EU trade agreement with the United Arab Emirates

DIHK Insight

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Legal notice

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- The Gulf region is strategically important regarding economic and energy relations. The United Arab Emirates are a key trading, logistics and investment partner for the German and European economies. The current crisis in the Strait of Hormuz highlights just how heavily global supply chains, international trade routes and energy supplies depend on stability in the region. Resilient value chains and reliable economic relations with the Gulf region are therefore of great importance for the competitiveness and security of supply of the German economy.

- Against this backdrop, the business community supports negotiations on an ambitious trade agreement between the European Union and the United Arab Emirates. Such an agreement should, in particular, improve market access, promote investment, remove regulatory barriers and establish modern trade rules. This would enable economic relations with one of the region's most important hubs for business and logistics hubs to be strengthened in the long term.

- Furthermore, the European Union should resume its trade talks with the Gulf Cooperation Council (GCC) – Bahrain, Qatar, Kuwait, Oman, Saudi Arabia and the United Arab Emirates. The aim should be a comprehensive EU–GCC trade agreement that deepens the economic integration of both regions. Where a joint agreement cannot be reached in the short term, bilaterally negotiated agreements should be used as a pragmatic interim step and, in the long term, incorporated into an overarching EU–GCC framework.

- Of particular importance here is securing and facilitating trade in energy sources, as well as cooperation on future technologies, hydrogen and the transformation of energy systems. Reliable and open trade relations in this area are of central importance to the competitiveness of the German economy.

General

The German business community supports the ongoing negotiations on an ambitious EU trade agreement with the United Arab Emirates (UAE). In view of increasing geopolitical tensions, growing trade conflicts and the fragmentation of global supply chains, reliable partnerships with economically dynamic regions are of strategic importance. Furthermore, many other countries have already advanced bilateral trade through agreements with the UAE. The EU should not fall behind in terms of trade policy in this regard. Expanding economic relations with the UAE can make an important contribution to the diversification of German companies' supply chains.

The EU's trade negotiations with the Gulf Cooperation Council began as early as 1990. However, these were halted in 2008 due to difficulties in reaching a compromise. Bilateral negotiations with the UAE have now been underway since May 2025.[1] For the business community, the level of ambition is key: rather than a superficial agreement, it is important to strive for ambitious arrangements in all economically relevant areas, such as market access, regulatory cooperation and the protection of intellectual property. Ambitious trade agreements make a significant contribution to the diversification of supply chains, to strengthening competitiveness and to improving planning certainty for German companies.

In view of the increasing erosion of the World Trade Organisation (WTO) caused by current US trade policy, the EU and the UAE should agree to work constructively towards preserving and reforming the WTO, rather than undermining it through agreements that contravene WTO rules. Within the WTO, the UAE – like the other countries of the Gulf Cooperation Council – should also renounce its developing country status. Given the erosion of the WTO's dispute settlement system, a bilateral agreement with enforceable provisions offers important planning certainty for the German economy. Furthermore, the EU should support the Gulf states to join the MPIA alternative dispute resolution mechanism for WTO disputes.

An EU–UAE trade agreement would send a strong signal in favour of open markets and rules-based trade, as well as against protectionism and isolationism. Such agreements play an important role in supporting the diversification of German companies' supply chains and strengthening predictability in foreign trade.

Existing trade barriers

In the course of the trade negotiations, the EU and the UAE should agree to remove existing trade barriers. The EU currently identifies two official trade barriers in the UAE: these relate to the structure of the registration system for cosmetics in the UAE and the non-recognition of the regionalisation principle for agricultural products, so that in the event of animal diseases in individual parts of the EU, not all imports from the EU to the UAE are restricted.[2]

For the German economy, import duties, import and export restrictions, closed procurement and services sectors, and – in particular – localisation requirements are particularly damaging barriers. Added to this are uncertainties regarding taxation requirements. Companies are increasingly reporting trade barriers arising from halal certification requirements, which affect not only the food sector but also chemical products and cosmetics. The expiry of the bilateral double taxation agreement in 2021 also poses an obstacle for German companies. In the event of a renewal of the double taxation agreement, specific provisions relating to permanent establishments for services would be particularly relevant. Companies also report problems arising from the requirement for vendor registration or a local presence in order to participate in major projects in individual countries. Removing these barriers within the framework of the agreement must be a priority.

[1] The EU negotiation documents are available to the public: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/gulf-region/eu-united-arab-emirates-agreement/eu-united-arab-emirates-documents_en

[2] https://trade.ec.europa.eu/access-to-markets/en/barriers/results?isSps=false&countries=AE

Market access

The complete elimination of customs duties and non-tariff trade barriers should be a core objective of the agreement. At the same time, the contracting parties should improve access to services markets and public procurement markets at all levels of government.

