



International Trade & Border Controls

17/07/2025

Summary

The announcement of reciprocal tariffs on 2 April by the United States has contributed to an increasing level of uncertainty in international trade markets.

Against this backdrop the UK government have concluded several agreements with key international trading nations, such as the free trade agreement agreed with India, the UK-US Economic Prosperity deal and the UK-EU Common Understanding Agreement.

The UK EU Summit also led to several announcements, including further negotiations to agree a Common Sanitary and Phyto-Sanitary Agreement. If concluded, such a deal will have consequences for our border programme.

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1. Trade - India Free Trade Agreement

- 1.1 On the 6 May 2025 the United Kingdom reached an agreement to conclude negotiations for a new Free Trade Agreement with India. The deal is expected to be signed imminently. The signed agreement will then be laid before the UK Parliament later this year as part of the Constitutional Reform and Governance Act 2010¹.
- 1.2 Now that negotiations have been concluded the Welsh Government are analysing the deal and will publish a report setting out our perspective on the agreement and the specific impacts for Wales.

Trade Data

- 1.3 Wales and India have a strong trading relationship, with around 256 Welsh businesses exporting goods to India, and 389 businesses importing goods from India in 2024. This represents around 8.0% of 3,188 Welsh businesses that exported in 2024 and 3.3% of the 11,693 Welsh businesses that imported.
- 1.4 Goods trade between India and Wales was valued at £795.1m in the year ending March 2025 of which imports and exports were valued at £596.8m and £198.3m respectively. This makes India our 13th largest export market and 10th largest import market.

¹ [Constitutional Reform and Governance Act 2010](#)

2. Trade - UK-US Economic Prosperity Deal

- 2.1 On 2 April, the United States administration announced a series of 'reciprocal' tariffs on all countries. Whilst higher level tariffs were subsequently paused for 90 days, a 10% baseline tariff on all imports into the US, including from the UK, was put in place.
- 2.2 The 'reciprocal' tariffs are separate to the series of tariffs that the US have also imposed on goods such as steel, aluminum, and automotive.
- 2.3 On 8 May, the UK and US announced the general terms for a UK-US Economic Prosperity Deal² (EPD). This agreement sets out the intentions for a future trade agreement and is not legally binding. Some elements of the deal have now been implemented. For example, the EPD included commitments to apply a tariff rate quota on the first 100,000 automobiles exported from the UK to the US. Other elements of the deal require further negotiation to formalize the specific details set out in the EPD. For example, the implementation of the UK's steel quotas.
- 2.4 Welsh Government officials are working closely with the UK government to understand the remaining details of how the arrangements set out in the EPD will be applied to any final agreement.

Trade Data

- 2.5 The latest data available from the year ending March 2025 shows that the US was Wales's second largest goods export partner, with 13.0% of total Welsh goods exports heading to the US, and Wales's top import partner, accounting for around 19.4% of all Welsh goods.
- 2.6 Goods trade between the United States and Wales was valued at £5.9bn in the year ending March 2025, with imports and exports contributing £3.9bn and £2.0bn respectively. Latest services trade data for 2022 estimate the value of services trade with the US to be around £3.2bn.

² [UK-US Economic Prosperity deal](#)

3. Trade - UK-EU Common Understanding Agreement

- 3.1 On the 19 May, at the UK-EU summit, the UK announced that they had reached a UK-EU Common Understanding Agreement with the EU on trade, energy and security,³.
- 3.2 The agreement is primarily a framework agreement, setting out key areas for further negotiation and cooperation in key areas such as Sanitary and Phytosanitary (SPS), Youth Mobility, agri-food exports and energy.
- 3.3 The UK and the EU will begin negotiations over the detail of the agreement shortly and Welsh Government officials are working with the UK government to ensure that Wales' interests are represented.
- 3.4 Both parties are committed to negotiating a Common Sanitary and Phytosanitary Area to remove many of the certification and checks on agri-food products which were introduced after the UK left the EU and created significant trade barriers for Welsh producers exporting to the EU.
- 3.5 Parties agreed that the United Kingdom should be able to take targeted action to protect its biosecurity and public health, in the same way as Member States under European Union law.
- 3.6 In addition, the SPS Agreement should include a short list of limited exceptions to dynamic alignment, these exceptions will cover areas where UK / Devolved Government rules and regulations diverge from the EU.
- 3.7 The practicalities of the negotiations, including timescales are currently being determined by both sides. Welsh Government Ministers and officials are in regular engagement with UK Government on these details to ensure Welsh Government is given every opportunity to inform how the UK will approach the negotiations and that we are meaningfully involved in the negotiations themselves.
- 3.8 There are regular Inter-Ministerial Group Meetings where these issues are discussed, the IMG-Rural Affairs last met on 23 June 2025, IMG – Trade last met on Monday 2 June 2025 and IMG – EU last met on Monday 12 May 2025. In addition to this there

