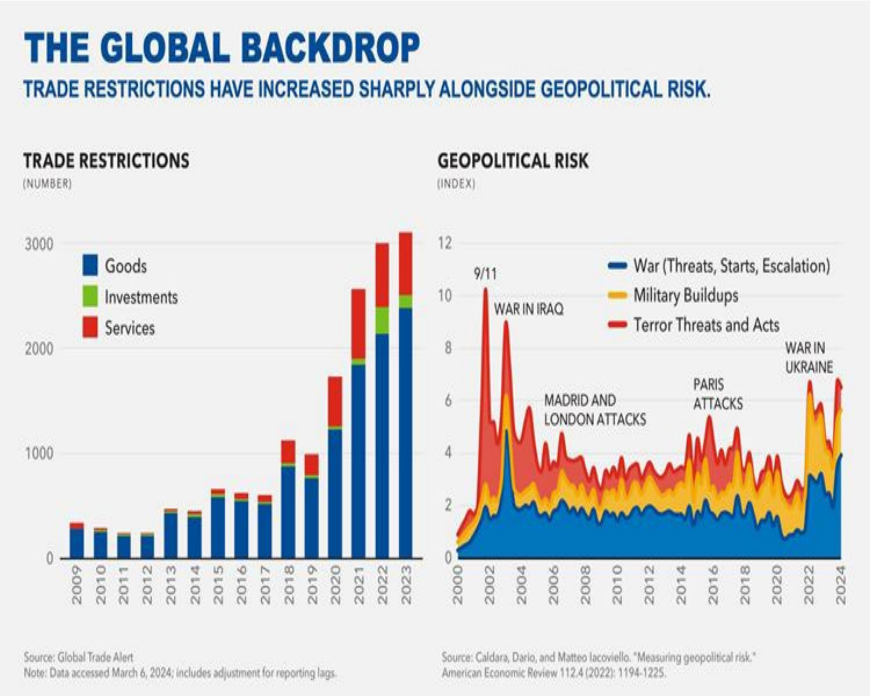
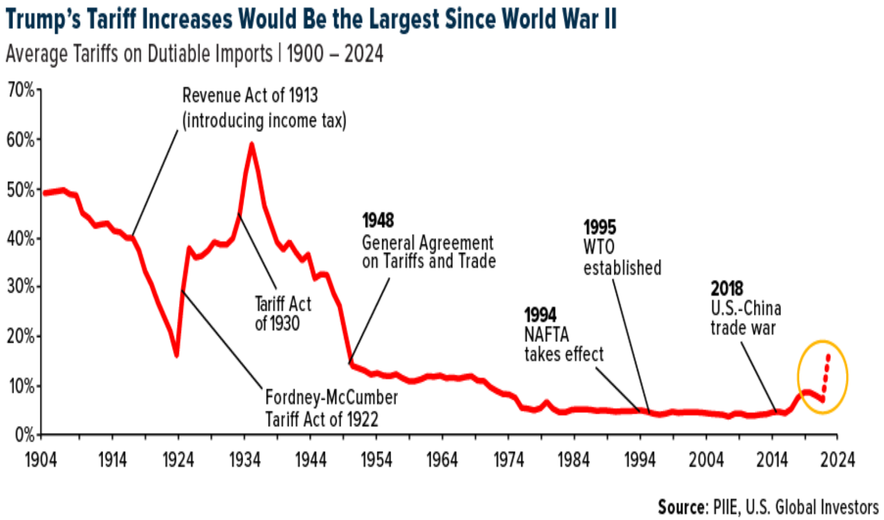
The UK in a Changing World

The Global and Historical Context



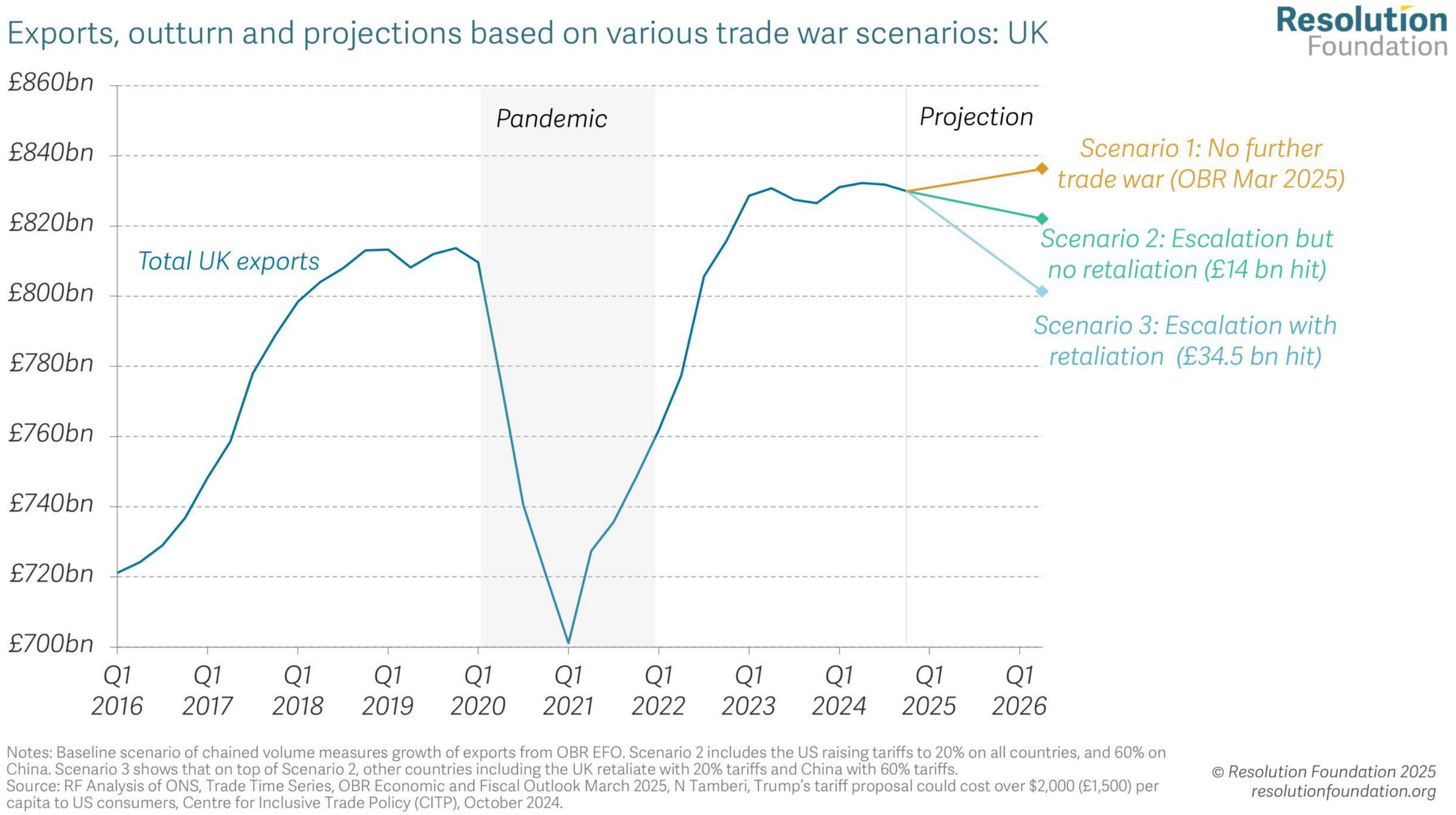


Never a Dull Moment...

Timeline of key tariff-related events

Date	Initiator	Description
Mar 27 2025	Various	Notice of possible retaliation against US 25 per cent car tariffs
Mar 26 2025	US	Donald Trump announces the US will impose tariffs of 25 per cent on foreign-made auto imports
Mar 24 2025	US	US announces tariffs against countries that buy Venezuelan oil
Mar 12 2025	Canada	Canada hits back with new tariffs on almost C$30bn ($21bn) of US goods
Mar 12 2025	EU	As US tariffs on aluminium and steel take effect, a retaliatory EU tariff package targets up to €26bn of American goods, set to take effect on April 1
Mar 11 2025	US	US announces additional 25% tariff on steel and aluminium imports from Canada
Mar 6 2025	US	New executive orders backtrack on sweeping 25 per cent tariffs on Mexico and Canada
Mar 4 2025	Canada	Retaliatory package announced: 25 per cent tariffs on $155bn worth of imported goods, including an immediate list of goods worth $30bn
Mar 4 2025	US	Additional 10% levy on Chinese imports announced
Mar 4 2025	US	Delayed 25% tariffs on Mexico and Canada take effect
Feb 10 2025	US	25 per cent tariffs on aluminium and steel imports announced — expected to take effect Mar 12
Feb 5 2025	US	Low value duty-free shipments from China restored temporarily
Feb 4 2025	China	New US tariffs applied as part of retaliatory package
Feb 4 2025	US	Tariffs on China take effect
Feb 3 2025	US	Canada tariffs placed on hold for 30 days
Feb 3 2025	US	Mexico tariffs placed on hold for 30 days
Feb 1 2025	Canada	Two rounds of retaliatory tariffs announced
Feb 1 2025	US	Steep new tariffs on Canada, Mexico and China announced

