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DEFENCE, COMPETITIVENESS & TRADE:

Europe's Strategic Choices in a Turbulent Era

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European security and defence:
In search of a forum

Key Strategic Challenges

The war in Ukraine has ended Europe's long reliance on the peace dividend. After years of cutting defence budgets and neglecting their armed forces, European governments are now racing to rebuild military strength.

The urgency is heightened by doubts about the long-term US commitment to NATO. As Washington's strategic focus shifts, the reliability of the American security guarantee can no longer be taken for granted.

This leaves Europe facing a delicate task of taking greater responsibility for its own defence while preserving the transatlantic alliance it still depends on. For now, the continent lacks key capabilities and remains deeply reliant on NATO command and control structures led by the United States.

Policy Options for Europe's Defence

1) Strengthening NATO's European Pillar

Despite the growing talk of "strategic autonomy" intensified by Donald Trump's administration downgrading of Europe to a second-rank priority, for many European governments, NATO remains the default option for collective defence. The new 5% defence spending pledge agreed by the NATO Allies at The Hague Summit reflects a broad consensus that the Alliance is still the main forum for Europeans to discuss and take key decisions pertaining to their security and defence.

However, for NATO to work, it requires full engagement of the United States. Washington provides a nuclear umbrella, high-end capabilities (also called strategic enablers, such as satellite communications, special intelligence, long-range strike capabilities, air-to-air refueling) that would be extremely difficult and costly for Europeans to acquire in a short timeframe. Furthermore, the fact that NATO's top military commander, the Supreme Allied Commander Europe, is always a US four-star general who also heads US European Command illustrates how deeply intertwined Washington and the Alliance remain.

European main capability gaps

CAPABILITY	US Role / Share	European gap
Nuclear deterrence	Provides NATO nuclear umbrella	Limited French and British nuclear arsenals
Strategic airlift	Majority of heavy airlift capacity	Limited fleet
Air-to-air refueling	Dominant tanker fleet within NATO	Limited fleet
ISR (Intelligence, Surveillance, Reconnaissance) & satellite communication	Extensive satellite and ISR and satellite communication infrastructure	Fragmented European systems with limited integration
Long-range strike capabilities	Advanced long-range precision systems	Limited depth and scalability
Command & control (C2)	Supreme Allied Commander Europe (SACEUR) always US	Structural reliance within NATO command architecture

Therefore, rather than seeking to decouple from the United States, European allies are focusing on strengthening the European pillar within NATO. The aim is not separation, but greater ability and freedom for Europeans to act and use NATO structures in case Washington is unable or unwilling to uphold its commitments. To this end, several regional NATO commands have been transferred from American to European officers.[1]

Nonetheless, European allies recognize that greater responsibility must be matched by real capabilities. The immediate priority is therefore to increase defence spending and rebuild military strength, rather than to push for further Europeanization of NATO's command structures at this stage.

This caution also reflects the signal this sends to Moscow. Allies are careful to avoid steps that could be interpreted as a sign of US disengagement from Europe. In the current security climate, preserving credible American commitment remains a central element of deterrence

2)The European Union as a catalyst for expanding defence production

Dealing with defence is difficult for the European Union. Security and defence remain primarily the responsibility of member states, and the EU has only limited formal competences in this field. The EU budget was not designed to fund direct military action, and its use for defence purposes is tightly constrained. Institutional expertise within the Commission is also relatively limited. Therefore, many governments are reluctant to grant the European Commission a stronger role in defence, preferring to retain control in national capitals.

As a result, proposals such as a European army or a European Security Council, laid down occasionally by senior EU officials[2] are often viewed as politically unrealistic. There is, however, broad agreement that the EU should focus on areas where it has a clear mandate and strengths: the single market, its legislative power, and financing arm.

Accordingly, the EU has concentrated on scaling up Europe's defence industrial production and creating financial incentives for joint procurement of European-made military equipment. The goal is to lower costs through aggregated demand and reduce fragmentation in the defence industry. Initiatives such as the European Defence Industrial Programme (EDIP) and Security Action for Europe (SAFE), which offers €150 billion in loans to help Member States address urgent capability gaps across nine priority areas, such as air defence, ammunition, or electronic warfare, reflect this approach.

