

EU-US DEAL: POSSIBLE COURSES OF ACTION FOR THE EUROPEAN PARLIAMENT

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The Veblen Institute for Economic Reforms is a non-profit think tank that advocates for public policies and civil society initiatives supporting the ecological transition. It seeks to transform the current, deeply unsustainable economic model with a commitment to social justice and respect for planetary boundaries.

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1. Context

Since the beginning of his second term, Donald Trump has sought to reshape US trade relations through tariff increases targeting China, Canada, Mexico, and other States with which the US runs a trade deficit. After announcing hikes of 11 to 50% in April, he scaled them back to 10% and imposed a 90-day ultimatum to conclude bilateral agreements. In this context, several countries - including the UK, Vietnam, Japan, the Philippines, Indonesia, and China - negotiated tariff reductions or stabilisations with the US.

In an effort to appease the U.S. administration, the EU has made a series of submissive concessions.

- At the end of June, the EU — along with the other G7 countries — agreed to exempt U.S. multinationals from the 15% global minimum tax included in Pillar 2 of the agreement finalized under the OECD framework in 2021.
- On 27 July, Ursula von der Leyen and Donald Trump reached a political agreement on tariffs¹.
- On 5 August², the European Commission (EC) adopted a regulation removing the additional tariffs the EU was to impose on US goods in response to Trump's unilateral tariffs on EU goods.
- On 21 August, the EC and the US published a Joint Statement announcing that they had agreed on a "Framework on an Agreement on Reciprocal, Fair, and Balanced Trade".
- On 28 August, the EC published two regulation proposals to implement EU commitments on tariffs: one regulation focusing on the elimination of tariffs on lobster³ (not addressed in this note) and another regulation providing for the elimination and reduction of tariffs on US industrial and agricultural goods⁴.

A US Appeals Court ruled on 29 August that Trump's tariffs are illegal⁵. The US Supreme Court will issue its opinion on that matter in early 2026⁶.

In the meantime, the European Commission should refrain from legitimising Trump's unilateral tariffs by adopting a text that makes no mention of the ongoing legal proceedings.

NOUVEAUX
ABONNÉS

1 White House's presentation of the "massive trade deal" with the EU.

2 Commission implementing regulation 2025/1727 of 5 August 2025.

3 Commission proposal for a regulation of the European Parliament and of the Council on the non-application of customs duties on imports of certain goods, COM(2025) 472 final

4 Commission proposal for a Regulation of the European Parliament and of the Council on the adjustment of customs duties on the import of certain goods originating in the US and opening of tariff quotas for imports of certain goods originating in the US, COM(2025) 471 final.

5 BBC News, "US court rules many of Trump's global tariffs are illegal", 30 August 2025

6 Reuters, US Supreme Court to hear Trump's tariffs case on November 5, 18 September 2025

2. Key features of the EU/US deal

2.1) Framework on an “Agreement on Reciprocal, Fair, and Balanced Trade”

→ Non-reciprocal tariff

EU commitment to eliminate tariffs on all US industrial goods and to grant preferential access for a wide range of US agricultural and seafood goods.

US commitment to:

- Reduce its tariffs on EU goods to 15% or to most-favoured-nation (MFN) tariffs if they are higher;
- Apply MFN tariffs to unavailable natural resources, aircraft and aircraft parts, generic pharmaceuticals and chemical precursors.
- EU goods subject to Section 232 actions⁷:
 - Apply 15% tariffs on pharmaceuticals, semiconductors, and lumber
 - Apply 15% tariffs or MFN rate if higher on automobiles and automobile parts (which may include an increase in tariffs on EU products if previous rates were lower than 15%)
 - Maintain its tariffs (currently 50%) on steel, aluminium, and “derivative products”.



In the absence of a clearly defined list of products covered by “Section 232,” the United States retains the ability to unilaterally expand its scope, notably to steel and aluminium derivative products. In August 2025, 407 new items (including industrial equipment and automotive parts) were added, followed in September by a public consultation on the possible inclusion of additional categories such as machinery and metalworking equipment.

→ Procurement and investment in favour of US goods and services.

