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From Turnberry to Mercosur: the EU at a critical juncture

The European Union is faced with an existential challenge. The foundations of its security are being shaken by the retreat from Europe of an American superpower that has become openly predatory. It is pressured by China, which is exploiting economic dependencies for political ends. Its institutions are weakened by a wave of populism within its borders. The European Union nevertheless still has the capacity to forge trade agreements.

These agreements, while not a cure-all, are a central element in the Union's current strategy of strengthening economic security by diversifying its trade and forming cooperative alliances with countries that are broadly aligned with its values. Failing to ratify the trade agreement with Mercosur would cast doubt on the idea that the European Union can take decisive action on the world stage. We are currently experiencing a radical break with the international order, to which the Union is struggling to respond, as its institutional system is ill-suited to the new situation.

A STRUCTURALLY WEAK EUROPE FACES SECURITY THREATS – INCLUDING THOSE RELATING TO TRADE

Rise of an international tributary system led by the US

The USA [has ceased to be a democracy](#) based on the rule of law and has drifted towards an electoral authoritarianism more akin to Modi's India or Viktor Orbán's Hungary. As the world's superpower, the systemic impact of this political change on the international order can only be devastating. According to researchers Stacie Goddard and Abraham Newman, America's power [is now in the hands of a 'neoroyalist'](#)- feudal of sorts - [clique](#)", – defined as "small, close-knit and exclusive networks, defined by their connection to an absolute sovereign."

The ancient Chinese tributary system and the actions of the great aristocratic dynasties of Europe in days gone by probably provide us with extra keys to understanding the world today that are not necessarily found in our traditional textbooks on international relations, which are so deeply rooted in a so-called 'realist' theory of relations between states rationally maximising their interests and security. In this feudal-style system, mixed up by the systematic use of new emerging technologies to exercise power, the rules of international law as we currently know them, rooted in the notion of the sovereignty and equality of unitary nation states, no longer of count.

The rules derived from this system, such as those of the World Trade Organization, based on non-discrimination ('national treatment') and equal treatment between states ('most-favoured-nation treatment'), face obsolescence. Personal wars, corruption, commercial predation and interpersonal relationships of dependency, with no respect for foreign borders or jurisdictions, are taking over. Unilateral tariff policy is also part of this new *modus operandi* in Washington.

The latter took on a new dimension on 17 January, when the US president announced additional tariffs of 10% on countries that had expressed opposition to the transfer of Greenland territory claimed by the United States, applicable from 1 February, and likely to increase to 25% in June. In addition to Denmark, which is directly affected,

Sweden, France, Germany, the Netherlands, Finland, Norway and the United Kingdom are also targeted.

European fragmentation in foreign policy is hobbling its trade activities

This detour into political science is necessary to better understand the context in which the European Union is now operating.

For a long time, the Union's trade policy, an area of 'exclusive competence', was considered to be Europe's main 'foreign policy'.

Issues pertaining to war and peace remain the exclusive domain of the 27 Member States that make up the Union. The Lisbon Treaty, with the creation of a European External Action Service, has done nothing to change this state of affairs.

As a result, the European Union is unable to manage the new type of trade crisis that is emerging in this new world order involving the United States and China. For example, it has so far proved powerless to resolve the conflict generated by the Netherlands' unilateral decision to exclude the Chinese CEO of [Nexperia](#), a semiconductor company, which originally was Dutch, from his position on the grounds of poor management. The Dutch court ruling was preceded by American threats to exclude Nexperia from access to American technology. In retaliation, the Chinese government has blocked semiconductor exports by the same company, destabilising European car manufacturers who need these inputs.

The end of European commercial "soft power"

However, the European Union's status as a major trading power, with its share of global exports equal to that of the United States and China thanks to its large common market, has long been unquestioned. European technical and environmental standards are, or at least were until recently, the global benchmark.

For some, the European Union was "soft power" in action, via the famous *Brussels Effect*. We were

witnessing peaceful norm expansion, thanks to the size and attractiveness of the single market, through market mechanisms and the attractiveness of the values underlying European standards.

In this - highly idealised - environment, the EU's bilateral trade agreements concluded over the last fifteen years with partners such as South Korea, Vietnam, New Zealand, Canada, Chile and the Mercosur countries were designed to promote the expansion of European standards.

These standards operate in the areas of worker protection, environmental and climate protection, personal digital data protection, not to mention technical standards for motor vehicles and protected geographical indications.

In her book - [Digital Empires](#) - published a year before the 2024 US presidential election, Anu Bradford, who coined the term '*Brussels Effect*', predicted that the United States would align itself with European standards on digital issues, particularly on personal data protection and artificial intelligence standards. But the American digital oligopoly contradicted her: it captured the American state and [aligned with Trump's authoritarianism](#).

