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EU Trade Diplomacy Towards North America

Evolution and Future Fields of Cooperation

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The election of Donald Trump as President of the United States has resulted in economic relations between Europe and North America been rediscussed. The US is imposing new tariffs both on Canada and the EU. To avoid a complete fragmentation of the global market, the EU should attempt to deepen its economic cooperation with Canada, while proactively investigating new areas of common interest with the US. This cep Adhoc analyses the evolution of EU-North America trade relations during the recent crises and outlines avenues for mutually beneficial cooperation.

Key results:

- Trade relations between the two sides of the Atlantic have proved resilient to recent global crises, with the overall trade balance shifting towards the EU over the past decade. Yet, the global shifts in the global power dynamics have increasingly forced the EU into becoming more pragmatic and adopt an approach to trade relations based on the idea of Open Strategic Autonomy.
- When it comes to trade relations, trade balance with the US is at the advantage of the EU, which exports more than it imports. The US is however the market of reference for the EU on strategic digital services and innovation. Moreover, from being the most important ally, the US, under President Trump is becoming a competitor in an increasingly unbalanced geo-economic power struggle.
- Canada instead maintains good economic relations with Europe. Indeed, the signing of the Comprehensive Economic and Trade Agreement (CETA) in 2016 has expanded trade relations between the two actors, deepening cooperation also in strategic areas such as climate change and sustainable development. Yet trade volumes are not big enough to replace the US.
- Concerning future economic cooperation, trade in natural gas and renewable hydrogen as well as the formation of joint supply chains for critical minerals can become the building blocks of a new transatlantic alliance for shaping a robust global trade order. Moreover, the EU should maintain regulatory cooperation with the US through the Trade and Technology Council (TTC), while deepening a well-established path of regulatory coordination with Canada.

Table of Contents

1 Background **3**
2 Evolution of Trade Relations **4**
2.1 Trade in the context of the 2008 financial crisis 4
2.2 Trade in the context of the COVID-19 Pandemic 7
2.3 Trade in the context of the war in Ukraine and an unsettled international arena 10
3 Pathways for Intensified Economic Cooperation **12**
3.1 Trade in natural gas 12
3.2 Trade in renewable and low-carbon hydrogen 14
3.3 Trade in mineral raw materials 15
3.4 Regulatory cooperation 15
4 Conclusion **17**

List of Figures

Figure 1: EU trade with USA 2004-2014 in Billion USD 6
Figure 2: EU trade with Canada 2004-2014 in Billion USD 6
Figure 3: Share of primary products in EU trade with USA 2004-2014 6
Figure 4: Share of primary products in EU trade with Canada 2004-2014 7
Figure 5: EU trade with USA 2015-2023 in Billion USD 9
Figure 6: EU trade with Canada 2015-2023 in Billion USD 9
Figure 7: Share of primary products in EU trade with USA 2015-2023 10
Figure 8: Share of primary products in EU trade with Canada 2015-2023 10

This paper is the second part of a mapping analysis on the EU trade diplomacy vis à vis Latin America, North America and Africa. The paper is part of a LUISS University-cep project financed by the Italian Ministry of Foreign Affairs and International Cooperation.

1 Background

This paper analyses the evolution of trade diplomacy between the European Union (EU) and North America (the United States and Canada) since the early 2000s, considering external crises such as the 2008 financial downturn, the COVID-19 pandemic, and the ongoing war in Ukraine, as well as internal political dynamics, since all affected bilateral trades and economic relations. The above-mentioned external shocks have indeed contributed to the fragmentation of the global economic order, affecting EU-North America economic relations in distinct ways, while internal political shifts have determined changes in national political economies. In the case of the US, international trends as well as internal dynamics have been leading towards a progressive institutionalization of a “new realist” economic approach, tiding the economy to national security with a strong emphasis on national sovereignty, state action and the use of force. With the second Trump administration taking office, the economic ideology has shifted decisively towards a mercantilist approach, aiming for geo-economic control and a positive trade balance, while neglecting the stabilizing function of long-term trade partnerships.

In the case of Canada and the EU, instead, the shaking of the international liberal order has led the regions to try and expand their international reach by boosting trade relations with third parties, even beyond the US. For instance, the EU is certainly pursuing its own economic and strategic interests within the international arena. Yet, its approach is led by “principled pragmatism”. In other words, while pursuing its own goals, the EU is still attempting to spread and advocate for its traditional model of social market economy, whereby the free market is combined with elements of social policies and fair competition, including also environmental and sustainability considerations. In the case of Canada, instead, its strong ties with the US have certainly limited its capacity to exert ambitious foreign and international economic policies. Yet, beyond the US, Canada has attempted to establish closer ties with the EU, for instance through the Comprehensive Economic Trade Agreement (CETA) signed with the EU in 2016. Differently from Canada, which is part of the 2020 United States-Mexico-Canada Agreement (USMCA) and before that, of the North America Free Trade Agreement (NAFTA), there is no formal agreement between the EU and the US despite the two being each other’s largest trading partners. Negotiations on a comprehensive Transatlantic Trade and Investment Partnership (TTIP) were launched in 2013 but practically failed in 2016, mainly due to heavy opposition from some political parties and the civil society to the planned mutual recognition of product standards and the role of international dispute settlement bodies. Until recently, the EU has shared with the US similar economic targets, values and goals, which are the basis for an effective economic cooperation on the one hand, but also for fair competition, on the other. The disruptive ideological shifts witnessed with the Trump administration are questioning these similarities, leaving the future of the EU-US trade relations very much in doubt. Against this backdrop, this paper intends to map the evolution of economic policies between the EU and the two countries on the other side of the Atlantic during the above-mentioned crises, and to trace developments or possible setbacks in their trade relations.

2 Evolution of Trade Relations

2.1 Trade in the context of the 2008 financial crisis

After unprecedented economic growth in the roaring 1990s driven by growing international trade, the global financial crisis of 2007–2008 was the most severe downturn since the Great Depression of the 1930s and World War II. the global financial crisis of 2007–2008 was the most severe downturn since the Great Depression of the 1930s and World War II. The crisis, caused by the bursting of a housing bubble and the growth of mortgage defaults originated in the US, paved the way for the worst recession the world has witnessed for over six decades. [1] At the time, European and North American banks, finding themselves on the brink of financial turmoil, started to recall or stop their international loans, causing severe financial problems and debt crises.[2] Canadian banks, instead, remained relatively unharmed as Canada's banking system was strictly controlled and regulated.[3] Yet, because of the financial crisis, international trade credits also dried up, bringing exports and imports to a standstill in many sectors and causing the "Great Trade Collapse". World trade contracted by 17.5% between October 2008 and January 2009.[4] The broader economic downturn that involved all regions of the globe resulted in the rise of protectionist measures.[5] For instance, to respond to the crisis, by autumn 2008, many collapsed financial institutions across North America and Europe were nationalized or were offered state support.[6] This was the first step of the general protectionist wave that affected many countries, the US in particular. At the time, President George W. Bush, who was a convinced neo-liberal supporter, decided to push forward packages for economic stimulus, such as the Troubled Asset Relief Program (TARP), to help stabilize the US financial system.[7] Then, in 2009, the new Obama Administration enacted the American Recovery and Reinvestment Act (ARRA) to arrest the economic downturn. Since then, US governments have been enacting a series of measures — in the form of tax cuts for businesses, state aid or extensions of unemployment benefits — to stimulate the economy, resulting however in growing public debt.[8]

In Canada, while the consequences of the crisis where less harsh on the financial sector, as the country applied stricter financial regulation to control its market, the impact of the credit crunch on the real economy was still profound. Canada indeed experienced a loss in international trade and had to develop policies to stimulate economic development such as the Economic Action Plan (EAP). Launched

1 Chen W. et all. (2019). The Global Economic Recovery 10 Years After the 2008 Financial Crisis
Boughton J.M. (2012). World Without Walls: The Global Economy and the IMF, 1990–1999
Poli, E. (2015). Antitrust institutions and policies in the globalising economy. Springer.

