

EU TRADE POLICY SEPTEMBER–DECEMBER 2025

TRADE DIGEST 2026/1



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EU TRADE POLICY

September–December 2025

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AGRINFO prepares regular briefings on the latest developments in European Union (EU) trade negotiations and trade policy that concern low- and middle-income countries, and on other developments in the policy-making arena that may have an impact on trade in agri-food products. These briefings are designed to highlight the topics of current interest, in particular for policymakers and public authorities. Links are given to resources where more detailed information can be found, including the official EU website on trade negotiations and agreements.

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KEY POINTS

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+).

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.



KEY POINTS

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

Trade review: European Commission publishes annual trade policy report.



EU NEGOTIATIONS WITH LOW- AND MIDDLE-INCOME COUNTRIES

India

Negotiations between the European Union (EU) and India on a Free Trade Agreement (FTA) accelerated in the last quarter of 2025. A final round of technical negotiations in October concluded discussions on sanitary and phytosanitary (SPS) measures, but there was no significant progress in discussions on trade in goods (market access), and there were “substantial differences” in relation to commitments on trade and sustainable development ([European Commission 2025a](#)).

Negotiations were then advanced through intense engagement between chief negotiators with the goal of completing a deal by the end of 2025 ([The Indian Express 2025](#)). Certain areas of negotiation were dropped, including chapters on state-owned enterprises. However, topics that have been problematic throughout negotiations – such the EU’s carbon border tax, steel safeguard measures, and EU demands for reduced tariffs on cars – continued to be a major hurdle to agreement ([Politico 2025](#)). Nevertheless, notable forward momentum has been reported and an agreement is expected to be announced at an India–EU Summit on 27 January 2026 ([The Hindu 2026](#)).

European Commission (2025a) [Report of the Fourteenth Round of Negotiations on a Free Trade Agreement between the European Union and India](#).

Politico (2025) [Trade talks with India to roll into the new year, EU trade chief says](#), 15 December.

The Hindu (2026) [EU on cusp of historic trade deal with India: Ursula von der Leyen](#), 21 January.

The Indian Express (2025) [Deadline rush: As India pushes for EU deal, legal team told to avoid leaves; key EU team in Delhi expected this week](#), 2 December.

Indonesia

In September 2025, the EU and Indonesia concluded negotiations on a Comprehensive Economic Partnership Agreement (CEPA) ([European Commission 2025b](#)). The text of the Agreement will be made public once legal revision and translation has been finalised. It is expected to take effect from 1 January 2027, and is anticipated to lead to a 60% increase in Indonesian exports to the EU with particular benefits in the agri-food sector for palm oil and coffee ([Jakarta Globe 2025](#)). The Agreement includes a Protocol on palm oil aimed at supporting trade and sustainable palm oil, and a platform for dialogue with the palm oil sector.

For a short overview of the CEPA, chapter by chapter, see [European Commission \(2025c\)](#).

European Commission (2025b) [EU and Indonesia conclude negotiations on free trade agreement](#). Press release, 23 September.

European Commission (2025c) [Key elements of the EU-Indonesia Trade Agreement and Investment Protection Agreement](#).

Jakarta Globe (2025) [Indonesia–EU Trade Deal Set to Boost Exports by 60% from 2027](#), 23 September.



Mercosur

Late 2025 and early 2026 saw both progress and new problems in terms of the completion of an EU–Mercosur Partnership Agreement after a negotiation process that began 25 years ago between the EU and four Mercosur (Southern Common Market) countries: Argentina, Brazil, Paraguay, and Uruguay. Following the approval of EU Member States by a qualified majority (the new deal was opposed by Austria, France, Hungary, Ireland, and Poland), the EU signed the Agreement on 16 January 2026 ([European Commission 2026](#)).

However, on 21 January 2026 the European Parliament voted to request the European Court of Justice to rule on whether the EU–Mercosur agreement complies with EU law ([Politico 2026](#)). The Parliament's action followed weeks of protest about the new deal, in particular from the EU's agricultural community.

The European Commission could choose to provisionally apply the Agreement as soon as it is ratified by one Mercosur country, but may politically not wish to do so.

In order to secure political support for the EU–Mercosur Partnership Agreement, in autumn 2025 the European Commission proposed the introduction of more effective safeguards that will help protect EU farmers from surges in imports, including specific rules for agricultural products considered to be particularly sensitive for the EU's own production: beef, poultry, rice, honey, eggs, garlic, ethanol, and sugar ([Proposal 2025](#)).

In particular, the Commission proposed three types of measure to facilitate implementation of safeguards.

- **Enhance monitoring:** the Commission will systematically monitor market trends in relation to the sensitive agricultural products (see above), and report every 6 months. This monitoring aims to rapidly identify potential risks to EU producers.
- **Clear triggers:** the Commission will launch an investigation if import prices from Mercosur are at least 10% lower than EU prices for competing products, and if there is either a 10% increase in annual imports or a 10% decrease in import prices compared to the preceding year. If the investigation establishes damage ("serious injury" or threat thereof) to EU producers, the EU could temporarily withdraw tariff preferences on those products.
- **Rapid response:** at the request of an EU Member State, the Commission will investigate without delay whether to activate provisional safeguard measures – in no more than 21 days if there is sufficient risk of harm – and conclude investigations within 4 months.

