



UK Government

THE UK'S TRADE STRATEGY



CP1339



The UK's Trade Strategy

Presented to Parliament by the
Secretary of State for Business and Trade
by Command of His Majesty

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Ministerial Foreword



**The Rt Hon
Jonathan Reynolds MP**
Secretary of State for
Business and Trade



**The Rt Hon Douglas
Alexander MP**
Minister of State for Trade
Policy and Economic Security

The world is changing. Geopolitical, geoeconomic and technological shocks are reshaping the international order. Just as the UK's centuries of trading have made us the country we are, our response to this moment of tumult will now define us anew. Pragmatic patriotism will be the compass by which we will navigate today's turbulent storms. We have every reason to believe we can get through them and thrive.

As well as an illustrious trading past, there is a vibrant British present, defined by irresistible products and designs, ingenious cutting-edge manufacturers and, above all, world-beating services. We remain resolute in our belief that fair and open markets are the best route to growth – and ultimately the best way to get money back into the pockets of working people.

This Government was elected to deliver its Plan for Change, and in doing so to improve the lives of working people and strengthen our country. Less than a year into office, this Labour government has already shown the tenacity and ingenuity needed to secure better access for UK exporters to the world's most-populous country,

through the UK-India Free Trade Agreement, and the world's most-important single economy, through the recent US-UK economic deal. Now a Strategic Partnership with the European Union is delivering for the British people, and reducing red tape at the border for British businesses.

At the same time, though, we understand that a much more strategic approach is now required if the UK is to get the best out of open markets. This document sets out our plans to apply our agile and hard-headed trade diplomacy across the wider world. It prepares the assertive responses we can and will be ready to deploy to answer new threats and unfair trading practices.

Our starting point is still Adam Smith, the first economist to set out a systematic, coherent framework for thinking about the economics of trade policy. In *The Wealth of Nations*, back in 1776, he gave us the mantra for all open free trading countries: *"If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own industry, employed in a way in which we have some advantage..."*

But resurgent protectionism is disrupting that truth. We are witnessing divergence after decades of convergence. The old sources of cheap energy and cheap consumer goods are being called into question, as the recalibration of old alliances draws a line under an era of relatively cheap European defence. Multilateral negotiations and universal rules, which have over post-war history delivered so much, are being challenged as never before over recent decades.

This is the changed context in which we need to rethink trade policy, support our businesses to expand and export, foster the high-growth industries of the future – and ensure that the rewards are widely shared. We must remember, too, our commitments to the international rule of law and environmentally sustainable growth.

To further these objectives, we will need to be extraordinarily determined and agile. We must also identify the many exceptional advantages that the UK enjoys – both diplomatic and industrial – and continue to exploit these to the full. Along the way, many old assumptions of trade policy will have to be dropped.

Instead of seeing the services trade as an *"invisible"* add-on to the Balance of Payments, we must herald it as the indispensable core of the UK's contemporary export earnings. As well as focusing on the giant export markets, we must also acknowledge the unprecedented range of middle economies around the world today, embracing both the security and the sheer growth potential that can come by engaging with a diverse range of partners. And although there is still a place for strategic long-term agreements with key partners, we should not imagine the only way to do trade policy is by securing Free Trade Agreements for every last corner of the globe. Yes, they can make a transformative difference, as we have just shown by striking a comprehensive agreement with India. Often, however, we might be able make much faster and deeper progress through more focused arrangements that closely attend to problems affecting particular sectors or modes of trade at the border or beyond.

We must bury, too, the old hands-off economics that imagines commercial success abroad can be achieved without strength at home. Successful trade policy and successful industrial policy must combine together to support our broader ambition for growth.

Each can and should support the other. Trade exposes businesses to the global frontier of technology, and can offer rewards which spur productivity-enhancing investments. At the same time, commercial investments in plant, in kit and skills, together with public investment in people and infrastructure, all boost the quality and competitiveness of what Britain sells to the world. Under this Labour government, all of these synergies will be harnessed to the full. Our modern Industrial Strategy will drive investment and give certainty to business to create high-paid, secure jobs in every part of this country – particularly in “*growth sectors*” which rely on the most meticulous nurturing of specialist skills and excellent infrastructure, including fields with exceptional export potential, such as bio-sciences, clean energy and advanced manufacturing, to which this Trade Strategy pays special attention.

Alongside an agile response to the new, we must hold on to important aspects of more established wisdom. This government simply does not accept that we must choose between our allies. We understand, for example, the singular value of these old alliances with the United States and Europe, as well as many other long-established friends, such as India, around the Commonwealth and beyond. Finally, we must carefully define the unique nature of our important trading relationship with China.

But nor can we close our eyes to the increasingly protectionist mood in much of the world, or the reality that trade is sometimes weaponised as part of the wider geopolitical struggles. We will promote what we can and protect what we must. We will expand and sharpen the range of trade-defence tools in our toolbox, to ensure we have a comprehensive and timely response to unfair competition ready if and when it is needed. And we will make it easier for British businesses to build more resilience into their operations.

We also need to be true to our values. The UK will harness trade as a force for good, using our influence to ensure that it supports, rather than undermines, protections for workers and our shared planetary home, as well as new opportunities for poorer countries who face very special dangers in these days of flux.

Clear-eyed about where the UK is starting from, this is an ambitious trade strategy, which is pragmatic in its approach to diplomacy, but also gritty and deeply practical about exactly how we move forward from here. It is our plan for engaging with a rapidly changing world, while remaining resolutely open for business.

A handwritten signature in blue ink, appearing to read 'J. Keir'.A handwritten signature in black ink, appearing to read 'Douglas Alexander'.



Executive Summary

Since this government took office, and in line with the intentions of this Trade Strategy, we have prioritised economic growth. For British businesses, that means easing the burden on them as they trade abroad. We have finalised negotiations on a landmark Free Trade Agreement with India, improved our trading relations with the EU through a suite of agreements including an SPS agreement that will ease checks on exports to the single market, and we were the first country to agree the framework of an economic deal with the US following President Trump's inauguration. We are laying the ground for long term partnerships that will support our businesses to thrive.

The UK has thrived in the past – and will thrive in the future – as an open trading nation. But with the world trading system as we have known it today facing a series of disruptions and shocks, we need a new and more strategic approach to how we sell to and buy from the world.

The mood has taken a protectionist turn around much of the world, threatening the familiar rules of the trading game and marginalising aspects of the multilateral architecture. These are not all changes the UK would have chosen, but it is our duty to, first, understand them – and then chart a pragmatic way forward to allow traders across every corner and every nation of the UK to survive and thrive in the new world. The growth-boosting deals the government has very recently struck with India, the world's most-populous country, and the US, which remains the world's most-important economy, illustrate how we are already doing exactly this. They provide valuable templates for

discussions with many countries beyond. Meanwhile, the new Strategic Partnership with our closest neighbour and trading market, the EU, will further support the context in which Britain can thrive by being open for business.

As well as an unsparing eye on the world as it is, a serious trade strategy needs to be rooted in a clear understanding of the type of economy the UK sets out with. **We have significant strengths – above all as a superpower in services, in which global trade is particularly buoyant – that should enable us to face the future with confidence.** We also have many high-end manufacturers whose expansion through foreign sales can boost productivity and growth. And there are great opportunities coming from transformative changes in Artificial Intelligence and our Clean Energy Superpower transition.

These sorts of global markets are rapidly expanding and, for UK businesses, effectively boundless. Clearing every possible obstacle in the way of our firms selling into them is – alongside, and in tandem with, our modern Industrial Strategy – critical to raising overall economic growth and getting more money into the pockets of working people in every part of the UK. This much is clear, but it is evident, too, that in order **to advance those trading sectors with most promise for UK growth, we are going to need a more varied – and smarter – set of trade tools than we have had in the past.**

When it comes to negotiations, we need to be steely but also nimble and opportunistic. In a world where both digital sales and the global trade in services are booming, bespoke accords to govern the protocols of e-commerce or mutual recognition of qualifications could sometimes be achieved more rapidly than economy-wide Free Trade Agreements (FTAs), which are hugely complex and sometimes painfully slow to negotiate. FTAs absolutely retain a central place in our armoury – the big win of the UK-India FTA shows the power they still hold. But the UK-US economic deal is a slightly different form of deal, the opening of a conversation rather than its conclusion, and somewhat more tightly drawn around some more obvious areas of mutual economic agreement. And yet it is also pragmatic – both directly in boosting growth and protecting jobs in crucial sectors such as car manufacturing, and indirectly in creating a basis on which further negotiations can build later on. **Whilst still pursuing comprehensive FTAs with strategic partners, in any set of negotiations we will make a pragmatic and open-minded assessment about what form of agreement stands the best chance of making a serious and early contribution to exports and growth.**

In an increasingly unstable and volatile world, we also need to be agile in the face of a whole range of potential future shocks – including overseas conflict, climate disruptions, physical threats on our shores, international financial contagion or humanitarian crises. The building and maintenance of a strong economy – as well as delivery of the government's Missions and our Plan For Change of a decade of national renewal which that strong economy is needed to support – relies on us developing robust responses to all possible threats to prosperity. In the context of trade, this requires in general terms that we:

- Confront the threat that protectionism poses to the UK by significantly **upgrading our trade defence toolkit**
- **Tackle trade-distorting practices**, such as dumping, that increasingly threaten our businesses at home, going beyond our traditional definitions of unfair trading practices

- **Take the earliest opportunity to overhaul the UK's trade remedies system** to make it more accessible, assertive and agile
- **Monitor and respond to turbulence in global sectors – and global supply chains – that are crucial to the UK's economic and more general security.** Alongside the new Supply Chains Centre that we announced in the Industrial Strategy, we will create an Economic Security Advisory Service to further these aims, and will both work hand-in-glove with business to deliver on them

In fleshing out these aims, alongside our ambitions to boost exports, we have worked closely with businesses and stakeholders to understand their changing needs. Our open call for evidence mailbox received over 220 submissions from business, representative organisations, civil society and academia, and we have spoken to companies and other stakeholders across the country. Drawing on these conversations, this Trade Strategy both points the way to further opening of opportunities in foreign markets, and also offers the very practical support that established and aspiring trading firms say that they need. This includes:

- **Tirelessly working to reduce barriers to trade with many more markets**, building on our recent success with the twin giants, India and the US, and **supporting UK regulators to remove barriers to businesses trading abroad**, creating a dedicated new “*Ricardo Fund*” for this purpose

And a package of support for businesses seeking to boost trade, some of which was also highlighted in our Industrial Strategy:

- **Expanding the capacity of our export credit agency – UK Export Finance or UKEF – by £20bn to £80bn.** Export credit guarantees and other support are a critical way the government can help business secure foreign orders and finance, so we are resolved to provide more of it. At the same time, we will make UKEF more accessible, including by creating clearer online routes into the support it offers
- **Modernising, simplifying and unifying the export support services, and particularly digital export support services, that we offer businesses.** Companies tell us that the material and advice offered on the government's website is hard to find, cumbersome to navigate, and sometimes short on information. A new, and consistently digital-first approach, will provide clearer, more accessible and more customer-focused guidance for exporters
- **Cutting through red tape at the border by harnessing the benefits of digitalisation.** The UK was the first G7 country to put electronic trade documents on the same legal footing as paper documents, but – until now – we haven't exploited the potential this gives to smooth the passage through the border. We will pilot Digital Trade Corridors with leading European Markets so that this potential can finally be seized, and develop a new programme to help smaller businesses seize the advantages of escaping the physical paper-chase

For all the challenges of the current trading environment, trade between countries remains one of the most powerful forces for prosperity that exists – both here in the UK and around the world. Over the last few decades, open markets have lifted hundreds of millions out of absolute poverty around the world. But the gains have not accrued evenly between

or within nations, including our own. Unfettered competition can risk undercutting environmental and labour standards. So we need an agenda for trade that is not only free, but also fair, accountable and – insofar as is practical – governed by rules. In furtherance of these aims we will:

- **Launch a review of our approach to responsible business conduct**, focusing on the global supply chains of businesses operating in the UK
- **The UK will work alongside our partners and allies to negotiate and agree an ambitious agenda for future plurilateral agreements which address the challenges faced by the multilateral system**

No serious Trade Strategy can end with a document that is printed, then left to gather dust. Meaningful strategy is always about sustained action and engagement. We resolve to drive forward the many explicit proposals contained in these pages and will soon set out criteria by which business and the wider world outside of government can hold us to account for delivery.





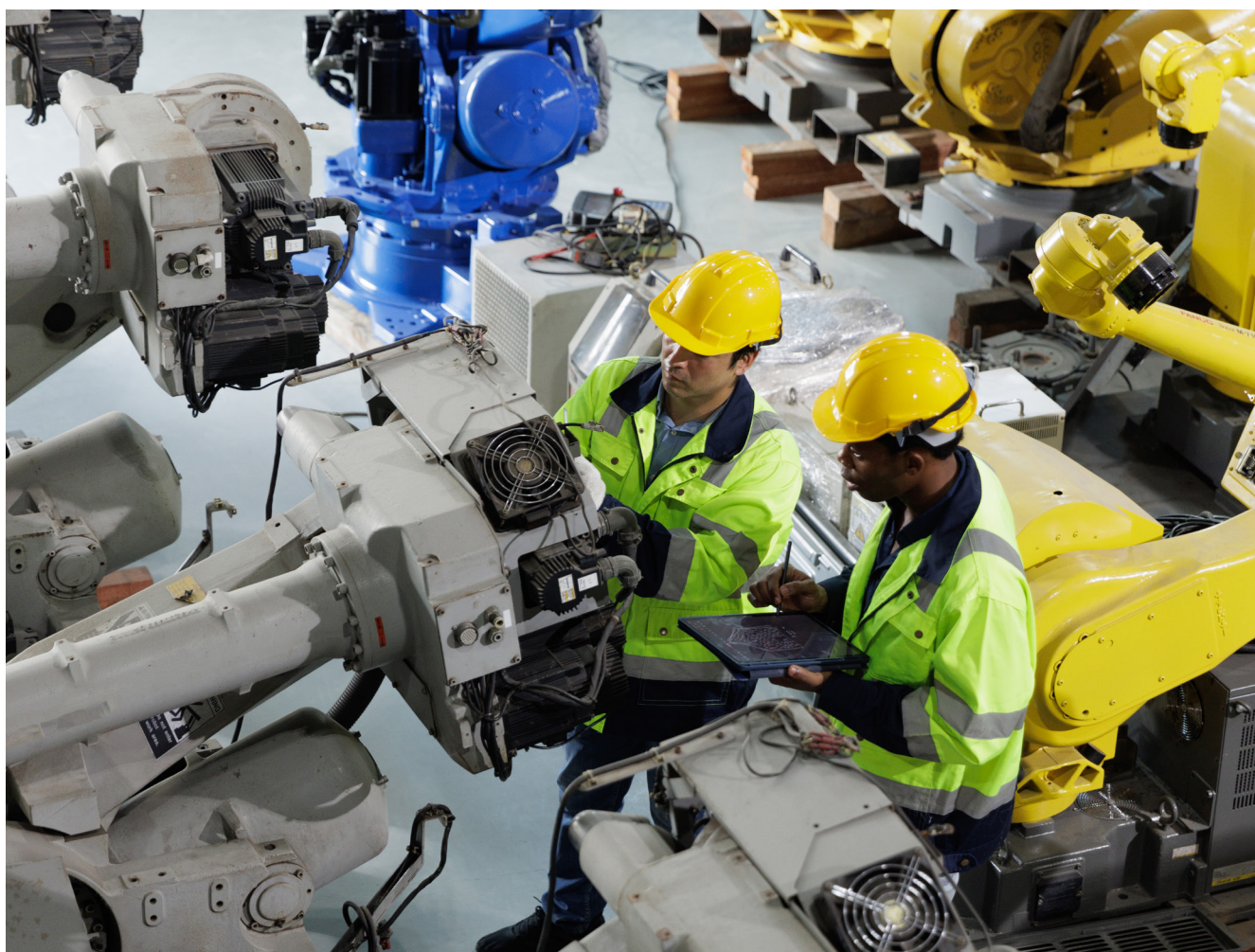
Working Together: How the Trade Strategy relates to the Industrial Strategy and the SME Growth Strategy

This Trade Strategy is not the Government's only business facing strategy, it works with our Industrial Strategy and upcoming SME Growth Strategy. These three interlocking strategies will work together to set out the government's offer to support growth: strengthening businesses at home to ensure success abroad.

The SME Growth Strategy will set out the government's vision for the UK to be the best place to start, sustain, and scale a business – it will support the UK's businesses from the moment that someone somewhere has a bright business idea. The Industrial Strategy identifies the future industries which will drive the UK economy over the next decade¹ and sets out a plan to facilitate inclusive, sustainable and resilient growth and investment across the UK. Our modern Industrial Strategy builds on the UK's strengths as a globally connected economy to back our export-competitive future industries with our international partners. The Trade Strategy sets out this Government's commitment to free, open and fair trade and our approach to building internationally competitive businesses through international trade.

Trade levers are often cross-cutting and create the domestic and international trade frameworks that increase trade by productive British businesses and sectors across the economy, helping them grow further. This pro-trade environment also facilitates export-led investment into the UK. In this way, the Trade Strategy contributes to the creation of a pro-growth UK business environment.

Specific trade levers, even when cross-cutting at a whole-economy level, can be entirely or partially tilted to support the growth-driving sectors. Where levers can be tilted to support the growth-driving Industrial Strategy sectors, they will be. The modern Industrial Strategy and its Sector Plans will contain sector-specific trade details and amplify the trade measures which cut across the whole of the UK economy.



Endnotes

- 1 The industrial strategy focuses on the sectors which offer the highest growth opportunity for the economy and business. Eight growth-driving sectors have been identified: Advanced Manufacturing; Clean Energy Industries; Creative Industries; Defence; Digital and Technologies; Financial Services; Life Sciences; and Professional and Business Services. [Invest 2035: the UK's modern industrial strategy - GOV.UK](#)



Chapter 1: The UK as a Trading Nation

With the global trading system in tumult, we need to equip the UK's economy and businesses to navigate increasingly turbulent seas. And it must start with a clear understanding of the critical role of trade in our economy, including the complex ways it interacts with our security, our climate objectives and the spread of prosperity across the country. The case for trade has never been stronger. It drives growth to the mutual benefit of businesses, workers and consumers alike:

- **For businesses**, trade can be a source of sales and critical inputs. It allows them to specialise in the things they do best and most profitably. More subtly, it is a means of competition and innovation. Businesses that both import and export are generally more productive.¹
- **For workers**, trade can raise living standards through increased wages and employment opportunities.²
- **For consumers**, trade can bring lower prices, greater choice and a wider range of sources for important supplies.

Done right, trade can also support our wider objectives such as helping to make the UK a Clean Energy Superpower and to reach Net Zero, ensuring a wider sharing of prosperity at home, tackling illicit finance and corruption, and helping rescue people from abject poverty abroad.

“We must stand up for free and open trade – crucial to deliver our Plan for Change to make everyone better off. We must help businesses keep their access to trade around the world.” – **The Chancellor of The Exchequer, The Rt Hon Rachel Reeves MP**

Through this Trade Strategy, we seek to support our economy, and ensure we ready the full range of tools that our diplomats and our businesses need in order for businesses across England, Scotland, Wales, and Northern Ireland to sell to the world and thrive.

The Context: Starting With The Economy We’ve Got

The UK is the sixth largest economy in the world.³ We have prospered as a particularly open economy—our total trade is equivalent to around 60% of our GDP (in 2024).⁴ Notwithstanding the turbulence of recent years, we have retained some extraordinary strengths. We need to be frank about those relative strengths and set a course that’s not designed from fantasy, or for a theoretical economy, but for the economy we’ve got.

