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# UK Braces for Change Amid US Tariffs

On 5th April 2025, a 10% “baseline” import tariff was enacted worldwide. US President Donald Trump’s officials also announced additional tariffs for some countries, including China, Vietnam, South Africa and the European Union. Speaking to the Sunday Telegraph newspaper, Prime Minister Sir Kier Starmer said, “The world as we knew it has gone”; the new world will be governed by “more deals and alliances” and less by established rules.

Additional import duties impacting the UK include 25% on all steel and aluminium imports, effective since March, and 25% on car imports, which came into effect on 3rd April. UK luxury car manufacturer Jaguar Land Rover has paused shipments to the United States as it addresses the new trading terms, and other carmakers are considering their options.

**Economic Fallout**

Trump’s tariff announcement immediately caused global stock market volatility. According to former International Monetary Fund chief economist Ken Rogoff, the tariffs have increased the chance of a US recession by 50%. A shrinking US economy could decrease demand for foreign goods, impacting countries worldwide, including the UK.

**Government Response**

The UK government has marked its intention to shield British businesses from the worst of the tariffs’ impact, signalling they will take direct state intervention if required. “We stand ready to use industrial policy to help shelter British business from the storm,” said Starmer. The government is also considering its response to the tariffs. Negotiations could centre around a wider economic deal, including a possible revision to the Digital Services Tax—a 2% levy on global tech giants like Amazon and Meta. However, the government has created a 400-page list of US products that may be subject to retaliatory tariffs, and “all options remain on the table.”

**Next Steps**

Trump’s tariffs and shifting global trade practices may significantly impact UK businesses. Industries could witness reduced consumer demand and be hampered by supply chain challenges, especially those relying on materials from countries most affected by tariffs, such as China. As such, organisations must brace for change, consider their unique exposures and implement effective risk mitigation strategies.

Contact us today for further risk mitigation guidance and insurance solutions.