EU trade policy digest September-December 2025

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Recent developments in EU trade policy

European Commission: Negotiations and agreements

Update

AGRINFO summary of progress in EU trade negotiations with low- and middle-income countries, and other policy developments that may impact on trade in agri-food products.

For detail see EU trade policy digest September–December 2025.

Recent developments

EU trade negotiations with low- and middle-income countries

India: EU–India Free Trade Agreement (FTA) negotiations accelerated in late 2025. While some chapters were dropped to speed up talks, key disputes over the EU's carbon border tax, steel safeguards, and car tariffs remained. Despite these hurdles, momentum has increased and an agreement is expected to be announced at the India–EU summit on 27 January 2026.

Indonesia: In September 2025, the EU and Indonesia concluded negotiations on a Comprehensive Economic Partnership Agreement (CEPA), expected to enter into force on 1 January 2027. The agreement is projected to increase Indonesian exports to the EU by 60%, especially in palm oil and coffee.

Mercosur: The EU–Mercosur agreement advanced with its signing on 16 January 2026, despite opposition from several EU Member States, but its future was cast into doubt when the European Parliament requested a ruling from the European Court of Justice on its compatibility with EU law amid strong agricultural protests. The European Commission is now considering how to proceed in light of the Parliament's referral and ongoing political sensitivities.

Philippines: The fourth round of EU–Philippines FTA negotiations in October 2025 reported constructive progress across all areas, with talks on trade and sustainable development largely concluded. Both sides aim to complete the agreement by the end of 2027, coinciding with the expiry of the Philippines' special incentive arrangement status (GSP+).

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Thailand: During the seventh round of EU–Thailand FTA negotiations in Autumn 2025, agreement was reached on several chapters, including financial services and investment, with good progress in areas such as trade in goods and rules of origin. While some agri-food issues advanced, negotiations are now at a critical stage, with key differences remaining on market access, intellectual property, and digital trade.

Ukraine: An upgraded EU–Ukraine Deep and Comprehensive Free Trade Area (DCFTA) entered into force in October 2025, following the expiry of the EU's temporary full trade liberalisation measures introduced in 2022. The new DCFTA provides full liberalisation for selected food products, increases and adjusts tariff rate quotas for others, and introduces a new quota for flour.

Vanuatu: In October 2025, Vanuatu joined the EU–Pacific Interim Partnership Agreement.

Trade policy

Generalised Scheme of Tariff Preferences (GSP) review: After 4 years of negotiation the EU agreed on a new GSP, which will apply from 1 January 2027 and will continue to grant preferential tariffs to 65 low- and middle-income countries. Access to the new scheme is more tightly linked to compliance with human rights, labour, climate, and environmental standards, with enhanced safeguards allowing the EU to withdraw preferences where imports disrupt the EU market. For the first time, preferential access is also conditional on partner countries' cooperation in readmitting their nationals who have entered the EU illegally.

Changed EU trading status for Indonesia and São Tomé and Príncipe: Indonesia will lose its GSP status from 1 January 2027 due to its World Bank classification as a high-income country. São Tomé and Príncipe will lose its Everything But Arms (EBA) status from 1 January 2029 after graduating from least-developed country status, with a 3-year transitional period to ease the adjustment.

New EU approach to Western Saharan products: In 2024, the European Court of Justice ruled the EU's 2018 agricultural and fisheries agreement with Morocco to be illegal for allowing products from the Western Sahara, a distinct territory, to be labelled as Moroccan. In response, a new agreement provisionally applies from 4 October 2025, extending preferential trade arrangements to Western Saharan products under Moroccan customs control, and adapting origin labelling rules by creating new two regions of origin of the "Moroccan Grand South". This has faced criticism from both NGOs and EU farmers because of international disagreement on the status of the Western Sahara region and the allegedly misleading labelling, but an attempt in the European Parliament to block it in November 2025 was unsuccessful.

Continued support for Western Balkan fruit, vegetables, and wine: In December 2025, the EU extended preferential trade measures for fruits, vegetables, and wine from the Western Balkans until 31 December 2030 to support vulnerable regional economies. These make certain

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import duties exempt for fruit and vegetables, and maintain national wine quotas.

Trade review: European Commission publishes annual trade policy report.

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