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Sovereigntists vs Globalists: The EU's survival chessboard

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Introduction



The European Union (EU) currently resembles a vulnerable king on the world's chessboard calling to arms those few allies to defend the kingdom. Its problem is something akin to an imminent insolvency. No one knows exactly when this will happen, but all are expecting it. The European Central Bank (ECB) projects euro-area growth of just 0.9% in 2026 and public debt at just below 90% of GDP. NextGenerationEU debt repayments begin in 2028, while Europe's defence programme seeks to mobilise up to €800 billion, including €150 billion in EU-backed loans. Trade access, investment capital and reliable raw materials have consequently become matters critical to survival rather than just commercial opportunity.

Canada: Capital and control

Canada is the most intriguing financial piece on this chessboard. In September, Mark Carney welcomed Ursula von der Leyen's proposal for a novel EU Associate-Membership position, although he claims he explicitly sought an alliance rather than membership. The timing of the Canada-EU summit scheduled for 29–30 October, immediately ahead of the US midterms, is an unusually significant political setting, given that Canada walked away from a deal with its biggest trading partner, the US.

That said, Carney and Von der Layen are facing considerable push back from EU member states Italy, France, Germany and Greece, who refuse to sign off on the title position 'Associate Membership' as it has no legal definition. There's also pushback in Canada's parliament, as Canada has the Comprehensive Economic and Trade Agreement (CETA) and entry into the SAFE defence scheme with the EU already, which connects industrial procurement with European strategic priorities.

Carney and von der Layen are moving ahead regardless, even if they do have to change the name of Canada's effective 'membership' in all but name only. What they desperately need is

for Canada to be entrenched deeply enough to become part of the EU's financial ecosystem. Carney's career links the Bank of Canada, the Bank of England and Brookfield Asset Management, whose chairmanship he relinquished in January 2025. Brookfield and the Canadian Pension Plan (CPP) Investments announced a C$50 billion Maple Fund in September, where Canadian infrastructure, pension capital and mineral projects would appear to be preparing for long-term supply and investment channels from which European buyers, lenders and private asset managers profit. Ownership, financing fees, offtake contracts and eventual asset control matter more than political declarations.

Britain and Australia: Financial and resource flanks

Britain supplies financial infrastructure without actually being an EU member. The Bank of England reports that the UK handled 37.8% of global foreign-exchange turnover in April 2025. London's banks, currency dealers and legal advisers therefore have commercial incentives to welcome expanded transatlantic and Euro-Latin American trade. Britain's renewed Brussels engagement, including a second UK-EU summit planned for 20 November, could align these interests while leaving British sovereignty at least formally intact.

Further, Australia provides energy and critical minerals. The EU-Australia trade negotiations concluded in March 2026, although signature and ratification remain outstanding, these should be considered mere formalities. European manufacturers seek diversified supplies of lithium, rare earths and other strategic inputs, and 'paperwork' is not going to get in the way.

Brazil: The pivotal square

Brazil is the chessboard's decisive political complication. Despite an obvious procedural controversy involving the Supreme Court Justice Cristiano Zanin, formerly Lula's lawyer, ordering a two-hour extension to some voting areas. Lula won re-election on 25 October with 51.79% against Flávio Bolsonaro's 48.21%, overturning the first-round order.

Brazil is of upmost importance to Brussels. The EU-Mercosur agreements were signed in January, with the interim trade provisions tentatively applied from 1 May. Brazil offers vast agricultural output, minerals, energy, industrial capacity and an enormous market. Lula's continuity is essential for its implementation, though it has to be said a stronger regional right and divided Congress could complicate future concessions.

The currency

A future EU-Latin American government-to-government settlement mechanism, perhaps using

local currencies or a shared unit of account, is a strategic avenue that has been discussed but is not as yet an announced agreement. Such an arrangement, distinct from the proposed retail digital euro, could reduce dollar intermediation, redistribute foreign-exchange business and enable Brazil to bargain across European, BRICS and other Latin American markets.

Conclusion

Against the emerging ARC (America-Russia-China) pattern of pragmatic accommodation, Brussels desperately needs to secure independent markets before bargaining power shifts further away. The pre-midterm clustering of Brazil's vote, Canada's summit and the UK and Australia's moves to shore up Brussels is strategically noteworthy. The chessboard convergence of financial incentives does appear designed to reinforce the EU's institutional position.

The EU seeks resilience. Canada offers investable assets, London intermediation, Australia resources and Brazil continental market access. Sovereigntists question the resulting concentration of financial and regulatory power, while Globalists emphasise security and resilience. Whether these pieces are sufficient to defend the EU remains to be seen. However, much will depend on who receives the contracts, who holds/gains the assets and who will end up bearing the debt.

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