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Are the EU and Canada about to form a Western version of BRICS?

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Abstract. *At their summit in Montreal on October 29-30, 2026, the leaders of the EU and Canada officially launched the "Alliance for the Future", establishing a common prosperity and economic security space. The meeting drew increased interest after European Commission President Ursula von der Leyen invited Canada on September 16, 2026, to join the EU as an associate member. If successful, the initiative may be the first step towards forming a new transcontinental Western bloc intended as a counterbalance to the US and China. A key question concerns the structure of the new alliance: will it be based on the principle of equal partnership – the way BRICS is – or will the EU assume the role of the central power?*

Keywords: *European Union, Canada, United States, BRICS, economic integration, international economics, international finance, digital economy.*

A Surprise Offer

In her State of the Union address delivered in front of the European Parliament in Strasbourg on September 16, 2026, European Commission President Ursula von der Leyen turned to Canadian Prime Minister Mark Carney, who was in the audience, and said she wanted to work with him "on opening the door for Canada to be the first associate member of the EU". Explaining the rationale behind her offer, she cited the urgent need to reimagine the relationship between the two partners sharing "one ocean, one set of values, one way of seeing the world"[1].

The offer came as a surprise to Carney and most of the people present. Addressing the European Parliament the next day, Prime Minister Carney welcomed the EU's interest in developing closer ties with Canada but stopped short of accepting von der Leyen's proposal unconditionally. "Canada and Europe should secure our strategic autonomy through deep cooperation in the full

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[1] 2026 State of the Union Address by President von der Leyen. Sep. 16, 2026, Strasbourg. https://ec.europa.eu/commission/presscorner/detail/en/speech_26_1868. Accessed Sep. 19, 2026.

range of strategic capabilities, including critical minerals, defence industrial capacity, AI and compute, energy security, space, and payments", Carney said. Also, he brought up opportunities for academic and research partnerships, advocated moving toward seamless digital trade and suggested exploring an integrated market for financial services[2].

The subject of financial markets is near and dear to Mark Carney's heart. His career includes stints as governor at the Bank of Canada (2008–2013) and the Bank of England (2013–2020), as well as Chair of the Financial Stability Board (2011–2018). Carney is a staunch proponent of reforming the international monetary system. The "exorbitant privilege" that accrues to the United States as the principal supplier of reserve currency, in his opinion, should be redistributed more evenly among other players in the international monetary system. In other words, the US should not be the only country enjoying the advantage of lower financing costs in its own currency[3]. Also, Carney advocates mainstreaming sustainable investment to finance the transition to a low-carbon economy[4].

When the Canadian prime minister finished his address, members of the European Parliament gave him a standing ovation – and this was not just to express their warm feelings toward the speaker. The primary reason behind their excitement was a chance to avenge last year's humiliation in Turnberry. The agreement that the EU and the US signed at the Scottish golf club on August 21, 2025, envisaged 15-percent tariffs on all European exports and zero tariffs on many US exports. For Canada, too, this was an opportunity to get back at the United States after being caught up in a brutal trade conflict with its southern neighbour since the early months of 2025.

Both sides stressed that their new partnership was not against anyone else, its sole purpose being to make the EU and Canada stronger, more sovereign and more prosperous. Donald Trump responded immediately, saying that if the EU approved Canada's bid for associate membership he might consider it a hostile act and impose "very serious tariffs" on EU imports – or completely halt trade with Europe across various categories[5]. America's harsh stance is certainly driving Brussels and Ottawa closer together in the short term. In the long run, however, this phenomenon has deeper roots.

The joint statement issued after the Montreal summit on October 30 defines the partnership format as an "ever-closer association of Canada to the EU, short of full membership itself"[6]. The formula

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[2] Prime Minister of Canada. Prime Minister Carney delivers an address to the European Parliament. September 17, 2026. Strasbourg, France. https://www.pm.gc.ca/en/news/speeches/2026/09/17/prime-minister-carney-delivers-address-european-parliament. Accessed Sep. 19, 2026.