2 Popov A. (2012) The impact of sovereign debt exposure on bank lending: Evidence from the European debt crisis, European Central Bank

3 Bordo M., Redish A., Rockoff H. (2011). Why Canada Didn't Have a Banking Crisis in 2008

4 Gregory R., Henn C., Mcdonald B., Saito M. (2010). "Trade And The Crisis: Protect Or Recover," Journal of International Commerce, Economics and Policy (JICEP), World Scientific Publishing Co. Pte. Ltd., vol. 1(02), pages 165-181.
Helleiner, E. (2011). Understanding the 2007–2008 global financial crisis: Lessons for scholars of international political economy. *Annual review of political science*, *14*(1), 67-87.
Shelboune R. (2010). The Global Financial Crisis and Its Impact on Trade, the World and the European emerging Economies, UN Working Paper

5 Henn, C., McDonald B. J. (2010) After the Crisis: Avoiding Protectionism: So far the world has resisted widespread resort to trade measures, but the hardest part may be yet to come, IMF, Volume 47: Issue 001

6 Barrell, R., & Davis, E. P. (2008). The evolution of the financial crisis of 2007—8. *National Institute economic review*, *206*, 5-14.

7 US department of Treasury. (2025). Troubled Asset Relief Program (TARP) |

8 Ruffing K. Friedman J. (2013). Economic Downturn and Legacy of Bush Policies Continue to Drive Large Deficits | Center on Budget and Policy Priorities

in 2009, the EAP was a two-year spending measure to overcome an economic recession by investing in infrastructures and boosting Canada's green agenda. Indeed, unlike in the US, the global crisis did not undermine Canada's focus on green policies and investments.[9] Moreover, in the aftermath of the EU-Canada Summit in 2008, negotiations on the Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union began in 2009.

When it comes to the EU, the consequences of the credit crunch led to a debt crisis in Europe with southern European member countries such as Greece, Portugal, Cyprus, but also Ireland, being the most affected and unable to repay or refinance their government debt or bail out their banks. This led to a crisis of the Eurozone, which was eventually resolved thanks to the financial guarantees of European countries, which feared the collapse of the euro and a financial contagion, and to the International Monetary Fund (IMF).[10] Yet, to overcome the fear of higher indebtedness, the EU started to cut expenses and to apply austerity policies. [11] Such limitations, however, marginally affected the trade balance with the US and Canada. While with the US the contractions in trade volumes experienced between 2007 and 2009 were overcome in 2013, trade relations with Canada remained stable.

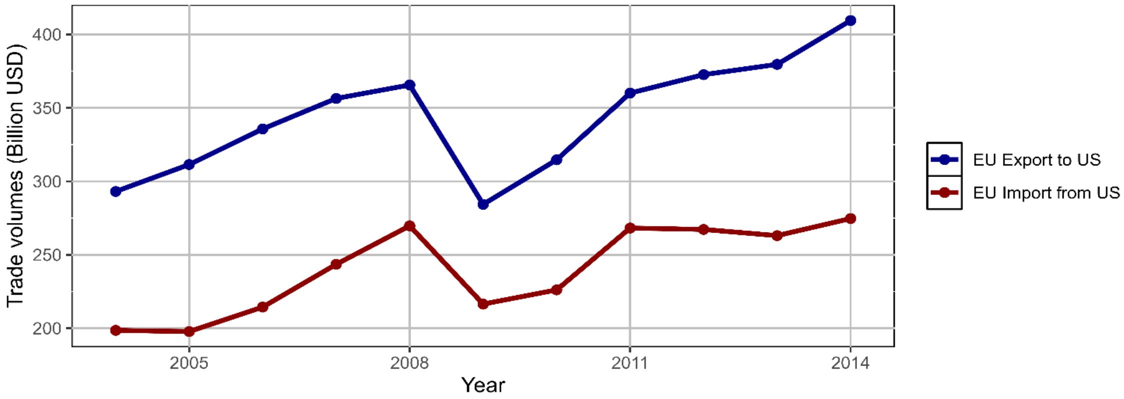
Overall, the EU as a bloc was consistently a net exporter of goods to the US during this period (see Figure 1). This also remained unchanged during the financial crisis, as exports and imports contracted to a similar degree. However, from the beginning of the 2010s onwards, merchandise trade witnessed a significant shift in product composition (see Figure 3). EU trade with the US traditionally shows a high degree of intra-industrial trade compared to trade with other world regions, due to the similarly high levels of economic development and the strong interconnections through joint industrial supply chains. Yet, the share of primary products in EU imports from the US started to show strong growth. While this was initially partly motivated by the particularly negative impact of the economic crisis on production and trade of advanced products, the share remained at the higher level in the aftermath of the crisis. This was mostly due to the surge in fossil resource exports by North America, especially Liquified Natural Gas (LNG). Trade with Canada evolved in a slightly different pattern over this period. The EU was also a net exporter to Canada in almost every year, but trade was overall significantly more balanced than with the US. By contrast, the EU was consistently a clear net importer of primary materials from Canada, a consequence of Canada's traditionally strong energy sector.

