



# Trade Strategy

SUMMARY BRIEFING AND ANALYSIS

# Department for Business and Trade: Trade Strategy

The full Trade Strategy can be found: [here](#).

## BACKGROUND

- > Off the back of last week's 10-Year Infrastructure Strategy and this week's Industrial Strategy, the government have today announced their new Trade Strategy. This strategy now works alongside the Industrial Strategy and the upcoming SME Growth Strategy.
- > a backdrop of turbulent global geopolitics, with the ongoing tariff wars with US President Donald Trump and unfair trading practices presenting challenges for UK businesses and industries.
- > As the UK continues to struggle with poor trade performance since Brexit, this strategy has attempted to resolve some of the ongoing issues with declining goods exports.
- > This strategy is part of the Labour government's broader Plan for Change, aligning trade policy with national priorities like sustainability, innovation, and regional economic development.

## OVERVIEW

- > The topline announcements, focused on expanding UKEF capacity, toughening up trade defence tools, and speeding up smaller deals that firms can benefit from sooner.
- > Speaking ahead of the launch, Trade Minister of State, Douglas Alexander MP, said the trade strategy would focus on breaking down "behind the border" regulatory barriers to boost exports by Britain's dominant services sector, worth about £500bn a year.
- > The new trade strategy targets in particular Digital Trade Agreements (DTAs) and deals for the mutual recognition of professional qualifications.
- > In the pre-emptive press release, Secretary of State Jonathan Reynolds noted that the strategy aims to make the UK the "most connected nation in the world" and to unlock "£5bn for businesses" through the new Ricardo Fund.



ANALYSIS  
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After a number of years with a scattered "trade with the rest of the world is good" approach to trade after Brexit, a new government is attempting to pull together a more targeted and structured strategy which integrates both trade policy and trade promotion.

It makes an explicit move away from relying solely on cross-sector free trade deals to prioritise smaller bite-sized agreements that can be achieved more quickly, though current FTAs in train will still be concluded. The Trade Strategy also aims to align with the recent Industrial Strategy (IS), as the IS' key growth sectors and areas are repeatedly referred to as priorities for these new deals.

This aims to respond to previous criticism from these industries that there was a lack of coherence between domestic support and focus during trade negotiations on their sectors. The government also aims to extend this alignment with IS priorities to its unilateral tariff regime, so businesses in key IS sectors who want to see tariff cuts/suspensions -or increases- should be making their case to both the Business and Trade Department (DBT) and to HM Treasury.







In another contrast with previous governments, the strategy makes clear that it intends to address Brexit challenges to trade with the EU – establishing a new dialogue for business on tracking changes in EU legislation affecting UK industry and consulting on joining the Pan-Euro-Mediterranean Convention which allows for more component parts to be counted towards preferential tariff access across a wider region of goods trade.

Responding to both global trends in economic security and to rising protectionism, the UK is also aiming to do its part to protect key industries, with a commitment to creating new trade defence tools to retaliate against trade conflicts as well as against import surges. A six-week consultation on the future of steel protections has been published alongside the strategy. Time will tell whether this tougher approach to trade defence is posturing for deterrent purposes or likely to ever be used, but both domestic and global tech/services firms should remain vigilant in case UK retaliation impacts on their operations.

A new Economic Security Advisory Service is also being created alongside the Industrial Strategy's Supply Chains Centre to streamline two-way dialogue with business on emerging threats/risks to supply chain resilience, and critical industries (infrastructure, life sciences, tech, energy and sectors relying on imports/inputs) will want to want to engage here.

The Trade Strategy endeavours to better thread together both policy and practical measures, moving to streamline its export support services into a new Business Growth Service so that companies have a one-stop-shop portal for growing both domestically and internationally. In a nod to the forthcoming Small Business Strategy, UK Export Finance is being expanded and reformed so that SMEs can make better use of government export financing, although HMG's overseas networks will now be focusing more support mid-sized firms and those scaling up.

In a bid to reflect the reality that those who help move trade along are as important as the goods and services being traded themselves, the strategy puts emphasis on modernising customs systems and the UK border, with digitisation efforts (including on electronic trade documents for business) at its heart. Recognising that unilateral moves are only half the picture, it also commits to expanding talks with global customs administrations to speed up trade. Firms with innovative technology solutions and those who rely on freight movements should see the pilots announced in this space as an opportunity to engage with government.

Companies with global supply chains should also be aware of the strategy's trailing of a forthcoming Responsible Business Conduct review, as the UK may seek to play catch up with the EU and others on reporting regimes, although the government's commitment to minimise costs in this space may ease some of the comparative compliance burdens.

All in all, this is a strategy seeking to create more coherence between domestic policy aims and the state's approach to trade. It cements a growing global trend to use trade levers to reinforce industrial and economic security ambitions rather than simply pursuing trade liberalisation for its own sake. Businesses can no longer rely on government to just get out of the way when it comes to international trade, and the need to engage with it in this era of increasingly managed trade continues apace.

