# UK government faces economic challenges as US tariffs come into effect



The UK government is navigating a turbulent economic landscape following the announcement of a 10% tariff on British goods by US President Donald Trump, which is set to take effect at 5am UK time on Saturday. This sweeping action comes amid rising protectionism from the US, sending shockwaves through global stock markets. The news has led to significant declines in major indices, with the FTSE 100 marking its worst trading day since the onset of the COVID-19 pandemic, dropping nearly 5% on Friday.

At the forefront of the UK's response is Foreign Secretary David Lammy, who expressed regret over America’s shift towards protectionism—a stance not observed for nearly a century. Speaking at a meeting with NATO counterparts in Brussels, Lammy noted that the British public is "very concerned" about the impact these tariffs will have on their personal finances. "We are a nation that believes in open trade," he stated, reiterating the government's commitment to ensure the nation's interests are protected as they explore potential economic agreements with the United States.

Despite a narrative put forward by Trump, who claimed Sir Keir Starmer, the UK Prime Minister, was "very happy" with the tariff treatment, Downing Street swiftly refuted this characterization, emphasising disappointment with the imposed levies. A spokesperson commented, "Clearly, there will be an economic impact from the decisions the US has taken, both here and globally," underlining the UK’s need to act in its own best interests during negotiations.

In an effort to mitigate the effects of these tariffs, UK ministers have indicated that retaliatory measures against certain American products are possible, but an immediate response is not anticipated. An indicative list of products that could be subject to retaliatory action includes bourbon whiskey, motorcycles, guitars, and jeans. Any decision on countermeasures will follow a four-week consultation with business interests, as outlined by Trade Secretary Jonathan Reynolds.

Experts are predicting a detrimental long-term impact on the UK economy, projecting a potential growth slowdown of 0.5 percentage points as a consequence of Trump’s tariffs, which could compound the already modest growth forecast of just 1% for the year. Thomas Pugh, an economist at RSM UK, warned that these tariffs could severely hamper Chancellor Rachel Reeves's fiscal headroom, effectively necessitating either spending cuts or tax increases if fiscal policies are not adjusted in light of these developments.

Meanwhile, as the UK government engages in ongoing discussions with foreign leaders to navigate this "new era" of trade, Sir Keir Starmer is expected to hold further talks over the weekend with international leaders, including Prime Ministers from Australia and Italy. There is a collective recognition among these leaders that an all-out trade war would have dire economic consequences.

France's President Emmanuel Macron has been more vocally critical, describing Trump's decisions as "brutal and unfounded" after similar tariffs were announced for EU countries. As the UK finds itself in a complex position, officials remain committed to balancing national interests with prospects for securing a negotiation that could lessen the economic impact of the tariffs.

As the situation develops, the UK government looks to navigate a shifting global landscape with careful diplomacy and economic strategy, while also preparing for potential retaliatory avenues against US imports in the interest of protecting British industries and jobs.

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

## References

* <https://kpmg.com/ie/en/home/insights/2025/04/us-tariffs-eu-trade-tax.html> - Corroborates the imposition of a 10% tariff on goods from all countries by the US, including the UK, which adds to a complex economic landscape for Britain. It also outlines potential retaliatory measures by the EU and other nations.
* <https://www.whitehouse.gov/fact-sheets/2025/04/fact-sheet-president-donald-j-trump-declares-national-emergency-to-increase-our-competitive-edge-protect-our-sovereignty-and-strengthen-our-national-and-economic-security> - Provides details on President Trump's decision to impose tariffs, framing it as a response to a national emergency and emphasizing the goal of reducing trade deficits and protecting American interests.
* <https://www.noahwire.com> - While not directly available for verification, the source article outlines the UK government's response to the tariffs, including concerns from Foreign Secretary David Lammy and potential economic impacts.
* <https://www.whitehouse.gov> - General information about President Trump's policies and announcements can be found here, though not specifically in the form of direct evidence for the article's claims.
* <https://kpmg.com/ie/en/home/insights> - Contains insights and analyses related to economic and trade policies, including discussions on tariffs and their implications.
* <https://bbc.com/news> - A general news source where coverage of global economic events, including reactions to US tariffs, might be found, though specific articles would depend on current reporting.
* <https://www.irishnews.com/news/uk/lammy-says-britons-very-concerned-as-trump-claims-starmer-happy-over-tariffs-OFIHLYHPA5M4NDEJAJVNN4AMSU/> - Please view link - unable to able to access data
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