9 Government of Canada. (2025). Housing, Infrastructure and Communities Canada - Canada's Economic Action Plan

10 Daniela Filip D., Masuch K., Setzer R., Valenta V., (2024). Greece, Ireland, Portugal and Cyprus: Crisis and Recovery, European Central Bank

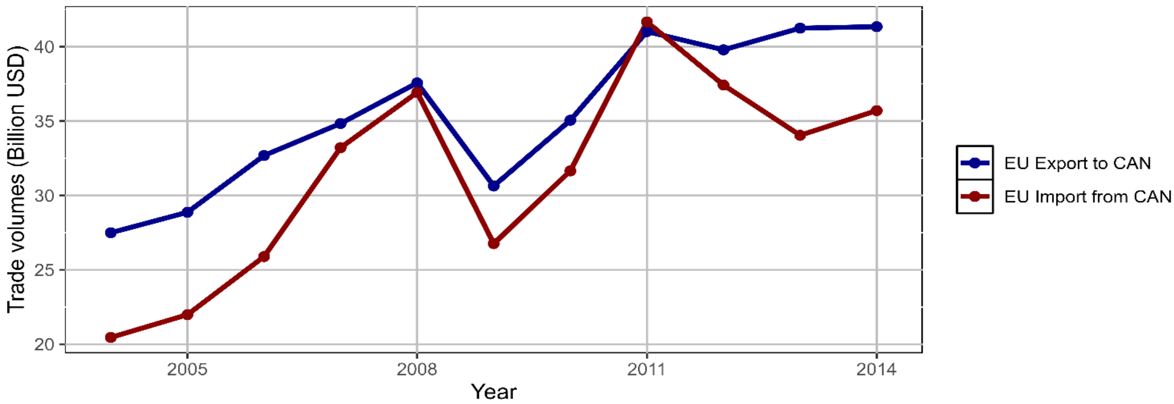
11 Poli, E. (2021). European Economic Governance and Rising Sovereignism. In: De Souza Guilherme, B., Ghymers, C., Griffith-Jones, S., Ribeiro Hoffmann, A. (eds) Financial Crisis Management and Democracy. Springer, Cham.

Figure 1: EU trade with USA 2004-2014 in Billion USD



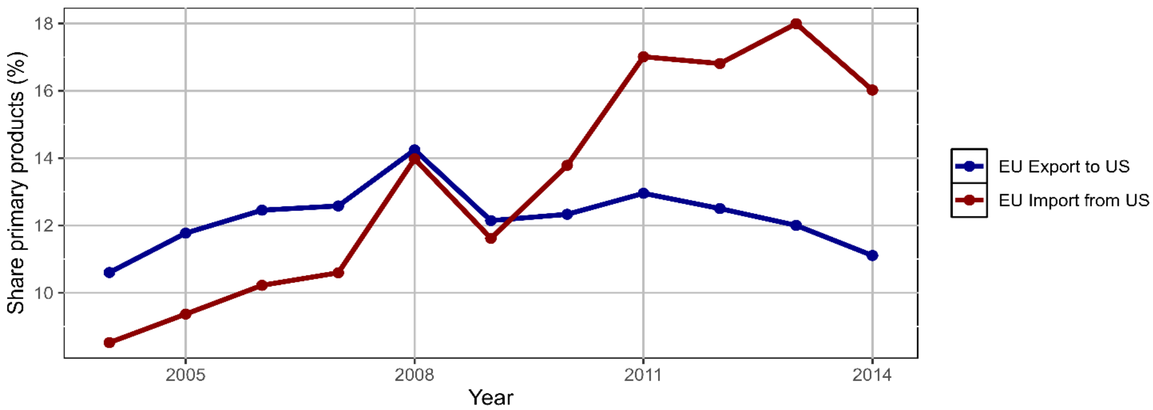
Source: UN Comtrade (2025)[12]

Figure 2: EU trade with Canada 2004-2014 in Billion USD



Source: UN Comtrade

Figure 3: Share of primary products[13] in EU trade with USA 2004-2014

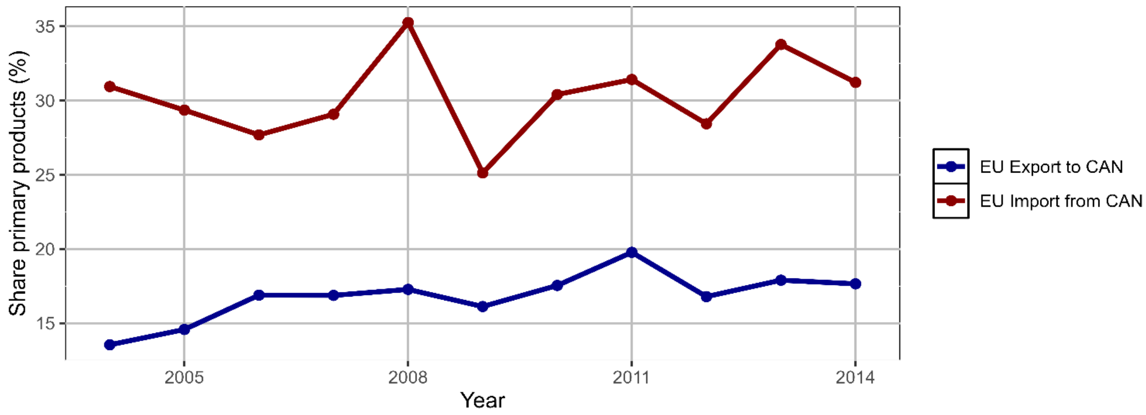


Source: UN Comtrade (2025); own calculations

[12] UN Comtrade (2025). UN Comtrade Database.

[13] Primary products are delineated by the following codes in the SITC product classification scheme: Food and live animals (0), Beverages and tobacco (1), Crude materials, inedible, except fuels (2), Mineral fuels, lubricants and related materials (3), Animal and vegetable oils, fats and waxes (4).

Figure 4: Share of primary products in EU trade with Canada 2004-2014



Source: UN Comtrade (2025); own calculations

2.2 Trade in the context of the COVID-19 Pandemic

Since In 2010, trade relations between the EU and North America started to recover. Yet, Brexit and Trump's first administration (2017-2021) certainly challenged the stability of the global market, at least form a political point of view. Indeed, Brexit and the lack of the UK's support towards an US—EU trade agreement facilitated Trump's decision to stop the Transatlantic Trade and Investment Partnership (TTIP) negotiations in 2017. The TTIP, which had been under negotiation since 2013, aimed at developing a free trade area between the two sides of the Atlantic that would have no tariffs, subsidies or non-tariff barriers.[14] Tense relations with the EU, increasingly perceived by the US as a competitor rather than a partner, culminated in 2018, when the US imposed tariffs of 25% and 10% on European steel and aluminium, respectively, and threatened the introduction of tariffs on cars and mechanical components. This led to the EU retaliating by introducing tariffs on products such as Levi's jeans, Harley-Davidson motorcycles, bourbon or peanut butter. Although a political agreement with President Trump was reached already in July 2018 by former Commission President Juncker, it was only in 2021, under the Biden administration, that these tariffs were suspended.[15] At the time, however, the COVID-19 pandemic had already introduced a new and unexpected layer of complexity to the multilateral trade system, halting economic growth and reducing trade globally. The EU and the United States were no exception.

Yet, the election of US President Joe Biden in 2020 resulted in a change of path, with trade between the US and the EU growing by 18% in 2021, after contracting by 24% the years before.[16] Such a positive trend is certainly linked to Biden decision to reinforce external relations with key allies, the EU in particular, while keeping a trade war with regional powers such as China. In this respect, not only the above-mentioned tariffs were suspended in 2021, but the Trade and Technology Council (TTC) was launched as a key tool for the United States and the European Union to coordinate approaches to key

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[14] Steinberg F. (2018). Juncker and Trump end the trade war and revive a watered-down version of TTIP

[15] European Parliament. (2025). EU-US trade talks on an agreement on industrial goods and conformity assessment In "A Stronger Europe in the World"
Elryah, Y. (2019). Arising of Trade Disputes Among the G20: Evaluation of US-China Trade Relations in the Context of World Trading System. Management and Economics Research Journal, 5.
Horváth, K. D. Ľ. Z. M. (2024). The EU-US Trade Relations Changes During the COVID-19. Central and Eastern Europe in the Changing Business Environment.

