



Not a summit of ambition

by Aslak Berg, Ian Bond and Charles Grant, 12 May 2025

The EU-UK summit should enable leaders to respond to the threatening global situation by putting past differences behind them. However, backward-looking dogma and unnecessary red lines may result in the summit under-achieving.

EU and UK leaders will meet in London on May 19th for their first formal summit since Brexit. The atmosphere has certainly improved since the acrimonious period around Brexit. Britain's Labour government came to power promising a reset in EU-UK relations. British ministers and senior officials meet their EU counterparts frequently, and find common ground on issues such as support for Ukraine. But instead of marking a decisive step forward, this could be a summit of modest outcomes and missed opportunities. The EU's efforts to increase its defence capabilities and rebuild its defence industrial capacity will be hampered if the UK is excluded from them, while the UK risks painfully slow economic growth, at a time of trade war, if it fails to lower the barriers to trade with the EU.

The global backdrop to the summit is grim, which should give London and Brussels plenty of incentives to work together. President Donald Trump has not completely cut off support to Ukraine, as seemed likely after his disastrous Oval Office meeting with Ukraine's President Volodymyr Zelenskyy at the end of February. But even after the signature of a deal giving the US preferential access to Ukraine's mineral wealth and energy infrastructure, the Trump administration [seems disinclined](#) to step up US help for Ukraine or increase the pressure on Russia. Trump's tariffs are already damaging the global economy, with the UK and EU both suffering. Though the British government is celebrating its success in getting a trade deal with the US on May 8th, that still leaves most UK exports to the US subject to higher tariffs than before Trump's April 2nd announcements. Furthermore, the situation in the Middle East remains volatile, and renewed conflict there would almost certainly lead to more refugees trying to enter Europe, and more violent extremism directed at Western targets.

The UK and EU share common interests in supporting Ukraine and ensuring Russian failure; continuing ambitious action to tackle climate change, and simplifying energy trading between them; reducing trade barriers and increasing trade between them and with other countries committed to free trade; and resolving conflicts and tackling irregular migration from the Middle East and North Africa. Yet it seems as though both sides are struggling to respond appropriately to the challenges they face. Five years after Brexit, the EU is still keen to ensure that the UK does not benefit from selective engagement with parts of the *acquis communautaire*, even when co-operation would also be to the EU's advantage.

Meanwhile the triumph of Reform UK – the reincarnated Brexit Party – in UK local elections on May 1st is likely to increase the Labour government's extreme caution about taking any steps that could be seen as too pro-European. Reform UK's rise is also having an impact on how the EU views the UK: some European leaders are reluctant to go for an extensive rapprochement with London, when in four years' time a strongly eurosceptic government could be sitting in Westminster.

Many people in the UK hope that, given the increasingly close co-operation on security and Ukraine, and given the geopolitical context, the EU will become more open to the idea of revisiting the Trade and Co-operation Agreement (TCA), which governs the trading relationship. But if one puts this to senior officials in the Commission, or the French or German governments, their answer is a clear "No". They are happy to work with the British on security but don't see any pressing need to make big changes to the TCA. And, to be fair to them, Keir Starmer's government has not asked for big changes.

There will [reportedly](#) be three 'deliverables' for the summit: a 'geopolitical preamble', setting out international issues on which the EU and UK agree, proposed by the UK; a security and defence partnership, clearing the way for the UK to be involved in some EU defence projects; and a 'common understanding', a road map that will set out areas for future work. The UK's draft geopolitical preamble, [seen](#) by Reuters, is interesting not so much for the areas of common ground it identifies, such as support for Ukraine's sovereignty and territorial integrity within its internationally recognised boundaries, and adherence to the Paris Agreement on climate change, as for the fact that these are topics on which the EU and UK are at odds with the US.

The common understanding should cover some of the most important and contentious issues in the EU-UK relationship. One key British ask is a deal on 'SPS' – sanitary and phytosanitary standards, that is to say plant and animal health. A deal would benefit both sides by obviating the need for bureaucracy when food, animals or plants cross the border. The British will have to accept 'dynamic alignment' – changing their rules when the EU changes its rules. The UK may well, like Norway in the European Economic Area (EEA), be given privileged access to comment on new rules at an early stage of their drafting: so-called decision-shaping, giving the UK a voice in the room, but not a vote.

Though not of great macroeconomic significance, a deal on SPS matters politically and symbolically. British eurosceptics will wail that dynamic alignment means subservience to Brussels bureaucrats. Those eurosceptics would argue that a clear precedent had been established for alignment in other areas.