However, even in industrial policy, disputes persist, most notably over whether, and to what extent, non-EU-produced weapons should be eligible for funding under EU initiatives. Some Member States, including the Netherlands, Germany, and Poland, favor more flexible rules that would allow EU funds to be used to procure non-European defence equipment, citing urgent warfighting readiness needs. Others, most prominently France, argue that European funds should primarily support European industry.[3] From this perspective, strengthening the European defence industry is not only an economic objective, but a geopolitical imperative.

1 NATO. (2026, February 6). European allies to take on new leadership roles in NATO's command structure. https://www.nato.int/en/news-and-events/articles/news/2026/02/06/european-allies-to-take-on-new-leadership-roles-in-natos-command-structure.

2 European Commission. (2026, January 10). Speech by Commissioner Kubilius at the Folk och Försvar panel [Speech]. https://ec.europa.eu/commission/presscorner/detail/en/speech_26_69.

3 Euractiv. (2026, February 17). France vs Germany over 'Made in Europe'. https://www.euractiv.com/news/france-vs-germany-over-made-in-europe/.

This debate has clear transatlantic implications. Washington is concerned that a strong "buy European" approach could weaken defence industrial ties across the Atlantic, especially in sectors where US companies play a central role.

3)Flexible coalitions as a way forward

While NATO remains the primary framework for European defence, the United States continues to be indispensable to its functioning. The EU lacks sufficient competences and does not have fully integrated military command and control structures. Moreover, it also excludes key actors, such as the United Kingdom, Norway and Türkiye, while including countries like Hungary and Slovakia that have at times taken openly pro-Russian positions and weakened common EU action. As a result, more flexible and less formalized coalitions capable of acting quickly are emerging as a visible trend in European defence cooperation.

The most visible example is the Coalition of the Willing, initially conceived to support a potential ceasefire in Ukraine and now evolving into a broader political forum for coordinating European collective security efforts. The format is also expanding beyond Europe, bringing in like-minded partners, such as Japan, South Korea and Australia, reflecting a more flexible, coalition-based approach to security cooperation.

In the industrial domain, a recent illustration of this trend is the Low-Cost Effectors and Autonomous Platforms program (LEAP), announced in February by 5 NATO Allies, the United Kingdom, France, Germany, Italy and Poland, which agreed to move forward with joint procurement of drone strike capabilities and low-cost air defence systems with the first systems arriving in 2027.[4] This initiative reflects a preference for practical cooperation among key players rather than lengthy institutional negotiations at the EU or NATO levels.

Although these formats are increasingly seen as more cohesive and therefore more effective in times of crisis, cooperation in smaller settings among closely aligned countries does not always deliver the desired results. Even in defence partnerships between France and Germany, progress has proven difficult, as illustrated by the failure of their joint fighter jet project, FCAS, in early 2026.[5]

4 Politico. (2026, February 20). 5 NATO allies agree to produce low-cost drones. APA News. Retrieved from https://en.apa.az/europe/5-nato-allies-agree-to-produce-low-cost-drones/.

5 Politico. (2026, February 9). France and Germany's next-generation fighter jet project is on the verge of collapse. Politico Europe. Retrieved from https://www.politico.eu/article/france-germany-next-generation-fighter-jet-project-collapse/.

What to keep an eye on?

Defence, Security & Resilience Bank

The Defence Security and Resilience Bank, launched by the governments of Canada and Luxembourg in February, aims to establish a financial institution to support defence investments across the Atlantic[6], with participation also open to partners such as Japan and South Korea. Given the limited fiscal space in many European countries, some EU capitals might be interested to join.

6 Prime Minister of Canada. (2026, February 9). Prime Minister Carney secures new economic security and talent [Press release]. Government of Canada. https://www.pm.gc.ca/en/news/news-releases/2026/02/09/prime-minister-carney-secures-new-economic-security-and-talent.

