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EVER CLOSER TO THE UNION AND BEYOND: TIME TO REFRAME EU–UK RELATIONS

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ABSTRACT

Since the Labour victory in 2024, relations between the European Union and the United Kingdom have been moving from a managed divergence to a pragmatic so-called 'reset'. Furthermore, due to the geopolitical realities of our times, the United Kingdom is already actively involved in European security beyond the EU. It is part of the European Political Community and the Baltic build-up under the European pillar of NATO. It is at the E3 leadership wheel, together with Germany and France, when it comes to future security guarantees for Ukraine and dealing with Moscow, as well as in co-chairing coalitions of the willing with France.

Last year's bilateral summit opened many technical dossiers for negotiation, for example, facilitating trade in agrifood products, linking carbon emissions markets and the divisive youth mobility scheme. The two sides are still far from a strategic framework that would set the tone of the future relationship, but ties are evolving. However, the questions on competitiveness and economic security are a different puzzle to solve. The institutional red lines around the Single Market and the Customs Union, inherited from the Brexit era, are still there and difficult to move. If the common aim is an ever closer relationship, a holistic and future-looking approach is needed. This paper aims to provide some pathways for manoeuvring while looking for a win-win landing zone.

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INTRODUCTION: ALONE IN THE SAME BOAT

Ten years after the referendum on Brexit, the United Kingdom is revisiting the kind of relationship it wants to have with its closest, biggest and wealthiest neighbour, the European Union (EU). Outgoing Prime Minister Keir Starmer started a 'reset' policy with the bloc and claimed to be striving for 'an ever closer relationship' through dynamic alignment with European Single Market legislation. Challengers to the Prime Minister are mulling over the idea of rejoining. The EU members remain open to strengthening the relationship, while never dismissing the fact that the UK legally became a third country to the EU when it democratically chose to leave.

The challenge for both sides, at the moment, is to make do with this Brexit legacy without letting it hamper an indispensable relationship in an increasingly uncertain and threatening geopolitical environment. Since the Brexit vote, the world has changed dramatically. A threatening Russia, a more assertive China and an 'America first' United States are reframing the debate not only on how the EU sees its place in the world but also more widely on how the whole continent can secure its future. EU–UK relations cannot be thought of separately from this global context. In addition to traditional security challenges, the bridging of Europe's competitiveness gap with the US and China should be factored into the relationship. For all these compelling reasons, the EU and the UK cannot afford to stay alone in the same boat.

At the same time, the EU itself has changed. The Union is no longer focused solely on market integration but increasingly on industrial policy, economic stability and strategic autonomy. Through initiatives focused on defence, technology and supply chains, it is developing a more political understanding of European integration.

However, this evolving European reality is largely absent from the current debate on EU–UK relations. Up to now, Starmer's 'reset' has failed to engage with the relationship at this strategic level. It has, incidentally, achieved the opposite by focusing on relevant yet technical trade issues. It has been exploring new options aimed at spurring a sluggish growth rate. But, whether it is setting up a customs union with the EU or reentering the Single Market, these options assume that the European project remains an economic one, when it is becoming ever more a political one.

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This mismatch in the understanding of what the EU aims for is at the heart of the present stalemate in the relationship. Ahead of the second EU–UK summit in Brussels, this paper assesses the flaws both in the current 'reset' policy and in the options being considered today in London, not least of which is rejoining the EU. It explores other ways for the country to get much closer not only to the Union's new initiatives, as a 'trusted partner', but also, through other formats, to Europe, to which Great Britain adamantly belongs.

I. BREXIT DOES NOT MEAN BREXIT ANYMORE

One of the main drivers behind the growing debate on a reset of EU–UK relations in the United Kingdom is the economic impact of Brexit. Ten years after the referendum, the UK's withdrawal has not led to significant regulatory divergence from the EU in the industrial, financial and technological sectors, with only a few exceptions[1] . The

