# Trump's tariffs trigger turmoil in global markets



Donald Trump's introduction of a 10% tariff on goods imported from the United Kingdom is set to take effect early on Saturday morning, following a tumultuous week for global financial markets. The tariff, which President Trump announced during a Rose Garden address on Wednesday, is part of a broader suite of import taxes that have sparked considerable economic repercussions both domestically and internationally.

Trading conditions deteriorated significantly on Friday, with the UK's FTSE 100 index registering a loss of 419.75 points, equivalent to a drop of 4.95%. This marked the steepest decline since the onset of the COVID-19 pandemic, closing the index at 8,054.98. Across the Atlantic, the Dow Jones and other key US indices faced similar turmoil, with the Dow down by 5.5%, as investors reacted to the escalated trade tensions.

Prime Minister Sir Keir Starmer has been actively engaged in discussions with global leaders over the weekend in an effort to formulate a strategy in response to the tariffs. Following conversations with Australian Prime Minister Anthony Albanese and Italian Premier Giorgia Meloni, it was noted in a Downing Street statement that "all agreed that an all-out trade war would be extremely damaging."

The tariff is part of a broader US protectionist policy that was underscored by Trump's additional 25% tariff on all foreign cars entering American markets, which took effect on Thursday. In response to Trump's actions, China has retaliated by imposing a 34% tariff on American products, further intensifying the stakes for global trade relations.

The value of global stock markets plummeted this week, with analysts estimating that nearly $5 trillion has been wiped from their combined worth since the announcement of the tariffs. Investors have expressed concern about the potential for increased inflation and a slowdown in economic growth, leading to fears of a looming global recession. The International Monetary Fund cautioned that these trade tensions represent a significant risk to the global outlook, especially given the existing sluggish economic growth.

Economists and government officials in the UK are attempting to navigate this turbulent landscape. Chancellor Rachel Reeves stated, "Of course, we don’t want to see tariffs on UK exports, and we’re working hard as a government in discussion with our counterparts in the US to represent the British national interest and support British jobs and British industry." The UK government is also consulting with businesses to determine potential retaliation measures should circumstances warrant them.

In a more pointed criticism of the tariffs, Foreign Secretary David Lammy described Trump's actions as a "return to protectionism," noting that the UK values open trade. He emphasised the need for dialogue as the UK seeks to minimise the negative impact of tariffs on domestic businesses.

Trump has claimed that Sir Keir Starmer was "very happy" with the tariffs, a statement that Downing Street quickly refuted, maintaining that the UK is disappointed by the decisions enacted by the US. Downing Street's spokesperson reiterated that ministers will act in the national interest and proceed with caution rather than rushing into retaliatory measures.

As global markets continue to adjust to this shifting landscape, there is speculation regarding concessions the UK might offer to mitigate the impact. Speculation has emerged about a potential reduction in the digital services tax levied on large tech firms, which some see as a bargaining chip in ongoing negotiations.

The coming days are expected to see further diplomatic engagement as leaders assess the repercussions of the new tariff regime and explore avenues for cooperation to stabilise the global economy in light of increasing geopolitical tensions.

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

## References

* <https://www.gov.wales/written-statement-us-tariffs> - This URL corroborates the introduction of a 10% tariff on UK goods imported into the US and highlights the economic impact on Wales. It also discusses ongoing diplomatic efforts to address these tariffs.
* <https://www.whitehouse.gov/presidential-actions/2025/04/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and-persistent-annual-united-states-goods-trade-deficits/> - This official statement explains the rationale behind the US tariffs, citing a need to address large trade deficits and protect the US economy. It outlines the legal basis for implementing these tariffs.
* <https://www.noahwire.com> - This source, though not accessible directly, is referenced as the original article detailing the global financial market turmoil and diplomatic responses to the tariffs.
* <https://www.imf.org/en/News> - While not directly linked, this URL to the IMF's news section would typically provide analysis on global economic trends, including risks posed by trade tensions.
* <https://www.gov.uk/guidance/uk-exports-of-goods-and-services> - This UK government guidance might support discussions on UK trade strategies and impacts, although it is not explicitly mentioned in the article.
* <https://www.oecd.org/trade/topics/tariffs-and-trade/> - The OECD provides detailed analysis and data on global tariffs and trade policies, which could contextualize the economic effects and implications of the recent US tariffs.
* <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.independent.co.uk/business/starmer-speaks-to-world-leaders-as-ftse-100-plunges-after-trump-s-tariffs-b2727686.html> - Please view link - unable to able to access data
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