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EU and US on Verge of Trade Breakthrough Ahead of Tariff Deadline

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European Union (EU) and United States officials are reportedly close to agreeing on a framework trade deal that could be finalised as early as this weekend, according to senior EU sources. The development comes as both sides aim to prevent the automatic imposition of new U.S. tariffs, which are set to take effect on August 1 if no agreement is reached.

The negotiations, taking place in Scotland, are part of a broader effort to recalibrate transatlantic trade relations. The framework under discussion would not constitute a full trade agreement but would outline key terms and principles, with the goal of avoiding immediate economic disruption and providing a foundation for future detailed talks. The U.S. has been pushing for a more balanced trade relationship, particularly in sectors such as steel, aluminum, agriculture, and digital services.

An EU official familiar with the discussions indicated that significant progress had been made in recent days, stating, “We are hopeful a political understanding can be reached in time.” The proposed framework is expected to include reciprocal tariff reductions, commitments to regulatory cooperation, and language addressing disputes over subsidies and state-backed industries.

Washington has made clear that if no deal is reached by the deadline, it will impose a 15 percent tariff on EU exports across multiple sectors, with rates as high as 50 percent on certain metals. These measures are aimed at correcting long-standing imbalances and reinforcing domestic production, a key pillar of the administration’s trade agenda.

EU negotiators are reportedly seeking guarantees that the U.S. will not impose further trade penalties while talks continue. The potential deal would mark a turning point in relations that have at times been strained by disagreements over data privacy, environmental regulations, and industrial policy.

For the U.S., the talks represent a strategic push to reassert control over trade dynamics with Europe, which many in the administration view as skewed against American interests. The EU, for its part, is looking to

avoid a damaging trade confrontation that could destabilise key sectors of its economy at a time of continued inflation and sluggish growth.

If successful, the framework would help de-escalate trade tensions and lay the groundwork for a more structured economic partnership between two of the world's largest markets, though much of the hard negotiating still lies ahead.