



**TRADE JUSTICE
MOVEMENT**

Trading with Trump: what three US trade deals mean for the UK

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Front cover photo: Prime Minister Keir Starmer hosts Donald Trump for State visit. Ellesborough, United Kingdom. (18/09/2025)

Picture by Simon Dawson / No 10 Downing Street.

Introduction

One of the key challenges for UK Prime Minister Burnham is how to conduct economic and diplomatic relations with Donald Trump. As he determines his approach, Burnham should learn lessons from the last 18 months of UK-US trade talks and approach Trump with extreme caution - laying out clear red lines to protect UK interests.

The impact of Donald Trump's second term on the UK has been colossal. Having left the EU in 2020, the UK has been busy positioning itself as a deal-making powerhouse, striking trade agreements around the world while remaining close to Europe and playing an influential role on the global stage. A trade agreement with the US has been presented by many ministers as the ultimate prize of this approach. After all, the US is both the biggest single investor in the UK and the most common destination of UK investment.¹

But the capriciousness and unpredictability of Trump's approach to trade has exposed the shakiness of the UK's position - cast adrift from Europe and being battered by storms from across the Atlantic. Almost eighteen months on from 'Liberation Day', and under a second Prime Minister, the UK's fundamental approach seems not to have changed.

The UK has signed deals with the US covering tech and pharmaceuticals, as well as ongoing talks towards a comprehensive free trade agreement. But few in the UK are celebrating. The deals which have been agreed are controversial, and don't change the fundamental fact that when it comes to trading with the US, the UK is now worse off than it was in March 2025 and holds precious little influence in Washington. There is scant optimism that a full trade deal - should one ever come - will offer any tangible benefits or certainty for the future. Indeed, the risks of a closer economic relationship with the US loom larger than ever.

This briefing looks at how the UK-US trade relationship has unfolded since the start of 2025. It analyses three separate agreements signed in that period:

- May 2025: The Economic Prosperity Deal (which mainly laid out the intention to open up future negotiations in a number of areas)
- September 2025: The Tech Prosperity Deal
- December 2025: A deal on pharmaceuticals

These deals are interesting partly because of what they fail to include. Nowhere in the text of the deals would you read about Greenland, a banquet in Windsor Castle, a former Deputy Prime Minister calling the UK a "vassal state" or a disgraced British diplomat with links to Jeffrey Epstein. Those too are important elements of this story.

To properly understand this chaotic period in Transatlantic relations, we first need to look at where the UK-US trade relationship was at the start of 2025.

¹ US Congress, [U.S.-UK Trade Relations: Background and Select Issues](#), 19 March 2026.

Context: thirteen years of failed negotiations

A trade deal with the US has been a major priority for UK politicians for more than a decade.

After the failed US-EU negotiations of the 2010s, a UK-US trade deal was one of the key potential benefits touted by Brexit campaigners during the 2016 EU referendum.² There were negotiations during Trump's first term in office, beginning in May 2020, but progress stalled. When President Biden's tenure began he made it clear striking trade deals was no longer a US priority.

Over this long period of stop-start negotiations, a key theme emerged in the UK of public suspicion at what might be traded away to get a deal.

The potential implications of the US-EU trade talks, which began in 2013, on EU food safety laws was a stumbling block in the negotiations.³ It also captured the UK public's attention.⁴ Differences in UK and US food safety laws - such as the US allowing chicken to be washed in chlorine - became the focus of media coverage and contributed to overall negative public sentiment towards a US trade deal in the UK.⁵ Concerns around the potential privatisation of the NHS also featured in civil society analysis of the deal which filtered down into the public consciousness.⁶

These issues resurfaced in the wake of the EU referendum result, with successive governments committing to upholding existing UK food safety and animal welfare standards during trade negotiations.⁷ Of the seven 'overall objectives' set out by the UK Government for UK-US trade negotiations in 2020, one covers "not compromising on our high environmental protection, animal welfare and food standards" whilst another promises that "the National Health Service (NHS) will not be on the table. The price the NHS pays for drugs will not be on the table. The services the NHS provides will not be on the table."⁸

Another vital piece of context relates to the EU-UK relationship.

Labour's 2024 manifesto announced the intention for an 'EU reset', a closer economic and diplomatic relationship with the EU.⁹ The European and American approaches to regulation are profoundly different: in broad terms, the EU takes a

2 Islam, Faisal, "[Brexit: The UK's window of opportunity to do a US trade deal](#)", BBC News, 2 March 2020

3 Laurence Peter, "[TTIP Talks: Food Fights Block EU-US Trade Deal](#)", BBC News, 10 June 2015.

4 Siles-Brügge, Gabriel. "[TTIP Negotiations, Interest Groups, Anti-TTIP Civil Society Campaigns and Public Opinion](#)," in *The Politics of Transatlantic Trade Negotiations: TTIP in a Globalized World*, ed. Jean-Frédéric Morin, Tereza Novotná, and Frederik Ponjaert (Abingdon: Routledge, 2021), 98–111.