Furthermore, aligning with the EU on SPS means that the UK will continue to demand that US farm exports follow European standards. The UK may not want to choose between the US and the EU, but when push comes to shove, the economic relationship with the EU will always be more significant. And that in turn means there will never be a full-blown Free Trade Agreement between the US and the UK,

since the Americans' number one demand for such a deal is that the British should remove the regulatory barriers that keep out US farm goods. However, one major beneficiary of an SPS deal would be Northern Ireland: the closer UK regulations come to those of the EU, the less is the need for border controls on goods crossing the Irish Sea from Great Britain to Northern Ireland.

Britain has other asks, such as a deal that would merge the two sides' Emissions Trading Systems; otherwise some British exporters will be penalised by the form-filling and fees of the EU's carbon border adjustment mechanism. It also wants the mutual recognition of professional qualifications and of certification bodies (the entities that ensure a product complies with the necessary standards) – a privilege the EU has granted to other third countries. And it wants co-operation on tackling illegal migration.

The EU has its own requests. It is particularly keen on a youth mobility agreement, which the UK already has with countries like Australia, Canada, Japan, New Zealand and South Korea. EU demands have been ambitious, wanting young people to be able to work, study or travel in the UK for as long as they can fund themselves, and it wants EU students to be charged the same tuition fees as British students pay at British universities. This is politically difficult for the UK and in particular for the Home Office; youngsters entering the UK would push up the net immigration figures, which are politically toxic. So the British have made a much more limited counter-offer, with time limits and caps on numbers. Negotiators will have to pare back their demands to bridge what remains a considerable gap. The UK has not demanded numerical quotas of its other partners in youth mobility agreements, whilst the EU's demand that its students should pay no more than British students is unrealistic.

Another EU priority, which is hugely important for France – in political though not economic terms – is fish. Half a dozen other member-states have supported the French on this issue. Every year since the TCA went into effect, EU boats have been able to take a shrinking quota of fish from UK waters. But the fishing provisions expire in June 2026, after which, absent a new long-term deal, there would have to be an annual haggle over fish. The French want a long-term deal that gives the EU as many fish as they currently receive. Otherwise, they have made clear, there will be no deal on defence and security. It seems likely the French will eventually get what they want.

All in all, the likely landing zone for the future trading relationship is not so different from [what the CER predicted](#) a year ago. Nor could it be, because it is the inevitable outcome of Labour's red lines – no single market, customs union or freedom of movement – and the desiderata of the EU and the UK. The UK wants a closer relationship that respects its red lines. The EU wants to safeguard its level playing field and a coherent equilibrium between rights and responsibilities, across its relationships with third countries such as the UK, Switzerland and Norway. The EU likes the TCA and would be happy if the reset led to it being improved in minor ways.

Co-operation on security

The security and defence partnership (SDP), if it can be agreed in time, should be the central element of the summit. It is likely to be modelled in part on the [SDP](#) that the EU signed with Norway in May 2024. The British prime minister, foreign secretary and senior officials would be invited regularly to meetings of the appropriate EU body. There would be an annual security and defence dialogue at the level of the European External Action Service's deputy secretary-general, underpinned by working-level meetings, to monitor the SDP's implementation and provide guidance. The partnership with Norway identifies a long list of specific areas for co-operation, including support for Ukraine; maritime security; space security and

defence; and the resilience of critical infrastructure. Presumably there will be something similar or even more extensive for the UK.

In addition to Norway, the EU already has SDPs with five states: Albania, Japan, Moldova, North Macedonia and South Korea. None has been signed, however, since the Commission published its defence [White Paper](#) in March 2025, setting out ambitious plans to increase EU defence capability and to support European defence industry. A key element of the Commission's plans is the €150 billion SAFE (Security Action for Europe) loan facility, intended to fund joint procurement by two or more member-states, or a member-state plus a qualifying third country. Qualifying countries currently are those in the EEA, Switzerland and Ukraine, as well as any acceding countries, candidate and potential candidate countries or other third countries that have signed an SDP with the EU. SDPs were not originally designed as a prerequisite for third countries to participate in common procurement, but the Commission had to find some 'entry standard' to determine which countries would be allowed to take part and which would not.

Even if the UK signs an SDP with the EU on May 19th, however, it will not guarantee that British firms will be able to take part in the production of weapons or munitions as part of SAFE-funded common procurement projects; and it will not give them access to EU loans. The Commission's [guidance](#), published with its White Paper, is quite clear that third countries cannot receive the loans. The SDP would merely allow the UK to negotiate case-by-case on financial conditions (in other words, how much the UK would pay in) and on guarantees of security of supply, thus opening the door to UK firms to take part in specific projects.

Though the exact terms of the SAFE regulation are still being negotiated by the member-states and the European Parliament, the Commission's proposal is also that for all commonly procured items, 65 per cent of the cost of the end product must consist of components from EU member-states, EEA states, Switzerland or Ukraine. Additionally, for any 'complex systems' – the definition of which is not yet agreed – the 'design authority', or the ability to make changes to the system, must be under the control of EU-based firms.

