



## UK TRADE WITH THE US, INDIA AND EU

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ICAEW welcomes the opportunity to comment on the Call for Evidence: UK trade with the US, India and EU published by the Business and Trade Committee on 6 June 2025, a copy of which is available from this [link](#).

For questions on this response please contact us at [representations@icaew.com](mailto:representations@icaew.com) quoting *Representation 63/25*.

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## EXECUTIVE SUMMARY

### IMPACT ON UK BUSINESSES

#### United States – Economic Prosperity Deal (EPD)

- Provides some tariff relief but a 10% baseline rate remains on many exports, which can make trade unviable in thin-margin sectors.
- Creates more certainty than pre-agreement conditions, offering businesses a foundation for long-term planning, while uncertainty remains whether the terms will persist.
- Lacks binding provisions for mutual recognition of professional qualifications (MRPQ), limiting mobility and potential for cross-border service provision.

#### European Union – Economic Partnership Agreement (EPA)

- Key barriers remain, especially costly VAT and customs fiscal representation requirements, which disproportionately affect SMEs.
- Loss of automatic recognition for UK professional qualifications hampers mobility and cross-border service provision.
- Dedicated dialogues on MRPQ are included but require commitment to negotiation.

#### India – Free Trade Agreement (FTA)

- Impact depends on translating commitments into practical access and supporting UK businesses unfamiliar with the Indian market.
- Includes a three-year timeframe to negotiate MRPQ arrangements, offering potential to open services opportunities.

#### Focus on Mutual Recognition of Professional Qualifications (MRPQ)

- Concrete MRPQ provisions are a key gap across all three agreements; current arrangements are often non-binding or operationally impractical without further work.
- Without enforceable MRPQ agreements, UK firms and professionals face restricted access to strategic markets.
- Learning from smaller markets (Australia, New Zealand, Switzerland) is critical to achieving substantive progress with the US, EU, and India.

#### Measuring success

Parliament should judge the performance of agreements by transparent, independent reporting covering:

- Trade and investment outcomes – measurable increases in goods and services exports, imports, and inward investment, especially in strategic sectors.
- Business competitiveness – reduction in costs and procedural barriers, benefiting SMEs as well as larger firms.
- Market access and diversification – growth in UK firms entering new markets, reducing reliance on a narrow set of partners.
- Resilience and certainty – predictability that supports long-term investment decisions.

Reporting should be assured by the National Audit Office to ensure accuracy.

## **Standards and sustainability**

- Current agreements do not provide for interoperability of sustainability reporting.
- UK adoption of IFRS S1/S2 contrasts with EU and Indian frameworks; the US has not adopted comparable standards.
- Measurement of sustainability performance is essential to assessing the impact of trade on each country's standards for environmental protection.

## **Engagement and implementation**

- Government communication with businesses during negotiations has been limited; practical tools and support are needed.
- Digital portals to map tariffs, regulations, and procedures could help businesses assess opportunities.
- Representative bodies and overseas trade networks should be leveraged to support SMEs and first-time traders, especially with India.

## **KEY RECOMMENDATIONS**

### **Mutual Recognition of Professional Qualifications (MRPQ)**

- Promote further development of targeted Mutual Recognition Agreements (MRAs) with priority countries and sectors to reduce barriers for UK professionals and attract global talent.
- Support regulators with resources and guidance to assess international qualifications efficiently and establish a centralised hub to streamline recognition processes.
- Embed MRPQ into trade and skills strategy to align with economic priorities and address domestic skills gaps.

### **Trade Reporting and Transparency**

- Produce regular reporting on trade flows, investment, market access, and cost reductions. Provide accessible summaries and case studies to demonstrate real-world benefits.

### **Sustainability and Standards**

- Promote comparable frameworks for sustainability reporting with the EU, US and India.

### **Stakeholder Engagement and Trade Facilitation**

- Launch a central digital portal to make it easy for businesses to assess the cost and regulatory implications of market access.
- Expand government trade networks and guidance for SMEs, automating trade facilitation where possible.

