

## 2026 outlook for EU competition and trade

**What does the year ahead hold for EU competition and trade?** As our teams give their predictions, some common themes emerge: traditional trade law drivers – geopolitics, supply chain resilience, and EU competitiveness, the Commission’s new “North Star” – may become increasingly visible in merger control, the FSR, and potentially in Digital and AI enforcement. The EU’s push for simplification may streamline both trade regulation and FSR notifications, while other competition law areas will likely become more complex and unpredictable. Finally, AI will be a common thread both in enforcement and investigatory techniques.

### Competition

**Foreign Subsidies Regulation (FSR) – more “political” high profile cases, while continued pressure to reduce administrative burden may start bearing fruit.** The – widely shared – concerns that the FSR notification schemes are disproportionate and excessively burdensome may finally gain traction. While the Commission is currently conducting a more comprehensive review of the FSR, Germany has called for a drastic simplification of the FSR (including the elimination of mandatory merger filings). We consider a full legislative overhaul of the FSR unlikely in the short term, but are more optimistic that the Commission will take steps to lower the reporting burden through changes to the Implementing Regulation. In early January, the Commission published the long-awaited guidance paper on various substantive aspects of the FSR (including the assessment of distortions, the balancing test and the Commission’s call-in powers). We expect the guidance paper to have limited impact, as the very low rate of intervention will likely continue. We do anticipate, however, increased efforts to use the FSR in a more “political” way, targeting transactions, procurement participation, and investments by companies from state-run economies.

**Merger enforcement – jury out on likelihood of significant change.** Revised merger guidelines are expected in 2026, which will codify Commission practice to reflect recent case law – leading to greater predictability for business. We expect continuing intense debate on the extent to which the merger review process should take into account broader European economic policy and competitiveness objectives (such as innovation, “European Champions,” and European security and resilience). While some cases may come up where these issues could have a real impact, little should change for the vast majority of mergers in 2026. Nevertheless, merging parties will want to track developments and be ready to demonstrate awareness of potential changes when framing their deal narratives. The continued push for greater call-in powers at Member State level, combined with the possibility of referrals to the Commission, will lead to greater complexity and uncertainty, complicating deal planning.

**Article 102 (abuse of dominance) – uncertainty and test cases ahead as Commission experiments with new exclusionary conduct guidelines.** The first ever Guidelines on exclusionary abuses of dominance, replacing the 2009 Guidance on enforcement priorities,

are expected to be published shortly. The Guidelines shift to a more formalistic effects assessment – including rebuttable presumptions. We anticipate that 2026 will be a year of test cases as the Commission experiments with the reach of its new guidelines, with the Commission displaying greater willingness to open cases and an increased burden on dominant firms to prove their conduct does not harm competition. In addition, allegations of exploitative “unfairness” are likely to feature more prominently in investigations.

**Cartels and behavioural (Article 101) – more effective enforcement, with use of new and expanded tools, points to enhanced antitrust risk.** We expect the Commission to continue its vigorous enforcement of the antitrust rules against cartels and other restrictive practices, with an increased use of ex officio investigations as a complement to its leniency programme. Sectors that have not historically been subject to cartel infringement decisions may also attract scrutiny (as has occurred in the defence and pharma sectors). In parallel, the Commission’s in-depth review of its antitrust enforcement toolbox is likely to result in a proposal – expected in Q3 2026 – to overhaul its investigatory powers. All this underlines the heightened need for businesses across the economy to review and ensure their compliance with the antitrust rules.

**Digital, tech and AI – continued robust enforcement, with an increased focus on AI.** The US will likely continue to pressure the Commission to reduce its enforcement of the DMA and the DSA, but we expect no slowdown in the use of these tools, as well as EU competition law, to investigate Big Tech. Indications of the overall future direction of the DMA will become clearer when the Commission publishes its first formal review report (due by May 2026), assessing whether the DMA meets its objectives and maintains its effectiveness. The treatment of cloud computing and generative AI is likely to be one of the key DMA future-proofing initiatives. We also expect AI-related issues to increasingly feature in investigations – with mounting pressure to monetize the huge investments in the development of AI tools, questions of market access, foreclosure, and discrimination are bound to more frequently emerge before competition authorities in the EU.

## Trade

**EU trade relations – continued push to strengthen trade relations with third countries.** Amidst unpredictable EU-US trade relations, efforts to reach new trade agreements with other third countries will continue in 2026. The European Commission signed the EU-Mercosur trade agreement on 17 January 2026, announced a trade agreement with India on 27 January 2026, and aims to conclude and sign further trade agreements with Malaysia, Thailand, and the Philippines, among other countries, in 2026.

**Regulatory developments – simplification agenda to further shape regulation.** Regulatory simplification featured heavily in the EU agenda in 2025 and will likely lead to further developments in 2026. Specifically, the one-year postponement of the application and mandatory simplification review of the EU Regulation on Deforestation-free products (EUDR) may spur further legislative amendments. Moreover, 2026 will mark the first year of application of the Carbon Border Adjustment Mechanism (CBAM) entailing significant implications for in-scope businesses. Clients will need to monitor further simplifications and adapt to any alterations in their obligations.

**Trade defence – high level of new investigations anticipated.** 2025 proved to be a busy year in terms of EU trade defence with the initiation of 32 new investigations. We expect

the high number of new cases to continue into the new year and predict they may even exceed the unprecedented number of investigations launched in 2024 and 2025. Over the past two years, the chemicals industry was the industry subject to the highest number of EU trade defence investigations, a trend we equally anticipate continuing in 2026. The numerous countries rumoured to be concerned by the anticipated investigations in the chemicals sector include not only China and Korea, but potentially also the United States.

**Steel safeguards – introduction of proposed EU import regime for steel.** In the final quarter of 2025, the European Commission proposed a regulation devising an import regime for steel to replace existing EU steel safeguards. We expect a final text to be reached and adopted before the proposed date of entry into force on 1 July 2026. In comparison to the existing safeguard measures, the proposed regulation significantly reduces the volume of tariff-free imports by 47% and doubles the level of the duty on out-of-quota steel imports to 50%. The proposed regulation also introduces the concept of country of melt & pour for further trade flow analysis and potential additional restrictions in the future. As the practical implications of this new regime remain uncertain, clients active in related industries will want to keep track of how the proposal develops before adoption.

**Sanctions – increased enforcement and divergence between regimes.** Increased sanctions regulation and enforcement activities can be expected across EU Member States and the UK. We predict that this trend will continue, with regulators indicating that expectations around compliance are also growing. While many enforcement actions to date have focused on direct breaches of restrictions, regulators are also looking closely at sanctions circumvention, facilitation and evasion. Sanctions regimes will also continue to expand and develop and differing political agendas between the US, EU and UK could lead to increased divergences.

**Sanctions – AI as enabler, both for sanctions evasion and for risk management.** As sanctions regimes become more complex and bad actors use AI to facilitate ever more sophisticated sanctions evasion techniques, we can anticipate that compliance teams will increasingly rely on machine learning models to enhance compliance by improving screening, identifying patterns, and saving time to allow key personnel to focus on the more nuanced and difficult sanctions issues that arise.

## KEY CONTACTS

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