

# United Kingdom/ European Union, the beginnings of a rapprochement

*Keir Starmer's 'Reset', which had remained cautiously blur until the first UK-EU summit on 19 May, aims first and foremost to improve the UK's economic position with the European Union after Brexit, without jeopardising its relationship with Washington. Starting with defence, energy and other specific areas, the rapprochement avoids any radical shift but is clearly underway.*

Until the first summit with the European Union since the UK's exit in 2020, which occurred in London on 19 May, the definition of 'Reset' remained unclear. Coined during the general elections campaign and launched by Labour Prime Minister Keir Starmer as soon as he came to power in July 2024, this policy of repositioning the country in relation to Brussels had left European partners uncertain of its scope. The hardening of the global geopolitical context since, not least with the return of Donald Trump as US President, has made this European rapprochement more compelling but also more strained. The runup to the UK-EU summit saw an acceleration in nego-

tiations between Whitehall and the European Commission, acting on behalf of the EU-27.

## I • A far-reaching slogan with a limited content at first

In nearly a year of Labour government in the UK, the 'Reset' had so far achieved little. Between the ambitious change of tone set by the Starmer Cabinet and the concrete results achieved, the United Kingdom's European partners witnessed a lingering discrepancy. The government's unwillingness to define a meaningful cooperation project with the EU left the bloc in dismay, if not indifference.

It has long been easier to define the Reset policy by what it was not. It remains strictly limited by three explicit **red lines** : no customs union, no single market and no free movement of people. The Labour government has constantly hammered domestically these red lines in order not to be accused by the Conservative and Reform opposi-



ENLARGEMENT &  
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tions of betraying Brexit. It has kept a mild approach to Brexit nonetheless. **The UK's withdrawal has not led to any major divergence with the EU** in terms of regulation in the industrial, financial and technological sectors, with a few rare exceptions<sup>1</sup>, as Europeans initially feared – and hard Brexiters had promised. In five years, the UK's exit of the European market has not attracted any significant foreign direct investments, nor led to any social or environmental deregulation or increase in State aids that would have disrupted the conditions of competition with the EU.

Claims for a so-called “Global Britain” have also vanished. Until recently, London had only concluded free trade agreements with Australia, New Zealand and the members of the CPTPP<sup>2</sup>. The free trade agreement signed with India on 6 May is considered to be the first major deal since Brexit, but it provides for tariff cuts in gradual steps (lasting for up to 10 years) with a partner that accounts for less than 2% of the UK's trade in goods. The Reset has therefore been all the more unspectacular given that **the divorce with Europe has not been inherently implemented**.

This risk-averse handling goes along with Keir Starmer's cautious approach to politics. Although himself a *Remainer*, enjoying an overwhelming majority in the House of Commons and electorally free of major deadlines (apart from the local elections on May 1<sup>st</sup>) in the coming years, he has been **careful not to relaunch any passionate debate on Europe over the scars left by Brexit in British politics and society**. Despite businesses, the Bank of England and even trade unions calling on the government to forge closer links with Europe, a move that public opinion has come to favour<sup>3</sup>, the unpopular PM has preferred not to take any bold step forward. Negotiations with the EU ahead of the summit have been kept under the radar, knowing the ever-vibrant anti-European virulence of Nigel Farage's fast-growing Reform UK party and of the tabloid press.

This **political prudence** had also prevailed for external reasons in the prospect of a Trump 2 Administration, whose intentions Downing Street has sought to gauge. While remaining fully aligned with the Europeans in defending Ukraine, co-leading with France a “coalition of the willing”, London also sought to emphasise its historic “special relationship” with the United States (Keir Starmer and several ministers travelled to DC, a State visit to the UK by President Trump is underway). The aim is both to keep Washington engaged in NATO and to water down the impact of the surge in US tariffs, which would hurt an already sluggish British growth. The US-UK agreement struck on 8 May is firstly meant to limit the damage caused by the US tariff hikes on cars and steel that the UK exports to the US. This unstable and unpredictable geopolitical and geo-economic context has pushed even more **the Starmer government to walk a tightrope between the US and the EU**, thus limiting the depth of any European rapprochement.

Since its beginning and more officially after the 19 May summit, the Reset has led for the least to a **resumption of dialogue** between the two parties. Members of government have increased their attendance of EU meetings. The Chancellor of the Exchequer, Rachel Reeves, was invited to an Ecofin Council. The Foreign Secretary, David Lammy, has attended the Foreign Affairs Council and most recently the opening of the Gymnich. Keir Starmer was able to take part in an extraordinary European Council and has met with President Von der Leyen on several occasions. This in turn reflects the EU's general positive attitude towards Reset. UK-EU summits should now take place annually amid new regular talks.

