

The EU Trade Policy: Challenges and Opportunities

25 June 2026

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The ideal world

Rules based trade system (no direct state intervention, most-favoured-nation treatment and national treatment obligations fully respected).

Strong multilateral system at the WTO with effective dispute settlement.

Market access achieved (low tariffs for goods, high level of commitments for services and wide coverage of public procurement).

No political interference in supply chains, access to raw materials and cost of energy.

Protection of a market economy through effective control of the competitive conduct of businesses and states (competition law enforcement, anti-dumping, anti-subsidies).

Standards for product safety, health and environmental protection built on scientific evidence with broad equivalences allowing for mutual recognition.

Worldwide coordinated efforts on the use of exhaustible natural resources and climate change.



Challenges

US disrespects its tariff bindings and most-favoured-nation treatment which creates uncertainty and sets aside the fundamental basics of international trade.

US uses its economic power for attaining other foreign policy objectives. National security becomes the central policy consideration.

Transaction based trade policy instead of rules setting.

China and Russia did not transform into market economies, contrary to the expectations 25 years ago. State intervention is the rule, subsidies, regulated energy prices.

China uses its economic power strategically for other policy objective, in particular with regard to Taiwan.

China became the major supplier for many industrial inputs and in particular rare earth, computer chips, solar panels and batteries.

US, China, India, UK and many others give preference to local production.

Worldwide steel overcapacity, access to energy and raw materials.



Opportunities

Improved international cooperation around US and China.

Reinforcing the reactive capacity of EU trade policy (Reconsider decision taking and allocation of compétences).

Pressure to negotiate constructively free trade agreements with partners (increasing the network in South-East Asia, India, Bangladesh, Gulf countries, Africa) and reduce colonial ties.

Moderate policies on sustainability and climate change.

Pressure to strengthen the EU's internal market and single currency.

Strong regulation of the digital economy.

Reindustrialisation of the European economies.

Reconciling economy, politics and security.



Introduction | Basis of the EU Trade Policy

Market liberalisation as the basis for global growth, efficiency, and prosperity is increasingly under pressure