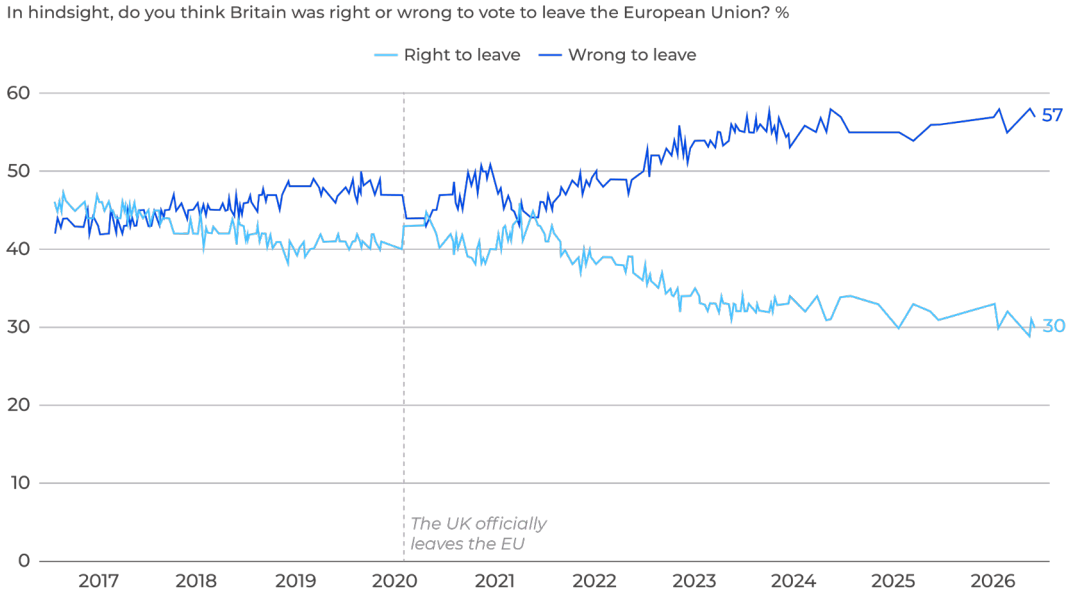
EU-27 initially feared that Brexit would produce a fiscally attractive 'Singapore-on-Thames' on its doorstep, but that scenario never materialised. Nor has Brexit triggered major social or environmental deregulation or significant changes in state aid that would distort competition with the neighbouring EU.

The promise of a 'Global Britain' also failed to become a reality. The EU remains by far Britain's main trading partner, accounting for the majority of both imports and exports. Most trade agreements signed by the UK since Brexit have largely replicated agreements the country previously benefited from as an EU member state[2], rather than opening substantial new economic opportunities. Although legally complete, the divorce from the EU has never been fully implemented in economic terms. On the contrary, the outgoing Starmer government has even pursued 'dynamic alignment' to facilitate trade with the Single Market. Politically, Brexit has also lost much of its appeal. All surveys point out how many voters view leaving the EU as the wrong decision. Brexit has led to 'Bregret'.

From the EU's side, Brexit has also moved out of the political conversation. Diplomats in Brussels and in major European capitals reckon the agenda has shifted to other priorities. Yet the episode has left the relationship damaged. The broken trust lasts beyond political changes on both sides. European officials express some fatigue in dealing with British requests, regardless of a more threatening international environment. Like-mindedness when facing the geopolitical turbulence on the continent has not been able to overcome the impediments left by Brexit. The solutions finally found to several controversial points (such as fisheries and Gibraltar), and the first UK–EU summit held in May 2025, have not yet succeeded in reshaping the dynamics of the relationship.

This is partly due to a shared view among the EU-27 that the existing agreements linking the UK to the Union (the EU–UK Trade and Cooperation Agreement, the Withdrawal Agreement and the Windsor Framework) fail to be fully implemented. From a European point of view, the implementation of what has been agreed on

10 years since the referendum, 57% of Britons believe Britain was wrong to leave the EU



What do Britons think of Brexit, 10 years since the referendum?

Latest data: 2 - 3 June 2026

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and ratified would be the logical first step towards further cooperation. The current institutional rapprochement proves to be limited, and the recent leadership race in the British government has not necessarily encouraged Europeans to increase their efforts.

A TOO NARROW-MINDED RESET

Nurtured under these economic and political circumstances, the 'reset' has not yet lived up to its name. Despite its ambitious and positive tone, Keir Starmer's policy towards the EU has failed to launch any significant rapprochement with the bloc. The government is trapped by the red lines it explicitly and repeatedly laid out in the Labour manifesto for the 2024 general elections. The core problem is that the UK has struggled to articulate a compelling vision of closer cooperation that also delivers benefits for the EU. The UK's insistence on not rejoining the Single Market or the Customs Union, nor allowing free movement of people, has self-limited its capacity to reposition its relationship with the EU.

