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Brussels Info Flash

30 October 2026

H/Advisors' Analysis

EU and Canada move towards a deeper strategic alliance despite divisions over closer integration

The Montreal summit seeks to strengthen trade, economic security and defence cooperation, while Member States reject proposals for formal associate membership

The **EU and Canada** are holding their 21st bilateral summit in Montreal on **29–30 October**, aiming to launch an **"Alliance for the Future"** to deepen economic and political cooperation. However, the summit has exposed divisions within the EU, after several Member States, including **Germany, France and Greece**, opposed a proposal to offer Canada **"associate member" status**, initially raised by Commission President **Ursula von der Leyen**.

Despite these disagreements, the alliance aims to expand cooperation on **trade, critical raw materials, digital technologies, energy and defence**, building on the **Comprehensive Economic and Trade Agreement (CETA)**. Bilateral trade reached approximately **€130 billion in 2025**, while Canada's participation in the EU's **SAFE defence instrument** provides a foundation for closer defence-industrial cooperation.

Politically, the debate highlights the limits of deeper institutional integration, even among like-minded partners. According to the latest draft statement, both sides would instead pursue an **"ever closer association"**, with its framework to be defined by the **2027 EU–Canada Summit**. The broader ambition remains to strengthen **economic security**, support Ukraine and reinforce the rules-based international order.

Highlights of the week

- **European defence and security.** The Commission launched a second round of the SAFE instrument, making **€21.3 billion** available for joint defence procurement, prioritising air defence, drones and ammunition.

- **Energy security and industrial competitiveness.** EU energy ministers discussed electricity network charges, winter supply security and refinery competitiveness, while the Commission launched a dialogue on safeguarding European refining capacity.

- **Climate resilience and preparedness.** The Commission presented a new **EU Climate Resilience Framework** and proposed a Climate Resilience Law to strengthen adaptation planning, disaster preparedness and investment in resilient infrastructure.

- **EU–Canada strategic partnership.** EU and Canadian leaders met in Montreal to discuss a proposed **Alliance for the Future**, covering trade, critical raw materials, energy, defence and digital cooperation.

Main Issues in the EU

The Council

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- **EU–Canada summit.** EU and Canadian leaders are meeting in Montreal to strengthen their strategic partnership and discuss launching an 'Alliance for the Future', focusing on trade, economic security, critical raw materials, digital cooperation, defence and energy. Discussions also cover closer economic integration under CETA, support for Ukraine and cooperation on global security challenges.

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- **EU–Canada summit.**

- **Energy Council.** Energy ministers discussed the proposed reform of electricity network charges, aimed at reducing energy costs through more efficient grid tariffs, smart grids and taxation measures supporting electrification. Member States called for greater national flexibility, with a Council position expected in December. Ministers also assessed energy security ahead of winter 2026–2027, emphasising supply diversification, reduced fossil fuel dependence and infrastructure resilience, and discussed post-2030 targets for energy efficiency, electrification and interconnection. Belgium also called for a European framework for cross-border CO_2 transport infrastructure, while six Member States raised concerns over refinery competitiveness.

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- **Common Agricultural Policy.** The Council approved its partial negotiating position on the post-2027 Common Agricultural Policy (CAP), proposing a simplified framework with greater flexibility for Member States, more targeted support for farmers and measures to strengthen agricultural competitiveness and food security. Financial provisions remain subject to MFF negotiations.

- **Agrifood trade.** Agriculture ministers discussed opportunities to expand EU agricultural exports through existing and future trade agreements. The Council highlighted the sector's €34.7 billion trade surplus in the first eight months of 2026, up €4.1 billion compared with the same period in 2025.

- **Baltic Sea fisheries.** The Council reached a political agreement on fishing opportunities for 2027 in the Baltic Sea, setting catch limits for key stocks, including herring, cod, plaice, sprat and salmon, to balance stock recovery with the economic viability of the fishing sector.

- **Fishery trade.** The Council adopted a regulation extending autonomous tariff quotas for certain fishery products until 31 December 2027, allowing EU processors to continue importing raw materials from third countries at reduced or zero customs duties.

The Commission

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- **Disaster preparedness.** The European Commission established the PreparEU Advisory Group, bringing together 17 experts to develop recommendations on disaster prevention, crisis response and civil protection, including stronger civil-military coordination and a future European firefighting fleet.

- **NextGenerationEU.** The Commission disbursed nearly €6.5 billion under the Recovery and Resilience Facility, including €6.1 billion to France, €306 million to Austria and €92.2 million to Luxembourg. France and Austria have now received their full allocations.

- **Agricultural State aid.** The Commission approved an additional €212 million for France and €3 million for Portugal to support agricultural and aquaculture businesses facing higher fuel and fertiliser prices due to the Middle East crisis, bringing the French scheme's total budget to €424 million.

- **Sustainable transport.** The Commission approved €29.3 million in German State aid to support the construction of a multimodal rail-road freight terminal near Aachen, promoting the shift of freight transport from road to rail.

- **Merger approvals.** The Commission approved Cinven and La Caisse's acquisition of Optio, Portobello and Bluegem's acquisition of Béaba Suavinex Group, and the creation of a fertiliser joint venture between KI Group and OCP Group, finding no competition concerns.

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- **European defence.** The European Commission launched a second round of the SAFE instrument, making €21.3 billion available to Member States for joint defence procurement and cooperation with Ukraine, prioritising air and missile defence, drones, counter-drone systems and ammunition.