Tariffs will impact on UK



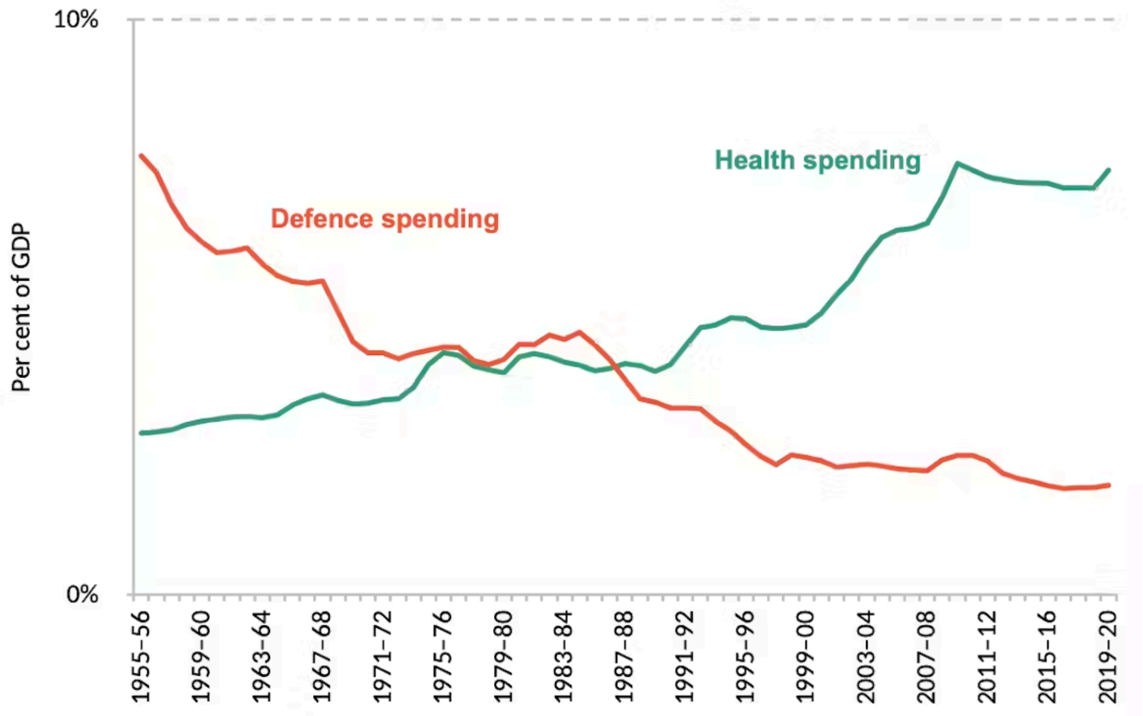
Assumed new trade deals **United States**, Australia, New Zealand, Malaysia, Brunei, **China**, India, Mercosur (Brazil, Argentina, Paraguay and Uruguay) and the Gulf-Cooperation Council (UAE, Saudi Arabia, Oman, Qatar, Kuwait and Bahrain)

A less friendly world

Program/Initiative	Region	Estimated Cost	Time Frame	Key Focus Areas
Inflation Reduction Act (IRA)	United States	$369 billion	10 years (2022-2032)	Clean energy, electric vehicles, emissions reduction
EU Green Deal	European Union	€1 trillion	10 years (2020-2030)	Climate neutrality, emissions reduction, circular economy, biodiversity
Net Zero Strategy and Green Industrial Revolution	United Kingdom	£12 billion public funding + additional investments	10 years (2021-2030)	Net-zero emissions, green energy, electric vehicles, hydrogen, nuclear energy

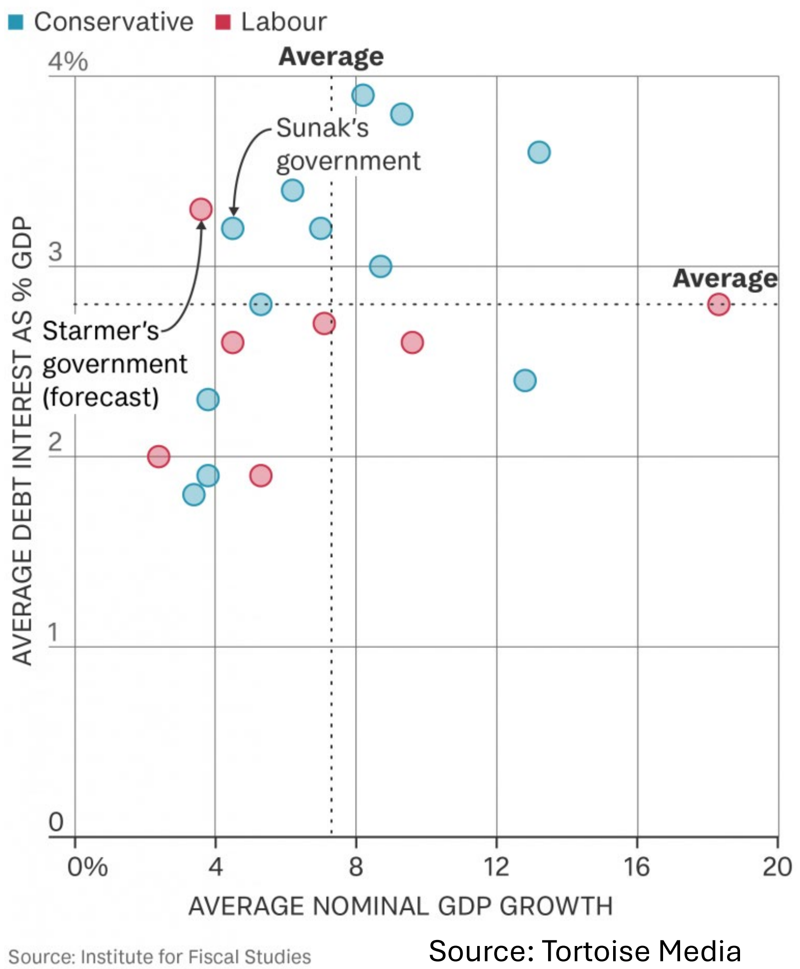
Defence trade offs

UK spend on health and defence as % of GDP



Note: definition of defence spending here does not correspond to that used by Nato. Source: IFS

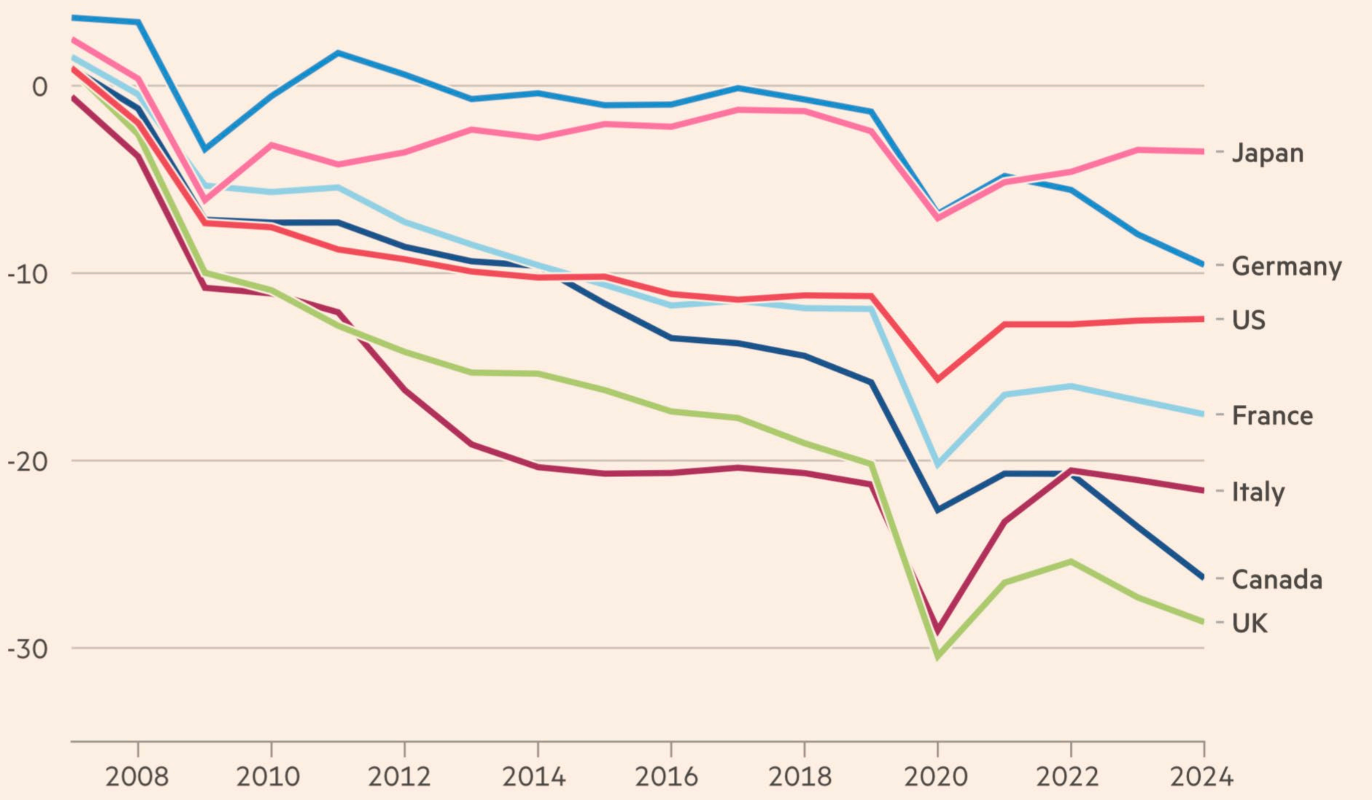
GDP growth and debt interest spending by parliament



Source: Tortoise Media

UK economic performance has been terrible since the global financial crisis

Deviation of real GDP per head from 1990-2007 trend (%)