On the EU-27 side, the willingness to protect the integrity of the bloc's legal framework is stronger than its desire to work more closely with the UK. The bloc is trapped within trade model options of its own making when dealing with what is now regarded as a third country. Brussels prefers legal coherence over specific preference driven by geopolitical necessity. The 'reset' is primarily viewed as a British demand – and choice of wording – not an EU one. Some European diplomats insist that the EU functions better since Brexit. Initiatives such as the post-Covid economic recovery fund, the NextGenerationEU, are often cited as examples of policies that would probably have been more difficult to pursue had the UK remained a Member State. The area where the EU needs the UK the most – security and defence – is already being pursued through alternative frameworks across the continent. Due to the existing red lines, the UK is not yet perceived as an integral part of economic security, however. These asymmetric, if not opposite, political views have left efforts to enhance the relationship in a lingering stalemate.

MORE THAN GROWTH

Another explanation for this situation is the lack of a shared narrative on the relationship. At first, the Commission and EU Member States welcomed the prospect of a warmer and stronger relationship with the UK set out by Keir Starmer after the Labour Party's landslide victory in 2024, though they wondered what its substance really would be. The lack of any articulate, visionary description of the desired relationship caused the reset to be seen as merely an appreciated, friendlier tone rather than a genuine change in the British understanding of European integration.

From the UK perspective, the reset is primarily an economic project aimed at

boosting growth after Brexit. According to the most recent assessment published[3], Brexit has reduced GDP by 6 to 8% over the past decade. This focus on growth, reflected in Labour's narrative on 'jobs, bills and borders,' has created expectations in the UK that are not necessarily shared in Europe. For many in the EU-27, the approach appears one-sided. It is not likely to win strong British public approval either, with the government's forecast of just a 0.3% GDP boost from its deals on agrifood products and emissions trading. The lack of any compelling, fundamental, shared reason for a closer relationship risks reducing any cooperation to a purely transactional exercise.

The ongoing nitty gritty negotiations on a host of strategic yet technical issues raised by the UK (norms on agrifood products, trade on carbon emissions and electricity market) seek an overall trade-off, with the EU pushing for a 'youth experience scheme' as its only offensive interest. The bloc rightly claims it has not yet gained anything substantial in that specific area touching on the sensitive issues of tuition fees and quotas. The second EU–UK summit is the deadline set for this grand bargain over what is diplomatically described as a 'package', where agreement on one issue depends on agreements with the others.

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Failure to strike a deal is certainly possible. The wreck last December in diplomatic negotiations to extend British participation in the newly launched SAFE (Security Action for Europe) programme, because of a disagreement on its budgetary costs, is seen from both sides as an unforeseen accident. This goes to show that a purely transactional relationship can end up missing the point of mutually reinforcing the continent's security.

II. A HOST OF OPTIONS, NONE CONVINCING

Criticism within the Labour Party towards the government's tepid approach to the EU, combined with new political rivalry stemming from the Greens and the Lib-Dems as openly pro-EU parties, is pushing the outgoing Prime Minister and his challengers to criticise Brexit and to express a bolder view on ways to get closer to the EU. With no transition, Labour has moved from a lack of vision of the UK's role in the EU to a debate on whether to rejoin the Union.

REJOIN: TOO BIG, TOO SOON

The growing public dissatisfaction with Brexit has revived discussion of an eventual return to the EU, with 55% of Britons supporting EU membership as 'the most popular policy option', according to a YouGov survey[4]. It is therefore both legitimate and inevitable that this question will remain part of the British political conversation.

The debate about rejoining would not just be between political parties. It would spur regional divisions, with Scotland possibly linking its future referendum on independence to the UK's position towards the EU. The City of London, which is publicly opposing the dynamic alignment of financial regulation with the EU, would probably oppose rejoining.

