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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.

US Tariffs

At the beginning of his administration, President Trump imposed tariffs on steel, aluminium and cars alongside sweeping 'reciprocal' tariffs. The reciprocal tariffs were then paused at a rate of 10% to allow space for countries to negotiate deals which could see the rates of duty reduced. They included the UK-US Economic Prosperity Deal, our analysis of which can be found here.

The biggest deal by volume is with the **European Union**. Under the agreement, a 15% tariff will be applied on most EU goods exported to the US, in exchange for increased EU purchases of American energy ($750 billion) and $600 billion in EU investments in the US economy. There will also be some 'zero for zero' tariff reductions on both sides.

Another significant deal was reached with **Japan**, which will invest $550 billion in the US economy, directed towards key industries including energy, semiconductors and AI. In return, Japan will face a 15% tariff on its exports to the US. Other deals include a trade agreement with Indonesia where the US will impose a 19% tariff on most Indonesian imports, significantly lower than the previously threatened 32%. The **Philippines** also signed a deal with the US, resulting in a 19% US tariff on most Philippines-origin goods. In July the Administration also agreed a deal for 15% tariffs with **South Korea**.

These deals appear to represent a significant victory for President Trump's trade agenda; however, they are not quite the 90 deals in 90 days that had been promised. A number of significant US trading partners including **India**, **Canada** and **China** are still to strike permanent deals with the US, leaving the door open for elevated tariff rates. Indeed, shortly after failing to reach a deal, **India** was hit with an additional 25% tariff on account of its continued purchase of Russian oil. Even for countries with deals, uncertainty on tariffs looks set to continue with the threat of more targeted, sectoral tariffs in the future.

UK-India FTA

The UK and India have now signed their landmark trade agreement which the UK government claims will unlock £6 billion in new investment and export wins and create more than 2,200 jobs across the UK. While the broad shape of the agreement has been known for some time, the release of the full legal text offers new clarity and important insight into how the deal will operate in practice and what it means for businesses.

The agreement will slash tariffs on UK exports, with benefits for whisky, aerospace, and the automotive sectors, while delivering locked-in access for UK financial and professional services to India's growing market. Alongside the economic gains, the two Prime Ministers have agreed to deepen cooperation on security, migration and technology through a renewed Comprehensive and Strategic Partnership. The government's press release can be found here, and you can read our analysis of the FTA text here.

UK-EU Negotiations

On 31 July the EU published its draft negotiating positions on sanitary and phytosanitary (SPS) measures and on linking the emissions trading schemes. Under the EU's SPS proposal, the UK would be required to align fully and continuously with the EU's agri-food rules, including food safety, organic labelling, animal health and pesticide regulation. The UK would not participate in EU decision-making, but it would be consulted early in the EU's policy process and gain access to relevant EU systems. The UK would also make financial contributions to the European budget in the area of agri-food.

Meanwhile, the Commission's emissions trading scheme proposal would link the UK and EU carbon markets, requiring the UK's cap and reduction path to be at least as ambitious as the EU's. In return, the UK would gain a mutual exemption from the EU's Carbon Border Adjustment Mechanism (CBAM), with scope to expand cooperation into additional sectors such as aviation and maritime transport. The documents are now under review by EU governments and will form the basis for negotiations with the UK in the months ahead. The EU's announcement can be found here.

UK Steel Exports

UK steel producers have regained tariff-free access to the EU for key steel products, following the implementation of a long-negotiated quota agreement from 1 August. The deal, secured at the UK-EU Summit in May, allows up to 27,000 tonnes of UK steel to enter the EU each quarter without incurring additional tariffs.

The agreement is expected to generate millions in additional export revenue and reinforce the UK's position as a reliable supplier to the EU market. The move follows significant steps to support the sector, including the £500 million investment in green steel at Port Talbot and recent action to safeguard jobs at British Steel. The government's press release can be found here.

UK-Pakistan Trade Dialogue

The UK and Pakistan held their inaugural ministerial-led Trade Dialogue on 14 July, with Minister Douglas Alexander hosting Commerce Minister Jam Kamal Khan in London. Total trade between the two nations reached £4.7 billion in 2024, up 7.3% on the previous year. During the talks both sides identified high-potential sectors including IT, healthcare, education, and pharmaceuticals as priorities for market access improvements. The dialogue also addressed key business concerns such as intellectual property rights, while reaffirming the importance of the Developing Countries Trading Scheme, under which 92% of Pakistani goods enter the UK tariff-free.

Investment was another central focus, with UK FDI into Pakistan reaching £2.5 billion and support pledged to deepen capital flows in both directions. The ministers also committed to launching targeted campaigns, sectoral workstreams, and a regular programme of official meetings to deliver measurable progress before the next ministerial round. The government's announcement can be found here.

Market Access in Mexico

British pork is set to reach Mexican plates following the UK's successful negotiations to open long-term access to this growing market. Twelve producers across England and Northern Ireland have now been approved to export a range of pork products. The deal also includes new access specifically for Northern Irish exporters and is expected to generate up to £19 million over the next five years.

The announcement builds on recent progress in reopening the Chinese market for UK pork. Officials have framed the deal as a key example of the UK's farmer-focused Trade Strategy, which aims to remove export barriers and deliver tangible benefits for rural communities. The government's announcement can be found here.

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