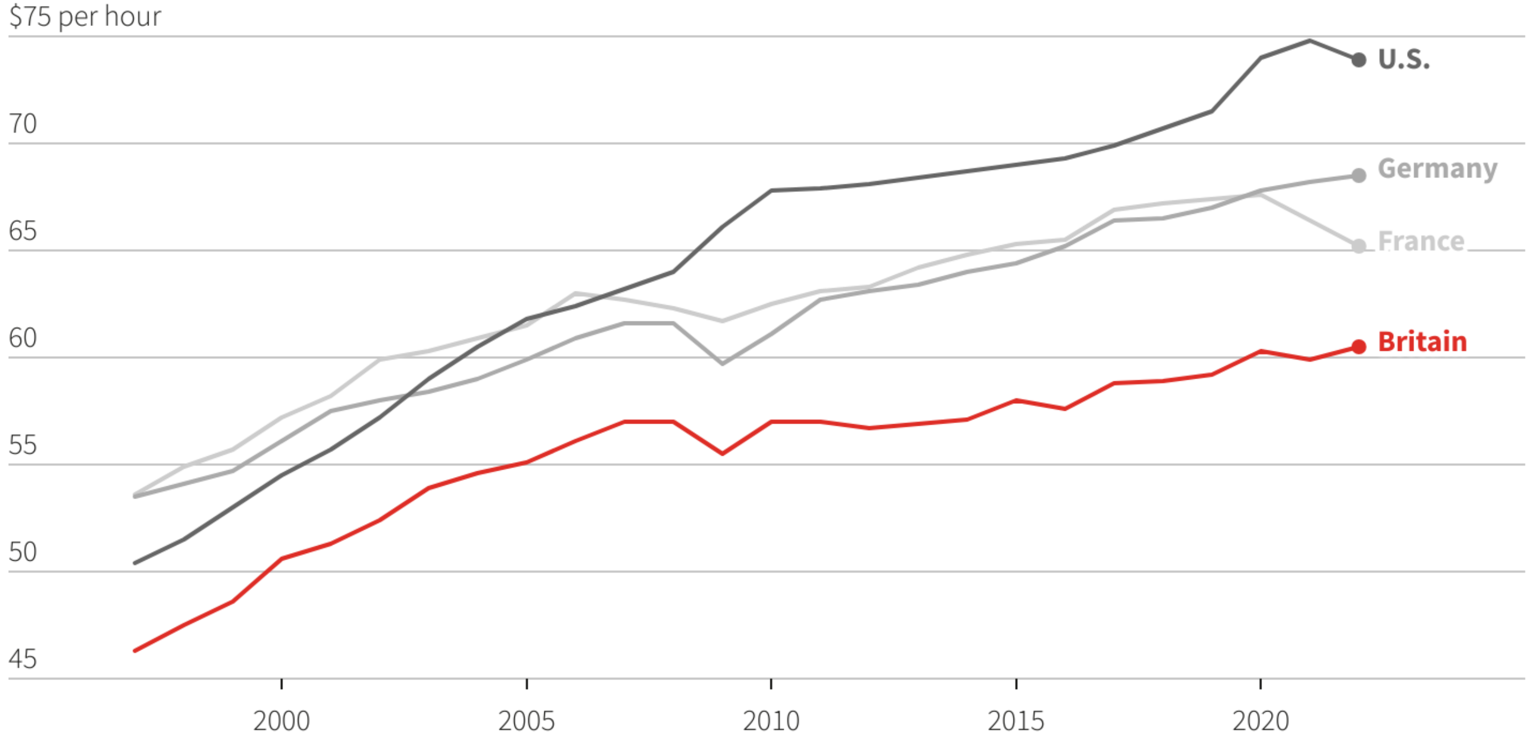


FINANCIAL TIMES

Source: IMF; FT calculations

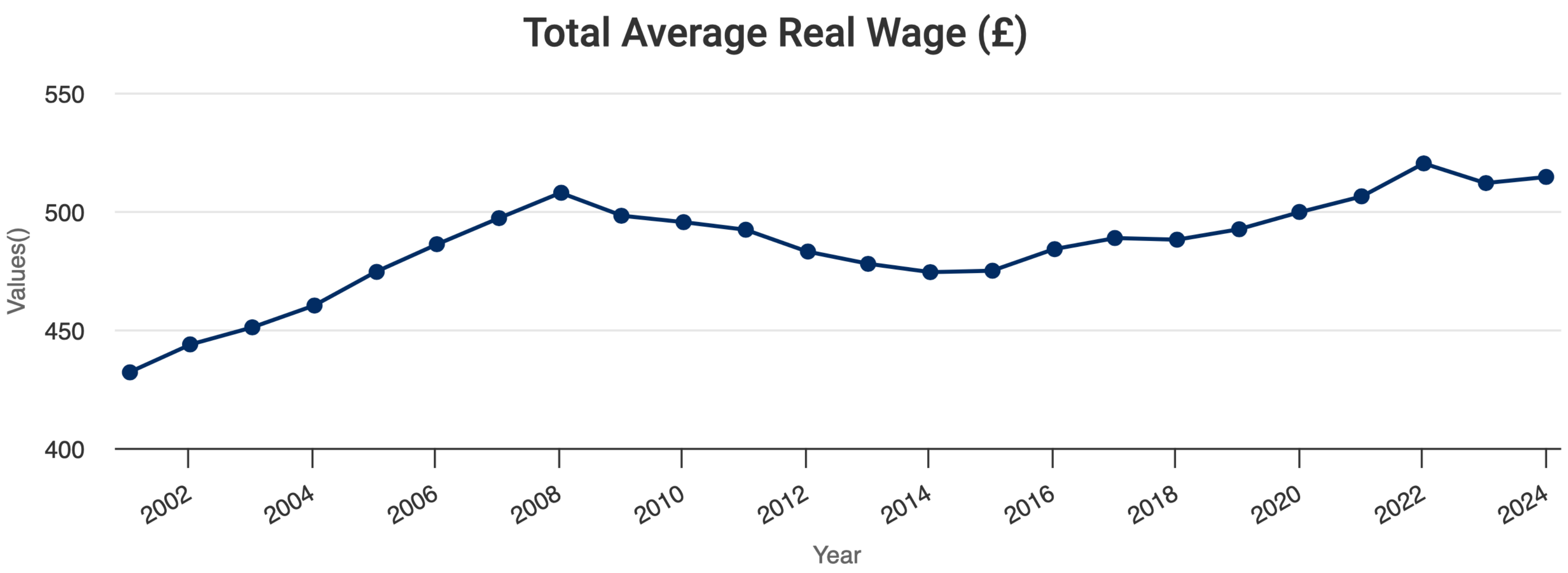
The UK's productivity problem

GDP per hour worked, a measure of labour productivity, has been lower in Britain than in the United States, Germany, France for decades.



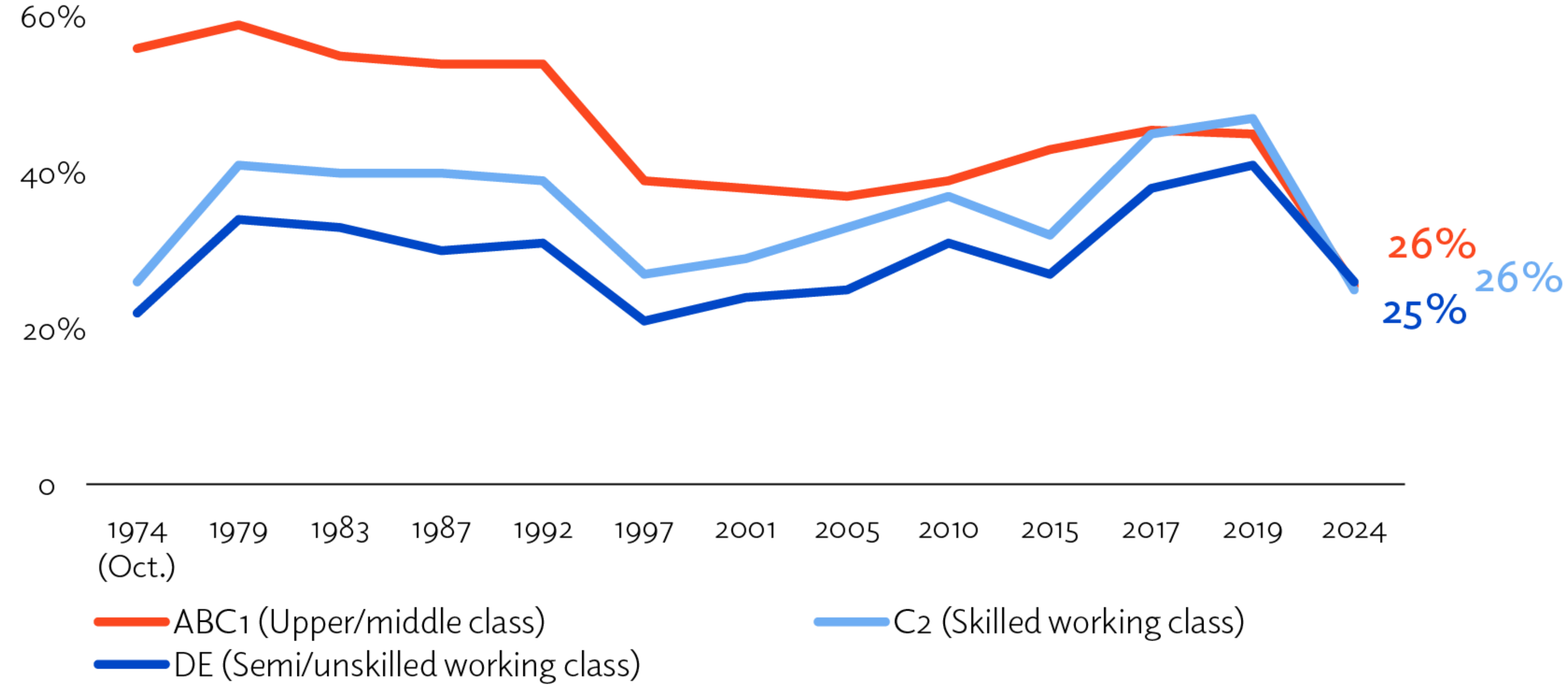
Note: 2010 US $ constant prices and PPPs
Source: OECD

Real wages have increased a mere 1% since 2008



The Conservatives lost a significant share of support in 2024 among all social grades– and won their lowest support among upper/middle class voters since 1974

