



## Policy Alert: UK and US Reach Agreement for Trade Deal

*Updated 08 May 2025*

**Action:** On May 8, the UK and US [announced](#) they had reached an agreement that would form the basis of a trade deal. While many details about the agreement have not yet been released, a Commerce Department [press release](#) indicates that the deal would remove barriers for US exports of agriculture products (including beef, fruit, vegetables, and tobacco) valued at \$5 billion. For example, the deal [eliminates](#) existing 20% tariffs on US beef. In return, the US will allow imports of up to 100,000 UK vehicles at a 10% tariff rate before increasing to the 25% tariff the Administration has established for vehicle imports. UK steel and aluminum would also be exempt from the 25% tariffs the US has imposed on imports of those products. A White House fact [sheet](#) also stated that the US and UK had agreed to a “union” for steel and aluminum and secure supply chain for pharmaceutical products, though additional details were unavailable. Press reports [indicate](#) that the US would exempt UK jet engines from tariffs while the UK would purchase \$10 billion in Boeing planes.

Importantly, the previously announced 10% blanket tariffs on UK goods will remain in place for items not otherwise affected by the agreement.

### Key Insights

- The announced deal comes as the Administration has sought to use tariffs to increase domestic manufacturing and negotiate bilateral trade agreements. This strategy has led to concerns about threats to economic growth and supply chains.

- While the agreement covers a relatively modest amount of goods, the Administration believes it is an indication that its approach to trade negotiations will lead to agreements it views as more fair to US firms. The stock market also rose on the announcement, perhaps reflecting optimism that the agreement is the first of many the US will reach with its trading partners.
- The announcement also provided a [boost](#) for UK carmakers, including Rolls Royce, which also manufactures the engines for Boeing 787 passenger jets. In discussing lowering tariffs for UK vehicles, the President [indicated](#) that he views UK luxury vehicles as less of a threat to US manufacturers than other carmakers that sell millions of vehicles in the US, suggesting that many other carmakers will not receive similar allowances.
- The ultimate details of the trade agreement will be important, particularly regarding agricultural products. The US and UK have differing food standards and some in the UK, including farmers, have expressed [concern](#) about potential imports of chlorinated chicken and hormone-treated beef currently banned in the UK.
- While details about the union for steel and aluminum products have not been announced, the strategy reflects the countries' desire to compete with lower-cost Chinese exports.
- The Administration is also negotiating with other trading partners that had been targeted by recent US tariffs, notably China and the EU. Also on May 8, the EU [announced](#) a list of more than \$100 billion US products that could be assessed tariffs if negotiations fail. US and Chinese representatives are [scheduled](#) to meet for preliminary negotiations in Switzerland this week.

---

The Conference Board is the Member-driven think tank that delivers *Trusted Insights for What's Ahead*<sup>®</sup>. Founded in 1916, we are a nonpartisan, not-for-profit entity holding 501(c)(3) tax-exempt status in the United States.

© 2025 The Conference Board, Inc.