5 38 Degrees, [TTIP Poll Results](#) (polling report), 26 August 2014.

6 *ibid*

7 BBC News, "[Liam Fox: Chlorinated Chicken Not a Safety Issue in US Trade Deal](#)", BBC News, 27 July 2017; Harribin, Robin. "[Chlorinated Chicken: Why a US Trade Deal Is Controversial](#)," BBC News, 10 January 2020.

8 Department for International Trade, [UK-US Free Trade Agreement Negotiations: The UK's Strategic Approach](#) (London: Department for International Trade, 2020), 9

9 Labour Party, "[Britain Reconnected](#)," 2024.

precautionary and more regulation-heavy approach to product standards, whilst the US is more regulation-light, regulating only when risks are proven. The UK, a member of the EU until 2020, mostly follows the EU approach. However, prising the UK away from Europe so it is a more lucrative market for US-made products conforming to US standards is a long-term priority for US trade negotiators. In brief, the more closely aligned the UK is to the EU, the further away a US trade deal seems.

The beginning of Trump's second term, swiftly followed by the threat of "Liberation Day" tariffs, catapulted US trade negotiations straight back up the UK political agenda. In early 2025, Prime Minister Keir Starmer was in a weak position domestically. His poll ratings were nosediving, and he was under pressure to begin delivering on the ambitious targets of his 2024 manifesto. The first of these was to deliver "the highest sustained growth in the G7." The prospect of a trade deal with the USA (the UK's largest destination for investment, and largest investor in the UK), especially if it meant dodging the most painful of Trump's tariffs, must have been extremely appealing.

Starmer wasted little time. On February 27th 2025, during his first visit to the newly inaugurated President, Starmer extended an invitation for an unprecedented second state visit, making the calculation that the pageantry and proximity to the Royal Family that a state visit entailed were the route to gratifying Trump.¹⁰

For his part, during that same press conference, Trump said that a UK-US trade deal could happen "very quickly".

However, Starmer's diplomatic focus on flattering and appeasing Trump didn't spare the UK from the imposition of the baseline 10% Liberation Day tariff, in addition to a 25% tariff designed to protect the US automotive industry. Following the announcement of the automotive tariff, one think tank estimated that 25,000 direct jobs in the UK automotive industry could be at risk as a result of falling exports to the US.¹¹ There was also considerable concern among the UK steel industry.¹² The UK Government's immediate response was not to vocally criticise or reciprocate these tariffs, but rather to seek whatever concessions it could to soften the blow; Starmer announced that "the immediate priority is to keep calm and fight for the best deal".¹³

10 Smith, David. "[Starmer plays royal card as he tiptoes around the madness of King Donald](#)", Guardian. 27 Feb 2025.

11 Institute for Public Policy Research, "[Revealed: Around 25,000 UK jobs at risk due to Trump's car import tariffs, finds IPPR](#)". 2 April 2025.

12 Ashdown, Marc. "[UK steelmakers call Trump doubling tariffs 'another body blow'](#)", BBC News, 31 May 2025.

13 Sky News, "[Sir Keir Starmer pledges to protect UK companies from Trump tariff 'storm'](#)". 6 April 2025

Deal 1: Economic Prosperity Deal



Starmer certainly got a deal. *The General Terms for the United States of America and the United Kingdom of Great Britain and Northern Ireland Economic Prosperity Deal* (EPD) was concluded between the UK and the USA in May 2025.

Getting an agreement done in short order was politically expedient for both sides. Starmer's popularity had continued to wane in the early months of 2025, and his stated economic growth ambitions were failing to materialise. His Government was seeking to portray strength and economic dynamism on the international stage through trade policy, and had put considerable stock into significant, concurrent trade negotiations towards a full Free Trade Agreement with India and his "reset" with the European Union.

For the Trump Administration, here was an opportunity to demonstrate that the new tariff regime was working, and that countries were indeed "kissing [his] ass" and begging him to "make a deal".¹⁴ A quick agreement with the UK would give President Trump an opportunity to get a highly publicised agreement over the line in which he could point to concessions he had extracted as a direct result of his tariffs. In his eagerness to strike a deal, Starmer failed to provide any kind of transparency as to what was being negotiated. No objectives were published or announcements made regarding the nature of the negotiations, the types of agreements being sought or which arms of government would be involved in them. A meagre drip feed of media reports, such as a read-out of a 30th March phone call between Starmer and Trump which simply reported that they had held "productive negotiations between their respective teams on a UK-US economic prosperity deal, agreeing that these will continue at pace this week", became the main means by which the public and Parliament were updated. On May 8th 2025, a hastily arranged press conference took place via conference call between President Trump and Prime Minister Starmer to unveil the deal the two sides had eventually reached.

The most striking characteristic of the EPD is its lack of legal weight and binding enforceability; the preamble to the agreement sets out that "Both the United States and the United Kingdom recognise that this document does not constitute a legally binding agreement."¹⁵ It is also extremely brief; the entire document runs to a little over four pages consisting of six articles.

