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Trump Tariffs Set to Pressure UK Industry, Warns Goldman Sachs

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British industry is bracing for a significant setback in the coming months as the effects of Donald Trump's aggressive tariff policies begin to bite, according to a stark warning from Goldman Sachs. The Wall Street bank forecasts a 3% decline in UK industrial production, placing Britain among the hardest-hit major economies, surpassed only by Canada and Germany.

The imposition of US tariffs, particularly a hefty 50% levy on copper announced by President Trump, is expected to disrupt supply chains and inflate costs for manufacturers, miners, and utilities. The copper tariff, announced in early July 2025, is due to take effect on 1 August, under a Section 232 “national security” provision. On the news, copper futures in the US jumped 13%, marking their largest single-day increase since 1968.

Goldman Sachs’ chief economist, Jan Hatzius, highlighted the broader implications, stating:

“The retreat in global trade will likely ripple through to economic activity. Historical data suggests trade disruptions could shave between 1% and 5% off industrial output.”

Despite the gloomy outlook, financial markets appeared unperturbed. The FTSE 100 surged by as much as 1.2% to 8,973, buoyed by a robust recovery in mining stocks. Companies such as Anglo American, Rio Tinto, and Glencore rose over 3%, driven by higher copper prices and short-term optimism in the commodities sector. While the immediate market reaction was positive, analysts caution that this may mask deeper structural vulnerabilities in Britain’s industrial sector.

The tariffs come at a challenging time for British industry, which has yet to fully recover from global supply chain disruptions and domestic economic pressures. Manufacturers reliant on exports to the US face rising costs and reduced competitiveness, while industries like mining, critical to the UK’s industrial base, could see profit margins squeezed. Goldman Sachs’ analysis points to a broader slowdown, with ripple effects likely to impact jobs and investment.

Analysts warn that the UK's exposure to US trade policy stems from its reliance on open markets and the absence of a comprehensive post-Brexit trade strategy. While the government has yet to outline a clear response, industry leaders are urging swift action to mitigate the fallout. In a recent interview with The Times, a senior executive from the Confederation of British Industry cautioned: "Without decisive measures, British firms risk being caught in the crossfire of a global trade war."

As Trump's policies reshape global trade, Britain's industrial heartlands face an uncertain future. The coming months will test the resilience of an economy already stretched by domestic missteps and external shocks.