# Trump’s UK trade deal cuts tariffs but offers limited economic benefit



# Trump's Trade Deal with the UK: A New Chapter or a Small Step Backward?

In an unexpected display of levity, US President Donald Trump channeled the late Sean Connery during a press conference on 8 May, announcing a new trade agreement with the United Kingdom. Reflecting on the implications of lowered tariffs for the UK's film industry, Trump quipped, “James Bond has nothing to worry about that.” This comment, aimed at easing concerns over trade negotiations, exemplifies the absurdity of a political landscape increasingly divorced from the realities facing ordinary British citizens.

The recent trade agreement is poised to reshape the economic landscape between the US and the UK by reducing tariffs on various goods, particularly in the automotive and steel sectors. Tariffs on British-made cars are set to drop from an eye-watering 27.5% to a mere 10%, and a 25% tariff on British steel exports is also eliminated. Prime Minister Keir Starmer, now leading a government that prioritizes empty gestures over substantial reforms, has touted this deal as a pivotal moment for the UK's beleaguered economy.

However, the optimistic rhetoric belies the truth: the economic ramifications may be largely symbolic rather than transformative. Analysts suggest that the impact will be disappointingly minimal, with projections indicating that the UK’s GDP might only see a paltry rise of 0.1% by 2040 as a direct result of these agreements. For everyday consumers and businesses, the supposed benefits remain elusive and far from guaranteed.

Further complicating matters, ongoing discussions regarding pharmaceuticals and digital trade remain mired in uncertainty. While the UK hopes to secure favorable terms, the resistance over the UK’s digital services tax serves as a glaring reminder of the complications that cloud this partnership. The current government seems more focused on crafting headlines than ensuring substantive protections for UK industries at risk of compromising their long-term viability.

While the significance of this deal continues to be debated, it is clear that the UK is struggling to assert itself as a robust independent trading entity post-Brexit. Alongside this agreement, the government announced a similarly tepid deal with India, which also offers modest tariff reductions but highlights a shallow engagement with the global trading landscape.

Despite some trade associations welcoming the agreement as a boost for manufacturers and farmers, critics—including those from across the political spectrum—sound alarms that without a comprehensive approach to digital and services trade, the UK may be jeopardizing its economic future for ephemeral political gains.

In the end, while Trump’s administration heralds this deal as a historic triumph, it serves more as a shaky foundation for future negotiations rather than a robust solution to the mounting economic challenges facing both nations. As the UK grapples with its evolving relationship with the US, it must urgently address the interests of its essential sectors, many of which are still caught in the fog of post-Brexit uncertainty. A failure to act decisively may leave the country in a precarious position as it seeks to navigate the treacherous waters of global trade.

