizon Europe, but also collaborates within the European Eureka program, the largest international network dedicated to industrial research and development.

Canada emerges as a preferred partner in civil nuclear, with our unique heavy water natural uranium reactor technology – the Candu reactor. Furthermore, small modular reactors (SMRs) provide the opportunity to demonstrate continued Canadian leadership in the next generation of nuclear technologies; And Canada is one of the world's largest uranium exporters.

Politically, Europeans see Canada as a stable democracy, much more reliable than the United States. Europeans need such a stable and credible ally, while they themselves are facing huge challenges: the rise of the far-right; disputes over immigration; increasingly threatening pressures from Putin's regime while some EU countries are showing fatigue over supporting Ukraine; costly and unpopular rearmament; tough EU budget negotiations between frugal countries and those heavily in debt; an aging workforce, weak economic growth with European industry – especially German and the automotive sector – faltering against Chinese competition; social unrest related to the cost of living and the decline of public services, especially in education.

Things could get worse. In 2027, elections will be held in Estonia, Finland, France, Greece, Slovakia, Poland, and Italy (and in Spain next November 29). Several of these elections are expected to see a rise in populist-nationalist right-wing parties that oppose EU, immigration, and climate policies. Some of these populist parties are against continuing aid to Ukraine and are sympathetic to Putin.

In many European countries today, one sees fragile coalition governments, made up of center-right and center-left parties, facing enormous difficulties in agreeing on a common government program. Yet they are well aware that reaching an agreement is in their interest to block the populist far-right. The rise of the far-right does not make the old cleavage between the classic right and left disappear, especially in a context of heavy debt and budgetary restraint, while the left's remedy, which is to 'make the rich pay,' confronts that of the right, which is to 'liberate the economy.'

How far will the rise of radical right-wing, Eurosceptic, protectionist, and Brussels-hostile parties go? Will it go as far as taking power in Paris? Or even in Berlin?

As if all these difficulties weren't enough, Europe is now being hit hard by climate change, with blistering heatwaves, devastating wildfires, and water shortages affecting public health and the entire economy. Yet, there is a backlash against climate and environmental policies, which are being attacked, delayed, or abandoned in the name of economic priorities related to the cost of living, productivity, and deregulation.

All these challenges mean that Europe is not immune to turning inward. Canada must remain vigilant to make sure it has full access to European markets. Canadian diplomacy is making effective efforts to prevent Canadian exporters from becoming collateral victims of the industrial and trade strategies that the European Union adopts in response to American protectionism and to curb the flow of Chinese goods. In many European countries, the electoral weight of protectionist movements is growing with the rise of radical nationalist right-wing and anti-globalization left-wing forces.

Hence the crucial importance of the partnership that Canada and the European Union strengthened in Montreal on October 29 and 30, and that they will work on to make even more complete and solid in the coming months. Hence also Canada's interest in maintaining a coherent, functional, and liberal European Union, open to its arguments for an inclusive trade which is Canada's hallmark, and not an incoherent Europe fragmented by self-centred nationalisms.

Canada's interest in maintaining an effective European Union guides its attitude facing the debate on EU's enlargement. Ideally, Canada would like not only Ukraine, but also Georgia and all the Balkans, to join the European Union as soon as possible. This would encourage economic and democratic progress in these countries and guard them against Russian or Chinese influence. But on the other hand, Canada understands the European Union's cautious approach, ensuring beforehand that these countries, once accepted into the Union, will be part of the solution rather than adding to the problems of cohesion, particularly regarding respect for democracy, the rule of law and support for NATO and Ukraine.

In any case, the current situation is favorable for a lasting strengthening of our relations, as the European Union and Canada are close allies in all key areas: NATO, international security, Ukraine, the Middle East and Iran, open trade, AI, the transition to a decarbonized economy, the fight against foreign interference. For all this and more, the EU and Canada are essential strategic partners that need to learn to act more together, more effectively, and with more convincing results.

Sure, a country is tied to its geography. Europe can't replace the United States for Canada, but it can help Canada be less dependent on the U.S. Right now, 72 per cent of Canadian exports go to the U.S., compared with 8 per cent to EU countries. The Canadian government has announced that it plans to double Canadian exports to markets other than the U.S. over ten years. To succeed in doubling Canadian exports to Europe from 2025 to 2035, they would need to grow at an average annual rate of 7.18 per cent. This rate is significantly higher than the average annual rate of 3.93 per cent over the past ten years. This is a considerable challenge that will require sustained performance far beyond recent historical trends. This ambitious goal is achievable, but it will require a significant improvement in how Canada operates in Europe.

Europe is being approached from all sides. The competition to take market share there and attract its investors is fierce. Canada will need to give itself the means to achieve its ambitions in Europe.