However, what may be politically attractive in the UK is not necessarily realistic in Europe in the near future. Now, six years after the formalisation of the UK's exit,

there is little appetite among EU member states to reopen a lengthy and politically sensitive accession process – and any future application would surely require full acceptance of current membership obligations, without the special arrangements the UK previously enjoyed.
As a candidate country, the UK would be in an uncomfortable negotiating position throughout the 33 chapters that make up an accession treaty, which requires full unanimity from start to finish. It would have to go through a long and intrusive process lasting several years, with an uncertain final result. Under its revised Constitution, France would have to organise another referendum on British accession, as it historically did in 1972. It may not help rebuild trust and would fuel new uncertainty both in the bloc and in the UK about where it aims to land, with an air of *déjà-vu* during a geopolitically turbulent moment that calls for stability.

Any attempt to rejoin should be priorly grounded in a shared vision of European integration rather than viewed primarily as a means to spur British economic growth. Instead of debating Europe's future political direction and the question of European sovereignty, which remains at the heart of the EU's purpose for the future, British political parties contemplate other trading options that remain highly controversial.

CUSTOMS UNION: NOT A SIMPLE OPTION

Joining the EU's Customs Union is an idea that British experts and politicians are mulling over. It was already considered during the Brexit negotiations under Theresa May. Last year, the Liberal Democrats openly called for a new UK–EU Customs Union of its own. The Starmer government has ruled out that option.

Entering into a customs union with the EU is part of the several types of relationships the bloc develops with third countries, with Turkey as a significant example. The Trade and Cooperation Agreement (TCA) already allows for trading of goods without tariffs or quotas, as long as the goods meet requirements for sufficient British content[5].
A customs union with the EU would solve the problem of rules of origin. It would thus facilitate supply chains running through different countries for manufacturers, reducing paperwork and border costs for cars, chemicals industries and other sectors. It would also save SMEs from time-consuming trade bureaucracy, giving them a new incentive to export to the EU.

But trade with the EU would not be frictionless. A customs union does not remove regulatory divergence. Border controls would still be necessary in order to check compliance requirements with European standards. Moreover, the UK would have to give up its independent trade policy and fold it into that of the EU, upon which it would depend for its tariff levels. It would have to negotiate a consultation mechanism at best. Trade agreements negotiated since Brexit with other countries would become incompatible. All this has a high political price.

THE SINGLE MARKET COMES IN ONE PIECE

Rejoining the Single Market is the most economically wise but politically risky option for the UK. Such a move would allow swift, frictionless trade. It would also lift all barriers between Great Britain and Northern Ireland, the latter having remained in the Single Market since Brexit. But it would require full dynamic alignment with European legislation, respect for the EU's rulings and budgetary participation that could easily seem politically unbearable and

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would likely be fought by the opposition. Attempts to limit rejoining the Single Market solely for goods, as reported by the British press, are doomed to fail as they would utterly contradict the EU's holistic approach to what remains its most integrated achievement. The fear of cherry-picking is justified for domestic political reasons (preventing anti-EU populist parties in power from negotiating their own derogations from the EU acquis) and *vis-à-vis* other third countries watching carefully what the UK could obtain. A selective approach to the Single Market, committing to dynamic alignment of British regulation without allowing the freedom of movement for people, is still unacceptable for the bloc. Limited exceptions, such as joining the electricity market, are negotiable when they benefit both parties alike, not just the UK.

The logical overall solution for the UK would be to join the European Economic Area, as created for Norway, Iceland and Liechtenstein, or to adopt the Swiss model. But although economically sound for British growth, these existing models would be politically unsustainable for the UK, turning the country from an EU rule-maker to a rule-taker.

The present UK—EU negotiations are doomed to remain lengthy and cumbersome unless the British government takes some political risks. But bolder steps to rejoin the key integrated features of the EU would also be difficult to accept for different segments of British society. Moreover, the political focus on the Single Market to enable frictionless trade and revamp a sluggish national growth rate risks creating unrealistic expectations. It may prevent the UK from addressing its own structural flaws that hamper its economic growth. The first step would require internal reforms, first tackling decreasing productivity, a lack of modern infrastructure, and insufficient private and public investments.

III. ROOM TO MANOEUVER

The limitations of all options – rejoining, creating a customs union, or participation in the Single Market – do not mean that the EU and UK are forever stuck in a strategic stagnation. The truth is that the emergence of a more geopolitical EU creates new opportunities for cooperation, for example, in security, industrial policy and tech innovation, that did not exist during the Brexit negotiations.