Much of what the UK is seeking to do in its Trade Strategy relies on many moving parts across government departments/agencies working as one, although DBT will remain a coordinating arm for much of it. As HMG moves from strategy ambitions to delivery and implementation, there is considerable room for shaping policy as it moves into practical delivery.



## KEY FEATURES OF THE STRATEGY

### Export Opportunity

- > The Prime Minister has committed to a £20bn increase to £80bn in the capacity of the UK Export Finance (UKEF), the government's credit agency for exporters.
- > The strategy has committed to unlocking £5bn worth of opportunities over 5 years for UK exporters through a new Ricardo Fund. This will build on the pilot Regulatory Partnerships for Growth Fund. The pilot is expected to resolve trade barriers worth £300m for the £2.3m cost in the first 12 months – an average of £135 in exports per pound invested.
- > Committed to a new Small Export Builder to provide smaller firms with better access to export protection insurance and introduce improvements to aid overseas buyer finance repeat orders in a more streamlined manner.
- > The government will establish an Economic Security Advisory Service based in the Department of Business and Trade to streamline government engagement with businesses.

### Trade Defence

- > As well as focusing on boosting UK service exports, the strategy looks to strengthen anti-dumping defences to protect the UK from the ongoing tariff uncertainty. On anti-dumping measures for steel, the government today announced a consultation, which has been welcomed by industry.
- > The government is launching a new 'Supply Chain Centre' based in the Department for Business and Trade. This will lead government's work on building the resilience of supply chains.
- > The government will, though no time commitment has been given, introduce legislation to expand their powers to respond to unfair trade practices and guard against turbulence in sectors such as steel.
- > The government will also, with no clear time commitment, introduce legislation to adjust the TRA's policy guidance and operating framework.
- > The government have also announced they will launch a review of approach to responsible business conduct, focusing on the global supply chains of UK-operating businesses.

### Green Growth and Skills

- > The government will continue to build on green sector agreements with partners such as Japan, Norway and the Republic of Korea.
- > The government intends to explore further collaboration with the EU, US and Republic of Korea for critical mineral partnerships.
- > The UK will pursue more Mutual Recognition Agreements (MRAs) with focus on countries that offer the most potential for growth. Dialogues have already been initiated with Brazil, Thailand and the US.
- > The government will also seek to secure RPQ agreements with key partners through close work with regulators in high-value PBS sectors including architecture, engineering, accountancy and legal services. These opportunities will also be identified in regulated sectors such as veterinary medicine and healthcare.

### Global Trade

- > The UK will now join the Multi-Party Interim Appeal Arbitration Agreement, to reinforce the UK's commitment to a rules-based international trading system.
- > Trade with the EU highlighted as a significant chunk of UK import and exports, as a result the government reiterated that they will "make the most of the Trade and Cooperation Agreement (TCA), whilst continuing to seek new arrangements to create the conditions for smoother trade."
- > The UK and US are now progressing discussions on an Economic Prosperity Deal, which will enable our industries to protect and support good, well-paid jobs in both countries.
- > On the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the government has reiterated their commitment to the "living agreement." The strategy highlights that the Labour government will continue to deepen the agreement through the CPTPP General Review and pursue the expansion of the CPTPP to additional economies.
- > The government is also to engage with business to consider the benefits of joining the Regional Convention on Pan-Euro-Mediterranean preferential rules of origin (PEM).



## Digital Trade Agreements (DTAs)

- > The government has said they will move toward a trade policy that seize opportunities that promise growth in the short to medium term, such as DTAs and sector-specific agreements. This has been promised alongside new long-term partnerships such as the new UK-India FTA.
- > The government have initiated dialogues with Brazil, Kenya, Malaysia, and Thailand to explore future bilateral digital trading agreements. The government are also exploring the potential for acceding to the Digital Economy Partnership Agreement (DEPA) if in national interest.
- > The government will work with businesses to establish models of business-to-business Digital Trade Corridors with leading European Markets.
- > A new SME Capability Programme will support SMEs in utilising the benefits of digitisation and staying competitive in the increasingly digital world.
- > The government will launch an information hub on ETDs this summer on Business. Gov.UK to help businesses embrace trade digitalisation.

## Free Trade Agreements (FTAs)

- > The government will shortly sign Memoranda of Understanding (MoUs) with Taiwan covering key areas such as Investment, Digital Trade, and Energy and Net Zero. These agreements will fall under the existing Enhanced Trade Partnership (ETP) in the Autumn.
- > The Labour government has initiated discussions on a new UK-Indonesia Economic Growth Partnership, which is expected to be finalized by the end of 2025.
- > The government has stated they are actively engaged in Free Trade Agreement (FTA) negotiations with the Gulf Cooperation Council (GCC), the Republic of Korea, Switzerland, and Turkey.
- > The government will now double the period that Parliament has to scrutinise comprehensive FTAs from 10 to 20 days, allowing for more robust scrutiny, and will allow more regulator access to Chief Negotiators for select committees.