EU Procurement Directive

Another key development is the planned revision of the EU Procurement Directive[7], intended to simplify defence procurement procedures. According to current drafts, however, the simplified rules would apply primarily to defence products made in the EU or associated countries. This will be important to follow closely, as it could have implications for the transatlantic partnership and market access for non-EU suppliers.

7 Directorate-General for Defence Industry and Space. (2025, November 25). Simplifying EU rules for defence and sensitive security procurement [News release]. European Commission. https://defence-industry-space.ec.europa.eu/simplifying-eu-rules-defence-and-sensitive-security-procurement-2025-11-25_en.

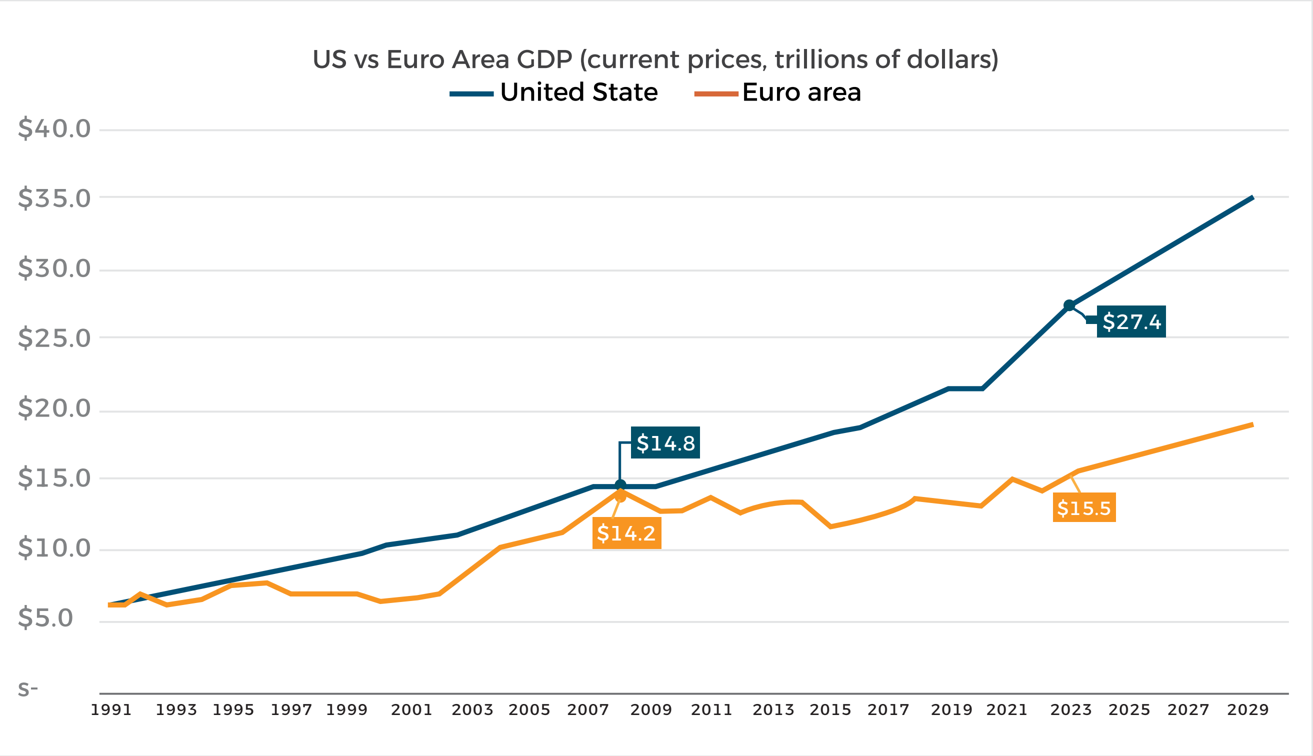
Policy options at the table:

Option	Core idea	What it means in practice	Strengths	Limitations / Risks
Strengthening the European Pillar of NATO	Keep NATO as the primary framework while increasing European responsibility	· Substantial European investments to fill the capability gaps · Greater European role within NATO structures · Transfer of some regional commands to European officers	· Preserves US nuclear umbrella & strategic enablers · Avoids signal of US disengagement · Maintains credible deterrence toward Moscow	· Continued reliance on US leadership · Europe still lacks key high-end capabilities · Europeanization limited to avoid transatlantic friction
EU as Catalyst for Defence Industrial Expansion	Use EU tools (single market, legislation, financing) to boost defence production	· European Defence Industrial Programme (EDIP) · Security Action for Europe (SAFE: €150bn loans · Joint procurement incentives · Aggregated demand to reduce fragmentation	· Strengthens European defence industry · Supports long-term strategic autonomy	· Limited EU competences in defence · Limited EU expertise on defence issues · Dispute over 'buy European' rules · Transatlantic tensions over US suppliers
Flexible Coalitions (Minilateralism)	Smaller groups move faster than NATO or EU institutions	· Coalition of the Willing · LEAP programme (UK, FR, DE, IT, PL) for drones & air defence (in industry)	· Faster decision-making · Politically cohesive groups · Operationally focused cooperation	· Risk of fragmentation · Excludes some EU/NATO members · Bilateral projects (e.g. FCAS) show cooperation is challenging also in smaller groups.

Competitiveness: Balancing unity with ambition

What are the key issues?

The European Union has been struggling for years with slow economic growth, limited venture capital, and low levels of innovation. At the time of the financial crisis in 2008, the economies of the EU and the United States were roughly the same size. Since then, the US economy has almost doubled, while Europe has grown at a much slower pace. Both the United States and China are now outperforming the EU in innovation, particularly in areas such as artificial intelligence, electric vehicles and digital services.



The main challenge is to find solutions that can stimulate economic growth, enable European companies to scale up and promote innovation. European governments must strike a delicate balance between raising the continent's economic competitiveness and preserving its welfare state, maintaining ambitious green policies, and increasing defence spending. Balancing these objectives is politically complex.

The debate has recently gained momentum following two major reports by former Italian prime ministers, one by Mario Draghi[8] and another by Enrico Letta[9]. Both argue that the most effective path forward for Europe is to complete the Single Market, which remains the EU's strongest economic asset. They stress the importance of finishing the Capital Markets Union, harmonizing business regulations, and simplifying the EU's red tape to reduce administrative burdens.

The difficulty, however, is that although the solutions are widely known and the European Commission has the authority to act in many areas, political divisions among Member States continue to slow progress. In recent months, the debate has been reinvigorated by several new proposals from both the European Commission and several capitals.

8 Draghi, M. (2024). The future of European competitiveness: A competitiveness strategy for Europe (European Commission Report). Publications Office of the European Union. https://commission.europa.eu/document/download/97e481fd-2dc3-412d-be4c-f152a8232961_en.

9 Letta, E. (2024). Much more than a market: Speed, security, solidarity — Empowering the Single Market to deliver a sustainable future and prosperity for all EU citizens (Report). Council of the European Union. Retrieved from https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf.

Emerging Reform Proposals in the EU

1) Ambitious reform push by the E6 group

Frustrated by the fact that progress on competitiveness often moves at the pace of the slowest Member States, a group of six countries known as the E6 – Germany, France, Italy, Spain, the Netherlands and Poland, signaled in January their intention to move faster within a smaller format.[10] The aim is to avoid lengthy legislative procedures that could dilute their proposals and to create political pressure on others to accelerate reforms rather than risk being left behind.

In practical terms, the initiative outlined by the German and French finance ministers focuses on four main objectives: strengthening the international role of the euro, improving coordination of defence spending, finishing Capital Markets Union and reducing dependencies on imported critical raw materials.

These are ambitious proposals. However, they face significant hurdles. First, even if acting in a smaller group, EU law requires at least nine countries to use the so-called enhanced cooperation mechanism. Second, even in a smaller format, formal legislative proposals must still come from the European Commission. Third, in areas such as trade and the euro, the EU has exclusive competence, which limits the ability of Member States to act alone or in smaller groupings.

