# New US tariffs spark turmoil in global markets



On Saturday, a 10% tariff on UK products introduced by US President Donald Trump is set to come into effect, contributing to a period of considerable turmoil in global financial markets. The announcement of the import tax has triggered significant stock declines, with analysts noting that over $4.4 trillion (£3.8 trillion) has been wiped off the value of global markets since the tariffs were first announced on Wednesday. The UK’s FTSE 100 index suffered its sharpest drop in over three years, plummeting 4.95% or 419.75 points to close at 8,054.98.

Friday marked the worst trading day for London’s stock market since the beginning of the COVID-19 pandemic in March 2020. The decline in stock prices mirrored similar trends across the Atlantic, where the Dow Jones Industrial Average and the S&P 500 also recorded substantial losses, with the Dow declining a staggering 2,231.07 points, or 5.2%. This drop capped a dismal week for Wall Street, marking its worst performance since the initial outbreak of the pandemic, as investors reacted to fears of a potential global recession.

In response to Trump's sweeping tariff announcements, China announced a retaliatory 34% tariff on American imports, further heightening tensions and speculation of a full-blown trade war between the two largest economies in the world. President Trump stood firm on his tariff policies, declaring on Truth Social, "China played it wrong, they panicked – the one thing they cannot afford to do!"

UK politicians, including Labour leader Sir Keir Starmer, have initiated discussions with foreign leaders throughout the weekend, following calls with Australian Prime Minister Anthony Albanese and Italian Premier Giorgia Meloni, where the leaders noted that the potential for a trade war would be “extremely damaging.” A spokesperson from Downing Street indicated that the UK’s approach to the situation will be guided by national interests, and the Prime Minister and Business Secretary have acknowledged the economic impacts of the tariffs.

The newly imposed tariffs have raised concerns for UK exporters, as approximately £60 billion worth of goods are sent to the US annually, representing a substantial portion of the UK’s global trade. Products facing tariffs include a variety of sectors, notably pharmaceuticals, vehicles, and food items such as Scotch whisky, which brings in around £1 billion yearly.

Despite the heightened tensions, UK government officials have refrained from openly criticising Trump. Chancellor Rachel Reeves emphasised that the government is working to secure the best possible trade deal with the US and ensure support for British jobs and industries affected by the tariffs. The government has prepared a list of products that could face retaliatory tariffs and is consulting with businesses to assess the potential impacts.

Across the political spectrum, the Liberal Democrats have urged the UK government to take a different approach, arguing that attempts to appease the White House have backfired. Their representative, Calum Miller, highlighted the need for a coordinated response with European and Commonwealth allies, suggesting that the UK should strengthen trading relations with reliable partners in light of the current crisis.

In the broader context, analysts express the potential long-term detriment these tariffs could impose not just on the UK economy but on global economic growth as well. Economists warn that the uncertainty created could dampen investment and consumer confidence, raising risks of higher inflation and slower economic growth.

The International Monetary Fund (IMF) has remarked that the ongoing trade hostilities pose significant risks to the global economic outlook, echoing fears felt by economists worldwide about the newly volatile landscape influenced by these tariffs. As world leaders and businesses navigate this developing situation, the full repercussions of Trump's trade policies are yet to be determined.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://ahdb.org.uk/news/the-us-imposes-10-tariff-on-all-uk-exports-to-the-us> - This article supports the claim that the US has imposed a 10% tariff on all UK exports to the US. It also discusses potential impacts on global trade and mentions specific UK exports to the US.
* <https://www.gov.wales/written-statement-us-tariffs> - This statement by the Welsh government corroborates the information about the new US tariffs, highlighting the impact on Welsh businesses and the UK's trade relationship with the US.
* <https://kpmg.com/ie/en/home/insights/2025/04/us-tariffs-eu-trade-tax.html> - KPMG's article provides details on the US tariffs, including the 10% baseline rate and higher rates for certain countries, as well as potential responses from the EU.
* <https://www.imf.org/en> - The International Monetary Fund (IMF) regularly comments on global economic issues such as trade tensions and their impact on global growth, aligning with concerns mentioned about the tariffs.
* <https://www.bloomberg.com/> - Bloomberg is a reliable source for financial market news and economic analysis, which can provide insights into stock market reactions and global economic trends related to trade policies.
* <https://www.reuters.com/business/economy-trade> - Reuters provides comprehensive coverage of global economic news, including impacts of tariffs on trade and economies, offering insights into responses from various countries.
* <https://www.irishnews.com/news/uk/trumps-10-tariff-on-uk-products-to-come-into-force-as-stock-markets-plunge-MZIBTXXMYBIYJG4IQPSXJHI6LQ/> - Please view link - unable to able to access data
* <https://www.theguardian.com/us-news/2025/apr/04/stock-markets-trump-tariffs> - Please view link - unable to able to access data
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* <https://www.express.co.uk/news/politics/2037288/global-recession-fears-rise-stock> - Please view link - unable to able to access data