Article 1 addresses tariffs. It offers a 10% tariff on a quota of 100,000 UK automotive exports, reflecting close to the UK's current export volume to the US. It also includes a commitment to create a quota at Most Favoured Nation rates on steel and aluminium exports subject to "meeting US requirements" on supply

¹⁴ Giordano, Elena. "[Trump claims leaders are 'kissing my ass' to make trade deals as tariff onslaught begins](#)," Politico Europe, 9 April 2025.

¹⁵ UK Government, "[UK-US Economic Prosperity Deal](#)" (policy paper). 8 May 2025.

chains, and an ambition to negotiate “significantly preferential treatment outcomes on pharmaceuticals” conditional on the UK “endeavour[ing] to improve the overall environment for pharmaceutical companies operating in the United Kingdom”. For its part, the UK committed to the removal of 20% tariffs on beef with the creation of a duty-free quota of 13,000 metric tonnes and a duty-free quota on the import of 1.4 billion litres of bioethanol. The rest of the agreement is much less specific. It commits the parties to future negotiations on Non-Tariff Barriers (Article 2), Digital Trade (Article 3), Economic Security (Article 4), Commercial Opportunities (Article 5) and Other Matters (Article 6). In each of these vast and loosely defined policy areas, the UK and US will “further discuss”, to “negotiat[e] further agreements” and “strengthen cooperation”.

The response to the agreement from the media, business and politicians largely focussed on the immediate impact of tariff relief and in particular on headline figures of job losses avoided in relevant sectors. The British Chambers of Commerce’s view was “this deal will be met with a huge sigh of relief by many British businesses” and that “the reduction in the 25% tariffs on most of our automotive exports and the removal of levies on steel and aluminium are the biggest wins”, giving “much needed certainty”.¹⁶ The Trades Union Congress took a similar line, stating “it’s right that the government has taken urgent action to protect good quality jobs up and down the country” and “this agreement takes us back from the brink and many workers will breathe easier as a result.”¹⁷

Keir Starmer and his Government sought to encourage this emphasis on jobs, summarising the deal as being “jobs saved, not job done” on the day of its announcement. The Government press release announcing the EPD described it as putting the UK “at the front of the queue” and gushed that the UK “has no greater ally than the United States”.¹⁸ Government ministers were quick to celebrate that the deal came with few concessions from the UK, citing the omission of sensitive policy areas such as the UK’s digital services tax and online safety regulations.¹⁹

One of the few industry voices expressing concern about the content of the agreement was the National Farmers Union. Its initial statement set out that “our biggest concern is that two agricultural sectors [beef and ethanol] have been singled out to shoulder the heavy burden of the removal of tariffs for other industries in the economy...UK agriculture cannot continue to shoulder such imbalances in future negotiations.”²⁰

Starmer’s initial engagement with the media was at times jovial in tone. When asked if he was “bounced into [concluding the agreement] today”, Starmer joked that “if he had planned it, he would not have had his final phone call on the deal with Trump halfway through the second half of the Arsenal match last night”.²¹ However,

16 British Chambers of Commerce, “[US Trade Deal Provides Welcome Relief](#)” 8 May 2025.

17 Guardian, “[Tariffs cut on UK cars, steel and aluminium in US trade deal, says Starmer – as it happened](#),” 8 May 2025.

18 UK Government, “[Landmark economic deal with United States saves thousands of jobs for British car makers and steel industry](#),” 8 May 2025.

19 UK Parliament, House of Commons Hansard, “[Trade Negotiations](#),” 8 May 2025.

20 National Farmers’ Union, “[NFU concerns over beef and significant quota for ethanol in US-UK trade deal](#),” 8 May 2025.

21 Guardian, “[Tariffs cut on UK cars, steel and aluminium in US trade deal, says Starmer – as it happened](#),” 8 May 2025.

there were to be serious and immediate domestic consequences to the trade-offs made. It was later revealed that it was during this phone call that Trump secured a last minute concession on bioethanol.²² This concession effectively collapsed the domestic industry; after the Government failed to offer financial support, plant closures and job losses were taking effect by August 2025.²³

The months since the conclusion of the EPD have shown that the initial media reaction failed to understand its implications for the UK in two key ways. The first is that the tariff relief laid out in the deal failed to deliver clarity and certainty for business. There was no detail as to how or when tariffs would be changed. It wasn't until the publication of a US Executive Order on June 16th 2025 that tariff relief for exports from the UK to the US was set in motion, with the first measures in automobiles, aerospace and agriculture taking effect on June 30th.²⁴ For steel and aluminium, however, uncertainty remained; the UK was spared the additional punitive 50% tariff that the Trump administration had imposed on the rest of the world in early June, but the elimination of tariffs set out in the EPD remained unresolved. The implementation of this remained conditional on "actions taken by the United Kingdom to implement the General Terms". The UK Government's most recent written statement on the tariffs was made in October 2025 and confirmed that negotiations on this were still ongoing.²⁵