There is also disagreement between France and Germany on common borrowing, meaning the issuance of large-scale EU debt to finance competitiveness initiatives. While French President Emmanuel Macron has been a clear advocate of joint borrowing,[11] German Chancellor Friedrich Merz has upheld the traditional German position of rejecting new common debt instruments[12].

10 Bundesministerium der Finanzen. (2026, January 28). The E6: an initiative led by six leading European economies to strengthen European sovereignty, competitiveness and defence capabilities. Retrieved March 3, 2026, from https://www.bundesfinanzministerium.de/Content/EN/Pressemitteilungen/2026/2026-01-28-e6-initiative.html.

11 Le Monde. (2026, February 10). Emmanuel Macron: "Now is the time for the European Union to launch a joint borrowing capacity through eurobonds". Le Monde. https://www.lemonde.fr/en/economy/article/2026/02/10/emmanuel-macron-now-is-the-time-for-the-european-union-to-launch-a-joint-borrowing-capacity-through-eurobonds_6750329_19.html

12 Politico. (2026). Germany shoots down Macron's Eurobonds proposal. Politico.eu. https://www.politico.eu/article/germany-emmanuel-macron-eurobond-proposal/

Therefore, despite strong rhetoric, it remains uncertain whether we will see significant progress on competitiveness through smaller group initiatives in the foreseeable future.

2) Pragmatic progress at 27

The President of the European Council, Antonio Costa, stated in early 2026 that, rather than pursuing overly ambitious grand designs, Europe should focus on quick and results-oriented initiatives. In this context, the European Commission is expected in March to present concrete proposals under the banner of the "One Europe, One Market" competitiveness roadmap.[13] This roadmap will set clear goals and deadlines with the aim of significantly strengthening the Single Market by the end of 2027, which is itself an ambitious objective. The first political decisions by the EU Council and the European Parliament are expected no earlier than June.

A key element should be the so-called EU Inc., or 28th regime, a new framework of EU corporate law designed to make it easier for companies to scale across borders and operate in multiple Member States, something that remains difficult despite the deep integration of the European Union. The competitiveness roadmap may also include progress in areas where compromise could be found, such as the Savings and Investment Union, reform of corporate merger guidelines to allow greater consolidation and the creation of European industrial champions, and stronger protection of critical energy infrastructure, including the development of European energy highways.

Another major initiative is the EU Industrial Accelerator Act, presented by the Commission in early March to strengthen European industry, increase competitiveness and support decarbonization. However, differences among Member States have complicated the proposal, especially over the role of free trade. Germany and Italy support open cooperation with third countries and favor a "made with Europe" approach, while France advocates a stricter "made in Europe" model.[14]

At the same time, it must be recognized that changes at EU level will have limited effects if Member States do not address domestic challenges. In many areas, economic performance still depends on national policies that fall outside EU competence but have a direct impact on growth. These include high energy prices, where national choices on nuclear energy or relations with Russian energy supplies differ significantly, as well as the protection of the rule of law, the quality of education systems, and willingness to adopt structural reforms.

13 European Commission. (2026, February 11). Statement by President von der Leyen following the informal EU leaders' meeting [Press release]. European Commission. https://ec.europa.eu/commission/presscorner/detail/es/statement_26_405.

14 France24. (2026, February 17). "Made in Europe" or "Made with Europe"? Buy European push splits bloc. France24. Retrieved March 3, 2026, from https://www.france24.com/en/live-news/20260217-made-in-europe-or-made-with-europe-buy-european-push-splits-bloc.

