

THE UK'S TRADE STRATEGY

JUNE 2025

On 26 June 2025, the Government published '[The UK's Trade Strategy](#)'. This was developed following an open consultation with businesses, which BPI responded to.

The Government said that the Trade Strategy marks a reset in the UK's approach to international trade. It is designed to stimulate economic growth, through delivery of targeted business support, and working with international partners to achieve mutual benefit through more agile agreements.

It will operate alongside the recently published '[Industrial Strategy](#)' (including the bespoke Sector Plans such as the '[Creative Industries Sector Plan](#)') and the upcoming SME Growth Strategy expected later this year. The Trade Strategy document is high level and broad, and industry specific trade and export initiatives are outlined in the Sector Plans.

Launching the Trade Strategy at the British Chambers of Commerce Global Annual Conference in London, the Prime Minister [said](#) that Britain is "*open for business*" and that the Government is going to keep making trade deals and opening up new markets for businesses. He praised the UK as a services "*superpower*", and as well as pushing for traditional trade agreements, he explained that the Government would be looking at smaller deals that can be made at pace. The Prime Minister said he is determined that Britain becomes a global champion for free trade.

The Ministerial Foreword in the document, penned by the Secretary of State for Business and Trade Jonathan Reynolds and the Minister of State for Trade Policy and Economic Security Douglas Alexander, also acknowledges that geopolitical, geoeconomic and technological shocks are "*reshaping the international order*". The UK will navigate this with "*pragmatic patriotism*".

Please see a summary of relevant announcements below.

THE UK AS A TRADING NATION

SERVICES SUPERPOWER

The strategy recognises the UK's strength in services sectors such as the creative industries. It says that being the second-largest exporter of services in the world is a strategic benefit in these times and brings huge opportunities.

THE GROWTH OF DIGITAL

Technology has evolved and so has the potential for services and goods to be traded digitally. The emergence of global open online marketplaces brings immense opportunities to both goods and services exporters. However, this is coupled with rising risks, with the number of digital trade barriers doubling between 2009 and 2019, including through "*divergent*" global regulatory regimes that are pushing up business costs.

The strategy notes that the UK is already working with international partners to maintain open digital trade. Looking ahead, finding the "*right diplomatic and technical tools to secure digital trade openness*" is integral to the UK's approach.

TRANSFORMATIVE EMERGING TECHNOLOGIES

The UK Government believes that AI and other transformative emerging technologies will reshape trade flows. The strategy sets out the "*vast*" economic opportunities of AI for the UK and says that the critical foundation

needed to grasp this is creating digital infrastructure. Pointing to the '[AI Opportunities Action Plan](#)', it says that the goal is a thriving AI ecosystem, with widespread use of AI products and services across the economy.

AI is significantly impacting business models by enabling greater efficiency, driving innovation, and creating new revenue streams, and the UK is well positioned to rise to its opportunities. With its international partners, the UK Government will set the conditions that allow high growth businesses to be at the forefront of selling their expertise around the world.

THE GLOBAL TRADING CONTEXT

The strategy says that we must not be *"naïve about the reality"* that decisions taken in Brussels, Washington and Beijing will be based on their interests, not the UK's. However, the UK Government rejects the notion that we must choose between the world's *"big three"* economies.

It says that there can be no place for the notion that the UK alone can reshape the global order. Instead, we must deploy *"cleareyed pragmatism"* in support of our own businesses as we chart a course in today and tomorrow's world. This starts with a plan for *"realistic hard-headed economic diplomacy"* with each of those three economic *"giants"*.

EU

The strategy highlights the recent UK-EU Summit in May 2025, and the resulting commitments, as set out in the '[Common Understanding](#)' policy paper.

Trade with the EU is set to remain the single biggest *"slice"* of UK imports and exports. The UK Government says that it is fully convinced of the indispensable value of trade with the EU for the UK's economy and is determined to seize opportunities to expand it in pursuit of jobs and growth.

- The UK Government 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 EU have agreed to hold annual summits, to oversee the implementation of the TCA and to ensure opportunities for future cooperation are maximised.
- The UK Government is committed to a pragmatic and forward-looking relationship with the EU.

US

The UK's transatlantic trading relationship with the US is *"bilaterally balanced and mutually beneficial"*. While the UK Government remains concerned about the impact of global tariffs, it continues to work closely with the US.

The strategy points to the '[UK-US Economic Prosperity Deal \(EPD\)](#)', published in May 2025, and says that this will serve as the foundation for an even stronger transatlantic relationship.