Background and challenges of EU trade policy

Liberalisation

Legal Basis:
Article 206 TFEU

Economic Logic:
Scaling, efficiency gains

Historical Context:
From state intervention
to market logic

Implementation

**WTO & bilateral
agreements**

**Market compatible
means of intervention**
(e.g., *ad valorem* tariffs)

**Market access and
trade facilitation**

Current
Challenges

Strategic
dependencies

EU competitiveness

Transformation of
trade structures

Military conflicts

Trade as an instrument of
geopolitical power projection

New trade regulation
approaches



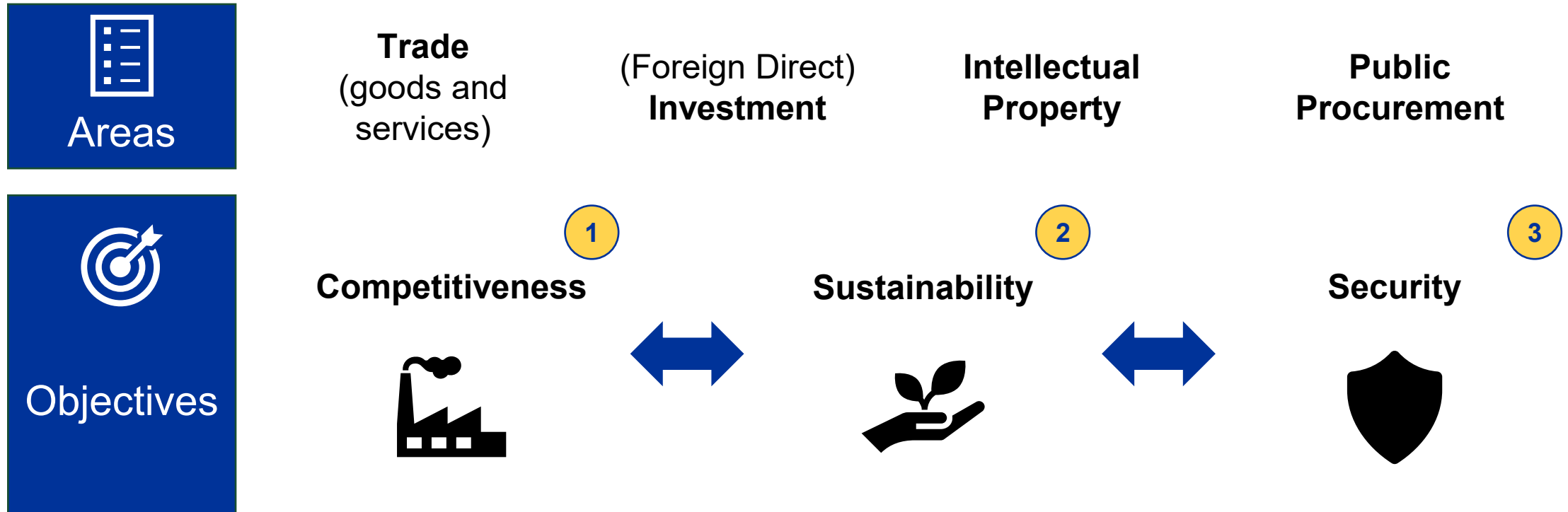
EU Trade Policy in a changing world

How is the EU responding to the current challenges?

Introduction | EU Trade Policy

In all areas of trade policy, the EU is guided by three core objectives

Key elements of EU Trade Policy



1. Competitiveness



Competitiveness | Overview

International agreements, protective measures, and other actions preserve and enhance competitiveness



Ways & tools to competitiveness

Deepen Alliances

- Multilateralism
- Like-minded partners
- Emerging economies
- Hedging USA / China



WTO, bilateral FTAs +
GSP

Defend EU businesses

- No level playing field
- Non-market-oriented strategies and practices
- Overcapacities



Active and passive
protective measures

Drive economic renewal

- Open markets
- Security of supply
- Investment
- Promoting EU standards and rules