Policy options at the table:

Option	Core idea	What it means in practice	Strengths	Limitations/ Risks
Ambitious Reform Push by the E6 Group	Smaller group of major economies moves faster on competitiveness	• E6: Germany, France, Italy, Spain, Netherlands, Poland• Strengthen international role of the euro• Improve coordination of defence spending• Complete Capital Markets Union• Reduce dependencies on critical raw materials	• Creates political momentum• Avoids lowest-common-denominator compromises• Pressures others to accelerate reforms	• EU law requires 9 states for enhanced cooperation• Commission still retains legislative initiative• Exclusive EU competences (trade, euro) limit flexibility• Franco-German divide on common borrowing• Risk of rhetoric without delivery
Pragmatic Progress at 27	Advance competitiveness reforms within full EU framework	• 'One Europe, One Market' roadmap• Strengthen Single Market by 2027• EU Inc. / 28th regime for cross-border scaling• Savings & Investment Union• Reform merger rules for European champions• EU Industrial Accelerator Act	• Legally solid & institutionally coherent• Inclusive of all Member States• More politically sustainable• Builds on existing EU competences	• Slower decision-making • Internal divisions (free trade vs. industrial protection)• Limited impact without national reforms• Domestic constraints (energy, rule of law, structural reform)

What to keep an eye on?

European Competitiveness Fund

Beyond the March competitiveness roadmap, it will be important to closely follow the ongoing negotiations on the proposed €409 billion European Competitiveness Fund (ECF), unveiled last year as part of the EU's next long-term budget for 2028–2034.[15] The fund is intended to become the EU's main investment vehicle for innovation, scale ups and industrial policy. Its design and financing will be a key indicator of how serious the EU is about the competitiveness agenda

15 European Commission. (2025, July 17). European Competitiveness Fund [Web page]. European Commission. https://commission.europa.eu/publications/european-competitiveness-fund_en.

Trade: a new era for free trade agreements (FTAs)?

What are the key issues?

Progress on free trade in the European Union has been slow and at times almost stalled, with several FTAs waiting more than twenty years to be finalized. The recent breakthroughs with MERCOSUR and India have therefore provided a significant boost to the EU's trade agenda.

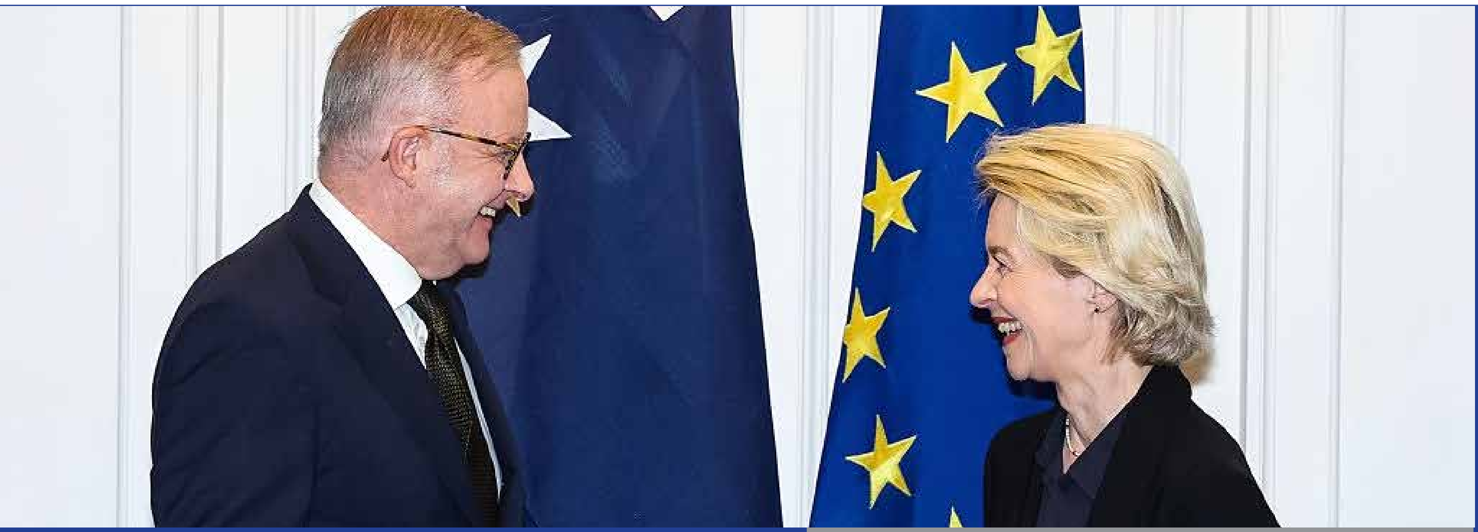
While many view these agreements as proof that the EU remains a committed defender of open trade, especially in contrast to major trading powers such as the United States and China, which are increasingly adopting protectionist measures, the EU still faces important internal challenges.