- **Agricultural State aid.** The Commission approved €26.5 million in Polish State aid to support the development of an urban agriculture hub in Żory, focusing on vertical farming, hydroponics and aquaculture, while repurposing a former coal mining site.

- **Merger approvals.** The Commission approved the acquisition of joint control of Boost Air Group by Corporación Financiera Azuaga and Hyperion Fund, and of Fullscript by Altas and L Catterton, finding no competition concerns.

- **NextGenerationEU.** The European Commission positively assessed Czechia's seventh and final payment request of €951 million under the Recovery and Resilience Facility

(RRF), marking a key step towards completing the country's recovery and resilience plan.

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- **Biodiversity finance**. The European Commission launched the Friends of Credits for Nature and Biodiversity initiative at COP17, bringing together governments and international organisations to promote nature credits and mobilise private investment in biodiversity protection and restoration.

- **Demographic policy.** The Commission reported progress on its EU Demography Toolbox, with 15 of its 30 actions completed, including measures addressing labour shortages, long-term care and regional development. Further initiatives include the European Care Deal and the Right to Stay initiative.

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- **Semiconductor industry.** The Commission approved €319 million in Austrian State aid to support Infineon's development of a first-of-its-kind semiconductor manufacturing facility in Villach, strengthening European production of advanced chips for energy infrastructure, electric mobility, AI and robotics.

- **Refinery competitiveness.** The Commission announced its first European dialogue on refineries, bringing together industry representatives, Commissioners Jørgensen and Kubilius, and NATO to discuss fuel supply security, refining capacity and short-term measures to safeguard diesel and jet fuel availability.

- **Merger approvals**. The Commission approved the acquisition of joint control of Aviation Capital Group by Itochu and Tokyo Century, finding no competition concerns in the aviation leasing sector.

- **Climate resilience**. The European Commission presented its EU Climate Resilience Framework and proposed Climate Resilience Law to strengthen preparedness for climate risks. The initiative introduces a common global warming trajectory for risk assessments, simplifies national adaptation planning and promotes investment in climate-resilient infrastructure and technologies.

- **Border management and migration.** The European Commission proposed strengthening Frontex by expanding its standing corps to 30,000 officers, establishing a rapid reaction force and reinforcing its role in coordinating returns, including from third countries. A separate legislative proposal aims to digitalise return, readmission and reintegration procedures across the EU.

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- **Digital Services Act.** The European Commission accepted Temu's action plan to address breaches of the DSA concerning illegal products, following its €200 million fine

in May. The plan includes stronger risk assessments, content moderation and scrutiny of recommender systems, with an interim assessment due within four months.

- **Mediterranean investment.** The Commission launched the T-MED Investment Platform, providing up to €4.5 billion in EU guarantees to mobilise investment in renewable energy and clean technologies across the Mediterranean, as part of the Pact for the Mediterranean.

- **Industrial State aid.** The Commission approved a €60 million Croatian State aid scheme to compensate energy-intensive industries, including steel, paper and chemicals, for indirect carbon costs under the EU ETS, aiming to reduce carbon leakage risks and support industrial competitiveness.

- **Merger approvals.** The Commission approved Bridgepoint's acquisition of GBA Group, a German provider of life sciences services, finding no competition concerns.

- **European Commission reform.** A High-Level Group chaired by Catherine Day presented nine recommendations to modernise the Commission's administration, focusing on organisational efficiency, simplified procedures and greater use of digital technologies. The recommendations will inform the Commission's broader institutional reform plan, expected by the end of 2026.

The European Parliament

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- **International Criminal Court.** A Legal Affairs Committee (JURI) delegation visited The Hague to express support for the International Criminal Court, which was awarded the 2026 Sakharov Prize for Freedom of Thought amid growing international pressure on the institution.

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- **EU–China trade relations.** An International Trade Committee (INTA) delegation visited Beijing and Shanghai for the first time in eight years to discuss fair competition, market access for European businesses, industrial subsidies, supply chain security and critical raw materials.

- **EU–Japan cooperation.** Delegations from the Security and Defence (SEDE) and Public Health (SANT) Committees visited Japan to discuss defence-industrial cooperation, joint procurement and technology transfers, alongside pharmaceutical innovation, biotechnology and healthcare cooperation.

- **EU–Latin America relations.** MEPs participated in the 17th plenary session of the Euro-Latin American Parliamentary Assembly (EuroLat) in Tenerife, discussing bilateral

relations, geopolitical challenges and opportunities to strengthen cooperation between both regions.

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- **Working conditions**. A delegation from the Employment and Social Affairs Committee (EMPL) visited Amazon warehouses in Germany and Poland to assess working conditions, including employee monitoring, occupational health and safety, and trade union rights.

- **Rule of law in Hungary.** A Civil Liberties Committee (LIBE) delegation visited Hungary to assess recent political developments and the new government's commitments to restoring the rule of law and compliance with EU standards.

- **EU–India relations.** A Foreign Affairs Committee (AFET) delegation visited India to discuss the EU–India strategic agenda, bilateral cooperation and geopolitical challenges with government representatives, parliamentarians and civil society organisations.

- **Serbian elections.** Seven MEPs participated in the international election observation mission for Serbia's parliamentary elections on 25 October, assessing the electoral process alongside international observers.

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