EU–US: a trade compromise to avert escalation, but under close scrutiny

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The compromise reached on 20 May between the Council of the European Union and the European Parliament on the texts ratifying the Turnberry Agreement marks a new stage in trade relations between Brussels and Washington. But behind the appearance of a transatlantic thaw, the agreement primarily reflects a risk management approach: the aim is to avoid a new surge in US protectionism whilst retaining the means to retaliate should the United States renege on its commitments.

Key figures

- **15% vs. 0%**: the two tariff ceilings at the heart of the transatlantic compromise.
- **31 December 2026**: the deadline set for full US compliance.
- **31 December 2029**: the scheduled expiry date of the agreement unless extended.

Avoiding a return to trade war

Concluded in the summer of 2025 as **Donald Trump threatened to impose tariffs of up to 30% on European goods**, the Turnberry Agreement capped this level at **15%**. In return, the European Union committed to removing its tariffs on US industrial imports and improving market access for certain agricultural and agri-food products.

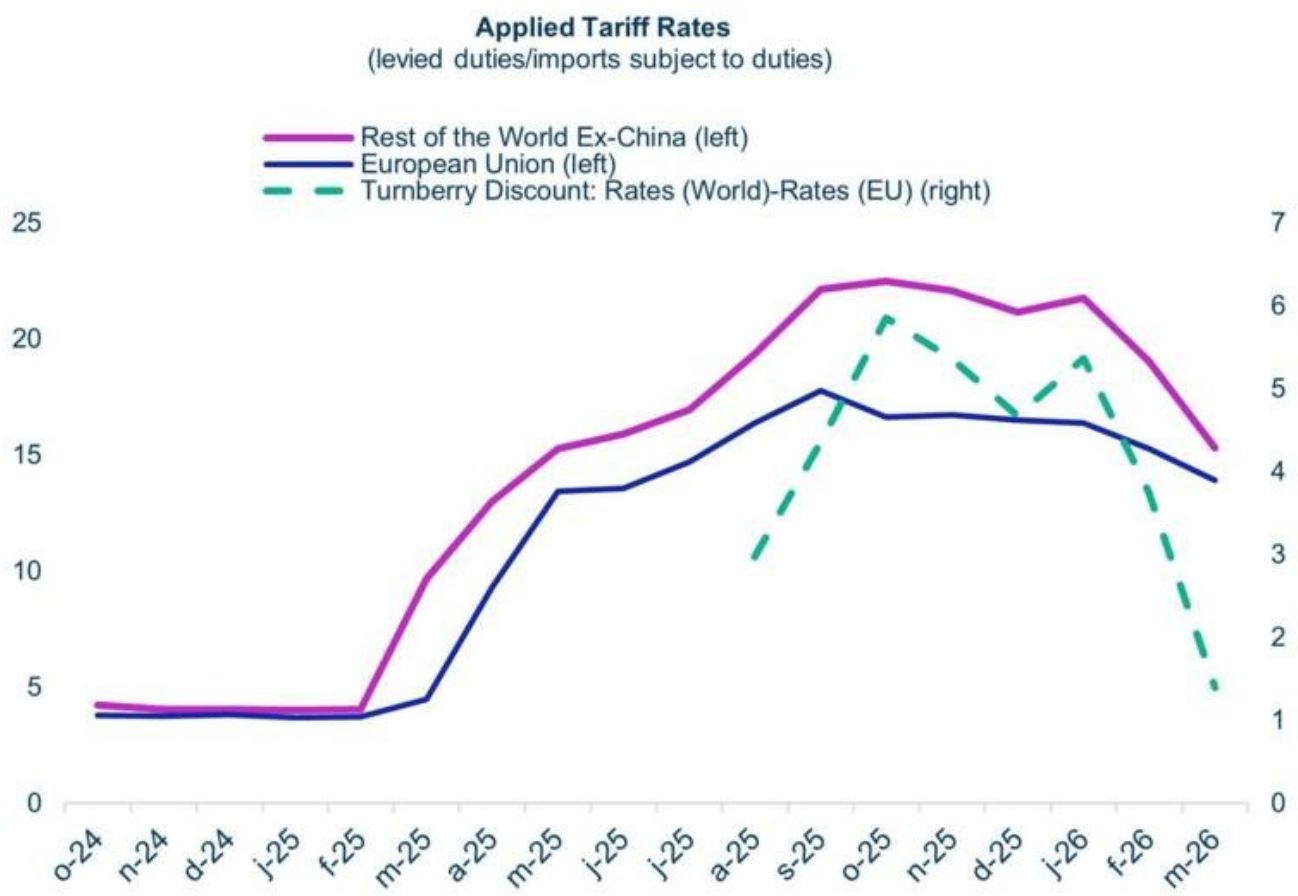
Although the agreement has been heavily criticized in Europe for being unbalanced, it follows a clear logic: to secure the trade framework and avoid a scenario deemed even more costly for European exporters.

Safeguards against Washington

The distinctive feature of the European compromise lies in the safety nets built into the implementing texts. Three mechanisms underpin this approach:

- a **suspension clause** should the United States fail to comply with the 15% cap, whether due to the introduction of new tariffs or an insufficient reduction in those already in force (particularly for steel and aluminum derivative products, for which tariffs can still reach up to 50%). The deadline set by the EU for compliance with the 15% cap is 31 December 2026.
- a **safeguard mechanism** that can be activated in the event of a rise in imports causing serious harm to European industry.
- a **sunset clause** stipulating that the concessions will expire on **31 December 2029** in the absence of a legislative extension.

The EU is thus ratifying a conditional and reversible agreement.



Data for graph in .xlsx format

A European calculation that has become more fragile

Since its signing in the summer of 2025, the context has changed. The US Supreme Court's ruling on the use of the IEEPA[1] has reduced the Trump administration's ability to instantly impose massive tariff hikes.

As a result, the relative value of the agreement for Europe has become less clear than it was in the summer of 2025. The 'Turnberry discount' – **the favorable tariff differential enjoyed by the EU compared to the rest of the world excluding China – thus fell from 4.4 points to 1.4 points** between September 2025 and March 2026.

Nevertheless, the threat has not disappeared. Recent US pressure on the automotive sector, as well as the possibility of new trade measures via other legal bases in the second half of the year, have convinced Europeans that the risk of escalation remains very real.

Mixed effects across sectors

For the European manufacturing industry, the picture is mixed. The automotive sector illustrates this ambiguity: European exporters will face a 15% tariff rather than 25% in the US, but at the cost of increased competition on the European market. For agriculture, European concessions remain more targeted, with significant reductions on certain processed products and tariff quotas on sensitive segments such as milk.

> This agreement does not mark a return to normal in transatlantic trade relations. Above all, it reflects Europe's desire to contain the risk of a further tariff escalation, whilst explicitly reserving the right to reverse course if the United States fails to honor its commitments.

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1 International Emergency Economic Powers Act