[16] Congressional Research Service. (2022). U.S.-EU Trade Relations

global trade, technology, and innovation challenges. In particular, the TTC aimed to strengthen transatlantic cooperation against global challenges and other major concerns presented by China's state-led economic model.[17] At the same time, however, economic isolationism introduced by Trump and induced also by the Pandemic was not completely overcome by Biden. While Biden re-entered the Paris Agreement on climate change and revoked the withdrawal from the World Health Organization, showing respect for multilateral institutions, on economic policies he remained tied to Trump's legacy. Examples of such a trend are the Executive Order issued by Biden in 2021, which extended and maximized the "Buy American" principle within the Buy American Act. According to the law, agencies of the federal government had to prefer US products and services over foreign ones. Moreover, besides the national investment plans to deal with the pandemic such as the American Rescue Plan Act of 2021 or the Next Generation EU or the Canadian Economic Response Plans, which were common to all national economies, the US's continued economic isolationism became evident with the Inflation Reduction Act (IRA) enforced in 2022, which provided economic and tax incentives to a number of key industrial sectors.[18]

Against this backdrop, the EU, at least in principle, attempted to remain closely aligned with the liberal model of multilateral trade and the World Trade Organisation's rules, it certainly revised its liberal position to introduce the idea of an 'Open Strategic Autonomy'.[19] According to the Open Strategic Autonomy approach, the EU needs to continue supporting open and rules-based global trade but, within the multilateral system, it will work to defend its strategic interests to increase its economic resilience and tackle unfair trade practices by third countries.[20]

At the same time, Canada did not want to be caught by US protectionism and attempted to expand its reach. For instance, through an ad hoc Strategy, Canada attempted to increase its presence in the Indo Pacific region, which by 2040 will account for more than half of the global economy and more than twice the share of the United States.[21] At the same time, in the context of the pandemic and increasing US protectionism, the Comprehensive Economic Trade Agreement (CETA) with the EU favoured the continuation of normal trade relations between the two economies and played a critical role in strategic sectors such as pharmaceuticals, digital services, and technology.[22] Certainly, as in other countries, CoVID-19 affected trade between the EU and Canada. Yet, up to 2020, the EU was still Canada's second-biggest trading partner after the United States, while Canada was the 10th largest partner for the EU's exports of goods (1.7 %) and the 16th largest partner for the EU's imports of goods (1.2%).[23] Moreover, already in 2021, economic links outpaced the pre-pandemic levels, reinforcing the EU-Canada trade diplomacy and becoming a tool to address broader global challenges.[24] Indeed, CETA provided a framework for Canada and the EU to further commit to the fight against climate change and sustainability in line with the Paris Agreement by developing shared strategies for industrial

17 European Commission (2024). EU trade relations with the United States. Facts, figures and latest developments.

18 Ligustro A. (2024). Biden Foreign Trade Policy: A New Deal for Protectionism

19 Schmucker, C. (2022). The Effects of the COVID-19 Pandemic on US and European Commitment to the Multilateral Economic Order. Istituto Affari Internazionali (IAI).

20 Wolf A. (2025). An Economic Security Doctrine For Europe. cepInput No.2/2025.

21 Government of Canada. (2024). Canada's Indo-Pacific Strategy.

22 Government of Canada. (2022). State of Trade 2022: The Benefits of Free Trade Agreements.

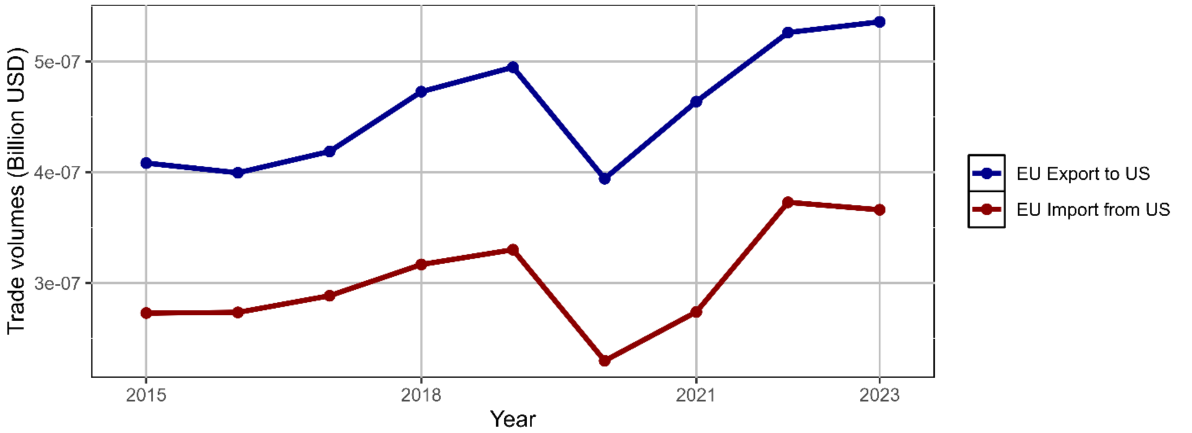
23 Guo, R. (2021). Quantifying Canada-European Union Merchandise Trade Between 2005 and 2020-Has Canada Diversified its Export Trade?.

24 Kutlina-Dimitrova, Z. (2023). CETA: Evolution of key economic indicators. *DG TRADE Chief Economist Note*, *1*. See also: Lavallée, C. The European Union's two-fold multilateralism in crisis mode: Towards a global response to COVID-19. *International Journal (Toronto, Ont.)*.

decarbonization.[25] Such a commitment was also reaffirmed during the 18th EU-Canada Summit, which took place in 2021, where leaders discussed how to work together to end the CoVID-19 pandemic and pursue a sustainable, people-centred and inclusive economic recovery.[26]