Even those sectors in which changes have been implemented are far from immune from ongoing uncertainty. When the US Supreme Court ruled a large chunk of Trump's tariff policy illegal in February 2026, and Trump announced a new 15% global tariff, UK officials were forced to scramble to learn how these changes would impact on commitments secured in the non-binding terms of the EPD. As they sought to do so, rhetoric from Trump escalated; he threatened any country that "play[ed] games" with agreements secured with the Trump Administration in the aftermath of the Supreme Court decision with the imposition of higher tariffs.²⁶

Tariffs have also been frequently weaponised by Trump against various trading partners, including the UK, in the context of the erratic wider geopolitical demands of the Administration. Escalating US demands regarding ownership of Greenland provided the most vivid demonstration, reaching a head at Davos in January 2026; Trump took to Truth Social on 17th January to proclaim that the UK and a number of other European states would be charged a 10% tariff on all exports rising to 25% by June 2026 "until such time as a Deal is reached for the Complete and Total purchase of Greenland."²⁷ By 21st January, after the negotiation of a hazily defined "deal" over Greenland with NATO Secretary General Mark Rutte, Trump

22 Wright, Oliver and Charter, David. "[How Trump's 11th-hour call to Starmer won trade deal concession](#)," The Times, 22 June 2025.

23 Hooker, Lucy and Hutchinson, Olivia. "[Bioethanol plant begins shut down process](#)," BBC News, 18 August 2025

24 Executive Office of the President, "[Implementing the General Terms of the United States of America-United Kingdom Economic Prosperity Deal](#)," 16 June 2025.

25 UK Parliament, House of Commons Hansard, "[UK-US Trade](#)," 13 October 2025.

26 FitzGerald, James and Debusmann Jr, Bernd "[Trump threatens countries that 'play games' with existing trade deals](#)," BBC News, 23 February 2026.

27 Donald J. Trump (@realDonaldTrump), [Truth Social post announcing proposed tariffs on the UK and other European states over Greenland](#), 17 January 2026

rowed back entirely on the proposed tariffs, again via Truth Social.²⁸ Similar threats have been made by Trump in relation to Iran and potential trade sanctions²⁹, likely a cause of alarm for UK officials who have been observing Trump's increasingly barbed criticisms of the UK's reluctance to commit military support. While the threats have often been short-lived, the uncertainty created by them has emphasised that the arrangements made in the EPD do little to protect British businesses against future tariffs proposed or imposed at President Trump's whim.

The second under-scrutinised aspect of the EPD was the breadth of future negotiations to which it committed the UK, and the lack of clarity about what sort of further concessions the Trump administration would seek to extract. Major policy concessions that the Government had been pleased to avoid during the negotiation of the EPD, such as on the UK's Digital Services Tax, are constantly on the table. Negotiations in sensitive policy areas such as technology, pharmaceuticals and agriculture would now commence, each bringing fresh challenges for the UK Government in managing its relationship with the Trump Administration.

28 Trump, Donald J. (@realDonaldTrump), [Truth Social post announcing the reversal of the proposed Greenland-related tariffs](#), 21 January 2026

29 Wilson, Tabby. "[Trump threatens tariffs for countries trading with Iran](#)," BBC News, 7 February 202

Deal 2: The Tech Prosperity Deal



The next phase of the UK-US trading relationship focused on technology. This had been identified by both sides as a key area for collaboration for some time. On Starmer's first visit to Trump he referred to the potential for "an economic deal" that centred on AI, suggesting that "instead of over-regulating these new technologies, we're seizing the opportunities they offer".³⁰ This theme was carried through in the Economic Prosperity Deal, in which the two countries agreed to "continuing discussions toward a transformative technology partnership between our countries" and that "both countries confirm that they will negotiate an ambitious set of digital trade provisions."

The motivation for the US in pursuing this path was clear. Donald Trump has maintained an extremely close relationship with the titans of the US technology industry, inviting various CEOs to his inauguration and rarely missing an opportunity to promote their already colossal economic power. Ensuring US tech firms the freest possible access to global markets is a major trade policy priority for Trump's White House. This means vehemently opposing regulations and taxes on tech firms, a policy aim which Trump frames as "protecting American innovation from foreign exploitation."³¹

Focusing on the UK also made a lot of sense. In 2023 US companies exported \$68.5 billion in digital services annually to the United Kingdom.³² And US tech firms have long complained that UK regulations around data protection and online safety unfairly target them and restrict their ability to operate. Furthermore, as a non-EU country the UK is able to get rid of these perceived barriers more easily than its EU neighbours, making it an ideal target.

For its part, the UK was also enthusiastic for a digital trade agreement with the US. Peter Mandelson, the UK Ambassador to the USA, who has since been sacked in disgrace owing to his links to Jeffrey Epstein, and remains under police investigation for the crime of misconduct in public office, was a major cheerleader. When the EPD was signed Mandelson stood alongside Trump in the Oval Office and said the deal "provided the springboard for what I think will be even more valuable for both our countries in the future, and that is creating a technology partnership between the United States and the United Kingdom so that we can harness science and technology in order to create future industries and future jobs."³³

30 Prime Minister's Office (Speech). "[Prime Minister's remarks at the White House Press Conference: Thursday 27 February](#)". 27 February 2025.