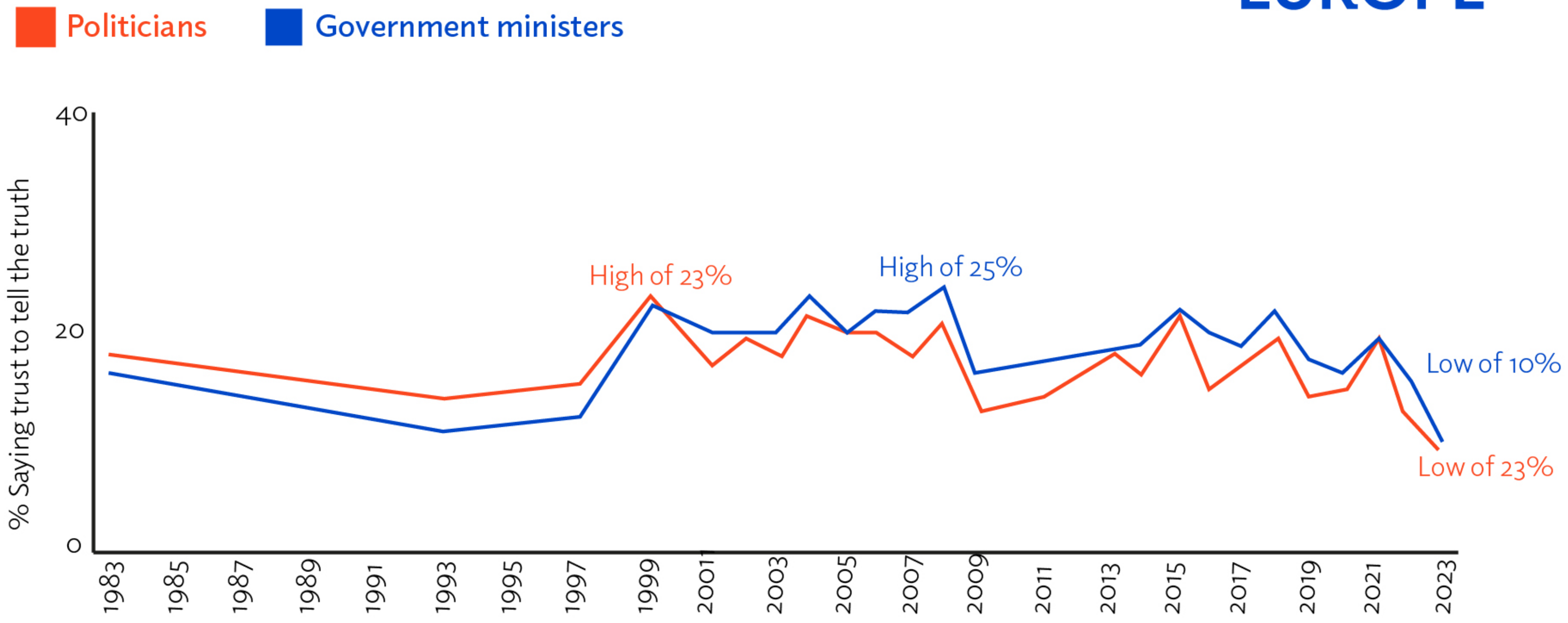
Conservative vote share at general elections since 1974 by social grade



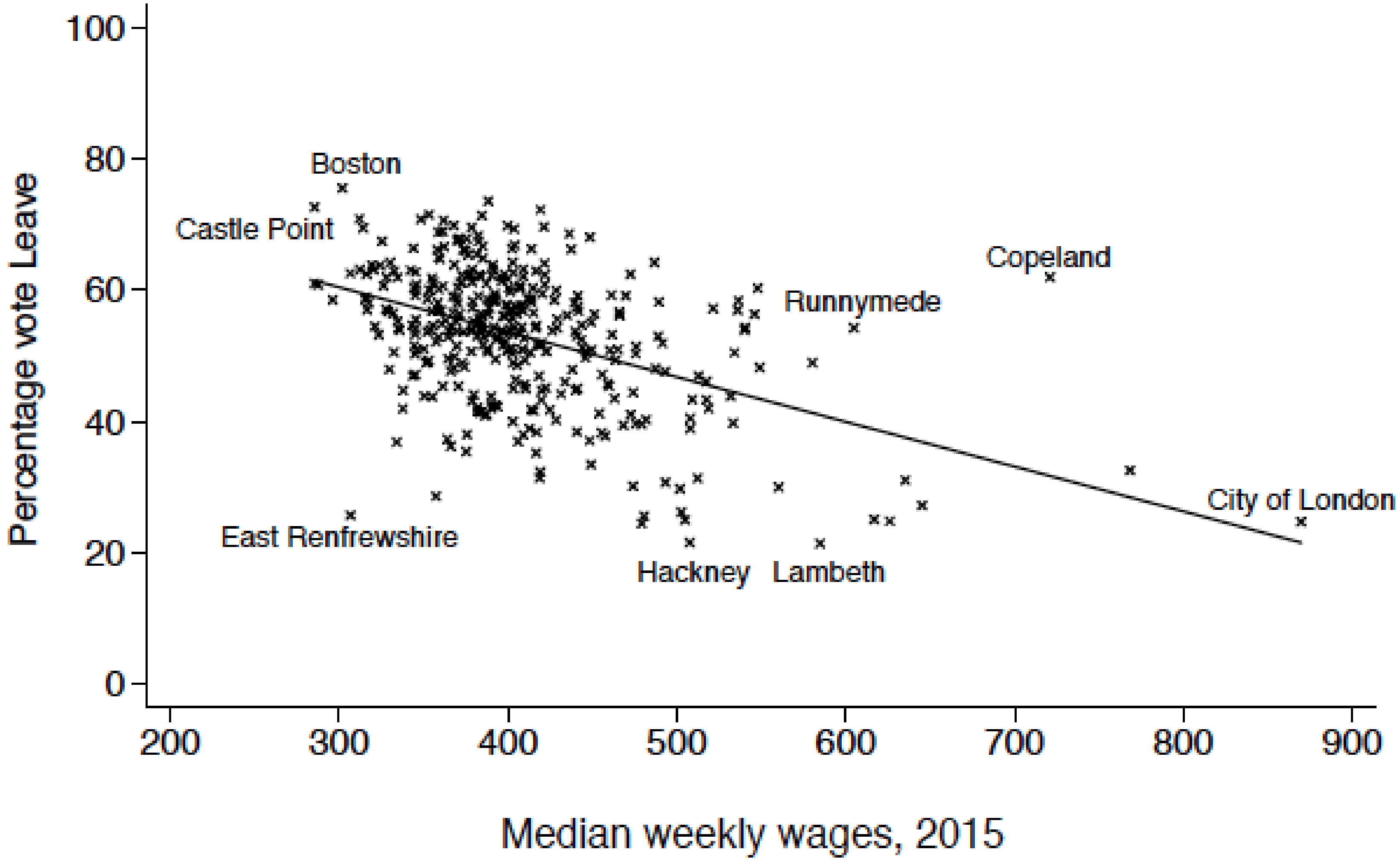
Source: Ipsos, How voters voted, 1974-2024

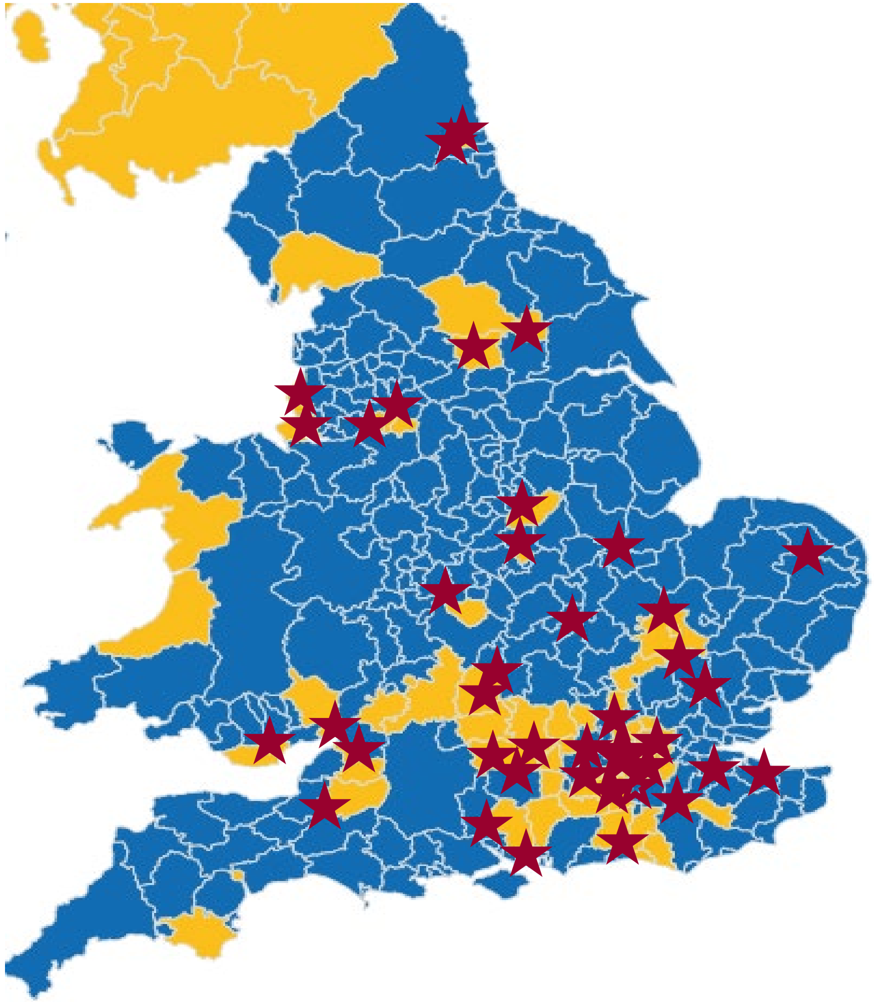
2023 Saw the lowest level of trust in politicians and Government ministers on record

Trust in politicians, 1983-2023



Source: Ipsos Veracity Index, 1983-2023.