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

## Bibliography

1. <https://www.independent.co.uk/tv/news/trump-trade-deal-james-bond-b2747405.html> - Please view link - unable to able to access data
2. <https://www.reuters.com/business/autos-transportation/whats-us-uk-economic-deal-2025-05-08/> - The United States and the United Kingdom have reached a new economic agreement aimed at reducing tariffs and improving bilateral trade. Key components include a reduction in U.S. tariffs on British-made cars from 27.5% to 10%, with a 100,000 vehicle quota, and the elimination of 25% tariffs on British steel exports. British firms will now be able to export airplane parts to the U.S. without tariffs, and in return, a British airline is set to purchase $10 billion worth of Boeing aircraft. In agriculture, both countries have agreed to reciprocal market access for beef, allowing 13,000 metric tonnes of tariff-free British beef exports, while the UK will eliminate tariffs on U.S. ethanol. Discussions on U.S. film tariffs will occur separately, and the UK retains its Digital Services Tax. Further negotiations will address pharmaceuticals and the remaining reciprocal tariffs. Additionally, the UK is promised preferential treatment in future U.S. Section 232 national security tariff investigations.
3. <https://apnews.com/article/f65fb13f17cfc14d0b5b8d267953d5c4> - On May 8, 2025, the Trump administration announced a new trade agreement with the United Kingdom, emphasizing symbolic progress but offering limited economic impact. The deal grants American agricultural products, including beef and ethanol, greater access to the U.K. market, while reducing U.S. tariffs on British cars and steel. U.K. steel will now enter the U.S. duty-free, and the 27.5% tariff on U.K. cars will drop to 10% for up to 100,000 vehicles. Additionally, both countries agreed to export 13,000 metric tons of beef to each other, and the U.K. will remove tariffs on 1.4 billion liters of U.S. ethanol. The U.K. will lower its average tariff on U.S. goods to 1.8%, affecting around 2,500 products. Aerospace cooperation includes the removal of U.S. duties on Rolls Royce components and a $10 billion Boeing aircraft order from a U.K. airline. However, the agreement leaves out key issues like digital services tax reforms and access to the U.K.’s national health service. Economists view the deal as more politically symbolic than economically transformational, with further negotiations ongoing in sectors like pharmaceuticals and digital trade.
4. <https://www.ft.com/content/66464e48-74a9-4a65-913b-6d9dcdae07ba> - This week, the UK secured two noteworthy trade agreements—one with the United States and the other with India—marking significant diplomatic achievements though offering limited immediate economic benefits. The US deal reduces tariffs on British auto exports to 10% and removes levies on steel and aluminium, sparing these sectors from harsher penalties under President Trump’s protectionist policies. Additionally, UK pharmaceuticals may receive preferential treatment. The India deal, negotiated over three years, cuts tariffs on over 90% of British goods, with food and drink exports benefiting most. While both agreements represent positive steps and demonstrate the UK's commitment to global trade, they have modest economic implications: the India pact is projected to boost the UK’s GDP by only 0.1% by 2040 and lacks provisions for the services sector. Furthermore, political tensions over labor contributions and unresolved US tariffs on films temper the achievements. Prime Minister Keir Starmer's diplomatic agility is commendable, yet real economic gains likely depend on improving trade ties with the EU. These agreements provide a platform for future negotiations but currently serve more as symbolic gestures than game changers for UK growth.
5. <https://www.reuters.com/business/autos-transportation/starmer-hails-second-trade-win-week-after-uks-tariff-deal-with-trump-2025-05-08/> - British Prime Minister Keir Starmer secured a significant trade deal with U.S. President Donald Trump, marking his second trade win in three days. The agreement reduces tariffs on British cars and steel in exchange for the UK lowering tariffs on American beef and ethanol. Starmer emphasized the importance of this targeted deal, which alleviates concerns in key industrial sectors facing tariffs exceeding 25% and helps protect jobs in the UK. Though broader tariff discussions remain ongoing, the deal received praise from business groups including the Society of Motor Manufacturers and Traders, and the National Farmers Union, which noted that agricultural standards were upheld. This agreement follows a recent free trade pact with India and offers economic relief amid the UK’s sluggish growth. While the deal drew criticism from Conservative leader Kemi Badenoch, it was endorsed by Reform Party leader Nigel Farage, who hailed it as a Brexit benefit. The UK also gained preferential consideration from the U.S. in potential future tariffs on critical sectors like pharmaceuticals. Despite recent political setbacks, including poor local election results tied to welfare cuts, Starmer aims to bolster his government’s standing through economic gains.
6. <https://apnews.com/article/79d55b8ade0dd8c9265ada9400d079db> - President Donald Trump announced a trade deal with the United Kingdom that reduces tariffs on British autos, steel, and aluminum while maintaining a 10% baseline tariff on other British goods. Under the agreement, tariffs on UK autos drop from 27.5% to 10% for a quota of 100,000 vehicles, and tariffs on British steel and aluminum imports fall to zero. In return, the UK agreed to purchase more U.S. beef and ethanol, streamline customs for American goods, and reduce tariffs on 2,500 U.S. products, including olive oil and wine. U.S. Commerce Secretary Howard Lutnick also revealed a $10 billion aircraft purchase from Boeing by a British company. UK Prime Minister Keir Starmer hailed the agreement as historic and beneficial for British jobs, particularly in the auto sector. He emphasized ongoing efforts to reduce global trade barriers. The deal represents progress in U.S.-UK trade talks that began post-Brexit but stalled under President Biden. Trump continues to threaten higher tariffs on other countries, particularly China, and has suggested he may impose tariffs as high as 100% on certain goods. Despite economic concerns such as inflation and trade-related uncertainty, Trump asserted confidence in the U.S. economy’s resilience and growth.
7. <https://www.ft.com/content/e9d311f3-ce7d-4f72-8a46-a84b1181ff33> - The UK and US have finalized their first trade agreement since President Donald Trump initiated a global trade war, easing some tariffs on British exports. The pact, announced by Trump and UK Prime Minister Keir Starmer, removes additional 25% tariffs on British cars and metals, and zero-rates steel and aluminium exports. However, a flat 10% levy on most British goods remains. In return, the UK will lower tariffs on some US agricultural products and ethanol, but maintain its food standards. The agreement also sets the stage for a digital trade pact and preferential treatment for the UK in potential future tariff hikes on pharmaceuticals and films. While both leaders hailed the deal, critics, including UK Conservative leaders, labeled it insufficient. Legal experts expressed concern over its compliance with WTO rules, as the agreement does not cover "substantially all trade," which is required for bilateral deals offering preferential tariffs. The deal could serve as a model for future US agreements with other countries such as India and Japan. However, Trump indicated high tariffs may still apply to nations with significant trade surpluses with the US.