31 The White House. "[Lead the World in AI](#)". 5 February 2026.

32 Computer and Communications Industry Association, "[CCIA Urges U.S.-UK Tech Pact to Advance Progress on Outstanding Digital Trade Barriers](#)". 16 September 2025.

33 Guardian, "[Tariffs cut on UK cars, steel and aluminium in US trade deal, says Starmer – as it happened](#)", 8 May 2025

That technology partnership - or at least a first step towards it - came in September 2025.

President Trump visited the UK, welcomed by King Charles III as the first US President in history to receive two state visits to the UK. The invitation, and the pomp and ceremony which accompanied it, was a blatant attempt by the UK Government to appeal to President Trump's vanity and his apparent affection for Britain's royal family. A lavish banquet at Windsor Castle was attended by some of the most significant figures in the US tech industry: Apple CEO Tim Cook, OpenAI's Sam Altman, Microsoft's Satya Nadella, and Nvidia's Jensen Huang.

On the following day, the 18 September, Starmer and Trump jointly announced the "Technology Prosperity Deal", an agreement which Starmer said: "...marks a generational step change in our relationship with the US, shaping the futures of millions of people on both sides of the Atlantic, and delivering growth, security and opportunity up and down the country."³⁴ The US Embassy in the UK heralded it as "a landmark science and technology agreement that will propel the US-UK special relationship to new heights for the technological age."³⁵ Despite these hyperbolic initial reactions, the deal is best seen as a piece of theatre, something scrambled together to coincide with the President's state visit rather than part of a structured digital trade negotiation.

The first clue is found in the text of the deal. The Tech Prosperity Deal itself is less than 2,000 words. By way of contrast, the UK's digital trade agreements with Singapore and Ukraine, signed in 2022 and 2023 respectively, run to between 9,000 and 10,000 words. It contains little in the way of detailed commitments, and carries no legal force to oblige either the US or the UK to take any particular action. As the text of the agreement itself says: "this...does not constitute or create and is not intended to constitute or create any legally binding obligations".³⁶ Rather, it lays out in general terms the US and UK's shared intention to collaborate in areas as diverse as AI innovation, nuclear energy and quantum technologies. It envisages that progress would be overseen by regular ministerial meetings - although little detail of these has been made public.

What does it all mean? Digital trade agreements usually commit their signatories to clear actions, things like mutual recognition of e-signatures, or not requiring personal data to be stored in a particular location. Because they seek to lock in low levels of government regulation, they are often controversial with activists. The Tech Prosperity Deal is a step down the road towards such an agreement. Starmer's Government went all-in on a model of economic growth predicated on attracting foreign investment, with technology identified as a key plank of the 2025 Industrial Strategy.

34 UK Government, "[US-UK pact will boost advances in drug discovery, create tens of thousands of jobs and transform lives](#)," (press release) 16 September 2025

35 U.S. Mission United Kingdom, "[The U.S. State Visit to the UK: Securing the Technology Prosperity Deal](#)," 26 September 2025.

36 UK Government, "[Memorandum of Understanding between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland regarding the Technology Prosperity Deal](#)," (press release), 18 September 2025.

One valuable contribution has come from the unlikely source of Sir Nick Clegg, the former Deputy Prime Minister who also used to be Facebook's president of global affairs. Hardly a regular thorn in the side of US tech, Clegg called the promised investment "crumbs from the Silicon Valley table" and noted the UK was "a kind of vassal state, technologically" of the US.³⁷ Expert commentators raised the question of what US tech firms were getting in return for the investment, noting firms making these pledges are not charities, and it remains unclear what local communities [...] will see in exchange for offering up their land and grid capacity."³⁸ The promises of investment or jobs may not even materialise: a 2026 investigation by the Guardian newspaper found that the location of one much-hyped AI supercomputer was still a scaffolding yard, months before the new site was supposed to launch.³⁹

The Tech Prosperity Deal also heralds a deregulatory approach which risks failing to engage with the social and environmental risks of emerging technology. The deal announces UK-US collaboration on "advancing pro-innovation AI policy frameworks and efforts to support US and UK-led AI technology adoption". At a time when experts are calling for more active government regulation on AI, this heavy nod in the direction of continual deregulation is deeply worrying. The explicit alignment with US priorities may constrain the UK's ability to develop its own regulatory approach to AI services. Perhaps it shouldn't be a surprise that the UK is such a willing participant in initiatives to deregulate the tech sector given it is so beset by corporate lobbying. Peter Kyle, in his role as the UK's Tech Secretary, was meeting big tech 70% more than his predecessor.⁴⁰ Kyle went on to serve as Business and Trade Secretary until July 2026, running a department where ministers and senior officials are 55 times more likely to meet businesses than take meetings with consumer advocates, charities, academics and trade unions combined.⁴¹