Over recent history, the UK’s open orientation allowed us to fit comfortably into an international system designed to reduce trading barriers. Between 2000 and 2016 the UK saw trading costs fall as a direct result of WTO membership (equivalent to a 13.75% drop in tariffs with all partners⁵). There were also harder-to-quantify but nevertheless very real benefits to simply being part of a predictable system. This predictability is estimated to have boosted global trade by 10-30%.⁶

But that world is rapidly changing, and—in truth—even before the most recent shocks, our traditional openness has not been enough to solve all our economic problems. Despite our extensive trade, the UK has shown a poor productivity record.⁷ We have consistently invested less than our international peers.⁸ Our regions, including some of our great cities, lag far behind the performance of London and the South East.⁹

The Government’s Growth Mission and Industrial Strategy will grip important elements of these problems, and will be strengthened by revamped trade policy. In recent years our trade performance has also started to lag behind our international peers.¹⁰ In 2024, the other G7 economies’ total trade was an average of 8% above levels seen in 2018,

whereas the UK's total trade growth was only 4% over the same period.¹¹ While UK services trade has performed broadly in line with international peers, there has been a major and persistent weakness in UK goods trade.¹²

Services Superpower

Traditionally, services were relegated to the margins of trade debates: an extra line described as “*invisibles*” on the Balance of Payments. But the UK's services sectors are the most powerful engine of our growth and prosperity. Since 2010 our services exports have grown year on year in real terms, both absolutely (with the notable but understandable exception of 2020) and relative to goods exports.¹³ We now export services worth £508bn (in 2024) to the rest of the world. This dwarfs the £314 billion of services that we imported in 2024.¹⁴ Indeed, our services sales are now worth more than those of our goods: what was invisible is now and will remain indispensable to the UK.

Many of those international services sales come from traditional areas of strength like Professional and Business Services (including Management Consultancy, Legal Services and R&D) and Financial Services. Last year, these two broad fields alone collectively made up over 50% of our services exports.¹⁵ We are, however, diversifying our services exports and other sectors like Travel are seeing rapid growth.¹⁶

All this is good news—with the global trade in services booming, there are significant opportunities for growth. Many of the most acute current concerns and debates are about tariffs on physical goods at the border which has a more limited impact on services. Services benefit from the continued spread of English as a *lingua franca*. The global use and citation of English and Welsh law is another boon.

Building on these strengths is a central part of our Industrial Strategy. Services industries like Creative Industries, Digital and Technologies Sectors, Financial Services and Professional and Business Services are growth-driving sectors, as set out in the Industrial Strategy.

Being a services superpower—the second-largest exporter of them in the world—is a strategic benefit in these times and brings huge opportunities.¹⁷ We must recognise, however, the increasingly close relationship between services and goods trade. Services are increasingly being exported as part of a goods transaction.¹⁸ And that exposes some of our services exports to the rising disruptions affecting global trade in goods.

Goods and Manufacturing

Whilst the UK has long been services-dominated, goods remain a fundamental part of the economy in general and trade in particular. Manufacturing may represent a minority stake in the economy, but that stake is much more intensively traded than services as a whole. And it remains particularly important if we are to achieve shared prosperity across all nations of the UK: manufacturing contributes more to economic activity in Wales (16% of total GVA), Northern Ireland (12%) and Scotland (10%) than England (9%).¹⁹

There are some particular strengths in goods sectors which offer huge potential for growth. The Industrial Strategy identifies Advanced Manufacturing, Defence, Clean Energy Industries and Life Sciences as growth driving sectors where the UK has an exporting edge in global markets.²⁰ For example, the UK's Clean Energy Industries manufacturing sector can seize burgeoning global opportunities. According to McKinsey, supplying the goods and services to enable the global net-zero transition could be worth £1 trillion to UK businesses in the period from 2021 to 2030²¹ and a report published by the Climate Change Committee estimates that the net zero transition could create between 135,000 and 725,000 net new jobs by 2030.²²

Particularly at the high-end, though, manufacturing is increasingly reliant on imported raw and intermediate inputs.²³ This deep integration with the global economy is a double-edged sword: on the one hand it provides manufacturers with the best and most efficient sources of materials, on the other there are potential vulnerabilities in border-straddling supply chains in our increasingly uncertain world.

The agri-food and drinks sector is the UK's largest manufacturing sector. Unlocking market access and creating export opportunities is of vital importance to the growth of the agri-food sector, helping to diversify and build resilience.

UK Trade and EU Exit

Proximity matters in trade. Countries tend to trade the most with their nearest neighbours. Our largest trading market is our closest – the EU as a whole and, within that, individual EU Member States are some of our most significant partners, constituting 9 out of the top 20 export destinations for UK goods in 2024.²⁴

But since 2018 the amount we trade with the EU has begun to fall relative to what we do with the rest of the world.²⁵ By 2024, we had seen a 2% drop in trade with the EU, when compared to 2018 (removing the effects of inflation and excluding precious metals) but a 9% increase in trade with the rest of the world over the same period.²⁶ Increased barriers to trade with the EU are, unsurprisingly, part of the reason why.²⁷

Survey evidence suggests businesses are facing increased challenges in the wake of EU exit, with many businesses reporting that the current trading relationship is not supporting their business to grow.²⁸

Services have fared better. In absolute terms, services trade with the EU last year was 12% up on 2018 (in inflation-adjusted terms).²⁹ The overall buoyancy of our services trade to the world has masked some challenges, such as barriers to the recognition of professional qualifications with the EU, which affect the more regulated services sectors, and increased challenges in business mobility.

Leaving the EU means that traders now face similar barriers to trade with the EU to those they previously only tackled in their non-EU trade. These have been particularly difficult for those small and medium sized enterprises who exported primarily or solely to the EU.³⁰ Many have responded to the extra paperwork and hassle by simply giving up: some

estimates suggest that around 16,400 businesses have stopped exporting to the EU since Brexit.³¹ As businesses that engage with international markets tend to be more productive, limiting the ability of our small businesses to engage with our nearest partner risks stifling their expansion and impeding economic growth.³²

Although we recognise the scale of these challenges, we are resolute in addressing as many as possible through our Strategic Partnership with the EU. Whilst we are not seeking to rejoin the EU's Single Market or Customs Union, we are committed to strengthening UK-EU relations and making trade with our largest and most important partner easier. The progress made at the May 2025 UK-EU Summit has shown that the opportunities to improve trade between us are real.

Looking Ahead

As well as being clear about the type of economy the UK starts out with, we also need to keep our eyes open and our minds alert to the many ways it is changing—some of them with profound implications for our economic future.

The Growth of Digital

As technology has evolved, so too has the potential for services and goods to be traded digitally. The emergence of global, open online marketplaces brings immense opportunities to both goods and services exporters. Cross-border e-commerce sales by UK businesses were worth £77.8 billion in 2021.³³

Digital potential is especially marked in services, where the UK starts out so strong. British services exporters are already embracing the opportunities. Already, 3.2 million jobs in the UK are embedded in digital services exports.³⁴ Pivoting to digital makes sense: businesses that move their services online stand to benefit from enhanced liquidity, mitigated risk and reduced costs.³⁵

But along with rising opportunities come rising risks. The number of digital trade barriers doubled between 2009 and 2019,³⁶ including through divergent global regulatory regimes that are pushing up business costs.

The UK already works with international partners to maintain open digital trade. Looking ahead, finding the right diplomatic and technical tools to secure digital trade openness is integral to our strategy.

Transformative Emerging Technologies

We know that Artificial Intelligence (AI) and other transformative emerging technologies (including advanced connectivity technologies and engineering biology) will reshape trade flows and the whole way we do business. The opportunities for the UK are vast; the UK AI market is predicted to grow rapidly in size, has a GVA of £5.8 billion and employs around 60,000 people.³⁷ The IMF estimates that widespread adoption of AI could increase annual productivity growth by up to 1.5%.³⁸ Government calculations show that, if fully realised, these gains could be worth up to an average of £47 billion to the UK each year over a decade.³⁹

The critical foundation needed to grasp this growth is creating digital infrastructure and telecoms connectivity, both essential for enabling emerging technologies like AI, quantum computing, and the Internet of Things (IoT). We will encourage the development of resilient telecoms infrastructure not just in the UK but around the world while protecting our national security.

Our AI Opportunities Action Plan aims to ramp up AI adoption across the UK, ensuring that AI drives economic growth, benefits working people through improving Government services such as education and healthcare, and opens up new opportunities rather than threatening traditional patterns of work.⁴⁰ Our goal is a thriving domestic AI ecosystem, with widespread use of AI products and services across the economy.

AI is significantly impacting business models by enabling greater efficiency, driving innovation, and creating new revenue streams, and the UK is well positioned to rise to its opportunities. Predicting the next big thing after AI is difficult – it might be quantum computing, or carbon capturing bacteria, or nano technology embedded in medical devices, or something else entirely. We will horizon scan for the next big thing, and ensure that we, together with international partners, set the conditions that allow our high growth businesses to be at the forefront of selling their expertise around the world.

Seizing the opportunities of emerging technologies will be essential to supporting the growth-driving sectors of the Industrial Strategy and raising the sustainable growth rate of the economy as a whole.

Clean Energy Superpower

The global green transition is projected by Arup and Oxford Economics to add \$10.3 trillion to global GDP by 2050 and Net Zero sectors are already growing three times faster than the wider UK economy.⁴¹ This presents a significant opportunity for the UK in sectors of established strength, including clean energy industries exports such as offshore wind, hydrogen, and grid technologies, across our regions and nations. Scotland's Net Zero economy, for instance, is estimated by CBI Economics to have grown by 21.3% since 2022, contributing £9.1 billion Gross Value Add and supporting 100,700 full time jobs.⁴²

The UK is committed to strong climate and environment targets, delivering clean power by 2030 and accelerating to Net Zero by 2050 through the clean energy superpower mission. While domestic businesses will have a huge part to play in our Clean Energy Superpower transition, trade has an essential role to play as many essential inputs for our Net Zero

transition will have to be imported. And as our domestic production of EVs ramps up more rapidly than that of domestic battery production, many of the batteries will have to be imported. We understand the importance of imports, and are taking steps to provide better and more coherent support.

Looking forward, the needs of British business and the UK economy require us to be serious about access to imports and selling to the world.



Endnotes

- 1 [Kasahara, H., & Lapham, B. \(2013\). Productivity and the decision to import and export: Theory and evidence. *Journal of International Economics*, 89\(2\), 297-316](#)
- 2 The wage effect can vary depending on the skill level of workers, industrial sector, and the specific economic context, with some workers potentially experiencing wage declines due to increased competition from cheaper imports.
- 3 [IMF World Economic Outlook, April 2025](#)
- 4 [ONS UK trade March 2025](#) and ONS GDP UK first quarterly estimate Q4 (Jan to Mar) 2025
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- 22 [Climate Change Committee \(2023\) A Net Zero Workforce](#)
- 23 [Bank of England \(2024\): A portrait of the UK's global supply chain exposure](#)
- 24 [ONS UK trade March 2025](#)
- 25 2018 is used as the comparison point here because it was the most recent, stable, pre-Brexit, pre-COVID year in trade terms.
- 26 [ONS breakdown of trade Q4 \(Oct to Dec\) 2024](#)

- 27 See for example [Du et al. \(2024\)](#), [Freeman et al. \(2024\)](#), [Gasiorek & Tamberi \(2023\)](#).
- 28 In the annual trade survey published by the British Chambers of Commerce (BCC) in December 2024, 40% of 446 of its exporting members disagreed with the statement 'How much do you agree or disagree that the UK-EU Trade and Cooperation Agreement (TCA) is enabling your organisation to grow or increase sales'? [Trade and Cooperation Agreement - Four Years On - British Chambers of Commerce](#)
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- 37 [Artificial Intelligence sector study 2023](#)
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- 42 [CBI \(2025\): The future is green: the economic opportunities brought by the UK's net zero economy](#)



Chapter 2: The Global Trading Context

The United Kingdom's future, like its history, is as an open, trading nation. But we also need to be clear-eyed about the challenges of the world with which we trade. This Chapter examines the forces reshaping the international trading order and distils a few principles for how the UK can navigate them.

“Strengthening our alliances and reducing trade barriers with economies around the world is part of our Plan for Change to deliver a stronger and more secure economy here at home.” – **The Prime Minister, The Rt Hon Sir Keir Starmer KCB KC MP**

Open Economy in a Closing World

Over long decades, we got used to a world where global trade soared as national economies integrated.¹ International – and sometimes globe-straddling – supply chains proliferated, as businesses split production processes across borders, taking advantage of reductions in communication and transportation costs.² But the world has changed. We're moving from an era of convergence to divergence. We're seeing a shift from the unipolar world of recent history to a multipolar world – a world not just of Super Powers but of Middle Powers.

Despite strong performance in 2024,³ the current scale and pace of disruption makes it hard to be sure whether global trade growth will continue. And the latest trade barriers do not come entirely out of the blue. On some measures, globalisation began to slow amid the insecure aftermath of the Global Financial Crisis in 2008.⁴ The last 5 to 6 years have seen crises from Covid-19⁵ to the war in Ukraine⁶ pile on top of one another, forming a 'poly-crisis' – where disparate crises interact in a way that causes the overall impact to exceed the sum of each part. The result has been rising anxiety about the reliability and cost of supplies of everything from energy and defence equipment to medical supplies, putting a new premium on sourcing supplies from and arranging production chains around reliable partners.

Right now, other factors are also having a bearing, with weak business confidence,⁷ falling investment and stagnating industrial output in many advanced economies.^{8 9} But there is no use pretending this is a mere passing phase. The previous trend towards more open markets has now been in reverse for around 15 years.^{10 11} As confidence in global security and prosperity has weakened, nations have responded with protectionist and distortionary policies.¹² Deepening rivalry besets general economic relations between the world's biggest economies – the US, EU, and China – with development of critical technologies and the green transition being particular flashpoints.

The challenges that this backdrop poses to an open and trade-orientated economy like the UK are as stark as they are profound. The old assumption – that countries would over time tend to lower trade barriers, not raise them – is now abjectly awry. Many of the bold past hopes for internationally agreed rules and trade-smoothing multilateral architecture are becoming impossible to sustain.

And yet so long as we keep calm heads and look closely, we can still secure tremendous opportunities for British businesses. There is far greater diversity of markets that matter than there was a generation or two ago, when the established OECD advanced economies accounted for the overwhelming bulk of world trade. In the early Post-War era, the US alone accounted for over 20% of total world goods trade, compared to 8% today.¹³ Meanwhile, emerging and developing economies are ever-more important, and are currently proving much more resilient to slowdown.¹⁴

Much of the current concern around trade is squarely focused on tariffs charged on physical goods crossing physical borders. The UK is much better placed than most economies to navigate these difficulties: it is a rare advanced economy where the majority (58% in 2024)¹⁵ of exports are already accounted for by the booming trade in services.

Digital sales, in particular, are big and getting bigger. And the sectors we have targeted in our Industrial Strategy constitute those with the highest potential.¹⁶ Our Clean Energy Superpower mission is another significant economic – and trading – opportunity.¹⁷

Even in this moment of disruption, there are chances aplenty for the UK to seize. But we won't be able to do so without a new – and truly strategic – approach to trade.

A Patchwork Planet

A generation ago, a survey of the outlook for trade might have begun with multilateral bodies, such as the World Trade Organization. We will return to this at the close of the chapter: first salvaging and then repairing the remaining pillars of the international trading order is still firmly in the long-term interest of the UK. But we need to start with realities of the changed world we are dealing with today – no longer a planet of ever-deepening integration, but a newly fractured globe, defined by rival power centres.

We must not be naive about the reality that decisions taken in Brussels, Washington and Beijing will be based on their interests, not ours. However, we reject the notion that we must choose between the world's “*big three*” economies. They are our top trading markets - representing 46% (EU), 18% (US), and 6% (China) of the UK's global trade in 2024, worth a total £1.2 trillion (69%) of UK trade (exports plus imports).¹⁸ There can be no place for the notion that the UK alone can reshape the global order. Instead, we must deploy clear-eyed pragmatism in support of our own businesses as we chart a course in today and tomorrow's world. This starts with a plan for realistic hard-headed economic diplomacy with each of those three economic giants.

The EU

The UK and EU are tightly bound by a connected future as well as a shared history. Moreover, the EU is our closest neighbour and largest trading market. Our total trade with the EU was valued at £813 billion in 2024, split between £455 billion in imports (69% of which were goods) and £358 billion exports (49% of which were goods).¹⁹

This is why, at the UK-EU Summit in May 2025, the Prime Minister and his EU counterpart, agreed to take forward detailed work in a Sanitary and Phytosanitary agreement to ease trade in agri-foods; a new agreement to link Emissions Trade Systems (ETS) to support the Net Zero transition and reduce trade-related compliance issues for business; and a commitment to explore energy cooperation, with a view to facilitating electricity trading, lowering costs for businesses.

As well as concrete steps to reduce barriers to agri-food goods trade, the UK and EU used the summit to commit to further dedicated dialogues to support services trade, including on the temporary stay of natural persons for business purposes, and the recognition of professional qualifications.

Trade with the EU is set to remain – by far – the single biggest slice of UK imports and exports.²⁰ This Government is fully convinced of the indispensable value of this trade for our economy and is determined to seize opportunities to expand it in pursuit of jobs and growth. **We will make the most of the Trade and Cooperation Agreement (TCA), whilst continuing to seek new arrangements to create the conditions for smoother trade.**

The UK and EU have agreed to hold annual summits, to oversee the implementation of the TCA and to ensure opportunities for future cooperation are maximised.

The UK Government is committed to a pragmatic and forward-looking relationship with the EU. We believe this partnership is in the national interest of both the UK and the EU, and we are determined to ensure it delivers tangible benefits for our citizens, communities and businesses.

The United States

Over the last century, the partnership between the United States and the United Kingdom has had truly global importance. Our bilateral relationship continues to be underpinned by the closest cooperation on defence and security, powerful economic connections, partnership in science and technology, and deep ties between our people and civil societies.

The two-way trading relationship between the UK and the US is one of the world's most important. The total trade flowing in both directions was worth £315 billion in 2024, representing 18% of total UK trade in 2024.²¹ We have invested over £1.2 trillion in each other's economies.²² Every day, more than a million Britons turn up to work for American-owned businesses; and more than a million Americans work for British-owned businesses.²³ US-UK cooperation remains indispensable, and there are perpetually close contacts between our governments and people.

Our transatlantic trading relationship is bilaterally balanced and mutually beneficial. While we remain concerned about the impact of global tariffs, we are continuing to work closely with the US to deepen our fair and balanced trade relationship.

In May 2025, the UK concluded a landmark economic deal with the US – becoming the first country to secure such an agreement following President Trump's inauguration. The General Terms of this agreement protect businesses and make jobs more secure. They support jobs in the automotive, steel, aluminium, pharmaceutical, and aerospace sectors – sectors that directly employ over 320,000 people across the UK.²⁴ This deal will serve as the foundation for an even stronger transatlantic relationship. Our ambition remains to secure a wider deal that covers substantially all trade between our two countries. **The UK and US are now progressing discussions on an Economic Prosperity Deal, which will enable our industries to protect and support good, well-paid jobs in both countries.**

In addition to this economic deal, we are pursuing a transformative technology partnership with the US. Both countries are world leaders in Artificial Intelligence and critical technologies, and are the only two western countries with trillion-dollar technology sectors. Through our future partnership, we will adapt to new threats, maintain our strategic advantage and innovate in the technologies of tomorrow. As well

as further strengthening a critical trading relationship, this could open opportunities for UK businesses in what remains the world's biggest consumer market, and in doing so drive growth.

China

Given China is our fifth-largest single country trading partner, representing 6% of UK trade (in 2024)²⁵ and supporting hundreds of thousands of jobs across the UK,²⁶ our relationship is critical to achieving HMG's Growth Mission. China is already the world's second largest economy²⁷ and projected to be one of the largest drivers of global growth over the next decade.²⁸ Engaging with China to establish a mature, stable, and balanced relationship is squarely in our national interest.

Our economic relationship with China will be guided by clear principles: that we will look to capitalise on every opportunity to grow our economy while recognising that the first duty of government is to protect our security. We will grasp opportunities to achieve UK growth through trade with China in areas of economic strength, such as our services sectors – which is globally competitive but currently underweighted in our exports to China and where opportunities continue to export goods into China's large consumer market.²⁹ We will balance the benefits that trade with China brings with supporting UK producers, encouraging imports of intermediate goods that support sectors such as Advanced Manufacturing through cheap and competitive imports, while listening to UK business where unfair trading practices could damage their interests. And where we have concerns, we will take a principled approach, led by the evidence.

We are clear that our relationship with China is unique. There are many areas where we are happy to let trade flourish, but there are areas where we rightly need to exercise caution and ensure that we focus on resilient growth. We acknowledge there are sensitive sectors needing careful consideration, to ensure that we do not compromise our national security. We will not hesitate to protect the UK's interests where we need to.