Tariffs and trade barriers such as import taxes and duties make it difficult for companies to sell their latest innovations in the UAE and should be completely eliminated. Similarly, bilateral market access in the increasingly important trade in services should be facilitated, and public procurement markets – including at sub-federal level – should be opened up. International standards commonly used within the EU, such as the CE marking, are often not fully adopted and accepted in the UAE. The agreement should remedy this through regulatory cooperation. Such cooperation should be guided by the principle of 'once tested, accepted multiple times'. Agreements on mutual recognition (MRAs) should also be pursued to facilitate cross-border trade. The recognition of EU standards and certifications would help to bring products (e.g. machinery, electronics, medicines) onto the UAE market more quickly and cheaply. It would also be helpful for the automotive industry if EU type-approvals were recognised. At present, companies must comply with the guidelines of the GSO and ESMA, which leads to delays in the market launch of new models. Customers in the UAE receive the latest models with a significant delay compared to European customers. The agreement should also provide for close cooperation in the areas of technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS) – where the principle of regionalisation is of particular importance – in order to remove further trade barriers. Import requirements such as the Emirates Quality Mark generate unnecessary costs for EU exporters. Its scope of application should be extended to reduce these costs. For products that are already halal-certified, there should be no requirement to obtain additional halal certificates for export. A government-to-government agreement between Germany and the UAE, modelled on comparable agreements between other EU Member States, could facilitate German companies' access to government projects in the UAE.

Raw materials

The UAE plays an important role as a trading and processing hub for energy sources and raw materials. The agreement should therefore effectively limit export restrictions, export taxes and other measures designed to artificially create shortages of raw materials. At the same time, cooperation on critical raw materials, recycling and the circular economy should be deepened.

Customs and rules of origin

The trade agreement should include clear and harmonised rules on preferential rules of origin. The agreed rules of origin must be SME-friendly, coherent and practical. Only in this way can businesses actually benefit from the agreed preferences. In particular, the EU should advocate that, as in the EFTA–GCC Agreement, declarations of origin from Registered Exporters (REX) be accepted as proof of origin as an alternative to the EUR.1 movement certificate. Proof of origin should be standardised as far as possible across agreements and modelled on other current agreements.[3] These rules have a significant impact on the utilisation, implementation and application of the agreements. A utilisation rate of at least 85 per cent for agreed tariff preferences should be targeted. Instead of the 'direct transport principle', the 'no manipulation' principle should apply, so that consignments of goods not transported directly from the EU to the UAE can also benefit from the agreement's tariff advantages.

[3] The DIHK has summarised relevant proposals in a paper: DIHK Position Paper on Modern Trade Agreements: https://www.dihk.de/resource/blob/13324/19105e109bcd5a9a16acb8196e5dc96c/dihk-ideenpapier-handelsabkommen-data.pdf

Investment Facilitation, Intellectual Property, Subsidies

The United Arab Emirates has significantly improved its framework for foreign investment in recent years through extensive reforms. Nevertheless, market access and investment barriers for European companies remain in certain areas. The trade agreement should therefore further facilitate investment, strengthen non-discriminatory competitive conditions and ensure a transparent, reliable framework.

In certain sectors, such as oil, gas, telecommunications and infrastructure, a local partner with a minimum 51 per cent stake is still required. Requirements regarding the employment of local workers may also restrict the flexibility companies need when filling qualified positions. The agreement should aim to gradually remove such restrictions and ensure a level playing field for European companies.

Furthermore, economic integration within the UAE should be further facilitated. The mutual recognition and harmonisation of business licences across the borders of the individual emirates would strengthen the UAE's single market and reduce the administrative burden on companies. For example, companies often require a separate licence to conduct business with major economic operators in Abu Dhabi, even though they already hold a licence from another emirate. Greater harmonisation of business-related regulations between the emirates would also further enhance the country's attractiveness as a business location.

Furthermore, the protection of intellectual property in the UAE should be strengthened – including the protection of geographical indications.

Finally, both sides should agree on a ban on practices that distort competition and trade. This applies in particular to industrial subsidies and the market role of state-controlled enterprises, including those in the aviation sector.

Skilled labour mobility

For skilled workers and business travellers, temporary entry for professional purposes should be made easier, going beyond the simplifications introduced by the UAE in June 2025. The cross-border mobility of skilled workers is a key prerequisite for international investment, services and project-based business. Trade agreements that facilitate the mobility of skilled workers make an important contribution to the internationalisation of German companies, particularly with regard to the services sector. The mobility of skilled workers should not be made conditional on holding a university degree. For companies, it would be far more important to be able to second employees with dual vocational training – for example, in fields such as mechatronics or maintenance – using simplified procedures. The mutual recognition of professional qualifications should be promoted and should encompass not only university degrees but also qualifications from dual vocational training programmes. Modern production processes and services often require highly qualified staff. Complications in the mutual recognition of qualifications and relevant industry experience can therefore constitute a significant barrier to trade and investment. Furthermore, companies also need a swift and transparent visa issuance process for employees from both the EU and third countries.

Chapter on SMEs

The agreement should include a chapter on small and medium-sized enterprises (SMEs) that makes it easier for them to benefit from it – as trade barriers disproportionately affect SMEs. Of particular importance here are transparent information, digital helpdesks and procedures that are as straightforward as possible for making use of the agreed preferences. Ultimately, it is the practicality of the agreed rules – such as those relating to rules of origin – that will determine how useful the agreement is for businesses, and SMEs in particular.

