# UK-US trade ambitions face hurdles ahead of Trump’s state visit



The UK government faces mounting pressure to leverage President Donald Trump’s state visit to the United States as an opportunity to secure improved trade terms, particularly the finalisation of a comprehensive Economic Prosperity Deal. The Commons Business and Trade Committee has urged the government to apply maximum pressure on the US to eliminate future sectoral tariffs that threaten UK industries, including aluminium and pharmaceuticals, and to negotiate improved terms where UK agreements currently fall short compared to the EU’s arrangements. Liam Byrne MP, chair of the committee, has highlighted the critical nature of the state visit in shaping the future trajectory of UK-US trade relations.

In addition to these negotiation imperatives, the visit coincides with significant commitments from US financial firms that signal confidence in UK markets. Major institutions such as Bank of America and Citigroup are earmarking substantial investments in Northern Ireland, with Bank of America establishing its first operation in Belfast and Citigroup expanding its UK presence with a £1.1 billion investment. Moreover, BlackRock plans to channel £7 billion into the UK market over five years, while S&P Global will invest over £4 million in Manchester, creating hundreds of permanent jobs. These inflows aim to boost economic growth and strengthen bilateral economic ties, underscoring the potential benefits of deepening UK-US trade cooperation.

Alongside financial commitments, the state visit will see the signing of a multibillion-dollar technology agreement focused on collaboration in emerging sectors such as artificial intelligence, semiconductors, telecommunications, and quantum computing. This deal, endorsed by UK Technology Secretary Liz Kendall, reflects a strategic push to elevate transatlantic tech partnership and innovation. President Trump will be accompanied by a delegation of major US tech leaders, signalling the high stakes and ambitions underpinning this cooperation.

However, tensions persist, especially within the pharmaceutical sector, where diplomatic pressures and policy challenges have reportedly hindered investment. In the run-up to the visit, US Ambassador Warren Stephens privately urged the UK Chancellor to offer more favourable drug pricing terms to global pharmaceutical firms. This plea comes against a backdrop of major pharmaceutical withdrawals, including Merck’s cancellation of a £1 billion London research centre and AstraZeneca’s pause on a £200 million R&D expansion in Cambridge, both citing the UK's high taxation and uncompetitive drug pricing environment. UK health officials are now seeking to restart negotiations on drug pricing, amid concerns that current policies are driving innovation and investment out of the country.

Further complicating the investment landscape, a report from BritishAmerican Business warns that recent UK tax hikes and increased regulatory burdens risk damaging the UK’s attractiveness to US investors more broadly. CEO Duncan Edwards highlighted a marked decline in American corporate confidence toward the UK, dropping from 7.8 out of 10 in 2021 to 6.3 in 2025. The report attributes this decline partly to tax changes implemented by the Starmer administration, including a £25 billion rise in employer national insurance contributions, which may undermine the UK’s ability to sustain its strong transatlantic investment relationships.

Taken together, these developments underscore the delicate balance the UK government must strike ahead of and during President Trump’s visit. While there are promising signs of commitment and collaboration in finance and technology, significant hurdles remain in pharmaceutical pricing and broader investment confidence. The government’s ability to navigate these challenges and secure favourable trade terms will be crucial in determining the long-term trajectory of UK-US economic relations.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.standard.co.uk/business/business-news/government-mps-liam-byrne-donald-trump-global-b1247611.html), [[2]](https://www.standard.co.uk/business/business-news/government-mps-liam-byrne-donald-trump-global-b1247611.html)
* Paragraph 2 – [[3]](https://www.reuters.com/business/finance/us-financial-firms-pledge-17-billion-uk-ahead-trumps-visit-2025-09-13/)
* Paragraph 3 – [[4]](https://www.reuters.com/world/uk/uk-us-sign-multibillion-dollar-tech-deal-during-trumps-visit-2025-09-13/)
* Paragraph 4 – [[5]](https://www.ft.com/content/a4dc3ba5-fc5b-4d51-8d5e-690ae7930391), [[7]](https://www.ft.com/content/53543a40-a2ee-49a5-b395-9572a02120a8)
* Paragraph 5 – [[6]](https://www.ft.com/content/e2980612-33cc-433c-892e-6180cfec7e54)
* Paragraph 6 – [[1]](https://www.standard.co.uk/business/business-news/government-mps-liam-byrne-donald-trump-global-b1247611.html), [[2]](https://www.standard.co.uk/business/business-news/government-mps-liam-byrne-donald-trump-global-b1247611.html), [[3]](https://www.reuters.com/business/finance/us-financial-firms-pledge-17-billion-uk-ahead-trumps-visit-2025-09-13/), [[4]](https://www.reuters.com/world/uk/uk-us-sign-multibillion-dollar-tech-deal-during-trumps-visit-2025-09-13/), [[5]](https://www.ft.com/content/a4dc3ba5-fc5b-4d51-8d5e-690ae7930391), [[6]](https://www.ft.com/content/e2980612-33cc-433c-892e-6180cfec7e54), [[7]](https://www.ft.com/content/53543a40-a2ee-49a5-b395-9572a02120a8)

