The EU Trade Policy

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Ulrich Trautmann, *Senior Trade Expert*
Directorate-General for Trade and Economic Security, Unit A.3

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:** Art. 206 TFEU	**Economic Logic**: Scaling, efficiency gains	**Historical Context**: From dirigisme to market logic
Implementation	**WTO & bilateral agreements**	**Passive rather than active market regulation** (e.g., *ad valorem* tariffs)	**Market access and trade facilitation**
Current Challenges	Strategic dependencies Military conflicts	EU competitiveness Trade as an instrument of geopolitical power projection	Transformation of trade structures 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

Areas	**Trade** (goods and services)	(Foreign Direct) **Investment**	**Intellectual Property**	**Public Procurement**

Objectives	1 **Competitiveness**	2 **Sustainability**	3 **Security**

1. Competitiveness

Competitiveness | Overview

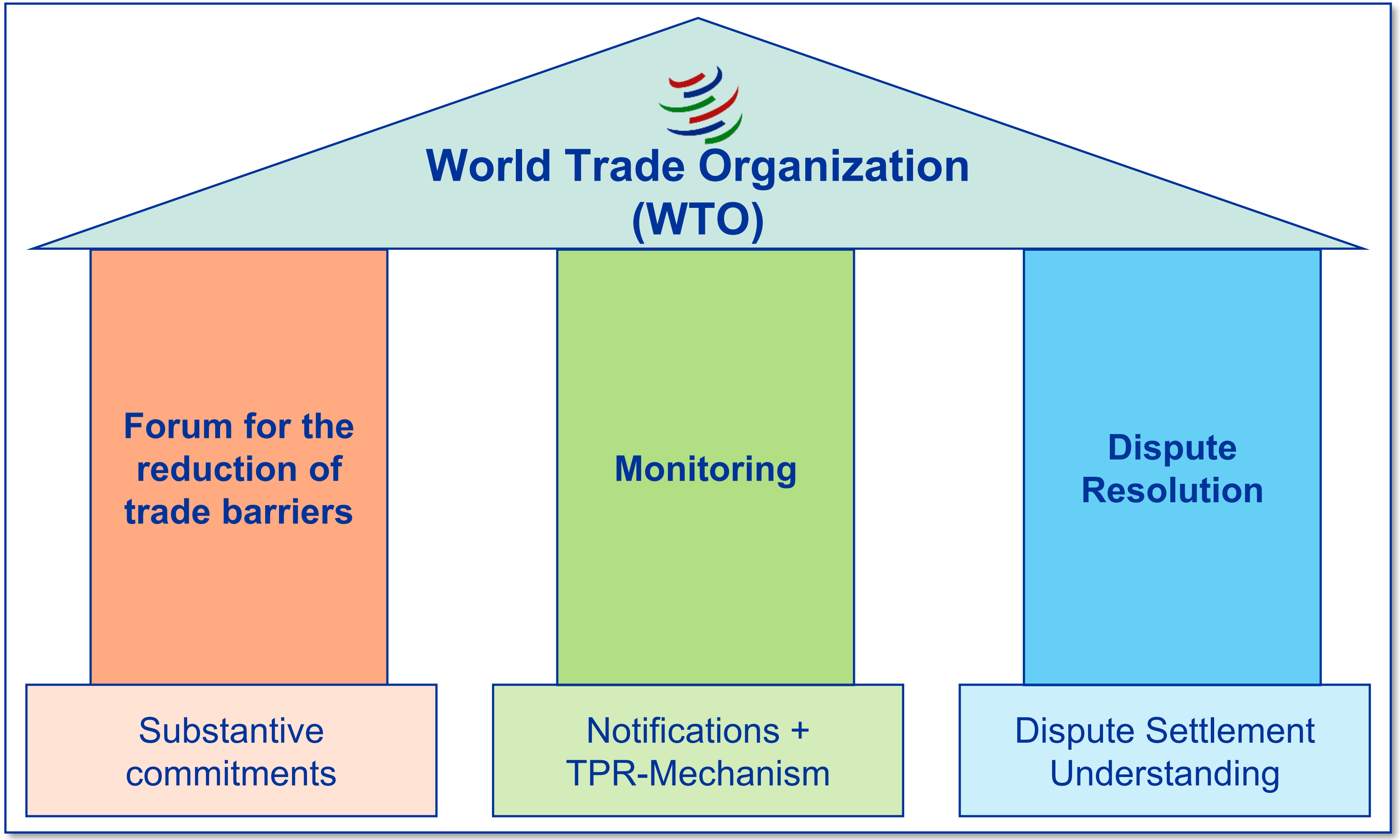
International agreements, protective measures, and other actions preserve and enhance competitiveness