A further issue is that the UK's public sector is increasingly enmeshed with US tech - and declining their demands might not be easy. Prior to his downfall, the UK Ambassador to the US Peter Mandelson brokered a meeting between Keir Starmer and Palantir (a client of the advisory firm which Mandelson founded, and in which he still held a stake). Following the meeting, Palantir won a large contract with the Ministry of Defence. OpenAI and Nvidia also hold a number of UK Government contracts. This raises the concern that, as things stand, the US holds all the cards. Recent research also found heavy reliance in the UK private sector - 88% of publicly listed companies relying on American services for critical

37 Titcomb, James and Warrington, James. "[Former deputy PM takes aim at 'record-breaking' tech deal as part of Trump's state visit](#)". Telegraph. 17 September 2025.

38 Davies, Matt. "[The UK's £31bn tech deal with the US might sound great – but the government has to answer these questions](#)". Guardian. 18 September 2025.

39 Down, Aisha and Milmo, Dan. "[From press release ... to scrap metal site: the Essex 'supercomputer' that's still a scaffolding yard](#)". Guardian. 9 March 2026.

40 Milmo, Dan. "[Labour's open door to big tech leaves critics crying foul](#)". Guardian. 14 May 2025.

41 Havenhand, George and Hawley, Susan. "[Levelling the Playing Field. How economic policy gets captured and what to do about it](#)". Spotlight on Corruption. March 2025.

digital infrastructure.⁴² This means governance of these providers sits outside UK jurisdiction which has implications for data security, competition and domestic regulation, but also leaves the UK seriously exposed to potential coercion or disruption. Microsoft reportedly blocked the email account of ICC chief prosecutor Karim Khan after President Trump imposed sanctions on the ICC for issuing an arrest warrant against Israeli Prime Minister Benjamin Netanyahu.⁴³ The Open Rights Group, a UK CSO focused on digital rights, is campaigning for the UK to implement a digital sovereignty strategy to reduce the risks of such reliance. This approach has been gaining traction in the EU as well as the UK: the European Commission presented a “tech sovereignty package” in June 2026.⁴⁴

Given Trump’s unpredictable approach to trade and foreign policy, the UK has a clear strategic vulnerability and continued alignment also locks the UK into market frameworks shaped by American commercial interests. It’s not clear what comes next. What’s for sure is that the basic incentives on the US side won’t change. The US tech sector is hungry for more power, more data, more processing capacity. It opposes any taxes through which it might be forced to pay its fair share to society, it opposes regulations which see tech as a tool for people rather than the other way around. None of those fundamental dynamics is going away.

However, the Tech Prosperity Deal might not be entirely about arriving at a bigger digital trade agreement. It also performs an additional function: providing US negotiators with a way of continually pressuring the UK on a range of issues.

After it was signed, the next time the Tech Prosperity Deal entered public discussion was on 13 December 2025. The New York Times reported the deal had been paused by the US side due to frustrations around the UK’s unwillingness to loosen its food safety standards, online safety rules or digital services taxes.⁴⁵ Asked in January 2026 whether the deal had been suspended, a UK Government minister admitted that discussions were paused, [saying](#): “we look forward to resuming work on this partnership as quickly as we can”.⁴⁶ Talks restarted in February 2026, with an initial focus on civil nuclear cooperation, but we don’t know what compromises the UK offered to get things moving again, or when the US will next choose to press pause.

The UK has placed itself in an awkward situation. The Government has celebrated attracting new investment. But those billions of dollars, and the jobs which are promised, now appear to be contingent on the UK taking further steps to please US corporate interests. Yet any compromises on the key US offensive interests of food standards, online safety or tech taxes would be hugely controversial.

The UK-US tech deal standoff demonstrates the fundamental dynamics of the American approach to trade policy under Trump. He is blatantly attempting to

42 Jed Nykolle Harme, “UK Companies Face Critical Risks from Heavy Reliance on US Tech,” Security Brief, 25 September 2025.

43 Quell, Molly. “AP Exclusive: How Trump Sanctions Have Halted the Work of the International Criminal Court,” Associated Press, 23 May 2025.

44 Eliza Gkritsi and Pieter Haeck, “EU Tech Chief Sounds Alarm over Dependence on Foreign Tech,” Politico, 27 January 2026.

45 Nelson, Eshe and Swanson, Ana. “U.S.-U.K. Trade Deal Hits Stumbling Block,” New York Times, 13 December 2025

46 UK Parliament, House of Commons Hansard. “Trade Agreements: USA,” 27 January 2026.

use economic power to coerce trading partners into policies which support the continued profits and influence of the US technology sector. If this approach seems to be bearing fruit, there is no reason why the US administration won't continue with it, dangling the prize of a tech deal in front of UK ministers while pushing for more and more concessions.⁴⁷ By August 2026 that pressure appeared to be telling: reports emerged that the Government was willing to discuss American concerns over the Digital Services Tax in the face of renewed tariff threats. The next frontier could be data privacy; in February 2026 Marco Rubio ordered US diplomats to fight data privacy, calling the UK's General Data Privacy Regulation "unnecessarily burdensome data processing restrictions and cross-border data flow requirements."⁴⁸ Similarly, the UK's ban on social media use by under 16s, already introduced in Australia and confirmed by the Government following a consultation, is anathema to Meta and Elon Musk.

