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Trade Tensions Rise as EU Rejects UK's Bid to Rejoin Key Bloc

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The European Union has rejected Britain's attempt to join a key European trade agreement, undermining the UK's efforts to simplify trade arrangements in the aftermath of Brexit. The UK government had applied to join the Pan-Euro-Mediterranean (PEM) convention, a network of countries that enjoy reduced tariffs through harmonized rules-of-origin protocols. The move was seen as a practical step toward easing trade

barriers with both EU and non-EU neighbors, but Brussels rejected the request, citing concerns over potential circumvention of existing trade terms.

The PEM convention includes more than 20 countries across Europe, North Africa, and the Middle East. It allows members to treat goods from one member state as originating from another, simplifying trade and reducing customs red tape. UK officials argued that joining would have brought tangible benefits to British businesses, especially manufacturers and exporters who rely on cross-border supply chains. Trade groups, including the British Chambers of Commerce, supported the bid, viewing PEM as a non-political way to reduce costs and friction.

However, the European Commission declined to back the application, asserting that any UK accession would require renegotiation of the existing Trade and Cooperation Agreement, a process it is not prepared to reopen. The rejection has frustrated British officials, especially after a period of improving UK-EU relations following recent cooperative steps on energy, science, and Northern Ireland trade arrangements.

Business leaders have also expressed disappointment. Many see PEM membership as a route to relieving the administrative burden that came with the UK's departure from the EU single market. Without access to the convention, companies must continue navigating complex rules-of-origin paperwork and face restrictions when using materials from third countries. For sectors like food, textiles, and automotive manufacturing, these requirements have translated into higher costs and delays.

Retailers and manufacturers say the effects are already being felt on shelves and factory floors. Large chains like Marks & Spencer have

described the ongoing labeling and compliance challenges, particularly those linked to the Northern Ireland protocol, as unworkable and frustrating. Industry experts warn that without mechanisms like PEM, the UK risks becoming less competitive across key markets.

While the UK government has maintained that it respects the result of the Brexit referendum and will not seek to rejoin the EU's customs union or single market, the PEM decision underscores the limitations of working around those structures. For now, Britain's path to more efficient trade with its nearest neighbors remains uncertain, and the focus may shift toward strengthening ties with global partners beyond Europe.