[3] Mark Carney, "The Evolution of the International Monetary System," Remarks by Mr Mark Carney, Governor of the Bank of Canada, to the Foreign Policy Association, New York, November 19, 2009. https://www.bis.org/speeches/20091123-evolution-international-monetary-system.pdf. Accessed Sep. 19, 2026.

[4] Mark Carney, "Fifty Shades of Green," *Finance & Development,* December 2019. https://www.imf.org/en/publications/fandd/issues/2019/12/a-new-sustainable-financial-system-to-climate-change-carney. Accessed Sep. 19, 2026.

[5] Amy Mackinnon and Aime Williams, "Donald Trump suggests EU-Canada associate member deal would be 'hostile act': US president threatens to impose 'very serious' tariffs on the bloc if the measure is approved." *Financial Times*. September 17, 2026. https://www.ft.com/content/7b0f8f90-b3ad-4640-916a-f8b5495920a3. Accessed Sep. 19, 2026.

[6] Joint Statement: The European Union and Canada building together an Alliance for the future. October 30, 2026, Montreal. https://ec.europa.eu/commission/presscorner/detail/en/statement_26_2313. Accessed Oct. 31, 2026.

used in the statement – "association of Canada to the EU" rather than "association (or partnership) between the EU and Canada" – may have geopolitical repercussions and be indicative of the alliance's future format. The balance of power is a sensitive issue for Canada. On the one hand, by the end of the Montreal summit, Carney accepted the "associate membership" formula proposed by the European Commission president. On the other, he made it clear that the specific terms of the agreement were more important than the terminology used to describe it[7].

Is the "Alliance for the Future" a Western version of BRICS?

Prominent German economist Daniel Gros, who serves as the director of the Institute for European Policymaking at Milan's Bocconi University, having previously led the Center for European Policy Studies in Brussels for 20 years, published an opinion piece on July 6, 2026, where he suggests that the EU should convene and lead an alliance of Western middle powers in order to strengthen their collective position in the global economy and global governance[8]. His arguments go as follows. The EU is not just another middle power, nor is it a "great power" that has the market size, military capacity, and leverage to dictate terms on the global stage, particularly when dealing with countries like the US and China. But the EU is the ideal candidate to lead a group of like-minded middle powers, not as a US-style hegemon, but as a *primus inter pares* (first among equals).

Gros' list of potential partners starts with geographical neighbours – Switzerland, Norway, and the UK. Next, he moves to other parts of the world, naming Canada, Australia, Japan and South Korea as good candidates. Gros describes these countries as "high-income, stable democracies that are typically aligned with the EU on issues related to multilateral rule-setting, supply-chain resilience, and digital governance"[9].

The name Gros picked for the alliance sounds ambitious but cumbersome – Compact for Open and Resilient Economies. The acronym, CORE, echoes the idea behind BRICS – namely, that these nations are bricks, or building blocks, of global growth. Gros' idea of bringing together countries from different continents rather than those in close proximity to each other – a clear departure from the fundamental principle of European integration – is, again, a page out of the BRICS playbook.

Another parallel with BRICS emerged on September 16, when the European Commission offered Canada associate membership in the EU. BRICS, too, has a two-tier structure with 10 full members and 11 partner countries. The EU Commission chief picked Canada as the first invitee for a reason. It was the Canadian prime minister who gave a fiery speech at the World Economic Forum in

[7] Mark Hallam, "Mark Carney: Canada has 'learned we are overdependent on the US,'" *Deutsche Welle*, Oct. 30, 2026. https://www.dw.com/en/mark-carney-canada-has-learned-we-are-overdependent-on-the-us/a-79811469. Accessed Oct. 31, 2026.
[8] Daniel Gros, "How the EU Can Lead the Rest of the West," *Project Syndicate,* July 6, 2026. https://www.project-syndicate.org/commentary/how-the-eu-can-implement-mark-carney-middle-power-vision-by-daniel-gros-2026-07. Accessed Sep. 19, 2026.
[9] Ibid.

Davos in January 2026, famously saying that middle powers should stick together, because, he said, "if we're not at the table, we're on the menu"[10].