This allowed it to escape the grip of regulations that were beginning to take shape towards the end of the Biden administration, with the launch of new antitrust investigations by competition authorities and initial attempts to regulate artificial intelligence. This is how we should understand the recent US sanctions imposed on Thierry Breton, former European Commissioner for Internal Market, responsible for developing the [European digital regulations](#) (DSA, DMA), which directly affect what the US companies.

VOLUNTARY SERVITUDE IN THE FACE OF AMERICAN TRADE POLICY

The American presidential election in November 2024 was a turning point. Following the announcement of prohibitive tariffs on the world in April 2025, differentiated by country according to a formula that

left many economists perplexed, Europeans, and the British first, rushed to reach a political agreement with Washington to preserve their access to the United States market. Washington's unilateral increase in customs duties, without consultation or compensation for trading partners, marked the definitive end of American respect for multilateral trade standards. London led the way with a 'deal' in May 2025.

The Turnberry defeat

The European Union was fifth in line to conclude an agreement based on the British precedent, after Vietnam, Indonesia and Japan. In July 2025, Commission President Ursula von der Leyen was summoned to a golf course owned by President Trump in Turnberry (Scotland), to put the finishing touches to an agreement negotiated by the respective civil servants.

It should be noted that this type of agreement is not a traditional legally binding trade treaty. These are political agreements set out in a joint or separate declaration by the States concerned. This type of arrangement can be revoked at any time.

In return for a promise by the United States not to exceed 15% customs duties on most products imported from the European Union, the latter has mainly committed to completely eliminating its customs duties on all industrial products, unilaterally and exclusively for the benefit of the United States. It also agreed to open up some tariff rate quotas on agriculture products - but not on the products that interest American farmers most, such as beef.

Washington has maintained its 50% level of customs duties on steel and aluminium. Nonetheless, the US authorities have committed to negotiating the possibility of opening quotas, as they have done with the British and other partners.

These negotiations have not been successful. On the contrary, Washington extended these tariffs to more than 400 products derived from steel and aluminium - i.e. numerous industrial products - in August,

shortly after their agreement with the Japanese and Europeans.

During a visit to Brussels in November 2025, Secretary of Commerce Howard Lutnick clearly expressed the US position: any concessions on steel would depend on a 'balanced' application of digital rules such as the Digital Markets Act or the Digital Services Act.

The European Union also committed to 'simplifications' and 'flexibilities' in the application of its new rules on carbon taxation at its borders and in the context of its directive on corporate due diligence: the *Brussels Effect* is now on the wane.

It should also be noted that the European Union has committed to purchasing \$750 billion worth of energy products - notably liquefied natural gas - over a three-year period and has promised that its companies will invest \$600 billion in US industry. These are promises that the European Union cannot keep, even though LNG purchases have increased significantly since the outbreak of the war in Ukraine in 2022.

Note, too, that the financial commitments requested of States such as Japan (\$550 billion) and South Korea (\$350 billion) are comparatively more onerous for them than the figures conceded by the Europeans.

In an [essay](#), former senior European official Mogens Peter Carl believes that '*the European Union's defeat at Turnberry (...) marks the nadir of its role and power in international economic relations*', adding '*In one of the few areas where they could have spoken with one strong voice, the 27 Member States preferred to insist that the Commission give in on their behalf, agreeing to violate international law.*'

The President of the European Council, Antonio Costa, justified the strategy of appeasing the Americans by the need to ensure continued US support for Ukraine. It is not certain that this strategy will pay off.

Many analysts consider that American territorial ambitions using coercive methods against a territory under the sovereignty of an allied state within

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NATO signifies the effective end of the transatlantic alliance.

The EU faces the challenge of remaining united in the face of differentiated tariff treatment of its Member States, and of expressing its solidarity with Denmark as well as preparing an adequate response. However, one can expect a measured response from member states, who are not inclined to trigger a tariff war by reactivating, for example, retaliatory tariff measures on €93 billion of American exports that were suspended in the wake of the Turnberry agreement.

Delaying tactics on the part of the European Parliament

It is interesting to note that the European Union has not yet implemented its concessions on customs duties. The chair of the European Parliament's International Trade Committee, Bernd Lange (S&D, DE), who is also the rapporteur on this issue, has strategically taken his time before launching the legislative process. The tariff announcements related to Greenland have led to an indefinite postponement of any decision on the matter.

Let's also not forget that the US tariffs were adopted by executive order of the US President under specific emergency legislation (International Emergency Economic Powers Act, [IEEPA](#)). It is therefore not impossible that, despite being largely supportive of President Trump, the Court may find that the President has abused his powers in relation to taxation – customs duties are taxes – a prerogative that falls within the sovereignty of Parliament.

The European Parliament's 'strategic inertia' may offer the European Union the opportunity to change its approach to the Trump presidency if it so chooses in the coming weeks or months.

ECONOMIC SECURITY: MERCOSUR, A WAY OUT?

The European Commission and many Member States are not satisfied with the current status quo.

Diversification at the heart of a new European economic security strategy

For some, the trade concessions made to the United States last year are a way of buying time while preparations are made for the future.