In the current geopolitical context, the Commission's stronger focus on economic security and reducing strategic dependencies signals a more cautious trade approach. Combined with an industrial policy that prioritizes goods made in Europe, this creates tension between openness and a more defensive economic stance.

What are the solutions on the table?

1) Proceeding with FTAs

The EU is the world's third largest trading actor, accounting for roughly 15% of global trade. Brussels has around 45 FTAs in force covering more than 70 countries worldwide. It is currently negotiating or modernizing about 15 agreements, including talks with Indonesia, Australia, the Philippines, Thailand and the United Arab Emirates, as well as updating existing agreements with Mexico and Chile.



However, it must be said that advancing new trade agreements has become politically sensitive in the EU, as the current climate is not particularly supportive of further liberalization. Resistance from key constituencies, such as French farmers opposing the MERCOSUR deal, highlights the domestic pressures facing governments.

The ratification of the FTA with MERCOSUR has also been complicated by the European Parliament, as MEPs referred the treaty to the European Court of Justice for review. This sends a signal to potential EU trade partners that, even when geopolitical considerations push EU institutions and Member States to soften their political opposition, sometimes framed as technical concerns, the role of the European Parliament and prevailing political pressures can still delay or block an agreement.

At the same time, the EU is close to finalizing an FTA with Australia, addressing remaining issues such as quotas on red meat and agricultural market access.[16] In June 2025, the EU also launched negotiations with the United Arab Emirates, aiming to reduce tariffs and deepen trade and cooperation in areas critical to European industrial policy, including renewable energy, green hydrogen and critical raw materials.[17]

16 Euractiv. (2026, February 5). EU, Australia edge closer to trade deal as farm hurdles persist. Euractiv. https://www.euractiv.com/news/eu-australia-edge-closer-to-trade-deal-as-farm-hurdles-persist/.

17 European Commission. (2025). EU-United Arab Emirates agreement [Web page]. Directorate-General for Trade and Economic Security, European Commission. https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/gulf-region/eu-united-arab-emirates-agreement_en

More recently, Canadian Prime Minister, Mark Carney, suggested[18] that the EU consider joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which includes countries in Southeast Asia as well as Canada, the United Kingdom and Mexico, and is one of the world's largest trading blocs. However, as such a move would open the EU market further to low cost and highly competitive products from Asian economies, the political likelihood of EU accession remains limited.

18 Politico. (2026, February 17). Mark Carney pushes major EU–Indo-Pacific trade alliance to counter U.S. tariffs. Politico Europe. https://www.politico.eu/article/mark-carney-trade-alliance-canada-eu-cptpp/

2) Turnberry framework – a pragmatic but risky way

The EU's trade relations with the world's two largest trading actors, the United States and China, remain difficult. In December 2020, Brussels and Beijing concluded negotiations on a Comprehensive Agreement on Investment (CAI), but it has never entered into force due to political tensions and mutual sanctions imposed in 2021. As for relations with the world's largest economy and Europe's key ally, the United States, there is likewise no comprehensive trade agreement in force.

In summer 2025, the EU and the US concluded the Agreement on Reciprocal, Fair and Balanced Trade, also known as the Turnberry deal.[19] However, this is not a full free trade agreement, as it does not liberalize a substantial share of trade. Therefore, it is not fully in line with WTO rules, which require countries to apply the same tariffs to all members unless a comprehensive trade agreement is in place under the Most Favoured Nation (MFN) principle.

The deal was largely an attempt by the EU to respond to US trade grievances, particularly concerns repeatedly raised by President Donald Trump about the US trade deficit with the EU. The outcome was relatively asymmetric, with the EU accepting 15 percent tariffs on parts of its exports while maintaining zero tariffs on most US imports. This compromise reflected efforts to avoid a broader trade war with the United States.

