

The steps forward

Daniela Schwarzer on the practical agenda that could make the UK and the EU stronger together.

A decade after the Brexit referendum, the central question in EU-UK relations is no longer how to manage separation. It is whether Europe can afford fragmentation in a world of geoeconomic competition, technological rivalry and growing security threats. The UK and the EU are two of Europe's most important economic and strategic actors. If they remain divided in areas where their interests overlap, Europe will be collectively weaker.

The UK remains one of Europe's leading diplomatic, military and intelligence powers. The EU, meanwhile, continues to develop its foreign policy tools and economic statecraft. Co-ordination on sanctions, intelligence and diplomatic issues has been effective in recent years, with Russia's full-scale invasion of Ukraine giving it fresh impetus. Today, member-states and the UK co-operate in bilateral formats, through NATO, and in minilateral groupings, which are becoming more prominent as US support for Ukraine has become less certain under Donald Trump's second presidency.

Leaders on both sides increasingly recognise that Europe's challenges – above all the need to rebuild a European security order – cannot be met through fragmented national responses alone. The Security and Defence Partnership, agreed between the two sides in May 2025, created a framework for stepping up co-operation on foreign policy and security issues. But the partnership between the EU and the UK needs to go further. The next phase of the 'reset' should focus on the broader agenda of shared resilience, economic security and competitiveness.

Economic security is where today's pressures come together most clearly. The EU and the UK both depend on China and other external suppliers for critical inputs, from semiconductors and telecoms equipment

to pharmaceuticals and rare-earth minerals. Emerging technologies – such as AI – and access to digital infrastructure are becoming key sources of economic and geopolitical power. And recent crises, from the pandemic to the energy shock, have exposed the fragility of supply chains and underlined why economic resilience is no longer a question of efficiency, but a matter of national security.

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How Europe ramps up its defence-industrial capacity is another test. Despite higher defence spending commitments, Europe's defence landscape remains fragmented, marked by duplication, inefficiency and inadequate scale. Brexit has added another layer of separation, making it harder for the UK to join emerging European defence-industrial initiatives.

Then there is the risk that Europe loses the ability to shape an international economic order, in which economic coercion, export controls, subsidies and strategic competition are becoming all too common. If the EU and the UK remain divided across technology, regulation and supply chains, both will have less bargaining power and Europe will have less say over the rules of the new global economy.

The EU and the UK can – and should – respond to these challenges with concrete steps. A dedicated EU-UK Economic Security and Resilience Dialogue would be the place to start. It could strengthen co-operation on supply chains, industrial policy and economic security, from co-ordination of policies on critical raw materials and export controls, to foreign investment screening and energy security. Managed well, such a forum would provide strategic direction to the EU-UK relationship while complementing engagement through the G7 and bilateral formats.

Technology co-operation should be the second pillar. A comprehensive Technology and Innovation Partnership could co-ordinate technology standards, support joint projects in areas such as AI and advanced computing, and deepen links between innovation ecosystems and venture-capital markets. It should also explore UK participation in European scale-up financing instruments, including the proposed Scaleup Europe Fund.

Both sides should also agree to treat regulatory co-operation as a source of geoeconomic power. One of the less visible consequences of Brexit has been ‘passive divergence’ in regulatory standards, as new EU legislation gradually creates barriers even when the UK has made no deliberate decisions to diverge from EU rules. Early-warning mechanisms, regular exchanges between regulators and more systematic scrutiny of future rules would help preserve compatibility in important areas such as climate policy, digital regulation, financial services and product standards.

Co-operation on energy security and resilience should be another pillar. Both sides have an interest in working together on electricity interconnectors, clean-technology supply chains, strategic infrastructure and co-ordination with partners such as Norway.

Finally, defence-industrial co-operation needs more flexible arrangements. The UK should be able to participate in selected European defence-financing initiatives, procurement programmes and capability-development projects where shared interests are clear. Closer engagement with the European Defence Agency and greater co-ordination on defence supply chains would reduce duplication, improve interoperability and strengthen Europe’s deterrence capacity.

The lesson of recent years is that the existing machinery in post-Brexit relations is too often ill-suited to issues that are strategically important but politically sensitive. The two sides should prioritise finding practical ways to work together in areas where shared interests are clear, even when the politics are difficult. The next phase of the EU-UK relationship will be judged not by how far it resolves old disputes, but by whether it helps Europe as a whole to become more resilient, more competitive and more capable of acting in a dangerous world.

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