In 2023, for the first time, the Commission adopted a [strategy that aims to strengthen economic security](#). The document was updated and expanded in December 2025 in a new [communication](#). This strategy outlines how the European Union seeks to deploy a range of existing legislative and financial instruments to reduce its exposure to weaponisation induced by dependencies on imports of essential products – such as critical minerals – and to maintain a strong industrial base necessary for its economic future.

The European Union has developed numerous defensive tools in the area of trade, such as strengthening its mechanism for [monitoring foreign direct investment](#). It has adopted an [anti-coercion mechanism](#)... which, however, has not been triggered thus far. The matter of doing so is under discussion yet again in Council following Trump's Greenland-related tariff threats.

A fundamental pillar of Europe's economic security strategy is the diversification of its trade relations. This involves, in particular, establishing new partnerships and seeking new outlets for its exports – which are subject to growing protectionism in the United States and China – as well as more secure access to critical minerals.

These agreements fall within the exclusive competence of the European Union and are therefore more likely to succeed than, for example, the Commission's unsuccessful attempts to coordinate trade decisions on the control of exports of critical technologies.

The priority given to [concluding the agreement](#) with Mercosur, with the support of many Member States, including Germany and Italy, should be [seen in](#) this context. Mercosur (Argentina, Brazil, Uruguay, Paraguay) is a trading bloc with a population of nearly 280 million – a significant market – which applies an average customs duty of 12%, three times higher

than European customs duties on non-agricultural products.

There is a sense of urgency. Manufacturers and the agri-food industry are desperately seeking new markets. Europe is looking for partners and allies that could provide it with stable access to minerals that are critical to its industry – which is certainly the case with Argentina and Brazil.

Politically, there is a perceived need to close ranks with democratic countries exposed to unprecedented political pressure from the Trump presidency. The latter has effectively revived the 19th-century Monroe Doctrine in his new national security strategy published in December 2025, adding a 'Trump corollary'.

Tariffs and sanctions on Brazil and "hard-hitting" actions in Venezuela must be understood in this context.

Mercosur – a strategic agreement for Europe

The current effort to conclude negotiations with Mercosur, which began in 1999, is part of a strategy undertaken with major emerging countries such as Indonesia (negotiations finalised in 2025) and India (negotiations could be concluded in 2026). Negotiations are also underway, but less advanced, with Malaysia, the Philippines and Thailand.

These Asian countries, like Brazil and Argentina in Latin America, impose high customs duties on European industrial exports. The gains for Europeans are therefore significant in these markets at a time when China is flooding the rest of the world with its many products, now excluded from the US market, and taking market share at the expense of Europeans.

The agreement eliminates customs duties on around 90% of products on both sides, organising this gradual dismantling of customs barriers over a period of ten to fifteen years. For European industry, faced with growing protectionism in the United States and China, access to a Latin American market represents a tangible opportunity.

The European agri-food industry will benefit. Tariffs will be eliminated on a large number of manufactured goods, from pasta to biscuits. Mercosur will remove its 27% tariffs on wine, a boon for European and French wine exposed to the vagaries of US trade policy and Chinese restrictions. The agreement also provides for a mechanism for dialogue and cooperation on wine to advance regulatory and normative issues. South Americans are also offering a duty-free quota of 30,000 tonnes for cheese.

The agreement also opens up certain opportunities for European service providers, particularly in maritime services and public procurement – a significant gain for medical services and equipment.

Experts' assertions that the quotas of 99,000 tonnes of beef or 180,000 tonnes of poultry meat and sugar offered to South Americans will not destabilise the European market must be taken seriously.

The adoption of a [strict safeguard mechanism](#) for Mercosur imports into Europe is an additional political concession to those who still harbour doubts. Funding of €45 million is earmarked to support farmers who may be affected by a sudden increase in South American imports.

Claims that the Mercosur agreement will accelerate deforestation in the Amazon do not stand up to scrutiny. The Mercosur agreement obliges South Americans to comply with the Paris Agreements – even Argentina President Javier Milei understands that an agreement with the Europeans means sticking to it.

A mechanism for dialogue and exchange on labour and environmental sustainability issues is planned with South Americans as part of this agreement. Contrary to the current situation, once the agreement is in place, civil society groups will be able to alert the authorities and force them to address the problems of implementing national laws on deforestation and take action on any non-compliance with the agreement with the European Union.

We must not forget that the European Union has postponed the implementation of the regulation on deforestation affecting its imports of tropical products, and that this regulation could be watered down.

France, despite being a champion of the concept of strategic autonomy for the continent, voted against signing the agreement in the Council on 9 January 2026, alongside Poland, Ireland, Austria and Hungary.

The agreement, which was officially signed on 17 January in Paraguay, on the same day as Trump issued his Greenland-related tariff threats, must now be ratified. This process will not be smooth. But the time that remains must be used to restore a certain balance in the public debate on the merits of this agreement, which clearly serves European interests.

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