- The UK and US are progressing discussions on the EPD, and the UK Government's ambition remains to secure a wider deal that covers substantially all trade between the two countries.
- In addition to the EPD, the UK is pursuing a *"transformative"* technology partnership with the US.

- Through the UK's future partnership with the US, the UK will adapt to new threats, maintain its strategic advantage and innovate in the technologies of tomorrow.

CHINA

Engaging with China to establish a mature, stable, and balanced relationship is squarely in the UK's national interest.

- The UK's economic relationship with China will be guided by clear principles: looking to capitalise on every opportunity to grow the UK's economy while recognising that the first duty of government is to protect national security.
- The UK Government will grasp opportunities to achieve growth through trade with China in areas of economic strength, such as the UK's services sectors.
- It will balance the benefits that trade with China brings with supporting UK producers, while listening to UK business where unfair trading practices could damage their interests.

The strategy says that there are many areas where the UK Government is happy to let trade with China flourish, but there are areas where it will need to exercise caution and ensure that it focuses on resilient growth. It acknowledges there are "*sensitive*" sectors needing careful consideration, and it will not hesitate to protect the UK's interests.

It points to the '[2025 UK-China Economic and Financial Dialogue](#)' held in January and says that the UK Government is taking a long-term and strategic approach, rooted in doing the right thing by the UK's businesses and aimed at delivering secure and resilient growth to the UK.

WIDER WORLD

- Strengthening the UK's relationships with important partners, including Japan, Australia and Canada, is one priority.
- Emerging markets and developing economies are the "*engine*" of global growth. They offer new opportunities for long-term growth and security, and the UK Government will be proactive in seeking them.

WORLD TRADE ORGANIZATION (WTO)

The UK Government remains a principled and strong supporter of the UK's membership of the WTO. However, it also recognises that the WTO is facing new challenges in this new geopolitical era and needs to change in response. As membership of the WTO has expanded, it has become increasingly difficult to secure consensus among its membership to forge new rules.

With multilateral progress increasingly difficult, much of the "*creative energy*" within the WTO has sprung instead from plurilateral initiatives. These smaller, more agile groupings represent key opportunities to address contemporary challenges and opportunity to deliver results where the multilateral approach is not possible initially.

- The UK will now join the Multi-Party Interim Appeal Arbitration Arrangement – a temporary arbitration arrangement established by several WTO members for resolving appeals while the dispute settlement system remains only partially operational.
- The UK remains dedicated to re-establishing a fully functioning WTO dispute settlement system and will continue collaborating with other WTO members to achieve this objective.

THE COMPREHENSIVE AND PROGRESSIVE AGREEMENT FOR TRANS-PACIFIC PARTNERSHIP (CPTPP)

To make the most of the opportunities that CPTPP provides to strengthen the rules-based trading system, the UK Government will work with CPTPP members and partners beyond the group to pursue the following objectives:

- **Deepen the agreement:** the UK will use the CPTPP General Review process to seek timely upgrades to the agreement that support the UK Government's '[Missions](#)' and bolster UK business. This will include a particular focus on updating the rules on digital trade.
- **Widen the agreement:** the UK will pursue the "*expeditious*" expansion of CPTPP to additional economies, using the accession process to bring other economies into the orbit of high standards trade rules. That includes economies with which the UK currently does not have Free Trade Agreements (FTAs).
- **CPTPP and wider dialogues:** the UK will use CPTPP as a platform to support the wider multilateral and plurilateral system, and to encourage deeper trading relationships between countries and groupings committed to "*liberal*" rules-based trade.

The UK Government also says that it will work alongside its partners and allies to negotiate and agree an ambitious agenda for future plurilateral agreements which address the challenges faced by the multilateral system.

THE RIGHT TRADING PARTNERSHIPS

INTELLECTUAL PROPERTY (IP)

As well as services and goods, the strategy highlights the importance and role of IP in relation to trade. It says that British IP is "*big business*". UK businesses invested £200bn in knowledge assets in 2022, which "*underpins*" innovation and growth across the UK's economy. It notes that trade will be "*impeded unless our exporters know their precious intellectual property will be protected in international markets*".

OUR VARIED TRADE POLICY TOOLKIT

The strategy says that whilst there is certainly a place for FTAs with "*strategic partners*", they are only one of a range of possible tools with which to facilitate trade. The Government will move towards a trade policy that uses a wider range of tools to seize opportunities that promise growth in the short to medium term, like digital trade agreements (DTAs) and sector-specific agreements, while continuing to lay the groundwork for "*impactful*" partnerships in the long term.