As the Commission decides how to respond to the Parliament's referral to the European Court of Justice, the safeguard proposal is still under discussion between the Council of the EU and the European Parliament.

Euractiv (2026) [EU farmers gear up for anti-Mercosur protests](#), 6 January.

European Commission (2026) [EU and Mercosur sign historic and ambitious partnership](#). Press release, 17 January.

Politico (2026) [EU-Mercosur trade deal stalled as MEPs send it for judicial review](#), 21 January.

[Proposal](#) (2025) for a Regulation of the European Parliament and of the Council implementing the bilateral safeguard clause of the EU-Mercosur Partnership Agreement and the EU-Mercosur Interim Trade Agreement for agricultural products



Philippines

A fourth round of negotiations on an FTA with the Philippines was held in October 2025. Constructive progress was reported in all areas of negotiations, with talks on trade and sustainable development substantially concluded ([European Commission 2025d](#)). Negotiation groups discussing the various chapters of the FTA will continue to meet virtually before the fifth round of negotiations, which will take place in Brussels in the first quarter of 2026. Philippine negotiators have referred to “remarkable progress” and reiterated the goal of completing talks by the end of 2027. The Philippines currently benefits from zero duty on a wide range of products under the EU’s Generalised Scheme of Tariff Preferences.

European Commission (2025d) [Report of the 4th round of negotiations on a Free Trade Agreement between the European Union and the Philippines](#).

Manila Standard (2025) [Philippines, EU make ‘remarkable progress’ in free trade talks](#), 27 October.

Thailand

There was progress in FTA negotiations with Thailand during the seventh round that took place in September–October 2025 ([European Commission 2025e](#)). Negotiating teams managed to complete work in a number of chapters, including financial services and investment, and made “good progress” in other areas, including trade in goods and rules of origin. In areas more directly linked to agri-food exports, agreement was reached in relation to pre-listing of establishments exporting products of animal origin. Further discussion is still required in relation to regionalisation for diseases, approval procedures, and audits.

Negotiations are now reported to be at a critical stage: common ground still needs to be found on issues such as market access, intellectual property, and digital trade ([The Nation 2025](#)).

European Commission (2025e) [Report of the 7th round of negotiations on a Free Trade Agreement between the European Union and Thailand](#).

The Nation (2025) [Thai Trade Negotiators Accelerate Crucial FTA Talks with the EU](#), 7 October.

Ukraine

An upgraded EU–Ukraine Deep and Comprehensive Free Trade Area (DCFTA) entered into force in October 2025 ([European Commission 2025f](#)). In 2022, in response to Russia’s aggression against Ukraine and to support the Ukrainian economy, the EU granted Ukraine full trade liberalisation – meaning zero duties and zero quota limitations – on all goods for a temporary period.

This liberalisation came to an end on 5 June 2025, and the tariff rate quotas previously established under the EU–Ukraine Association Agreement applied again.

The new DCFTA, which applies from 29 October 2025, establishes:

- full trade liberalisation for chocolate products, dextrins and other modified starches, mushrooms, sugar syrups, yoghurt, and other food preparations
- increased tariff rate quotas for certain Ukrainian products
- a new tariff rate quota for flour
- changes to the description of products covered by certain tariff rate quotas.

For further details, see [Ukrainian tariff rate quotas](#).

European Commission (2025f) Upgraded EU–Ukraine trade agreement enters into force. Press release, 29 October.



Vanuatu

In October 2025, Vanuatu joined the Interim Partnership Agreement between the EU and the Pacific States. The country's accession still needs to be formally approved by Vanuatu, but provisionally applies from November 2025. Papua New Guinea, Fiji, Samoa, and the Solomon Islands have previously acceded and are provisionally applying the Interim Partnership Agreement (Council Decision [2025/2141](#)).

More information is available on the EU webpage [Negotiations and agreements](#): scroll down to download *Overviews* and a map summarising the state of play of EU trade agreements.

TRADE POLICY

EU finalises revised GSP rules

The Generalised Scheme of Tariff Preferences (GSP) aims to assist lower-income countries to integrate into the world economy, reduce poverty, and support sustainable development by protecting core human rights and the environment. After 4 years of discussion, the European Parliament and the Council of the EU reached agreement on the new scheme, which will apply from 1 January 2027.

The new scheme continues to offer preferential tariffs to 65 low- and middle-income countries. However, to benefit from the GSP, countries must strengthen their protection of human rights and labour standards, and respect international agreements on climate change and environmental protection. Countries that are no longer considered least-developed countries will still be able to benefit from tariff preferences via the GSP+ scheme if they commit to further strong sustainability standards.