Percentage vote Leave
100
80
60
40
20
0
200
300
400
500
600
700
800
900
Median weekly wages, 2015
Boston
Castle Point
Copeland
Runnymede
City of London
East Renfrewshire
Hackney
Lambeth



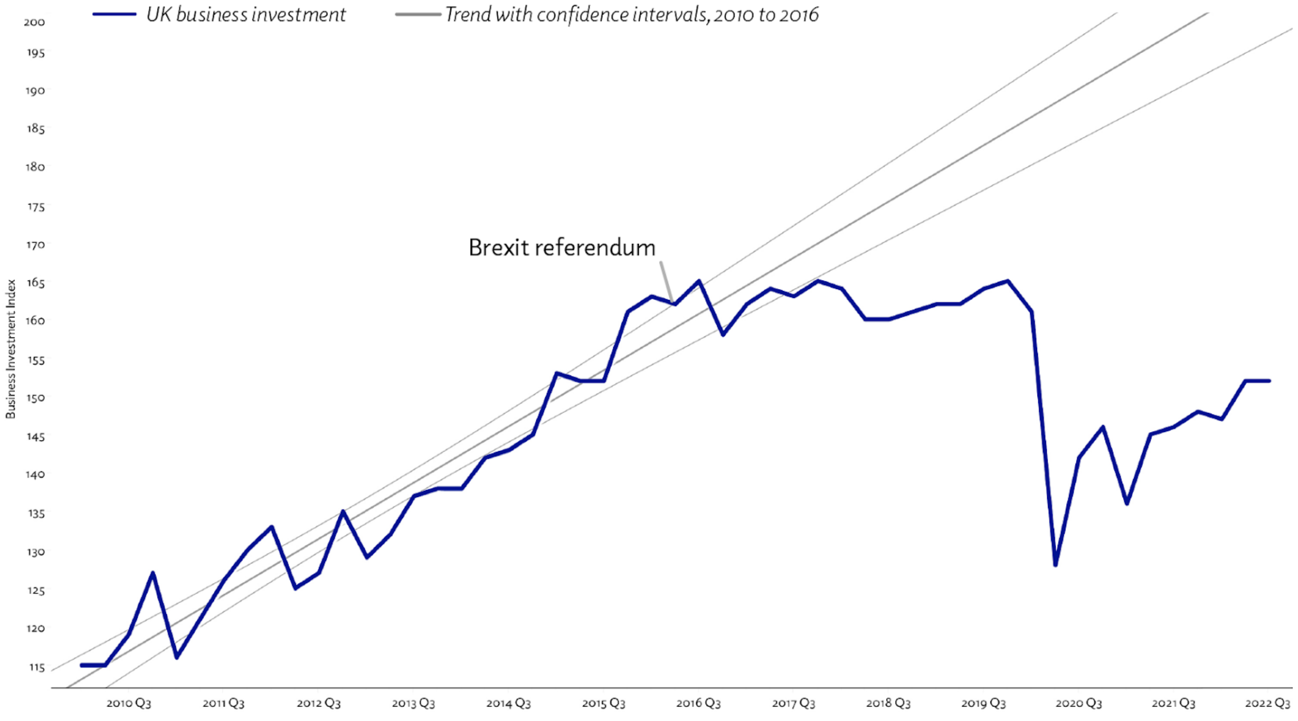
#MakingSenseOfBrexit

Brexit and Investment

ukandeu.ac.uk @UKandEU

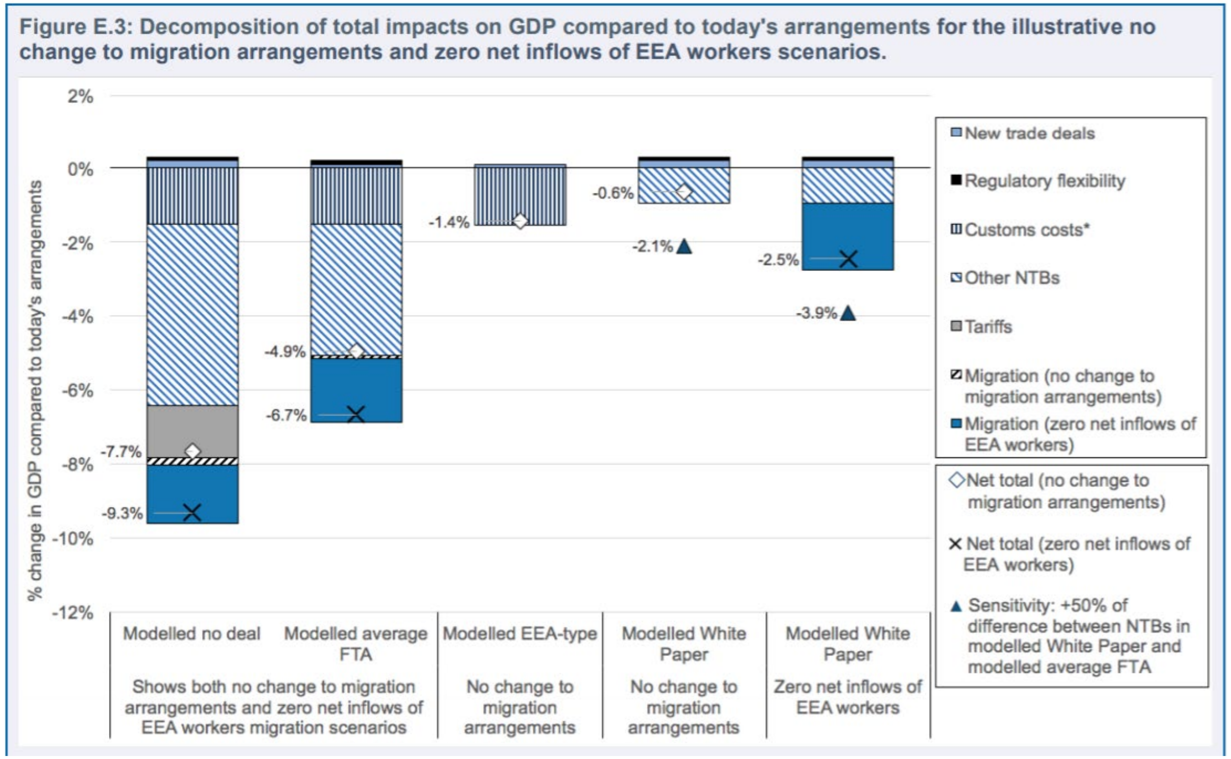
UK investment affected by referendum

UK real business investment index score Q1 20210 to Q3 2022 (Q1 1997 = 100). Trendline based on Q1 2020 to Q2 2016 trend.



Source: Data from Office of National Statistics. Graphic and trend analysis by UK in a Changing Europe.

Impact (including trade deals)



Assumed new trade deals: **United States**, Australia, New Zealand, Malaysia, Brunei, **China**, India, Mercosur (Brazil, Argentina, Paraguay and Uruguay) and the Gulf-Cooperation Council (UAE, Saudi Arabia, Oman, Qatar, Kuwait and Bahrain)

Trade deals in numbers

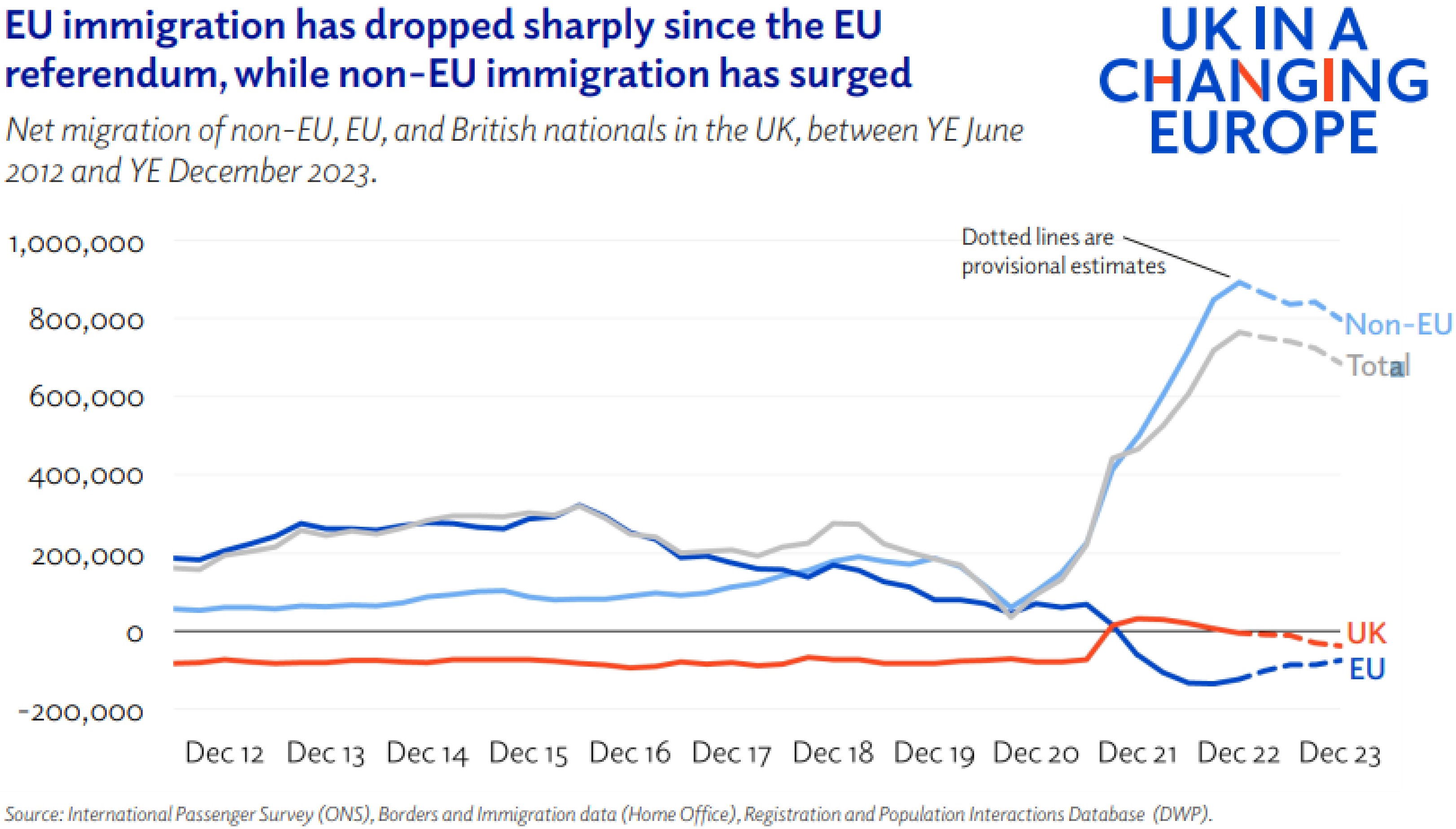
Brexit trade deals official impact assessments