In addition to these **channels of communication** opened at EU level, there has been a remarkable resumption of bilateral ministerial visits, most recently from France. Brexit had considerably reduced dialogue with Paris, which has now been fully re-establi-

1 For example, in 2023, the end of the cap on bonuses for traders

2 Comprehensive and Progressive Agreement for Trans-Pacific Partnership, reached in 2024, covering the Asia-Pacific region

3 55% of Britons consider leaving the EU a mistake, according to Statista (21 January 2025)

shed (a State visit to England ending with a bilateral summit will take place from 8 to 10 July).

This far-reaching, high-level and regular dialogue is meant to rebuild a climate of trust and to put some flesh on a rapprochement that the 19 May summit has triggered.

## II • Take-aways from the first post-Brexit European summit

The first challenge of the EU-UK London Summit on 19 May was to demonstrate a **convergence of views, principles and values** with regard to the multipolarisation of the world and the brutalization of the international balance of power. A joint declaration stressed a shared commitment towards free trade, the rule of law, multilateralism, climate protection and the security of Ukraine.

In response to this new geopolitical era, the conclusion of a **security/defence agreement** was the most eagerly awaited breakthrough of the summit. It opens up a new area of cooperation with the Europeans. The UK can claim it is not contradicting the Trump Administration, which is in favour of Europe taking greater responsibility for its own defence. Above all, the conclusion of this agreement is the first step to make Britain's arms industry eligible for Safe (*Security Action for Europe*), a newly adopted European regulation that comes into effect and enables an EU Member State to borrow from the Commission at a favorable rate to acquire defence equipment with another State. Total European borrowings under this programme could reach up to 150 billion euros.

The **participation of British companies** in this new European programme would send a tangible signal of rapprochement. But any such cooperation remains closely conditioned. As the Regulation currently stands, for projects involving complex weapons systems, contractors must be able to substitute any component that is subject to an export restriction imposed by a third country. This could affect British companies that are eligible but whose use of components for

certain products is restricted by Washington. In addition, purchases from companies owned or controlled by entities from a third country - such as the US - could be subject to European filtering on foreign investment. British participation in the European defence effort is therefore likely to be possible, but under a stringent framework.

With a public debt representing more than 100% of its GDP, the United Kingdom is also looking for funding its own defence. The Starmer government is aiming to achieve a budget representing 2.5% of British GDP by 2027. In particular, it supports the ideas of pan-European **rearmament banks**, which would enable it to benefit from loans at subsidised rates without being a member of the EU, for which loans under the Safe regulation will be reserved.

Despite these hurdles, the FCDO hopes that this defence cooperation will help creating a new climate in European relations that could then **ease trade on the Single market, needed to boost UK economic growth**. While growth has just been revised downwards in the spring 2025 forecast, from 2% to 1%<sup>4</sup>, restoring growth has been Labour's number one priority since its return to office. The Reset is designed to reflect this priority, by aiming to reposition the British economy in the EU, which remains the UK's biggest trading partner, far ahead of the United States. The UK exports 48% of its goods to the European Union and only 16% to the United States. It exports 36% of its services to the European market, compared with 27% across the Atlantic. The gap is even more stretched for UK's imports of goods, 55% of which come from Europe and less than 10% from the US.<sup>5</sup>

From a domestic British perspective, Reset acts as a means of economic recovery. This requires to overcome post-Brexit legal hurdles. With the geopolitical context hardening, both sides have become more willing to seek compromise on a host of issues. The summit on 19 May was never meant to resolve all the irritants, at once, but to initiate negotiations to resolve.

<sup>4</sup> Independent economic forecast by the OBR (*Office for Budget Responsibility*) published on 26 March 2025

<sup>5</sup> UK source: HR Revenue & Customs, 11 April 2025

### III • Irritants and deadlines

Although the UK's relationship with the EU was stormy under Boris Johnson, it had already begun to cool down under Rishi Sunak<sup>6</sup>, who rejoined the European Horizon research programme in 2024 and negotiated the implementation of the Northern Ireland Protocol the previous year.

Since coming to power, the Starmer government has made three specific demands to the EU, which were already included in its election manifesto<sup>7</sup>: a veterinary agreement, mutual recognition of professional qualifications and visa facilitation for artists touring Europe. Labour considered them sufficiently modest to be acceptable and thus re-engage the trust lost under the Tories by the Brexit negotiations. But the Europeans considered them to be too specific to form a genuine “Reset”, too narrowly British focused to be of wider interest to the 27 Member States, and too legally egregious in the case of a third country that has left the internal market. However, the summit of 19 May has engaged the UK and the EU to address each other's irritants, also in view of upcoming deadlines to meet.