As a close, like-minded and trusted partner of the bloc, the UK could take part in new initiatives meant to build Europe's strategic autonomy and ensure its competitiveness, which would also benefit the British economy. Additionally, the UK has a key role to play in building a new European security architecture beyond the EU.

TAKING PART IN EUROPE'S REINDUSTRIALISATION

To enhance its competitiveness and strengthen its resilience, the EU is launching

> Cooperation on technology, innovation and reindustrialisation would support Europe as a whole to compete globally and to manage its dependencies on new technologies.

several initiatives to reindustrialise strategic sectors, including EV batteries, cloud infrastructure, chips, biotech, cleantech and defence, with growing European public support. This shift represents a major and strategic transformation of the EU's economic approach since Brexit. Cooperation on technology, innovation and reindustrialisation would support Europe as a whole to compete globally and to manage its dependencies on new technologies.

Several EU initiatives offer avenues for closer UK participation:

- The Industrial Accelerator Act (IAA): This new regulation, under negotiation in the EU, introduces 'European preference' for public procurements in strategic industrial sectors. As a so-called 'trusted partner', the UK is meant to be included among the 20 other third countries in this preference. Content from a third country such as the UK shall be considered equivalent to Union origin. This will help preserve integrated European supply chains while reducing new trade tensions.

- The Digital Sovereignty Package: Under future regulations recently proposed by the Commission, public bodies will be required to base their choice of digital technology providers on sovereignty criteria. While designed primarily to reduce dependence on US and Chinese providers, these regulations could benefit British firms that comply with European criteria.

- The ScaleUp Europe fund: This new €5 billion equity investment fund launched by the European Commission for deeptech startups could include British high-growth innovative companies, should London contribute to the fund's budget. The fund is managed by a Swedish investment firm. Both sides have a strong interest in strengthening Europe's ability to scale startups working on technologies such as quantum computing and AI.

- SAFE (Security Action for Europe): The UK remains a natural partner for this €150 billion defence funding, given Britain's industrial know-how in the field. For the moment, the British government is concentrating on participating in the EU's €90 billion loan to Ukraine, which includes the acquisition of weapons where British defence companies can play an important role.

The Commission is also working on a reform of European public procurement law. New resilience criteria that favour European bidders are under discussion. With world-class actors in the pharmaceutical, AI and defence industries, the UK could successfully position itself in these new European initiatives. However, for such cooperation to be sustainable and consistent with the EU's objective of economic security, UK participation should be guided by four principles:

- Rule of origin: As in the TCA, goods

produced under these European initiatives should include sufficient local content to ensure they are British or EU-made. This requires the UK to support its own or EU-based suppliers to reduce vulnerabilities, as EU Member States are committing to do wherever possible, and avoid getting locked into a small number of mostly US or Chinese suppliers.

- Regulatory compliance: British participation must respect EU norms on sensitive items, such as personal data, in order to be fully trusted.

- Reciprocity: Similar programmes and procurements in the UK must be open to EU-based companies.

- Pay to play: The British government must financially support the European programmes in which it participates.

Developing practical benchmarks around these principles should be the core of future EU–UK industrial cooperation. It will inevitably raise the strategic question for Great Britain on how it positions itself towards the US and China when regulatory compliance is under European scrutiny. It notably questions the UK's choice to align itself with the US on AI regulation. Rule of origin would also be challenged in complex weapons productions that include critical US-controlled components.This would indeed encourage the UK to think strategically on its place in the world.

PARTICIPATING IN OTHER SELECTIVE EU PROGRAMMES

Apart from an industrial relationship, the EU and UK already share a number of programs and initiatives that can serve as building blocks for more cooperation. Some have been re-established since Brexit, and others are potential avenues to consider:

- Horizon Europe: Since 2024, the UK has been an associated country under the EU's flagship €96 billion research and innovation programme (until 2027). British universities and laboratories participate in around 6,000 projects. When it was still a Member State, the UK was a net beneficiary of such programmes, and now it is the associated country with the highest number of Horizon Europe involvements.

- Erasmus: The UK's planned return to the Erasmus programme in 2027 will restore one of the more visible forms of people-to-people exchange between the UK and EU – and its continuation requires the EU's multiannual financial framework to be agreed upon.

