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Europe, eh?

The EU cannot replace Canada's largest trading partner. But it could give Ottawa something increasingly valuable: options beyond the US market

In her 2026 State of the Union address, European Commission President Ursula von der Leyen surprised audiences by suggesting that Canada become an associate member of the EU. European Parliament President Roberta Metsola endorsed the idea, and hinted that Australia and New Zealand might qualify for the same status, too. But what 'associate membership' would mean in practice remains unclear.

For Canada, closer ties with Europe could offer a way out of US trade policy exposure. Tariffs and disputes over existing agreements have made reliance on Washington less secure. The United States is still Canada's largest economic partner, but companies and governments can no longer assume that trade rules will not change with each administration.

An EU relationship wouldn't replace Canada's ties with the United States. It could, however, give Ottawa more options and deepen cooperation with partners whose policies are more stable. The proposal is therefore best seen as an attempt to give Canada more room to manoeuvre, not a turn away from its neighbour.

The cost of dependence

The economic stakes are high. Manufacturing supply chains, farms, energy networks and consumer markets connect the two countries. Canadian government figures show that about three-quarters of Canada's goods exports in 2024 went to the US. That trade supports jobs and businesses on both sides of the border.

But that concentration comes with risk. A tariff dispute, border delay or presidential threat can cause companies to put investment on hold or reconsider where goods are made. The Canada-United States-Mexico Agreement (CUSMA) was supposed to make North American trade more predictable. Yet recent tariff measures and threats from the Trump

administration have shown that even a trade agreement cannot stop a government from using access to its market as political pressure.

Canada has done this balancing act before. In April 1941, Prime Minister William Lyon Mackenzie King met US President Franklin D. Roosevelt at Hyde Park, New York, to discuss continental defence and wartime production. The resulting Hyde Park Declaration saw both countries commit to helping each other meet their defence needs. Yet closer cooperation did not mean giving up Canadian independence. By entering World War II in September 1939, more than two years before the US, Canada showed that close cooperation with Washington could coexist with an independent foreign policy.

There is no easy substitute for Canada's economic and security ties with the United States. The North American Aerospace Defense Command (NORAD) and NATO remain central to Canada's defence, while the two economies are deeply intertwined. But close cooperation does not require Canada to rely so heavily on one market. A stronger relationship with Europe could give Ottawa more options without disrupting the economic and security ties that bind North America together.

Building on what already exists

The EU-Canada Comprehensive Economic and Trade Agreement (CETA) is a practical starting point. The agreement has been in provisional force since September 2017. Most tariffs on goods were removed, and some services and government procurement markets opened up. Canadian companies therefore already have a framework for trading with Europe. And while CETA hasn't taken away differences in product rules, shipping costs or the logistical challenges of transatlantic trade, it gives companies terms on which to plan. Any new political arrangement should build on that foundation while clearly showing what additional benefits it could offer.

Europe also has reasons to strengthen its ties with Canada. Although it will never be Europe's sole supplier of any major commodity, Canada could become a more important supplier as Europe tries to diversify its sources. It can offer reliable supplies of critical minerals, energy and food, as well as advanced manufacturing and defence capabilities, all within a stable legal system. Its Critical Minerals Strategy identifies 31 minerals important to the country's economic and security interests, including nickel, cobalt, graphite, lithium, uranium, potash and aluminium. Clean energy could offer another area for closer trade. Its value to Europe also goes beyond individual commodities: Canada offers a democratic partner with North American ties at a time when US policy is harder to predict.

About 70 per cent of Canadians support associate membership.

But resource deposits don't automatically make supply chains. Mines need permits, processing plants need investment, and major projects depend on meaningful engagement with Indigenous communities and the wider public. So while Canada could become a more important supplier to Europe, doing so will require more than political agreements.

Closer ties with the EU would come with their own limitations. Its 27 member governments need to agree on major decisions, while detailed regulations and political divisions can slow progress. Geography matters too: ports, rail links, currency differences and existing commercial relationships with the United States all determine where companies invest and sell.

CETA, specifically, shows how slowly European agreements can move. While it has been operating provisionally since 2017, full ratification still requires approval from 10 more EU member states. Canadian opposition MPs have asked why they should pursue another arrangement when that process isn't even complete yet. The delay shows the distance between negotiating an agreement and getting final approval across the bloc.

A trade agreement cannot diversify exports if businesses lack shipping infrastructure, cannot meet European standards or have no buyers. Canada needs more export capacity and processing facilities, as well as trade offices that can help smaller companies understand what European markets require. Investment and sales, not political meetings, will ultimately determine whether closer ties change patterns of trade.

Public opinion gives the proposal some room to grow but also sets limits. One poll showed about 70 per cent of Canadians support associate membership and roughly 80 per cent want deeper strategic cooperation with the EU. Some 81 per cent want easier trade, travel, work and study without Canada joining the bloc. Support for market access was also greater than support for regulatory alignment, suggesting that Canadians are more interested in practical benefits than in a general commitment to adopt EU rules.

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Those distinctions should guide negotiations. Von der Leyen's 'Alliance for the Future' has no structure or obligations. It doesn't say what associate membership would look like, what Canada would have to accept or how it would differ from existing agreements. Public support

can create momentum, but it cannot answer those questions.

This is not just about trade, though. The same clarity is needed on security issues. Canada and the EU already cooperate through various frameworks, and their new partnership gives reason for further consultation. A closer alliance could result in more formal defence links or obligations, but neither side has specified what these might entail. Any proposal must clearly set out what each country would have to do and under what conditions.

Canada's interest in closer European ties is a measured response to an increasingly unpredictable US trade relationship. It doesn't diminish the strong economic, cultural and security links between Canada and the United States. In fact, those ties may be more secure when Canada has other partners and markets to turn to.

Europe can't replace Washington as Canada's main trading partner, and a new label won't change that either. The test is whether closer ties bring investment, customers and reliable cooperation — and preserve Canada's freedom to set its own policies. Without those results, an alliance would be little more than a new diplomatic label for a relationship that already exists.



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