- EU's intention to procure \$750 billion of US LNG, oil, and nuclear energy products through 2028,
 **a pledge that stands in complete contradiction with the EU's decarbonisation and strategic autonomy efforts,** and whose volume appears disproportionate — even in relation to U.S. production levels.
- EU's intention to procure \$40 billion of US AI chips through 2028.
- EU companies are expected to invest \$600 billion across strategic sectors in the US through 2028.
- EU “plans to substantially increase procurement of military and defence equipment” from the US.

→ **EU commitment to review key Green Deal legislation (EUDR, CBAM, CSRD, CSDDD) and other public interest legislation on food, energy, and vehicle standards.**

2.2) EC Proposal for a Regulation on the adjustment of customs duties and the opening of tariff quotas for the import of certain goods originating in the US.

→ Removal of customs duties for all US industrial goods (including steel and aluminium products)⁸ and numerous agricultural goods.

→ Lowering of tariffs on some US agricultural goods.

→ Opening of quotas at 0% or at a reduced tariff rate for other US agricultural goods.

⁷ Section 232 of the Trade Expansion Act of 1962 enables the US President to impose tariffs on imports deemed to threaten national security. See Proclamation n°[10947](#) ‘Adjusting Imports of Aluminum and Steel Into the United State, 3 June 2025

⁸ ‘Iron and steel’, ‘Articles of Iron and steel’ and ‘Aluminium and articles thereof’ are subject to a 0% tariff in accordance with Article 1 (1) and pp.6-7 of [Annex 1](#) of the Proposed Regulation.

3. The shortcomings of the EU US agreement

The new transatlantic trade relationship is far from “Reciprocal, Fair, and Balanced” as stated in the title of the joint declaration. It is marked by :

- A **lack of reciprocal, clear and stable concessions from the US**
- A potential significant **loss of customs revenue** for the EU and Member States. (approx. €5 billion according to EC based on 2024 data)
- A **detrimental impact** on EU farmers and on the EU industry
- An **increased dependency towards US** energy and fossil fuels, and towards the US for EU defence
- A **US interference with EU norms** (Carbon Border Adjustment Mechanism - CBAM, EU Deforestation Regulation - EUDR, Corporate Sustainability Due Diligence Directive - CSDDD, Corporate Sustainability Reporting Directive - CSRD, etc.)

The deal, including both the joint declaration and the proposed regulation, raises several legal concerns.

- The agreement is **not compatible with WTO law**, in particular with the most-favoured-nation principle (Article I:1 of the GATT)⁹. This incompatibility may raise an **issue of inconsistency with EU law, in particular with the general principles of external action (Article 21(1) TEU)**.
- The **lack of reciprocity and protection of EU economic interests in the proposed regulation contradicts the EU's obligation under Article 3(5) TEU to uphold and promote its values and interests**, and to contribute to the protection of its citizens.
- US interference in EU law may be considered **acts of economic coercion incompatible with the principles of sovereign equality and non-intervention (Article 21 TEU)**.
- Commitments in the Joint Statement to weaken the application of various EU policies (CSDDD, CSRD, CBAM, EUDR) run **counter to the principle of consistency of EU action (Articles 21(3) TEU and 7 TFEU¹¹)**.
- Other commitments (e.g. procurement of LNG and oil products from the US) will **hinder the EU's ability to achieve its net-zero objective enshrined in the EU Climate Law**. Inconsistencies also exist with other EU policies, notably regarding the EU's energy policy and the EU's sovereignty in regulating the digital single market.
- Regarding **procedural issues**, the EC did not conduct an **impact assessment** before adopting the proposed regulation, nor did it carry out any public consultation¹⁰. The EC did not have any **mandate to negotiate** the scope of the commitments made in the Joint Statement. If this statement were to serve as the basis for a future agreement, it could be argued that the EC bypassed the requirements of Article 218(2) TFEU.

While the EU upholds compliance with WTO rules as a central principle of its external policy — and has repeatedly refrained from adopting key measures for the ecological and social transition in the name of this compliance — it would be highly paradoxical to choose now to deviate from them in order to satisfy U.S. demands rather than to advance measures of public interest.

