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13 May 2025

Dear Liam,

The United Kingdom's trading relationship with the United States

I am pleased to write to you to inform the Business and Trade Committee of the terms of an agreement we have reached with the United States.

The Committee will know that the US is our largest single country trading partner with a trading relationship worth some £315 billion last year. UK firms employ some 1.2 million US workers whilst 1.4 million people work here in the UK for American companies. We have £1.2 trillion invested in each other's economies.

Back in February, I said that what British industry needs and deserves is not a knee-jerk reaction but a cool and clear-headed sense of the UK's national interest, based on a full assessment of the implications of US actions. It is this approach that the government has taken that has brought us to the front of the queue. Indeed, no country has been able to secure an exemption from these tariffs imposed by the United States until today.

In March, the United States government announced tariffs on steel, aluminium and autos. This was followed by the announcement of a global tariff with the UK on the lowest rate of 10%. Throughout this period, the UK Government has been engaged in an intensive and continued dialogue with the Government of the United States to advance the UK's national interest in this challenging and changing global trading environment.

The deal we have agreed is the first step in delivering on the commitment made by the Prime Minister and President Trump in February to reach an economic deal in our respective national interests. First and foremost, this deal will protect UK jobs while laying the groundwork for increased transatlantic trade and investment.

The deal we have secured secures reductions to the 25% tariffs imposed by the United States on the UK car industry. UK exports to the US will face a lower tariff of 10% for a quota of 100,000 vehicles – this is positive news for iconic British luxury brands like Aston Martin, Bentley and McLaren. But it's also good news for our country's largest vehicle manufacturer Jaguar Land Rover which employs 34,000 employees directly in the UK with 135,000 further jobs in their wider supply chain. As the Society of Motor Manufacturers & Traders has pointed out, the US is Britain's second largest car export market. A deal like this was desperately needed to support jobs and economic growth on both sides of the Atlantic.

Furthermore, this deal also secures the removal of the new tariffs the US imposed on steel and aluminium in March, through duty-free quotas. It reinforces our commitment to the steel industry, following our swift action last month to protect British Steel and its two and half thousand employees.

On agriculture, for the first time ever, this deal will open up exclusive access for UK beef farmers to the US market. Currently only a few other countries, like Australia, enjoy this access. This is a major opportunity for British farmers to increase their exports to the world's largest consumer market, helping them to grow their businesses. Imports of hormone treated beef or chlorinated chicken will remain illegal. The deal we've signed today will protect British farmers and uphold our high animal welfare and environmental standards. Any agricultural imports coming into the UK will have to meet our high sanitary and phytosanitary (SPS) standards.

On ethanol, we already import a significant amount of ethanol from the US and have agreed a duty-free quota capped at 1.4 billion litres. DBT are working closely with the domestic sector to understand their concerns and impacts to their businesses, including what more Government can do to support the sector.

On economic security, this deal with ensure cooperation on non-market policies from third countries, investment security and export controls.

With the United States government, we will continue to advance the UK's national interest in key sectors such as pharmaceuticals, semi-conductors, critical minerals, copper, lumber, and film production. We will seek the best possible outcome for these vital parts of our economy, and those working on our critical infrastructure. We have also committed to further negotiations on tariff reductions to enhance the UK-US trading relationship.

Without this Government's swift action, the economic impact of US tariffs would have been extremely severe.

Following agreement on the outline of the deal, there will now be a process of formal negotiations with the US on a binding legal framework. These negotiations aim to deliver an ambitious set of outcomes in areas such as digital trade, tackling non-tariff barriers, agreeing Mutual Recognition Agreements for industrial goods and an agreement on domestic services regulation, collaborating on economic security, and upholding standards in areas such as intellectual property and labour practices.

And, of course, I can confirm that Parliament will have the chance to scrutinise the legal framework we agree with the United States government, as well as legislation implementing the deal. To reiterate what the Prime Minister and I have previously put on the record, we are not seeking to change existing statutory scrutiny processes. It is vital Parliament has the opportunity to make its voice heard on this important set of issues.

I am also pleased to confirm that on 7 May I briefed the First Ministers of Scotland, Wales and Northern Ireland on progress in the negotiations. We will continue to work closely with devolved governments throughout the negotiations that will follow today's announcement.

As a government we are grateful to businesses across the United Kingdom for their extensive and continued engagement in recent weeks and look forward to continuing this engagement through these remaining negotiations.

