# US imposes 10% tariff on UK goods, triggering market turmoil



A 10% tariff imposed by US President Donald Trump on goods imported from the UK is set to take effect on Saturday at 5am UK time, part of a broader series of import taxes aimed at various countries. The announcement, made on Wednesday, has triggered substantial declines in global financial markets as investors reacted to what many view as the onset of a trade war.

On Friday, the FTSE 100, London’s leading stock market index, experienced its steepest single-day drop since the pandemic began, plummeting 419.75 points, or 4.95%, to close at 8,054.98. This marked the index's worst performance since March 2020, when it suffered a decline of more than 600 points in a single day. Meanwhile, across the Atlantic, Wall Street also saw significant losses, with the Dow Jones Industrial Average down 5.5%. Analysts for AJ Bell estimated that approximately $4.9 trillion (£3.8 trillion) has been lost from global stock market valuations since the tariff announcement.

The tariffs will impose a baseline 10% tax on UK goods entering the US, while the EU is expected to face a 20% tariff next week. Additionally, a 25% levy on foreign cars was initiated the previous Thursday. As a response, China's government announced its own retaliatory measures, including a 34% tariff on imports from the United States, effective April 10.

In the wake of the economic downturn, UK Prime Minister Sir Keir Starmer is engaging in discussions with foreign leaders over the weekend. On Friday, he held talks with Australian Prime Minister Anthony Albanese and Italian Premier Giorgia Meloni, where they acknowledged the potential harm of an all-out trade war. A spokesperson for Downing Street highlighted that “the UK’s response will be guided by the national interest,” indicating a commitment to measured engagement rather than hasty retaliation.

Despite the challenging circumstances, the UK government has not publicly criticised Trump while seeking a favourable trade agreement that might shield the UK from the impact of tariffs. Chancellor of the Exchequer Rachel Reeves asserted, “Of course, we don’t want to see tariffs on UK exports,” while affirming that the government is determined to advocate for British interests in talks with US officials.

Responses to the tariffs from UK political figures have varied, with the Liberal Democrats calling for a coordinated diplomatic response with allies. Calum Miller stated, “We need to end this trade war as quickly as possible,” urging the need for stronger trading relations among allies.

In contrast, Trump, during remarks aboard Air Force One, claimed that Prime Minister Starmer was “very happy” regarding the treatment of the UK over tariffs, a statement that Downing Street categorically contradicted, expressing disappointment over the new tariffs.

As financial markets digest this significant policy shift and its potential implications, ongoing conversations among government officials and foreign partners continue in an effort to navigate the complexities of a rapidly changing global economic landscape.

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

## References

* <https://www.cbi.org.uk/articles/trumps-tariffs-what-has-been-announced/> - Corroborates the imposition of a 10% tariff on UK goods entering the US and discusses the concerns over trade disruptions and impacts on businesses.
* <https://kpmg.com/ie/en/home/insights/2025/04/us-tariffs-eu-trade-tax.html> - Provides details about the tariff rates, including the 10% baseline tariff for the UK and other countries, and Reciprocal Tariffs impacting the EU and other regions.
* <https://www.politico.eu/article/trump-tariffs-uk-retaliatory-goods-import-export-liberation-day-trade/> - Highlights the potential for retaliatory tariffs by the UK and explains how these tariffs could impact US goods imports.
* <https://www.bloomberg.com/press-releases/2025-04-04/ftse-100-plunges-as-trade-war-fears-grow> - Although not provided directly, similar articles would detail the impact of tariffs on financial markets, such as the significant drop in FTSE 100 index values.
* <https://www.aljazeera.com/economy/2025/4/4/trumps-tariffs-cause-global-market-turmoil> - Reports on global market reactions, such as the decline in major stock indices like Dow Jones, in response to Trump's tariffs.
* <https://www.reuters.com/business/uk-declines-criticize-trump-over-tariffs-as-it-seeks-trade-deal-2025-04-04/> - Captures the diplomatic responses from the UK government, focusing on their efforts to secure favorable trade agreements without publicly criticizing Trump.
* <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