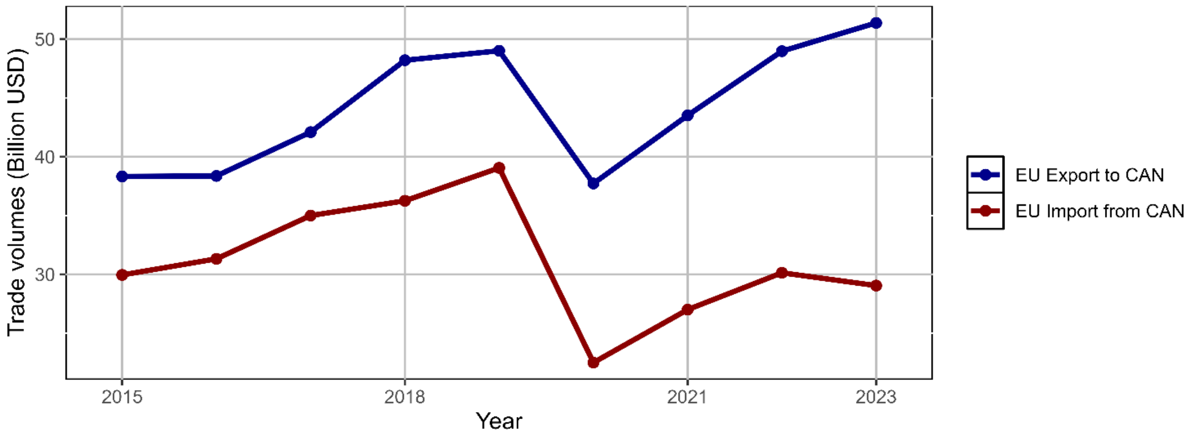
Overall, the EU continued to be a net exporter in merchandise trade with North America in this period (see Figure 5). This role was also maintained during the CoVID-19 pandemic. At the same time, the share of primary products in EU imports from the region was further increasing. This was mostly due to a strong increase in the LNG export capacity of the US.[27] The EU could extend its role as an overall net exporter to Canada, especially during the CoVID pandemic (see Figure 6). At the same time, net trade in primary materials continued to show the opposite sign, with Canada even further raising its exports, considerably.

Figure 5: EU trade with USA 2015-2023 in Billion USD



Source: UN Comtrade (2025)

Figure 6: EU trade with Canada 2015-2023 in Billion USD



Source: UN Comtrade (2025)

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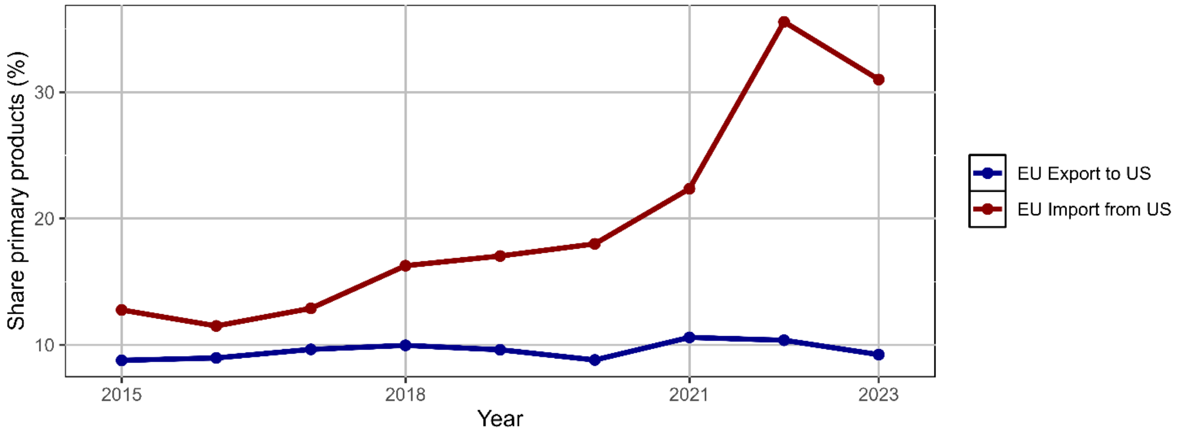
25 CETA: Taking Action for Trade and Climate - European Commission.

26 EU-Canada summit, Brussels, 14 June 2021 - Consilium.

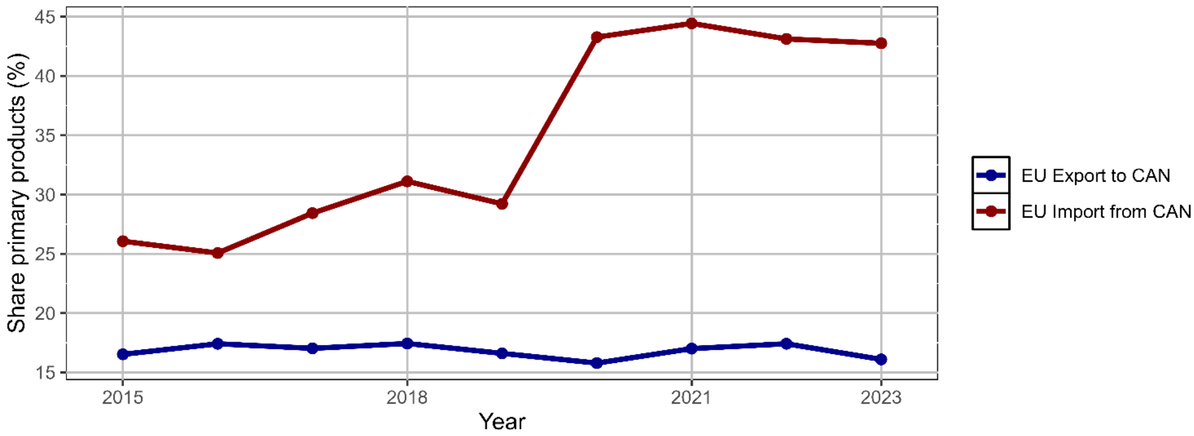
27 FERC (2024). U.S. LNG export terminals – existing, approved not yet built, and proposed. Federal Energy Regulatory Commission.

Figure 7: Share of primary products in EU trade with USA 2015-2023



Source: UN Comtrade (2025); own calculations.

Figure 8: Share of primary products in EU trade with Canada 2015-2023



Source: UN Comtrade (2025); own calculations.

2.3 Trade in the context of the war in Ukraine and an unsettled international arena

While global trade began to recover after the pandemic, Russia's unjustified invasion of Ukraine, which led to a war, exposed the global market to another round of crisis, mainly due to EU countries' dependency on Russian gas. This resulted in an unprecedented crisis of energy prices, especially for the EU, and contributed to increasing inflation and thus, as a monetary policy response, rising interest rates. At the time, while EU imports of energy products from Russia plummeted from over 40% in 2021 to about 8% in 2023, the United States became one of the EU's top suppliers of natural gas, reaching around 19.4% of the EU market in 2023.[28] In 2023, the US rose to become the world's most important LNG exporter in view of massive LNG export growth of 12%.[29] Canadian exports of energy products to the EU increased by 30% too, passing from EUR 1.8 billion to EUR 2.3 billion in the same period.[30] Alongside energy, total trade between the EU and the US also increased. From 2023 to 2025, trade volumes between the EU and the US exceeded 1.5 trillion euro, with the US accounting for 16.7% of

[28] European Council (2023). [Where does the EU's gas come from?]
[29] EIA (2024b). [Global trade in liquefied natural gas continued to grow in 2023]. U.S. Energy Information Administration.
[30] Kutlina-Dimitrova, Z. (2023). CETA: Evolution of key economic indicators. *DG TRADE Chief Economist Note*, *1*.

the EU's trade, making it the EU's largest trading partner.[31] Yet, the US trade deficit vis à vis the EU, whereby European exports where higher than imports from the US, reached 156 billion euro in 2023. This resulted in newly elected President Trump to threaten the introduction of new tariffs on European products. Indeed, with his slogan "Make America Great Again," newly elected President Donald Trump is not only aiming to win the trade war with China but also to reduce his country's negative trade balance, in particular with the EU. As highlighted by Mario Draghi during the Budapest summit, the EU is dependent on the US for digital and other strategic technologies, while the US remains the European export market of choice for more traditional industries. These are precisely the industries Trump wants to protect, eroding Europe's advantages.

