



Canada's Transatlantic Agenda

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Canada is strengthening its economic and security relations with Europe. The search for new areas of cooperation with the European Union (EU) is linked to Prime Minister Justin Trudeau's plans for rebuilding the economy in the wake of the COVID-19 pandemic. This is an element of a broader strategy that seeks to tighten transatlantic relations and assist democratic partners in their long term rivalry with China and Russia. Common positions on climate issues, technological development, and defending civil rights will foster deeper strategic cooperation.

In June 2021, Prime Minister Trudeau took part in the Canada-EU summit and the NATO summit. Both meetings were held during the first months after the new U.S. administration took office and announced plans to unify Western partners in the face of growing threats from China and Russia. A challenge for the European and North American partners is also the pandemic, which has [hit Canada hard](#) (its economy is emerging from a recession) and slowed global economic development.

Combating COVID-19. Canada is tightening relations with Europe to fight the pandemic. Since Canada could not count on U.S. support during Donald Trump's presidency, it decided to import COVID-19 vaccines from Europe—up to 60% of them came from the EU. Trudeau aims to deepen consultations with European scientists and pharmaceutical companies to achieve the government's goal of developing vaccine production in Canada. The federal government has allotted CAD 1.1 million for production research and development. Internationally, both Canada and the EU want to limit the influence of [China's vaccine diplomacy](#). The partners have pledged a total of 200 million COVID-19 vaccine doses to developing countries in Africa and Latin America. Both also support the international COVAX initiative, with Canada allocating CAD 440 million to it.

Economics and Technology. Canada and the EU are important political and economic partners under the CETA bilateral trade agreement. After the U.S. and China, the EU is Canada's third-largest partner in both imports (2%) and exports (8%). The EU and Canada agree that rebuilding the global economy after the pandemic must rely on increased innovation. Canada is committed to working with the EU to develop 5G technology

since it wants to protect itself from undesirable Chinese influence in digital projects. Canadian telecommunications companies are cooperating with European concerns Ericsson and Nokia in building modern infrastructure. Key for Trudeau is the issue of artificial intelligence (AI), for which the federal government allocated CAD 440 million in 2021. Canada also coordinates international work on setting AI standards with EU Member States.

Important also for the EU and Canada is freeing themselves from reliance on Chinese supplies of raw materials key to producing new and green technologies, such as wind turbines and solar panels. The goal is to be reached through a strategic partnership that secures supply chains of raw materials, including lithium, nickel, and cobalt—the EU imports 98% of them from China, which in February 2021 signalled limits on exports of these materials. Canada possesses significant deposits of rare earth minerals and seeks to supply them to its EU partner to help it meet its ambitious goals in the electric vehicle (EV) sector, for example, in battery production and moving to only zero emission vehicles after 2035.

Canada also wants to cooperate with the EU on new renewable energy sources (RES). Both sides have pledged to reach climate neutrality by 2050 and are working towards increasing border carbon pricing. Together with Polish state-owned PKN Orlen, Canadian firm Northland Power will build an offshore wind energy project in the Baltic Sea—an investment worth CAD 77.8 million (about €52 million). In 2021, Trudeau also announced a partnership with Germany to develop [hydrogen energy](#). In accordance with government

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strategy, Canada seeks to be a leading producer of hydrogen from both RES and natural gas by 2050. The development of this sector could mean 350,000 new jobs and CAD 50 billion worth of exports on about 25-35 million tonnes annually, including to Europe, which plans to use about 100 million tonnes annually by 2050. Trudeau sees in this plan a chance at decarbonising the Canadian economy, including in the province of Alberta, the major hub of the country's oil and gas industry, which as a sector is the largest emitter of greenhouse gases annually. Germany is one state that prioritises hydrogen energy and it is investing in this technology in Canada. In January 2021, the German company ThyssenKrupp signed a deal worth CAD 200 million to develop hydrogen production and export infrastructure in the province of Quebec.

Security. Following Russia's annexation of Crimea in 2014, Canadian armed forces were deployed to Europe as part of NATO's armed battlegroups (Canada commands a group in Latvia) to strengthen deterrence. In broadening Canada's European security commitments, Trudeau accepted the EU invitation to [join its PESCO military mobility project](#), which aims to strengthen deployment capabilities necessary to ensuring the credibility of NATO's military strategy based on quickly reinforcing the Alliance's Eastern Flank. Canada is unlikely to reach the goals set by NATO in 2014 of allocating at least 2% of GDP towards military expenditures (currently it is at 1.3%); however, it seeks to strengthen various dimensions of transatlantic security. Trudeau proposed hosting in 2023 a NATO centre on climate and security with the goal of [strengthening Alliance capabilities](#) in this area, among other suggestions.

The partnership with European allies in NATO and the EU fits into Canadian concepts of multilateralism and defence based on international rule of law. The Biden administration's attempts towards [rebuilding EU-U.S. relations](#) is regarded by Trudeau as a prerequisite for deepening transatlantic cooperation, especially in the face of authoritarian regimes in China and Russia, as well as in defending democratic values. These are elements of the prime minister's policy aimed at strengthening Canada's international position. Additionally, for these reasons Canada, together with the EU, U.S., and UK, placed sanctions on [Belarus](#) and [China](#) for violating human rights, while the EU has criticised the sentencing by a Chinese court of Canadian Michael Spavor, who has been in custody since 2018, as unjust and political.

Limits to Cooperation. The most serious barrier to the Canada-EU partnership may be the failure to ratify the CETA, which has been adopted temporarily in the trade sector since 2017. The agreement could be one of several pillars of Canada-EU relations. Implementing the remaining aspects of the agreement (especially the investment part) requires approval by all EU Member States but still lacks ratification by 13 countries, including Germany and Poland. Sensitive issues for some EU members include fear of strong competition in the agriculture sector and concerns about the investment protection rules. Trudeau tried to overcome this resistance on the sidelines of the recent G7 summit during talks with the prime minister of Italy, which, along with Cyprus, threatened to block ratification. The failure of CETA would reduce the attractiveness and credibility of the EU in Canadian perceptions, seriously hampering the joint promotion of free trade rules by the two partners.

Conclusions. Close relations with the EU enjoys strong public support in Canada (about 70%) and in Europe, the country is seen as a stable partner that shares a common view of democratic values. This trend is likely to remain in Canadian politics regardless of the outcome of the parliamentary elections this September. The concept of promoting a democratic counterweight to authoritarian states will incline Canada to broader collaboration with partners like the EU, which is willing to stand up for civil rights and international law. Meanwhile, the common views towards developing the digital sector, including the regulation of standards and competition policies, mean that Canada may be a more comfortable technological partner for the EU than, for example, the U.S. This will also positively affect European efforts to limit reliance on China. Energy cooperation can significantly contribute to the EU achieving its goals in terms of limiting CO2 emissions by 2050 while limiting the level of its reliance on natural gas from Russia.

The strengthening Canadian relations with the EU also opens new possibilities for cooperation with Poland, which seeks to develop and diversify its energy sources as an integral part of its energy transformation. Poland has initiated work on a national hydrogen strategy and can promote the resource's development in the region, for example, through the Three Seas Initiative, and become an attractive partner in developing standards for a global market. Canada's presence in the NATO battlegroup in Latvia, which is also supported by Poland, is also a chance to broaden military cooperation within the Alliance as well as bilaterally.