

Free and Fair Trade Club to build Middle Power Weight

The EU should expand the cooperation with the CPTPP in a geostrategic manner

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Köln, 13.07.2026

IW-Policy Paper 7/2026

Aktuelle politische Debattenbeiträge

**Herausgeber**

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0221 – 4981-754

DOI: 10.67087/13.21349

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Stand:

Juli 2026

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JEL-Classification

- F5 International Relations, National Security, and International Political Economy
- F13 Trade Policy • International Trade Organizations
- F15 Economic Integration

Executive Summary

This paper proposes that the EU should build a cooperation platform together with the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership). This platform could be named the Free and Fair Trade Club (FFTC) – as the emerging EU-CPTPP cooperation is focused on rules-based, free and fair trade. The FFTC would stand for about 30 percent of global GDP and also of global trade. The guiding principle should be open plurilateralism. This entails multiregional voluntary cooperation based on different topical coalitions of the willing that is open for other countries to join when they adhere to the respective rules agreed by (a subset of) FFTC members. The case for the FFTC is reinforced by the fact that the great powers, the US and China, are undermining the rules based international order by employing coercive measures. Against this background, Canadian Prime Minister Mark Carney called for an alliance of middle powers. The FFTC could become a building bloc for such an alliance.

Pooling the economic weight of FFTC members' markets would create a power base that can be leveraged in conflicts with the great powers. If successfully coordinated, it could be used on the defensive side in two important ways: First, for mutual protection of FFTC members against a 'divide-et-impera' approach of the great powers. If the latter erect unfair trade barriers or use coercive export restrictions, a NATO-like Article 5 approach could ideally be created: Even if only one FFTC member was targeted by the great powers, all FFTC would stand together by supporting each other or even by coordinating retaliation. The second option would entail protecting FFTC members against unfair market distortions like massive industrial subsidies or an undervalued currency. To this aim, a trade defense measure of one FFTC member would be adopted by all other FFTC members. The FFTC could also be used for more offensive objectives. Preferential trade integration among FFTC members, e.g. in digital trade or E-commerce, would create substantial trade diversion to the detriment of the great powers. In an escalating conflict, it would even be possible to withdraw the WTO's most-favoured nation status of the great powers –creating severe trade diversion also in goods trade.

While these far-reaching options are a longer term prospect, they should form part of the strategic thinking of the EU. There are at least ten reasons why the FFTC case should be pursued and furthered by the EU.

- The EU obtains a stronger lever to strengthen the WTO.
- The EU can raise the chances of a meaningful reform of the rules-based international trading order.
- The FFTC can be a platform for a diversified friendshoring strategy on a trusted basis.
- The FFTC offers opportunities to coordinate on the setting of new product standards.
- The FFTC can become a counterweight to the great powers and can strengthen the rule of law again.
- The EU could be in the driving seat in the FFTC.
- The EU would enlarge its footprint in the Indo-Pacific.
- The FFTC could be a new player in the new multipolar order and the bipolar hegemonial conflict.
- The FFTC can limit the divide between industrial countries and developing countries.
- Via the FFTC the EU could offer alternatives to the US and China for developing countries.-

Obviously, there is the danger that the great powers intimidate FFTC members and try to prevent them from joining forces. The US security guarantees for Europe and Asia outside China are also an important case in point in this respect. However, it would be against core US strategic interests to yield Asia to China or Europe to Russia. While this is no guarantee in view of the erratic decision making of the current US president, the Trump administration will surely take note if the EU and the CPTPP move closer and discuss the formation of a FFTC because of the economic weight of FFTC members and the entailed power of FFTC coordination.

1 A Free and Fair Trade Club to counter Great Powers

The US and China are undermining the rules based international order by using power politics and by employing coercive measures.