Indeed, this agreement weakens the EU's position in its external relations with other third countries, including in its climate diplomacy. Several major emerging economies had likewise requested flexibilities in the implementation of the Green Deal's unilateral measures, and they may now demand equivalent regulatory or customs treatment to that granted to U.S. companies. Regarding the CBAM, Russia has already requested, on 19 May 2025, the opening of consultations with the EU and its Member States under the WTO dispute settlement procedure. India has sought an exemption for its steel exports threatened by the CBAM¹². And South Africa has considered lodging a WTO complaint¹³, and has explicitly urged the EU to grant South African exporters the same flexibilities being negotiated for U.S. firms¹⁴.

¹² Reuters, “India steel exports face EU carbon tax hit ... India has sought an exemption from the carbon border adjustment mechanism (CBAM)”, 17 September 2025

¹³ Reuters, “South Africa considers complaining to WTO against EU carbon border tax”, 22 May 2024.

¹⁴ Carbon Pulse, “South Africa presses EU for CBAM exemptions similar to those eyed for US”, 27 August 2025

4. European Parliament levers for actions

The proposed regulation is submitted through the ordinary legislative procedure and will have to be adopted by the Parliament.

Structure of the Regulation proposal

The **Recitals** set out the context of the EU-US trade deal. **Article 1** removes customs duties for US goods listed in Annexe I and lowers tariffs for agricultural goods listed in Annexe II. **Article 2** opens quotas at 0% or reduced tariff rates for US agricultural goods listed in Annexe III. **Article 3** is a suspension clause setting out the circumstances under which the “adjustment” of customs duties may be suspended. **Article 4** provides the Committee's procedure for suspending the adjustment of customs duties. **Article 5** sets out the rules for determining the origin of a good. **Article 6** provides details on the entry into force of the proposed Regulation.

The EU Parliament has various levers to oppose and/or amend the proposed regulation.

3.1) Reject the proposed regulation

There are strong arguments to put forward to refuse to adopt the regulation, as it is detrimental to EU interests in itself and as the first step of a US-EU Framework agreement with even more interference on EU autonomy and sovereignty.

3.2) Request an opinion from the EU Court of Justice

The EU Parliament might request the Court's opinion regarding the compatibility with the EU Treaties of the future EU-US agreement – or even the EU-US Framework Agreement as such –, in accordance with Article 218(11) TFEU. The request would have to develop the grounds of incompatibility with EU law.

3.3) Amend the proposed regulation

For those who consider that the agreement should be implemented for geopolitical reasons, regardless of the quality of its content, several minimal amendments should be included in the text. (see the details in the annex)

5. Annex: amendments that should be included as a minimum

5.1) Recitals

Text proposed by the Commission

“(1) The Union and the United States of America (the ‘United States’) have the largest and deepest bilateral trade and investment relationship in the world and have highly integrated economies. The total two-way trade between them was worth more than EUR 1.6 trillion in 2024. This deep and comprehensive partnership is underpinned by significant mutual investment in each other’s markets worth around EUR 5.3 trillion.

(2) On 21 August 2025 the Union and the United States issued a Joint Statement on a European Union – United States Framework Agreement on Reciprocal, Fair, and Balanced Trade (the ‘Joint Statement’). In the Joint Statement, the United States committed to modify certain tariffs applicable to Union imports in line with that political agreement, **reducing the applicable rate to an all-inclusive tariff ceiling of 15 %**. The United States Executive Order (14326) of 31 July 2025 reflects that commitment from 7 August 2025. From 1 September 2025, the United States will also apply only the Most Favoured Nation (MFN) tariff to certain Union products such as unavailable natural resources (including cork), all aircraft and aircraft parts, generic pharmaceuticals and their ingredients and chemical precursors. The Union and the United States committed to consider other sectors and products that are important for their economies and value chains for inclusion in the list of products for which only the MFN tariffs would apply.

(3) The Union and the United States intend the Joint Statement to be a first step in a process that can be further expanded over time to cover additional areas and continue to improve market access and increase their trade and investment relationship.”

