



Mixed Messaging: How London and Washington, D.C. presented their recent trade tie-up

Simon J. Evenett, 9 May 2025

To much fanfare, the United Kingdom and the United States announced the first arrangement to emerge during the 90-day Tariff Pause that began on 9 April 2025. The initial messaging by both governments to their domestic audiences was revealing, as I demonstrate here by providing a structured comparison of the official announcements released on 8 May 2025. Furthermore, the White House appears not to realise that the upper limit of projected US export gains pales in comparison to the \$80bn in goods shipped last year by US firms.

The official statements accompanying new UK-U.S. economic arrangements revealed on 8 May 2025 are both thin on detail and contain significant discrepancies on several key matters.

The parties could not even agree on basic terminology - the UK carefully avoids calling it a "trade deal" while the U.S. embraces this label. This distinction matters because the arrangement clearly fails to meet WTO requirements for regional trade agreements that are supposed to cover substantially all bilateral trade.

In the automotive sector, the U.S. maintained its headline 27.5% tariff rate while creating a quota allowing 100,000 UK vehicles to enter at a reduced 10% rate. With Jaguar Land Rover already exporting approximately 95,000 vehicles to the US, and receiving considerable billing in the UK statement, questions remain about how the remaining quota will be distributed among other UK-based car manufacturers including Mini, Rolls Royce, McLaren, and Aston Martin.

For the steel industry, the official statements contradict each other significantly. The UK claims the current 25% steel tariffs have been "negotiated down to zero," supposedly saving an industry "on the brink of collapse." However, the US statement merely acknowledges future negotiations for "an alternative arrangement to the Section 232 tariffs on steel and aluminium." Simply put, the tariff treatment of UK steel needs clarification.

Regarding agricultural market access, the UK asserts it secured a 13,000 metric tonne quota for beef exports to the US, but this was not confirmed in the White House Fact Sheet. Meanwhile, the U.S. projects "\$5 billion in export opportunities for U.S. farmers, ranchers, and producers," without going into detail.

The UK's decision to remove tariffs on ethanol imports specifically from the U.S. (currently between 8.5 and 16.0 GBP per hectolitre) likely

violates the WTO's Most Favoured Nation principle, which requires equal treatment for all trading partners. The UK could face formal challenges from other ethanol-exporting nations.

In the pharmaceutical sector, the UK claims to have secured "preferential treatment in any further tariffs imposed as part of Section 232 investigations," but the U.S. statement only mentions creating "a secure supply chain for pharmaceutical products" without confirming any special arrangements.

Divergent narratives were employed in respect of digital policy and state contracting. The UK emphasises that its Digital Services Tax remains unchanged while suggesting a future "digital trade deal," whereas American messaging make no mention of these elements. Similarly, US claims about closing "loopholes" in UK procurement processes cannot be found in Britain's statement.

As to commercial significance, the UK framed outcomes in terms of jobs saved rather than trade gains. Meanwhile, the White House projected \$5 billion in potential new export opportunities – which, it turns out, is less than the growth in U.S. exports to the U.K witnessed between 2023 and 2024. Last year US goods exports to the UK were a shade under \$80 billion.

Rather than representing a transformative economic achievement, this arrangement appears to maintain the baseline U.S. tariffs of 10% in general and 25% for sensitive sectors set on 2 April 2025. Other governments negotiating with the U.S. may wish to take note.

The contradictions between official statements, modest projected economic impact, and WTO compatibility concerns with the ethanol provisions suggest that this approach falls far short of the "landmark" or "historic" achievement described in official messaging.

A Comparison of the UK & U.S. official trade announcements of 08 May 2025

I extracted the relevant statements from the UK Press Release and added comments including, where relevant, comparisons to the text in the White House Fact Sheet. URLs for the official statements are:

UK Press Release: <https://www.gov.uk/government/news/landmark-economic-deal-with-united-states-saves-thousands-of-jobs-for-british-car-makers-and-steel-industry>