- Civil protection: Ten non-EU countries from the continent take part in this mechanism meant to tackle natural disasters that climate change is accelerating. The UK used to be a valuable contributor. Rejoining would not only strengthen emergency preparedness in the UK but would also send a meaningful political signal to the rest of Europe [7].

- CSDP missions: The UK could also play a wider role in the EU civilian and military missions and operations conducted under the Common Security and Defence Policy (CSDP), which meets a number of the UK's foreign policy priorities. Before Brexit, London led the EU's flagship anti-piracy operation in Somalia. Third-country participation is possible across different CSDP instruments. The 2025 EU–UK Security and Defence Partnership allows for renewed British participation. In addition, the UK participation is also planned in the PESCO project Military

Mobility. Collaboration with the European Defence Agency is also set to be explored.

Taken together, these programmes demonstrate that Brexit has not eliminated institutional foundations for cooperation; there remain many ways for the EU and UK to rebuild trust, deepen interdependence and pursue shared goals.

LOOKING BEYOND THE EU

The UK has left the EU, but has not left all European configurations, old or new. In a time of geopolitical turmoil, agile and informal formats prove to be indispensable. The development of these formats shows how some of the most consequential European cooperation now takes place outside the formal structures of the EU. This allows the UK to remain involved in shaping the continent's security and defence architecture even when its relationship with the Union is constrained by Brexit.

The United Kingdom is part of the E3 (with France and Germany), which has regained importance in dealing with the war in Ukraine and possible future conversations with Moscow. The UK leads the Joint Expeditionary Force (JEF) for Nordic security and is also an integral part of the Baltic build-up under NATO. Furthermore, it embraced the European Political Community (EPC), which has been very much in line with its own perception of its role in the continent. In the case of a future European Security Council, the United Kingdom will surely be one of the very first countries that will be invited to get involved.

All these developments are happening in the field of security and defence, which remains, for the most part, the responsibility of member states. The area where Europe needs the UK's contribution most is also one in which cooperation is intergovernmental. This helps explain why European governments are not so eager to open up the discussions on institutional relations. At the same time, the UK's inherent dependency on the United States when it comes to military industry and intelligence creates hesitancy in the EU. Even if they could keep the US as engaged as possible as long as possible, there is an ongoing conversation of Europe-led defence.

Thus, security and defence remain the areas where Europe needs the UK the most – and are also the areas in which cooperation depends on political will more than any formal institutional membership.

CONCLUDING REMARKS: MUTUALLY BENEFICIAL STRATEGIC GOALS FOR THE FUTURE

Since Brexit, both the UK and EU members face Russian hybrid threats, a more commercially aggressive China and a daunting shift in transatlantic relations. This increasingly challenging geopolitical context makes the UK's rapprochement with Europe mutually compelling on security issues, including in its broad economic dimension. It appears, therefore, more fruitful to explore other avenues for cooperation, while enhancing the UK's relationship to the Union beyond the framework discussions, through other European programmes and economic initiatives designed to enhance Europe's sovereignty.

The UK's number one priority is its own economic growth. The EU's priority, as laid out in Von der Leyen's State of the Union speech in 2025, is 'fighting for its independence', including through greater competitiveness and economic security. Rapprochement can only be meaningful and

mutually beneficial if it articulates both objectives and does not oppose them.

The EU expects the UK to be more involved in the conversations about European security and competitiveness. The UK has always perceived the EU as a means of achieving different ends, while for many member states, the EU is an end in itself, and a political one. In the 20th century, the UK only joined the European Union when its global standing in the world was in question. It is once again the volatile international environment that encourages the country to reset its relationship. The UK's institutional reset with the EU will happen in parallel to developments in bilateral relations with the member states and an innovative restructuring of the European pillar of NATO.

The trajectory of the relationship will also be shaped by the domestic politics of the two sides. The present political turmoil in the UK is not giving it the confidence needed for bold steps, nor are the uncertainties linked to the EU's super electoral year in 2027, with key elections due in France, Italy, Spain and Poland. Rather than focusing on the red lines marked by each side or broader framework discussions, the like-minded partners should look for mutually beneficial strategic goals for the near future. If the mutually beneficial relationship could be built brick by brick, then time will come to discuss the broader framework.

ENDNOTES

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