#### I VETERINARY AGREEMENT

Although trade in goods between the United Kingdom and the European Union is free of customs duties and quotas under the post-Brexit agreement (Trade and Cooperation Agreement, TCA), this free trade still requires checks on compliance with standards. A “veterinary agreement” will make it possible to eliminate sanitary and phytosanitary controls (SPS) on agricultural and food products that British exporters have had to endure since Brexit (certification procedures, paperwork, physical inspections, labelling, etc.). All the while, British authorities are struggling to implement in full controls on their imports from the EU, risking that the cost of these customs procedures end up in British consumer prices, spurring inflation. In order to lift EU controls of UK exports, **the British government has accepted dynamic alignment** on European animal and plant

health standards and to comply with European case law in this area. Although this alignment runs against the vaunted case of “taking back control” pledged by Brexit and makes the UK a “rule-taker” in this area, the Starmer Cabinet has managed to avoid fierce criticism. It was already doing this by some under-the-radars regulation, such as the *Product Regulation and Metrology Bill 2025*, which allows the government to bring British products into line with European standards in various areas.

From a continental perspective, in addition to the confidence that the lifting of these controls implies, given the intensity of agri-food trade between the EU and the UK, London's parallel negotiation of a free trade agreement with the United States made Europeans more wary. Giving in to the Trump Administration by allowing imports of American food products that have until now been banned from consumption in the UK, would be incompatible with a veterinary agreement with the European Union. But the British have until now utterly refused to lower their own food standards, enabling the lift of SPS controls on their farm products to the EU on a permanent basis.

#### I FISHING

The UK's exit from the EU has ended the European fisheries policy in its waters. Under the TCA, European fishermen return up to a quarter of their catches to UK waters, allowing UK fishermen to increase their catches from these quotas. European vessels must obtain a UK licence to access UK waters. With this agreement, which has been in force for more than five years, due to expire on 30 June 2026, talks have resumed to conclude a new one. The subject was politically highly sensitive, as the Brexit negotiations had already shown spectacularly. France has argued in favour of a multiannual renewal of the existing agreement, going so far as to threaten not to accept the defence and security agreement, even though the two issues have nothing in common from a geostrategic point of view. It was finally tied to the veterinary agreement. SPS controls are to be lifted

6 Read *Décryptage Vers une relation du Labour plus étroite avec l'Europe*, S.Maillard, Institut Jacques Delors, July 2024

7 *Labour's Manifesto*, chapter “Britain reconnected”, 13 June 2024

on UK farmproducts exports against a free access to British waters for EU fishing fleets for another twelve years, after the 2026 deadline.

## I YOUTH MOBILITY

The Europeans, and France in particular, are keen to stress that the Reset is a mere British initiative, that they are not asking for anything and have moved on since Brexit. Facilitating mobility across the Channel for Europeans aged 18-30 is an exception, much pushed by Germany. The European Commission put forward a first draft for youth mobility scheme in April 2024. It was immediately turned down by the Sunak government and then by the Starmer government, despite Reset, portraying the idea as allowing the free movement of people, thus crossing one of its red lines. Whitehall may have preferred bilateral arrangements with selected countries, including France, but the EU-27 remained united in rejecting such division.

The EU-UK summit did not conclude a specific agreement on youth mobility but engaged both sides to work out a “youth experience”, which could allow young Europeans to stay in the UK for studies, an internship or a job. But issues such as the number of 18-30 allowed in, the level of tuition fees and the duration of the stay still need to be specified, as well as a UK participation to the Erasmus+ programme. Such issues remain politically sensitive for Labour, aware that the British working-class electorate does not consider what is perceived as mobility for the privileged to be a priority. For their part, British universities, whose finances are stretched, are seeking first and foremost to attract solvent students. But with the job market under pressure (unemployment rate is only around 4%), companies are keen to make it easier for young Europeans to stay in the UK.

## I MIGRATION

Migration remains a politically sensitive issue in the UK. It was at the heart of the Brexit campaign. Illegal immigration on the English Channel, aboard *small boats* operated by traffickers, leads to recurrent fatal

shipwrecks (76 deaths in 2024). With more than 36,800 people arriving last year, traffic increased by 25% compared with 2023<sup>8</sup>, without reaching the record number of arrivals set in 2022 (45,774). Since the beginning of this year, crossings have already exceeded the 13,000-person threshold. The surveillance and control of the border is a major Franco-British bilateral issue, with France being entrusted by the United Kingdom with policing responsibility under the Le Touquet agreements, which have been in force since 2004.

At European level, the issue concerns the processing of asylum applications and the return of rejected asylum seekers. London, which has always remained outside Schengen, would like access to the zone’s information system, which facilitates criminal investigations, and to the Eurodac database (fingerprints) to trace asylum applications, but the EU is opposed to this. The Starmer government is continuing to tighten the conditions for entry into the UK, in line with the tightening of conditions in many EU countries. The Labour PM, inspired by the agreement reached with Albania by his Italian counterpart Giorgia Meloni, may be seeking comparable arrangements with other Western Balkan countries.