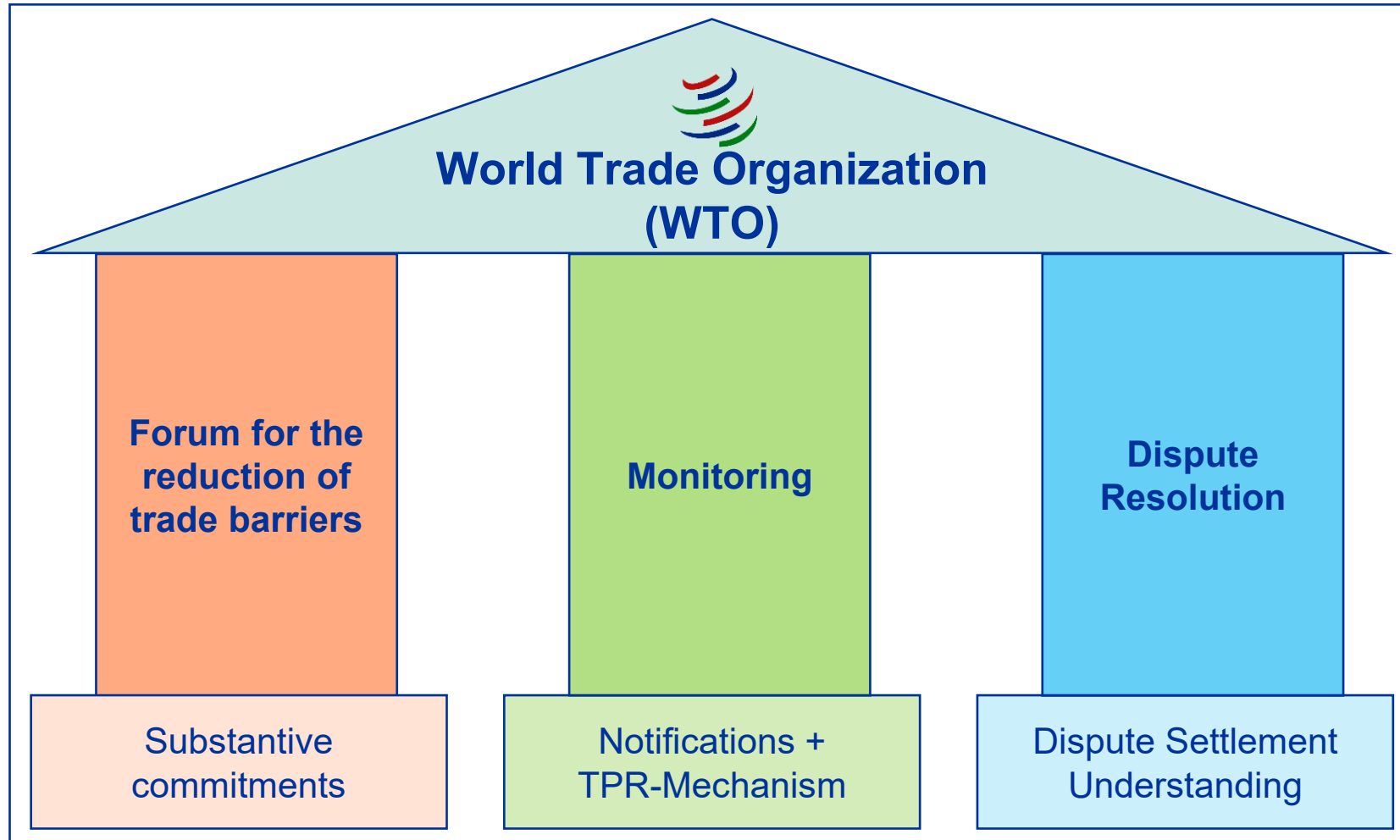


Internal + international
measures



Competitiveness | Multilateral Trading System

The multilateral, rules-based trading system of the WTO forms the framework for the EU's international economic relations



Substantive commitments

- Most-favoured-nation treatment
- National treatment
- Prohibition of quantitative restrictions (but: TRQ)
- Transparency
- Reduction of trade barriers (tariff and non-tariff)
- Reciprocity (Partial exception: developing country)



Competitiveness | Key substantive commitments

Most-favoured-nation and national treatment are the core principles of the multilateral trading system