- The US uses blunt tariff and security threats and thus projects the power of its market size and military might in order to force one-sided and unbalanced trade and investment concessions from partners with an aggressive focus on 'America-First' objectives.
- China also uses coercive measures by exploiting its near monopoly in the production of important and often critical raw materials to the serious detriment of affected partners.
- Moreover, China's state capitalism undermines the world trading order by using loopholes in the multi-lateral trade rules framework. Massive economic distortions - that emanate from outsized direct and indirect subsidies in the Chinese economy and from a large undervaluation of its currency - contribute to the record merchandise trade surplus of China. This beggar-thy-neighbour policy comes at the costs of its trading partners and hollows out their industrial bases.
- Furthermore, the US and China defy international law, the US in Venezuela and Iran, and China by acting aggressively in the South China Sea and by threatening Taiwan.
- Both countries propagate a world in which might makes right.

Canadian Prime Minister Mark Carney reacted to this new global disorder in Davos with an important speech. He called for middle powers "to work together to counter the rise of hard power" (WEF, 2026). He criticizes that the middle powers are becoming victims of a 'divide-et-impera' approach of the great powers, as the smaller countries compete for relative advantages by bilaterally offering ever greater concessions to great power demands. Instead of being played out against each other by the great powers in bilateral formats, he calls for middle powers to pool their power in order to be able to counter the power play of the US and China. Carney puts the alternatives very bluntly by saying that "if we're not at the table, we're on the menu." (WEF, 2026).

Such an alliance is recommendable for various reasons. It is not just a matter of preserving the international rules-based order among the many remaining partners who still see great value in this framework. Middle powers should also build a counterweight that provides more protection against threats and coercion - and that, in the best case, could cause the great powers to rethink their approach. Such an alliance could also form a possible platform for all countries that are sitting between the chairs in the great hegemonial and antagonistic competition between the US and China.

This article makes the case that the emerging cooperation between the EU and CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) should be developed into an open coordination platform that can form the basis for such an alliance of middle powers. A similar proposal had been made against the a somewhat different background by Matthes and Kolev (2020).

The CPTPP is a plurilateral trade agreement with 12 members: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United Kingdom and Vietnam. They represent about 13% of world GDP and about 15% of global trade (Bercero, 2025). On top of this, several additional countries are currently interested in joining the CPTPP. However, Chinas accession plea does not appear very promising as

Beijing used coercive trade measures in recent political conflicts with Australia and Japan, two important CPTPP members. From the perspective of the EU, several free trade agreements (FTAs) have already been concluded with most CPTPP members except Brunei, while negotiations are ongoing with Malaysia.

To be clear, the EU should not accede to CPTPP because the latter is based on an US approach to FTAs and the EU is a rule maker not a rule taker. However, the countries of both regional trade agreements should come together to find agreement on cooperative approaches in pragmatic ways. To this aim, such a **cooperation platform** should be understood as a loose organization which could be called a **Free and Fair Trade Club (FFTC)**. The FFTC would stand roughly for about 30 percent of global GDP and global trade. There is also the prospect of further enlargement because, if successful, this cooperation platform could also be attractive for other emerging markets and developing countries. India, for example, will probably not join the CPTPP as this would require significant trade liberalization that the Indian government is unlikely to concede. However, a looser form of cooperation with the FFTC as a platform might be attractive also to India.

This policy paper will lay out options for coordination and cooperation with the FFTC. Chapter 2 sets out the current state of play after the first dialogue of the EU with the CPTPP on November 20, 2025 and further cooperation signals issued in the framework of the 14th Ministerial Conference of the WTO in Cameroon (MC 14) in March 2026. The areas of cooperation on trade and economic security currently envisaged or discussed are briefly depicted and are interpreted as a framework of open plurilateralism. Based on such cooperation and the assumed trust building furthered by that, chapter 3 proposes additional areas of strategic cooperation - going further into the direction suggested in Carney's speech, i.e. pooling the power of middle powers and preparing options to project it. Chapter 4 points out multiple reasons why an FFTC would be in the strategic interest of the EU. Finally, chapter 5 provides a conclusion and some caveats.

2 Building Trust by Cooperating on Trade and Economic Security

In the short term, the FFTC should work along the lines already laid out by the CPTPP-EU Joint Ministerial Statement (2025) from November 2025 and the Joint Ministerial Statement (2026) on the occasion of MC14 from March 2026. As such, it forms a platform for cooperation on trade and economic security issues. Based on such cooperation, trust can be built among FFTC members. On this basis, further integration and cooperation steps should be envisaged rather sooner than later (see below chapter 4).