The idea of using the EU as a core and building a larger international community around it has been in the air lately. Prominent US economist Adam S. Posen, president of the Peterson Institute for International Economics, wrote recently that in a world where the US and China behave in a self-interested way Europe could play a bigger role by defining fair global standards in matters like green technologies, food ingredient rules or privacy protections[11]. Swiss economist Beatrice Weder di Mauro pointed out recently that the European Union is well-positioned to serve as a "moderating and stabilising force" in a world dominated by the US and China, attracting the nations that don't wish to align fully with either of the two rival poles[12].

If we go further back in history, we can find the idea of "concentric circles", i.e., different countries having different degrees of alignment with the EU. First proposed by French President François Mitterrand in 1990, this idea was strongly supported by his countryman and then European Commission president Jacques Delors[13]. As the concept evolved, the composition of the "concentric circles" changed over time. The 1993 version, for instance, listed the United States, Switzerland, Norway and Iceland as being in the first circle. Japan, Canada and other OSCE members, as well as ASEAN countries, were in the second circle. The third tier comprised a group of poorest African, Caribbean and Pacific (ACP) countries that had been granted trade preferences under an EEC-ACP convention[14].

So, how did this old idea get a new lease on life? There are fundamental reasons for that. Due to its sluggish growth, the European Union has lost its position in the global economy since the turn of the century on a number of metrics. China caught up with the EU in terms of GDP, while the EU failed to reduce its 1:1.4 gap to the US. By 2025, the EU trailed both China and the US in manufacturing value added (MVA), even though in 2010 it was ahead of both rivals. Also, China overtook the EU in R&D intensity (measured as a percentage of GDP), while the gap to the US got only bigger. For decades, the EU was the global leader in inward FDI flow and stock – only to be surpassed by the US in 2020. In addition, the EU has clearly slipped behind the US and China in digital technology and AI.

[10] Davos 2026: Special address by Mark Carney, Prime Minister of Canada. January 20, 2026. https://www.weforum.org/stories/forum-institutional/davos-2026-special-address-by-mark-carney-prime-minister-of-canada/. Accessed Sep. 19, 2026.

[11] Adam S. Posen, "Strategic Direction for Europe in the New Economic Geography," *Intereconomics: Review of European Economic Policy*. 2026, Vol. 61, No. 1, January/February. https://doi.org/10.2478/ie-2026-0003

[12] Beatrice Weder di Mauro, "Europe's Power Paradox," *Finance & Development,* June 2026. https://www.imf.org/en/publications/fandd/issues/2026/06/point-of-view-europes-power-paradox-beatrice-weder-di-mauro. Accessed Sep. 20, 2026.

[13] Frédéric Bozo, "The Failure of a Grand Design: Mitterrand's European Confederation, 1989–1991," *Contemporary European History*, 2008, No. 17, pp. 391-412. https://doi.org/10.1017/S0960777308004542

[14] Christopher Hill, "The Capability-Expectations Gap, or Conceptualizing Europe's International Role," *Journal of Common Market Studies*, 1993, Vol. 31, Issue 3, pp. 305-328. https://doi.org/10.1111/j.1468-5965.1993.tb00466.x

This long-term deterioration of the EU's position in the global economy has prompted it to shift its integration priorities from internal issues to external ones, with an emphasis on countering risks and ensuring security[15]. This is why Brussels is so eager to secure the support of like-minded countries. We can only speculate at this point as to which countries are on the list, but if all the candidates mentioned by Gros (Switzerland, Norway, the United Kingdom, Canada, Australia, Japan and the Republic of Korea) were indeed to join CORE, their combined GDP would exceed that of the US, and their combined manufacturing output would be close to that of China[16].

The fundamental difference between BRICS and the idea of a middle-power alliance currently debated in academic circles (whatever it is called – the "Alliance for the Future", CORE or something else) is that BRICS was conceived as a network of equal partners regardless of economic size. In the proposed Western alternatives, however, the EU is invariably assigned the central, foundational role, making them little more than a rebranded version of the "concentric circles" concept.

