



Trade Developments

10 February 2025

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.

Attitudes to Trade Survey 2025

In our annual Attitudes to Trade Survey, we set out to gauge British Businesses’ sentiment on international trade. The survey finds that business sentiment towards UK trade policy with Europe and the rest of the world is increasingly positive, and in many areas has improved notably since our last survey. However, businesses are concerned about rising global trade barriers, with most firms intending to undertake some form of mitigation this year.

- Businesses are adjusting to the new terms of trade with Europe, with fewer UK firms (57%) reporting trade losses and most businesses (64%) anticipating the UK's policy towards the EU to be beneficial for their business.
- Most business leaders (90%) believe the UK should undertake some form of alignment with EU rules but are divided on the ideal balance between regulatory autonomy and closer trading ties.
- Business leaders have growing confidence in the UK’s free trade agreement (FTA) programme, with 71% believing FTAs will have a positive impact on economic growth.
- Business leaders are anticipating more barriers to trade in 2025 compared to last year, including higher tariffs and taxes in most world regions. Most businesses intend to mitigate the impact of a potentially higher tariff environment, with 45% looking to increase prices and 47% planning to explore alternative export markets. Notably, nearly half (45%) of respondents intend to put a mitigation strategy in place but have not yet done so.
- Despite higher trade barriers, traders anticipate a sustained role for China in global trade, with over half of respondents expecting China to play a greater role in their supply chains this year.

You can read the full report [here](#).

US tariff developments

Effective 4 February, the US imposed new tariffs of 10% on all goods from China. China has retaliated by applying tariffs of 10-15% on a range of US goods, including natural gas, crude oil, and agricultural machinery. It has also opened an antitrust investigation into Google, announced export controls on rare metals and has stated that it will challenge the US’s actions at the World Trade Organization.

President Trump had previously stated that the US would also apply 25% tariffs on imports from Mexico and Canada (10% on energy products from Canada), but last-minute agreements were reached with both countries to defer implementation of the tariffs for one month while negotiations take place. The US said it intends to impose these tariffs because the countries in question have failed to stem the flow of undocumented migrants and fentanyl into the US. As part of the agreements with Canada and Mexico, both countries have committed to take further action on border security.

In total, the US tariffs relate to c. \$1.3 trillion of goods (around 43% of US imports) and are to be collected on top of all other existing customs duties. Referencing the US’s trade deficit with the EU, President Trump also confirmed that he will “definitely” be imposing tariffs on the EU, and “might” also consider the UK – but that he thinks it “can be worked out” in the case of the UK. The EU has stated it will respond firmly if the US imposes tariffs.

Kier Starmer Visits Brussels

On 3 January, Keir Starmer visited Brussels to attend a security conference alongside the 27 EU leaders. Starmer's attendance marked the first time that a UK Prime Minister had joined a meeting of the EU 27 since Brexit. At the meeting, Keir Starmer set out his vision for "an ambitious UK-EU defence and security partnership with several steps to increase cooperation on shared threats and go further on cross-border crime and illegal migration".

Kier Starmer also pledged to continue his government's wider efforts to make "Brexit work better for the British people" whilst remaining outside the single market and the customs union. It was also announced that Kier Starmer would host other EU leaders in the UK in May for a "Reset Summit". The government's press release can be found [here](#).

Whilst on his visit to Brussels, Kier Starmer was also asked about his response to the new US tariffs and how they may affect the UK-US relationship. Starmer replied that he thought it was still "early days" when it came to US tariffs but that he was in favour of "open and strong trading relations".

UK-India FTA Talks Restarting

The Business and Trade Secretary, Jonathan Reynolds, has announced that he will visit India later in the month to kickstart the UK's trade talks. Speaking at the 7th Annual UK-India Parliamentary Lunch at the House of Lords, Reynolds said, "I want to reaffirm the UK's commitment to deliver growth for both countries through the trade deal." Reynolds's comments follow the announcement by Keir Starmer at the G20 Summit in November that the UK-India talks would restart early in 2025.

The restart of talks comes as India is revamping its 2016 Bilateral Investment Treaty. If the new version offers greater protections to investors in India, it may unlock a previous sticking point in the negotiations. A report by the India Global Forum can be found [here](#).

Nick Thomas-Symonds Visits Brussels

Following on from Keir Starmer's meeting with EU leaders earlier last week, Nick Thomas-Symonds, the Minister for European Union Relations, visited Brussels to continue preparations ahead of the UK-EU summit in May. Whilst in Brussels, Symonds delivered a speech at the EU-UK Forum. During his speech, Symonds called for "ruthless pragmatism" to improve UK-EU relations.

Symonds also held “productive” [meetings](#) with his counterpart Maroš Šefčovič, where they discussed their “mutually aligned interests and challenges”. A transcript of the speech delivered by Symonds can be found [here](#).

UK – Canada Trade Talks

The UK and Canada may soon restart trade talks, according to Canadian High Commissioner to the UK, Ralph Goodale. In an interview with Politico, Goodale stated that the threat of US tariffs on Canada meant that they now had a "great reason to work really hard at trade diversification".

Previously, the talks had collapsed over a dispute around access for Canadian beef and British cheese. The effect of the collapse of these talks appeared to be evident in our Attitudes to Trade survey, with 39% of businesses selecting high tariffs as a barrier when trading with CANZ (Canada, Australia, New Zealand) compared to only 23% last year. The interview with Politico can be found [here](#).



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