The recitals **do not mention the origins of US unilateral tariffs, nor that they breach WTO law**. In addition, the presentation of the US’ commitments to lower tariffs is not accurate, as the US did not commit to “an all-inclusive tariff ceiling of 15%”: MFN rates apply where they are higher than 15% and many EU products are excluded from US commitments (steel, aluminium and their ‘derivative products’).

Suggested amendments

It could be helpful for contextual clarity around the Proposed Regulation to include a longer recital explaining the history of US new tariffs, as in [Commission implementing Regulation \(EU\) 2025/1564 of 24 July 2025](#).

At the very least, a mention of the ongoing US proceedings regarding the legality of the “reciprocal tariffs” and the WTO-incompatibility of the US “reciprocal” tariffs should be added as in Regulation 2025/1727: “This Regulation is without prejudice to the Union’s position considering that the “reciprocal tariffs” (or safeguard measures) of the United States remain incompatible with the Agreement Establishing the World Trade Organization.”

5.2) Suspension clause (Article 3) and addition of a condition clause (new article)

Text proposed by the Commission

Article 3 :

“The Commission **may** adopt an implementing act suspending in whole or in part the application of Article 1 or Article 2 in the following circumstances:

(a) where the United States **fails to implement the Joint Statement** or otherwise **undermines the objectives pursued by the Joint Statement**, or undermines access of Union economic operators to the United States market, or otherwise **disrupts the trade and investment relationship** between the Union and the United States;

(b) where there are sufficient indications that the **United States will act in the manner referred to in point (a)** in the future;

(c) where the adjustment of the customs duties referred to in Article 1, or the opening of tariff quotas referred to in Article 2, results in the importation of a good originating in the United States in such increased quantities, in absolute terms or relative to domestic production, and under such conditions as to cause or threaten to cause **serious injury to the domestic industry** of the Union;

(d) where a **change of objective circumstances** has occurred with regard to those existing at the time the Joint Statement was issued.

That implementing act shall be adopted in accordance with the examination procedure referred to in Article 4(2).

2) The implementing act referred to in paragraph 1 shall apply for as long as the circumstances referred to in paragraph 1 persist.”

This article raises several issues :

- **First, the list of products concerned by the US commitments on tariffs under the Joint Statement has not been defined. This creates significant uncertainty and leaves the matter at the discretion of the US.** For instance, it is unclear whether the expansion of the list of products considered derivatives of steel and aluminium is addressed, even though this is already happening.
- In addition, the use of the term “may” in the first sentence leaves discretionary powers with the Commission to decide whether the suspension clause should be triggered.

Possible amendments

First, an annex listing the goods subject to the 15% tariffs cap and the MFN cap should be added for clarity and to limit US discretion. This list should include the goods that were not subject to “232 measures” as of the date of the political agreement on 27 July 2025.

Second, given that the Trump administration has already broadened the list of ‘derivative products’ since 27 July, it would be more compelling to make the implementation of US commitments a precondition for the application of EU tariff cuts, in addition to constituting a ground for suspension.

Accordingly, a new article “Conditions” could be added, following the model of former Regulation 2020/2131 on the elimination of customs duties on certain goods on lobsters:

- “The elimination of customs duties pursuant to Article 1 and opening of tariff quotas pursuant to Article 2 shall be subject to the following conditions:
- (a) the reduction of customs duties to a maximum of 15% by the United States for the goods classified in the tariff lines listed in Annex [*]; and
- (b) the reduction of customs duties to the MFN rate by the United States for the goods classified in the tariff lines listed in Annex [*].

Third, it should be made **mandatory for the Commission to suspend the advantages** where the circumstances listed in Article 3 are met, by replacing the term “may” by “shall” in the first sentence, as in Regulation 654/2014 on the exercise of the Union’s rights for the application and enforcement of international trade rules.

Fourth, **acts of economic coercion within the meaning of Article 2 of the Anti-Coercion Instruments should be added as an explicit cause for suspension**, to anticipate US practices that could trigger the implementation of an anti-coercion response¹⁵, particularly in light of Trump’s recent threats of new tariffs¹⁶.

Fifth, **the role of the Parliament should be strengthened by allowing it to request the Commission to trigger the suspension clause**.