Currently, several areas have been identified for a constructive CPTPP-EU cooperation by the Joint Ministerial Statement and other authors (Bercero, 2025; Schmucker, 2025; Yap, 2025; DIHK, 2026). These proposals can be arranged in the following way:

- **Commitment to the rules-based international trading order:** The Joint Ministerial statement (2025) is very pronounced in its support for the WTO by underscoring the “commitment to strengthening the rules-based, non-discriminatory, open, free and fair, inclusive, equitable, sustainable, and transparent multilateral trading system with the World Trade Organization (WTO) at its core.” Moreover, also the importance of a functioning dispute settlement system is underlined. In this respect, the Multiparty Interim Appeal Arbitration (MPIA), the temporary substitute for the Appellate Body in the WTO as the appeal institution, is supported and other WTO members are encouraged to join the MPIA.

- **Commitment to prevent protectionism among its members:** On top of the Joint Ministerial's clear but rather general support for upholding open trade, the FFTC should be more ambitious in this respect (Schmucker, 2025; DIHK, 2026): A mutual commitment to abstain from WTO non-compliant and protectionist trade barriers among FFTC members would be useful to reduce uncertainty for firms in the club. Moreover, a mutual standstill agreement is also recommendable for export restrictions and economic coercion.
- **Trade liberalisation initiatives:** There are also opportunities to open markets among FFTC members to a larger degree than currently envisaged (Joint Ministerial Statement, 2025; Bercero, 2025; Schmucker, 2025), even though a free trade agreement between the EU and the CPTPP is not reasonable as mentioned above.
 - In merchandise trade, non-tariff barriers could be addressed and customs procedures further facilitated, as envisaged by the Joint Ministerial Statement (2025). However, the FFTC should go further in reducing trade transaction costs. To this aim, mutual recognitions of conformity assessments would be useful as well as a common protocol for rules of origin (RoO) and the possibility of RoO-cumulation (Bercero, 2025; Schmucker, 2025).
 - In services trade, non-tariff barriers can also be addressed. Moreover, trade integration in financial and potentially also selected professional services could be explored. On top of that, an important opportunity lies in facilitating digital trade and particularly secure data flows in a meaningful way, as the Joint Ministerial Statement (2025) broadly envisages.
- **Foster WTO Reform:** Regarding MC 14, the Joint Ministerial Statement (2026) offers staunch support for the WTO. A particular focus is rightly laid on supporting plurilateral approaches (like the Agreement on E-commerce or on Investment Facilitation) that should be incorporated into the WTO legal framework - a step several other WTO members have again resisted. Substantial progress is also needed with regard to improved and more encompassing rules for industrial subsidies and against competitive distortions, which the Joint Ministerial Statement (2026) critically addresses (chapter 4).
- **Cooperation on economic security and supply chain resilience:** The Joint Ministerial Statement (2025) states the openness of the EU and the CPTPP members to cooperate on supply chain resilience building on an exchange of views on this issue that was continued in the course of MC14. Moreover, there was an exchange on experience with diversification policies. The area of economic security is particularly important in order to build trust and provides important opportunities to enlarge the cooperation in the future (chapter 4).

In summary, a key attractive feature of the FFTC would be the possibility to coordinate voluntary cooperations in different forms on a plurilateral and multiregional basis. The guiding principle should be **open plurilateralism** that is open for other countries to join when they are prepared to adhere to the respective rules of an agreement. Thus, **variable geometry** would be an inherent feature of the FFTC so that, depending on the topic, different coalitions of the willing could form to foster common interests.

3 Building Capacity and Power

In the medium term, the FFTC should build organisational capacity. With regard to administrative structures, a headquarter with a secretariat would be instrumental in providing continuity and follow-up of decisions or initiatives. It would make the FFTC a much more effective organization compared to the alternative of alternating leaderships by the different members. In order to be time-effective, regular top level meetings need

to take place sufficiently frequent intervals. Interim working level meetings on specific topics are also required, depending on the issues on the table.