Within the EU, a renovated protectionist approach by Trump, already reaffirmed with the recent introduction of tariffs on Canada, Mexico and China, would particularly impact Germany, which has the largest trade relationship with the US and a surplus of 79,6 billion euro, as well as France (12,6 billion euro) and Italy (41,74 billion euro). [32] This trend, however, should not come as a surprise. Since August 2022, President Biden's Inflation Reduction Act (IRA) has been providing substantial subsidies to green technologies produced in the US. Against this background, to protect European interests, EU Commission President Ursula von der Leyen has introduced, in the new legislative term, the position of a commissioner both responsible for trade policies and economic security. Commissioner Maroš Šefčovič will be in charge of drafting a new European Economic Security Doctrine based on the development of standards for key supply chains in cooperation with like-minded countries.[33]

Indeed, the aggressive economic policies advanced by Trump could result in stronger cooperation with Canada. To date, while the EU and Canada represent 20% of global GDP,[34] Canada itself cannot replace the US in European trade diplomacy. Yet, since the application of CETA in 2017, not only trade between the two sides of the Atlantic has increased by more than 65%, reaching a trade balance of 20 billion euro for the EU, but it is becoming a clear sign that a rule-based multilateral trading system is still possible. [35] At the same time, Canada is now confronted with Trump's executive order to apply 25% additional tariffs on all Canadian imports, excluding energy, which will be tariffed at 10% less.[36] The Canadian government responded to this decision with the introduction of 25% tariffs on $155 billion of American goods, including food supplies and mechanical components, and possibly introducing non-tariff measures on energy supplies. According to Trump, the decision to impose tariffs is not only in the interest of US citizens but it is also legal under American law and World Trade Organization rules. Indeed, to bypass any possible check, the President declared that the illicit flow of drugs into the US has become an emergency and, among the different rules, in particular applied the US International Emergency Economic Powers Act (IEEPA), which allows for the immediate imposition of sanctions.[37] Certainly President Trump's decision is in violation of the USMCA, which the US is threatening to withdraw from anyway, and it will affect the US economy. Indeed, when it comes to Canada, the US trade deficit has a value of less than 100 billion USD, and it is mainly related to energy products. Yet, any Canadian effort to convince the US that higher tariffs will drive up the cost of goods, affecting citizens

31 European Council. (2023). EU-US trade
32 Poli E., Vöpel H. Wharem V. (2024). Harris Versus Trump: US Presidential Election and its Implications for the European Union
33 Wolf A. (2025). An Economic Security Doctrine For Europe. cepInput No.2/2025.
34 European Council. (2025). EU-Canada trade
35 European Commission. (2024). Eu-Canada Trade
36 White House. (2025). Imposing Duties to address the flow of illicit drugs across our Northern Border.
37 Tasha Kheiriddin T. (2025). Trump ignites trade war. Will there be a legal response?

on both sides, has not been successful.[38] In this respect, while the current US administration seems to challenge the global trade system and rules, it is up to Canada and the EU, among other like-minded countries, to find solutions to this challenge and ways to build stronger alliances, while keeping the dialogue open with the US.

3 Pathways for Intensified Economic Cooperation

3.1 Trade in natural gas

Even in a future climate-neutral world, Europe will not be able to cover its energy needs exclusively from domestic sources. Other regions of the world have natural advantages in the utilization of renewable energy sources as a result of greater abundance of sun and/or wind. The associated differences in the costs of energy production will create the basis for new forms of comparative cost advantages and a global division of labor in the medium term, in which regions such as Europe will take on the role of net importer of renewable energies. Gaseous and liquid energy sources will continue to be an indispensable supplement to the direct use of electrical energy, and not only for reasons of better transportability. This is because a number of current industrial processes cannot be electrified at all or not at a reasonable cost. The use of natural gas will therefore remain indispensable in the transition phase to climate neutrality. In addition to its role as a back-up technology, natural gas can also actively provide impetus for the development of a hydrogen infrastructure, as a basis for the production of blue hydrogen (i.e. hydrogen produced from fossil fuels with CO_2 capture) and as a pioneer for the ramp-up of H_2 application technologies (e.g. initial use of natural gas in the direct reduction of steel or in H_2-ready power plants).

Supplies of Liquified Natural Gas (LNG) from the USA and (prospectively) Canada contribute to the geographical diversification of European natural gas imports. They thus help to avoid crisis situations such as the outbreak of the Ukraine war in 2022. As a supplier of liquefied natural gas, the USA played a key role in overcoming the European natural gas crisis in 2022. EU imports of LNG from the USA, which were already considerable in previous years, more than doubled in 2022 compared to the previous year (from 19.7 billion to 51.0 billion m^3).[39] Initially, the high additional demand for LNG imports from the US caused by the energy crisis in 2022 had to be met primarily through expensive additional purchases on the spot markets. However, in the same year, ten new long-term supply contracts were concluded between European traders and US exporters of LNG, with terms of between 15 and 20 years.[40]

The steadily increasing importance of LNG for the US trade balance also speaks in favor of the general stability of supply relationships with the US. Thanks to growing exports of shale oil and shale gas, the US has become a net exporter of energy products since 2019, after decades of import dependency.[41] In 2023, they have risen to become the world's most important LNG exporter in view of massive LNG export growth of 12%.[42] The planned capacity expansions are likely to further cement this position. Nineteen new LNG export terminals alone have already been approved, seven of which are currently

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[38] Gugliotta A. (2025). Exclusive New Poll: US-Canada – Tariff-ied of What's to Come?

[39] Eurostat (2024). Imports of natural gas by partner country. Eurostat Database.

[40] Investigate Europe (2023). LNG fever: European firms sign mega-contracts as US shale gas imports boom.

[41] U.S. Department of Energy (2023). U.S. Imports and Exports of Primary Energy, 1960-2022.

[42] EIA (2024b). Global trade in liquefied natural gas continued to grow in 2023. U.S. Energy Information Administration.

under construction.[43] According to recent forecasts by Shell, global LNG exports from the USA could almost double by 2030 and then cover around 30% of global demand.[44] In addition to the benefits of high export revenues, such a position also strengthens the geo-economic weight of the USA. The flexible shipping of American liquefied natural gas helps to reduce price discrepancies between the Pacific and Atlantic markets. This will make the USA even more of a balancer and guarantor of a 'global' LNG market in the future.