The Road Ahead

The plan to build an "Alliance for the Future" based on associate membership, announced at the EU-Canada summit on October 29-30, 2026, may give rise to a new system of relations between the EU and its Western partners. The feasibility of building a broader association between the EU and a number of middle powers will largely depend on the future progress in EU-Canada relations.

It is unclear what an agreement granting Canada associate membership in the EU might look like. The EEC had association agreements with a number of countries (e.g., Turkiye) starting back in the 1960s. In the 1990s, many countries in Central and Eastern Europe went through a similar phase. These agreements envisaged deeper political, economic and cultural cooperation and increased mobility for the factors of production.

The next step would be ratification. In 2016, the EU and Canada signed the Comprehensive Economic and Trade Agreement (CETA). Officially, the agreement is not in force, since 10 of the EU member states, including France, Italy and Poland, have not ratified it. Most of the terms, however, are being applied provisionally. The EU will encounter the same two problems – one related to the essence of the agreement and another to its legal form – as well as ratification difficulties – in dealing with other like-minded countries. There is also a tricky question of whether the same terms will be offered to all the potential candidates, or each associate member will get a unique set of terms based on their geography. Differences in terms may cause friction among prospects. Uniformity, on the other hand, will render the whole system rigid and inefficient.

[15] Olga Butorina, "The EU in the Global Economy: the Goals and Feasibility of Achieving Strategic Autonomy," in *The European Union in the Global Economy: The BRICS Factor*, ed. Olga Butorina (Moscow: Institute of Europe, 2026), pp. 19-24 (in Russian). https://www.instituteofeurope.ru/images/uploads/doklad/430.pdf
[16] Daniel Gros, op. cit.

The EU's central role in future transcontinental architecture is the most questionable aspect. The enhanced version of the CORE project (published by Daniel Gros and Nathalie Tocci on September 10, 2026) describes the EU as the "central power". Its mission is to provide a new kind of leadership based on mutual respect rather than domination. The EU and its like-minded partners are expected to voluntarily give up certain aspects of their national sovereignty for the purpose of coordinating their trade and industrial policies and establishing collective defence against external economic coercion[17].

It is true that, with a single home market of 450 million consumers, the EU easily dwarfs any of its potential partners by GDP. But the EU has been plagued by sluggish growth for decades. Time and again, it adopts long-term development strategies and fails to implement them. It is hard to see how Brussels can persuade its Western partners to accept its leadership if, for example, South Korea increased its R&D expenditure from 3.79% of GDP in 2015 to 4.94% in 2023, whereas the EU went from 2.1% to 2.25% over the same period[18].

The EU's *acquis communautaire* – i.e., the accumulated body of European law, including primary law, secondary law and related legal sources – could prove to be both an asset and a burden for future closer relations with associate members. This supranational legislation, intricately intertwined with the national laws of individual member states, is clearly not something like-minded nations would want to carry with them into the age of AI and cloud computing.

The emergence of EU associate membership and a group of associate members will likely have repercussions for the internal dynamics of European integration. First, existing member states will start weighing the pros and cons of both statuses. It is possible – especially in the wake of Brexit – that some member states decide they like the option of associate membership better. Also, the emergence of an intermediate option will broaden the scope of national political debates and election platforms. EU countries that consistently fail to comply with the Stability and Growth Pact – i.e., exceed the budget deficit limit – might consider becoming associate members – less integrated but free from Brussels' pressure.

Second, there is a question of how much existing member states will be involved in negotiating and implementing associate membership agreements. Immediately following von der Leyen's speech on September 16, diplomats from four EU countries protested that their capitals had neither been informed about the initiative nor included in consultations. In a way, this is understandable: a secret known to the heads of state and foreign ministers of 27 countries cannot possibly remain a secret. But an associate membership agreement cannot be concluded unless it is approved by every single member state.

[17] Daniel Gros and Nathalie Tocci, "Europe as Central Power: Leading the Like-Minded, Building Partnerships Worldwide," *IEP Bocconi Policy Brief,* September 10, 2026. https://iepbu.substack.com/p/policy-brief-europe-as-central-power. Accessed Sep. 20, 2026.