I know my officials will be able to brief you privately on this matter, and I look forward to appearing again before the Committee on 13 May. I am placing a copy of this letter and the general terms for this deal in the Libraries of both Houses, and I look forward to working closely with the Committee going forward.

Best wishes,

Jonathan Reynolds

THE RT HON JONATHAN REYNOLDS MP
Secretary of State for Business & Trade and President of the Board of Trade

GENERAL TERMS FOR THE UNITED STATES OF AMERICA AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND ECONOMIC PROSPERITY DEAL

Context and Objectives

President Donald J. Trump and Prime Minister Sir Keir Starmer committed to deliver shared prosperity for American and British citizens alike. Our governments have a unique opportunity to enhance our economic partnership through the **U.S.-UK Economic Prosperity Deal** (EPD).

A first of its kind, the United States and the United Kingdom expect the EPD to address three core objectives, based on fairness and reciprocity:

1. To grow the quality and volume of mutually beneficial trade between the United States and the United Kingdom, creating good, high-paying jobs and growth in both countries;

2. To remove barriers to make it easier for American and British businesses to operate, invest and trade in both countries; and

3. To ensure that the Special Relationship is rooted in an enduring economic partnership that is fair, reciprocal, future-facing, and built on a shared vision of the challenges that face our economies.

This document serves to define the general terms for the EPD that set forth the shared desires of the United States and the United Kingdom to make bilateral trade fairer, easier, and more substantial. Alongside this document covering our trading relationship, we are continuing discussions toward a transformative technology partnership between our countries.

The United States and United Kingdom are immediately beginning negotiations of the EPD to develop and formalize the proposals made in this document. Once the initial proposals have been formalized and implemented, the United States and United Kingdom understand that the EPD can further be expanded over time to cover additional areas. Each country intends to continue to improve market access under the EPD.

Both the United States and the United Kingdom recognize that this document does not constitute a legally binding agreement.

1. Addressing Tariffs

(a) Following a reasonable period of negotiation: (i) the United Kingdom intends to reduce its applied tariff rates on a preferential basis on a range of originating goods of the United States in sectors of importance to the United States; and (ii) the United States intends to reduce its applied tariff rates on a preferential basis on a range of originating goods of the United Kingdom in sectors of importance to the United Kingdom. The countries intend to coordinate the timing of their respective tariff reductions to be as soon as practicable, taking into consideration their respective domestic processes. On request of the United Kingdom, the United States will consider reducing its applied tariff rates for a UK territory or territories for whose international relations the United Kingdom is responsible on a preferential basis.

(b) U.S. beef exports to the United Kingdom are currently subject to a 20 percent tariff within a quota of 1,000 metric tons (mt). The United Kingdom will remove the 20 percent tariff. Additionally, the United Kingdom will create a preferential duty-free quota of 13,000 mt for U.S. beef. In return, the United States will reallocate to the United Kingdom 13,000 mt of its existing "Other Countries" tariff rate quota (TRQ) for beef. Additionally, the United Kingdom will offer a preferential duty-free TRQ of 1.4 billion liters for U.S. ethanol.

(c) The United States intends to provide certain key UK imports with modified reciprocal tariff treatment, based on our balanced trading relationship and shared national security priorities. Any such modifications will be consistent with those shared national security priorities, including priorities identified in future U.S. Section 232 investigations.

- (i) The United States will create a quota of 100,000 vehicles for UK automotive imports at a 10 percent tariff rate, and an accompanying arrangement for attendant auto parts for such autos.

- (ii) The United Kingdom will work to promptly meet U.S. requirements on the security of the supply chains of steel and aluminum products intended for export to the United States and on the nature of ownership of relevant production facilities. Understanding the United Kingdom will meet these requirements, the United States will promptly construct a quota at most favored nation (MFN) rates for UK steel and aluminum and certain derivative steel and aluminum products.

- (iii) Contingent on the findings of the U.S. Section 232 investigation on pharmaceuticals and pharmaceutical ingredients, and consistent with the United Kingdom's compliance with the supply chains security requirements described in subparagraph (ii), the United States and the United Kingdom intend to promptly negotiate significantly preferential treatment outcomes on pharmaceuticals and pharmaceutical ingredients. The United Kingdom confirms that it will endeavor to improve the overall environment for pharmaceutical companies operating in the United Kingdom.

- (iv) In addition to products already addressed in this document, the United States and the United Kingdom intend to adopt a structured, negotiated approach to other sectors that may be subject to Section 232 investigations or other tariff measures with a view to a significantly preferential outcome. Any such approach is contingent on the United Kingdom ensuring the security of supply chains, using appropriate measures, of products intended for export to the United States and on the findings of related U.S. investigations of, or other tariff measures related to, such sectors.