Regarding the new presidency, there are no signs of a fundamental change of course away from LNG. President-elect Donald Trump wants to expand the export business even more than previously planned through deregulation. He has already issued an executive order that officially lifts the pause in the authorization process for LNG export capacities issued by Joe Biden.[45] In addition, during his speech at the World Economic Forum, he gave Europe a supply guarantee for US LNG.[46] However, interlinkages with Trump's industrial policy agenda, in particular the imposition of additional tariffs on imported EU goods, represent risk factor for the medium-term. There are signs of a future negotiating tactic to undermine unified EU negotiating positions through targeted concessions or threats to individual member states, thereby weakening the EU as an institution.[47] This includes scenarios in which LNG would play a key role. For example, the new US administration could formulate the obligation to purchase more American natural gas as a condition for waiving higher import tariffs on European goods.

The EU should utilize the current momentum and introduce increased LNG supplies as part of a large-scale agreement in negotiations with the US administration. Long-term supply contracts play a central role here. With clearly defined conditions, they strengthen the EU's security of supply and reduce price risks. At the same time, they also make it easier for US exporters to finance investments in export infrastructure such as liquefaction plants thanks to secure sales prospects. Long-term LNG supply contracts are therefore an area of fundamental mutual interest - and thus a necessary part of a constructive new beginning in US-EU trade relations.

To mitigate increased dependence on the US, it should also negotiate independently with Canada on increased LNG supplies. The country has large natural gas reserves. Canada has also expanded its LNG infrastructure in recent years. The first major LNG export terminal in Kitimat (British Colombia) will go into operation in 2025.[48] Further export projects are scheduled for completion between 2027 and 2030, all located at the Western coast.[49] In the interest of supply diversification, the EU should motivate Canada also to invest in LNG export capacities suitable for direct transport to EU. In doing so, it should expand its hydrogen partnership with Canada (see next subchapter) into a transition partnership that also includes agreements on trade in LNG. The EU-Canada High-Level Energy Dialogue is a suitable forum for such negotiations.

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43 FERC (2024). U.S. LNG export terminals – existing, approved not yet built, and proposed. Federal Energy Regulatory Commission. Abgerufen am: 17.09.2024.

44 Shell (2024). Shell LNG Outlook 2024.

45 Reuters (2025a). Trump lifts freeze on LNG export permit applications.

46 Reuters (2025b). Trump says US will guarantee LNG supplies for Europe.

47 Euractiv (2025). Teile und herrsche: EU wappnet sich für Trump-Zölle.

48 Vancouver Sun (2025). Incoming LNG tanker marks near completion of Kitimat export terminal.

49 Government of Canada (2025). Canadian liquified natural gas projects.

3.2 Trade in renewable and low-carbon hydrogen

Among the alternative energy sources, hydrogen produced from renewable non-biogenic sources (i.e. electrolytically using renewable electricity) is currently at the center of investment planning both in Europe and globally. The use of electricity from wind and solar power in hydrogen production enables the conversion of a form of energy that is volatile in its supply into a stable and easily storable energy carrier. The hydrogen produced in this way can replace hydrogen obtained from fossil fuels in the production of chemical base materials and fertilizers. It also forms the basis for the production of new climate-friendly products such as synthetic fuels. As a reducing agent in steel production, it will also make an important contribution to the decarbonization of basic industries. Finally, hydrogen and its derivatives will be used as an energy source in some segments that are difficult to electrify, such as the production of peak-load electricity, in high-temperature technologies in industry, in heavy goods transport as well as in aviation and shipping.[50]

Increasing scarcity of space for wind and PV electricity and Europe's comparative cost disadvantages in the production of renewable energy will also make imports of hydrogen indispensable for meeting future demand.[51] With its great natural potential, particularly in wind power, and its technological expertise, North America can make an important contribution to meeting European demand for hydrogen. The EU and Canada have already concluded a hydrogen partnership in 2023. On this basis, the European Commission and Canada have published a Joint Hydrogen Action Plan.[52] The aim is to establish joint hydrogen supply chains, including trade in the components required for hydrogen technologies. This also opens up export potential for Europe as a globally important producer of electrolysers and electrolysis stacks. Cooperation in the development of uniform technical norms and standards can also be useful for the development of a European hydrogen economy. From Canada's perspective, a hydrogen partnership not only offers sales prospects for renewable hydrogen, but also for low-carbon hydrogen produced on the basis of natural gas and CO_2 capture. This offers the opportunity to utilize existing domestic natural gas reserves in a climate-friendly way and at the same time accelerate the development of a hydrogen infrastructure. From a European perspective, this contributes to the technological diversification of energy imports.

Financial investment incentives are needed for the rapid development of joint supply channels. The required simultaneous expansion of hydrogen production, infrastructure and application technologies creates coordination problems that can only be solved by government incentives. This requires joint efforts by Canada and the EU. The first steps have already been taken. Germany has opened up its H2Global subsidy program for hydrogen imports to cooperation with Canada.[53] In future, Canadian hydrogen is to be auctioned separately for import to Germany via financing windows provided equally by Germany and Canada. The discrepancy between the prices of Canadian producers and the willingness of German buyers to pay will be covered by state subsidies. In the future, H2Global could become a pan-European funding instrument by including other EU member states and thus become even more important for the development of hydrogen trade with Canada.

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[50] IEA (2019). The future of hydrogen. International Energy Agency. Study.

[51] Agora Industry & TU Hamburg (2023). Hydrogen import options for Germany. Analysis with an in-depth look at synthetic natural gas (SNG) with a nearly closed carbon cycle. Study.

[52] European Commission (2023). Making further progress in the strategic partnership at 2023 EU – Canada Summit. Press release, November 24, 2023.

[53] Government of Germany (2024). Canada and Germany set up joint financing window for hydrogen export projects.

3.3 Trade in mineral raw materials

The implementation of the green transformation requires not only diversified access to energy resources, but also to a range of mineral raw materials that are indispensable for the implementation of green technologies. From a European perspective, North America also has great potential in this respect. Table 1 shows the estimated geological reserves for a number of minerals that are currently assessed by the EU as "strategic" raw materials. These include graphite, lithium, cobalt and nickel for battery production as well as rare earths for permanent magnets and platinum for electrolysers. Comprehensive raw materials agreements could give a boost to the realization of this resource potential. Unlike in other trade areas, differences in climate policy strategies do not play a significant role here. After all, these raw materials also play an important role for digital technologies and defense. And all parties involved have a vested interest in reducing existing external dependencies, particularly on China.

Table 1: Geological reserves of selected critical minerals in Canada and the US (in tonnes)

Country	Cobalt	Graphite	Lithium	Nickel	Platinum	Rare earths	Titan
Canada	230000	5700000	930000	2200000	310000	830000	52000
USA	69000	0	1100000	340000	820000	1800000	2000

Source: USGS (2025)[54].

