

Press release

techUK warns UK and EU risk costly split on digital and technology policy, and urges deeper partnership

- *New report calls for mutual recognition of digital and AI standards and a 'trusted partner' approach to sovereignty, warning that friction between London and Brussels already threatens a \$350 billion digital trade relationship*

[London/Brussels] 10 September 2026 – techUK, the trade association for the UK's technology sector, today publishes a new report, 'Towards a UK-EU Partnership for a New Age', warning that a drive towards "technology sovereignty" on both sides of the Channel risks fragmenting one of the world's most valuable and integrated digital economies, unless the UK and EU move quickly to treat each other as trusted partners rather than rivals.

The report finds that bilateral trade in digitally deliverable services between the UK and EU was worth more than \$350 billion in 2024, with the UK the number one non-EU export destination for digital services for 11 EU member states. The UK is also Europe's largest exporter of digitally deliverable services overall, and home to Europe's biggest cyber security sector, with revenues exceeding €10.3 billion in 2025.

Despite this deep interdependence, techUK warns that the current post-Brexit relationship, and an uncoordinated pursuit of digital and technology sovereignty by both sides, is already generating friction. The report highlights the UK's exclusion from the EU's Security Action for Europe (SAFE) defence fund – which prevents EU governments from buying UK-made defence technology, such as Storm Shadow missiles, using SAFE financing – as a stark example of the cost of divergence. It also warns that emerging EU proposals, including the Cloud and AI Development Act, could shut British firms out of a projected €47 billion European sovereign cloud market by 2028 if they discriminate against trusted non-EU suppliers.

The report sets out a series of recommendations for policymakers in the UK and EU, organised around four priority areas:

Defence and security resilience

- Negotiate the UK's participation in European defence readiness instruments, including SAFE, as an urgent priority.
- Strengthen cooperation on supply chain resilience, cybersecurity and digital infrastructure security through a trusted partnership model, with the UK-EU Cyber Dialogue operationalised as the main delivery channel.
- Expand cooperation on dual-use emerging technologies, including AI, quantum, drones and autonomous systems.

- Treat subsea cable infrastructure as a shared resilience priority, aligning the EU's Action Plan on Cable Security with the UK.

Regulatory interoperability and dynamic alignment

- Negotiate mutual recognition agreements in high-compatibility sectors to reduce duplicative compliance costs for businesses, particularly SMEs.
- Protect trusted, free-flowing data between the UK and EU, including continued support for data adequacy and the G7 Data Free Flow with Trust agenda.
- Ensure AI and quantum regulatory interoperability, including joint migration to ETSI post-quantum cryptography standards and a new UK-EU AI Assurance Partnership.
- Maintain dynamic alignment on product standards for goods, such as chemicals and product safety, where divergence offers no economic benefit.

Digital standards

- Maintain UK participation, through BSI, in the European standards bodies CEN, CENELEC and ETSI.
- Ensure interoperability of digital identity systems as the UK's trust framework and the EU's revised eIDAS Regulation and EUDI Wallet roll out.
- Harmonise AI, cybersecurity and quantum technology standards to ease compliance for industry operating across both markets.

Protecting sovereignty

- Recognise companies from each other's markets as trusted partners in sovereignty-related proposals, including the Cloud and AI Development Act and the revised Public Procurement framework.
- Treat public procurement as a tool for shared security and resilience, applying sovereignty and local content requirements proportionately and on a risk basis, with mutual recognition of equivalent assurance frameworks.

Sabina Ciofu, International Trade and Strategy Lead at techUK said:

"At a time of growing geopolitical instability, the UK and EU have a shared interest in strengthening one of the world's deepest and most valuable digital partnerships. The UK is not a competitor to be shut out: it is a trusted partner that Europe already relies on for cybersecurity, defence and digital trade. It is now time to build on that foundation, by embedding the UK within frameworks like SAFE, aligning on data and AI standards, and treating sovereignty as something built with partners rather than against them. The alternative is higher costs, slower innovation and weaker collective security at exactly the moment Europe can least afford any of them."

Caroline Read, Deputy Ambassador of the United Kingdom to the European Union, said:

"The UK and EU share a strong interest in building secure, resilient and dynamic digital economies. Our success depends on working together across borders – leveraging our highly integrated ecosystems.

"This report rightly highlights the value of greater ambition amongst trusted partners as a critical part of any tech sovereignty agenda. At a time of rapid technological change and growing geopolitical challenges, collaboration between like-minded partners matters more than ever.

"The UK is ready to play its part, building on our shared strengths to boost European competitiveness and maintain the reciprocal openness that underpins our collective success."

techUK is calling on policymakers in London and Brussels to use the recommendations in the report as the basis for renewed, practical cooperation ahead of upcoming reviews of the EU's Technological Sovereignty Package, public procurement rules and the UK-EU Trade and Cooperation Agreement.

-ENDS-

Notes to Editors

- The full report, "Towards a UK-EU Partnership for a New Age", is available at [this link](#)
- The report draws on interviews and written contributions from techUK member companies alongside analysis of trade, economic and industry data.
- For interview requests or further data, please contact the media team using the details below.

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About techUK

techUK is the technology trade association that brings together people, companies and organisations to realise the positive outcomes of what digital technology can achieve.

With over 1,100 members (the majority of which are SMEs) across the UK, techUK creates a network for innovation and collaboration across business, government and stakeholders to provide a better future for people, society, the economy and the planet.

By providing expertise and insight, we support members, partners and stakeholders as they prepare the UK for what comes next in a constantly changing world.



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