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## Bibliography

1. <https://www.standard.co.uk/business/business-news/government-mps-liam-byrne-donald-trump-global-b1247611.html> - Please view link - unable to able to access data
2. <https://www.standard.co.uk/business/business-news/government-mps-liam-byrne-donald-trump-global-b1247611.html> - The Commons Business and Trade Committee has urged the UK government to apply maximum pressure on the United States to secure relief from tariffs ahead of President Donald Trump's state visit. The committee emphasized the importance of finalizing the Economic Prosperity Deal to eliminate future sectoral tariffs and enhance predictability. They also highlighted the need to improve terms where the UK has secured agreements less favorable than those of the EU, particularly concerning sectors like aluminium and pharmaceuticals. Committee chairman Liam Byrne MP stressed the significance of the state visit in determining the future of UK-US trade relations.
3. <https://www.reuters.com/business/finance/us-financial-firms-pledge-17-billion-uk-ahead-trumps-visit-2025-09-13/> - Ahead of President Donald Trump's state visit to the UK, major U.S. financial firms have pledged over £1.25 billion ($1.69 billion) in investment. Bank of America plans to establish its first Northern Ireland operation, creating up to 1,000 jobs in Belfast. Citigroup is investing £1.1 billion to expand across the UK, focusing on Northern Ireland. S&P Global will inject over £4 million into Manchester, creating 200 permanent jobs. BlackRock plans to allocate £7 billion to the UK market over five years. These investments aim to strengthen UK-US trade relations and boost economic growth.
4. <https://www.reuters.com/world/uk/uk-us-sign-multibillion-dollar-tech-deal-during-trumps-visit-2025-09-13/> - The United Kingdom and the United States are set to sign a significant multibillion-dollar technology agreement during President Donald Trump's upcoming state visit. The deal aims to strengthen collaboration in emerging tech sectors, including artificial intelligence, semiconductors, telecommunications, and quantum computing. UK Technology Secretary Liz Kendall highlighted the transformative potential of these technologies. President Trump's three-day visit will include a delegation of top U.S. tech leaders, underscoring increasing transatlantic collaboration in the tech sector.
5. <https://www.ft.com/content/a4dc3ba5-fc5b-4d51-8d5e-690ae7930391> - In September 2025, U.S. Ambassador to the UK Warren Stephens privately urged UK Chancellor Rachel Reeves to offer more favorable drug pricing terms to global pharmaceutical companies. This diplomatic pressure coincided with major pharmaceutical firms retreating from UK investments: Merck canceled a £1bn London research center, and AstraZeneca paused a £200mn R&D expansion in Cambridge, citing uncompetitive conditions. The pharmaceutical sector has criticized the UK's pricing policies and a sudden spike in a clawback tax, arguing these hinder investment in innovation.
6. <https://www.ft.com/content/e2980612-33cc-433c-892e-6180cfec7e54> - A new report from BritishAmerican Business warns that continued tax hikes and regulatory burdens in the UK could permanently damage its appeal to US investors. CEO Duncan Edwards emphasized that the UK must avoid squandering its strong investment ties with the US, following a notable decline in American corporate confidence—from 7.8 out of 10 in 2021 to 6.3 in 2025. This drop was attributed in part to recent tax increases by the Starmer administration, including a £25bn rise in employer national insurance contributions.
7. <https://www.ft.com/content/53543a40-a2ee-49a5-b395-9572a02120a8> - UK health officials are pushing to restart negotiations on pharmaceutical pricing following Merck's unexpected decision to cancel a £1 billion research center in London, citing the UK's uncompetitive environment and low drug prices. The U.S.-based pharmaceutical giant plans to relocate its research to the U.S., sparking debate within the UK government and concerns over declining foreign investment in British life sciences. The Department of Health has blamed the Treasury's short-term fiscal approach, while other officials suggest the pharmaceutical sector is using the episode to pressure for better pricing terms.