In the past, there has been a lack of political engagement, both to capitalise on the opportunities in the UK-China trade relationship, and to address areas of sensitivity. We have already begun engaging consistently, holding the first Economic and Financial Dialogue in five years in January 2025 and announcing our intention for a Joint Economic and Trade Commission. We are taking a long-term and strategic approach, rooted in doing the right thing by our businesses and aimed at delivering secure and resilient growth to the UK.

The Wider World

Today's global economy is fragmented but retains significant opportunities to achieve economic growth through trade. With a growing middle class and countries around the world becoming more stable, there remain great opportunities not least as a growing number of countries move up the value chain.

Underpinning this is the fundamental work to build new modern partnerships and develop existing relationships with our key partners: including countries with whom we have long-standing bilateral and political relations, and commercial and economic relations and deeper growth and investment partnerships with emerging markets.

Strengthening our relationships with important partners, including Japan, Australia and Canada, is one obvious priority. They are important markets for our export businesses and moreover we have shared interests in an open, rules-based international trading system. Our relationships can be taken to new heights through deeper diplomatic investment, including via new formats, such as the UK-Japan Economic '2+2' Dialogue, a strategic way to coordinate international economic policy.

Emerging markets and developing economies are the engine of global growth, with their share of global GDP doubling from 21% in 2000 to 42% in 2023 and forecast to rise further to 44% by 2030.³⁰ They offer new opportunities for long-term growth and security, and the UK will be proactive in seeking them. For example, the UK-India FTA is a landmark trade deal that will drive growth and boost trade with one of the fastest-growing economies in the world. As soon as the deal comes into force, UK products will benefit from a saving of up to an estimated £400 million a year, from India cutting its tariffs on existing trade alone, which could increase to around £900 million a year after staging over 10 years. And that's before factoring in the savings from speedier and easier trade from improved customs and digital commitments. This immediate relief represents a major advantage our businesses will enjoy over their international competitors.³¹

The Multilateral Trading System

Stability, predictability and transparency in trade policy brings benefit to all economies. An effective rules-based international system that upholds the principles of open and fair trade is as critical for the UK's Growth Mission as it is for global prosperity.

We recognise that the accumulation and acceleration of economic and geopolitical challenges is leading all nations to consider the need for a bolder and more rapid response to those challenges. The international nature of the challenge, and the trade dependent characteristics of the UK economy (equivalent to around 60% of GDP in 2024)³² in a post globalisation world, mean that it is more important than ever that trading nations work together on solutions. The UK is committed to working with international partners on the reform and repositioning of the global trading system.

The World Trade Organization

The World Trade Organization (WTO), created 30 years ago, is the core of the multilateral trading system. Its rules underpin the certainty and predictability businesses need to expand and export. It is also one of the few global institutions where major trade competitors can negotiate to resolve problems, and where all have a seat at the table to shape both the rules of the system and the agreements that have brought benefit. This admirable founding principle is under strain in the modern world.

The UK's membership of the WTO has undoubtedly resulted in substantial benefits to our economy, and we remain principled and strong supporters. However, we also recognise that the WTO is facing new challenges in this new geopolitical era and needs to change in response.

As the membership of the WTO has expanded, it has, sadly, become increasingly difficult to secure consensus among its membership to forge new rules. Too often, consensus has been misinterpreted to mean unanimity, allowing a handful of members to block progress. Indeed, since it was founded in 1995, the WTO has only agreed two new sets of multilateral rules – on Trade Facilitation and Fisheries Subsidies.

With multilateral progress increasingly difficult, much of the creative energy within the WTO has sprung instead from plurilateral initiatives. These smaller, more agile groupings represent key opportunities to address contemporary challenges and opportunity to deliver results where the multilateral approach is not possible initially.

Progress has been made on core trading issues: opening up global services trade through the Joint Initiative on Services Domestic Regulation, freeing digital trade through the Agreement on Electronic Commerce, or fostering investment in developing members through the Investment Facilitation for Development Agreement. All too often, full implementation of those initiatives has, however, also been blocked by a couple of Members. We need to overcome that resistance (and that may mean taking a hard look at the role of plurilaterals inside and outside the WTO), while working with like-minded partners to explore new initiatives on the big issues of the 2020s such as:

- **Environmental services and goods:** to go further and faster in the transition to net zero through the development and adoption of clean energy technologies and knowledge-sharing platforms;
- **Artificial Intelligence (AI) in trade:** using AI to enhance efficiency, productivity, and reduce costs across the trade horizon, including supply chain management, logistics, and trade finance;
- **Trade facilitation during emergencies:** finding ways to reduce the significant barriers to trade in the movement of goods in disaster/crisis response scenarios.

We recognise the current challenges in the global economic order mean that plurilateral groupings, when used proportionately and judiciously and ensuring they remain open to other WTO Members to join, can set the agenda for faster and more impactful progress on issues which run across the multilateral system.

The WTO has an almost unique function to resolve trade disputes. That trade dispute system is busier than ever but, since 2019, it has lacked an appellate function, limiting the ability to resolve the disputes brought before it. The UK has been active in the work to resolve the impasse and continues to support it. However, there is no immediate prospect of the impasse being resolved. In the interim, a number of members have established the Multi-Party Interim Appeal Arbitration Arrangement (MPIA), a temporary arbitration arrangement for resolving appeals while the dispute settlement system remains only partially operational.

The UK will now join the Multi-Party Interim Appeal Arbitration Arrangement, reinforcing our commitment to an effective rules-based international trading system and to defend UK trading interests.

The UK remains dedicated to re-establishing a fully functioning WTO dispute settlement system and will continue collaborating with other WTO Members to achieve this objective. Joining MPIA sends a clear signal that the UK is committed to the principles of free and fair trade and that we will champion progress wherever and whenever necessary.

The UK will use its seat and voice to support the WTO in transforming itself, to the benefit of all 166 Members. We want to see a WTO that:

- agrees new rules to meet the challenges of today's world, starting with tackling some of the market distorting practices, including the use of subsidies leading to overcapacity, that we know are undermining trust in the system as a whole;
- resolves disagreements more efficiently and whose rulings are accepted and respected;
- is trusted for the transparency with which its Members conduct themselves and can challenge effectively where such transparency may be seen to fall short; and
- engenders confidence across all Members that it can reposition itself now and bake in the processes to enable it to do so in the future.

We recognise that it will require strong political will across all nations to support the WTO to reposition itself for the 21st Century. We do not underestimate the challenge, but we urge all WTO Members, both developed and developing countries, to come together to help both preserve and modernise the system on which so much of our shared trading interests depend.

Beyond the WTO

There is no contradiction between progressing initiatives within and outside the WTO. The current economic challenges clearly call for a collective WTO-based response and coordinated policies on free and fair trade that look afresh at established relationships.

As the UK we will support and participate in efforts to assemble collaborative partnerships where like-minded global leaders come together to coordinate economic policies to address the disproportionate impact of the current economic instability on small open economies. We should work together with these partners within the WTO to preserve multilateral trade rules among ourselves. This is a logical and practical approach that should be explored more generally as a means of building confidence among nations on how they collectively maintain free and fair trade.

It is an opportunity to take the best of the system that underpins global trade and ensure it works in a transparent and equal way. It is about setting a direction that supports the principles of the WTO and will engage actively with its repositioning agenda but should not

wait for that to be complete. Existing groupings of nations – be they formal under a trade agreement or more collaborative partnerships in a multilateral format – should be our starting point.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

One such collaboration is the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), one of the largest free trade areas in the world, incorporating Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam as well as the UK. Collectively, that membership accounts for 14% of global GDP,³³ directly representing significant economic opportunities as well as being an important strategic forum for advancing and expanding the reach of high standard, rules-based, trade.

CPTPP is designed as a ‘living’ agreement, meaning it is designed to adapt to developments in the wider global economy. It does that in at least two ways:

1. Through regular reviews of its rules to ensure they are up-to-date (the CPTPP **General Review**, currently ongoing);
2. Through bringing in new economies via the **accessions process**. Costa Rica is currently going through the CPTPP accessions process, and many other economies have applied or are interested.³⁴

More generally, CPTPP provides a platform for a diverse group of major economies to come together and discuss how to deepen and extend the reach of high standards trade. That means it is a platform that is more important than ever in the current global context.

To make the most of the opportunities that CPTPP provides to strengthen the rules-based trading system, we will work with CPTPP Members and partners beyond the group to pursue the following objectives:

- **Deepen the agreement:** we will use the CPTPP General Review process to seek timely upgrades to the agreement that support the Government’s Missions and bolster UK business. This will include a particular focus on updating the rules on digital trade and Financial Services, as areas of UK comparative advantage where the global economy has moved on significantly since the CPTPP agreement was first struck in 2018.
- **Widen the agreement:** we will pursue the expeditious expansion of CPTPP to additional economies, using the accession process to bring other economies into the orbit of high standards trade rules. That includes economies with which the UK currently does not have Free Trade Agreements, bringing tangible economic benefits over time.
- **CPTPP and wider dialogues:** we will use CPTPP as a platform to support the wider multilateral and plurilateral system, and to encourage deeper trading relationships between countries and groupings committed to liberal rules-based trade. Building on the commitment made by CPTPP Ministers to seek to establish dialogues between CPTPP Parties and other major trading blocs, and the recent announcement made in Jeju by CPTPP Ministers to work towards dialogues with the EU and the Association of

Southeast Asian Nations (ASEAN), the UK will support and advocate for meaningful dialogues and cooperation, as a means for discussions on concrete ways to further facilitate and liberalise global trade. That could include discussions on areas such as: further liberalisation of industrial tariffs, digital trade, rules of origin, supply chains, customs administration, and innovation, amongst others. These dialogues and workstreams could create a platform for other trade focused economies to participate, so broadening our network of collaborative partnerships.

The UK will work alongside our partners and allies to negotiate and agree an ambitious agenda for future plurilateral agreements which address the challenges faced by the multilateral system.



Endnotes

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- 22 [ONS foreign direct investment involving UK companies 2023](#)
- 23 [BEA activities of US affiliates of foreign MNEs 2022](#) and [BEA activities of US multinational enterprises \(MNEs\) 2022](#)
- 24 [ONS JOBS03 employee jobs by industry Q4 2024](#) and [ONS JOBS04 self-employment jobs by industry Q4 2024](#). 2024 figures are an average of the 4 quarters. Where necessary figures are apportioned using [ONS Business Registers and Employment Survey](#) (SIC codes covered 29, 24.1-3, 21, 30.3, 33.16)
- 25 [ONS UK total trade all countries, Q4 \(Oct-Dec\) 2024](#)
- 26 OECD trade in employment database 2020
- 27 [IMF World Economic Outlook April 2025](#)

- 28 DBT Global Trade Outlook, June 2025
- 29 Services exports to China in 2024 accounted for 44% of the UK's total exports to China, against a 58% share of our global exports. Source: [ONS UK total trade all countries Q4 \(Oct to Dec\) 2024](#)
- 30 [IMF World Economic Outlook, April 2025](#)
- 31 <https://www.gov.uk/government/publications/uk-india-trade-deal-conclusion-summary/uk-india-trade-deal-conclusion-summary>
- 32 [ONS UK trade March 2025](#) and [ONS GDP UK first quarterly estimate Q4 \(Jan to Mar\) 2025](#)
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- 34 The following economies have formally applied: China, Costa Rica, Ecuador, Indonesia, Taiwan, Ukraine, Uruguay.



Chapter 3: The Right Trading Partnerships

Given the changing geopolitical context, we need to consider the smartest trading partnerships for the UK to concentrate on. Partnerships have two aspects – **who we trade with**, and **what we trade** with them. Once we have settled on answers to both, we will turn to what practically must be done to make this happen by examining **our varied trade policy toolkit**.

What we heard from stakeholders:

Businesses aired a host of concerns about trading overseas: barriers to market access, diverging regulations, and the unknowable consequences of geopolitical tumult. In terms of their hopes, they put a premium on close trading relations with the EU, US and other big markets, and – more broadly – a stable rules-based international system. More specific proposals included a more flexible range of trade agreements, mutual recognition agreements and facilitation of digital trade.

Businesses working in the Industrial Strategy growth driving sectors prioritise access and collaboration with key markets, including the US, China, India, the EU, the GCC, Canada, France, and Germany. These insights underscore the importance of fostering strategic international partnerships to bolster the UK's growth-driving sectors – ranging from partnerships with European markets working in defence, to opportunities to collaborate with the Life Sciences sector in India, and to the role of cultural exchange and dialogue in creative industries.

Who We Trade With

In a world of rising trade tensions, the UK cannot hope to trade everything, everywhere, all at once. Instead, we must prioritise gaining understanding of and access to those markets which present the biggest growth opportunities for businesses across the whole of the UK.

The trendlines beneath the headlines

While little about the future is certain, tracing established and emerging trends yields many useful insights. It helps us sift and sort markets into different categories – and the different market frictions businesses are more likely to face, helping us to shape the best approach for each partnership.

- **Global Pillars** - The very largest markets – such as the EU, US, India and China - where detailed, bespoke and sustained policy attention is a must.
- **Regional Hubs** - Markets that play pivotal roles in their regions, which gives the forging of strong links a strategic aspect. Examples include Saudi Arabia, South Africa, Brazil, Japan, Germany and Turkey.
- **Established, Influential and Growing Importers** – Large import markets with whom we may already have good ties, such as Australia and many EU members states, or where there is scope to improve our trading relationship, for example South Korea or Singapore.
- **Emerging Markets** – The fast-growing economies and consumer markets, where the UK currently underperforms and should look to build relationships with local businesses, including in Bangladesh and Indonesia.

As well as distinguishing between types of priority markets, it is useful to keep in mind the difference between what is big and what is growing. While North America and European markets will remain among our biggest in value terms, the greatest opportunities for expansion could come from elsewhere, including Asia and the Middle East. We will identify and target opportunities with the highest impact on growth (using resources such as the Global Trade Outlook 2025 (GTO2025), published alongside the Trade Strategy) in key markets and across the growth-driving sectors of the Industrial Strategy.¹ Here, we will develop and deliver cross-Government strategic plans for each key market to deploy the tools we have available to focus our efforts.

What We Trade

The good news for the UK is that we are strong in those fields that are becoming more important. World import demand for UK growth driving sectors is booming – being expected to nearly double by 2040.²

Services

The future looks especially bright for the UK as a services superpower. All told, services sectors are expected to account for more than a quarter of global trade by 2035, and more than three-quarters of global GDP.³ But listening to businesses involved in tradable services suggests ways in which we can make them even more of a British success story. They tell us about government restrictions in other jurisdictions, divergent regulations and uncertainty, and the way that these issues impede their growth overseas.

Goods

While goods are a far smaller share of the UK economy than services, they remain relatively much more intensively traded, still constituting an outsize 42% of UK exports in 2024.⁴

Moreover, it is a mistake to pit goods and services against one another. Various supporting services in which the UK is strong – such as design and marketing – can piggy-back on a robust trade in goods as services are increasingly exported as part of a goods transaction.⁵ We will also take account not only of the direction in which the UK is headed, but where it is starting from – including by defending, and developing, the interests of its established goods exporters.

Intellectual Property

British intellectual property is big business. UK businesses invested £200 billion in knowledge assets in 2022, which underpins innovation and growth across our economy.⁶ Trade will be impeded unless our exporters know their precious intellectual property will be protected in international markets.

Our Varied Trade Policy Toolkit

In the wake of Brexit, the past UK approach fixated on a single instrument of policy: comprehensive, economy-to-economy Free Trade Agreements (FTAs). The “*Brexit deal*” – our Trade and Cooperation Agreement with the EU – is itself an FTA. The UK negotiated a host of FTAs with other countries, most of which essentially replicated the market access previously enjoyed via the EU, although a few agreements – notably those with Australia and New Zealand – facilitated freer trade. There was even an objective to ensure FTAs “covered” 80% of UK trade, which placed an over-riding emphasis on negotiating ever-more deals that took the general shape of an FTA.

Whilst there is certainly a place for FTAs with strategic partners, such as the landmark agreement reached with India, FTAs are only one of a range of possible tools with which to facilitate trade. While the breadth of an FTA is certainly a plus, this needs to be weighed carefully against the time they can take to negotiate, and the sheer complexity that makes them tricky for businesses to understand and exploit.

There is a whole spectrum of bilateral and multi-party deals that can support trade but are less time consuming to agree than full FTAs — some formal, some less so, some general, and some highly specific. We are unashamedly opportunistic in considering deals of every sort as we hunt out opportunities for growth.

We must keep an open eye on the evidence, and an open mind to novel forms of undertakings, as we settle on the most appropriate instrument to drive growth in different sectors at pace. Factors including benefits, risks, likely speed of results, and resource implications must all be weighed carefully, alongside a realistic appraisal of what openings are created by the preferences of our negotiating counterparts. In deciding what arrangements to pursue, we will also give special attention to the growth-driving sectors identified in the UK’s Industrial Strategy, Devolved Government economic plans and Mayoral Local Growth Plans, in alignment with HMG’s wider strategic priorities, impacts and opportunities for the UK’s nations and regions.

We believe a better balance of effort can be struck by deploying a more varied range of tools, paying closer attention to the specific context. The goal of negotiating new FTAs remains the right one: when there is a realistic prospect of success, and indeed with particularly large or fast-growing markets, investment of serious effort in an FTA is justified, even if it is likely to take considerable time and effort to bear fruit.

But elsewhere – and indeed even in many large and fast-growing markets – gains can be realised more quickly through other narrower, much more specific agreements. Given the government’s mission to raise growth in the short as well as the long-term, we need a resolute focus on identifying new levers that can deliver early results in respect of particular types of trade, as well as the more general strategic partnerships that will power economic expansion over the longer term.

We have assessed the full suite of our trade tools and concluded that we can further boost growth by deploying a broader mix. We will move towards a trade policy that uses a wider range of tools to seize opportunities that promise growth in the short to medium term, like DTAs and sector-specific agreements, while continuing to lay the groundwork for impactful partnerships in the long term, such as the new UK-India FTA.

Agreements that Maximise Timely Trading Opportunities

Let us first consider the trade levers which we will deploy to foster our short- and medium-term goals.

Digital Trade Agreements

What was called e-commerce at the start of the millennium is now simply trade. Similarly, today's digital trade will tomorrow simply be trade. Banish any lingering thought of digital channels as an afterthought to trade policy. They are already integral to the success of a service superpower like the UK, and only likely to become more so. However, given that the number of digital trade barriers doubled between 2009 and 2019, supporting digital trade is getting more and more important.⁷

As the tech centre of Europe, the UK is well placed to grasp the growth opportunities of the digital economy. The UK was the third country in the world (after the US and China) to have a tech ecosystem valued at over \$1 trillion, with a track record in creating over 160 unicorns – start-ups worth \$1 billion or more.⁸ But digital sales are in no way restricted to tech. The number of UK jobs estimated to be embodied in digital services exports in 2019 was as many as 3.2 million – compared to 1.8 million and 0.8 million in Germany and France.⁹ All told, 72% of all UK services exports were already sold remotely by 2022, which rose further in strong UK sectors such as Financial Services (96%) and intellectual property (87%).¹⁰ The pandemic was another spur, and the rapid adoption of digital sales in the UK's mighty *"Other Business Services"* category of exports has been a huge element in their recent success.

But as well as vast opportunities, trading digitally presents very particular challenges, including securing a safe online trading environment, and trusted flows of data. Digital Trade Agreements (DTAs) can prevent barriers to digital trade, facilitating exports and unleashing growth by solving these sorts of problems.

The UK has already shown how they can be tackled comprehensively, in the UK-Singapore Digital Economy Agreement and UK-Ukraine Digital Trade Agreement. We will also seek to give a boost to the priority growth-driving sectors identified in the Industrial Strategy – including Financial Services, Professional and Business services and the field of Digital and Technologies both as a sector and more broadly – by negotiating bespoke agreements to expand digital trade in these particular areas, including services commitments where necessary to support this. And these sorts of industries have potential to spread prosperity right across the UK. For example, TheCityUK found that in 2022 two thirds of the 2.4 million working in financial and related professional services were based outside London.¹¹

We have now initiated dialogues with Brazil, Thailand, Kenya, and Malaysia, among others, to explore negotiating new bilateral digital trading agreements.

Further, we are actively exploring the possibility of acceding to the Digital Economy Partnership Agreement (DEPA), if it's in our national interest, whose membership is currently New Zealand, Chile, Singapore, and the Republic of Korea. Our commitment remains steadfast to making digital trade faster, cheaper, and easier.

