



# 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](mailto:tradesupport@deloitte.co.uk) to enquire about our trade policy briefings.

## US – UK Economic Prosperity Deal

The UK and US have reached an outline agreement on tariffs and trade which is designed to benefit businesses on both sides of the Atlantic. While the announcement does not amount to a comprehensive Free Trade Agreement, both governments have been clear that these developments are designed to be the start of further UK-US cooperation, including on pharmaceuticals, reciprocal tariffs and a “future UK-US technology partnership”, so businesses will need to continue monitoring this evolving landscape. Key highlights include:

- A commitment to reduce tariffs on some goods destined for the US, giving businesses more certainty after a volatile few months. This should help improve business confidence, but we still await important details including the date these tariff reductions come into force.
- The automotive sector received a ‘retaliatory tariff’ rate cut from 25% to 10%. The reduction applies to a quota of 100,000 vehicles per year.
- Steel and aluminium producers were given the biggest tariff reduction for their exports to the US, down from 25% to 0%. Businesses will be watching with interest to see how the new “trading union” will develop as it could reshape trade in this sector.
- The US’s 10% baseline tariff on most UK goods exports still applies and was not removed by this agreement, so continues to add costs to UK exports.
- The agreement signalled the UK could also get preferential treatment if future tariffs are imposed by the USA.
- The UK agreed to remove the 19% tariff on a substantial quota of US ethanol, used to make sustainable fuels. There will be other changes to tariffs on US imports, including machinery, beef, textiles, tobacco and agricultural products.

Further details are awaited, but in the meantime the text of the announcement can be found [here](#).

## UK-India Free Trade Agreement

On 6 May, the UK and India announced they have succeeded in negotiating a free trade agreement (FTA) which will see India cut tariff rates on 90% of tariff lines. The tariff reductions will be worth over £400 million when the FTA enters into force and could reach £900 million after 10 years. The UK government said that “whisky and gin tariffs will be halved from 150% to 75% before reducing to 40% by year ten of the deal, while automotive tariffs will go from over 100% to 10% under a quota”.

Further tariffs will be reduced on other UK exports including medical devices and advanced machinery - and the UK will also lower tariffs on imports from India, including clothing, frozen food and jewellery. The FTA is also expected to include access for UK businesses to India’s government procurement market, enhanced IP protections for the creative sector and improved market certainty for UK services exporters. The UK government is forecasting that the FTA could increase bilateral trade by £25.5 billion per year over the long run, adding £4.8 billion to GDP annually. The full text of the draft agreement has not yet been released publicly, however the UK government’s announcement of the agreement can be found [here](#). Our analysis can be found [here](#).

## UK-EU Summit

The UK and EU are preparing for a significant summit in London on 19 May, aimed at “resetting” the post-Brexit relationship. One of the key items on the agenda is a potential Sanitary and Phytosanitary (SPS) agreement. Such a deal would streamline checks on agricultural and food products, reducing friction at the border and easing trade. It’s thought that the UK is hopeful of achieving a model that could involve dynamic alignment with EU standards in certain areas, but without full regulatory convergence.

Another major topic under discussion is a potential youth mobility deal, which would allow young people aged 18 to 30 to live, work, and study in both territories for limited periods. It is understood that the EU has proposed a bloc-wide scheme, which the UK had previously rejected. The EU is also expected to push for broader access to UK fishing waters.

The two sides are also negotiating ways to improve mutual recognition of professional qualifications, which would make it easier for professionals such as architects, lawyers and healthcare workers to operate across borders.

Further negotiations are also expected on a security pact which could formalise law enforcement and/or military cooperation and joint responses to other global challenges. The EU press page on the summit can be found [here](#).

## UK Turkey Talks

On 8 May Secretary of State for Business and Trade Jonathan Reynolds and Minister for Trade Policy Douglas Alexander, met with Turkish Trade Minister Ömer Bolat and Deputy Minister of Trade Mustafa Tuzcu to deepen UK-Turkey trade ties. UK Turkey trade was worth around £28 billion in 2024, with Turkey being the UK’s 16th largest trading partner.

At the talks, it was announced that the first round of negotiations on a modernised Free Trade Agreement (FTA) will begin by the end of July. The meeting concluded with the signing of an upgraded Technical Barriers to Trade (TBT) chapter, amending the 2020 UK-Turkey FTA. This update brings TBT provisions in line with the UK-EU Trade and Cooperation Agreement, streamlining processes and cutting costs for UK businesses trading with Turkey. The government’s announcement can be found [here](#).

## UK Trade & Customs Reform

Chancellor Rachel Reeves has announced new measures to protect British businesses from unfair international trade practices, including a fast-track response to potential dumping of cheap imports. The Trade Remedies Authority will take quicker action to deter import surges, and a review of customs rules on Low Value Imports is underway — a system that major retailers argue gives overseas sellers an unfair advantage.

Reeves emphasised that while free trade remains essential for growth, it must also be fair: “This government is meeting the moment to protect fair and open trade. Following recent announcements reducing tariffs and support for the zero-emissions vehicles industry, today’s package will help businesses compete fairly with international exporters.” The government’s announcement can be found [here](#).

## Subsidy Control Act Consultation

The government has published the results of the feedback it received on the Subsidy Control Act consultation, which closed on 21 January 2025. The government received 55 total responses from a mixture of law firms, trade associations, charities and the CMA Subsidy Advice Unit.

Most respondents favoured increasing CMA referral thresholds, particularly the mandatory one. Views on sensitive sectors and the voluntary threshold were mixed. Streamlined Routes received positive feedback and were seen as a way of potentially reducing the burden on public authorities. Respondents were also in favour of a new route for arts & culture and community regeneration. The government’s announcement can be found [here](#).



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