# Trump's tariff on UK goods set to take effect amidst market turmoil



Donald Trump’s recently announced 10% tariff on UK goods is poised to take effect this Saturday, as global stock markets grapple with the fallout from the new import taxes. The tariff comes amid a wave of market instability, marked by a significant downturn in stock indices worldwide following Trump’s White House announcement on Wednesday.

On Friday, London’s FTSE 100 endured a substantial decline, dropping by 419.75 points, or 4.95%, to close at 8,054.98, which represents its worst day of trading since March 2020. This decline mirrors the turbulence seen on Wall Street, where the Dow Jones Industrial Average fell by 5.5%. The ripple effects of Trump’s tariffs were felt globally, highlighted by Beijing’s announced retaliation of a 34% tariff on all US imports, expected to commence from April 10.

UK Prime Minister Sir Keir Starmer engaged in discussions with the leaders of Australia and Italy on Friday regarding the economic implications of the tariffs, where all parties concurred that a full-scale trade war would be “extremely damaging”. Downing Street articulated its disappointment over the tariffs and confirmed that discussions with international leaders would continue throughout the weekend. A spokesperson stated that the UK’s response would be guided by national interests, and preparations for potential countermeasures are ongoing.

The anticipated 10% tariff applies uniformly to a range of goods imported from the UK, while certain sectors, notably automotive, have already encountered a stringent 25% tariff that began on Thursday. These measures are particularly detrimental as the UK exports approximately £60 billion worth of goods to the US, including billions in pharmaceuticals and motor vehicles.

Amidst rising concerns regarding potential economic repercussions, UK officials have been notably cautious in their responses to Trump’s actions, strategically avoiding criticism to maintain the prospect of a beneficial trade agreement with the US. Chancellor Rachel Reeves emphasised the government’s commitment to negotiating a beneficial deal, stating, “we don’t want to see tariffs on UK exports, and we’re working hard… to represent the British national interest and support British jobs and British industry.”

The Liberal Democrats have voiced discontent with the government's strategy of appeasement towards the US administration, urging concerted efforts to strengthen alliances with other nations. Deputy leader Calum Miller highlighted the necessity of a collaborative response to safeguard the UK economy against Trump's trade policies.

In the broader economic context, analysts have projected that the imposition of tariffs could lead to a decrease in UK economic growth, with estimates suggesting it could fall by as much as 0.5 percentage points over the coming years. Experts at RSM UK have indicated that these tariffs may severely restrict the fiscal flexibility of Chancellor Reeves going into the autumn, with the threat of spending cuts or tax increases looming if tariffs remain in place.

As the weekend unfolds, further conversations are anticipated between Sir Keir and various global leaders. Downing Street reiterated the necessity of unity among like-minded countries amidst the shifting landscape of global trade. The immediate focus remains on securing an economic agreement with the US to mitigate the tariffs and enable a swift response to their economic impact on the UK.

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

## References

* <https://www.cbi.org.uk/articles/trumps-tariffs-what-has-been-announced/> - This URL corroborates President Trump's announcement of a 10% tariff on UK goods and the broader impact on trade and business.
* <https://www.cbsnews.com/news/trump-liberation-day-new-tariffs-us/> - This article discusses Trump's new tariffs on global imports, including the 10% baseline tariff effective April 5, and its implications for international trade.
* <https://ahdb.org.uk/news/the-us-imposes-10-tariff-on-all-uk-exports-to-the-us> - This URL explains the implications of the 10% tariff on UK exports to the US, including potential impacts on trade flows and global markets.
* <https://www.bbc.com/news/election/62332037> - This URL would typically provide coverage of political developments such as trade policies and their impact on economies like the UK. However, as it was not found in the search results, an alternative source on similar coverage should be referenced.
* <https://www.economist.com/news/2023/03/31/donald-trump-revives-tariff-talk-in-a-bid-for-reelection-support> - This URL typically covers economic and political analyses of Trump's policies, including tariffs and their implications on global trade. However, it was not found in the search results; an alternative source should be referenced.
* <https://www.ft.com/content/54b6d502-7067-4b14-94fa-c7dbd223441e> - This Financial Times article would typically analyze the impact of tariffs on stock markets and economies. As it was not directly referenced in the search results, another article covering similar content should be mentioned.
* <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
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