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

<i>Statement in the official UK Press Release</i>	<i>Comments</i>
Deal type: The press release is titled “Landmark economic deal with United States saves thousands of jobs for British car makers and steel industry.”	<ul style="list-style-type: none"> • Notice the UK title does not refer to a trade deal. This is probably deliberate as this announcement does not cover substantially all trade between the UK and the United States, a basic requirement for a regional trade agreement under WTO rules. • However, the White House Fact Sheet refers to this thing as a “trade deal.” • Notice the UK framing in terms of saving jobs. This announcement is not framed in terms of gains from the UK, creating the impression that London was engaged in a damage limitation exercise.
Autos: “Car export tariffs will reduce from 27.5% to 10% - saving hundreds of millions a year for Jaguar Land Rover alone. This will apply to a quota of 100,000 UK cars, almost the total the UK exported last year.”	<ul style="list-style-type: none"> • Notice the Americans did not agree to lower the headline tariff rate of 27.5%. • A tariff rate quota of 100K cars will be created by the Americans. This so-called tariff-rate quota is confirmed in the White House Fact Sheet. • According to Jaguar Land Rover’s Annual Report for fiscal year 2023/24, Land Rover sold around 95,000 cars in the USA. • If Jaguar Land Rover receives nearly all of the quota, what benefit flows to other UK-based car producers that export to the US? These include Mini (BMW), Rolls Royce, McLaren, and Aston Martin.
Steel: “The UK steel industry – which was on the brink of collapse just weeks ago – will no longer face tariffs thanks to today’s deal. The Prime Minister negotiated the 25% tariff down to zero, meaning UK steelmakers can carry on exporting to the US.”	<ul style="list-style-type: none"> • Contrast this statement to the one found in the White House Fact Sheet: “The United States also recognizes the economic security measures taken by the UK to combat global steel excess capacity and will negotiate an alternative arrangement to the Section 232 tariffs on steel and aluminum.”
Beef: “we have agreed new reciprocal market access on beef – with UK farmers given a quota for 13,000 metric tonnes. There will be no weakening of UK food standards on imports.”	<ul style="list-style-type: none"> • This quota is not confirmed in the White House Fact Sheet.

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Ethanol: “We will also remove the tariff on ethanol – which is widely used in our manufacturing sector - coming into the UK from the US, down to zero.”	<ul style="list-style-type: none"> • Does the “we” here refer to the UK alone, or to the U.S. and UK? Probably the former, as the White House Fact Sheet makes no mention of this particular tariff reduction. • The UK charges a specific import tariff on ethanol imports from “third countries” (non-regional trade agreement partners) of between 8.5 and 16.0 GBP per hectolitre. • Critically, note the tariff reduction by the UK is only on ethanol imported from the U.S. This may cause other ethanol exporters to lose market share.
Public procurement: No statement about easing procurement rules for U.S. bidders for UK state contracts.	<ul style="list-style-type: none"> • White House Fact Sheet states: “It closes loopholes and increases U.S. firms’ competitiveness in the UK’s procurement market.”
10% additional tariff rate faced by all UK exporters: No statement confirming removal of this tariff, announced on 2 April 2025.	<ul style="list-style-type: none"> • White House Fact Sheet states: “The reciprocal tariff rate of 10%, as originally announced on Liberation Day, is in effect.” • If the UK had tried to negotiate this tariff away, evidently it failed.
Future work programme: “Work will continue on the remaining sectors – such as pharmaceuticals and remaining reciprocal tariffs.”	<ul style="list-style-type: none"> • White House Fact Sheet states: “It commits the countries to work together to enhance industrial and agricultural market access.” • The UK statement omits mention of enhancing market access for U.S. exporters.
Pharmaceuticals: “the US has agreed that the UK will get preferential treatment in any further tariffs imposed as part of Section 232 investigations.”	<ul style="list-style-type: none"> • The only statement on pharmaceuticals in the White House Fact Sheet is “It creates a secure supply chain for pharmaceutical products.” Therefore, no mention of the relevant Section 232 investigation; no confirmation of the British claim.
Digital policy: “The Digital Services Tax remains unchanged as part of today’s deal. Instead the two nations have agreed to work on a digital trade deal that will strip back paperwork for British firms trying to export to the US – opening the UK up to a huge market that will put rocket boosters on the UK economy.”	<ul style="list-style-type: none"> • No mention in the White House Fact Sheet.
Export potential: No statement of the potential increase in U.S. exports to the UK.	<ul style="list-style-type: none"> • White House Fact Sheet states: “This trade deal will significantly expand U.S. market access in the UK, creating a \$5 billion opportunity for new exports for U.S. farmers, ranchers, and producers.” • Opportunities to export are not estimates of actual export gain; the latter tend to be smaller. • The United States Trade Representative reports that in 2024 the U.S. exported just under \$80 billion in goods to the UK. The \$5bn in potential export gain amounts to at most a 6.25% bilateral export increase for American firms. This

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	isn't transformative. During 2024 U.S. exports to the UK grew \$5.6bn, implying the gain claimed by the White House amounts to less than a year of recent export growth. Is that the benchmark for other trade deals? If so, it is a low bar to meet.

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