# EU and US Publish Joint Statement on Framework for Trade Negotiations

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## Introduction

On 21 August 2025, the EU and the US published a Joint Statement (available here) clarifying the political agreement reached by European Commission President Ursula von der Leyen and US President Donald Trump on 27 July.

The Joint Statement details the upcoming US-EU Framework Agreement on Reciprocal, Fair, and Balanced Trade (the Framework Agreement). The Framework Agreement includes tariff-related commitments by both the EU and the US, as well as non-tariff commitments. Additionally, it provides for future negotiations and cooperation.

## Tariffs Commitments

The US commits to:

- Applying the higher of either the US Most-Favoured-Nation (MFN) rate or a 15% rate to EU-originating goods. Effectively, from 1 September 2025, the US will apply the MFN rate only to all aircraft and parts thereof, generic pharmaceuticals and their ingredients and chemical precursors, as well as unavailable natural resources (such as cork). The precise definition of such goods is important, as it could set precedent for the treatment of these products under other framework agreements.
- Capping forthcoming duties under Section 232 of the Trade Expansion Act of 1962 (Section 232) on pharmaceuticals, semiconductors and lumber at 15%.
- For autos and auto parts, reducing the current Section 232 duty to 15%, effective on the first day of the month the EU introduces legislation to reduce tariffs under the Framework Agreement (as the EU introduced legislation to reduce tariffs in August 2025 – see below –, it is now expected that duties on autos and auto parts will be reduced effective 1 August 2025).

On its side, the EU commits to:

- Eliminating tariffs on "all US industrial goods".
- Providing preferential market access to a range of US agricultural and seafood products, including tree nuts, dairy products, fresh and processed fruits and vegetables, processed foods, planting seeds, soybean oil, pork and bison meat. Previous preferential conditions for US lobster are being extended and expanded to include processed lobster as well.
- Increased procurement of military and defence equipment from the US.

The EU and the US jointly commit not to impose customs duties on electronic transmissions (while continuing to support the World Trade Organization (WTO) multilateral moratorium on customs duties on electronic transmissions).

## EU Legislative Proposal

On 28 August 2025, the European Commission (EC) published legislative proposals for regulations adjusting customs duties on the import of listed goods from the US (available for download here, with the annexes listing the concerned goods available here) and reestablishing tariff-free access for US lobster to the EU.

The EC's proposal brings the duties applicable to imports of US-originating industrial and agricultural goods classified under the EU Combined Nomenclature (CN) codes listed in Annex I to the proposed regulation adjusting customs duties to 0%. It also provides that the ad valorem component of the EU Common Customs Tariff will not be applied on imports of US-originating goods listed in Annex II to the proposed regulation. Additionally, the proposed regulation will open tariff quotas for import of US-originating goods classified under the CN codes listed in Annex III thereto.

In addition to the above, a separate legislative proposal is expected prolonging the tariff-free treatment of US-originating lobster, now including processed lobster.

As part of the EU's ordinary legislative procedure, the proposed regulations will now be debated, likely amended and voted upon at both the Council of the EU (i.e. among the EU's Member States) and the European Parliament. Both institutions will have to agree on the final version of the regulations. The process may take a few months (or more), and could technically result in the proposed regulations not being adopted (though this is unlikely). Only on the day after the definitive regulations will have been published in the EU's Official Journal will the changes to EU duties on US goods come into effect.

## Non-tariffs Commitments

The EU commits to purchasing:

- An estimated US$750 billion of US liquified natural gas (LNG), oil, and nuclear energy, through 2028.
- US$40 billion in US AI chips.

Furthermore, EU companies are "expected to invest" an additional US$600 billion in US strategic sectors through 2028. The EU also indicates its places to "substantially increase" US military and defence equipment purchases.

Simultaneously, the EU and the US jointly commit to:

- Accepting and providing mutual recognition to each other's automobile standards.
- Addressing "unjustified" digital trade barriers.
- Facilitating conformity assessment to cover additional industrial sectors.

Additionally, the EU commits to working to address US concerns regarding the EU Deforestation Regulation (EUDR) and Carbon Boder Adjustment Mechanism (CBAM), as well as reducing the administrative burden under the Corporate Sustainability Due Diligence Directive (CS3D). Concerning digital trade barriers, the EU will not adopt network usage fees. Furthermore, the EU commits to consulting with the US on the digitalisation of trade procedures and the implementation of EU customs reform.