The government remains opposed to the European Union’s principle of free movement of people. However, this position puts it at odds with its demand for mutual recognition of professional qualifications, which encourages worker mobility, and its demand to make it easier for British artists to tour the EU. This recognition could, however, be the subject of a proposal from the European Commission next year.

## I ENERGY

Upcoming deadlines brought EU-UK relations into the energy arena. The synchronisation of the British and European carbon markets (ETS), where carbon prices differ (the EU price is higher than UK’s), is at stake in preventing the application across the Channel of the EU’s Carbon Border Adjustment Mechanism (CBAM). Scheduled to

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8 British Home Office, *Small boat activity in the English Channel*, 29 April 2025



come into force on 1 January next year, this European tax is feared by energy-intensive British companies exporting to the European market. The UK has its own carbon border measure. The coupling of the EU ETS and the UK ETS should foster price convergence between the two systems. Both ETS are compatible and apply to enough sectors.

Another hot topic of negotiation is the inter-connection of the British and European electricity markets. London is looking for outlets for the electricity generated by its massive wind farms in the North Sea. The country, where two nuclear projects are seeking financing, also finds itself in occasional demand for electricity during peaks in consumption on the island. The aim is to have frictionless trade in energy.

#### I THE CASE OF NORTHERN IRELAND

Although Ulster has remained part of the Single market in order not to establish border controls with the Republic of Ireland, it remains a potential source of tension with London and the EU. Europeans are currently satisfied with the implementation of the Windsor Protocol, which governs the management of goods intended solely for the Northern Ireland market (*“not for EU”*) and those that can move freely to Ireland, and therefore within the internal market. The Unionist Party (DUP), which is part of the ruling coalition in Belfast, remains firmly opposed to any special treatment for Northern Ireland in relation to Great Britain. The veterinary agreement reached at the UK-EU summit of 19 May should facilitate the lifting of border controls between the two islands regarding fresh farm products.

Yet the tariff hikes that Trump keeps threatening on the EU could rev up tensions. If Europeans were to retaliate with tariffs, these would have to apply to goods imported from the United States via Northern Ireland, but not to those arriving in Great Britain, where the new tariff agreement between London and Washington prevails. Beyond the north-Irish case, a lasting significant gap between British and European tariffs would lead to trade tensions between London and Brussels.

#### IV • A rapprochement that bypasses the EU

The summit between the United Kingdom and the European Union on 19 May has paved the way for a rapprochement unseen since the Brexit. The Russian threat and American disengagement are encouraging London and the EU-27 to emphasise their convergence of views on support for Ukraine, the fight against global warming, openness to trade, respect for multilateralism and other issues that make the United Kingdom more than just a “third country” for the Europeans.

Sectoral cooperation with the EU in areas such as defence, energy, mobility, fisheries and veterinary controls sets up a series of future specific binding agreements. This would eventually tend to make the UK’s relationship with the EU comparable to that long developed by Switzerland. The revision of the TCA, scheduled for next year, should not upset the balance, nor prevent the negotiation of other thematic agreements. **The UK-EU relationship will remain unsettled for long.**

The first post-Brexit summit has proved both parties are de facto crossing their own red lines. The UK accepts alignment with EU legislation (veterinary agreement). **The EU accepts some cherry-picking** in its Single Market (energy).

Such pragmatism is welcomed to make up for the fact that the UK will be unable to rejoin the EU, but that a closer relationship is needed. Above all, it must contribute in its own way to the power project that the European integration is tending to become. **Europeans must take advantage of the geopolitical strength that the United Kingdom brings.** The Reset should not cause division among the EU-27 but become part of the Europeans’ efforts to stand up as a full-fledged power in a world increasingly more multipolar and a West less transatlantic

Like-mindedness and narrower trade relations do not necessarily mean institutional proximity. **Geopolitical tensions are also conducive to experimentation with new European formats outside the EU.** For example, support for the defence of Ukraine is often provided through ministerial meetings

in the so-called “Weimar+” format: Germany, France, Poland, plus Italy, Spain and the United Kingdom. A potential American withdrawal from the Atlantic Alliance would further encourage a British rapprochement in what would become a Europeanisation of Nato. What’s more, the defence effort could be funded by new extra-EU financial vehicles. There will be more ad hoc “coalition of the willings” to address different challenges, in, out or across the EU.

The UK is supportive to these formats, which would enable it to regain a place in Europe, following the example of the European Political Community, which it supported from the very beginning in 2022 and hosted last year. The United Kingdom’s rapprochement with Europe must therefore be seen in its entirety, beyond the European Union itself.

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