In the medium to longer term, the overarching objective of the FFTC would be to enable what Mark Carney laid out in his speech:

- First, building a coordinated power base of middle powers that can be leveraged in conflicts with the great powers. This base can be derived mainly from the combined market power of FFTC members. As the US trade approach is also focused on improving market access for US exports and as China relies heavily on exports to meet its growth targets, FFTC member wield a powerful lever in terms of the access to their markets for the great powers.
- Second, using this power as a base for mutual protection of FFTC members against a ‘divide-et-impera’ approach of the great powers. Such potential needs to be mainly build on the defensive side, but could also have a more offensive side.

On the **defensive side**, several approaches are recommendable:

- Coordination among FFTC members would be useful when cooperating with the US on **improving the supply of critical raw materials** in order to reduce the dependence on China, as the US might tend to opt for an “America First” approach in this respect.
- Cooperation within the FFTC would also be very reasonable in view of **China’s market distortions** in the form of massive industrial subsidies and the undervalued Yuan. Trade defense instruments can usually only be used by WTO members to protect their domestic market. However, unfair Chinese market distortions also play out on export markets and can lead to serious market share losses for FFTC members. To tackle this problem, the trade defense measure (i.e. a countervailing or antidumping duty) of one FFTC member would be adopted by all other FFTC members, provided this does not lead to serious economic harm for individual members. Article 14 of the ASCM basically allows for such coordination, even though it requires the consent of the Council of Goods in the WTO, which is not achievable due to the foreseeable dissent of China. However, as China’s trade distortions (even though they might not violate the formal rules) undermine the world trading system and thus also the spirit of the WTO, this approach appears justifiable.
- If the great powers wield their might with unfair trade barriers or coercive export restrictions, a **NATO-like Article 5 approach** would be the optimal and far-reaching outcome. Even if only one FFTC member was targeted by the great powers, this would imply that all FFTC stand together. Ideally, FFTC members would threaten a coordinated retaliation – similar to the Anti-Coercion Instrument of the EU. The intention of this approach would be to deter arbitrary and coercive measures of the great powers. To be sure, this objective is highly ambitious and would have to stand the test of reality. However, even a smaller and not encompassing coalition of sufficiently large members could make a difference.
- Less far-reaching would be the **coordination of mitigation and support measures in favour of the affected FFTC member**. In case of export restrictions, the non-affected FFTC members would provide a sufficient basic amount of restricted goods to the affected member. In the rare case that the great powers use extraterritorial sanctions that preclude such support, the FFTC should aim to agree to a mechanism like the Blocking Statute of the EU in order to nullify the extraterritorial reach of the great power within the FFTC. Should the offensive great powers sanction such support, coordinated trade retaliations measures in line with the ACI-approach would be required to deter such actions- which again is clearly an ambitious aim.

On the more **offensive side**, there is also a certain potential to wield some power in the medium to longer term:

- If FFTC members agree on preferential trade integration measures on a WTO-plus basis, **trade diversion** can affect non-members. Whether this would be of concern for the great powers depends on the trade category affected. Should the FFTC, for example, move forward on digital trade liberalization or new rules in this area, particularly the US but also China could be potentially negatively affected due to their services trade specialization particularly in this area. The same might apply to trade agreements on AI-related content or data security of the FFTC.
- A more offensive measure would be for FFTC members to put pressure on the US in E-commerce and electronic transmissions. This could be done by **focusing on the moratorium on customs duties on electronic transmissions in the WTO** that has not been prolonged at MC14 due to resistance from Brazil and Turkey. Based on a Joint Statement Initiative (WTO, 2024) dating back to MC13, the 66 members of this initiative (the US is not included) agreed on top of a reduction of transaction costs and some data security issues not to impose customs duties on electronic transmissions against any country (WTO, 2026). Thus, the US can free-ride on this agreement (Hufbauer, 2026). Based on this, the FFTC countries could potentially make this agreement and particularly the duty moratorium preferential only to members of the initiative. This could potentially lead to significant trade diversion against the US and also against China.
- In case of escalating trade conflicts with the great powers, FFTC members could **limit or suspend MFN-treatment** for the US or China. This would mean no longer applying WTO tariffs and would open the door to much higher tariffs (without restrictions) across the board. This option should be considered as an ultima ratio approach.
- Such more offensive strategies would indicate to the great powers that there is a price for abandoning or exploiting the international trading order. Moreover, such trade diversion, if relevant for a broader range of goods and services, could potentially induce a future US government with a less pronounced anti-trade stance to apply for participation in the FFTC in order to also benefit from the club's integration benefits.