An amended Article 3 could read as follows (changes are highlighted in bold):

“The Commission **shall** adopt an implementing act suspending in whole or in part the application of Article 1 or Article 2 in the following circumstances:

(a) where the United States [*Option with a new article on conditions: **does not comply with the conditions set out in Article [new article on conditions]*** / [*Option with no article on conditions but an annex : fails to implement its tariffs commitments **as laid out in annex [x]***] or otherwise undermines the objectives pursued by the Joint Statement, or undermines access of Union economic operators to the United States market, or otherwise disrupts the trade and investment relationship between the Union and the United States;

(...)

(e) where the United States exercise economic coercion on the Union or a Member State within the meaning of Article 2 of Regulation (EU) 2023/2675 of the European Parliament and of the Council of 22 November 2023 on the protection of the Union and its Member States from economic coercion by third countries.

Upon request of the Parliament, the Commission shall examine any measure of the United States in order to determine whether it meets the conditions set out in paragraphs (a) through (e). The Commission shall act expeditiously and report to the Parliament about the outcome of its investigation and the next steps it intends to adopt.”

¹⁵ Regulation (EU) 2023/2675 of the European Parliament and of the Council of 22 November 2023 on the protection of the Union and its Member States from economic coercion by third countries. In particular, Articles 2(b) and (c) refer to instances where “the third country is engaging in a pattern of interference seeking to prevent or obtain particular acts from the Union, a Member State or another third country” and the “extent to which the third-country measure encroaches upon an area of the Union’s or a Member State’s sovereignty”.

¹⁶ On August 26, 2025, Donald Trump posted on his own social network that he could impose “substantial additional tariffs” on countries with digital regulations — a move that could target the EU’s Digital Services Act (DSA) and Digital Markets Act (DMA).

2.3) Procedure for adopting implementing act for the suspension clause (Article 4)

Text proposed by the Commission

Pursuant to Article 3, the implementing act suspending tariff cuts “shall be adopted in accordance with the examination procedure referred to in Article 4(2)”. Pursuant to Article 4.2, “Article 5 of Regulation (EU) No 182/2011 shall apply”.

This refers to the comitology procedure, in which the Parliament has minimal power.

Possible amendments

Subject to further discussion, it might not be relevant to subject the triggering of the suspension clause to higher control from the Parliament.

Second, given that the Trump administration has already broadened the list of ‘derivative products’ since 27 July, it would be more compelling to make the implementation of US commitments a precondition for the application of EU tariff cuts, in addition to constituting a ground for suspension.

2.4) Addition of a reporting and review clause

Possible amendments

Drawing from the Anti-Coercion Instrument, a reporting and review clause could be added:

“1. Without prejudice to Regulation (EU) No 182/2011, the Commission shall keep the European Parliament and the Council informed, regularly and in a timely manner, of relevant developments in the application of this Regulation including the supervision of the compliance with the conditions laid down in Article [*].

In light of the information received, the European Parliament or the Council may invite, where appropriate, the Commission for an exchange of views.

The European Parliament may express its views via any appropriate means.

2. The Commission shall evaluate the consequence of the adjustment of customs duties adopted pursuant to Article 1 and the opening of tariff quotas pursuant to Article 2 within 6 months of the entry into force of the Regulation, taking into account stakeholder input, information provided by the European Parliament and the Council and any other relevant information, and shall submit an evaluation report to the European Parliament and the Council.

The evaluation report shall examine the effectiveness of the Union’s adjustment of custom duties and tariff quotas, and draw conclusions for the purposes of the review of this Regulation.”

2.5 Annexes

The list of products and associated tariffs and quotas **should be reviewed thoroughly**.

In particular, it should be verified that agricultural and food products concerned are “non-sensitive” products (see above). Amendments could focus on these products.

In addition, the inclusion of steel, aluminium and their derivatives products in the list of industrial products benefiting from 0% EU tariffs at least raises questions in view of the wording of the Joint Statement, pursuant to which the EU and the US “intend to consider the possibility to cooperate on ring-fencing their respective domestic markets from overcapacity, while ensuring secure supply chains between each other, including through tariff-rate quota solutions”.

This statement suggests reciprocal measures in this area which are not in line with the EU unilateral elimination of tariffs.