Trade agreement	GDP boost/impact £bn/year	% of UK GDP
CPTPP (11-nation)	+2.0	+0.08%
Australia	+2.3	+0.08%
New Zealand	+0.08	+0.03%
Possible US-UK	+1.6 to +3.4	+0.07 to 0.16%
Possible UK-India	+3.3 to +6.2	+0.12 to 0.22%
Brexit impact	-100	-4%

Source: UK government impact assessments

BBC

Post-Brexit, EU migrants are being replaced by non-EU



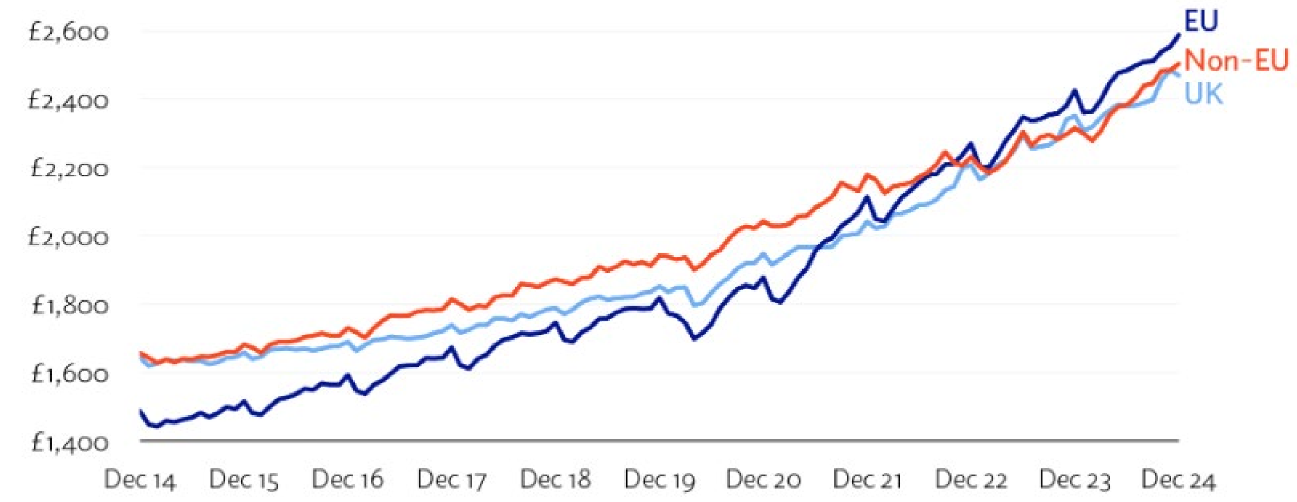
Non-EU migrants are high-skilled and well paid

UK IN A CHANGING EUROPE

In 2024 the earnings of non-EU origin migrants increased faster than that of UK-origin employees

UK IN A CHANGING EUROPE

Median monthly pay of payrolled employees, July 2014 to December 2024, by nationality.

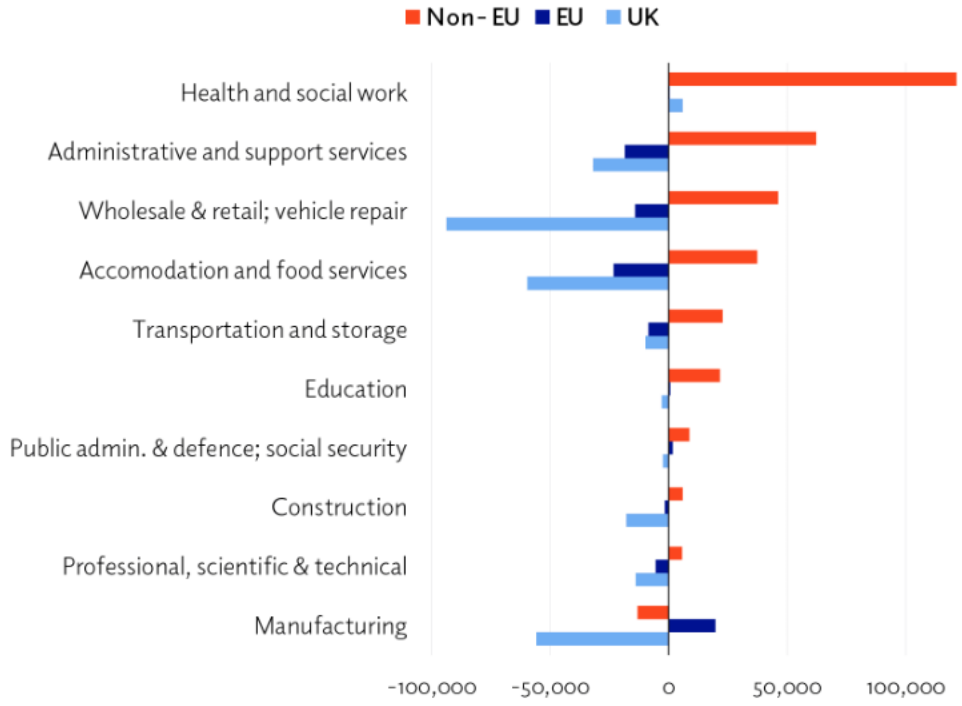


Source: HMRC, UK payrolled employments by nationality, region, industry, age and sex, from July 2014 to December 2024.

Employments of non-EU migrants increased in all sectors between December 2023 and December 2024

UK IN A CHANGING EUROPE

Change in payrolled employments by nationality, top 10 largest sectors, between December 2023 and December 2024.



Source: HMRC, UK payrolled employments by nationality, region, industry, age and sex, from July 2014 to December 2024.