Ways & tools to competitiveness

Deepen Alliances	Defend EU businesses	Drive economic renewal
• Multilateralism • Like-minded partners • Emerging economies • USA / China	• No level playing field • Non-market-oriented strategies and practices • Overcapacities	• Open markets • Security of supply • Investment • Promoting EU standards and rules
WTO, bilateral agreements + GSP	Active and passive protective measures	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

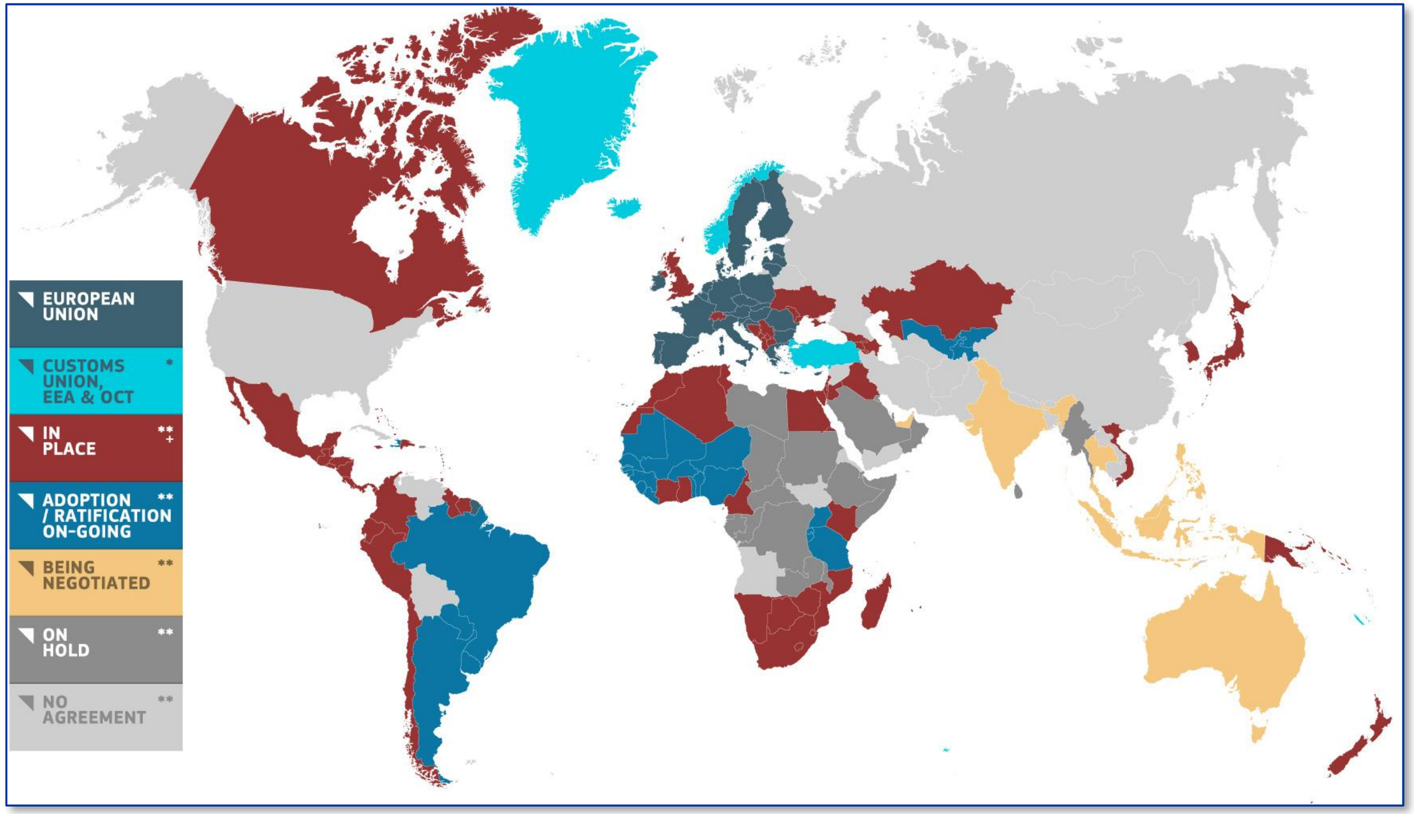
Domestic good

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 (Art. XXIV GATT; Art. V 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

Procedure leading to the panel report

Panel report

Upon confirmation of a violation

Third country files an appeal with the blocked Appellate Body

Appeal under the *IA*

Trade-restrictive measure by a third country

Internal review by the Commission

WTO dispute settlement procedure:

a) Consultations
b) Establishment of a panel
c) Panel report

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

Final ruling with implementation period

If not implemented: Countermeasures under the EU Enforcement Regulation