The UK-Ukraine DTA is an innovative, digital-specific trade agreement which entered into force in September 2024. It combines comprehensive binding rules for digital trade, whose benefits include securing the free flow of trusted data, with commitments to further cooperation between the UK and Ukraine on digital trade policy. UK and Ukrainian businesses of all shapes and sizes, and across all sectors of the economy (whether trading in goods or services) are benefitting from the agreement, which will help Ukraine rebuild its economy and support livelihoods following Russia's illegal invasion. Sabina Ciofu, Associate Director, International Policy & Trade, TechUK said: *"The UK-Ukraine digital trade deal coming into force is a great step forward that will strengthen tech ties between both countries, and simplify and reduce the cost of trade for businesses, especially at a time when trade is made more difficult by Russia's invasion of Ukraine."* Building on the success of this deal, we will explore every opportunity to deepen digital trade cooperation and strike further digital agreements.

Sector-Specific Agreements

As we saw in Chapter 1, our Industrial Strategy growth driving sectors are significant contributors to growth, and we will look to support them where we can.

Sector-specific deals take many forms. For example, the Berne Financial Services Agreement, signed in late 2023, is due to come into force in early 2026. This agreement allows the UK and Switzerland to mutually recognize each other's supervisory and regulatory regimes as of similarly high standards. This removes the need for businesses to navigate regulatory requirements in both jurisdictions. For example, UK firms supplying specified cross-border activities into Switzerland only need to comply with UK rules.

This boosts stability, market access, and ease of business for UK financial sectors.

They can also be a major tool in supporting our clean energy industries – focusing on removing barriers to trade, driving investment, and enhancing cooperation and regulatory alignment. The upcoming Critical Minerals Strategy will highlight the importance of establishing a range of targeted growth partnerships. We will seek to promote and deploy UKEF's new ability to support financing for overseas projects with offtake agreements for UK businesses.

We will build on existing clean energy and green sector agreements with partners including Norway, Japan and the Republic of Korea. We will also explore new and deeper clean energy cooperation with markets, such as Brazil, the Philippines, and Mexico, influential in our clean energy industries.

On critical minerals, we will continue to explore collaboration with key partners such as the EU, US, and the Republic of Korea, whilst building on our existing critical mineral partnerships including with Australia, Canada, Japan, and Saudi Arabia.

Mutual Recognition

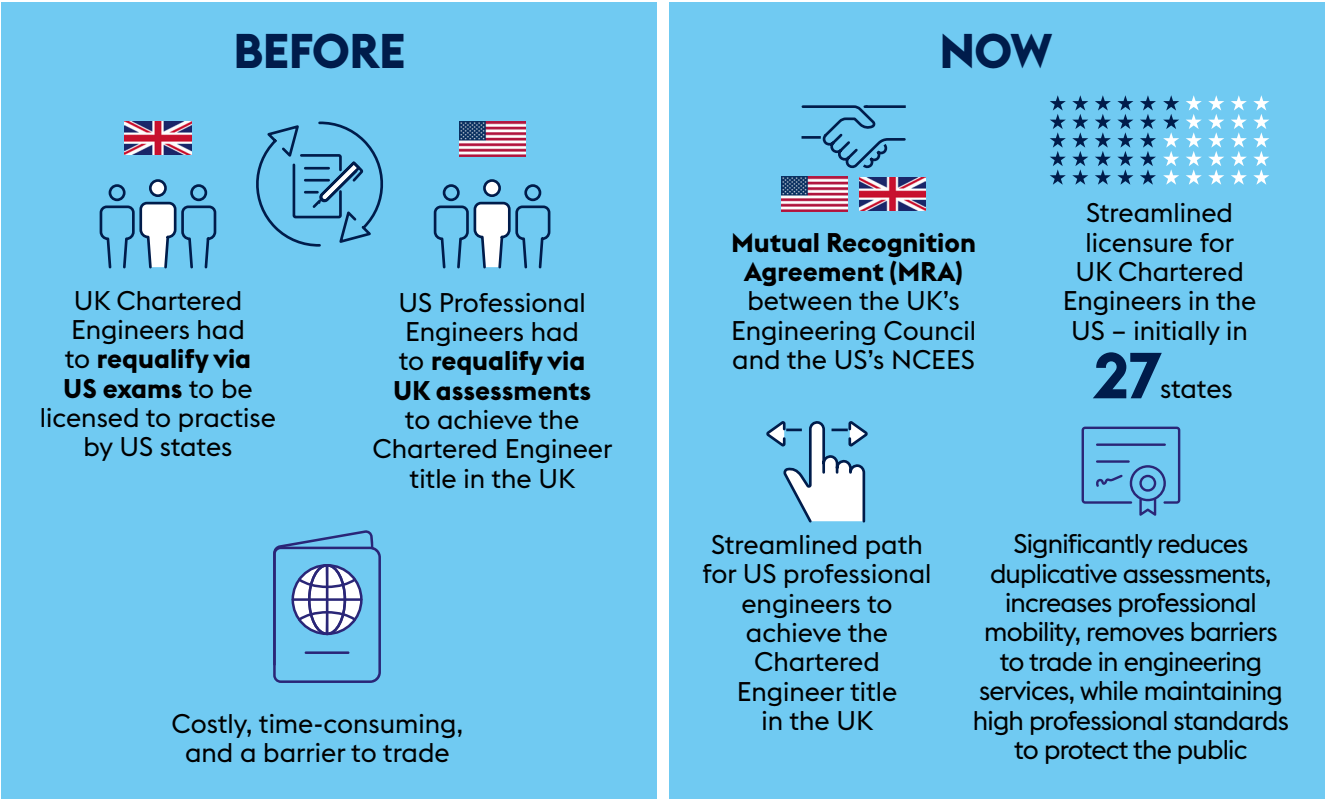
Some of the biggest barriers that British businesses face are not at the border, but are in fact beyond the border. Even when there are no tariffs or other specific restrictions, foreign markets are not necessarily truly open to exported goods and services.

Unless a UK manufacturer complies with another country's regulations – and, just as importantly, its precise process for verifying conformity of those regulations – then it faces barriers to trade. Through Mutual Recognition Agreements (MRAs), countries can agree to accept as equivalent their product regulations, and/or the ability of each other's conformity assessment bodies to ascertain compliance with these. MRAs can be a special spur to growth in fields where regulation is complex, in sectors like Life Sciences and Advanced Manufacturing. The UK currently has MRAs with the US, Australia, New Zealand, Switzerland, Canada, Israel and Japan. Similarly, Mutual Recognition of Professional Qualifications (MRPQs) serve as the services equivalent to MRAs, allowing UK professionals to conduct business overseas based on their qualifications obtained in the UK.

“The use of MRAs reduces the need for duplicative product evaluations, positively impacting trade flows. This produces positive outcomes for the value of exports, which can increase the number of exporting firms and their product portfolio available in export destinations.”
– Stephen Phipson, MakeUK Chief Executive

Increasing UK-US Professional Mobility for Engineers

A mutual recognition agreement between UK and US bodies streamlines professional licensure / registration, addressing a barrier worth an estimated £700m-999m in increased UK exports over five years if resolved in all US states^{1,2}



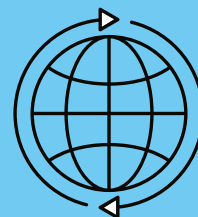


£700m-£999m

(over five years) potential increase in UK exports (were the barrier resolved in all US states²)



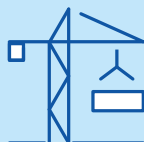
Builds on **£2bn** in bilateral trade in engineering services in 2023³



UK & US engineers now recognised faster across borders

IMPACT SECTORS

Industries benefitting in both markets



INFRASTRUCTURE



AUTOMOTIVE



AUTOMOTIVE

HOW IT HAPPENED



Spring 2023

Discussions begin between the UK's Engineering Council and the US's NCEES



February 2024

UK Government hosts delegation of state engineering boards to facilitate mutual understanding of respective assessments



August 2024

Agreement signed between Engineering Council (UK) and NCEES (US), with 25 (now 27) states committing to participate



May 2025

9 states already participating, with a further 18 states in the process of introducing regulation / legislation to enable MRA participation



This type of collaboration benefits the delivery and speed of large-scale infrastructure projects. Knowing that skilled engineers can be hired with ease positions the UK as a top destination for engineering businesses and much needed investment.

Kate Jennings,
Chief Executive,
The Association for Consultancy and Engineering (ACE)

WHAT'S NEXT



The UK Government is exploring further opportunities in the US for MRA participation



DBT and the Engineering Council are providing information and support on how to use the MRA route to engineers and firms



Interested UK Chartered Engineers should begin by obtaining the International Professional Engineer status. Click here for further information: **Engineering Council**

² The potential increase in exports has been estimated using the [DBT methodologies for valuing market access barriers](#)

³ ONS UK trade in services, service type by partner country Q4 2024

We will pursue more MRAs, with a special focus on those countries and fields with most potential to boost growth, and the growth driving sectors identified in the Industrial Strategy. We have already initiated dialogues with Brazil and Thailand regarding the possible negotiation of MRAs in sectors of mutual interest and have recently announced a shared intention to build on existing MRAs with the US by exploring other sectors.

Through close work with regulators in high value PBS sectors including engineering, architecture, accountancy and legal services (growth-driving sectors which exported £29.7bn of services globally in 2024¹²), and regulated sectors including veterinary medicine and healthcare, we will seek to identify and secure RPQ agreements with key partners in Europe, the US, Canada, Australia, New Zealand, India and the Middle East.

Regional Agreements on Rules of Origin

The trade in goods becomes much smoother when there is less paperwork to do. One major barrier to goods trade is Rules of Origin (ROO). ROO are criteria used to determine the “*economic nationality*” of a product, which is crucial for international trade. They define where a product was made (as opposed to shipped from), helping to identify if it qualifies for preferential tariffs (lower duties) under trade agreements. But differing approaches to ROO between different countries means complex paperwork. This can be reduced when a bloc of countries aligns their approach on such issues. Across continental Europe, North Africa and parts of the Middle East one such bloc is doing just that.

The Regional Convention on Pan-Euro-Mediterranean preferential rules of origin (PEM) establishes common rules of origin among its members to facilitate trade and support the integration of supply chains. Joining PEM could provide an opportunity to harmonise rules of origin with our nearest neighbours, and increase flexibility for UK exporters where they source their inputs. The question of UK accession therefore merits further review, and this is reflected in feedback from business.

We will now engage business and PEM members to consider the benefits of joining PEM. Joining PEM could simplify rules of origin across the UK’s nearest neighbours and increase supply chain flexibility for UK exporters. Both halves of this could help reduce barriers for UK goods exporters. We recognise, however, that PEM rules could have varying effects on businesses and the need to maintain focus on minimising administrative burdens for traders. It is right therefore that we review the merits of joining – considering at every stage the UK national interest and assessing whether we are using our current trading relationships with these partners to best effect.

International Investment Agreements

We will champion international investment to drive economic efficiency and create growth opportunities both domestically and internationally. By enhancing UK businesses’ capacity to capitalise on economic opportunities, international investment supports the Government’s Growth Mission and other initiatives like the Clean Energy Superpower Mission.

International Investment Agreements (IIAs) aim to enhance opportunities for UK businesses to expand overseas, with commitments that seek to limit the barriers they face, make it easier to navigate local rules, and ensure investments are treated lawfully, and protected against unfair or arbitrary action. IIAs support UK business success and facilitate growth-driving Overseas Direct Investment (ODI).

UK ODI fosters sustainable growth by enabling efficiency in value chains and global market expansion. This increases productivity and financial returns to the UK businesses. Through their overseas operations, UK businesses can increase their productivity and generate financial earnings that flow back to the UK.

Investor State Dispute Settlement (ISDS) through independent arbitration allows investors to resolve disputes with states, where they believe their investments have suffered serious loss or damage as a result of a breach of the commitments in an IIA. The UK will work with partners multilaterally, such as at the OECD and UN, to pursue opportunities to improve ISDS practice such as promoting transparency in ISDS proceedings.

We will draw on the full range of investment commitments and international best practice in our IIAs to promote growth, deliver our clean energy goals, continue to uphold the UK's right to regulate including for the environment, and build strong trade and investment relationships.

How We're Supporting Growth Through Inward International Investment:

The Office for Investment (OfI) is the Government's investment promotion organisation for the UK. It operates at the heart of government, as a joint unit of HM Treasury, 10 Downing Street, and the Department for Business and Trade, to unlock the private investment which will be the foundation of the Prime Minister and Chancellor's commitment to growing the economy and decarbonising our businesses and infrastructure.

The OfI is being bolstered to reflect the urgency of those missions under the leadership of Baroness Poppy Gustafsson, the Minister for Investment, within the new framework set by the Industrial Strategy and our Plan For Change. As part of this, it will now play an even more central and proactive role supporting departments and Ministers to partner with the world's leading companies, influence boardroom decisions on the allocation of global capital, and improve the competitiveness of the UK's regulatory environment.

Flexible Trading Arrangements

What counts is what works for UK exporters. Sometimes they may need the certainty of a legally binding agreement. But in other contexts, economies co-operating on the basis of mutual understanding, with informal agreements on practicalities at the border or approaches to regulatory enforcement, could be all they need. Flexible trading arrangements such as Memoranda of Understanding can often be put in place quickly,

and also readily adjusted in line with practical experience or changing conditions. They can usefully target specific sector needs (such as in clean growth) or offer a nimble way to shore up important supply chains.

With Taiwan, we will shortly sign Memoranda of Understanding covering Investment, Digital Trade, and Energy and Net Zero. These will sit under the existing Enhanced Trade Partnership which will set out commitments on how both parties can develop our trade and investment relationship. We will also work with Taiwan to identify ways to further develop the ETP in the Autumn.

Further, we have launched discussions on a new UK-Indonesia Economic Growth Partnership, to be finalised by the end of 2025, which will focus on addressing barriers and growing trade and investment with one of the fastest growing economies of the world.

The **UK-Thailand Enhanced Trade Partnership** (ETP) was developed in cooperation with business, to tackle market access barriers, support investment and promote trade. It has already supported reforms in key areas such as healthcare, technical standards, and automotive regulation, facilitating new export opportunities. Ravipa Chongveruwon, Senior Government and Public Affairs Manager at AstraZeneca, said *“The UK-Thailand Enhanced Trade Partnership elevates the position of the UK and its businesses as trusted allies with local government, and helps align policies with international standards. This partnership is instrumental in enhancing our market presence, fostering robust healthcare collaboration, and driving innovation, ultimately contributing to mutual economic and quality of life improvement.”*

Laying the Groundwork for Long Term Opportunities and Partnerships

Free Trade Agreements

While we want to do much more work through agile and targeted trade diplomacy, more comprehensive deals will remain an important part of the mix. For example the recent landmark UK-India trade deal is a huge economic win for UK delivering for working people and British businesses. It slashes Indian tariffs on key products such as whisky, cosmetics and medical devices, locking in reductions on 90% of tariff lines for UK exports to unleash opportunities for businesses across our regions and nations. Furthermore, it delivers certainty for service suppliers, including non-discrimination commitments to support new opportunities. It delivers on our Plan for Change and is expected to increase bilateral trade by £25.5 billion, increase UK GDP by £4.8 billion, and boost wages by £2.2 billion every year in the long run.

Within hours of the UK-India FTA announcement, UK manufacturer Coltraco Ultrasonics secured a major 20-ship contract with an Indian state-owned enterprise, reflecting the long-standing commercial trust and relationships they have built in the Indian market, supported by years of engagement with UK government teams.

An integrated research-to-manufacturing organisation, and two-times Queen's Award for Enterprise company, they design and manufacture globally leading instrumentation and monitoring systems, used aboard 20% of the world's shipping fleet, to monitor ships watertightness and fire protection systems, at sea, and in the monitoring of airborne infection, energy efficiency, refrigeration, and airtightness, on land. They export 90% of their manufactured output, to 120 countries annually, and have 400 UK scientists, from Oxford, Cambridge, Durham, Imperial College, UCL and KCL, in their research institute.

They have exported to India for 30 years and have strongly advocated for a closer UK-India strategic relationship throughout. Over that time, they have worked extensively with UK Civil Servants across HM Government.

Professor Carl Stephen Patrick Hunter OBE, Chairman of Coltraco Ultrasonics and Director-General of the Durham Institute of Research, Development and Invention, says: *"Throughout our time exporting to India, we have developed a strong commitment to India, and the UK-India relationship. We have consistently received advice and support from HM Government Civil Servants from across HM Government, including the Department for Business and Trade (DBT)'s UK Defence & Security Exports (UKDSE), and the Foreign & Commonwealth Office (FCDO)."*

These all-purpose FTAs can also act as an instrument for certainty: they lock reduced tariffs in place for goods, secure stable market access for services, commit partners to coordination on regulation, create frameworks for discussing sensitive issues, and can also give us a platform from which to build more specific sectoral arrangements. They can be a stabilising factor in a mercurial geopolitical environment.

The UK has live FTA negotiations with the Gulf Cooperation Council, the Republic of Korea, Switzerland and Turkey, and it remains our intention to conclude these negotiations.

We recognise, however, that the scale and complexity of Free Trade Agreements can be difficult for businesses to navigate and will work with businesses to help make best use of them.

The UK will continue to leverage its current trading relationships to maximum effect. This Government has already kick-started tariff reviews with South Africa, Egypt, Morocco and Tunisia. These targeted negotiations will focus effort and resource on reducing tariff barriers that remain with these partners. We will continue to identify meaningful opportunities for UK business and proactively reach out to other partners who would be interested in such focused, data driven, discussions wherever appropriate.

International Regulatory Cooperation Initiatives

Our Plan for Change has placed cutting regulatory red tape at the heart of our approach to business growth, because we know that burdensome and unnecessary regulations place costs on businesses and slow their ability to respond to market opportunities and consumer needs. Businesses that trade internationally not only have to manage UK regulations, but those overseas as well, increasing the regulatory burden they face.

Our commitment to shaping markets and supporting UK businesses remains steadfast. By fostering robust regulatory systems among trading partners at various stages of development, these initiatives encourage the adoption of international standards, embed good policy practices and promote regulatory compatibility. International Regulatory Cooperation will help establish stable and predictable regulatory environments. These efforts will facilitate UK business growth and foster enduring partnerships, reflecting our ongoing dedication to enhancing trade relations through comprehensive and targeted measures, by reducing the regulatory burden on UK businesses trading internationally.

The UK and Nigeria worked together to develop the regulatory system to support UK institutions wishing to conduct transnational education (TNE) collaboration and services supply in Nigeria. Through the UK Government's International Education Strategy, DBT DfE, FCDO and the British Council worked with representative from the UK education sector and Nigeria's Ministry of Education and National Universities Commission to shape new policy and open doors to UK education providers. This engagement helped establish Nigeria's new TNE guidelines, creating a clearer regulatory environment and unlocking up to £55m in export opportunities over five years, enabling UK universities and colleges to expand in-market. Nick Bacon, Chair of Governors of Rugby School, commented: *"The successful establishment of Rugby School Nigeria in Eko Atlantic City is a landmark achievement. The UK Government's role has been pivotal in bringing world-class British education to the heart of Lagos."*

Tackling Specific Non-Tariff Barriers

Businesses across the UK – in England, Scotland, Wales and Northern Ireland – tell us that they face a range of very specific non-tariff barriers that complicate exports, such as burdensome administrative hurdles in specific sectors. Driving down these barriers is a top priority – and our impact is already clear. In the second half of 2024 we resolved 51 barriers- like making it easier for our lawyers to practice in Japan, our pharmaceutical businesses to register products in Egypt, and our architects to work in Hong Kong.¹³

Despite being a relatively open jurisdiction, Japan has a lengthy process to register foreign lawyers, which creates challenges for both international law firms and solicitors according to the Law Society of England and Wales. Over the past five years, the Law Society of England and Wales has worked closely with the British Embassy in Tokyo, the UK's Ministry of Justice and the Department for Business and Trade to help Japan streamline the registration process and make it easier for English and Welsh lawyers and British firms to access Japan's legal services market. Japan's Ministry of Justice agreed to implement certain changes to simplify the registration requirements for new and returning English and Welsh lawyers registering in Japan. Simon Collins, a partner at Watson Farley & Williams who is based in Tokyo, said: *"We welcome this positive announcement from the Ministry of Justice in Japan. This change will ease the documentation process for future foreign lawyer registrations in Japan and hence will be of benefit to all international law firms operating in Japan."* There still remains more opportunity to improve Japan's registration process, and the UK government is continuing work with Japan on these issues.

