



Summary Notes: BritishAmerican Business (BAB) Business Briefing – US UK Trade Tariffs

Please note, summary notes are accurate as of Thursday 10th April 2025 and have not been updated to illustrate changes since the call.

Overview: On Thursday 10th April BAB brought together guest speakers from government and industry to review the latest updates on U.S. tariffs, assessing their practical implications for UK businesses, and discuss how companies are navigating the evolving environment.

Discussion:

Government perspective

- The UK and US government began negotiations when PM Starmer met Trump in DC in February 2025. There are discussions with all levels in USTR, department for commerce, and US Treasury and a cross-US and UK government approach to negotiations. The UK wants to ensure economic stability. At a practical level, there is guidance from UK government online on tariffs to calculate duties on exports: [here](#).
- The UK government has also launched a consultation ([here](#)) to ensure they are informed of barriers and levels of trade both ways across the Atlantic. They are interested in understanding where interests and government dependencies lie and will also use it to inform the industrial strategy in the UK. The government has made a lot of progress in negotiations; there is a lot in there on how to address tariffs, and they are aiming to address non-tariff barriers as well. This gov is committed to lowering tariffs and retaliation is not wanted.

Trade policy overview

- (Excluding China) President Trump paused tariffs for two reasons:
 - a. Tremors in the bond market, particularly in Asian markets. US Treasuries were being dumped, selling largely by Japanese holders which is the largest foreign holder of US treasuries globally.
 - b. Leading figures that Trump respects (i.e. Jamie Dimon; FOX business newscasts) stated the US was going to have a recession.
- What to watch for in the next 90 days?



- a. Trump's team/Kevin Hassett noted that 75 countries had approached the US to negotiate a deal. What might these deals look like? Are they tariff only; trade deals (i.e. eliminating the trade deficit); currency adjustments? Likely will be tariff only, as countries won't have comprehensive measures on issues such as VAT, digital services tax etc due to time constraints. Will any of these deals result in going below 10% if this is the new minimum floor? Countries are likely to try and wait and see who goes first and decide where to go from there.
 - b. Tariffs at present are the highest they have been since the early 1900s. They sat around 1-2% pre-inauguration day and now sit on average at 23-25%. Between inauguration and liberation day, Trump has either imposed or threatened tariffs every 3 days, leading to high levels of uncertainty.
- Trade embargo between the US and China, as at 125% tariffs, there will be little trade (rapid drop in both directions). China is the US' third largest trade partner and a source of imports for intermediate goods: 17% of active pharmaceutical ingredients, and 80% of rare earth materials, which are parts and components for US-manufacturers. Finished consumer goods: electronics, toys, plastic, clothes, footwear too.
 - What is the effect of this?
 - A deep freeze, creating even more uncertainty which will freeze companies in place as well as the Fed on monetary policy. Companies are less likely to make big investments and supply chain shifts in the US if Presidential policy makes a large shift every week. As a result, companies are not retaliating and likely will not. Companies are also starting to pull earnings guidance.

Legal view

- On legal challenges:
 - The IEEPA challenge will only deal with reciprocal, not sectoral, tariffs. However, a care here will take months, and even if it is then won in the Supreme Court, the President can use 4 or 5 alternative measures to impose the same tariffs (i.e. Section 232s). What about Congress? To revoke an emergency requires a joint resolution of Congress with a 2/3 majority and has to be signed by the President. This is not going to happen now, although it could happen after midterms.
- A lot of businesses spent a lot of time moving manufacturing out of China (i.e. into Vietnam, Mexico) and ensuring they met country of origin requirements. Business shock from high reciprocal tariffs being placed on these countries. Businesses were happy with the rollback of tariffs. Tariffs generally are paid when you make entry with US customs, but there was an exemption that if you were on the water pre-April 5th businesses are exempt from tariffs and have until April 27th to make entry (only for reciprocal tariffs, USMCA doesn't have these exemptions).