In June 2021, the EU established a bilateral resource partnership with Canada.[55] In a joint statement by Internal Market Commissioner Thierry Breton and Canadian Resources Minister Seamus O'Regan Jr. a month later, forms of future cooperation were outlined.[56] In addition to the joint development of practical mining projects, a common financial support system and incentive instruments for innovations in the area of supply chain decarbonization were announced. Moreover, both Canada and the US joined together with the EU the multilateral Minerals Security Partnership (MSP), an association with 14 members that seeks to secure a stable supply of raw materials for its members. Through the MSP forum, it cooperates with further mineral-producing countries in advancing selected raw materials projects across the globe.[57] To further strengthen the cooperation, the EU should speed up the implementation of its partnership with Canada, while introducing mineral raw materials as another important item into future trade negotiations with the US. In particular, suitable avenues for cooperation could lie in the creation of joint funds for geological exploration activities (both domestically and in other countries around the globe), in joint ventures for establishing new processing capacities and in joint research on mining and processing technologies.

3.4 Regulatory cooperation

Besides intensifying cooperation with North America in commodity trade, the EU should also seek to maintain communication channels on regulatory issues relevant for international markets. Regarding

[54] USGS (2025). Mineral commodity summaries. US Geological Survey.
[55] European Commission (2021). EU and Canada set up a strategic partnership on raw materials. Press Release, 21 June 2021.
[56] European Commission / Canada (2021). Joint Statement by European Commissioner for Internal Market and Canada's Minister of Natural Resources. Brussels, 19 July 2021.
[57] US Department of State (2025). Minerals Security Partnership.

cooperation with the US, the Trade and Technology Council (TTC) is an appropriate forum for this. [58] Its main objective is to maintain the industrial and technological leadership of the partners in areas of key strategic concern by working together on common rules for international trade and investment. Its approach is to put research and technology policies in the wider context of global markets and competition. By reducing technology-related market barriers (e.g. lack of interoperability) and managing the diverse risks related to technology implementation (e.g. security of intellectual property, basic human rights, public infrastructure), it aims to define and enforce a safe and fair market environment for advanced technologies. It is organized in working groups covering five key areas of cooperation: export controls, foreign direct investment screening, secure supply chains, technology standards and global trade challenges. Outcomes of the so far six ministerial meetings include agreements on common standards in recharging infrastructure, common principles for the further development of AI and a roadmap for the deployment of 6G technologies.[59] Moreover, the TTC has been complemented by a Joint Technology Competition Policy Dialogue aimed at strengthening transatlantic cooperation in issues of competition policies for advanced technologies.[60]

When it comes to Canada, regulatory cooperation with the EU is integrated in a well-established path of values sharing such as democracy, respect for human rights and fundamental freedoms, the rule of law, free and fair trade, effective multilateralism, a rules-based international order, social inclusion and sustainable development. For instance, within the Canada-EU Comprehensive Economic and Trade Agreement, the two parties have provided a stand-alone chapter on regulatory cooperation, establishing the Regulatory Cooperation Forum (RCF). RFC aims at facilitating cooperation on regulatory issues in different areas, promoting transparency and enhancing efficiency by avoiding duplication or misalignment of efforts. [61] For instance, Canada and the EU signed an administrative arrangement in 2008 to facilitate a rapid exchange of safety information and potential alerts on consumers health and safety.[62] Moreover, Canada and the EU are well-aligned on the need to face the global challenges represented by climate change, the loss of biodiversity and pollution by supporting a rule based international order and an evidence-based decision-making, in line with the principles and obligations under their bilateral and multilateral trade agreements. For instance, both parties affirm the need to support the United Nations (UN) 2030 Agenda and its Sustainable Development Goals (SDGs), the UN Framework Convention on Climate Change (UNFCCC), the Paris Agreement and other international instruments to develop global net-zero emissions economy by 2050. In this respect, in 2023, Canada and the EU have launched the Green Alliance as a tool to further intensify their political, technical, economic and scientific cooperation on climate action and environment protection. Building on existing bilateral agreements such as CETA, the Canada-EU Green Alliance aims at deepening their coordination on domestic and international policies and at strengthening regulatory cooperation on climate action, environmental and ocean protection, the clean energy transition, green industrial transformation, research and innovation and climate and biodiversity finance. In this respect, regularity cooperation between

[58] European Commission. (2021a). EU-US launch Trade and Technology Council to lead values-based global digital transformation. Press Release, 15 June 2021.

[59] European Union (2024). EU-US Trade and Technology Council 2021-24. Factsheet.

[60] European Commission. (2021b). Competition: EU-US launch Joint Technology Competition Policy Dialogue to foster cooperation in competition policy and enforcement in technology sector. Press release, 7 December, 2021.

[61] Government of Canada. (2025). Canada–European Union Regulatory Cooperation Forum - Overview

[62] Administrative Arrangement (AA) between the Department of Health of Canada and the European Commission's Directorate-General for Justice and Consumers on the exchange of information on the safety of non-food consumer products

EU and Canada, who share similar values, principles and views, might represent a solid base to deepen and reinforce mutual support in facing common and global challenges and institutional disorder.

4 Conclusion

This paper provides a mapping of trade diplomacy between the EU and North America in the context of major international crises and shifts within national politics. In the last 20 years, the economic approaches adopted by the three actors to face external crises and internal critical dynamics have been quite different. In responding to international economic downturns and rising security needs, the US has progressively adopted a more protectionist approach, in line with a “realist” view of economic policy closely tied to national security concerns. On the contrary, the EU and Canada have maintained a more liberal approach to multilateral trade. Yet, while remaining a supporter of the multilateral liberal order, the EU has progressively adopted strategic measures to boost its economic resilience and define its own interests. The introduction of the concept of "Open Strategic Autonomy" in 2021 is in line with the idea of principled pragmatism. To date, under the current Trump administration, the Trade and Technology Council (TTC) might not be enough to reinforce cooperation between the two sides of the Atlantic. Although the latter is certainly a good platform to continue a fruitful dialogue, the probable introduction of trade duties by the US on key European products and the consequent retaliation from the EU, are undermining mutual trust. Trade between the two sides of the Atlantic will certainly continue, even if tariffs barriers will create some economic loss. The EU is still dependant on the US on digital services and technologies, while European exports in the US have reached high numbers, especially on primary products.

At the same time, given the energy crisis caused by the Ukrainian war, the EU has increased its energy dependency on the American gas. In this framework, bilateral agreements on LNG supply contracts could become the basis for renovating US-EU trade relations. When it comes to EU and Canada, instead, the signing of the Comprehensive Economic and Trade Agreement (CETA) in 2016 not only expanded bilateral trade relations, but it also deepened cooperation a in strategic areas such as climate change and sustainable development. Such a trend became central in the agenda of both parties, especially in aftermath of the Russian aggression towards Ukraine, when the need to define alternative sources of energy, and possibly clean ones, became a primary goal for both economic but also geopolitical reasons. Being Canada one of the world leaders in the development of green technologies for energy production and in particular on hydrogen, with an alliance on green hydrogen already signed with Germany[63], the future of trade relations between the two parts should be built also on energy cooperation. In conclusion, the future of EU-North American trade diplomacy will not only depend on the consequences of the possible external shocks as well as of trade barriers and duties imposed by countries, but also on the capacity of the parties involved to balance their competing interests and define innovative endeavours to cooperate to better respond to global challenges.

[63] Government of Canada. (2022). Canada-Germany Hydrogen Alliance

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