There is an urgency to strengthen our ties now, not later, Europe and Canada, into our new defence, AI, and critical minerals strategies. We will need determination, consistency, and a long-term vision that goes well beyond the disruptions caused by Trump-style anomalies. Even when the situation with the United States improves, we'll still need those strengthened mutual ties.

In closing, I feel the need to point out that these mutual ties have deep historical, French and British roots. Canada's two official languages, English and French, are European. Canada's multicultural population has come from so many countries in Europe. Europeans still cherish, during each commemoration of the two world wars, the memory of those liberators who came from the cold.

Canada was, after the Second World War, one of the architects of an international order based on rules rather than the law of the strongest. The UN, the WTO, the World Bank, the IMF: Canada promoted the establishment and functioning of these institutions. With the United States, Canada helped the Europeans to convince themselves that it was unnecessary for them to strive to maintain their empires at great expense, that they could have access to natural resources without owning territories, and that for this it was necessary to establish rules allowing peaceful trade on all continents.

So when President Trump seriously threatened to annex Greenland, it was at that moment that Prime Minister Mark Carney delivered his famous Davos speech, which resonated so much in Europe and beyond. By applauding his words, Europeans and Canadians said with one voice: no, we will not go back to the conquest of territories and the subjugation of peoples.

> *"No, we will not go back to the conquest of territories and the subjugation of peoples."*

In concert with the Europeans (and the Americans under the Democratic Administration), for four years we have been telling the world that Putin's war of aggression against Ukraine is not only a European issue: it is a global issue. The universal principle at stake is that it must be demonstrated to the world, once and for all, that a country gains nothing by invading its neighbor, that the crime of invasion does not pay.

Canada, through its societal model, its values, and its commitment to sustainable development, to justice, including social justice, and to the rule of law, is, indeed, the most European of the non-European countries.

As for the European Union, it is nothing less than a superb achievement of and for humankind, a crucial ally for Canada, a power for peace and democracy in the world.

Since the post-war period, the European Union – and its previous incarnations – has allowed peoples who had been torn apart for centuries to understand that they were brothers and sisters. It has helped the countries of the Mediterranean and Eastern Europe to give birth to their democracies and to consolidate them. When democracy was in peril, the EU was a hope, a beacon, for all democrats in Europe, from the Carnation Revolution in Portugal to the acceptance as EU members of eleven former communist countries. It is largely thanks to the EU that humanity has experienced the greatest wave of democratization in history.

On April 12th, an election put a halt to Hungary's autocratic drift, even as Viktor Orbán's regime was the archetype of a "capture state" celebrated by the MAGA movement as the model to follow. This excellent news for democracy is primarily attributable to the resilience of Hungarian democrats. However, it must be said, it is also the result of the ongoing effort made by the European Union, through its Commission and Parliament, to defend human rights and democracy within all its member states, even going so far as to make its financial aid conditional on respect for the rule of law.

When the European Union froze 17 to 18 billion euros in payments to Hungary on the grounds that its government was not respecting the rule of law, when it warned Georgia that the anti-democratic measures of its government were moving it away from joining the European Union, it was playing its role for democracy.

Despite the harbingers of doom who announce the implosion of the European Union, it is expanding. Since January 1, 2025, Bulgaria and Romania have been full members of the Schengen area. On January 1, 2026, Bulgaria adopted the euro and thus became the 21st member state of the eurozone. Switzerland is moving towards a closer alliance.

In short, the European Union is a jewel of humanity as a maker of peace and democracy, a great political success and an economic achievement.

Bound by history, the EU and Canada look to the future together. By strengthening our trade and political ties, we will help each other make our economies more prosperous, more resilient to global shocks, and less dependent on the United States. We cannot be satisfied with the status quo. The serious challenges we all face—geostrategic, technological, and eco-climatic—require Canada and the EU to do more together and in the world, much more.

Canada's membership in the EU is unrealistic and will not happen. I suggest, however, that what is feasible and desirable is Canada's entry into the European Political Community, a coordination forum launched four years ago at the suggestion of Emmanuel Macron that brings together twice a year the leaders of the entire European continent, beyond the European Union.

Prime Minister Carney has been invited to attend the last two European Political Community meetings. Canada's membership in this political coordination platform would be mutually beneficial. It would strengthen our ties and allow the Canadian prime minister to consult with the leaders of European countries he would never have time to visit individually. It would consolidate Canada's status as the most European of non-European countries.

To a large extent, our mutual strategic security, our ability to defend democracy around the world, including at home, our ability to achieve our economic diversification goals, pursue truly sustainable development, and create a carbon-neutral economy will depend on our ability to strengthen our alliances and build increasingly strong and effective partnerships, ones that produce not only words but concrete results.

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About this Publication

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