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UK-US Trade Deal Brings Immediate Tariff Relief for Auto and Aerospace Sectors

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A new trade agreement between the UK and the United States has come into effect, delivering immediate tariff reductions that offer a significant boost to the UK's automotive and aerospace industries. Announced on 30 June 2025, the deal marks a tangible step in strengthening economic ties between the two countries, with policymakers and industry leaders welcoming the relief it brings to key export sectors.

Under the agreement, tariffs on UK-built cars entering the US market have been reduced from 27.5% to 10%, although this applies to a capped volume of 100,000 vehicles annually. In a further lift for British manufacturing, tariffs on UK-made aircraft engines and related components, important exports for firms like Rolls-Royce, have been completely removed. The tariff changes have already spurred activity, with manufacturers such as Aston Martin and Jaguar Land Rover preparing shipments bound for US buyers.

The government has positioned the deal as part of its broader Plan for Change. Prime Minister Keir Starmer described the agreement as an important achievement that will support jobs and help ease cost pressures for exporters. Business and Trade Secretary Jonathan Reynolds said the tariff reductions are a “clear example” of delivering practical benefits for British businesses and workers.

Industry groups have also responded positively. Mike Hawes, chief executive of the Society of Motor Manufacturers and Traders, said the changes offer renewed certainty and cost relief for UK carmakers. In aerospace, ADS Group CEO Kevin Craven called the removal of engine tariffs a timely boost, especially given the sector’s large export footprint and its role in sustaining high-skill employment.

However, the deal does not include steel and aluminium, which remain subject to a 25% US tariff. Officials have confirmed that negotiations on these goods are ongoing. There are also concerns among some UK farmers over potential implications of US agricultural access, though these aspects are still under review.

Overall, the agreement has been broadly welcomed as a step forward, offering immediate, if targeted, gains for two of the UK's most important industrial sectors.