4 Ten Geostrategic Reasons for the EU to drive the FFTC case

There are many reasons why the FFTC case should be pursued and furthered by the EU.

1. The EU obtains a stronger lever to strengthen the WTO.

With the FFTC the EU can continue to position itself as a strong supporter of the rules-based international trading order and can team up with other important middle powers that also support this system. In fact, the Joint Ministerial Statement (2025) rightly emphasizes the principles of open markets and fair trade and clearly supports the WTO. Moreover, and forward looking, the EU/CPTPP statement calls for important reforms of the multilateral trade rules with a strong and united voice.

2. The EU can raise the chances of a meaningful reform of the rules-based international trading order.

The FFTC offers a new chance to make the WTO better suited for the new multipolar world in which the US has retreated from the rules-based order and in which China overwhelms the global markets with unfairly low-priced goods and uses economic coercion rather bluntly. In order to prevent the further demise of the WTO, among others three main areas are essential to improve WTO rules or their interpretation:

- In a world of more geopolitical conflicts, the WTO needs to find the **right way to accommodate economic security concerns**. This requires an updated understanding of the national security exemption in GATT Article XXI. The right balance has to be found. While certain security concerns are clearly justified, this exception must not be used to restrict market access for protectionist reasons. The FFTC could agree on an interpretation along these lines - as a guideline also for a more common understanding among WTO members.
- The WTO requires better rules for fair trade and against competitive distortions whether they originate from an undervalued currency or from large industrial subsidies. While thorough research of the OECD (2025) shows that nearly all larger countries use subsidies to a limited extent, China clearly stands out by far in the amount of subsidies. The FFTC is a good place to develop a **new global competition order**, that either reins in such competitive distortions or that allows other countries to implement tariffs to countervail the competitive distortions on a broad scale - while staying away from protectionist tariffs that also target the fair elements of foreign competition. When agreed upon among FFTC members, such a fair-competition-package should be proposed to the WTO in a Joint Statement Initiative. If ensuing discussions in the WTO do not lead to a sufficiently rapid and encompassing outcome in Geneva, FFTC members could move forward with implementing the new rules by countervailing (only) the unfair elements of competition from China or other countries in a coordinated approach.
- More generally, the WTO should again become an institution where **meaningful trade liberalization** is decided and implemented. Due to the heterogeneity of its membership, however, not all countries are prepared to consent. Therefore, **plurilateral agreements** have emerged particularly in the course of the demise of Doha Round. Some WTO members have prevented these plurilateral agreements from becoming part of the WTO system. This does not appear reasonable, because, in the end, it will lead to liberalization taking place outside the WTO framework. While it is clearly preferable to stick to a reformed WTO system, in the event of failure to reform, the FFTC could become an alternative platform to bundle reform efforts. With this in view, the dissenters might be persuaded to keep plurilaterals in the WTO.

3. The FFTC can be a platform for a diversified friendshoring strategy on a trusted basis.

The EU needs to de-risk particularly from China, mainly regarding critical import dependencies. The FFTC is not only a platform to learn from each other in this respect, but also to establish partnerships to implement diversification strategies, potentially not only bilaterally but also on a plurilateral basis.

4. The FFTC offers opportunities to coordinate on the setting of new product standards.

Product standards for new products are increasingly influenced strategically by China in global standard setting bodies. In this respect, the EU still plays a relevant, but decreasing role. In order to counter this reduced influence, the EU could seize upon the FFTC to coordinate with interested members on supporting common proposals.

5. The FFTC can become a counterweight to the great powers and can strengthen the rule of law again.

A key advantage of the FFTC is the potential to pool the power of its members and to leverage it, if FFTC can muster the courage. As outlined above, in the medium to longer term this could be done on the defensive side, e.g. by coordinating retaliation threats, or the offensive side, e.g. by restricting access to their markets. If successful as a counterbalance against the great powers, the FFTC would potentially increase the costs for the US and China of abusing their power. Thus, with its support for the FFTC the EU might help to shift the balance back from the law of power to the power of law to some extent.