The reset

Warmer tone

Limited agreements

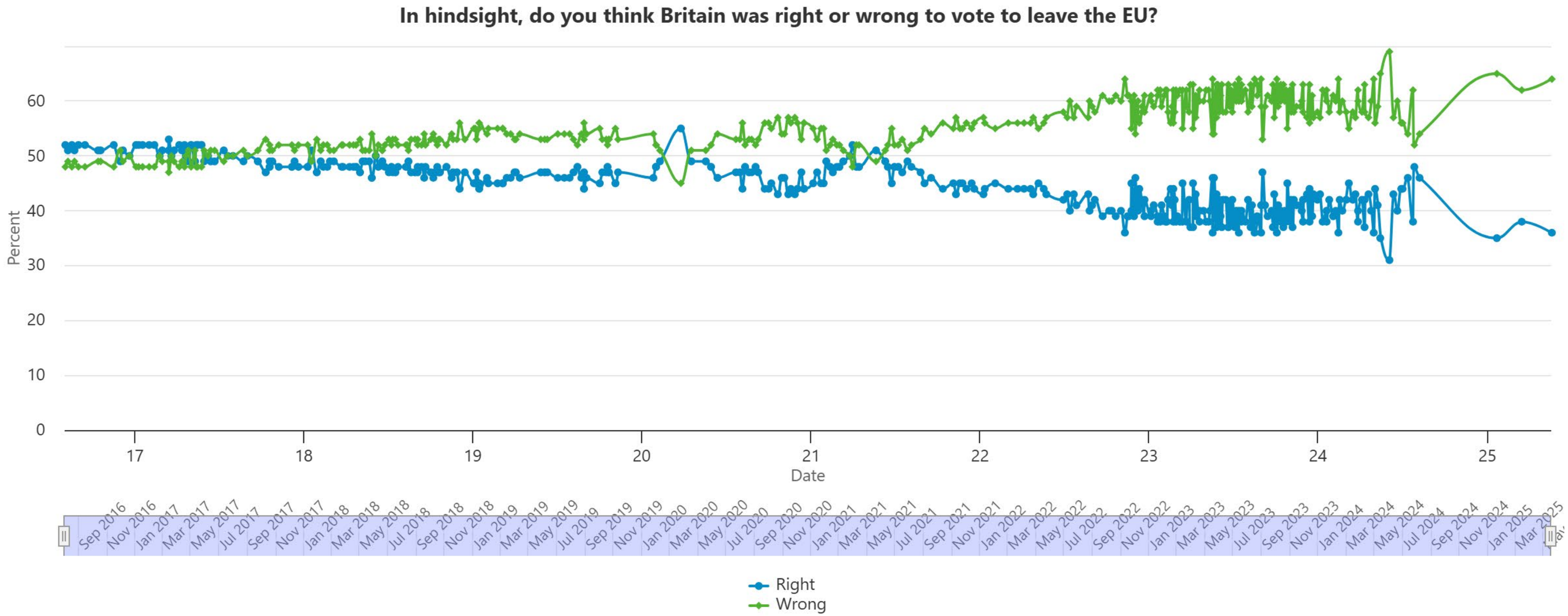
Much to negotiate

Small economic impact

Security cooperation still uncertain

Assumedhe

Yes, we regret it

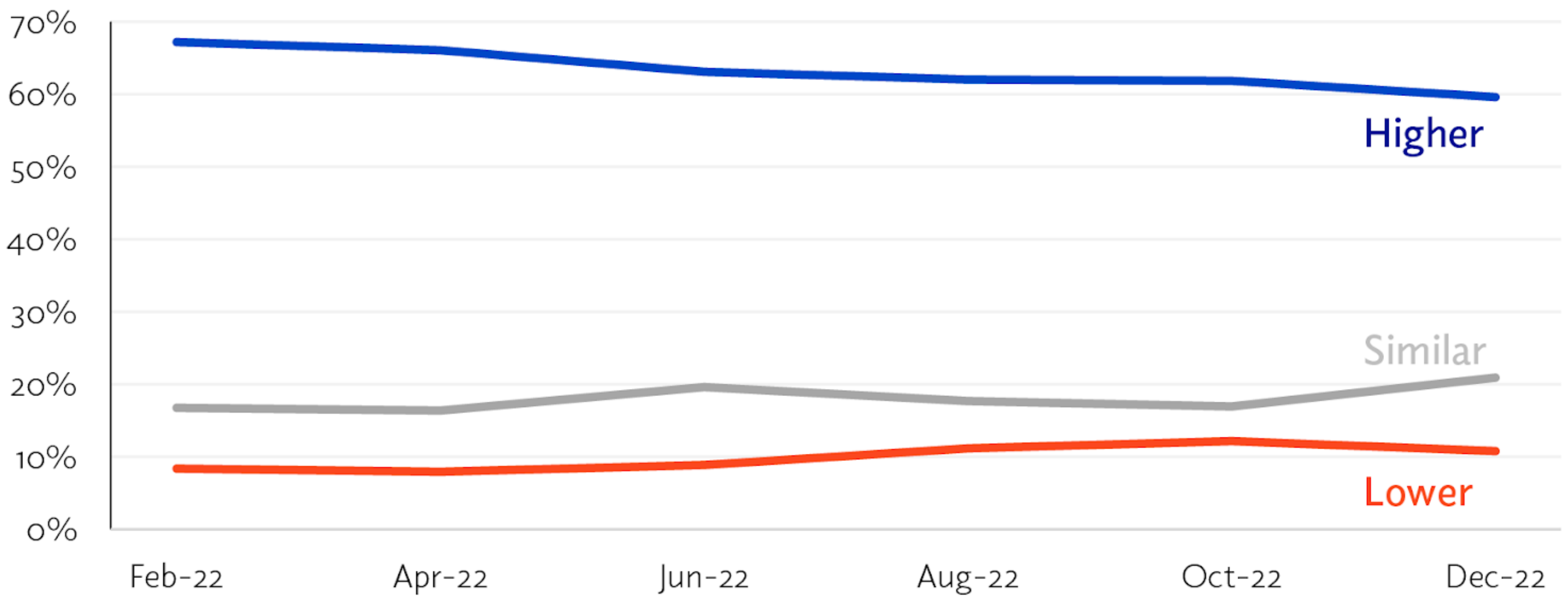


Source data at www.whatukthinks.org/eu/ run by NatCen Social Research

A majority of voters say that that being outside the EU has worsened the impact of the cost of living crisis

UK IN A CHANGING EUROPE

In your opinion, with the United Kingdom outside of the European Union, is the cost of living in the United Kingdom now higher, lower, or similar to what it would be?



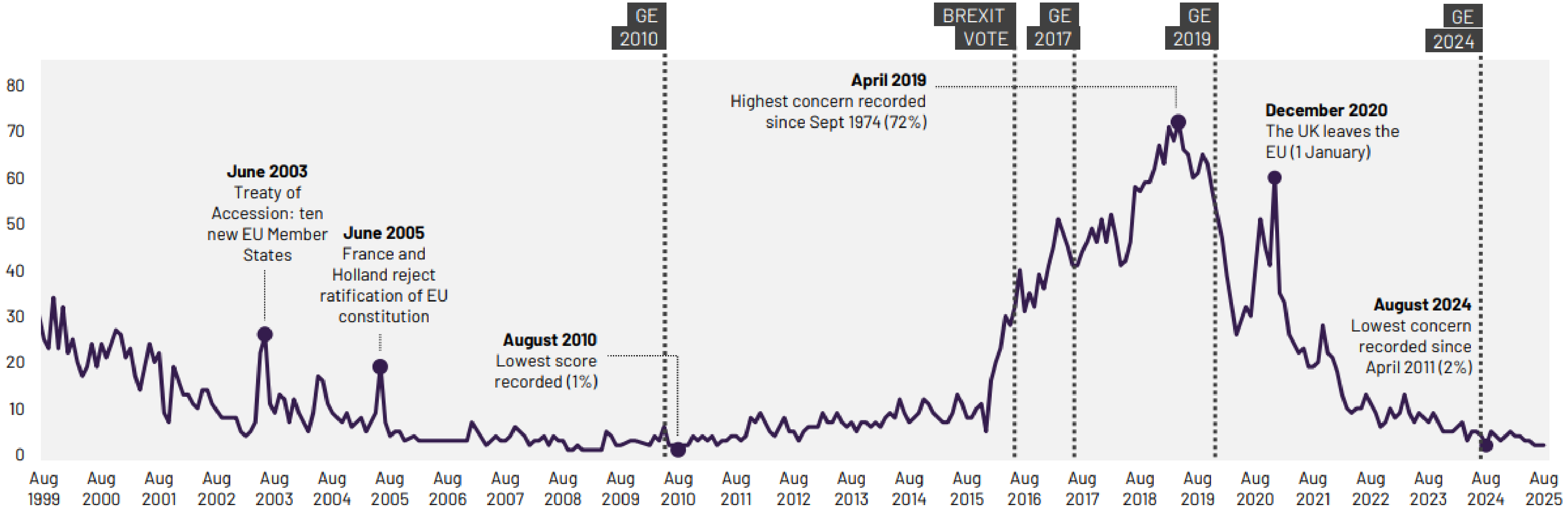
Source: UK in a Changing Europe and Redfield and WIlton monthly polling, February to December 2022

But we don't want to revisit it

UK IN A CHANGING EUROPE

EU / Europe / Brexit

What do you see as the most/other important issues facing Britain today?

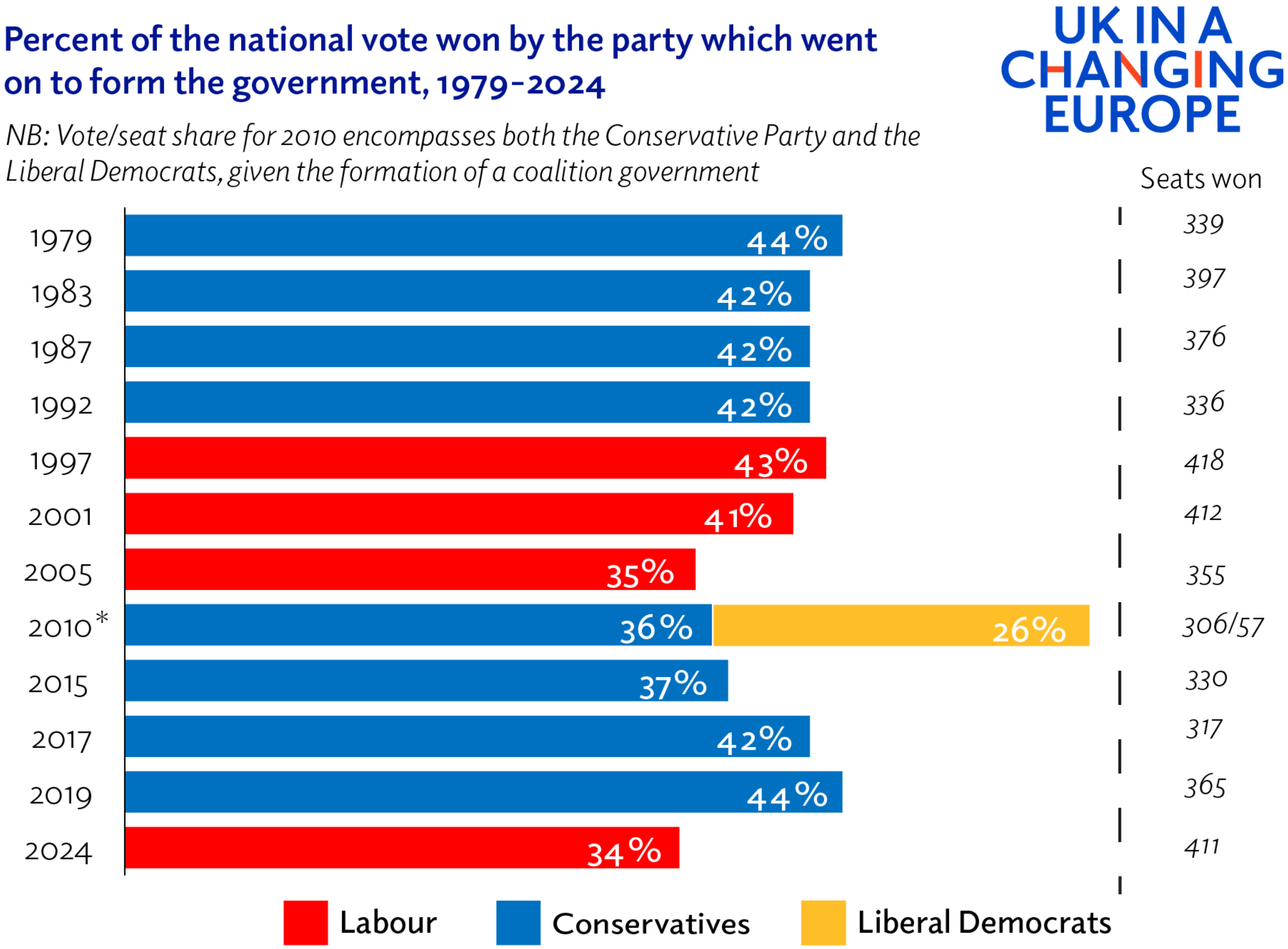


Base: representative sample of c.1,000 British adults age 18+ each month, interviewed face-to-face in home
N.B. April 2020 data onwards is collected by telephone; previous months are face-to-face

Source: Ipsos Issues Index

Percent of the national vote won by the party which went on to form the government, 1979-2024

NB: Vote/seat share for 2010 encompasses both the Conservative Party and the Liberal Democrats, given the formation of a coalition government

