



Trade Developments

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Hello and welcome to this edition of Trade Developments.

For more on international trade, check out our dedicated [webpage](#), or email tradesupport@deloitte.co.uk to enquire about our trade policy briefings.

Trade Policy Insights

Over the summer, Deloitte’s Trade Policy team have written a series of articles and insights on US tariffs, the UK-India FTA, the UK-EU reset, and the government’s new trade strategy. Catch up below:

- Take a look at the [UK and EU’s new agenda](#) for bilateral cooperation, including easing trade friction in agri-food, linking emissions trading systems, improving people mobility, and strengthening security cooperation.
- See how your business can take advantage of the [UK-India FTA](#) with its significant tariff reductions, flexible rules of origin, expanded mobility provisions, and improved access to services and government procurement.
- Read our analysis of the UK’s [new trade strategy](#) with its focus on improving trade mechanics, strengthening security and resilience, and ensuring regional delivery.
- Check out this article to understand the [UK-US Economic Prosperity Deal \(EPD\)](#), its sector-specific tariff relief, including automotive, aerospace, steel and aluminium, and broader implications for UK businesses navigating a volatile global trade environment.

De Minimis Limit Removal Takes Effect

On 30 July 2025, President Trump signed an [executive order](#) suspending the duty-free “de minimis” exemption for all countries. The measure, which took effect on 29 August, eliminates duty-free entry into the United States for shipments valued at \$800 or less, regardless of origin, with few narrow exceptions. For postal shipments, a temporary alternative duty regime will apply. Importers may choose to pay either an ad valorem duty equal to the effective International Emergency Economic Powers Act (IEEPA) tariff rate for the country of origin, or a specific duty ranging from \$80 to \$200 per item. This dual system will only be available for six months, after which all postal entries will be subject to ad valorem duties. The move accelerates the administration’s broader policy to dismantle entry under de minimis threshold exemptions, which will be permanently repealed under the “One Big Beautiful Bill Act” from July 2027.

US-EU Joint Statement

The US and EU have announced a new Framework Agreement on Reciprocal, Fair, and Balanced Trade, designed to reset one of the world’s largest economic relationships. The deal commits the EU to eliminate tariffs on all US industrial goods and expand preferential access for a wide range of US agricultural products, including dairy, pork, nuts, and seafood. In return, the US will apply a capped tariff structure on EU goods, at either 15% or Most Favoured Nation (MFN) only tariffs (where the MFN tariff exceeds 15%), in sensitive sectors such as aircraft, pharmaceuticals, and certain natural resources. The agreement also includes provisions to limit Section 232 tariffs, particularly on automobiles, steel and aluminium.

Beyond tariffs, the agreement aims to deepen cooperation across strategic sectors. The EU has pledged large-scale procurement of US goods, including \$750 billion of US LNG, oil and nuclear products, and \$40 billion of AI chips. The two sides further committed to mutual recognition of standards in automobiles and other industrial sectors, cooperation on conformity assessments, and addressing long-standing agricultural barriers. The EU has also pledged to address US concerns on its sustainability and climate regulations, including the deforestation law, CBAM, and due diligence requirements. Both sides will strengthen cooperation on labour rights, digital trade, and cybersecurity, and will work together on critical minerals, export controls, and supply chain resilience. The joint statement can be found [here](#).

US Appeals Court Upholds Tariff Ruling

The United States Court of Appeals for the Federal Circuit upheld a ruling that US ‘reciprocal tariffs’ are being illegally imposed. A ruling in May from the Court of International Trade found that the IEEPA did not grant President Trump the power to impose broad ‘reciprocal tariffs’ on most trade partners. The ruling also covers separate tariffs affecting Mexico and Canada, cited as a response to cross-border flows of fentanyl.

The US administration has now appealed the decision to the US Supreme Court, with the tariffs in question remaining in place in the interim. The court decision can be found [here](#).

WTO General Council

At the 8 August WTO General Council meeting, the UK used its first interventions under a new ambassador to underline strong support for the WTO’s rules-based system. Pointing to supply chains that make everyday goods affordable, the UK warned that without multilateral rules the global economy would be more volatile and urged members to act decisively at Ministerial Conference 14 to reinforce the organisation’s relevance.

The UK also argued for incorporating the Investment Facilitation for Development Agreement (IFDA) into Annex 4 of the WTO Agreement. The UK highlighted the IFDA’s potential to boost business confidence, growth and jobs, particularly in developing economies. The UK encouraged members to engage fully ahead of MC14, noting the importance of forums that allow frank debate to support the reform agenda. The UK’s statement can be found [here](#).

UK Automotive Exports

UK car exports to the US rose by 6.8% in July, following the implementation of the UK-US Economic Prosperity Deal (EPD). Under the EPD, the US agreed to remove tariffs on UK car exports under a 100,000-vehicle quota. After the quota has been filled, additional UK car exports will face 27.5% tariffs when exported to the US.

The US is the largest single national market for UK car exports, accounting for 18.1% of total car exports. However, in the three months prior to July, UK car exports to the US had fallen for three consecutive months. The SMMT’s news release on UK car production for July can be found [here](#).

UK-Spain strategic bilateral framework

On 3 September, the UK and Spain signed a new strategic bilateral framework aimed at promoting sustainable economic growth. Within the framework, the UK and Spain will establish an annual Trade and Investment Dialogue to explore actions which could help UK and Spanish businesses operating in each other’s markets.

In addition to trade, the strategic bilateral framework contains commitments to improve cooperation in foreign policy, security and defence. The UK and Spain will also work towards negotiating a Memorandum of Understanding covering collaboration on energy and climate policy. The full framework can be found [here](#).

UK-Egypt dairy trade

UK dairy farmers have secured a boost after the government successfully prevented the introduction of a new Egyptian requirement for halal certification on all UK dairy imports from January 2026. The agreement, delivered through joint engagement by the Department for Business and Trade and the Department for Environment, Food and Rural Affairs, protects an estimated £250 million in export opportunities over the next five years. The government has said that the decision means exporters will avoid over £1,000 in certification costs per shipment; while ensuring British favourites such as Cheddar, clotted cream and farmhouse butter can continue reaching Egyptian consumers. The UK government’s press release can be found [here](#).

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