We launched the pilot Regulatory Partnerships for Growth Fund in October 2024 to enable UK regulators to resolve some of our highest priority trade barriers. We expect it to unlock export opportunities worth £5bn for UK businesses over five years.¹⁴ This is a flexible and targeted tool to open markets and create opportunities, vital in a fragmenting world. We can remove these barriers using a wide range of tools outside the context of a formal trade agreement, including flexible trading arrangements and other bilateral agreements. These are win-win situations – meaning we often remove barriers without cost of concessions.

Given the potential for UK businesses, we intend to go further by making sure the opportunities created are clear as barriers are removed. We have historically lacked transparency with businesses here. Moving forward, we will publish, on an annual basis, details of our successes in breaking down our priority market barriers and the expected benefits from our doing so, ensuring businesses can shape our endeavours and capitalise on the successes.

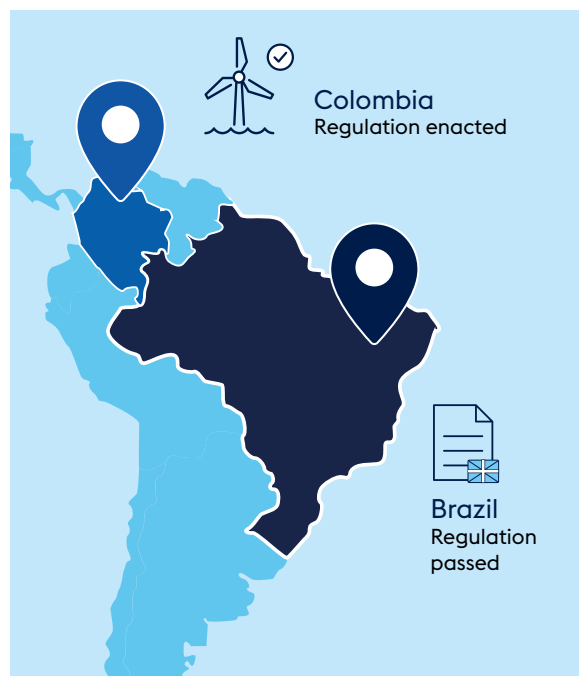
Just as the Government is making it easier for businesses at home through cutting red tape, we will systematically open and shape priority growth markets by launching the Ricardo Fund, to provide increased support to UK regulators and our overseas trade teams to remove regulatory barriers for UK businesses trading abroad. This will build on the successful pilot Regulatory Partnerships for Growth Fund, providing much needed capacity to regulators to resolve some of our highest priority trade barriers. The pilot is expected to resolve trade barriers worth £300m for the £2.3m cost in the first 12 months – an average of £135 in exports per pound invested – and helping to unlock export opportunities worth £5bn to UK businesses over 5 years.¹⁵

The Ricardo Fund, named in honour of the great 18th Century British economist David Ricardo, will support unlocking opportunities worth billions of pounds for UK businesses, enabling them to capitalise on their comparative advantage across the Industrial Strategy Sectors in high value markets such as Australia, Canada, Japan and India. It will also enable us to work more closely with our world class standards organisations to shape the global standards of the future in these high growth sectors. Aligning standards has significant proven benefits – reducing costs and bureaucracy for UK exporters. According to BSI independent research, £6.1bn of additional UK exports per year can already be attributed to compatibility with other standards regimes.¹⁶



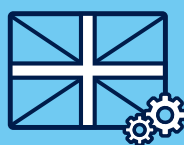
UK Offshore Wind: Powering Latin American Markets

With UK support, Brazil & Colombia now have regulatory frameworks that benefit UK exporters.



Estimated at 10s of millions of pounds over 5 years

Combined UK export potential¹



UK Expertise

Helped shape both Colombia and Brazil's regulation



Market Access

New bidding rounds are launching in Brazil and are already underway in Colombia

Colombia

Potentially worth £10s of millions of pounds to UK businesses over five years

Over initial market entry phase¹

Brazil

Potentially worth £10s of millions of pounds to UK businesses over five years

Aligned with new regulatory framework¹



UK-led Workshops



New Regulation Introduced



Export Opportunities Open

“We appreciate the support of the Department for Business and Trade from the start, as we established our renewable energy business unit in Brazil, initially focused on offshore wind. Their involvement has been key in opening doors, introducing us to important stakeholders, and enabling us to explore opportunities in the region. As we expand into other renewable technologies, we see strong potential in Brazil and look forward to further collaboration.”

Luany Dantas, Country Manager of OWC Brazil



The Department for Business and Trade team has provided us with first class market entry support – we could not have wished for more from them. The team provided local political insights, commercial market intelligence, and trusted relationships to inform our export strategy and help raise our business profile in Colombia. Their support has enabled us to participate in the country's first offshore wind tender and, if successful, has the potential to unlock huge trade opportunities for UK businesses.”

Dr. Mark Leybourne, Founder of Dyna Energy



WHAT'S NEXT:

- Continued UK Government support for upcoming bidding rounds
- Exploring expansion into new Latin American markets for offshore wind

¹ The potential increase in exports has been estimated using the [DBT methodologies for valuing market access barriers](#)

Our trade policy toolkit outlined here will be deployed in line with our pragmatic approach to trade. Our recent FTA with India, the Economic Prosperity Deal with the United States and our enhanced Strategic Partnership with the EU – all negotiated recently – demonstrate this government’s commitment to using the right tool with the right partner at the right time to achieve tangible benefits for UK businesses, workers and consumers. Moving forward, we will adopt this same attitude with our toolkit when prosecuting our trade agenda in our interests.



Endnotes

- 1 DBT Global Trade Outlook, June 2025
- 2 DBT Global Trade Outlook, June 2025
- 3 DBT Global Trade Outlook, June 2025
- 4 [ONS UK Trade February 2025](#)
- 5 [OECD Trade Policy Paper \(July 2023\) N°274](#)
- 6 [Investment in intangible assets in the UK - Office for National Statistics](#) [ONS Investment in intangible assets in the UK 2022](#)
- 7 [TheCityUK 2022 Digital trade: a commercially viable approach](#)
- 8 Dealroom <https://dealroom.co/guides/united-kingdom>
- 9 S Benz, A Jaaz, & E van Lieshout, [Digital trade and labour markets in the United Kingdom](#), 2024.
- 10 [ONS trade in services by modes of supply 2022](#)
- 11 TheCityUK (2024), [Enabling Growth Across the UK 2024](#)
- 12 [UK trade in services: service type by partner country, non-seasonally adjusted - Office for National Statistics](#)
- 13 [DBT market access barrier statistics](#)
- 14 DBT, [Trade Secretary launches new fund to unlock multi-billion exports boost, October 2024](#)
- 15 DBT, [Trade Secretary launches new fund to unlock multi-billion exports boost, October 2024](#)
- 16 BSI Group, [How standards benefit business and the UK economy](#)



Chapter 4: Supporting Business to Trade and Grow

As well as creating the right conditions for businesses in England, Scotland, Wales and Northern Ireland to export, we are resolved to provide them with more and better direct support, ranging from information and guidance to commercial diplomacy to tailored export finance to international marketing campaigns.

Businesses may need support, too, in reliably sourcing inputs from the rest of the world, with high end manufacturing increasingly reliant on imported raw and intermediate inputs.¹

And whether they are buying or selling, they will benefit from a modernised and reliable UK border, with smart and smooth customs processes to match.

In developing this suite of support for UK traders of every variety, we will have a particular focus on the growth-driving sectors in our Industrial Strategy. We will also always listen closely to what businesses themselves tell us they need.

As we have developed this Trade Strategy, we've heard directly from over 200 UK businesses and other stakeholders about the challenges they face, and the help that could make a difference. We have developed our priorities to match theirs, and everything we have proposed here is based on what businesses themselves told us they needed to export.

What we heard from stakeholders:

Our extensive stakeholder engagement in the Trade Strategy showed us that Government support for business was their number one trade priority. Businesses value targeted export support. SMEs wanted simplified access to support through a single “business growth” hub. Businesses large and small wanted improvements to our online offer and business guidance, citing that other countries make it easier for their companies to find the information they needed than we do.

There was an emphasis on digital transformation and the modernisation of trade processes to reduce barriers and costs, particularly at the border. Businesses felt that border processes, while acknowledged to be necessary, could be made more user-friendly.

Access to finance was a concern for many, who called for improved UK Export Finance options and eligibility.

Finally, businesses said that sourcing the right imports is critical to their ability to expand and export, and asked us to take a more joined-up approach.

Better Support for Exporters

Our export support services, focused primarily on small and medium sized enterprises (SMEs), are delivered both at home and in foreign markets. They help businesses identify opportunities, develop their exporting capabilities, and navigate such processes and requirements as customs and tariffs, product regulations and rules covering digital trade.

Much of our export support is made available digitally (for example, our enquiry services and the Export Academy). Businesses tell us that our digital export support on the government's website is not all in the same easy-to-find web location, cumbersome to navigate, and short on information in some areas.

As announced in the Industrial Strategy, we will develop a digital-first approach to export support by developing clearer, more customer-focused guidance and advice online for exporters, together with clearer and more accessible routes into UKEF support online.

Further, until now, our export support has been developed separately from our wider business support. But businesses tell us that the barriers to their growth abroad are intrinsically linked to the ones at home, and so they want to see our export support and wider business support integrated. We have listened. **Later this year the government will integrate our export services for SMEs into the new Business Growth Service, a national service to support businesses to start, scale, and grow.** By integrating and aligning export support into the Business Growth Service we can help growing businesses clear all barriers at once, and also encourage more SMEs to grasp exporting opportunities as a natural part of their expansion.

Nothing matters more to traders across the UK than reduced trade frictions with our biggest trading market: the EU. We will continue to seek conditions for smoother trade through our ongoing dialogue with the EU, but it is a constantly evolving picture as EU regulations change and are updated.

We will establish a regular, structured two-way dialogue between DBT and UK businesses on evolving EU legislation ('EU files'). As well as helping businesses prepare for any regulatory changes they face, by having these conversations early the Government can sharpen its own understanding of the looming implications for businesses, particularly SMEs, and thereby give itself time to prepare the right support.

The Board of Trade is one of the government's flagship advisory bodies on trade and the economy. Comprised of 10 appointed business advisers and a number of ex-officio advisers, representing the UK Nations and City of London, the newly formed board will advocate for UK businesses, in particular the country's 5.5 million SMEs, at home and overseas, ensuring they realise their full export potential, and contribute to economic growth across all UK nations and regions.² We will partner closely with the Board of Trade to ensure that our support for exporters is unwavering.

The **UK's Trade Envoy Programme** is a network of MPs and Peers who provide international trade and investment support to Ministers, supporting UK growth. They complement the work of our wider diplomatic network of His Majesty's Ambassadors, High Commissioners, Trade Commissioners, Nature and Climate Envoys, Agri-Attaches and plethora of specialists. All these champions of UK trade advance it in diverse ways, including: engaging with host governments, leading trade delegations, hosting inward delegations, and lobbying on market access issues.

Finally, we will work in partnership with devolved governments across the UK to ensure businesses can get the support they need wherever they are based.

International Campaigns

Good export promotion connects businesses with international opportunities—helping exporters, and our economy, to grow. Through our ‘Made in the UK, Sold to the World’ campaign, we will raise awareness of global opportunities and encourage more UK businesses to export—whether for the first time, or by expanding into new markets.

As part of this we will also have a focus on the opportunities for businesses to trade with Europe, our largest and most important trading market. This includes raising awareness of the support available specifically to help UK businesses to understand the rules and regulations, whilst connecting businesses to specific opportunities in those European markets where UK industries are competitive, and demand is strong.

Alongside this, we will explore innovative ways to support exporters in high-potential markets. We are blazing the trail for others to follow by facilitating industrial cooperation with Ukraine. In February 2025 we joined forces with the Netherlands and Norway to lead the first joint trade mission to Kyiv by any country since the start of the war. We’re planning another trade mission shortly, standing proudly alongside other international partners to forge defence industrial partnerships between UK, European and Ukrainian SMEs — driving growth between our nations.

We will build on the success of International Trade Week, now in its fifth year, by delivering, in partnership with businesses, an **expanded national programme of free events to highlight export opportunities**. International Trade Week is a programme of virtual and in-person events and activities for UK SMEs which spotlight international opportunities across key markets and sectors. This week helps businesses to build their knowledge and capability to sell overseas, whilst helping them to understand specific market opportunities. DBT and partners will take the exports message to businesses in different parts of the country, including the support available to help them pursue new opportunities globally.

Internationally, we will continue to deliver the GREAT Trade and Investment Campaign to promote the UK as Europe’s leading destination for high-value trade and investment. As well as burnishing the general attractions of the UK as a partner for business, the campaign will also target international buyers, promoting UK strengths and capabilities across key sectors and encouraging them to do business with UK businesses. The campaign will use FTA milestones and moments to generate interest among international businesses, and high profile Ministerial engagement visits and events to further amplify the trade message internationally.

Finally, we’ll continue to capitalise on the success of trade events - from our activity at Davos to Osaka Expo and the next iteration of GREAT Futures in LA. This five-day event will connect with West Coast Leaders and decision makers in the US to position the UK as the partner of choice for trade and investment.

Our Overseas Network

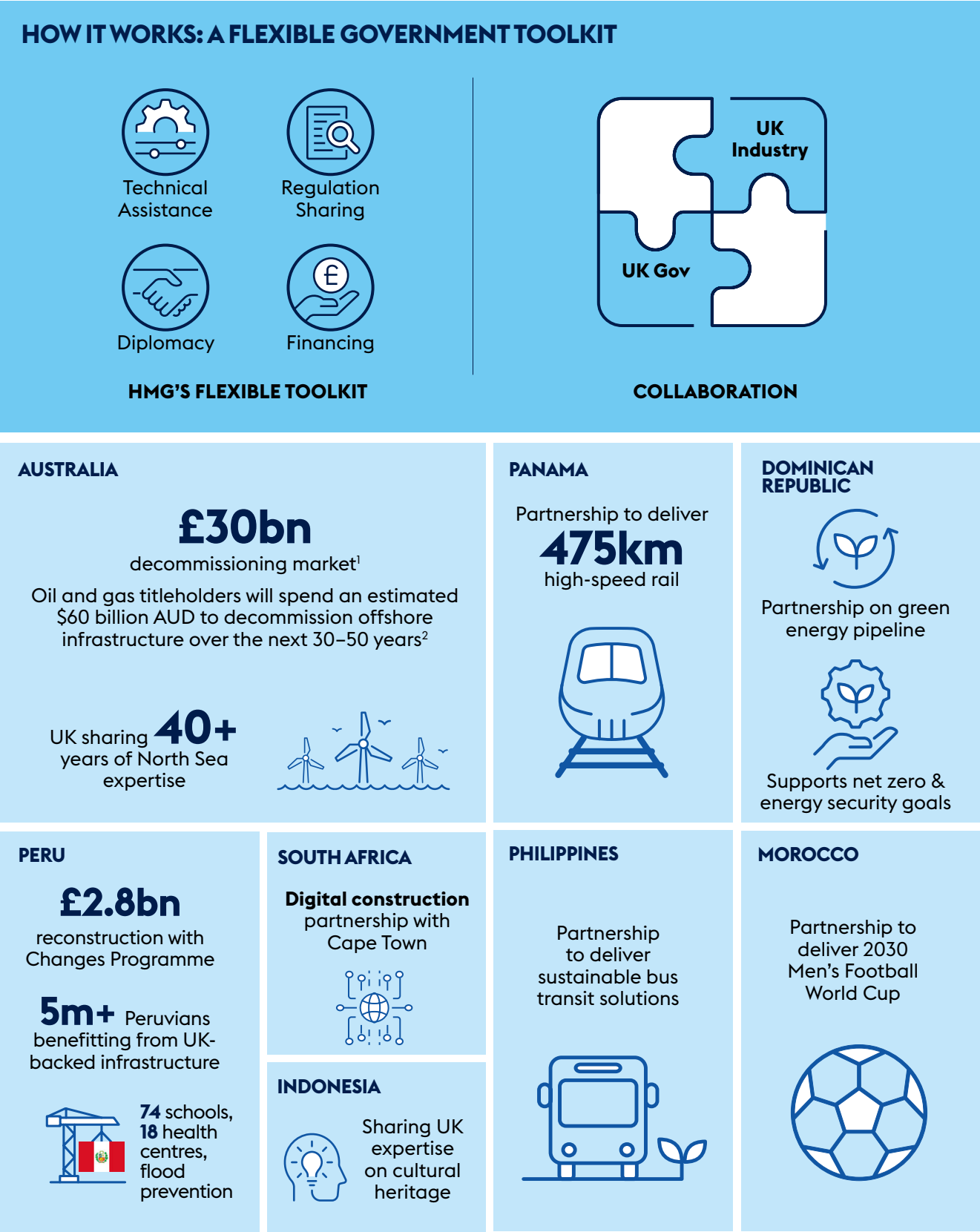
A critical asset for British businesses—and achieving our trade and investment ambitions—is our overseas network of trade officials and diplomats. We need to harness them much more effectively.

Our dedicated teams are led by nine HM Trade Commissioners but animated by a single Team UK spirit. Trade Commissioners and their teams are based in our diplomatic missions overseas and work closely with His Majesty's Ambassadors and High Commissioners who lead work in the countries where they are accredited, ensure the work of all UK Government organisations pulls together, and can leverage our political relationships to deliver commercial results. This integrated support enables seamless collaboration on salient, cross-cutting themes, such as our Clean Energy Superpower transition; as well as the sort of focused sectoral support co-ordinated through the network of Food and Drink Attachés and Intellectual Property Attachés.

Trade Commissioners identify potential investors and sell the UK as a great place to invest and do business, champion UK exporters, providing targeted advice on local market conditions, regulations and procurement processes, negotiate changes to local rules and regulations to make it easier for UK businesses to export, and support wider trade policy and supply chain security efforts. They help British businesses build strong local relationships, with commercial partners and officials, as well as providing insight into local practices and culture. They build partnerships with the governments and businesses in Scotland, Wales, and Northern Ireland, and the Mayors of our key cities and industrial clusters. We will continue to work with the Mayors of our city-regions to promote their regions overseas, including through trade missions to our most important export markets and will build upon this in our forthcoming SME Growth Strategy.

All this activity constitutes commercial diplomacy—the intersection between international relations and international business. Through it, we can pursue market access goals, develop strategic government-to-government partnerships, and foster the wide-ranging and sustained dialogue needed in such fields as regulation. We can directly create more favourable market conditions for UK businesses, and also better align trade with our growth ambitions, Industrial Strategy, and our wider geopolitical objectives. So commercial diplomacy has significant potential, but we have not always tapped into it as it should. To put this right, at a time when we must reduce costs and secure better value for the taxpayer, we will target the efforts of our Overseas Networks much more keenly, making it more effective and agile. We recognise that for too long we have tried to do everything, everywhere.

How UK Government Partnerships Are Opening Global Markets



SECTOR HIGHLIGHTS



ENERGY

Decommissioning,
offshore wind,
renewables, net zero



INFRASTRUCTURE

Rail, built environment,
health, schools, transport



KNOWLEDGE TRANSFER

Technical support,
capacity building



CLIMATE RESILIENCE

Flood prevention,
reforestation and resilient
construction



FINANCE & POLICY

Export finance,
regulation frameworks



*"The success of the partnership
in Peru has shown government can
open doors for UK businesses, to
share expertise and drive meaningful
infrastructure development."*

**Stuart Senior, Infrastructure Exports: UK
Co-Chair / Gleeds**

WHAT'S NEXT



We will set a new direction for our Trade Commissioners and their teams to operate in a more dynamic and flexible way. We will build a more flexible hub and bespoke delivery model across Government. We will focus our activity on delivering the greatest economic return to the UK, including by:

- **Prioritising supporting UK businesses in the markets with the greatest opportunities for the UK – and building deep expertise and contacts in these markets;**
- **Shifting some resources from export promotion into securing investment - including recruiting staff with the expertise and seniority we need to engage potential investors;**
- **Focusing our support on the eight growth-driving sectors identified in the Industrial Strategy;**
- **Supporting businesses with the potential to deliver serious economic value, particularly scale-ups and established mid-sized firms;**
- **Targeting efforts on opportunities where government can make a truly additional difference, where our support is a deciding factor in commercial success; and**
- **Empowering our Trade Commissioners and their teams to respond more quickly to fast-moving global developments.**

We have set a new requirement for our Ambassadors to give equal weight to contacts in business as well as in politics and in our most significant markets they will:

- **Work even more closely with regional Trade Commissioners;**
- **Oversee Strategic Economic Growth Plans identifying key deliverables in each market;**
- **Implement them via Growth Mission Boards, drawing together cross-Departmental teams at Posts; and**
- **Be Honorary President of their host's British Chambers of Commerce.**

Our reformed network will empower British businesses to export, invest and grow—confident in the knowledge that they are backed by deep local knowledge, trusted relationships, and world-class trade expertise.