## Strategic Assessment

### **Question 1: Do the agreements represent a good deal for the UK?**

1. We commend the government for concluding these strategic and potentially transformative trade agreements with three of the world's largest economies. DBT has worked hard to secure them and should be proud of the progress achieved.
2. During the UK's 47 years in the EU, trade policy was a Commission competency. The EU progressively reduced tariffs under successive GATT rounds and locked in liberalisation through WTO membership in 1995, later pursuing deeper reductions via its FTA network. However, it never reached agreement with the US or India. The current geopolitical realignment may now enable such agreements between these countries, the EU, and other partners, which could affect the relative value of the UK's deals and the extent to which they represent a "good deal."
3. Tariffs are a direct business cost restricting trade, with ICAEW members regularly reporting that uncertainty over tariff levels has put them in a state of "limbo"; while many expect that tariff levels will subside, they cannot make key investment decisions because these decisions would become financially unsustainable if tariffs remain high. Indeed, ICAEW's Business Confidence Monitor for Q2 2025 shows that businesses have lowered their growth expectations about exports for the next 12 months from 4% to 3.5%, when compared to expectations from Q4 2024 and Q1 2025.
4. The U.S.–UK Economic Prosperity Deal provides some relief for certain UK exports, but beyond these reliefs tariffs still apply to UK exports, including the 10% baseline rate applied by Executive Order 14257 (2 April 2025). While some firms can adjust pricing or absorb costs, others may find exports uneconomic, losing access to US markets. Nevertheless, the 10% baseline rate and reliefs under the deal currently place the UK in a more favourable position than some major US trading partners, which may benefit UK businesses. Importantly, profitability is critical: as margins are often thin, even a small tariff increase (e.g., from 10% to 15%) can make trade unviable. In practice businesses often must withdraw from trade before a transaction becomes unprofitable due to the risk of covering inventory, and sales, and overhead costs. For all these reasons uncertainty alone can chill trade. The presence of a reliable, long-term agreement is 'good' in this context – assuming the EPD can be relied on in the long-term.
5. For EU trade, the requirement to appoint a fiscal representative for VAT and customs is a major barrier, particularly for SMEs. There are too few agents, and costs are excessive. It is regrettable that the Economic Partnership Agreement did not address this issue.

### **Question 2: To what extent has the Government achieved its stated negotiating objectives?**

6. We comment here on the achievement of objectives related to the mutual recognition of professional qualifications. In this area the government still has work to do to achieve its objectives.

## Objectives

- **EU<sup>1</sup>**: 'The Agreement should provide a pathway for the mutual recognition of professional qualifications, underpinned by regulatory cooperation'.
- **US<sup>2</sup>**: 'Increase opportunities for UK service suppliers and investors to operate in the US by enhancing opportunities for business travel and supporting the recognition of professional qualification'.

<sup>1</sup> The Future Relationship with the EU, [The UK's Approach to Negotiations](#)

<sup>2</sup> UK-US [Free Trade Agreement](#)

- **India**<sup>3</sup>: ‘Agree ambitious rules for all services sectors, as well as sector-specific rules to support our world-leading services industry’. The government noted in its response to consultation ‘specific comments related to facilitating the recognition of professional qualifications’
7. **Achievement:** We have reviewed in the answer to question 4, the extent to which these objectives have been achieved. Much remains to be done.

**Question 3: How should Parliament judge the success of these agreements over the coming years?**

8. Parliament needs to ensure reliable, consistent reporting and analysis of the outcomes of the trade agreements to enable proper scrutiny. Such analysis will enable successes to be identified and built upon, and opportunities for further development to be highlighted.
9. This reporting could cover, at least these measures, with services exports properly covered as well as goods trade:
- **Trade and investment outcomes** – measurable increases in UK exports, imports, and inward investment flows with each partner, particularly in the IS-8 strategic growth sectors.
  - **Business competitiveness** – whether agreements reduce costs and barriers for UK firms (e.g., tariffs, VAT/customs procedures, regulatory alignment), enabling SMEs as well as large firms to benefit.
  - **Market access and diversification** – growth in UK firms entering new markets and supply chains, alongside reduced dependency on a small set of trading partners.
  - **Resilience and certainty** – whether agreements provide a stable, predictable framework that supports long-term investment decisions, avoiding trade disruptions from regulatory divergence or political disputes.

This reporting should be prioritised for NAO review to assure its accuracy.

**Economic Impact**

**Question 4: How are the terms of these agreements likely to affect you, your business or organisation, or those that you represent?**

10. We are most affected by the extent to which the agreements are successful in increasing mobility opportunities. All three agreements hold the promise of doing this, but more work is needed to realise it.
11. Trade arises from the following, not all of which are measured as ‘exports’ but all of which we believe can bring benefits to the UK economy:
- Individual professionals travelling cross-border for short or long-term work.
  - Work crossing borders, often in digital form, for professionals in other countries to work on.
  - UK qualifications being held by UK or overseas nationals working overseas.
12. We do not comment here on visa availability, as this is largely outside the scope of the agreements reached, but it is highly relevant to #1 and #3.
13. We strongly support government work to increase the Mutual Recognition of Professional Qualifications (MRPQ), which is important to #1, #2 and #3 above. As international mobility, cross-border service provision, and global career progression continue to grow in importance across the profession, the ability for qualifications to be recognised internationally remains critical to both firms’ business models, individual career development and the attractiveness of UK qualifications.
14. We recognise the strategic importance of the United States, the European Union, and India for the profession and the wider economy. However, despite their importance, there appears to be very limited tangible progress on establishing operational MRPQ arrangements with

<sup>3</sup> UK-India Free Trade Agreement, [The UK’s Strategic Approach](#)

these jurisdictions. While some trade agreements reference professional qualifications, these tend to include aspirational language that encourages regulators to pursue recognition, rather than establishing binding commitments or enforceable frameworks upon signature.