The UK government seems to have been ignoring these limitations, and overselling the benefits of an SDP in media briefings. The Commission, with support from France and some other member-states, wants to ensure that the EU does not find itself dependent on third countries for permission to use, export or modify weapons or munitions, as is the case with equipment supplied by the US. The UK may be caught out by the EU's effort to 'de-risk' its defence procurement.

Without question, signature of the SDP at the summit is desirable, but in the near future it will not create the single European defence market, including the UK, that some member-states would like to see. In the longer term, however, we can hope for closer defence industry ties. In the EU's own internal discussions on the defence industrial base, the French are gradually losing the argument. An increasing number of countries, including, crucially, Germany, now favour rules that would be more open to the participation of countries such as Britain.

It is possible that the UK and like-minded European partners will end up circumventing the Commission and governments that want to limit Britain's role in Europe's rearmament, by setting up a '[European Defence Bank](#)' that would not be part of the EU. Several such schemes are under discussion. They would involve interested governments subscribing capital that could be used to produce weapons and

munitions, which they would only pay for when they ‘withdrew’ them from the bank. The advantage of such a bank is that it could exclude awkward customers such as Hungary but include militarily serious countries such as Britain. But such a bank would lack the resources available to the EU. The bank is most likely to take off if the UK is excluded from EU defence industry initiatives – which would then be unsatisfactory to many member-states.

EU attempts to establish joint procurement that excluded the UK, ignoring its existing role in European defence supply chains in a number of countries, would limit Europe’s ability to increase its defence capability. Rather than adopting a doctrinaire attitude, both sides need to show some flexibility in the interests of their common security objectives. The UK has to rebuild the trust that its partners lost during the Brexit process; other European countries need to be sure, for example, that the UK would not deny them supplies in a crisis (as the US did to Ukraine in early March). The Commission needs to treat the UK – for defence industrial purposes at least – as more like Norway and Ukraine and less like the US.

Why the lack of ambition?

British officials complain about a lack of ambition on the EU side. One mentioned the barriers to improving the economic relationship: the EU is resisting a British request for the mutual recognition of certification bodies because it does not want the UK to build up a strong certification industry. Then there is the issue of electricity trading. When Britain left the single market, it had to give up an electricity trading regime that kept prices down for power going across the Channel in both directions. Power companies in the UK and the EU would like to reinstate something close to the old regime, arguing that it would lead to lower prices, more security of supply and more investment in infrastructure on both sides of the Channel. EU governments seem divided on this issue, but one Commission official told the CER that they were opposed to the British request, since allowing the UK to ‘pick a cherry’ – be in one part of the single market but not the whole thing – would be awful.

British officials also mention justice and home affairs. The UK would like to have closer links to EU databases that would facilitate the catching of crooks and terrorists, and the nabbing of illegal migrants. But the EU says no, because of the precedent that would be established: it does not want to give the British better access to databases than that enjoyed by some other EU partners, lest they ask for the same.

The British are right that the EU could be more flexible. But they themselves are far from blameless. Having won a massive election victory in July, the Labour government [took a long time to work out what it wanted from the reset](#). By spring this year it had more or less decided what to ask for – but its ambitions are limited, which gave the EU an excuse to lower its own ambitions. Domestic politics explains much of the modesty of the UK’s proposals: the government worries that if it talks too much about Europe, or too positively, more voters will switch to Reform UK. It seems largely oblivious to the risk that some Labour voters may shift to supporting the more pro-EU Liberal Democrat or Green parties.

The Labour government shows no signs of abandoning its red lines. As one Commission official put it recently: “Keir Starmer’s government has spent the last nine months learning that if it keeps its red lines, it cannot get a deal that differs much from Boris Johnson’s Brexit settlement.” But that is not quite right. Johnson wanted a particularly hard Brexit. Labour’s red lines do not extend to ruling out dynamic alignment or a role for the ECJ in dispute settlement. While domestic politics is constraining Labour’s ambition, economic necessity pushes in the opposite direction: the UK needs more economic growth, to which the current TCA is an impediment.

Labour could seek to get much closer to the EU, sector by sector. It is already starting with SPS, and then it may focus on energy – both areas where there would be a strong mutual benefit to the UK being de facto in the single market. In the longer term the UK might seek to integrate in say chemicals or pharmaceuticals. In each area it would accept dynamic alignment and, if required, a role for the ECJ. At a certain point the EU would cry “halt” amid talk of cherry-picking and the indivisibility of the single market.

But where and when that point is reached will depend on how much goodwill and trust the UK manages to generate, how constructively it behaves with regard to European security and the EU more generally, and the geopolitical context. It may well be that future UK-EU summits will achieve more than that on May 19th. The EU will need to be more forward-looking and flexible; the UK will have to be more ambitious and prove itself trustworthy.

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