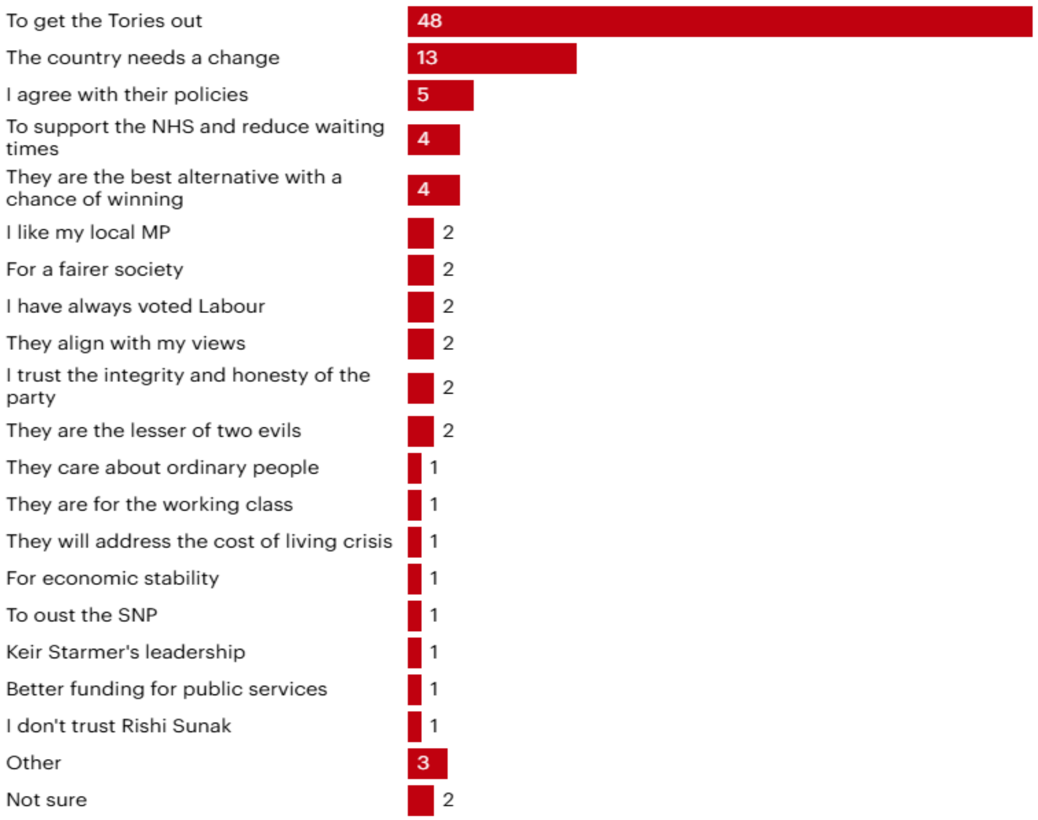


Source: House of Commons Library, 2024

What do Labour voters say their main reason for backing the party is? To get the Tories out

What would you say is the ONE main / biggest reason you are voting for Labour at the coming general election? %

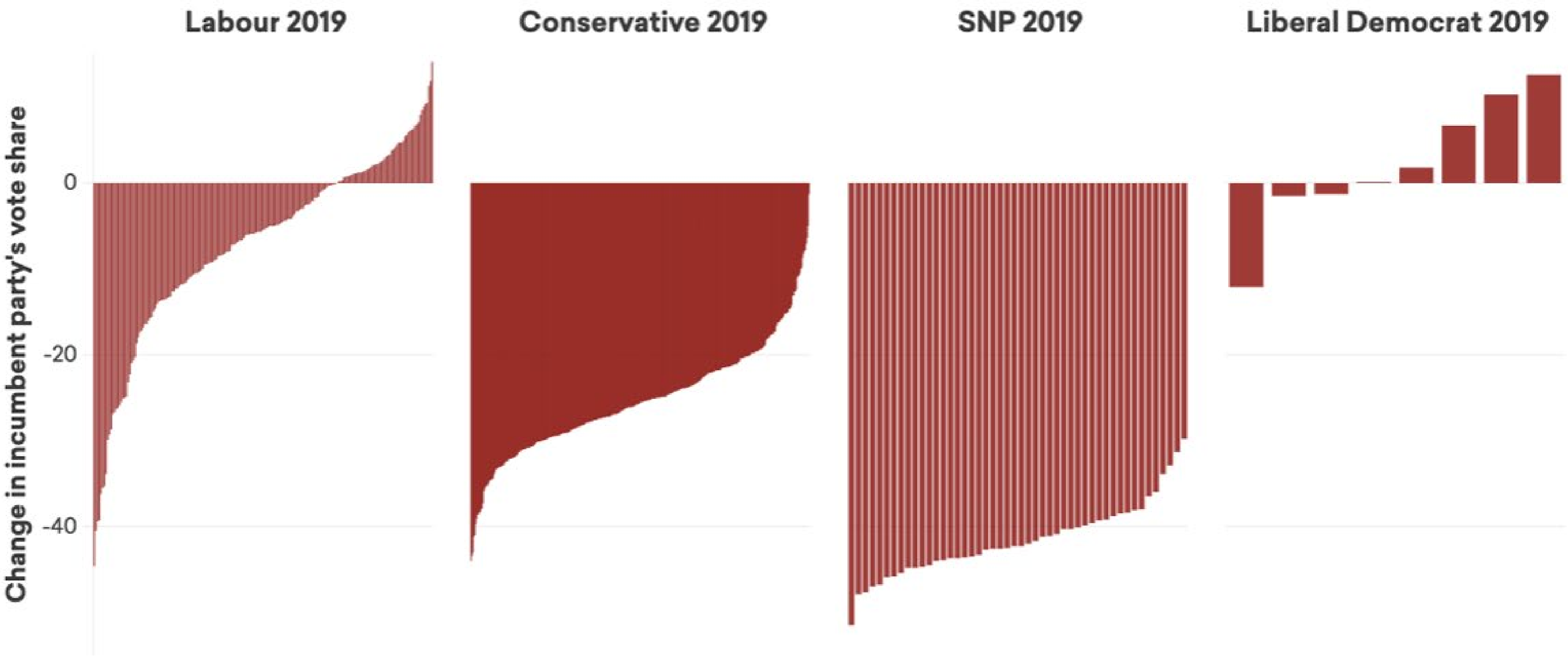
Respondents answered in their own words, which YouGov's AI language model has categorised into the below categories



YouGov

21 June - 1 July 2024

Figure 3 | Incumbent parties lost vote share in the vast majority of UK constituencies



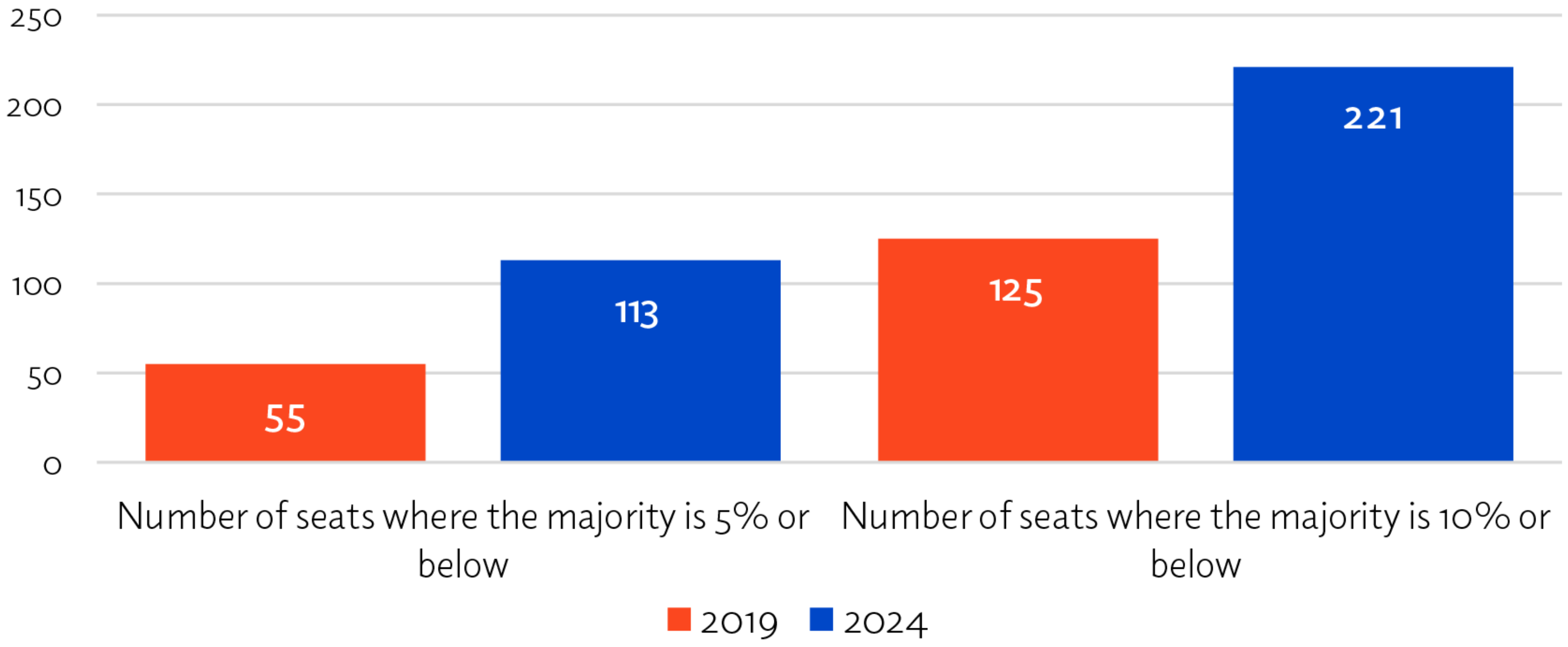
Source: More in Common, July 2024

UK IN A CHANGING EUROPE

ukandeu.ac.uk @UKandEU

Britain has become much more marginal after the 2024 General Election

Marginal seats (those where the margin of victory was within 5% or 10%) post-election, 2019-2024



Source: Focaldata, How Britain Voted 2024

Fragmentation in the party system