Most-favoured nation

WTO Member 1



WTO Member 2



Non-discriminatory treatment of all other WTO members

National treatment

WTO Member



Domestic good

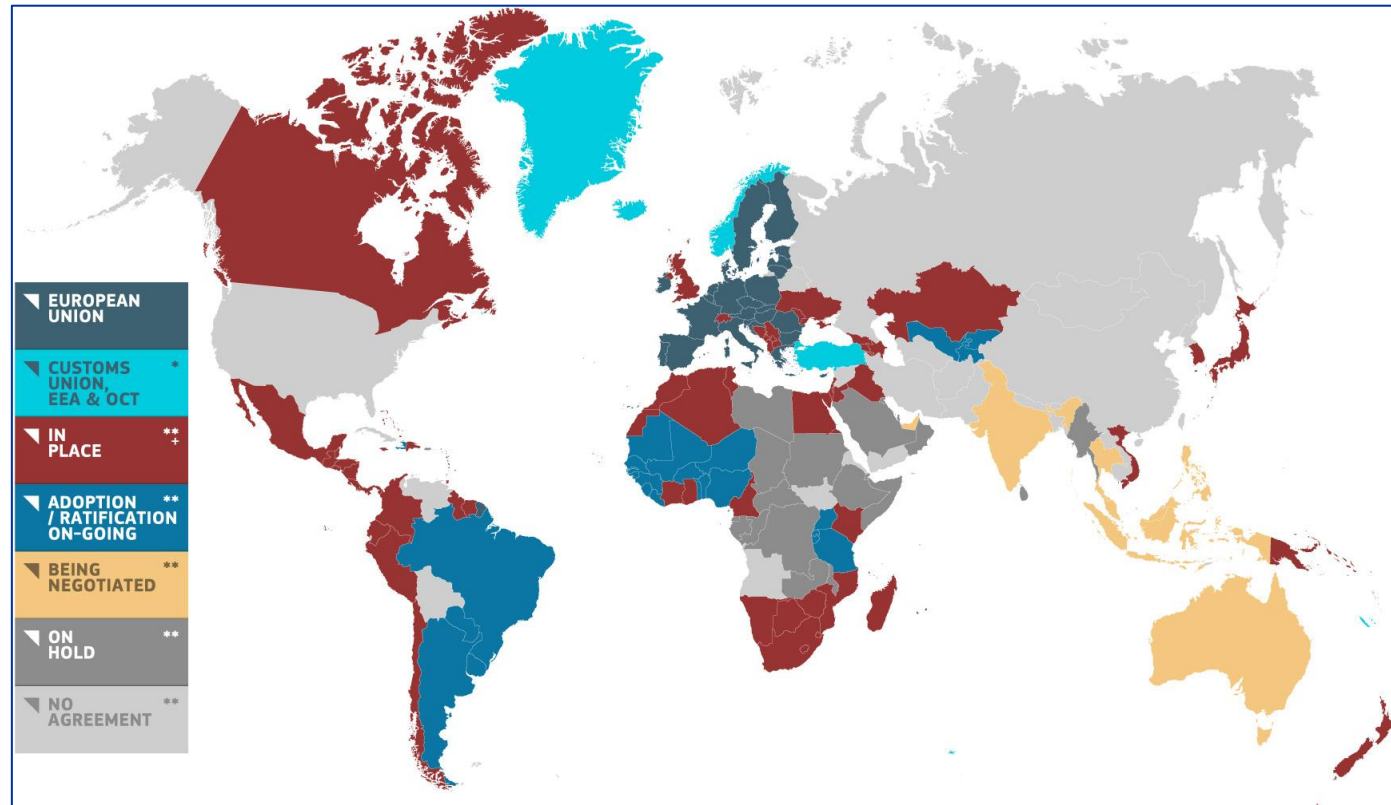


Non-discriminatory treatment of imported goods

Competitiveness | Bilateral Trading System

Bilateral agreements intensify the EU's economic relations with partners worldwide

Overview of the European Union's bilateral trade agreements



- **Requirements:** must liberalise and cover a substantial part of trade (Article XXIV of GATT; Article V of GATS)
- Lead to increasing importance of **rules of origin**
- **EU measures** to realise the benefits of trade preferences: harmonisation, capacity building, digital solutions, ...

Updated 30/06/2025

* European Economic Area (EEA) / Overseas Countries and Territories (OCT).

** Free Trade Agreement (FTA), Deep and Comprehensive Free Trade Agreement (DCFTA), Enhanced Partnership and Cooperation Agreement (EPCA), Partnership and Co-operation Agreement with preferential element (PCA).

+ The updated agreements with Tunisia, and Eastern and Southern Africa are currently being updated; the updated agreement with Chile is under ratification. The DCFTA with Georgia does not apply in South Ossetia and Abkhazia.

Competitiveness | Unilateral Instrument

The GSP promotes the development of, and economic relations with, developing countries

Generalised System of Preferences (GSP)

Standard GSP

= Reduction or suspension of tariffs on goods from a developing country*

GSP+

= even lower tariffs for countries that meet certain sustainability criteria

Everything but Arms (EBA)

duty-free and quota-free access for all products originating in LDCs**, except for arms and ammunition

- A unilateral EU **preference system** to promote developing countries access to the EU market
- Objective: Poverty reduction, promotion of sustainable development, and integration into global economy
- Basis: **EU internal legal acts**
- Current GSP: 2024-2034

