

**US-UK ECONOMIC PROSPERITY DEAL (EPD)**  
**BRITISH CHAMBERS OF COMMERCE BRIEFING**

Key points:

- Tariffs on UK exports of steel and aluminium products reduced from 25% to zero via operation of a quota. Scale of quota still to be determined. Will apply to “certain” derivative steel and aluminium products.
- Tariff rate quota created for UK car exports to the US – 100,000 car units will have tariffs at 10% reduced from current 27.5%. Covers nearly all UK car exports to the US.
- Tariffs cut on compliant beef products in both markets – UK/US exporters will have additional tariff rate quotas in the other market of 13,000 tonnes per annum at zero duty rates.
- Tariffs on ethanol – used in manufacture of beer – reduced to zero through a tariff rate quota of up to 1.4bn litres of ethanol from the US.
- Other tariffs to remain at current levels, including reciprocal tariffs in other goods sectors which raised tariffs by 10% on 5 April.
- UK to receive preferential treatment should the US engage in further section 232 investigations on new tariffs in the future, consistent with national security interests. This would be relevant for example, in protecting the UK pharmaceutical sector from any future tariffs.
- Specific commitment to negotiate preferential outcomes for the UK in terms of the outcomes of the current section 232 investigation into pharmaceutical product tariffs.
- Economic security alignment means zero tariffs on UK jet engines and aerospace components imported into the US.
- Commitment by UK and US governments to negotiate digital trade agreement including on customs facilitations – a key BCC priority first raised four years ago.
- No change in UK food standards or sanitary or phytosanitary rules.
- UK/US technology partnership to be negotiated by both countries.
- No commitments made to change UK Digital Services Tax.

### Summary of the EPD framework document:

The document was issued and takes effect from 8 May 2025. Both sides now enter negotiations to develop and formalise the proposals in the framework document and convert these into a legally binding agreement. Following implementation the EPD could be developed further into other economic areas, seeking to continue to improve market access.

Negotiations are still ongoing in terms of a technology partnership agreement between the UK and US – that could yet include consideration of digital services taxes and regulation. The EPD is not contingent upon those negotiations being successfully concluded.

Once the EPD has been made legally binding, notification in the Federal Register and guidance from US Customs and Border Protection will be required in terms of timing of tariff changes in the US. UK tariff changes will require legislation under the Taxation (Cross Border Trade) Act 2018 before taking effect. Both sides say they will co-ordinate the implementation of the tariff changes taking account of UK and US legislative processes, but they are intended to come into force as soon as is practicable. The changes in US tariffs may apply to the Isle of Man, Jersey and Guernsey – for whom the UK is responsible for their international relations.

The EPD has three aims:

1. To raise the quality and volume of trade between the UK and US, increasing growth and employment.
2. To remove barriers to trade and investment for businesses in both the UK and US in the other market.
3. To ensure the UK-US special relationship is rooted in an economic partnership which is reciprocal and future facing.

### Tariffs:

The UK will make amendments to its applied tariffs on a preferential basis for goods of US origin covered by the agreement, and the US will make amendments on the same basis to its tariff code.

Effective tariffs on UK steel and aluminium products will be reduced to zero via operation of a quota to be created by the US. This may be similar in scope to the 2022-2025 tariff rate quota of 500,000 tonnes per annum of UK steel. The provisions will also apply to “certain” derivative steel and aluminium products. This commitment is tied to a provision in the framework agreement that the UK will work to promptly meet US requirements on the security of the supply chains of steel and aluminium products intended for export to the United States and on the nature of ownership of relevant production facilities – which may mean no China ownership of the assets of British Steel or other primary production in the UK.

The tariff on the existing quota of 1,000 tonnes of compliant beef products in the UK will be reduced from 20% to zero. In addition, reciprocal tariff rate quotas of 13,000 tonnes of compliant beef products will be created for exporters to the other market on both sides. This equates to 1.5% of the UK beef market if utilised in full by US producers.

The UK will create a tariff rate quota covering 1.4bn litres per annum of ethanol exports from the US to the UK – used in the manufacture of beer. This effectively provides zero tariff access for US ethanol into the UK market.

The UK has also secured a preferential treatment commitment from the US should there be future section 232 investigations into tariff treatment of other economic sectors, on the grounds of national security, such as products from the pharmaceutical industry. This means that the UK can make the case to the US that across the board tariffs on particular sectors should not apply to UK goods because there are no national security implications therefrom for the US, but the UK may have to establish the security of these supply chains to US satisfaction.

The US will create a quota of 100,000 cars and automobiles imported from the UK per annum with the tariffs on these vehicles being 10%. There will be an accompanying arrangement for attendant automotive parts for such vehicles. This is a reduction from the current duty rates of 27.5%. Current UK car exports to the US run at 101,000 units in 2024, according to the SMMT. No changes in UK duties (currently 10%) on car imports from the US are proposed.

UK to receive preferential treatment should the US engage in further section 232 investigations on new tariffs in the future, consistent with national security interests. This would be relevant for example, in protecting the UK pharmaceutical sector from any future tariffs. There is a specific commitment to negotiate preferential outcomes for the UK in terms of the outcomes of the current section 232 investigation into pharmaceutical product tariffs.

Rules of origin to be adopted by both sides to ensure no circumvention of the new bilateral tariff arrangements takes place.

#### Non-tariff barriers:

Further discussions to enhance bilateral trade in agricultural products, but the products traded must meet the SPS requirements standards of the importing country and other mutually agreed standards.

The UK and the US seek to build upon existing mutual recognition agreements between them and to negotiate further such agreements, for example in the area of certain industrial goods, and reach an agreement on domestic regulation in services.

#### Digital trade:

The UK and US confirm an intention to negotiate a digital trade agreement including services (and financial services) within its scope, paperless trade, pre-arrival processing and digitalised procedures for goods movements between both countries. This has been a BCC ask for 3+ years.

### Economic Security:

The UK and US seek to strengthen co-operation on economic security measures, including non-market policies of third countries. This would be facilitated by co-operation on investment security measures, export controls, and ICT vendor security. This would also include closer customs co-operation to prevent trans-shipment of goods to evade duties.

### BCC wins:

Called for tariffs on steel and aluminium products to be removed – TRQ TO BE NEGOTIATED

Called for tariff relief for automotive and automotive supply chain sectors – ACHIEVED THROUGH TRQ

Digital Trade Agreement and customs facilitations – INTENTION TO NEGOTIATE

Issues still to be resolved – BCC will continue to advocate for tariff reductions in all goods sectors, including those affected by the US reciprocal tariffs from 5 April (at 10% additional duty rates per good). BCC will also seek inclusion of all derivative steel and aluminium products in the US tariff rate quota to be negotiated on UK steel and aluminium products, and to ensure UK car parts are properly defined in the final EPD agreement to benefit from reduced tariff treatment on entry to the US.

### Documents:

The general terms of agreement between the UK and US – the EPD:

<https://www.whitehouse.gov/briefings-statements/2025/05/11929/>

White House factsheet:

<https://www.whitehouse.gov/fact-sheets/2025/05/fact-sheet-u-s-uk-reach-historic-trade-deal/>

US business and political reaction to the agreement:

<https://www.whitehouse.gov/articles/2025/05/great-deal-for-america-president-trumps-breakthrough-trade-deal/>