DTAs

The strategy says that the UK is well placed to grasp the growth opportunities of the digital economy. It highlights that 72% of all UK services exports were sold remotely by 2022, which rose further in strong UK sectors such as Financial Services (96%) and IP (87%).

But as well as vast opportunities, trading digitally presents very particular challenges, including securing a safe online trading environment, and trusted flows of data. It notes that DTAs can prevent barriers to digital trade, facilitating exports and unleashing growth.

- The UK has initiated dialogues with Brazil, Thailand, Kenya, and Malaysia, among others, to explore negotiating new bilateral DTAs.
- It is also actively exploring the possibility of acceding to the '[Digital Economy Partnership Agreement](#)', if it's in the UK's national interest, whose membership is currently New Zealand, Chile, Singapore, and the Republic of Korea.

OTHER KEY DEVELOPMENTS

- The UK will shortly sign a Memoranda of Understanding with Taiwan, covering digital trade and investment. These will sit under the existing '[Enhanced Trade Partnership](#)' agreement which will set out commitments on how both parties can develop their trade and investment relationship.
- The UK has also launched discussions on a new '[UK-Indonesia Economic Growth Partnership](#)', to be finalised by the end of 2025, which will focus on addressing barriers and growing trade and investment.
- The UK has live FTA negotiations with the Gulf Cooperation Council, the Republic of Korea, Switzerland and Turkey.
- The Government is launching the '[Ricardo Fund](#)', to provide increased support to UK regulators and overseas trade teams to remove regulatory barriers for UK businesses trading abroad. This will build on the pilot '[Regulatory Partnerships for Growth Fund](#)', providing capacity for regulators to resolve some of the UK's highest priority trade barriers. 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 – and help to unlock export opportunities worth £5bn to UK businesses over 5 years.
- This fund will support unlocking opportunities worth billions of pounds for UK businesses, enabling them to capitalise on their comparative advantage across the Industrial Strategy Sectors in high value markets such as Australia, Canada, Japan and India.

SUPPORTING BUSINESS TO TRADE AND GROW

OVERSEAS NETWORK

The strategy says that a critical asset for British businesses is the UK's overseas network of trade officials and diplomats. This enables focused sectoral support coordinated through networks such as the [IP Attaches](#).

The UK Government will set a new direction for its Trade Commissioners and their teams to operate in a more dynamic and flexible way. It will build a more flexible hub and bespoke delivery model across government, and will focus its activity on delivering the greatest economic return to the UK, including by:

- Prioritising supporting UK businesses in the markets with the greatest opportunities for the UK – and building deep expertise and contacts in these markets
- Shifting some resources from export promotion into securing investment
- Focusing support on the eight growth driving sectors identified in the Industrial Strategy
- Supporting businesses with the potential to deliver serious economic value, particularly scale-ups and established mid-sized firms
- Targeting efforts on opportunities where government can make a truly additional difference, where its support is a deciding factor in commercial success
- Empowering Trade Commissioners and their teams to respond more quickly to fast-moving global developments

UK EXPORT FINANCE

Recognising UK Export Finance (UKEF), the Government's export credit agency, as a critical lever to drive economic growth, UKEF's capacity has been increased by £20bn to £80bn. UKEF will deploy this capacity to drive export-led growth across the UK.

SECURE AND RESILIENT TRADE

The strategy states that secure and resilient trade requires managing and responding to a whole host of actual and potential disruptions, including the theft of IP, natural disasters, political crises, and military conflict. Some of these risks the UK *"may hope to reduce; with others, the best we can realistically do is to manage them"*. It does not go into any further detail regarding IP but instead sets out announcements regarding supply chains, legislation relating to unfair trade practices and global turbulence in critical sectors, as well as the UK's trade remedies system.

PARTNERING WITH BUSINESS

The Government will establish an *'Economic Security Advisory Service'* based in the Department for Business and Trade that will streamline its approach to partnering with business on economic security issues. The service will connect government expertise and guidance with priority growth businesses to protect UK capabilities and competitiveness against economic security risks and threats. It will offer advice, guidance and support to businesses and enable an effective two-way dialogue, allowing government policy to reflect the experiences of businesses. The service will be piloted and scaled up over the course of the year, with a focus on Industrial Strategy growth driving sectors.