

The Rt Hon Liam Byrne MP
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Dear Liam,

Update on the implementation of the General Terms for the UK-US Economic Prosperity Deal

I am pleased to write to you to update the Business and Trade Committee on the implementation of the General Terms for the UK-US Economic Prosperity Deal.

On 8 May 2025, the Prime Minister and the President concluded a landmark economic deal between the United Kingdom and the United States. The deal was defined in the General Terms for the Economic Prosperity Deal (EPD). Both countries agreed to begin negotiations on the EPD immediately to develop and formalise the proposals in the General Terms. The Government remains relentlessly focused on securing the best outcomes for UK industry and ensuring that businesses up and down the country can feel the benefits of the deal as soon as possible.

On 16 June, the Prime Minister and the President agreed further progress towards that goal.

As outlined in paragraph 1(c)(i) of the General Terms, the US will create a 100,000 unit quota for all UK car exports to the US, reducing US tariffs from 27.5% to 10%. This will be administered on a quarterly basis. This has been signed by the President through Executive Order, and we expect that these arrangements will come into force by the end of the month. This 10% tariff will also apply to UK part exports attendant to finished passenger cars that UK manufacturers export to the US.

The UK will implement its commitments in paragraph 1(b) of the General Terms relating to beef. We will execute the legislative process to create a preferential duty-free quota for US beef of 13,000 metric tonnes (mt) per calendar year. Alongside this, the UK will remove the 20% tariff on US beef imports under the existing WTO quota shared between the US and Canada of 1,000 mt per year. The UK will lay legislation in Parliament to bring the quota into effect. Under paragraph 1(b) of the General Terms, the United States confirmed its commitment to reallocate to the United Kingdom 13,000 mt of its existing "Other Countries" tariff rate quota (TRQ) for beef at MFN rates. That re-allocation will take place as quickly as possible and at the latest by 1 January 2026.

As confirmed in the General Terms, 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. Paragraph 2(a) of the General Terms outlines how the UK and the US will seek to strengthen bilateral agricultural trade.

The UK will also execute the legislative process to create a preferential duty-free quota for US ethanol of 1.4 billion litres per year. The UK will lay legislation in Parliament to bring the quota into effect.

The US and UK continue to work together at pace to implement paragraph 1(a) of the General Terms, covering other tariffs. The US and the UK will continue to work together to conclude this negotiation and implement reductions as soon as possible. Each country intends to continue to improve market access under the EPD.

The US and the UK will take forward the remaining provisions contained in paragraph 1(c) of the General Terms. The UK and US are conducting rapid discussions to create a quota at most favoured nation (MFN) rates for the export of steel, aluminium and certain derivative products from the UK to the US and intend to finalise implementation as soon as possible.

The US commits to reducing tariffs on imports of aerospace goods from the UK from current levels back to MFN rates. This has been signed by the President through Executive Order, and we expect these arrangements to come into force by the end of the month.

Both countries remain focused on securing significantly preferential outcomes for the export of pharmaceutical products from the UK to the US and other sectors that may be subject to Section 232 investigations or other tariff measures.

I know my officials will be able to brief you on this matter. I look forward to continuing to work closely with the Committee going forward.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Douglas Alexander', with a stylized, cursive script.

THE RT HON DOUGLAS ALEXANDER MP
Minister of State for Trade Policy and Economic Security
Department for Business and Trade