[18] Eurostat, GERD by sector of performance. Last update: 19/03/2026. https://ec.europa.eu/eurostat/databrowser/view/rd_e_gerdtot__custom_22444274/default/table. Accessed September 22, 2026.

Hence, further efforts to promote this new format will run into a long-standing contradiction inherent in European integration – the tension between the need to adapt quickly to the ever-changing landscape and the cumbersome mechanism of hammering out a common position. The gap between large and small nations can widen, and their mutual grievances may intensify, undermining the team spirit. In addition, smaller countries will struggle to maintain the expert staff needed to play an active role in shaping the EU's relations with overseas partners like Canada, Australia or South Korea. Hence, they will either have to follow the opinion of their larger partners or step aside when certain issues are debated. Besides, while the European Commission represents – at least in theory – the interests of the EU as a whole, the Council is a body where the interests of individual member states are represented.

Some expected to see a repetition of the Canada scenario when leaders of Australia and the EU met on the sidelines of UN General Assembly in New York on September 21, but it did not happen. A joint declaration following the meeting between European Council President António Costa, European Commission President Ursula von der Leyen and Australian Prime Minister Anthony Albanese notes the parties' intention to "remain in close contact with a view to explore the potential for further strengthening and deepening of EU-Australia relations"[19], but nothing more.

Speaking to the media a day earlier, Australian Foreign Minister Penny Wong clearly outlined her country's position regarding associate membership in the EU. The existing architecture of Australia-EU relations, she said, "is really fit for purpose and we certainly are going to use it for the benefit of Australia"[20]. Prime Minister Albanese reiterated the same message – prioritising Australia's national interests – at a press conference on September 21, 2026[21].

* * *

The European Union is actively looking for partners interested in having closer, more formalised relations in an effort to make up for its declining position in the global economy and global governance. Offering Canada associate membership may end up as the first step toward a new framework for relations with like-minded countries.

There will be obstacles along the way. The current version of the Treaty on European Union makes no provision for associate membership. Amending the EU's fundamental treaties is a lengthy and difficult process. Potential partners may be alienated by the EU's uncompromising agricultural protectionism (Canada, Australia and New Zealand are major agricultural exporters). It won't be easy for EU institutions to secure the approval of all current member states regarding the form and content of prospective associate membership agreements.

[19] Joint press release following trilateral EU-Australia Leaders meeting. September 21, 2026. https://www.consilium.europa.eu/en/press/press-releases/2026/09/21/joint-press-release-following-trilateral-eu-australia-leaders-meeting/. Accessed September 22, 2026.

[20] Minister for Foreign Affairs. Senator the Hon Penny Wong. https://www.foreignminister.gov.au/minister/penny-wong/transcript/tv-interview-kieran-gilbert-am-agenda-news-24. Accessed September 22, 2026.

[21] Prime Minister of Australia. The Hon Anthony Albanese MP. Press conference - United Nations, New York. Transcript. Monday 21 September 2026. https://www.pm.gov.au/media/press-conference-united-nations-new-york. Accessed September 22, 2026.

The main obstacle is the contradiction between the EU's objective need to secure the support of its Western partners and its perception of itself as the center of the future club. Even being in desperate need of new allies, Brussels remains stuck in the mindset and habits of its "golden era", the two decades following the collapse of the Soviet Union, when the mission of "gathering the European lands" fell into its lap. Hence the notions of its special destiny, of its right to be a global standard-setter in cutting-edge technologies (where others are well ahead of the EU) and of its ability to spearhead a shift toward a new type of international relations.

The historical phase of the EU's eastward enlargement is over. Its logic – with Brussels unilaterally defining common values, formulating accession criteria and wielding a vast array of monitoring and assessment tools – won't work with self-sufficient, prosperous nations in other parts of the world. Attempts to export EU legislation won't succeed either, especially with Canada, given its tight regulatory alignment with the United States. Otherwise, Canada – as much as it aspires to be the leader of the world's middle powers so as not to end up on the menu – may find itself in someone else's sphere of influence.

And one more, final point: the fact that the list of like-minded partners is limited to high-income Western countries clearly demonstrates for outside observers how much the EU really cares about democratic values these days.

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