



# 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 Tariffs

The US has increased tariffs on steel and aluminium imports to 50%, up from 25%, effective 4 June 2025, citing national security concerns and the need to support domestic industries. This impacts all countries except the UK, which maintains a 25% tariff due to the U.S.-UK Economic Prosperity Deal, but this could increase to 50% after 9 July, if the UK and the US fail to finalise the deal. The UK government has been conducting high level meetings with US counterparts to finalise the agreement, including with US Trade Representative Jameson Greer. The US announcement can be found [here](#).

Separately, the US Court of International Trade has ruled that President Trump did not have the authority to use the International Emergency Economic Powers Act (IEEPA) that he cited when he imposed “reciprocal” tariffs on other countries back in April, among other IEEPA-based tariffs. The Trump administration had suggested that the IEEPA gives the president the power to do so if there is a declared national emergency. The judgment affects levies announced on 2 April 2025, including a baseline 10 per cent tariff and higher “reciprocal” duties on many countries based on a trade deficit emergency. The judgment also includes tariffs levied on Mexico, Canada and China in response to fentanyl trafficking. Sectoral tariffs that were imposed on steel, aluminium, and car imports were unaffected by the decision because they were not imposed based on the IEEPA. The Trump administration has stated that it will appeal the decision and the tariffs temporarily remain in effect while the appellate court considers motions to extend their continued collection while the matter is under appeal.

## UK - EU ‘Common Understanding’

The UK Government has struck a new deal with the European Union which builds on the Trade and Co-operation Agreement, with the aim of reducing trade frictions. The deal includes a Sanitary and Phytosanitary (SPS) agreement to ease trade in food and drink products across borders.. Routine checks on certain goods will be removed and the UK government has already [announced](#) the scrapping of some checks. However, exact details are yet to be published. The government also plans to link the UK Emissions Trading Scheme (ETS) to the EU’s system in order to avoid UK businesses being hit by the EU’s Carbon Border Adjustment Mechanism (CBAM). The government believes that the two measures above could add nearly £9 billion to the UK economy by 2040.

The agreement also creates a new Security and Defence Partnership, opening up UK access to the EU’s proposed £150 billion SAFE (Security Action for Europe) defence fund. Talks will begin on allowing a youth mobility scheme, while a new 12-year fisheries deal provides continued access for European ships to UK waters. Prime Minister Keir Starmer hailed the agreement as a step forward, saying, “Britain is back on the world stage”.

Since the agreement was announced we have been analysing what the new policy means for business and you can find our analysis [here](#).

## UK-Ukraine Trade Mission

The UK has led its largest-ever trade mission to Ukraine, with 51 UK and international defence companies joining the delegation in Kyiv. The mission aimed to deepen industrial cooperation with Ukraine and European allies including Norway, the Netherlands, Sweden, Finland and Latvia, securing contracts that the government hopes will boost high-skilled jobs across the UK and support national security.

Backed by the UK’s cross-government Task Force HIRST, the mission builds on growing defence partnerships and upcoming Industrial Strategy. With over £4.5bn in military support pledged this year and a new UK-EU Security & Defence Partnership in place, the UK is continuing to strengthen defence industry ties across Europe. The government’s press release can be found [here](#).

## UK Regions

The UK government has published a series of articles on GOV.UK outlining how recent trade deals with the US, India, and the EU will benefit regions across the country. These pieces were timed alongside the Prime Minister’s meeting with English Mayors and leaders from the devolved administrations at the Council of Nations and Regions in London. At the meeting the Prime Minister set out his strategy to deliver economic growth through international trade. The articles aim to show how UK trade policy is benefitting local economies, particularly in key industries such as manufacturing, automotive, agriculture, and steel.

Across the regions, the reported benefits include reduced tariffs for car manufacturers in the [West Midlands](#), and [Wales](#) is expected to see improved market access for agricultural producers. [Northen Ireland](#) is expected to see gains in manufacturing and aerospace, while [Scottish](#) businesses—particularly in food and drink—are poised to benefit from streamlined exports and lower tariffs.

## UK Ethanol

In a [joint statement](#), the UK’s two largest bioethanol producers have warned that the removal of UK tariffs on US ethanol imports places producers at a significant disadvantage against overseas production. The UK’s bioethanol industry also has far-reaching impacts in other sectors including farming, aviation and food & drink.

Industry bodies have appealed to the government for urgent action and regulatory changes to increase domestic demand for bioethanol. The government has acknowledged the urgency and is exploring support options.

## UK – Macedonia Partnership

The UK and North Macedonia have signed a Government-to-Government partnership to boost trade and infrastructure development. This agreement provides North Macedonia with access to UK expertise and up to £5 billion in export financing for projects in sectors like transport, health, energy, and technology. The government’s press release can be found [here](#).



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