UK Export Finance

Finance is the lifeblood of trade, providing UK businesses with the capital they need to grow and compete on the global stage.

UK Export Finance (UKEF) is the UK government's export credit agency. It plays a pivotal role to unlock this finance, providing billions of pounds each year to support UK exporters of all sizes to tap into global demand. From now until 2029, UKEF aims to support UK businesses to win over £12.5bn of export contracts.³

UKEF supports trade and investment in three ways:

- **Directly supporting UK exporters** – UKEF directly supports UK businesses across all regions of the UK to access the finance they need to grow and expand overseas. Businesses can access a range of domestic UKEF trade finance and insurance products, including flexible guarantees for working capital that allow businesses to invest in and expand their export capability.
- **Creating demand for UK goods and services** – UKEF provides loans and guarantees to overseas buyers on the condition that they source from the UK, creating new demand for UK goods, services and intellectual property. This helps to mobilise capital into the critical overseas infrastructure projects that then spur demand for UK exports.
- **Attracting inward investment** – UKEF can provide finance for businesses investing in the UK with the goal of creating future exporting capability. This 'invest-to-export' function attracts inward investment and secures British jobs.

UKEF has a network of regional Export Finance Managers across the UK, who provide free and impartial consultations to businesses on their financing needs. These managers help UK businesses to identify the appropriate trade finance support, help with applications and liaise with banks. UKEF also retains a global network of Country Heads, based in key overseas markets, that can provide impartial support to businesses exporting to, or looking to export to, these countries.

UK Export Finance will expand its network of Export Finance Managers to focus on city regions and clusters with strengths in the Industrial Strategy Growth Driving Sectors. These will provide free and impartial guidance to businesses on their export finance needs.

UKEF is exploring improvements that would help overseas buyers to finance repeat purchases from the UK. This would make it easier to finance a stream of export sales, building relationships, encouraging more UK exports, and reducing red tape for businesses.

Recognising UKEF as a critical lever to drive economic growth, the Government has increased UKEF's capacity by £20bn to £80bn. UKEF will deploy this capacity to drive export-led growth across the UK.

Supporting SMEs to Export

UKEF is expanding its offer to reach more SMEs, unlocking finance where the private sector can't to help them grow overseas. UKEF has long been an innovator, designing new products to fill gaps in the commercial finance sector. It will launch new products and digital services, and aims to work with a wider range of banks and non-bank financial institutions, like specialist SME lenders, to tailor the financing support that the UK's SME exporters need.

Maxflow, a Northern Ireland-based manufacturer of industrial pressure washers, generators, parts, and accessories, was able to accelerate its growth with a finance package guaranteed by UKEF. This financing allowed Maxflow to enter new international markets, grow its customer base and create new jobs in Cookstown through investing in a new factory.

“Expanding into new geographical markets is a transformative step for Maxflow. The ability to manage cash flow effectively while maintaining high stock levels has allowed us to meet the demands of this new market and position ourselves for sustained growth.” Ryan Wylie, Managing Director, Maxflow.

UKEF will launch a more efficient, and accessible version of its Export Insurance product, providing faster and simpler cover for smaller businesses growing their exports with new overseas buyers, including addressing a long-standing market gap at the lower value of trade credit insurance.

It is also exploring how best to expand its offering to potential exporters to provide the finance they need to export for the first time. Further details will follow in the Government's forthcoming SME Growth Strategy.

With UKEF backing, British firm Dints secured a £12.5m contract as supplier to Portuguese contractor MCA's infrastructure and renewable energy operations in Angola. A loan guarantee issued by UKEF means that MCA can access finance to purchase over £12 million in equipment from the UK through Dints, including vehicles, plant and machinery for renewable and infrastructure projects in Angola—benefitting supply-chain businesses spanning the Midlands, Yorkshire and Northern Ireland. *“By bringing together UK and international suppliers with the support of UKEF, suppliers are paid as if selling to their domestic markets while unlocking global opportunities. This approach makes UK exports more accessible as well as facilitating critical infrastructure and renewable energy projects.”* Geoffrey de Mowbray, CEO, Dints

This financing, through UKEF's **Standard Buyer Loan Guarantee**, creates opportunities to supply UK goods and services to the project. Recent partnerships with Dints have helped to generate over £21m in UK exports to markets including Peru, Guinea, Côte d'Ivoire and Botswana. Businesses looking to access the scheme can find out more at www.ukexportfinance.gov.uk

Supporting Clean Energy

UK exporters have the potential to lead the global green transition. This will ensure they can harness booming global markets in clean energy technologies to power UK growth and support the global net zero transition, reflecting the UK's sector strengths, export potential, and international commercial leadership. UKEF has set an ambition to provide £10bn of clean growth finance between now and 2029. Through UKEF's support, the best of UK renewables supply chains and low-carbon manufacturing are already exporting into projects as far afield as Asia and Latin America, with strengths in hydrogen, offshore wind, and heat pumps.

To build British clean energy capacity UKEF's Invest-to-Export Guarantee is attracting inward investment to the UK with a view to generating future exports. More generally, UKEF is supporting the net zero transition plans of UK exporters beyond the energy field. For example, a number of the UK's automotive businesses have benefitted from UKEF support towards their transition to Electric Vehicles.

The Importance of Imports

As well as giving consumers more choice over products and price, imports are essential to individual businesses as inputs, and to the economy as whole, by creating the scope for the UK to specialise in the things it does best. Imports are also crucial to maintaining secure supplies of food and other critical products including medicines, and for our exports – around 26% of our imports go into the products that we export.⁴ Relying solely on domestic supply would hurt living standards, and intensify dependency on domestic suppliers, of whom there will be very few for some key product lines. The general presumption of being open for trade has served us well.

A Proactive Approach to Imports

It is important, however, to remain clear-eyed about the risks that come with openness, including exposure to global supply chain and climate shocks, over-reliance on concentrated supply routes, and potentially unwelcome competition from producers who do not meet equivalently high regulatory requirements to all those in the UK. While other countries have taken strategic steps to reshape their import policies, the UK's approach to date has often been reactive and fragmented.

To ensure long-term resilience and competitiveness, the UK needs a clearer, more proactive approach to imports that strengthens domestic capabilities where appropriate, while maintaining secure, fair, and reliable access to products and services from abroad. As part of this improved approach, the Government has announced a review of the customs treatment of low-value imports, which allows most goods valued at £135 or less to be imported without paying customs duties.⁵ Global factors have seen a significant increase in the volumes of low-value parcels being sent internationally, including to the UK. The review will ensure that Government can make well-informed decisions to balance the interests of domestic businesses with those purchasing from overseas sellers.

Going forward, we will give businesses as well as consumers more clarity about everything that will be done to ensure their continuing access the high-quality goods they need-reliably, affordably, and sustainably.

The UK's Tariff Regime

We are also reviewing aspects of the UK Global Tariff to ensure our Most Favoured Nation tariff schedule functions as effectively as possible, supports our Industrial Strategy growth driving sectors, and provides a stable operating environment for businesses

Consumer Protection

Importing doesn't mean reducing consumer protection such as product safety standards, labelling requirements, or addressing issues such as fraud, misleading advertising, deceptive and unfair trade practices. British consumers must have access to safe, high-

quality products, accessible redress processes, accurate information, and fair-trading practices when engaging in cross-border trade. We will, therefore, always seek to balance the interests of businesses with the rights and welfare of consumers.

Product Standards

We will continue to uphold the UK's product regulations and encourage the use and development of ambitious international standards. Using international standards and promoting good regulatory practices makes it easier for businesses in one country to sell their products or services in another country, safe in the knowledge that their output meets the other country's requirements. Promoting the use of international standards also protects the consumer and ensures we can depend on product quality including in key sectors such as agriculture, and critical and emerging technology.

A thriving agriculture sector underpins our food security and supports the prosperity of regional communities across the UK. We will not lower food standards and will uphold high animal welfare standards. We recognise concerns about methods of production, such as sow stalls and battery cages, which are not permitted in the UK. While methods vary in line with different climates, diseases and other contextual reasons, we will always consider whether overseas produce has an unfair advantage and any impact that may have. Where necessary, we will be prepared to use the full range of powers at our disposal to protect our most sensitive sectors including permanent quotas, exclusions and safeguards. We will always maintain UK levels of statutory protection in relation to human, animal or plant life or health, animal welfare, and the environment. We will also continue to seek fair and balanced deals which include new export opportunities to grow the UK's world class agri-food and drinks sector, the UK's largest manufacturing sector.

The UK Goods Border

Businesses tell us that they would benefit greatly from a more efficient and predictable experience at the UK border. Traders want to see more processes digitalised, less duplicated data-entry and greater interoperability between systems.⁶ We understand this and are determined to deliver a modern goods border fit for the challenges of the next decade.

Brexit disrupted trade and created a lot more work for the UK border to do, necessitating big changes in the UK's customs system. We now need to move into the next phase in the evolution of the border as it affects our international trade. While continuing to protect our people and domestic markets, we need to address exporting businesses' critical ask, which is for fewer costs and less red tape at the border.

Customs Modernisation

In the wake of Brexit, a time when overall barriers to trade were inescapably rising, HMRC's transformation of the customs regime has avoided potential trading disruptions and mitigated many others. There are important lessons to learn from this. We will continue iteratively to streamline our customs system, ensuring we are controlling the right goods in the right ways. In the coming years, we will:

- Invest in the Customs Declaration Service (CDS) to ensure it meets customer needs
- Work to better join up HMRC systems, so that available support is better tailored to circumstance, and the whole trader experience becomes more seamless
- Improve our service at the border and reduce business burdens while helping businesses and individuals comply with customs requirements. This includes measures announced in the Tax Update Spring 2025: Simplification, Administration and Reform
- Negotiate an ambitious programme of mutual recognition arrangements to reduce customs requirements for authorised economic operators
- Co-design with business a voluntary standard for customs intermediaries which establishes best practice for the sector

We are keenly aware that some sectors face particular challenges. We will agree a Sanitary and Phytosanitary Agreement with the EU to make agrifood trade with our biggest market cheaper and easier, cutting red tape for British producers and retailers, and helping to keep prices down and increase choice in the shops. In addition, we will invest in the systems that support the flow of agri-food commodities into the UK, where perishability puts a special premium on just-in-time supplies.

It remains the government's intention to deliver a single trade window. The government is committed to minimising administrative burdens and frictions experienced by businesses trading internationally.

Looking to the future, we can be more ambitious—especially if we can work in partnership. Government will work with business stakeholders involved in border processes, and with international partners, on more innovative changes. This includes opportunities for integrating UK and international systems by building on our Verifiable Credentials pilot with US Customs and Border Protection, exploring evolving customs processes to leverage the opportunities of fully digitalised trade and potential applications of AI. This agenda needs to advance incrementally to allow us to learn by doing and build better systems.

Smarter Risk Assessment to Protect Legitimate Trade

To ease the passage of legitimate trade across our border while protecting the country, we will use pre-arrival border data to target interventions more precisely. We will modernise our detection capabilities and ensure Border Force officers have the tools and skills they need to make effective decisions to ensure that illicit consignments, including those that undermine legitimate trade, are more likely to be found, and found quickly.

CUTTING TIME, PAPER AND COST:

Focus on impact metrics from the pilot, reattributed to UK digitalisation efforts like ETDA 2023



40%

reduction in shipment time



89%

fewer paper documents



90%

fewer trade related emails^{1*}

UK businesses trialling digital trade documentation under new laws like the Electronic Trade Documents Act (2023) are seeing real-world benefits in speed, efficiency and sustainability.²



FROM PAPER BASED TO DIGITAL

Digital trade transforms how businesses operate—cutting friction and enabling faster growth.

BEFORE



Manual, paper based



AFTER

85%+ digitalised



Cargo shipments



Faster processing



Logistics



Low error rates

HOW IT WORKS



Create

Electronic trade documents are created using secure platforms



Exchange

Verified and exchanged between exporters, importers and logistics providers



Deliver

Goods move faster and more efficiently

Unlocking Global Growth- WTO Agreement on Electronic Commerce

£2.7bn-£24.2bn boost to UK GDP³

Small business exports:

- Up to 3% increase in likelihood of exporting
- Higher export value potential



Navigation

To help businesses navigate the complexities of trade digitalisation, we will launch a centralised information hub dedicated to electronic trade documents (ETDs) on the Business.Gov.Uk website.



This hub will provide information on ETDs and streamline existing industry guidance, making it easier for businesses to navigate the information and tools they need to digitalise their supply chains.



The hub is scheduled to launch this summer

Current Pilots-UK-Taiwan Trade Digitalisation Pilot



*Figures sourced from the UK-Southeast Asia Trade Digitalisation Pilots

- Expanding UK Semiconductors trade corridors: Clas-SiC Wafer Fab pioneered the first digitalised shipment of semiconductors resulting in reduced shipping costs, improved data security and efficiencies.
- Supporting UK SMEs to export: Two Scottish companies Skene Whiskey and Kimbland Distillery replaced traditional paper-based systems with secure digital data exchange to simplify exports and improve supply chain transparency.
- Jen Walls, CEO, Clas-SiC Wafer Fab: "Clas-SiC is proud to pioneer the first digitalised shipment between the UK and Taiwan. We aim to be on the forefront of industry innovation ... and implementing digital solutions will streamline our operations, cut costs and enhance data security. This is key for our trading partners and future growth."

¹ Figures sourced from the UK-Southeast Asia Trade Digitalisation Pilots / UKSEA, Digital Trade for MSMEs: Opportunities and Challenges. Presentation to the WTO Informal Working Group on MSMEs, 10 December 2024. World Trade Organization. https://www.wto.org/english/tratop_e/msmes_e/uksea_10dec24.pdf ² Figures sourced from the UK-Southeast Asia Trade Digitalisation Pilots ³ LSE Consulting, Benefits of the Digitalisation of Trade Processes and Cross-Border Barriers to Their Adoption. London School of Economics and Political Science, May 2024. <https://www.lse.ac.uk/business/consulting/reports/benefits-of-the-digitalisation-of-trade-processes-and-cross-border-barriers-to-their-adoption>

Harnessing Digitalisation

The UK was the first G7 country to put electronic trade documents (ETDs) on the same legal footing as paper documents via the Electronic Trade Documents Act 2023 (ETDA). But even as other countries pass similar laws, the practical take-up of electronic trade paperwork by UK businesses remains too slow. We will work with international and business partners first to understand what is currently holding businesses back from digitalising their trade supply chains and focus on fixing those problems.

As announced in the Industrial Strategy, we will work across government to deliver a set of related pilots to accelerate the adoption of ETDs by making sure that government and traders alike harness digitalisation to speed up and simplify process:

- **We will work with businesses to establish model business-to-business Digital Trade Corridors with leading European Markets.** The new Digital Trade Corridor pilot initiative will explore ways to help businesses use electronic trade paperwork in international trade transactions, and show how using ETDs can streamline business processes.
- A **new SME Capability Programme** will support SMEs in harnessing the benefits of digitalisation and staying competitive in an increasingly digital world. The programme will work alongside the Digital Trade Corridor pilot, using its insights to help SMEs work through barriers preventing their adopting ETDs and implement solutions within their supply chain.
- In addition, an **information hub on ETDs will launch this summer on Business.Gov.UK** to help businesses confidently embrace trade digitalisation. By bringing together essential information and providing access to trusted industry guidance, the hub will make it easier for businesses to access the tools and resources they need to digitalise their supply chains and adapt.

The **ETD Technical Demonstrator** announced at Tax Update Spring 2025: Simplification, Administration and Reform is testing how commercial data drawn directly from electronic paperwork can be read and processed by HMRC to meet customs requirements. A related initiative is the **ETDs Task & Finish Group**, a joint government and business forum to support businesses in implementing the ETDA.

The **Border Trade Demonstrators (BTDs) projects** have already shown how sharing supply-chain data with border agencies before goods arrive with them can speed resolution of queries and avoid costly delays. The next phase of the BTD will explore how to incrementally enhance traders' experience at the border and explore the potential for information sharing with EU partners.

Modernisation of trade happens in stages. Progress does not need to await every trader—or the system as a whole—getting to a particular point in the digitalisation journey. Through smartly-designed pilots and testing digital processes directly with

businesses, we can learn rapidly about what works and then scale that up in an enduring way, and without risking the disruption that comes from ordering sudden changes without the benefit of testing with businesses.

We will focus our efforts on incremental changes, none of which in isolation will move the dial but which collectively will make a difference. As we experiment, learn, refine and incrementally reorganise the border around e-paperwork, it is important to keep our eyes on the considerable prize. The London School of Economics estimates that global adoption of digital trading systems could boost the UK's GDP by up to 0.9% - and that even partial adoption could significantly impact the UK economy.⁷



Endnotes

- 1 [Bank of England \(2024\): A portrait of the UK's global supply chain exposure](#)
- 2 <https://www.gov.uk/government/groups/board-of-trade>
- 3 UK Export Finance (2024) [Business Plan 2024-2029](#).
- 4 In 2020, 25.8% of the total value of UK imports of intermediate goods and services was subsequently embodied in UK exports. For comparison, the corresponding figure for the US was 12.2%, while the OECD average was 44.5%. A separate measure of the importance of imports for exports known as the import content of UK exports (i.e. the share of foreign value added embodied in UK exports) - was 14.3% in 2020. The equivalent figure for the US was 7.5% while the OECD average was 26.7%. Sources: OECD, [UK](#) and [US](#) Country Notes, November 2023
- 5 <https://www.gov.uk/government/news/chancellor-unveils-plans-to-maintain-level-playing-field-for-british-business>
- 6 DBT's [National Survey of Registered Businesses 2023](#) showed that the most common barriers to exporting goods in 2023 were those relating to customs procedures (49%).
- 7 LSE (2024), [The Economic Benefits of Trade Digitalisation](#).



Chapter 5: Secure and Resilient Trade

The UK has long benefitted from an open trading system. But alongside significant advantages, openness brings potential vulnerabilities, including exposure to unfair competition and supply chain disruption. As global shocks have proliferated, these vulnerabilities have become more evident and more challenging. As well as rising protectionism, the last few years have witnessed the inadvertent blocking of the Suez Canal in 2021 and the weaponisation of energy supplies.

We will need to navigate all these vicissitudes, and others that we can't yet foresee, to deliver what durable prosperity requires: trade that is as reliable as it is rich. We must recognise that in a more rivalrous world economy, coercive tactics, anti-competitive behaviours and protectionism more broadly will all be rising temptations. The Leaders' Communiqué at last year's G7 registered rising concern about such distortions on behalf of all the world's largest advanced economies.¹ Our principled commitment to safeguard and, where possible, promote open markets gives us a particular challenge to tackle them in a proportionate way, minimising the dangers of escalation and mutually damaging trade wars. But there must be no doubt: we shall be steadfast in defending the capabilities and the fair opportunities of the UK businesses to export and grow.

A robust economy underpins national security, with sustainable growth dependent on stability and resilience to global disruptions. The investments and innovation that will deliver growth must also safeguard the UK's national security.

What we heard from stakeholders:

Trading firms highlighted supply chain vulnerabilities and unfair trade practices as barriers to trading efficiently and securely. They suggested various responses: rewarding domestic capabilities; securing smart agreements to govern trade and especially critical minerals; and directly addressing restricting and unfair trade practices around the world.

The Threats to Secure and Resilient Trade

Despite a sense that “*resilience*” is an increasingly important test for trade policy to pass, there is no settled agreement on the criteria. A helpful working definition for secure and resilient trade is the “*safe and reliable movement of goods, services and capital across borders which is able to be maintained through/withstand and respond to difficulties and disruptions*”. Securing this resilience requires managing and responding to a whole host of actual and potential disruptions, including but in no way restricted to: natural disasters, political crises, military conflict, and the theft of intellectual property. Some of these risks the UK may hope to reduce; with others, the best we can realistically do is to manage them.