The agreement makes it easier for the EU to withdraw preferential tariffs where imports threaten to seriously disturb the EU market. A specific safeguard mechanism has been created to respond automatically to surges in rice imports.

For the first time, the EU is linking preferential trade access to the performance of partner countries in readmitting their own nationals where they are found to have entered the EU illegally.

For further information see [Review of generalised scheme of tariff preferences \(GSP\)](#).

Change of preferential status for Indonesia and São Tomé and Príncipe

The list of countries that have preferential access to the EU market under the GSP scheme is reviewed every year. The latest review by the European Commission resulted in changes for two countries (Regulation [2025/1951](#)).

Indonesia: the World Bank has classified Indonesia as a upper middle-income country for three consecutive years. This disqualifies it from being considered a GSP beneficiary country. Indonesia will therefore lose its GSP status from **1 January 2027**. This is not significant from a trade perspective, as the recently agreed EU–Indonesia CEPA is expected to apply from that date (see page 6).



São Tomé and Príncipe: The Everything But Arms (EBA) beneficiary status within the GSP scheme removes import duties on products except arms. This status applies to least-developed countries as defined by the United Nations. São Tomé and Príncipe graduated from being a least developed country on 13 December 2024 and will therefore lose its EBA status. To give countries time to adjust to trading conditions, a transitional period of 3 years applies. São Tomé and Príncipe will therefore cease to be an EBA countries from **1 January 2029**.

EU adopts new approach to origin labelling of Western Saharan products

In 2024, the European Court of Justice ([Case C-399/22](#)) ruled that the EU's 2018 Agricultural and Fisheries Agreement with Morocco was illegal. This is because the Agreement treated products from Western Sahara as being from Morocco, while the Court clarified that the territory constitutes a non-self-governing territory distinct from the Kingdom of Morocco. Western Sahara must therefore be considered a separate customs territory, and the origin labelled on fresh fruit and vegetables from the territory must be designated as Western Sahara.

As a result of this ruling, the EU and Morocco negotiated a new Agreement which provisionally applied from 4 October 2025. This extended the preferential trade arrangements granted by the Euro-Mediterranean Agreement to products originating from Western Sahara that are under the control of Moroccan customs authorities. It also required an amendment to origin labelling rules of fresh fruit and vegetables (Regulation [2025/2652](#)). The European Commission proposed a clear distinction between the labelling on products originating in Morocco and on those originating in Western Sahara, so that EU consumers can distinguish them. Products from Western Sahara must be labelled with the region in which they originate.

There has been considerable criticism from NGOs on the requirement to use regional names rather than "Western Sahara", a solution that they considered misleads consumers and does not respect the Court's ruling ([Euractiv 2025a](#)). However, an initiative in the European Parliament in November 2025 to block the Commission's proposal was not successful ([Euractiv 2025b](#)).

Decision No [1/2025](#) amending Protocol 4 to the Euro-Mediterranean Agreement was published in October 2025.

Euractiv (2025a) [MEPs to grill European Commission over tweaks to EU-Morocco pact](#), 20 November

Euractiv (2025b) [One vote short: Parliament fails to block Western Sahara labelling act](#), 26 November.

EU extends special measures for agricultural products from the Western Balkans

In December 2025, the EU extended preferential access for fruit, vegetables, and wine from the Western Balkans (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia) that was established in 2024 (Regulation [2025/2014](#)). This means that all fruit and vegetables subject to the entry-price system do not have to pay specific duties. It also continues national quotas for wine. The aim of the measures is to support vulnerable economies in the Western Balkan region. The extension will last for 5 years until 31 December 2030.



European Commission publishes annual trade policy report

The Commission's annual trade policy report, published in November 2025, covers trade in 2024 ([European Commission 2025g](#)). The report points to a significant increase in agri-food imports, totalling almost €172 billion in 2024. This increase can largely be explained by higher import prices, particularly for cocoa, coffee, fruit, and nuts. Brazil was the EU's largest supplier, accounting for 10% of total EU agri-food imports. With an 8% share of total imports, Ukraine was another significant supplier, with Ukrainian grain accounting for half of those exports, mainly destined for the EU animal feed market. The report also highlighted record EU exports to non-EU partners, with agri-food exports reaching €235 billion, up 2.8% on 2023.

The report is accompanied by information sheets on each of the EU's trade (or association) agreements with non-EU countries, including Albania, Bosnia and Herzegovina, Cameroon, CARIFORUM, Central America, Colombia/Ecuador/Peru, Côte d'Ivoire, Eastern and Southern Africa, Georgia, Ghana, Jordan, Kenya, Kosovo, Lebanon, Moldova, Morocco, North Macedonia, Pacific States, Serbia, Southern African Development Community, Tunisia, Türkiye, Ukraine, and Vietnam ([European Commission 2025h](#)).

European Commission (2025g) [EU report on the Implementation and Enforcement of EU Trade Policy](#).

European Commission (2025h) [Commission Staff Working Document: Individual information sheets on implementation of EU Trade Agreements Accompanying the document Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Implementation and Enforcement of EU Trade Policy](#).



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