Digital trade

In recent years, the United Arab Emirates has implemented reforms in the digital sector that facilitate access for foreign companies and promote investment – for example, with regard to digital services such as cloud computing, e-commerce and FinTech solutions. Despite this progress, obstacles remain for EU companies, particularly with regard to cybersecurity standards and the recognition of digital certificates. The trade agreement should specifically address these barriers and provide for measures to promote the free, cross-border flow of data, the interoperability of digital systems and the assurance of non-discriminatory market access. The fundamental principle should be that data can be processed and transferred across borders without imposing unnecessary localisation requirements. At the same time, European standards, particularly in the area of data protection, must be upheld. Cooperation on digital sovereignty – for example in the areas of open source and open, interoperable standards – must also be strengthened in order to prevent strategic digital dependencies. Furthermore, both sides should intensify their regulatory cooperation, particularly in the fields of artificial intelligence and future technologies.

Strategic sectors

In the strategic sectors of the future – namely energy (particularly renewable energy and green hydrogen) and critical raw materials – cooperation between the EU and the UAE should be deepened to promote stable supply chains, technology transfer and joint investment. At the same time, the agreement should provide incentives for joint research and development projects and strengthen cooperation on standards, certifications and sustainability criteria. The UAE can play an important strategic role for the European economy, both as an energy partner and as a regional hub for trade, logistics and industrial value creation.

A close partnership in these sectors can both strengthen the competitiveness of European companies and ensure strategic security of supply in key areas. In addition, the EU should provide political support for the participation of European companies in strategic infrastructure, energy and industrial projects.

Sustainability

The agreement should enshrine internationally agreed standards in the areas of climate and environmental protection, as well as the ILO's core labour standards, so that bilateral trade can be guided by these jointly agreed rules rather than unilateral measures. In doing so, the agreement's feasibility and practical implementability should be safeguarded. To avoid new trade barriers in connection with the EU's Carbon Border Adjustment Mechanism (CBAM), it would be useful for the UAE to join the Climate Club. In the EU, TÜV QAL and MCERT (the UK Environment Agency's Monitoring Certification Scheme) are regarded as established systems for environmental monitoring. In the GCC countries, by contrast, oftentimes only standards set by the United States Environmental Protection Agency (US EPA) are accepted. The EU should therefore advocate for the recognition of European testing, measurement and certification systems.

Trade data:

German businesses have been represented in the United Arab Emirates by the bilateral German Chamber of Commerce and its predecessor organisation for more than 25 years. The bilateral trade volume amounted to 13.3 billion euros in 2025. Of this, 11.4 billion euros were accounted for by German exports and 1.9 billion euros by German imports. Germany mainly exports motor vehicles (21 per cent), machinery (17 per cent) and electrical equipment (10 per cent). Imports consist mainly of metals (44 per cent), crude oil and natural gas (20 per cent), and petroleum products (5 per cent). German exports to the UAE rose from 6.8 to 11.4

billion euros between 2020 and 2025 – an increase of 66 per cent. Due to the current crisis, they fell by 24 per cent in the first four months of 2026. The German economy has built up an investment portfolio of 5.2 billion euros in the UAE. This is offset by UAE investments in Germany amounting to 2.3 billion euros.

The trade and investment figures underscore the already close economic ties between Germany and the United Arab Emirates. An ambitious trade agreement offers the opportunity to further expand these relations, strengthen the resilience of supply chains and place economic cooperation on a broader and more reliable footing in the long term.

Who we are:

The German Chamber of Commerce and Industry (DIHK) is the umbrella organisation of the 79 Chambers of Commerce and Industry (IHKs) in Germany. Together, they represent the interests of more than three million companies from industry, trade and services – from small local businesses to globally active corporations. Their shared objective is to ensure the best possible conditions for successful business.

At the national level, the DIHK consolidates the positions of the IHKs through a formal, statutory-based process. It represents the overall interests of the German business community vis-à-vis policymakers, public authorities and the wider public. At both the federal and European levels, the DIHK advocates for competitive framework conditions, including reduced bureaucracy, open markets and modern infrastructure.

The DIHK serves as a platform for the diverse perspectives of its member companies. Its analyses and statements reflect a broad range of views, including minority positions, in order to provide policymakers with a comprehensive and balanced picture. In this way, the DIHK contributes to informed and credible economic policy debates in Berlin and Brussels.

Entrepreneurs play a central role in shaping the DIHK's positions through their engagement in statutory and voluntary bodies such as general assemblies and committees. Their work is supported by more than 200 staff members in Berlin and Brussels. The DIHK's Chief Executive Officer, appointed by the General Assembly, is responsible for day-to-day operations.

In addition to its national role, the DIHK coordinates a global network of more than 150 German Chambers of Commerce Abroad (AHKs), delegations and representative offices in over 90 countries, supporting German businesses worldwide.