Businesses and many governments are increasingly understanding that climate change multiplies many pre-existing risks. Rising seas and temperatures combine with disrupted rainfall patterns to inflame the dangers of fires and floods, as well as knock-on problems such as interrupted supplies and human displacement.² Among the many, many grave dangers posed to lives and livelihoods here is damaging uncertainty for businesses. So our trade priorities and climate ambition must mesh together. With a rapidly expanding global market in green technologies, the Government's goals for trade and for sustainable growth can and must be mutually reinforcing.

Meanwhile, as ever-more trade is conducted digitally, assaults on the networks and infrastructure on which it is carried out become a critical risk. Cyberattacks are on the rise: between September 2023 and August 2024, the National Cyber Security Centre informed 542 organisations of cyber incidents affecting them, more than double the 258 reported the previous year.³ Of these incidents, 89 were nationally significant and 12 were classified as severe, a threefold increase in high-impact incidents on 2022/23.

Protecting the Economy

In the face of these formidable challenges, we are working hard on four fronts:

- building supply chain resilience
- maintaining the right economic tools to protect our national security
- preparing and strengthening our trade defences
- partnering with business.

We consider each in turn below.

Building Supply Chain Resilience

Most critical UK supply chains aren't managed by government, but government can nevertheless play a crucial role in alerting businesses to the risks and working with them to mitigate the risks and build up resilience. Co-ordinating specific responses to such shocks to supply chains as the COVID-19 pandemic and Russia's invasion of Ukraine is obviously a big part of that. But as the world continues to be unpredictable, we recognise the need for a new, more strategic and joined-up approach across government – proactively scanning the global horizon for looming disruptions, and rigorously scrutinising all the potential threats to national security and UK prosperity that could be lurking in vulnerabilities to our supply chains. We need to work hand-in-glove with UK business, to identify and address these problems.

The Government is launching a new 'Supply Chain Centre' based in the Department for Business and Trade, that will lead government's work, in tandem with business, to build the resilience of the supply chains critical to the UK's security and prosperity, helping to secure our ability to withstand future disruptions.

The Supply Chain Centre will undertake data-driven, business-informed reviews of critical supply chains, including the sectors at the heart of the Industrial Strategy, and crystallise the specific actions needed to build resilience. It will also develop a nimbler mode of working for responding to fresh disruptions when, inevitably, they arise.

We will work closely with businesses in England, Scotland, Wales and Northern Ireland, because businesses understand their supply chain risks better than any official can ever hope to. We will draw on business expertise to identify the UK's key risks and dependencies, build on domestic supply chain strengths and improve businesses' access to information, so we can co-create the solutions to address the risks.

The Supply Chain Centre will join forces with our international allies to find common solutions to supply chain challenges. For example:

- **Mapping supply chains, pinpointing weak links and developing coordinated responses with international partners** to yield intelligence that supports better-informed decisions.
- **Bilateral and plurilateral agreements** on supply chains cooperation, such as the UK-Korea Supply Chains Dialogue and the UK-Canada green technology supply chain agreement. The Memorandum of Understanding we signed with the US and Australia in September 2024 establishes early warning and data sharing on trade disruptions which threaten critical supply chains.
- **Working through multilateral institutions like the WTO, the G7 and with partners in the Commonwealth of Nations**, in sensitive sectors such as food and pharmaceuticals. We have already moderated WTO sessions on supply chain resilience, and tabled proposals to mitigate the impact of export restrictions on global food security. New multi-country agreements with likeminded partners could help secure resilient supplies of vital inputs and products such as semiconductors, pharmaceuticals, critical minerals and clean energy.

The Supply Chain Centre will be an important new flank of defence for protecting the UK's economy and security in turbulent times.

In addition, over recent years, we have seen the European, US, Canadian, Australian and Asian export credit agencies develop wider mandates to support growth and resilience. DBT and UKEF will now work together to assess whether there are further supply chain financing gaps in critical sectors that will secure imports our economy needs.

Vishay Intertechnology Semiconductor Investment in Wales

The UK government, through the Automotive Transformation Fund, is supporting Vishay Intertechnology's **£250m investment in the UK's largest semiconductor manufacturing facility**, located in Newport, Wales. The project will focus on producing Silicon Carbide semiconductors, a key component in electric vehicles (EVs), helping to strengthen the UK's position in Advanced Manufacturing.

The investment is expected to create over **500 high-skilled jobs** in Newport and support hundreds more across the supply chain. It will also **boost domestic supply of critical components** for the automotive, renewable energy, and defence sectors, and support innovation in EV performance, including faster charging and longer range. This work aligns with the UK's strategic objectives for net zero, growth, and economic resilience, with further integration into wider trade and Industrial Strategy under consideration.

Roy Shoshani, COO Semiconductors and CTO for Vishay, said: *"This is an exciting moment, and the start of our plans for growth in the UK. There is a real opportunity to play to the UK's strength in advanced semiconductors, delivering greater economic security and supporting Net Zero."*

Maintaining the Right Economic Tools to Protect National Security

National security is the foundation of national prosperity. As a trade-reliant nation, the UK must balance economic openness with addressing risks and vulnerabilities. Our reliance on global supply chains, foreign investments, and overseas markets is crucial for growth but also exposes us to threats. Navigating these complexities requires a nuanced approach to ensure our economic strategies bolster both prosperity and security. The established economic tools most widely used to protect our national security are the following:

- **Investment Screening:** The Government has powers to screen investments into the UK economy to protect national security through the National Security and Investment (NSI) Act. This includes mandatory notification requirements for certain investments in particularly sensitive areas of the economy. It ensures that investment can continue to flow into such sensitive areas without creating security risks.
- **Export Controls:** Our export control regulations restrict the movement of certain goods, technology, and information out of the UK, to prevent sensitive technologies and strategic goods from being used for purposes which could undermine our national security, or have adverse effects on international peace and security or human rights. Exports of controlled items generally require a license; breaches of export controls are criminal offenses, with penalties including revocation of licenses, seizure of items, fines, and potential custodial sentences.
- **Sanctions:** Trade, financial and other sanctions are targeted to achieve our foreign and security policy objectives. The UK deploys sanctions to deter future or continued malign activity; to disrupt current malign activity by denying access to resources; and to demonstrate our readiness to defend international norms that are under threat. Trade sanctions in particular aim to restrict access to UK goods and expertise and limit revenue generation.
- **Procurement Security:** The Procurement Act 2023 constitutes a comprehensive reform of public procurement, focused on simplifying procurements, and tackling poor supplier practice. The Act strengthens our ability to exclude suppliers deemed unfit to bid for public procurements. This includes provisions that allow the Government to investigate and debar suppliers across the entire public sector. The legislation provides for these decisions to be taken on multiple grounds, including where suppliers pose a national security threat.
- **Working with Businesses:** We aim to give businesses the right information and guidance to protect themselves from threats. The National Cyber Security Centre (the national technical authority for cyber) and the National Protective Security Authority (the national technical authority for physical and personnel protective security) are just two examples.

In recent years, we have seen a convergence of economic security and economic policymaking. As the international context evolves, we will keep our national security system under review to ensure we can continue to respond effectively to emerging threats.

In addition to the above, a wider programme of work will be set out in the National Security Strategy and Resilience Strategy on further improving the resilience of the UK. The Resilience Strategy will articulate the Government's strategic approach to the broad range of risks that the UK faces, following comprehensive internal review and external engagement. This will include for the UK's Critical National Infrastructure (CNI), the resilience of which will be of central importance to ensuring that the essential services the public rely on continue to operate, and will underpin efforts to strengthen the UK's economic and national security.

Preparing and Strengthening Trade Defence

Unfair trade practices – including distortionary subsidies and “*dumping*” goods at below cost in foreign markets – have a long pedigree. What has changed rapidly in recent years, however, is their sheer volume and the range of markets and indeed British business which they threaten. World Bank numbers bear this out: total trade restrictive policies have more than quadrupled in the mere eight years between 2015 and 2023.⁴ Some such restrictions could be legitimate attempts to address environmental harms, forced labour, or national security concerns, or indeed to counter other unfair trading practices. But very many are simply attempts to frustrate fair and open markets – to the detriment of consumers and producers.

Although we find ourselves in a challenging new world, there are nonetheless some useful lessons from history. The first trade defence measures – that is, policy measures designed to protect business from unfair trade practices – are sometimes said to be Sherman Antitrust Act, which was passed in 1890 by the United States to promote free competition and prohibit monopolies and remains in place today. Over the decades since the Second World War, multilateral protocols evolved to allow for legitimate trade defence to follow particular rules and assume particular forms, so as to minimise the risk of damaging and uncontrolled spirals of retaliation. But today the institutions and norms that policed these understandings are struggling to adapt to the pace of rising unfair trading practices and resulting protectionism. With multilateralism faltering, some countries have responded with new trade defence measures, paired with increasing intervention to support domestic producers.

While the UK will continue to support the broad principle of free and fair trade, and will remain eternally vigilant to the dangers of rash escalation, we cannot afford to get left behind in this increasingly unfair and protectionist world. We will prepare the right trade defence toolkit, so that we are ready for whatever might be thrown our way.

Strengthening Broad Trade Defence Powers

The UK needs to guard against economic threats that go beyond the traditional definitions of unfair trading practices, including the strategic weaponisation of trade. We will create new powers to face these new threats, at the same time as engaging robustly in international forums in support of trade that is not just free but fair.

When parliamentary time allows, we will introduce legislation to expand our powers to respond to unfair trade practices, and guard against global turbulence in critical sectors, such as steel.

We will seek views on the potential for new powers to respond to deliberate economic pressure against the UK, to better protect growth and security against a burgeoning range of harms and threats.

We will continue to utilise bilateral, plurilateral or multilateral opportunities to improve subsidy transparency and the rule framework on market distorting practices, including such practices by state-owned enterprises.

We are **not** lapsing into protectionism. We hope never to have to use our new trade defence powers – but, like insurance, it is far better to have them and not need them, than to need them and not have them. Use of these strengthened powers will be carefully considered on a case-by-case basis, always weighed against the importance of openness for growth, their wider impact on our international relationships and our support for the global trading system.

Refinements to the UK's Trade Remedies System

Trade remedies are used when a country believes its domestic industries are being negatively impacted by unfair practices such as dumping, imports receiving unfair subsidies from foreign governments, or by surges in imports that defy reasonable explanation. They usually take the form of additional tariffs or quotas on imports.

Our trade remedies system, created at the time of Brexit and before globalisation came under today's protectionist threat, now needs to be sharper. We have reviewed it and found it to be wanting for the new geopolitical reality. It is slow and unwieldy, and therefore not as effective as it could be. We will take steps at the earliest opportunity to make the UK's trade remedies system more accessible, assertive and agile.

As soon as parliamentary time allows, we will seek to introduce legislation to adjust the TRA's policy guidance and operating framework, enabling it to adopt a more assertive approach on issues like imports from countries with unfair market distortions.

We will improve businesses' access to trade remedies by reducing the cost and increasing the speed of applications, a particularly important easement for smaller traders.

We will make the trade remedies system more accountable to Ministers, enabling swift and sufficient protections for businesses through government intervention where necessary.

Case Study: Steel

Steel is essential for a modern and secure economy and for economic growth. It is a vital material for many sectors, including manufacturing, infrastructure, construction, and defence. The UK steel industry provides high quality jobs in local economies (c.40,000 direct jobs across the country and c.61,000 jobs in the upstream supply chain in 2024).

However, the UK steel industry faces a challenging global trading landscape due to significant steel overcapacity. Global steel production capacity is 12 million tonnes (source: OECD Steel Outlook 2025). This artificially and unfairly lowers prices, reducing profitability and undermining investment, including in modern technologies and innovation. In this global context, increased dependency on steel imports then impacts the security and resilience of UK supply chains and exposes the UK to the risk of price fluctuations and disruption.

The UK government has taken steps to protect our steel industry from unfair trading practices through the use of trade remedies. This includes 15 anti-dumping and two anti-subsidy measures on imports from seven individual countries, and a global safeguard measure on certain steel imports. We are determined to reverse the years of decline in the steel industry, caused in a large part by global overcapacity and market distortions. We have reviewed the safeguard tariff rate quotas and intend to make changes to ensure that they can more effectively protect our producers.

The safeguard is then set to expire in June 2026 in line with World Trade Organization (WTO) rules. We recognise the need to continue to address this growing global problem and implement effective measures to support our steel industry following the expiration of the safeguard. That's why we have launched a Call for Evidence on Steel Trade Measures to seek stakeholders' views in shaping the UK's future trade approach to steel. This will ensure the UK continues to protect its national interests and delivers a competitive and fair business environment that the steel industry and the UK economy need.

Furthermore, our new approach to UK Trade Defence, outlined in this Trade Strategy, will ensure we have the right powers to respond nimbly to the increased scale and complexity of unfair trading practices faced by industries, including in the steel sector.

Partnering with Business

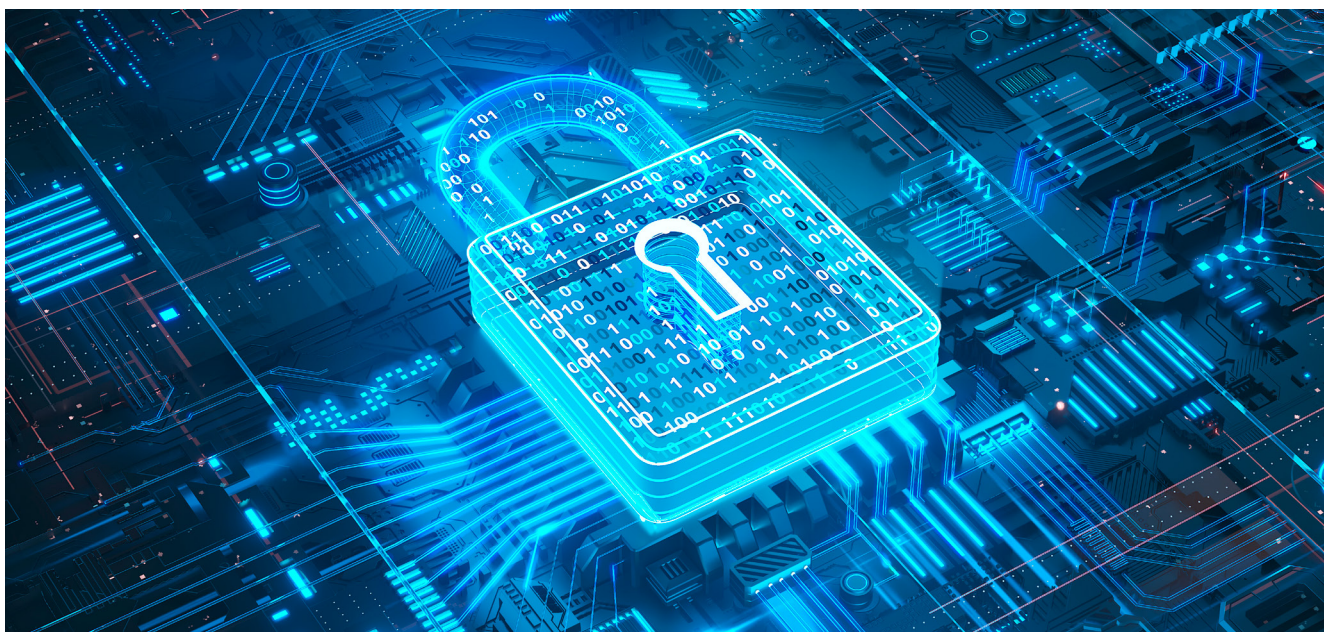
We need to do more to support businesses better as we confront the new world of heightened insecurity. Over the past year, government teams have forged stronger relationships with businesses, fostering a deeper understanding of business needs, but it is clear that our engagement with business on economic security issues are too complicated and disparate, especially for SMEs and those businesses integral to our growth ambitions.

We will establish an Economic Security Advisory Service based in the Department for Business and Trade that will streamline the Government's approach to partnering with business on economic security issues.

The service will connect government expertise and guidance with priority growth businesses to protect UK capabilities and competitiveness against economic security risks and threats. It will offer advice, guidance and support to businesses and enable an effective two-way dialogue, allowing government policy to reflect the experiences of businesses.

Government ambition is for business to experience the change as fast as possible. To do this, the service will be piloted and scaled up over the course of the year, with a focus on Industrial Strategy growth-driving sectors. The service will collaborate closely with other institutions focused on security, including National Protective Security Authority, the National Cyber Security Centre, as well as the new Supply Chain Centre and the Geopolitical Impact Unit.

Secure and resilient trade is vital to the UK. It provides the foundation for individuals, households, and communities to cover their essential needs, maintain a standard of living, and ensure long-term stability and well-being. It also plays a crucial role in national security, economic prosperity, and global stability. We will do everything that we can to preserve it.



Endnotes

- 1 “Further Subtle Retreat From Rules: Putting in Perspective the Trade-related Statements of the 2024 G7 Leaders’ Communiqué”, Zeitgeist Series Briefing 30, Global Trade Alert, 15th June 2024
- 2 “[UK businesses feeling the heat of climate change](#)”, Gallagher Re, 2023
- 3 [NCSC Annual Review 2024](#)
- 4 The World Bank (2024): [Global trade has nearly flatlined. Populism is taking a toll on growth](#)



Chapter 6:

Accountable Trade

Trade is many things, but it is rarely neutral. It unleashes growth, spreads technology, disrupts old ways of working and displaces old products. It is a wind of change and progress, but one which can—absent safeguards—blow away important protections regarding the environment, working conditions or product standards. The gains from trade are sometimes huge and have lifted untold millions out of absolute poverty around the world.¹ But they do not accrue evenly within nations, including ours.² There can be a tendency for already-prospering regions and communities to enjoy more of the upside, while places shaped by old industries that now struggle to compete feel increasingly exposed.

Our trade, investment and diplomatic policy must all do their bit to ensure trade proceeds in line with the high standards the UK expects, and that the prosperity it brings can be fairly shared, both at home and overseas. Trade policy is one expression of the UK's international agenda – an agenda that includes global advocacy for human rights and a commitment to achieve net zero. Trade policy can provide a route to promote fair labour practices, rule of law, governance and reduced inequality that can create the conditions for investment, innovation, market access, and the relationships required to support trade. It also requires ensuring trade policy and trade promotion activity aligns with our broader objectives to achieve net zero and wider environmental goals.

What we heard from stakeholders:

Businesses highlighted the importance of trading on a level playing-field, not slanted by forced labour, gender abuses or unacceptable working practices. Aligning trade and climate objectives, for example by preventing offshoring of unsustainable practices, was also flagged as important. Stakeholders also expressed a desire for trade policy to embrace enhanced transparency and accountability.

Growing Trade and Protecting the Environment

The global environment is in crisis. The UK is committed to playing its full part in addressing pressing threats to the world's climate and biodiversity, as well as wider problems of pollution. The UK was the first country to set legally binding carbon budgets and the first major economy to establish a Net Zero target in law, with other major economies following suit.³

While our global impact may seem small at less than 1% of annual global emissions, nearly half of annual global emissions come from countries producing 3% or less of the global total, and our domestic leadership is essential to persuade others to act.⁴

The Government's mission of 'Making Britain a Clean Energy Superpower' is critical to the next phase of our domestic agenda – and will bolster energy security, reduce bills, create jobs and promote UK export strengths and sector leadership as we build a new low-carbon infrastructure to power the UK. In parallel, transitioning to a global circular economy, deriving the maximum possible value from resources before they become waste while also reducing emissions, is also a government priority.

We are committed to ensuring that our international trade and environmental objectives are mutually supportive. There are important interactions between the government's trade priorities and mission of sustainable economic growth – for instance growing the clean energy industries.⁵ Therefore, we must tap into a rapidly building global appetite for sustainable products: the export value of sustainable plant and animal commodities increased from \$40m to \$4.5bn between 2003 and 2015.⁶ By competing and innovating in these ways, not only will we help to future proof the UK economy, but can also curb costs for British Businesses and support the uptake of important environmental technologies worldwide.⁷

More generally, we will ensure our trade supports sustainability by:

- Driving initiatives that support trade in environmental goods and services.
- Seeking outcomes in trading frameworks and international agreements, including at the WTO, that support sustainable trade and the UK's domestic agenda.
- Seeking trade deals which preserve our latitude to protect the environment and promotes high sustainable standards.

