

International trade monitoring report

October 2025

Introduction

This monitoring report provides an update on recent key policy developments related to the trade remit of the Economy, Trade and Rural Affairs Committee (“the Committee”). This includes updates on:

- UK Government trade negotiations;
- US trade developments; and
- Welsh Government updates.

The information contained in this report was accurate at the time of writing.

1. UK trade negotiations

This section outlines updates on UK trade negotiations with:

- India;
- South Korea;
- Switzerland;
- Gulf Cooperation Council;
- Israel; and
- Türkiye



It also includes an update on negotiations to implement the UK-EU Common Understanding agreement and other areas of UK trade policy.

Following a [UK Government cabinet reshuffle](#), Peter Kyle MP was appointed as Secretary of State for Business and Trade. Chris Bryant MP was appointed Minister of State in the Department for Business and Trade

1.1. Ongoing trade negotiations

In July 2024, former Secretary of State for Business and Trade, Jonathan Reynolds MP, announced his intention to restart a number of trade negotiations. This was to begin initially with the Gulf Cooperation Council (GCC), India, Israel, South Korea, Switzerland and Türkiye. The sections below provide updates on the talks between the UK and these six partners .

1.1.1. India

- The UK and India Governments [signed the Free Trade Agreement \(FTA\)](#) in July, and the [full text](#) has since been published. In a written statement, the Welsh Government said it is [conducting a full assessment](#) and will publish a report detailing its perspective on the FTA, as well as the impact on Wales.
- The UK Government [issued a press release](#), listing the potential benefits of the deal to Wales, saying that the FTA “is set to boost Wales’s economy by £80 million annually”. It also stated the agreement will eliminate the 33% tariff on Welsh lamb into the Indian market once the agreement enters into force.
- The House of Lord International Agreement’s Committee is [undertaking an inquiry](#) into the FTA. The call for written evidence will close on 14 October.

1.1.2. South Korea

- The [fifth round of negotiations](#) on an upgraded FTA with the Republic of Korea took place in Seoul between 7 and 11 July 2025. Discussions progressed on rules of origin, digital trade and services. The next round of negotiations are to take place in the Autumn.

1.1.3. Gulf Cooperation Council (GCC)

- There has been continued reports that the countries are close to finalising the agreement. There [remains concerns](#) about the human

rights and climate implications of the deal, particularly in light of the UK's trade strategy which emphasises the importance of climate and human rights as part of its approach to trade.

1.1.4. Türkiye

- The first round of negotiations on an enhanced FTA with Turkey took place between 23 June and 2 July. Discussions covered sustainability, collaboration and regulatory environments. Discussions were also held on trade in services. The second round of negotiations is expected to take place in the Autumn.

1.1.5. Switzerland

- Round 8 of negotiations is set to take place in Switzerland in Autumn 2025.

1.1.6. Israel

- Trade talks between the UK and Israel have remained suspended since May.

1.2. European Union

1.2.1. Common understanding

- On 19 May 2025, the UK and EU announced their latest agreement, Common Understanding, which provides for increased cooperation and the negotiation of additional UK-EU agreements in future.
- On 16 July, the European Commission published its recommendation to the Council of the European Union for negotiation mandates on two key elements of the Common Understanding agreement. These are the creation of a common sanitary and phytosanitary (SPS) area between the EU and the UK and the linking of their respective emissions trading systems. Once the recommendation is adopted by the Council, the European Commission will be able to enter detailed negotiations with the UK.
- The UK Government announced the suspension of extra border checks on live animal imports from the EU, which will be reviewed on a rolling basis. It stated that “while the details of the agreement are negotiated, traders must continue to comply with the terms of the UK’s

Border Target Operating Model". The UK Government also highlighted the benefits of a SPS agreement in a press release.

- On 26 August, the UK Minister for the Constitution and EU Relations, Nick Thomas-Symonds MP, made a speech on the future relationship with the EU. He said the UK Government's aim was to have an SPS agreement with the EU in place by 2027. The Minister said detailed negotiations will begin in the autumn.

1.2.2. The Multiannual Financial Framework (EU budget)

- On 16 July, the European Commission published its proposals for its next long-term budget, known as the next Multiannual Financial Framework (MFF).
- It will cover the 2028-2034 period and sets out the proposals and budget for the next round of EU funding programmes. The proposals total €1.98tn in total. Some significant changes are proposed to current funding programmes. Key proposals for funding programmes of interest to Wales include:
 - **The European Competitiveness Fund and Horizon Europe:** This would be a new fund worth €409bn. Horizon Europe will remain a separate programme within the fund but close collaboration between the two programme and the wider fund will be expected. €131bn of the fund will support investment in defence, security and space in support of the development of a European Defence Union.
 - **Regional and cohesion funds including INTERREG:** The European Commission is proposing that many of the existing funding programmes including the Common Agricultural Policy (CAP), funding for fisheries, regional and cohesion funding should be brought into a single National and Regional Partnership Plan in each Member State. Although each plan will contain ring-fenced strands for things like CAP this would still be a significant change.
 - **Third country participation:** Key for the UK and Wales will be the extent to which third countries outside of the EU are able to associate to these funding programmes. The proposals would allow for third party association in full or in part provided that it offers a fair balance of contributions and benefits.

