



### EU-US trade deal explained

Brussels, 29 July 2025

On 27 July 2025, **European Commission President Ursula von der Leyen** and **US President Donald J. Trump** agreed a **deal on tariffs and trade**.

The **transatlantic partnership** is a key artery of global trade and is the most significant bilateral trade and investment relationship in the world. EU-US trade in goods and services has doubled over the last decade, surpassing **€1.6 trillion** in 2024, with €867 billion of trade in goods and €817 billion of trade in services. That is over **€4.2 billion** of goods and services crossing the Atlantic every day. This deep and comprehensive partnership is underpinned by mutual investment. In 2022, EU and US firms invested **€5.3 trillion** worth in each other's markets.

This political agreement restores **stability and predictability** for citizens and businesses on both sides of the Atlantic. The deal **secures continued access for EU exports to the US market** preserving deeply integrated value chains – many of which rely on SMEs – and effectively safeguarding jobs. It also provides the basis for **continued collaboration** between the EU and US.

In the political agreement of 27 July 2025, Presidents **von der Leyen** and Trump agreed on the **key parameters** of the EU-US trade relationship. It is the **first step in a process** that will be further expanded over time to cover additional areas and **continue to improve market access**.

The **key commitments** of both sides include:

- **Establishing a single, all-inclusive US tariff ceiling of 15% for EU goods.** As of 1 August, the US will apply this maximum tariff on the vast majority of EU exports. It is an **all-inclusive tariff rate and represents a ceiling**, including the US most favoured nation (MFN) tariff that was previously stacked on top of additional tariffs the US introduced.
  - The 15% ceiling applies to nearly **all EU exports currently subject to reciprocal tariffs** (except where the US MFN tariff exceeds 15%, in which case only the MFN tariff applies with no additional tariffs on top).
  - The 15% ceiling applies also to **cars and car parts**, currently subject to a tariff rate of up to 25% tariff with an additional MFN tariff of 2.5%, providing immediate tariff relief.
  - The 15% ceiling will also apply to any potential future tariffs on **pharmaceuticals** and **semiconductors**, including those based on Section 232. Until the US decides on whether to impose additional tariffs on these products pursuant to Section 232, they will remain subject only to US MFN tariffs.
- **Providing special treatment for strategic products.** As of 1 August 2025, US tariffs on EU **aircraft and aircraft parts, certain chemicals, certain drug generics or natural resources** will go back to pre-January levels. This will provide immediate tariff relief for key EU industries, while the EU and US agreed to **keep working to add more products** to this list.
- **Joining forces to protect the steel, aluminium and copper sectors from unfair and distortive competition.** Global overcapacity threatens EU and US industry alike. Together, the EU and the US will establish **tariff rate quotas for EU exports at historic levels**, cutting the current 50% tariffs, while jointly ensuring fair global competition.
- **Liberalising certain trade that is of mutual interest from the US into the EU.** EU importers and consumers will save around €5 billion in duties each year, while core EU industrial and agricultural sensitivities remain protected.
  - **Elimination of already low duties on industrial goods.** EU MFN tariffs on industrial goods are generally low; the EU will now eliminate these remaining low-level duties on industrial goods from the US.

- **Better access to the EU market for limited quantities of US fishery products.** This additional market opening on US products including Alaska pollock, Pacific salmon, and shrimp – all subject to tariff rate quotas (TRQs) - benefits the EU processing industry.
- **Better market access for certain non-sensitive US agriculture exports worth €7.5 billion.** Products such as soya bean oil, planting seeds, grains or nuts, as well as processed food stuff such as tomato ketchup, cocoa and biscuits, will have improved access to the EU market - all subject to TRQs -, reducing costs on certain inputs for our farmers and processors while protecting the EU's agricultural sensitivities.
- **Reducing non-tariff barriers,** including via cooperation on car/automotive standards and SPS (sanitary and phytosanitary) measures, and by facilitating mutual recognition of conformity assessments in additional industrial sectors.
- **Strengthening cooperation on economic security.** The EU and US will enhance supply chain resilience and address non-market policies and practices. They will also continue to cooperate on investment screening and export controls.
- **Ensuring reliable access to critical energy and future-oriented supplies.** The EU intends to procure US liquified natural gas, oil, and nuclear energy products with an expected offtake valued at \$750 billion (ca. €700 billion) over the next three years. This will contribute to **replacing Russian gas and oil** on the EU market. The EU also intends to purchase €40 billion worth of AI chips essential to maintaining the EU's technological edge.
- **Promoting and facilitating mutual investments on both sides of the Atlantic.** EU companies have expressed interest in investing at least \$600 billion (ca. €550 billion) in various sectors in the US by 2029, further boosting the already significant €2.4 trillion in existing investment.

The political agreement reached between President **von der Leyen** and President Trump serves the EU's core economic interests in stable and predictable trade and investment relations between the EU and the US. At the same time, it fully **respects the EU's regulatory sovereignty** and **protects sensitive areas of EU agriculture**, such as beef or poultry.

The political agreement of 27 July 2025 is **not legally binding**. Beyond taking the immediate actions committed, the EU and the US will **further negotiate**, in line with their relevant internal procedures, to fully implement the political agreement.

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