However, after further US tariff threats linked to the Greenland dispute, and especially after the US Supreme Court ruled[20] in February that tariffs imposed under the International Emergency Economic Powers Act were unconstitutional, the European Parliament decided to put ratification on hold.[21]

Although the framework was presented as a pragmatic partial arrangement rather than a full-scale FTA, many Members of the European Parliament consider such agreements highly controversial and are likely to use procedural or political grounds to delay or block ratification. Therefore, it cannot be seen as a suitable alternative to FTAs in the future.

19 European Commission Directorate-General for Trade and Economic Security. (2025, August 21). Joint statement on a United States–European Union framework on an agreement on reciprocal, fair and balanced trade [Web page]. European Commission. https://policy.trade.ec.europa.eu/news/joint-statement-united-states-european-union-framework-agreement-reciprocal-fair-and-balanced-trade-2025-08-21_en.

20 The New York Times. (2026, February 20). Live updates: Supreme Court strikes down Trump's tariffs [Live blog]. The New York Times. https://www.nytimes.com/live/2026/02/20/us/trump-tariffs-supreme-court.

21 European Parliament. (2026, February 23). EU–US trade legislation: legislative work on hold following U.S. Supreme Court ruling [Press release]. https://www.europarl.europa.eu/news/en/press-room/20260223IPR36005/eu-us-trade-legislation-legislative-work-on-hold-following-supreme-court-ruling.

Potential ways forward

Option	Core idea	What it means in practice	Strengths	Limitations / Risks
01 Proceeding with FTAs	· Advance and finalize free trade agreements to expand market access and diversify partnerships	· ~45 FTAs in force covering 70+ countries · Ongoing negotiations: Indonesia, Australia, Philippines, Thailand, UAE · Updating agreements: Mexico, Chile	· Reinforces EU as defender of open trade · Diversifies supply chains & reduces dependencies · Supports industrial policy priorities (energy, raw materials) · Expands EU's global partnerships	· Domestic political resistance (e.g., agriculture) · European Parliament scrutiny & ECJ referrals · Limited political appetite for trade liberalization
02 Turnberry Framework as a model – Pragmatic but Risky	· Partial trade arrangement to manage trade tensions and address with economic security concerns	· Agreement on Reciprocal, Fair and Balanced Trade (2025) · A trade deal that includes tariffs and market access limitations that are inconsistent with WTO regulations	· Pragmatic de-escalation and economic security tool · Helps avoid immediate trade war · Provides for a framework for free trade à la carte	· Not fully WTO-compliant · Politically controversial · Not a durable substitute for full FTAs

Key Developments to Watch

The Road to Ratification: The EU–India FTA

The recently concluded FTA between the EU and India will need to be ratified by the European Council and the European Parliament. Unlike the agreement with MERCOSUR, no significant opposition is expected in either institution, as the treaty excludes or strongly safeguards sensitive EU agricultural sectors, such as beef, poultry, rice, and sugar. However, the ratification process may still prove lengthy, since the environmental and social commitments included in the agreement are not legally enforceable. This could be viewed as problematic by some Members of the European Parliament, potentially prompting closer scrutiny and debate before final approval.

EU–UAE trade negotiations

Trade negotiations between the EU and the UAE were formally launched in May 2025, and initial draft texts[22] have already been published by the European Commission. Public statements have been overall positive, highlighting the relatively rapid pace at which the talks are progressing. Importantly, the prospective agreement addresses key strategic areas, including green energy, critical raw materials, and emerging and disruptive technologies. If successfully concluded, it could serve as a benchmark for future agreements with other Gulf countries. A further round of negotiations is expected in the coming months as discussions continue to advance.

22 European Commission Directorate-General for Trade and Economic Security. (2025). EU-United Arab Emirates: Documents [Web page]. European Commission. https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/gulf-region/eu-united-arab-emirates-agreement/eu-united-arab-emirates-documents_en.

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