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- Member States in the Council and Members of the European Parliament will now consider and scrutinise the proposals and the text of the regulations proposed to implement the budget. Both institutions must agree before the final financial framework can be adopted.

1.2.3. Steel

- The President of the European Commission, Ursula Von der Leyen announced in her annual State of the Union address that the EU will propose a new long-term trade instrument to replace its expiring steel safeguards.
- It was reported on 1 October that the European Commission will propose ‘cutting steel import quotas by nearly half and hiking duties on volumes above those levels to 50%’ in line with tariffs imposed by the US and Canada. The measures will be part of a new package for the EU steel sector that will be announced on 7 October.
- On 1 August UK steel producers regained tariff-free access to the EU market for some steel products. This was agreed as part of talks at the UK-EU summit that took place in May.

2. Other agreements

Following the publication of the UK Government’s trade strategy, it stated that it will be pursuing a wider range of trade arrangements, outside of free trade agreements. This section outlines developments in this area of UK trade policy.

- In July, the UK Government highlighted that a change in Vietnamese law to streamline the registration of new medicines and vaccines will make it easier to export pharmaceutical products into the country. The UK Government stated that British companies are set to gain up to £250m over the next five years as a result.
- Mexico approved twelve UK businesses to export pork products, including offal and edible by-products in August. The UK Government states that this outcome follows eight years of negotiations between Mexican and UK authorities, with industry estimating the deal to be worth £19m over the first five years. It also states that the deal “will also pave the way for future opportunities”, following the removal of 20% tariffs on UK pork once Mexico ratifies the UK’s accession to CPTPP.

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- The UK Government highlighted that, following engagement, Egypt would not impose a proposed trade barrier requiring halal certification on all dairy imports.
 - Trade Minister, Chris Bryant MP, visited Brazil and Argentina in September to “progress several targeted partnerships with Brazil including on customs, good regulatory practices and export credit”.

3. Other developments

- Business and Trade Secretary, Peter Kyle MP, attended the UK-China Joint Economic and Trade Commission (JETCO) in September. This was the first meeting of JETCO since 2018. The UK Government said “revising our trade relationship with Beijing...could present huge opportunities for UK exporters”. During the meeting, a series of MoUs were signed covering cooperation on trade issues. These included MoUs to set up a WTO working group, a health innovation platform and trade remedies exchange.
- The UK Government published the statements of the UK's Permanent Representative to the WTO and UN on 22 - 23 July 2025 at the World Trade Organization.
- In August, former Trade Minister, Douglas Alexander MP, visited Japan and South Korea to “bolster our economic ties with two key allies”.
- In September, former Business and Trade Secretary, Jonathan Reynolds MP, and Saudi Minister of Commerce co-chaired the fifth meeting of the Economic and Social Pillar of the Saudi-UK Strategic Partnership Council.

4. US trade policy

4.1. Economic Prosperity Deal

- The US and the UK signed the Economic Prosperity Deal (EPD) in May. Whilst some commitments within the EPD have been implemented, there is still no agreement on steel and there are reports that talks have been postponed indefinitely.

- President Trump has indicated that tariffs could be imposed on pharmaceutical products and trucks. The EPD does contain a commitment to secure “preferential rates” for pharmaceutical products and “other sectors that maybe subject to Section 232 investigations or other tariff measures”. There has been no clarification on how these new tariffs will apply to those countries which have secured a trade agreement with the US, including the UK.
- During President Trump’s state visit, the UK and US Government announced the Technology Prosperity Deal. The Memorandum of Understanding included key areas of cooperation. These were AI, quantum computing and nuclear energy. Alongside the deal, US technology companies announced a series of UK investments.

4.2. US tariff system

This section outlines developments in US trade policy, with the chart below outlining tariffs announced by US Government. The tariff rates also reflect bilateral negotiations which the US Government has undertaken with trade partners. These talks have also led to the modification of the reciprocal tariffs in August.

| Tariff | Rates | Affected products | Affected partners | Implementation | Status |
|--|--|---|--------------------------|--|--------|
| <u>Reciprocal tariff inc baseline tariff</u> | Between 10%-50% | Affects most imports into the US. | All trade partners | 7 August | Active |
| <u>Fentanyl and migration</u> | China: 20% Mexico: 25% Canada: 35% | Non-USMCA trade (energy and potash, tariffed at 10%). | Mexico, Canada and China | 4 March <i>(The tariff placed on Canda was increased from 25% to 35% in August.)</i> | Active |

