

The Rt Hon Lord Peter Goldsmith KC
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Dear Peter,

The United Kingdom's trading relationship with the United States

I am pleased to write to you to inform the International Agreements 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 will 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 senior officials are due to brief you privately on this matter on 20 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,



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