6. The EU could be in the driving seat in the FFTC.

In the FFTC, the EU would be the largest player compared to the other members in terms of economic weight and trade relevance. Thus, the EU could play a leading role in shaping the FFTC. Of course, the EU would have to coordinate and compromise with other FFTC members. However, it can be plausibly assumed that considerable common ground can be identified in aspects of relevance to the EU. In this case, the EU could enlarge its global influence with the FFTC compared to facing the US and China on its own.

7. The EU would enlarge its footprint in the Indo-Pacific.

The CPTPP has its home base in the Indo-Pacific, where the EU is currently still under-represented even though this region ranks high among the EU's geopolitical ambitions. Thus, the FFTC could serve as an alternative entry door to the region for the EU. Ideally, the FFTC membership would be enlarged to include more members of the region, including India. Moreover, the EU should, in parallel, work to rapidly conclude the ongoing negotiations for free trade agreements with the remaining larger ASEAN countries, i.e. Malaysia, Thailand, and the Philippines. This is important to reduce the negative trade diversion effects the EU suffers from as it is not part of FTAs in the Asian region like CPTPP or RCEP (Regional Comprehensive Economic Partnership).

8. The FFTC could be a new player in the new multipolar order and in the bipolar hegemonial conflict.

The FFTC could aim at becoming an influential player in an increasingly multipolar international order. This requires FFTC members to identify sufficient common ground on important issues. An obvious focal point of commonalities lies in the intention not to be pushed around by the great powers. Another common ground could be the intention to remain neutral also in case the hegemonial conflict among the US and China should further escalate. However, this depends on the concrete reason for a potential escalation. Should this, for example, be coercive measures of both the US and China with the effect of creating mutually exclusive economic and political spheres of influence, the EU would likely also tend towards a neutral bloc. However, should the conflict escalate because, China openly threatened Taiwan (e.g. with a blockade), with the US opposing such a move, the EU would clearly stand on the side of the US.

9. The FFTC can limit the divide between industrial countries and developing countries.

The power play of the great powers and their hegemonial conflict open new alignment dimensions for the world's countries to different blocs. As pointed out above, the inclination of many countries would be to remain neutral and not to be bullied continuously. These new dimensions come on top of the traditional lines of alignment in the international order, i.e. the split between industrial countries on one side and emerging and developing countries on the other, or the divide between the democratic West and the autocratic bloc with China and Russia at the helm. Thus, the FFTC with its common ground as identified above, has the potential to lessen the traditional divides. To achieve this aim, the FFTC should include important emerging and developing countries, before all India and Brazil, but also members from the African continent. In this respect, the FFTC could help the EU to reduce traditional alienations and to build soft power with emerging and developing countries. The EU could enhance this opportunity by offering certain market access conditions in agricultural and low-tech goods.

10. Via the FFTC the EU could offer alternatives to the US and China for developing countries.

Moreover, the EU could also use the FFTC as a door to step into gaps the US leaves in some FFTC members countries due to the retreat of USAID. It could also offer an alternative to China's Belt and Road Initiative, because China's engagement is seen more critically, as Chinese goods currently flood Asian countries and

undermine their industries. In this respect, the FFTC could also help to leverage the EU's Global Gateway initiative, particularly in Asia.

5 Conclusion

This article proposes that the EU should enlarge the emerging ties with the CPTPP in order to build a platform for cooperation on different important issues focusing on trade. The EU-CPTPP cooperation could be named the **Free and Fair Trade Club (FFTC)** – as the founding principles rely on “rules-based, non-discriminatory, open, free and fair” trade (Joint Ministerial Statement, 2025). The FFTC would stand roughly for about 30 percent of global GDP and also of global trade.

There is also the prospect of further enlargement of the FFTC as the guiding principle would be open plurilateralism - i.e. a form of multiregional cooperation that is open for other countries to join when they are prepared to adhere to the respective rules of an FFTC agreement. Thus, variable geometry would be an inherent feature of the FFTC. Depending on the topic, different coalitions of the willing could form.