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|---|---|--|--|---|----------------|
| | | Affects all goods from China | | | |
| <u>Venezuelan oil</u> | 25% | All imports into the US. | On all designated countries which import Venezuelan oil | 2 April | Active |
| <u>Steel and aluminium</u> | 50% <i>(25% on the UK)</i> | Steel and aluminium <i>(including derivative products)</i> | All trade partners | 12 March | Active |
| <u>Autos and auto parts</u> | 25% <i>(10% for UK. 15% for Japan and the EU)</i> <i>(Pending: 15% for South Korea)</i> | Passenger vehicles and light trucks, and certain auto parts. | All trade partners | Autos: 3 April Auto parts: 3 May | Active |
| <u>Timber, lumber and derivate products</u> | Softwood timber and lumber products: 10% Certain kitchen furniture and upholstered wooden furniture: 25% | Timer Lumber furniture items | All trade partners <i>(Tariff on the UK is not to exceed 10%. For Japan and the EU, it will not exceed 15%)</i> | 14 October | Not yet active |

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|--------------------------------|-----|-------------------------------|--------------------|----------|--------|
| Copper and derivative products | 50% | Semi-finished copper products | All trade partners | 1 August | Active |
|--------------------------------|-----|-------------------------------|--------------------|----------|--------|

4.3. Other developments

- The United States Court of International Trade ruled that tariffs imposed under the International Emergency Economic Powers Act to address fentanyl and border security, as well as trade deficits, exceeded the authority granted by the Act. The tariffs remain in place as the decision and a hearing in the Supreme Court is scheduled for early November.
- Effective the end of August, the US Government announced an end to duty-free de minimis treatment for low-value shipments (under \$800) for all countries, including the UK.
- The US Department of Commerce announced the steel tariff was being extended to more derivate products. They extended the list initially on 23 June (including refrigerators, freezers, washers, dryers, dishwashers, stoves) and again on 18 August (including aerosol cans).
- In July, the US Government issued an executive order, announcing that an additional 40% tariff was to be imposed on Brazil. This brings Brazil's total reciprocal tariff to 50%. The executive order and corresponding fact sheet state that the tariff increase was in part due to the "politically motivated persecution, intimidation, harassment, censorship, and prosecution of former Brazilian President Jair Bolsonaro".
- In September, the US Government issued an executive order to modify the scope of reciprocal tariffs, which amended the list of products subject to the reciprocal tariffs. The executive order also established a Potential Tariff Adjustments for Aligned Partners. This is a list of products on which a Most-Favored-Nation tariff could apply upon the conclusion of a reciprocal trade and security deal.

4.4. Ongoing section 232 investigations

Under the Trade Expansion Act of 1962, a section 232 investigation can be launched to determine the effect of a given import on national security. The president can choose to take action based on the findings, including the use of tariffs. During President Trump's first term, 8 investigations were conducted.

President Trump has used the findings of some of these investigations to expand on tariffs in his current term and has also initiated a series of new investigations. Current active investigations include:

- Semiconductors and semiconductor manufacturing equipment;
- Pharmaceuticals and pharmaceutical ingredients;
- Trucks;
- Processed critical minerals and derivative products;
- Commercial aircraft and jet engines;
- Polysilicon and its derivatives;
- Unmanned Aircraft Systems (UAS) and their parts and components;
- Robotics and industrial machinery;
- Wind turbines; and
- Personal protective equipment, medical consumables, and medical equipment.

5. Welsh Government

- On 8 July, the Welsh Government held a meeting of its [trade policy advisory group](#). It discussed trade deals under negotiation by the UK government and the UK-EU summit.

5.1. Upcoming overseas trade events

The following table provides details on [Business Wales' upcoming overseas market events](#), including exhibitions and trade shows.

| Event | Date | Location |
|---|------------------------------------|-----------------|
| ADIPEC <i>Energy transition, renewables and low carbon</i> | 1 November 2025 to 7 November 2025 | Abu Dhabi, UAE |
| World Nuclear Exhibition (WNE) 2025 | 3 November 2025 to 6 November 2025 | Paris, France |

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|---|--------------------------------------|------------------------------|
| <i>Nuclear</i> | | |
| <u>MEDICA</u> <i>Life Science and MedTech</i> | 16 November 2025 to 20 November 2025 | Dusseldorf, Germany |
| <u>Space Tech Expo 2025</u> <i>Space Tech</i> | 17 November 2025 to 21 November 2025 | Bremen, Germany |
| New Exporter Programme: Export Market Visit to The Netherlands <i>Multi-sector</i> | 24 November 2025 to 27 November 2025 | Amsterdam, The Netherlands |
| Gulfood | 26 January 2026 to 30 January 2026 | Dubai, United Arab Emirates |
| <u>World Health Expo Dubai – (Arab Health)</u> <i>Life Science and MedTech</i> | 7 February 2026 to 13 February 2026 | Dubai, United Arab Emirates |
| <u>Export Market Visit to United Arab Emirates</u> <i>Multi-sector</i> | 7 February 2026 to 13 February 2026 | Dubai, United Arab Emirates |
| <u>Export Market Visit to Canada</u> <i>Multi-sector</i> | 22 February 2026 to 28 February 2026 | Toronto and Montreal, Canada |
| Games Developer Conference (GDC) 2026 <i>Gaming, Creative</i> | 8 March 2026 to 13 March 2026 | San Francisco |

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