* Based on classification by the World Bank

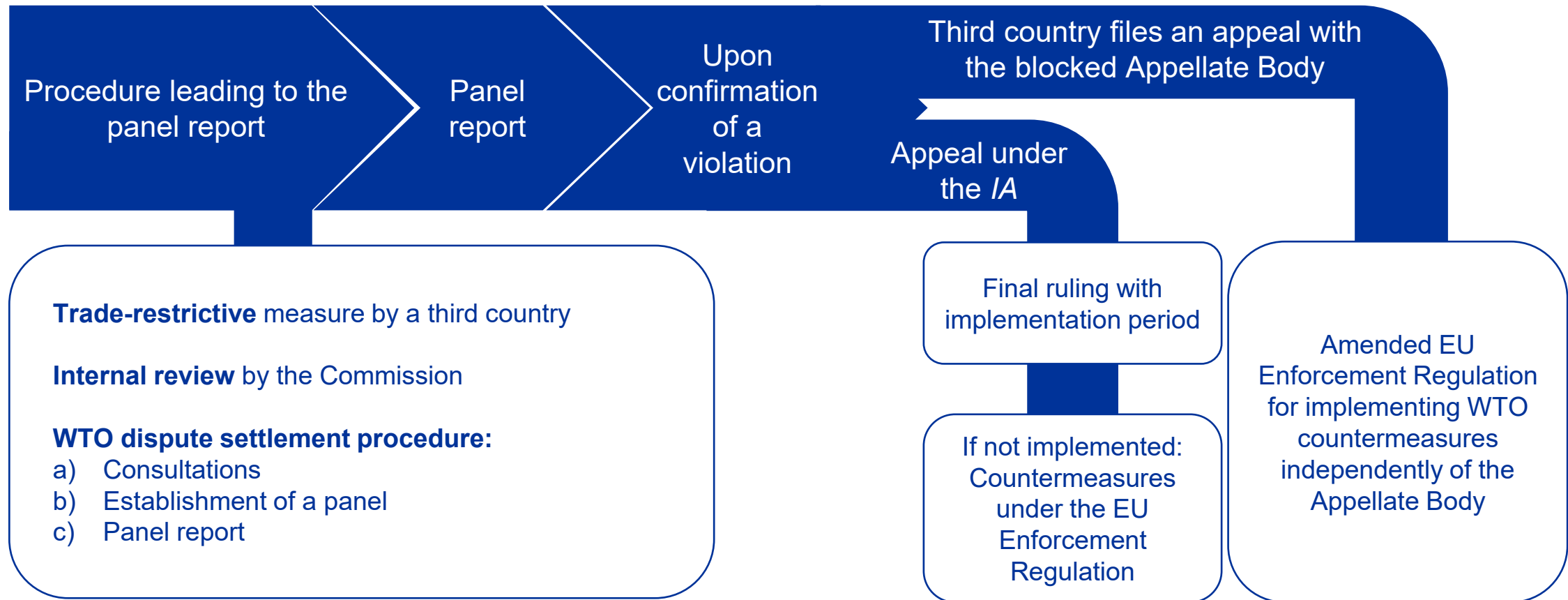
** Based on classification by the United Nations



Competitiveness | Active Protection

The EU actively protects competitiveness through the direct applicability and enforceability of the rules

Dispute resolution via the WTO Dispute Settlement Understanding



(Possibly concluding an „*Interim Arrangement*“ [IA])



Competitiveness | Passive Protection

Trade defence instruments are powerful tools for the passive protection of EU competitiveness

Free Trade Agreements

WTO

Anti-Dumping

Anti-Subsidy

Global Safeguards

Bilateral Safeguards

Ensure level playing field and counter non-market-oriented strategies



Dumped / subsidised Price:
100 €



EU Price:
110 €

Against Overcapacities
(temporary)



2. Sustainability



Sustainability | Overview

The EU pursues, integrates, and coordinates sustainability across all levels of action



Ways & tools to sustainability



Sustainability | Provisions in bilateral agreements

Through bilateral sustainability provisions, the EU promotes a level playing field

Content of Trade and Sustainable Development Chapters (e.g.)

Area	Content	Objective
 Labour standards	ILO core labour standards, non-lowering of labour standards	No social dumping
 Environment	Implementation of MEAs, non-lowering of environmental standards	No environmental dumping
 Good Governance	Transparency, participation, rule of law	Stable and predictable framework
 Sustainable economic policy	Promotion of active measures for ecological and social transformation	Fair competitive conditions and long-term economic resilience

Other provisions in FTAs to ensure a level playing field (e.g.)

Good Governance Competition State-owned enterprises (SOEs) Subsidies Government Procurement



3. Security



Economic Security | Overview

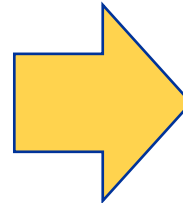
In cooperation with partners, the EU identifies and addresses threats to economic security



Ways & tools to economic security

Risk identification

- Supply chains + energy
- Critical infrastructure
- Technology
- Economic dependencies



Risk mitigation

- Development of new instruments
- Strengthening existing instruments
- Risk monitoring

In cooperation with:

International:
Bilateral + G7

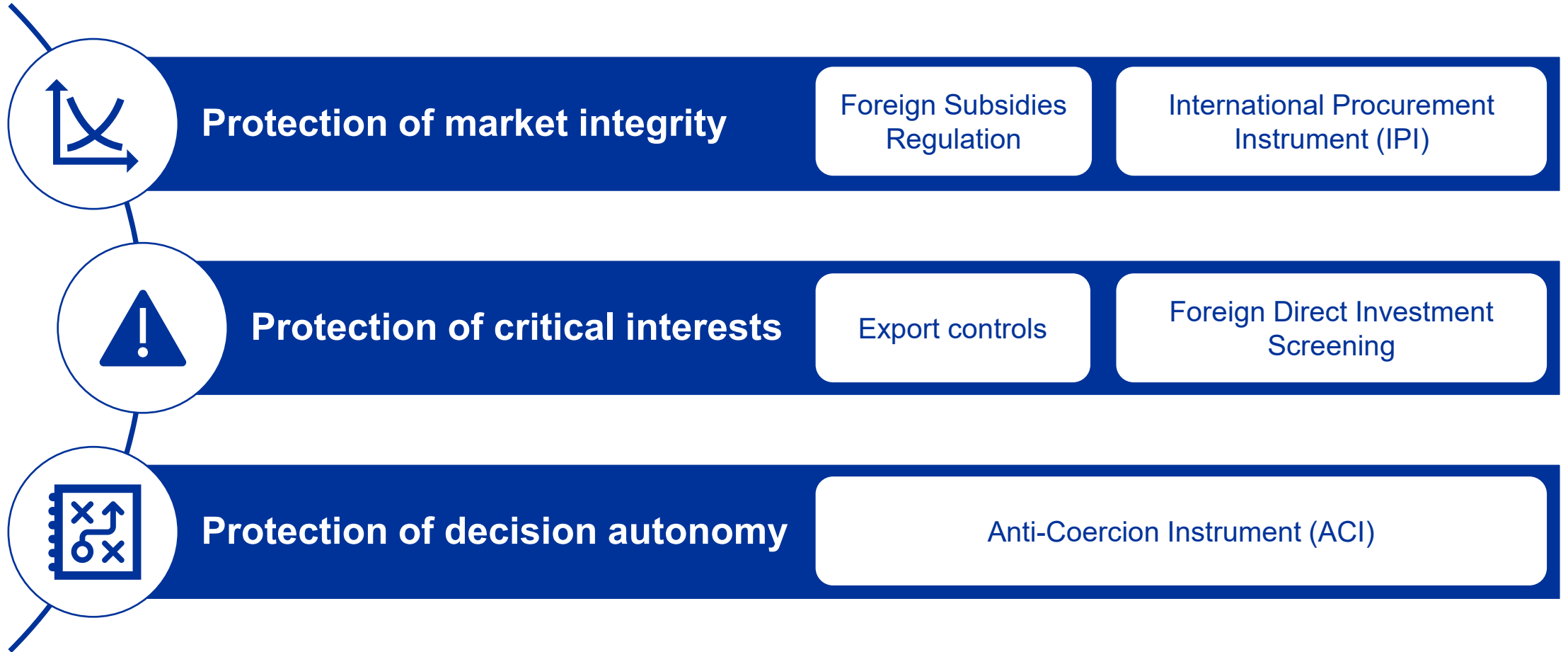
Member States

Industry



Economic Security | Risk Mitigation Instruments

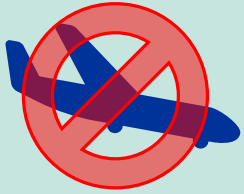
The EU addresses the diverse threats to economic security with a broad portfolio of instruments.



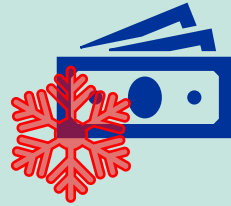
Economic Security | Sanctions

The EU takes trade-restrictive measures to prevent conflicts or respond to existing crises

Types of Sanctions (e.g.)



Travel ban



Asset freeze



Economic sanctions

Basis for Sanctions



UN Sanctions



Mix



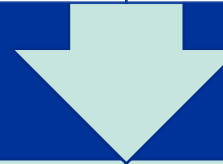
EU-autonomous

EU Sanctions

EU legal acts

Council Decision

Regulation



Implementation and enforcement

Implementation
by member states

Monitoring by
Commission

Discussion

How is the EU responding to the current challenges?

Thank you!



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Slide 7: WTO Logo, source: [wto.org](#); Slide 13: SDG Logo, source: [sdgs.un.org](#); ILO Logo, source: [ilo.org](#); Slide 18: UN Flag, source: [unric.org](#)