Amended EU Enforcement Regulation for implementing WTO countermeasures independently of the Appellate Body

Competitiveness | Passive Protection

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

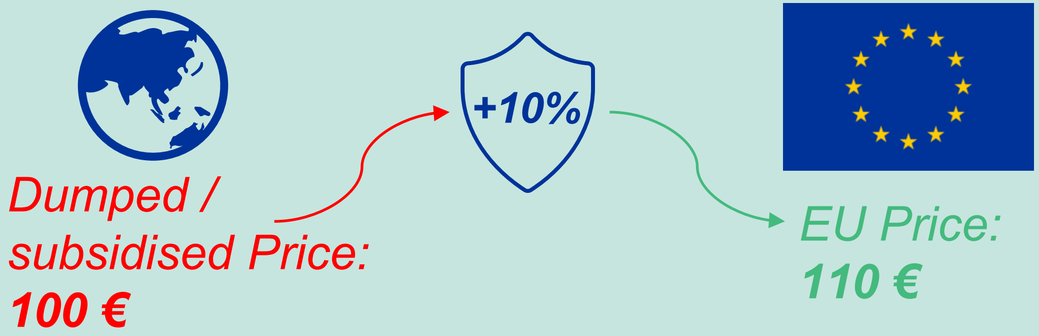
Free Trade Agreements

WTO

- **Anti-Dumping**
- **Anti-Subsidy**
- **Global Safeguards**

Bilateral Safeguards

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



Against Overcapacities
(temporary)

2. Sustainability

Sustainability | Overview

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

Ways & tools to sustainability

Multilateral (e.g.): SUSTAINABLE DEVELOPMENT GOALS · ILO · UNFCCC

Bilateral (e.g.):

FTAs
(in particular, the Trade and Sustainable Development Chapter)

Unilateral (e.g.):

- GSP+
- Forced Labour Regulation
- Green Deal
- Conflict Minerals Regulation

Linking and **coordinating** all levels and instruments

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.

Protection of market integrity	Foreign Subsidies Regulation	International Procurement Instrument (IPI)
Protection of critical interests	Export controls	Foreign Direct Investment Screening
Protection of decision autonomy	Anti-Coercion Instrument (ACI)	

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!