³ [UK-EU Summit - Common Understanding \(HTML\) - GOV.UK](#)

have been several quadrilateral Interministerial meetings covering Border controls, the most recent of which was on 9 June 2025.

- 3.9 The inclusion in the scope of the negotiations of live bivalve molluscs from Welsh waters to once again be granted market access to the EU is an example of how the interests of Welsh producers can be represented to benefit from the final agreement.

Trade Data

- 3.10 The EU is Wales's most significant trading partner, with the value of total trade with the EU totalling £17.2bn in the year ending March 2025. The EU is also the largest market for inward investment to Wales.
- 3.11 Wales is more reliant on the EU for goods trade than the UK as a whole. In the year ending March 2025, around 62.4% of Welsh goods exports went to the EU, this differs from the UK as a whole where 48.9% of goods exports were sent to the EU. (HMRC)

4. Trade - Rest of World Negotiations

- 4.1 In addition to the recent agreements reached with India, the US and the EU, there are a number of trade negotiations currently taking place. These include negotiations with Switzerland, South Korea and the Gulf Co-operation Council. The UK government has also announced that negotiations between the UK and Turkey will resume.
- 4.2 On 20 May, UK government informed Parliament that the UK was formally pausing FTA negotiations with Israel.

5. Trade - UK Trade strategy

- 5.1 The UK Government published its UK Trade Strategy⁴ on 26 June 2025. This outlines how the UK Government will pursue its approach to international trade and trade policy.
- 5.2 Welsh Government will consider the contents of the strategy.

⁴ [The UK's Trade Strategy](#)

6. Border Controls - Border Target Operating Model

- 6.1 When the UK left the EU a new system of post-Brexit requirements needed to be established for border controls on imports from the EU, including that live animals and goods such as foodstuffs could only be imported through a point of entry with a border control post (BCP).
- 6.2 The Border Target Operating Model, including arrangements agreed by the UK, Scottish and Welsh governments to protect our biosecurity and food safety, was published in August 2023. These arrangements apply to imports from the EU and rest of the world.
- 6.3 In line with those arrangements, the Welsh Government commissioned construction of a BCP on our land at Parc Cybi in March 2024 to ensure that Holyhead - the busiest ferry port on the Irish Sea, with over three quarters of imports to Great Britain from Ireland - would be able to continue to operate.
- 6.4 Physical and identity checks on SPS imports from the EU began on April 2024 after a number of delays. However, no start date was ever announced for such checks on imports from Ireland. The announcement on 19 May 2025 that the UK and EU are to pursue negotiations for a 'Common Sanitary and Phytosanitary Area' could exempt many imports of live animals and goods from sanitary and phytosanitary checks at the border.
- 6.5 On 24 June 2025 the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs issued a written statement announcing his decision to not proceed with the final commissioning and staffing of the Holyhead BCP, and not to progress construction of BCPs at Fishguard and Pembroke Dock.
- 6.6 This decision will be kept under review until the final details of the agreement with the EU are known. Wales has a strong interest in upholding high sanitary and phytosanitary standards, both for public health and trade continuity. Welsh Government will continue to work with the UK Government on the implications for border controls whilst the SPS provisions in the Common Understanding are negotiated.
- 6.7 As timescales for SPS negotiations and subsequent implementation become clearer, Welsh Government will be able to determine appropriate biosecurity and food safety arrangements for the interim.

- 6.8 Welsh Government support the removal of barriers to trade but must continue to guard against disease and ensure measures are in place which provide an acceptable level of biosecurity protection.