# US tariffs on UK goods prompt market turmoil and diplomatic efforts



A 10% tariff imposed by US President Donald Trump on products from the UK is set to take effect early Saturday, rapidly impacting global markets and prompting diplomatic efforts from the UK government. This tariff announcement, made by Trump during a press conference at the White House earlier in the week, is part of a broader series of import taxes that have led to significant declines in global stock indices.

The UK’s FTSE 100 index experienced its worst trading day since the onset of the COVID-19 pandemic on Friday, dropping 419.75 points or 4.95%, closing at 8,054.98. This marked the largest single-day loss since March 2020, with nearly all stocks on the index reflecting declines, particularly Rolls-Royce, banks, and mining companies. Concurrently, Wall Street witnessed severe downturns, with the Dow Jones falling by 5.5%.

In retaliation to the tariffs, China has announced a 34% tax on imports of all US products, effective April 10. The cycling of retaliatory tariffs between the United States and China has contributed to a tumultuous economic landscape, inciting fears of a broader trade war. The challenges presented by these tariffs reflect a significant dip in global market confidence, with analysts estimating approximately $4.9 trillion lost in market value across the world since the tariffs' announcement.

UK Prime Minister Sir Keir Starmer is expected to engage with various global leaders over the weekend to discuss the ramifications of the US tariff decisions. Starmer has already spoken with Australian Prime Minister Anthony Albanese and Italian Premier Giorgia Meloni, where they collectively expressed concerns over the potential for an "all-out trade war," which they deemed "extremely damaging." A spokesperson from Downing Street stated, "The UK’s response will be guided by the national interest,” affirming a commitment to managing the situation without haste.

The government has also begun preparations for possible retaliatory actions against US goods, crafting an indicative list of products that could be impacted, such as bourbon whiskey, motorcycles, guitars, and jeans. The Business Secretary announced a four-week consultation period to assess how these countermeasures would affect British businesses.

Chancellor Rachel Reeves underscored the government's determination to negotiate a favourable deal with the US, stating, "Of course, we don’t want to see tariffs on UK exports," during her comments around potential impacts on British jobs and industries. While ministers have refrained from overt criticism of Trump to maintain an open dialogue, Foreign Secretary David Lammy called the situation a "return to protectionism," indicating that the UK might explore all options available to safeguard national interests.

Markets around Europe also reacted negatively, with significant drops seen in indices like Germany's Dax and France's Cac 40. The UK's export landscape is significant, with around £60 billion in goods sent to the United States annually, including essential sectors like pharmaceuticals and the automotive industry, as the UK braces for the impacts of increased tariffs.

As the UK navigates this shifting economic landscape, the government appears focused on establishing strong diplomatic channels with allied nations to mitigate the effects of the tariffs while keeping options for retaliatory measures available as negotiations unfold.

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

## References

* <https://www.gov.wales/written-statement-us-tariffs> - This Welsh Government statement confirms the imposition of a 10% tariff on UK exports to the US and discusses its implications for Welsh businesses.
* <https://www.gov.uk/guidance/trade-tariffs-from-1-january-2021> - Although not specific to current tariffs, this government guidance provides background on trade tariffs and their impact after Brexit.
* <https://www.bloomberg.com/news/articles/2023-09-22/china-eyes-tariffs-on-us-goods-as-trade-tensions-escalate> - This article discusses broader trade tensions between the US and China, which are relevant to the tariff cycle described.
* <https://www.reuters.com/business/global-markets> - This Reuters link provides access to global market news, including reactions to trade tariffs that could impact market indices like the FTSE 100.
* <https://www.ahdb.org.uk/news/the-us-imposes-10-tariff-on-all-uk-exports-to-the-us> - This article from the Agriculture and Horticulture Development Board discusses the specific tariffs and their effects on UK exports, including agricultural products.
* <https://www.bbc.com/news/business> - The BBC provides ongoing coverage of business news, including reactions to tariffs and their impact on global markets.
* <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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