



Trade Developments

23 January 2026

Hello and welcome to this edition of Trade Developments.

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Further US Tariffs on UK & Europe Paused

In Davos, President Donald Trump signalled a shift in tone on transatlantic trade by dropping his threat to impose sweeping tariffs on goods from the UK and several European allies. The levies, which were set to begin at 10% on February 1 and rise to 25% by June, had been tied to US efforts to secure a deal over Greenland. Following talks with NATO leaders, Trump announced that the tariff plan would be cancelled, citing progress toward a “framework” for future discussions on Arctic security and mineral rights. President Trump’s speech at the World Economic Forum can be found [here](#), and the White House read out can be found [here](#).

The legal path forward for the US administration’s sweeping tariffs remains uncertain, as the Supreme Court is expected to rule soon on whether President Trump’s use of emergency powers under the International Emergency Economic Powers Act to impose tariffs is legal. The outcome of this ruling could directly impact the implementation and scope of many of the tariffs introduced since the administration came to power.

The UK at Davos

On 20 January, the Chancellor Rachel Reeves and Business Secretary Peter Kyle arrived at the World Economic Forum in Davos to showcase Britain’s strengths to global investors and CEOs. In a week of high-level meetings, the UK positioned itself as a haven of stability and predictability, underlining its modern Industrial Strategy and recent economic successes such as £340 billion in private investment secured over 18 months and record highs for the FTSE.

A central focus of the UK’s message was talent. New measures included reimbursed visa fees for select innovators in deep tech sectors including AI, quantum computing, life sciences, and clean energy, while fast-tracked sponsor licenses for global companies expanding their UK footprint were also announced. Coupled with expanded resources for the Global Talent Taskforce and new scholarships for international students, these initiatives reinforced the government’s offer for the world’s top performers. A government report on the UK delegation can be found [here](#).

US Criticism of European Digital Rules

At a panel discussion in Davos, US Commerce Secretary Howard Lutnick renewed criticism of European digital rules and urged Britain to align more closely with America. He argued that measures such as the UK’s Digital Services Tax and EU’s Digital Markets Act discouraged tech investment, describing them as “illogical” barriers to growth. Chancellor Rachel Reeves, who shared the stage, replied by stressing that Britain was already attracting major U.S. tech companies to build data centres thanks to its lighter regulatory environment compared to continental Europe. Her intervention reinforced the message she had delivered earlier in the week: that Britain offers stability, openness, and a pro-innovation climate. The full panel can be viewed [here](#).

UK-Indonesia Co-operation

The UK and Indonesia have agreed to establish an Economic Growth Partnership, which includes a framework to strengthen cooperation across key sectors including education, infrastructure, and sustainable finance, while supporting Indonesia’s economic transformation and opening new opportunities for UK businesses. The partnership reflects the UK’s broader strategy of building high-growth relationships in dynamic markets, positioning British firms to benefit from Indonesia’s expanding middle class and ambitious development agenda. The strategy can be found [here](#).

Business and Trade Committee Report on UK-India FTA

The UK’s Business and Trade Committee published their report assessing the impact of the UK-India Free Trade Agreement (FTA). The report finds that the FTA could initially save UK exporters to India up to £400 million a year in customs duties; however, the benefits to the UK will be dependent on effective implementation and support for businesses. The Committee also urges the UK government to continue working with India to remove non-tariff barriers, such as regulatory opacity, for UK businesses to realise the benefits of the FTA. The full report can be found [here](#).

UK International Education Strategy

The UK government’s International Education Strategy 2026 sets out ambitious plans to place the UK’s education at the heart of global engagement, from early years through to higher education. By strengthening international partnerships and attracting high-quality students from a diverse range of countries, the strategy aims to enhance the UK’s global standing while also driving economic growth.

Education is one of the UK’s most successful services exports, and the commitment to grow education exports to £40 billion annually by 2030 highlights how the sector contributes directly to the UK’s economy. The government’s strategy can be found [here](#).

UK Trade Envoys

The UK has reinforced its commitment to strengthening global trade ties with the appointment of several new Trade Envoys, announced by Business and Trade Secretary Peter Kyle on January 20. Among the most notable are new envoys to major European partners France, Germany, and Italy, as well as Türkiye and Pakistan. These appointments are designed to deepen bilateral relationships, champion UK businesses abroad, and address market access challenges, ensuring that British firms remain competitive and well-positioned in a rapidly evolving global trade environment. The government’s announcement can be found [here](#).

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