⁴⁷ Joseph Bambridge, "[UK 'open to discussing' digital services tax with Trump administration](#)", 19 August 2026.

⁴⁸ Satter, Raphael and Alper, Alexandra. "[Exclusive: US orders diplomats to fight data sovereignty initiatives](#)" Reuters 25 February 2026.

Deal 3: The Pharmaceutical Deal



In December 2025, a third deal was agreed. In common with its two immediate predecessors, the UK-US pharmaceutical deal was negotiated in secrecy and seemingly in a rush. In late September 2025, President Trump issued threats to impose 100% tariffs on “any branded or patented pharmaceutical product”, with exemptions for those building manufacturing plants in the US. This was bad news for UK drug manufacturers: the US has long been the largest market for the UK industry, accounting for 25% of total pharmaceutical exports.⁴⁹ The threat of tariffs had the desired effect as media briefings the following day suggested that the UK Government was now “actively engaging” with the US on pharmaceutical tariffs.⁵⁰

On 1st December 2025, a new deal on pharmaceuticals was announced. As of September 2026, no text or impact assessment has been made public. Instead, the deal was announced via Government press releases. The UK Government boasted a “landmark” agreement, emphasising that it has secured a zero percent tariff on UK pharmaceutical exports to the US.⁵¹ It described, euphemistically, an additional investment of 25% into more “innovative, safe, and effective treatments - the first major increase in over 2 decades”. However, the US press release stated the facts more bluntly: the UK had agreed to “increase the net price it pays for new medicines by 25%” It described this as addressing “long-standing imbalances in US-UK pharmaceutical trade.”⁵²

The US account is a more accurate reflection of what was agreed. The tariff relief came at a significant price, paid in two instalments. The first is that the UK agreed to increase the threshold used by the National Institute for Health and Care Excellence to determine the cost effectiveness of new medicines by 25%. The threshold would rise from £20-30,000 to £25-35,000 per quality life year. The second is that the UK’s VPAG rebate scheme, which caps the rate at which NHS spending on drugs can increase by ensuring companies repay excess costs, would be limited to 15%. This cap reflects the revenue that the NHS can reclaim from drug producers. Capping the rebate rate at 15% means the NHS drugs bill could rise rapidly, with the Government only able to claw back a limited percentage of increased costs.⁵³ These concessions completely destroy a long-established and effective means through which the UK Government was able to procure affordable medicines. Yet that has been traded away, possibly for good, in return for tariff relief measures only guaranteed to last for three years.

49 Office for National Statistics, “[UK Trade with the United States: 2024](#),” 25 April 2025.

50 Reuters, “[UK pushes for favorable US pharma tariffs after Trump announces 100% levy](#),” 26 September 2025

51 UK Government, “[Landmark UK-US Pharmaceuticals Deal to Safeguard Medicines Access and Drive Vital Investment for UK Patients and Businesses](#)” (press release), 1 December 2025.

52 Office of the United States Trade Representative, “[U.S. Government Announces Agreement in Principle with the United Kingdom on Pharmaceutical Pricing](#)” (press release), 1 December 2025.

53 Global Justice Now, “[US-UK Pharma Deal](#)”, January 2026

Media reporting suggested that medicines price increases would cost the NHS £3bn a year⁵⁴, while campaign organisations projected an almost £9bn a year hike on the basis of its 10-year commitment to increase spend on branded medicines from 0.3 to 0.6% of GDP.⁵⁵ Health economists have projected that the additional annual cost would lead to 15,971 additional deaths and 352,000 years of life in good health to be lost each year due to the diversion of NHS funds.⁵⁶ Think tank the Nuffield Trust concluded that, despite the claims of the UK Government, “the additional cost to the NHS will not bring additional benefits for the population as a whole, it will just make health care more expensive.”⁵⁷

This agreement is another iteration of the unending precarity that comes as a consequence of dealing with the Trump administration. It doesn’t end here. The US side has already made their further designs clear: the existing VPAG scheme and the accompanying cap that were agreed are due to run for another five years, but reports already suggest that US officials are already laying the groundwork to pursue future concessions “before January 1st, 2028”, in addition to concrete investment milestones to ensure UK pharmaceutical spending increased to 0.6% of GDP by 2035.⁵⁸ The UK has, throughout its period of independent trade policy, always steadfastly maintained that the NHS “would not be on the table” during any trade negotiations.⁵⁹ This commitment, it seems, could not ultimately survive contact with the Trump Administration.