(d) To ensure U.S. and UK firms can benefit from these changes in practice, both countries intend to apply rules of origin that maximize bilateral trade and prevent non-participants from using our bilateral arrangement to circumvent tariffs. The United States affirms that it intends to take into consideration during the negotiations of the EPD the United Kingdom's request that the United States continues to work to lower tariffs on UK goods imposed by U.S. executive authority as well as those subject to Congressional approval.

2. Addressing Non-Tariff Barriers

(a) The United Kingdom and the United States plan to work constructively in an effort to enhance agricultural market access. Further, both countries positively support future discussions to strengthen bilateral agricultural trade. The United Kingdom and the United States affirm that imported food and agricultural goods must comply with the importing country's sanitary and phytosanitary (SPS) standards and other mutually agreed standards. The United Kingdom and the United States commit to working together to improve market access for agricultural products, to highlight concerns, and to increase agricultural cooperation on areas such as certain export verification programs to facilitate greater trade, and more formal bilateral engagement through international standard setting bodies.

(b) The United Kingdom and the United States each confirms its intent to accord to conformity assessment bodies of the other treatment no less favorable than that it accords to conformity assessment bodies located in its own territory. Treatment under this paragraph includes procedures, criteria, fees, and other conditions relating to accrediting, approving, licensing, or otherwise recognizing conformity assessment bodies.

(c) Both countries intend to build on an existing set of Mutual Recognition Agreements (MRAs) by negotiating additional agreements, as appropriate, across certain industrial goods and advance toward an agreement on services domestic regulation.

(d) The United Kingdom and United States intend to discuss the principles and criteria used in order to recognize a standard as an international standard. The United Kingdom and the United States will further commit to discuss respective applicable standards for mutually agreed sectors of interest and, within those specified sectors, to agree which of the other's relevant domiciled standards development organizations (SDOs) currently meet recognized international principles.

3. Increasing Digital Trade

(a) Both countries confirm that they will negotiate an ambitious set of digital trade provisions that will include within its scope services, including financial services.

(b) Both countries confirm that they will negotiate provisions on paperless trade, pre-arrival processing, and digitalized procedures for the movement of goods between our countries.

4. Strengthening Alignment and Collaboration on Economic Security

(a) Both countries intend to strengthen cooperation on economic security, including by coordinating to address non-market policies of third countries.

(b) Both countries intend to cooperate on the effective use of investment security measures, export controls, and ICT vendor security, building on the current levels of close alignment on trade and investment security measures.

(c) In order to ensure more competitive, reciprocal, and secure access to our procurement markets, both countries reaffirm their procurement commitments under the Agreement on Government Procurement (GPA) and their respective free trade agreements, and intend to discuss the implementation of our respective procurement commitments, including through the United Kingdom's new National Security Unit for Procurement and the United Kingdom's new powers under the Procurement Act 2023, which provides that non-"treaty states" are not guaranteed non-discriminatory treatment in procurement.

(d) Both countries confirm that they will negotiate as part of the EPD provisions on duty evasion customs cooperation to combat evasion schemes and the illegal transshipment of goods from countries subject to antidumping, countervailing duties, safeguards, etc., which undermine economic security.

5. Commercial Considerations and Opportunities

Both countries commit to continuing to identify mutually beneficial goods, services, investment opportunities and commercial transactions that serve to increase economic integration in critical industries and defense preparedness, leveraging government policies, licenses, and programs and private-sector participation to facilitate such transactions.

6. Other Matters

(a) Both countries confirm that they intend to discuss high-standard commitments related to intellectual property rights protection and enforcement, labor practices (including addressing forced labor in supply chains), and environmental policies and practices.

(b) The United Kingdom will consider the interests of those UK territories for whose international relations it is responsible.

(c) The United Kingdom and the United States recognize that the purpose of this arrangement is to deepen our trade relationship based on mutual trust and a shared commitment to fair and reciprocal trade. On request of either country, the United Kingdom and the United States will consult with a view to considering any changes that may need to be made to this arrangement to ensure that it remains mutually beneficial.

(d) The United States or the United Kingdom may terminate this arrangement by giving written notice to the other. The United Kingdom and the United States further plan to discuss procedures for review and termination as part of the negotiations of the EPD.

This document becomes operative on May 8, 2025.