- Maintaining the UK's global environmental leadership, by seeking plurilateral or multilateral outcomes that support the global green transition, promoting initiatives such as the Global Clean Power Alliance, supporting greater international collaboration and incentives needed to reach targets under the Paris Agreement and the UN's Convention on Biological Diversity, using our Climate and Nature Envoys to champion the global green transition, and bolstering sustainable trade in such areas as fisheries and agriculture.

Securing access to goods, services and technologies that are needed for the green transition, including the transition to clean energy, is essential to meeting our net zero commitments. Reaching net zero is a shared global goal, and one on which we must work with partners to diversify supply chains, build complementary capabilities and continue to champion free and open trade. However, we recognise that there can, at times, be tensions between trading and environmental goals and it is not possible to stop emissions across the board. Therefore, the UK, alongside many of our international partners, will strike the delicate balances required with care, and – where possible – support regulatory and technical outcomes that help us to secure the health, economic and environmental benefits of the green transition, while reaping the economic benefits of frictionless and open trade.

One example of how the UK is meeting its climate objectives in a trade context is by introducing a Carbon Border Adjustment Mechanism from 2027. This is an environmental tax which applies a charge payable by importers of specified carbon-intensive products, aimed at reducing the risk of emissions displacement from differences in carbon pricing. It will also be important to continue working in collaboration with international partners and work towards global solutions aimed at tackling emissions displacement.

Standing Up for Labour Rights

This government is strongly committed to workers' rights. We will help people to get a job, stay in work, and progress in their careers, with good employment opportunities across the country. Domestically, we are supporting the lowest paid workers with job security and improved working conditions through our Plan to Make Work Pay. Internationally, we are committed to enhancing labour standards in multilateral forums such as the G7 and G20, and ILO.⁸ We will also seek strong labour provisions in our trade agreements and engage with our trade partners to ensure we live up to our commitments.

Reviewing our Approach to Responsible Business Conduct

The government cannot hope to root out all adverse labour conditions and environmental harms beyond the UK's own borders alone. Business must play its part in addressing the adverse impacts on people and planet caused by its activities – a concept known as Responsible Business Conduct—which is codified in OECD guidelines—helps show how.

This is not only a moral imperative, but smart business. Studies show that businesses that adopt environmental, social and governance standards can benefit from lower costs of capital, attracting and retaining better staff, and achieving better brand value and more customer loyalty. There is also a positive association with corporate financial performance.⁹

Then there is the bigger picture. PwC research finds that 55% of global GDP (US\$58 trillion) is at risk from nature loss and the International Labour Organization estimates that global investments to end forced labour could increase global GDP by US\$611 billion.^{10 11}

Responsible Business Conduct is a positive part of the Government's mission to grow the economy. Some argue that asking British businesses to abide by high standards risks putting them at a disadvantage to competitors prepared to countenance forced and child labour, human rights abuses, exploitative environmental practices, bribery and corruption. We will help protect British businesses from such risks by championing international standards and frameworks on human rights, environment, and corruption working to support a level playing field.

All UK businesses should respect human rights and the environment in line with the OECD Guidelines on Multinational Enterprises, UN Guiding Principles on Business and Human Rights, and the ILO Declaration on Multinational Enterprises. To this end, we reaffirm that businesses should conduct risk-based human rights and environmental due diligence. We expect all businesses in scope to comply with all relevant legislation including section 54 of the Modern Slavery Act 2015, and the UK Bribery Act 2010. We have issued new statutory guidance on Transparency in Supply Chains to provide robust, practical advice on the measures businesses should take.

However, we recognise that concerns continue to be raised regarding the effectiveness of the UK's regime in preventing human rights, labour rights, and environmental harms in supply chains. Within a fast-changing international landscape, we acknowledge reforms introduced by many of our trading partners.

Shared ImPact – Building Ethical Cocoa Supply Chains

Strengthening UK Retail Readiness

Fairtrade has collaborated with Yeyasso, a cocoa cooperative in Côte d'Ivoire, to meet high environmental and social standards set out by Fairtrade. Through partnership with retailers, the Fairtrade Premium's minimum price (an additional amount of money paid to Fairtrade farmers, to invest in community projects) enables farmers to focus on critical and longer-term economic, environmental and community needs allowing them to build their resilience. Training is also extended to partnering cooperatives. Through the Shared ImPact initiative Yeyasso and others are better able to responsibly meet future market needs.

Tackling Child Labour and Empowering Women

With Fairtrade Premium investment, Yeyasso has established a 15-person team to monitor and remediate child labour—an essential requirement for responsible sourcing, and benefitted women in the community through Village Savings and Loan Associations by helping them fund small businesses, grow food, and pay for children's school fees. Premium funds have also enabled the cooperative to build a maternity clinic, where over 70 babies have been safely delivered.

A Call for Greater UK Sourcing

Currently, only 20% of Yeyasso's cocoa is sold on Fairtrade terms. Increased UK sourcing would allow the cooperative to further expand their investment into critical needs. Fairtrade is now engaged with various UK retailers, across the three commodities – cocoa, bananas and coffee, to expand product line commitments and sign-up new Fairtrade commitments to producers through the Shared ImPact partnership model.

Retail experience:

At M&S Food we make and source all our products with care. All our tea and coffee has been 100% Fairtrade for more than 20 years and we were the first retailer to do so. This new Shared Impact model offers us the opportunity to strengthen the resilience of our cocoa supply chains – we're working with the Yeyasso co-operative as part of our Fairtrade Choc Marks range, helping them have the security and confidence to invest in their businesses. We are committed to doing the right thing so our customers can make sustainable choices when shopping with us.

Moving forward:

We will launch a review of our approach to ensuring responsible business conduct, focusing on the global supply chains of businesses operating in the UK.

The review will harness the insights and expertise of businesses, investors, trade unions, academia, civil society and our trading partners.

Critically, any measures considered will promote a coordinated approach to responsible business issues that minimises costs, consistent with the Prime Minister's commitment to reduce the administrative cost of complying with regulation by 25% over the Parliamentary term.¹²

We are refreshing the UK's National Contact Point, responsible for the promotion of the OECD Guidelines on RBC. This includes updating its name to the Office for Responsible Business Conduct to more accurately reflect the mission and improve its visibility with industry.

It will continue to sit within DBT and provide a single front door to UK businesses, trade unions and civil society. We will work to make it as effective as possible in supporting businesses to integrate responsible business practices and helping victims of corporate malpractice through a non-judicial grievance mechanism.

Finally, because global problems require globally coordinated solutions, we will strengthen cooperation and coordinated action to promote responsible business conduct through multilateral forums including the G7 and OECD.

Supporting Developing Economies

Trade transforms lives around the world. From 1990 to 2017, developing countries increased their share in global exports from 16% to 30%, helping to cut to the proportion of the world's poverty from 36% to 9%.¹³ But the spread of this transformation has stalled. The very poorest countries today account for just 1% of world exports and are not able to harness its transformative impact and mutual benefits.¹⁴

The UK will deepen our growth and investment partnerships with the **Global South**, to support mutual long-term growth, security and stability for the UK and for partners. There is a link between inclusive, sustainable and sustained growth in the Global South and UK growth. Export-led growth is a proven route for partners to develop their economies. Investment mobilisation and expertise exchange support mutual growth, and help deliver our trade goals in emerging markets.

Rules of Origin (RoO) determine the 'nationality' of tradable goods, and the treatment of products made in more than one country. We will create a new regional cumulation group in Africa and merge and expand existing groups in Asia so businesses can source more easily within their regions and export duty free to the UK. For garments, we will enable certain DCTS countries to source a greater percentage of raw materials from other countries. These changes boost trade and keep costs down for UK consumers. We intend to share further details of these changes over the second half of 2025, with implementation expected in late 2025/ early 2026.

Eoin Tonge, Interim Chief Executive at Primark, commented: *"We welcome the changes to the DCTS rules of origin for garments which remove the potential cliff edge when a country graduates from Least Developed Country status. This will help us to maintain our existing supply chain strategy in our key sourcing markets in Asia, such as Bangladesh and Cambodia. We welcomed the opportunity to collaborate with the government on these changes and their responsiveness to the concerns of UK retailers in this very technical area of trade policy."*

The UK already provides comprehensive market access for goods through the Developing Countries Trading Scheme (DCTS), and our Economic Partnership Agreements with African, Pacific and Caribbean countries. We offer duty-free or nearly duty-free trade in goods to over 90 developing countries. This is the right thing to do, and also lowers import costs for British consumers and businesses – last year, roughly £12.3 billion worth of UK goods imports benefitted from tariff savings by using EPAs and the DCTS."¹⁵

We will further simplify the DCTS rules to better support businesses using inputs from across African and Asian value chains which export to the UK, and consider further opportunities to enhance trade through our Economic Partnership Agreements.

LEAP: Elevating Cocoa Farmers' Incomes in Côte d'Ivoire

A Fairtrade + Mars + Ecookim partnership driving change since 2022



Our goal of helping create a more inclusive, modern and sustainable cocoa ecosystem is reliant on collaborations and partnerships that look to address some of the systemic issues in the cocoa sector. That's why we're working with Fairtrade to develop a foundation that may be scaled to help enhance farm resilience and support cocoa farmers towards a path to a living income."

Anne-Marie Yao,
Mars Director Public Affairs, West Africa



1. INVESTMENT

€1.8m fund:
fuel for farmers' futures



Loans for harvests, school fees & farm inputs — delivered via mobile money to improve inclusion and resilience

2. INCOME DIVERSITY

More than cocoa:
new paths to prosperity



Farmers grow new crops like cashews and honey while women lead small businesses through VSLAs

3. STRONGER SUPPLY CHAINS

Supply chains that **empower**



Cooperative CAKIB and CAVA are active across all LEAP workstreams and will join a cash transfer program, supported by Mars and implemented by Ecookim. The cooperatives will receive additional funding to adopt sustainable agricultural practises such as pruning and enrolling children into school education.

"Our goal of helping create a more inclusive, modern and sustainable cocoa ecosystem is reliant on collaborations and partnerships that look to address some of the systemic issues in the cocoa sector. That's why we're working with Fairtrade to develop a foundation that may be scaled to help enhance farm resilience and support cocoa farmers towards a path to a living income."

Anne-Marie Yao, Mars Director Public Affairs, West Africa

WHY IT MATTERS TO UK SHOPPERS

Every Fairtrade chocolate bar helps cocoa communities **thrive** — not just survive



Supporting developing countries can make the UK more resilient, by broadening our range of trading partners and diversifying our supply chains, including those serving our priority growth sectors.

We will partner with developing countries to increase their exports to the UK in key sectors, boosting their economic growth and also helping British businesses to meet their import needs.

Services are increasingly critical for developing economies: in 2019 they already accounted for 55% of their GDP and 45% of jobs.¹⁶ And, in line with global trends, tradable services are becoming more important for them too. These trends can have social as well as economic advantages: in 2021, 59% of employed women worked in the services sector.¹⁷ The UK's financial, business and other service sectors will benefit from expanded trade with developing countries.

We will work to maximise two-way trade in services. We will extend services market access, and consult with governments and businesses on expanding our Economic Partnership Agreements to include services. We will also do much more to publicise the preferential service market access available to Least Developed Countries.

The United Nations 2030 Agenda for Sustainable Development recognises international trade as an engine for inclusive growth and poverty reduction, and an important means to achieve the Sustainable Development Goals. UKEF can help to unlock these benefits. Its overseas offer de-risks investment and helps to mobilise capital into critical infrastructure projects in key overseas markets, including through its role in the Growth and International Partnerships Programme.

UKEF is committed to opening up new trading relationships in developing markets, with the aim of providing £10bn of sustainable finance to low- and middle-income countries by 2029.¹⁸

Tackling Corruption

Corruption increases the cost of doing business and holds businesses back from making the most of opportunities.¹⁹ We use trade policy as part of a holistic approach aimed at limiting the damage done by corruption and illicit finance. As we refresh the UK's Anti-Corruption Strategy, we will continue to use a range of trade levers in support of its wider goals.²⁰

Good Governance

Accountable trade isn't just about how we work with our international partners; it is also about ensuring that we have a robust domestic process in place to deliver the best trade policy for the UK.

Parliamentary Scrutiny

Parliament has an important role in shaping and implementing the UK's trade strategy. Its democratic oversight and scrutiny ensures transparency and accountability in trade negotiations and agreements.

Committees—particularly the Business and Trade Committee in the Commons and the International Agreements Committee in the Lords—let MPs and peers evaluate trade deals, and test their alignment with domestic priorities.

A robust statutory framework for the scrutiny of treaties (including Free Trade Agreements) is provided by the Constitutional Reform and Governance Act,²¹ which normally requires the Government to lay them before Parliament (along with an Explanatory Memorandum) for twenty-one sitting days before they can be ratified.

However, the Government recognises the specific public and Parliamentary interest in Free Trade Agreements, so we have put in place enhanced transparency and scrutiny arrangements that go beyond statutory obligations. For example, a commitment to provide regular updates to Parliament on negotiations, and to publish the full treaty text at signature.

We will now double the period that Parliament has to scrutinise new comprehensive free trade agreements between the publication of the Government's Section 42 report and the commencement of the statutory CRaG scrutiny period from 10 to 20 days, allowing for more robust and deeper parliamentary scrutiny. We will also provide more regular access to our Chief Negotiators for select committees, and reaffirm our commitment to provide a debate on any new trade deal during the statutory scrutiny period ending (where Parliamentary time allows).

Relationship with the Nations and the Regions

The UK's trade policy needs to respect the interests of all parts of the Kingdom. **We will engage devolved governments on relevant trade issues through intergovernmental relations structures, including the Inter-ministerial Group for Trade.**

Together with our Trade Envoys and business-facing teams across Government, we will ensure all the opportunities of the Trade Strategy are understood in every part of the UK. We will also work with Mayors and Mayoral Strategic Authorities as they develop their Local Growth Plans.

We will also continue to work with Crown Dependencies and British Overseas Territories which express an interest in seeking coverage in UK trade agreements and non-binding instruments.

Stakeholder Engagement

We understand that we won't get trade policy right if we don't understand the concerns of business and civil society or keep our ears open to bright ideas from outsiders. Just as we built stakeholder involvement into the growth mission, so in developing the Trade Strategy, we have engaged with voices and interests from across business, civil society and academia. We have used a range of channels and methods to gain their insights. Drawing on over 220 stakeholder submissions to our Open Call for Input, plus Ministerial roundtables and stakeholder engagement by our officials, we have established a better understanding of stakeholder priorities.

Those priorities will shape the questions we ask going forward, and inform the way we define and measure success. We will continue to work closely with stakeholders as we implement this strategy. Ministers will hold more roundtables on priority issues, host discussion forums and convene ad-hoc meetings with experts as dilemmas and problems arise. We will keep our ears open for what stakeholders and experts think needs discussing — and also give weight to their views about the most effective forums to discuss them.

Trade Data

Better access to official data

Smart policy starts with the facts. Decisions should rest on a firm basis of granular statistics about how the UK trades, and be scrutinised with rigour in open debate which is, insofar as in practical, informed by the same.

All of this will be well served if more of the Government's own analysts and more external experts secure better access to trade data. Our ambition is for it to be better shared. HMRC collects and publishes the UK's international trade in goods statistics. However, this is not always detailed enough for some trade purposes. Accordingly, HMRC, the Office of National Statistics (ONS), and DBT are working together to improve data sharing, and give access to academics and researchers to explore HMRC datasets for justified research purposes.

Improving quality of trade data

We have been working with HMRC and the ONS to improve published official outputs on trade in goods. This included the release of a new statistical series in February 2025 on the extent to which preferential tariffs have been used for the UK's trade in goods with partners.²²

The UK's crucial trade in services is harder to measure, having to be estimated by the ONS predominantly from surveys of businesses, which can be less timely than other data sources and affected by data completeness and quality. DBT is working with ONS to assess how services trade flows data can be improved.

Looking beyond immediate official statistics, we have an ongoing programme of research with the ONS, OECD and academics to develop and deploy novel methodologies to measure trade better, and produce new types of statistics in areas of high interest. For example, we are keen to see estimates of the number of jobs and associated wages linked to import activity in the UK, building on previous research on jobs supported by exports. There are many other potential priority projects including: researching the link between UK trade and productivity and estimating the scale of digital trade.

Monitoring and Evaluation

The actions in this strategy cut across government departmental boundaries, so it will be important that departments work together effectively. Actions will be assigned, monitored, evaluated, and adapted through established governance and accountability arrangements across government, including to the Growth Mission.

Data on the monitoring and evaluation of the strategy will be published in Department for Business and Trade's annual report.



Endnotes

- 1 <https://www.worldbank.org/en/topic/trade/publication/the-role-of-trade-in-ending-poverty>
- 2 <https://www.worldbank.org/en/topic/trade/publication/the-role-of-trade-in-ending-poverty>
- 3 <https://www.legislation.gov.uk/ukpga/2008/27/contents>
- 4 Climate Watch. 2025. Washington, DC: World Resources Institute. Available online at: <https://www.climatewatchdata.org>
- 5 Between 2009-2022 the cost of electricity generated by solar PV dropped by 85%, onshore wind by 51%, and offshore wind by 46% due to increased deployment of renewable energy technologies, technological advancements and increased learning – all of which are sped up by international trade
- 6 UNEP WCMC May 2023; <https://www.unep-wcmc.org/en/news/reflecting-on-the-crucial-co-dependance-of-biodiversity-and-international-trade?form=MG0AV3>
- 7 The World Trade Organization (WTO) estimates that opening trade in certain energy related environmental goods would raise their global exports by 5% by 2030 and reduce global CO2 emissions by 0.6% by 2030, [WTO Policy Brief, 2022: Leveraging Trade in Environmental Goods and Services to Tackle Climate Change](#).
- 8 in line with the relevant principles of the International Labour Organization's (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) and our obligations under the ILO's Fundamental Principles and Rights at Work.
- 9 See [ESG AND FINANCIAL PERFORMANCE: Uncovering the Relationship by Aggregating Evidence from 1,000 Plus Studies](#) Published between 2015 – 2020 By Tensie Whelan, Ulrich Atz, Tracy Van Holt and Casey Clark, CFA.
- 10 <https://www.pwc.com/gx/en/news-room/press-releases/2023/pwcboosts-global-nature-and-biodiversity-capabilities.html>
- 11 [Acting against forced labour: An assessment of investment requirements and economic benefits, International Labour Organization, 2024](#).
- 12 [DBT's Action Plan on a New Approach to Ensure Regulation and Regulators Support Growth](#)
- 13 [WTO](#) and World Bank (2022): The Role of Trade in Developing Countries' Road to Recovery
- 14 [UNCTAD SDG Pulse 2024 – UNCTAD SDG Pulse 2024 provides an update on the evolution of a selection of official SDG indicators and complementary data and statistics about the 2030 Agenda and the SDGs](#).
- 15 uktradeinfo.com/trade-data/latest-bulk-datasets/
- 16 <https://www.worldbank.org/en/topic/competitiveness/publication/promise-of-services-led-development>
- 17 https://www.wto.org/english/res_e/publications_e/trade_in_serv_devpt_e.htm
- 18 [UK Export Finance Business Plan 2024-2029](#)

- 19 <https://www.gov.uk/government/publications/dit-national-survey-of-registered-businesses-exporting-behaviours-attitudes-and-needs>
- 20 In a review of 427 foreign bribery cases, the OECD found that bribes represented an average of 10.9% of the total value of transactions. OECD (2014), [OECD Foreign Bribery Report: An analysis of the Crime of Bribery of Foreign Officials, OECD Publishing, Paris](#)
- 21 <https://www.legislation.gov.uk/ukpga/2010/25/contents>
- 22 [Preference utilisation of UK trade in goods, 2021 - GOV.UK](#) and [Preference utilisation of UK trade in goods, 2022 - GOV.UK](#)



Conclusion

This is a high ambition strategy for how our nation can engage with a rapidly changing world, while being resolute about remaining open for business.

We are clear-eyed about how we move forward from here. We cannot grow the economy and put more money in working people's pockets without economic stability, but, in these turbulent times, we can and will face the future with self-assurance.

We resolve to drive forward the many explicit proposals contained in these pages, and will soon set out criteria by which business and the wider world outside of government can hold us to account for delivery.

Last, but by no means least, we would like to thank all of the individuals, businesses, representative organisations, academics, academic institutions, charities and other stakeholders who have been so generous in their engagement with our work to develop this Trade Strategy.





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