54 Financial Times, “[NHS to increase medicines spending to avoid threatened Trump tariffs](#)”, 1 December 2025

55 Global Justice Now, [US-UK Pharma Deal](#) (briefing), January 2026.

56 Klaxton et al., [CHE Research Summary: Estimating the Health Effects of Changes in Health Care Expenditure](#), July 2023.

57 Courthouse News Service, “[UK Deal to Boost Drug Prices Risks Cascade of Cuts across Health System](#),” 13 February 2026.

58 Politico, “[Donald Trump still isn't done with Britain's NHS](#),” 23 February 2026

59 Evening Standard, “[NHS 'never' on the table for trade deal, Downing Street says](#),” 28 February 2025

Conclusion

Andy Burnham and his trade officials do not have an easy task ahead of them. The Labour Government has so far tried to balance two trade agendas which are ultimately incompatible - forming a closer relationship to the EU than previous governments and leveraging the 'special relationship' to reduce the effect of Trump's unpredictable and volatile approach to trade policy. The backdrop to this is a highly unstable geopolitical context, partly driven by Trump's unpredictable actions.

President Trump's weaponisation of trade tools, often on a whim, means the 'rules based system' of international trade can no longer be relied upon. Whilst they were never actually enforced, Trump threatened to raise US tariffs for the UK and seven other European countries after they expressed opposition to Trump's desire to seize control of the territory of Greenland. This is despite these countries being NATO allies. The existence of the EPD - a hurried deal which lacks the institutional stability of a traditional FTA and has so far received no UK parliamentary scrutiny - seemed to also have no bearing on Trump's willingness to unilaterally impose further tariffs and suggests he does not view the terms of the EPD as a binding constraint when it comes to UK-US trade.

It is hard to argue that the UK's strategic bet to formalise tariff concessions to Trump by signing the EPD and the two further deals in order to stabilise trade relations, and ignore WTO rules in doing so, has even marginally paid off. In March 2026, disagreement between the US and the UK over the legality of the US-Israeli strikes on Iran led President Trump to describe the UK-US relationship as "not what it was".⁶⁰ This political tension illustrates the fragility of the relationship making it difficult for the UK to assume any future stability in UK-US trade arrangements in the short term.

The UK-US trade negotiations also expose a broader weakness in the UK's trade policy. Recent UK negotiations with other trading partners, such as Australia, India and the Gulf Cooperation Council, have been subject to criticism from Parliamentarians, industry and civil society, focused on the lack of transparency and parliamentary accountability with which those treaties were negotiated and ratified. However, they did at least include published objectives, impact assessments and short updates on negotiating rounds. The US negotiations departed even from these minimal standards. Throughout, it remained unclear on the UK side who was leading the negotiations, what policy areas were part of those negotiations and what scrutiny any prospective agreement would ultimately be subject to. Clearly, unlike a traditional set of negotiations where both sides have offensive and defensive interests, the UK's unspoken motivation was to mitigate the US's unilateral trade policy decisions, though this was not formally acknowledged by the UK Government. At a moment when trade is increasingly

⁶⁰ BBC News, "[UK Still Working Closely with US, Minister Insists after Trump Criticism](#)," 3 March 2026.

weaponised, the absence of robust scrutiny leaves UK policy vulnerable to external pressure.

So what should the UK strategy be towards trade with the US going forward? It is perhaps easier to answer what the UK shouldn't do in this regard, which is the policy of 'forever negotiations' that it has been operating almost continuously since the start of Trump's second term. The events of late 2025 and early 2026 demonstrate with certainty that even with a policy of appeasement and submissiveness, Trump is willing to disregard the latest terms of UK trade whenever he feels it would be of political advantage to do so. At some point the UK needs to acknowledge that this approach is unsustainable both economically and politically.

Polling of the UK public in January 2026 shows Trump is unpopular - when asked their opinion of the current US President, 66% said they do not like Trump compared to 27% who liked him.⁶¹ Polling from September 2025 - before the tensions over Greenland and Iran - showed the public were more likely to think Donald Trump's presidency has had a negative impact on British interests (43%) than a positive one (20%).⁶² This would be an ideal time for a public debate about whether the economic model embodied by the Tech Prosperity Deal is a viable and desirable means for the UK to reach sustainable economic growth.

Is the prize worth the pain? The UK's own trade strategy, published after the EPD was signed, cautions that the UK cannot "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."⁶³ The destabilisation of the global trading order by the world's most powerful economy, while creating uncertainty for workers around the world, also offers the UK an opportunity to take the lead in reshaping how international trade operates, in a way that works better for people and the planet.

⁶¹ Ipsos UK, "[Public opinion towards the United States](#)" January 2026.

⁶² Ipsos UK, "[Public opinion towards Donald Trump](#)", September 2025.

⁶³ Department for Business and Trade, [The UK's Trade Strategy](#), June 2025.



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The Trade Justice Movement is a network of 45 organisations, including trade unions, environmental groups and justice campaigns, who push for trade policy that works for people and planet.



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