The case for the FFTC is reinforced by the fact that the US and China are undermining the rules based international order by employing coercive measures. Against this background, Canadian Prime Minister Mark Carney called for an alliance of middle powers. The FFTC could become a building bloc for such an alliance. Pooling the economic weight of FFTC members' markets would create a power base that could be leveraged in conflicts with the great powers, if sufficient courage can be mustered. If successfully coordinated, it could be used on the defensive side in two important ways. First, for mutual protection of FFTC members against a 'divide-et-impera' approach of the great powers, e.g. involving unfair trade barriers or coercive export restrictions. Second, to protect FFTC members against unfair market distortions emanating from a third country. To this aim, a trade defense measure of one FFTC member would ideally be adopted also by other FFTC members. Such mutual coordination aims at also shielding export market sales from competitive distortions. The FFTC could also be used for more offensive objectives. Preferential trade integration among FFTC members could create substantial trade diversion to the detriment of the great powers. This is imaginable regarding trade in services, e.g. digital trade or custom duties on electronic transmissions. In an escalating conflict, it would even be possible to withdraw the WTO's most-favoured nation status of the great powers – thus creating severe trade diversion also in goods trade.

While these far-reaching options are a prospect for the longer term, they should be part of the strategic thinking of the EU. Surely, a longer phase of trust building in the FFTC would be required. The basis for this can be the cooperation in trade and economic security which should go further than already envisaged by the Joint Ministerial Statement (2025). Sceptics might raise the question of how likely it will be to find common ground among FFTC members on important issues. This will, among other aspects, depend on the pressure the great powers exert, with higher pressure probably leading to a greater inclination to find compromises in the FFTC. However, even without perfectly common positions, the FFTC can establish itself as a new player in the multipolar order. The BRICs+ and the Shanghai Cooperation Organisation (SCO) are also comprised of members with diverging interests in some areas and converging interests in others.

There are at least ten reasons why the FFTC case should be pursued and furthered by the EU.

- The EU obtains a stronger lever to strengthen the WTO.
- The EU can raise the chances of a meaningful reform of the rules-based international trading order.
- The FFTC can be a platform for a diversified friendshoring strategy on a trusted basis.
- The FFTC offers opportunities to coordinate on the setting of new product standards.
- The FFTC can become a counterweight to the great powers and can strengthen the rule of law again.
- The EU could be in the driving seat in the FFTC.
- The EU would enlarge its footprint in the Indo-Pacific.
- The FFTC could be a new player in the new multipolar order and the bipolar hegemonial conflict.
- The FFTC can limit the divide between industrial countries and developing countries.
- Via the FFTC the EU could offer alternatives to the US and China for developing countries.-

Obviously, there is the danger that the great powers would likely use their leverage to intimidate FFTC members and prevent them from joining forces. For example, China currently coerces Japan on the Taiwan issue. And the US security guarantees for Europe and Asia outside China are also an important case in point. Even though it would be against core US strategic interests to yield Asia to China or Europe to Russia, Donald Trump is unpredictable. However, forging cooperation and pooling power in the FFTC is a longer term project that will outdate the Trump presidency. Hopefully, future US presidents, even if Republican, are less erratic and more considerate of core US interests. In the meantime, also the Trump administration will notice if the EU and the CPTPP move closer and discuss the formation of a FFTC. Implicitly, this is likely to influence the US approach just as much as the threat of a coordinated retaliation of the EU did regarding the US threats towards Greenland.

In general, the strength and stability of a club are determined, before all, by the incentive for members to opt out and free ride. Therefore, the FFTC needs exclusive club benefits that increase the incentives of membership. Preferential trade agreements in economically important areas are potential examples of such advantages that would be available only to FFTC members, even though the scope for such agreements is limited by the existing free trade agreements. This is why such preferential trade liberalization, e.g. in digital trade also has to be early on the agenda. Moreover, an even more important club benefit would be the above-mentioned mutual protection potential. Therefore, core FFTC members should attempt to agree on at least a rudimentary version of such cooperation rather sooner than later.

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