## Future Negotiations and Cooperation

The Joint Statement provides for further negotiations and cooperation between the EU and the US, with the parties jointly committing to:

- Negotiating rules of origin.
- Working to reduce or eliminate non-tariff barriers.
- Working to address trade and agricultural non-tariff barriers, including regarding sanitary certificates for pork and dairy products.
- Considering further sectors and products for inclusion in the list of products that only the US MFN tariff would apply.
- Considering the possibility to cooperate on ring-fencing their respective domestic steek and aluminium markets from overcapacity, while ensuring mutual supply chains, including through tariff-rate quotas.
- Planning to work for the EU to adopt and maintain technology security requirement aligned with the US', avoiding technology leakage.
- Negotiating a mutual recognition agreement on cybersecurity.
- Working to ensure strong protection of internationally recognised labour rights, including with regard to the elimination of forced labour in supply chains.
- Taking complementary actions to address non-market policies of third parties as well as cooperating on inbound and outbound investment reviews and export controls, as well as duty evasion.

## Ratification, Nature of commitments and WTO Implications

The Framework Agreement must now be ratified by the EU and the US. The Joint Statement specifically provides that the parties "will promptly document the Agreement" in accordance with "their relevant internal procedures".

A major question as the EU and the US ratify the Framework Agreement will be the form of the commitments set out in the Joint Statement. The terminology included in the Joint Statement is vague and unlike the usual language in international agreements intended to be binding (e.g. there is no use of the verb "shall", but rather of expressions such as "commit to", "intends", "plans" or "agree to consider").

As such, the exact nature of actions executing the Framework Agreement domestically and bilaterally may determine the executability of its dispositions.

As a landmark and novel agreement between two of the world's foremost traders, the Framework Agreement also has implications for the WTO and the multilateral system of rules that underpin it. On the one hand, the Framework Agreement shows a degree of commitment to the WTO system, through continued support for the multilateral moratorium on customs duties on electronic transmissions. On the other, other WTO Members may raise questions concerning the consistency of the Framework Agreement with WTO fundamental principles, such as the obligation to grant all members the same treatment as the Most Favoured Nation (the MFN treatment principle).

## Implications

The Joint Statement clarifies several commitments under the EU-US Framework Agreement, but still leaves questions open on a number of areas.

It establishes caps for tariffs to be imposed on EU products, potentially providing EU exporters a competitive advantage vis-à-vis other exporters. At a minimum, it provides EU exporters with a greater level of certainty than others.

Some of the key trade issues that were omitted from the Framework Agreement are as striking as those that were included. For example, it does not specifically address US demands that the EU dilute its digital regulations. Nor does it mention demands by the EU for European wines and spirits to be exempted from the 15 percent US baseline tariff that recently took effect.

The US and EU appear to have reached some accommodation or compromise regarding the various EU sustainability initiatives (i.e., the CS3D, Corporate Sustainability Reporting Directive and EUDR). For example, the EU promises to ensure that the Deforestation Regulation (EUDR) does not cause "undue impact on U.S.-EU trade." The willingness of the parties to make at least vague commitments on EU sustainability initiatives is in stark contrast to the outright US rejection of the International Maritime Organization's (IMO) Net Zero Framework.

The precise implications of the Framework Agreement for EU-US relations, and for their relationship with the rest of the world remain uncertain as implementation remains to be seen. The Framework Agreement is significant both for what it achieves but also the road map that it leaves open for continued negotiations – including discussions on additional products that would face only MFN tariffs in the US and on rules of origin. While the Joint Statement highlights "key terms" accepted by both parties, it acknowledges that the US and EU intend this Agreement "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." As EU Trade Commissioner Maroš Šefcovič said: "[t]his is not the end; it's the beginning. This framework is a first step".

Businesses must now adjust to the immediate economic implications of the Framework Agreement for their operations. Beyond this, they must also adapt and plan for the much wider strategic implications of the Framework Agreement in the medium- to long-term. Far from marking the conclusion of negotiations, the Framework Agreement provides a clear roadmap to businesses to seek further benefits on both sides of the Atlantic.

Squire Patton Boggs' International Trade and Public Policy teams in both the EU and the US stand ready to assist clients with understanding and leveraging the EU-US framework Agreement.

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