15. There have been notable successes in reaching agreements with countries such as New Zealand, Australia, Switzerland, and EEA EFTA states, often through the efforts of FRC and DBT. However, while these markets are welcome partners, they do not match the scale or strategic significance of the US, EU, or India. We therefore consider it a priority that MRPQ arrangements be progressed in these larger markets in a more substantive and enforceable manner.
16. EU: The loss of access to the EU's RPQ and SAD directives as a result of Brexit has had a material and negative impact on the recognition of UK professional qualifications across the EU. This illustrates a significant increase in the regulatory and educational burden for professionals, which can act as a barrier to mobility and discourage cross-border practice.
17. We understand that two potential avenues may be available: bilateral arrangements between the UK and individual EU member states, or a pan-UK-EU agreement. The latter appears to be the EU's preferred route. While it presents its own challenges in terms of complexity and timeline we were pleased to see the inclusion of a commitment to set up dedicated dialogues on MRPQ in the UK-EU Common Understanding.
18. We welcome the inclusion of MRPQ in the PBS sector plan and the attention that DBT is giving to implementing this. We understand that the representative body for the profession in Europe may be willing to support such dialogue from an EU perspective – provided such recognition does not go beyond rights available to member states. We note that MRPQ remains limited within the Union itself and that the Commission may be minded to address this to some extent through its Skills Union and Savings and Investment Union initiatives, which also have an aim to boost third country mobility in skills shortage areas. The UK government should therefore be attuned to and supportive of these initiatives. There is a role for the government in providing platforms and forums for the UK and EU profession to participate in dialogue and deepen relationships and trust.
19. India: The inclusion of a three-year timeframe for MRPQ negotiations in the UK-India Free Trade Agreement is a promising development, and we will monitor closely whether this results in a practical and deliverable outcome.
20. US: By contrast, the UK-US trade agreement did not contain any concrete MRPQ provisions. Historically, efforts to reach a mutual recognition agreement with the US have been hindered by the requirement that all UK Recognised Qualifying Bodies (RQBs) be recognised simultaneously. This all-or-nothing approach has not aligned with the US regulatory position and has ultimately stalled progress.
21. More broadly, we identify several recurring challenges with MRPQ arrangements:
  - A. Agreements frequently contain non-binding language or lack a clear implementation plan or timeline, resulting in limited real-world impact.
  - B. Structural differences in how professions are regulated across jurisdictions can make mutual recognition complex.
  - C. Even when mutual recognition is achieved at the regulatory level, the detailed requirements may render the agreement impractical. An example of this can be seen in the UK-Switzerland agreement, where audit regulators agreed terms that included a requirement to be a current or very recent Responsible Individual (RI) in the UK in order to gain recognition in Switzerland. This is an unrealistic requirement for many professionals, particularly those already residing and working in-country, and thus limits the agreement's practical value.
  - D. There is a need for built-in review mechanisms in MRPQ agreements, to allow for revisions in the face of operational challenges. Without this flexibility, agreements risk becoming outdated or unworkable over time.
  - E. Government departments and regulators must learn from past negotiations. Replicating ineffective provisions from previous deals into new arrangements undermines progress and risks repeating the same barriers to implementation.

F. Cross-government coordination remains a key issue. Our experience involves engaging with multiple points of contact across departments such as DBT. While the high level of engagement is appreciated, it can raise questions about how joined-up and strategically aligned the UK's approach to MRPQ actually is.

22. The terms and implementation of MRPQ agreements will have a direct and material impact on us, and the broader profession. Without more robust, enforceable, and practically deliverable arrangements, access to key global markets will remain restricted, to the detriment of UK-qualified professionals and the competitiveness of UK firms internationally.

**Question 5: What is likely to be the impact of the agreements on:**

**a) the UK's economy as a whole?**

**b) UK producers, including SMEs and key sectors**

**c) UK workers and consumers?**

23. We have not done this analysis, but believe it is important that it is done properly. See question 3.

## **STANDARDS AND SAFEGUARDS**

**Question 6: Do you believe the three agreements adequately safeguard UK standards in labour rights, environmental protection, consumer protection and food standards?**

24. We are not experts in labour rights, consumer protection or food standards.

25. The profession has been playing an increasing role in measuring sustainability performance. Reliable measurement can help assess the safeguarding of UK standards in environmental protection. We note that neither the US, EU or India has agreed to adopt the International Financial Reporting Standards S1 and S2, which the UK government has said it will adopt once endorsed. The EU and India have implemented quite extensive sustainability reporting frameworks, including assurance of sustainability information. However, the comparability of information between the different frameworks adopted remains a concern.

26. This is relevant to assessing the sustainability performance of US, EU and Indian businesses exporting into the UK or, for example, seeking UK finance – as it is to these countries assessing the sustainability performance of UK exporters. Reliable carbon data will be needed for CBAM purposes.

27. The UK government should pursue interoperability of international sustainability reporting standards with the EU CSRD, and encourage the US to adopt sustainability disclosures equivalent to the UK. We would welcome dialogue between the UK and India about sustainability reporting and assurance to ensure comparability between our frameworks.

## **ENGAGEMENT AND TRANSPARENCY**

**Question 7: How well has the Government communicated its progress in negotiations – and how much has it listened to stakeholders during those negotiations?**

28. Communication and engagement has been a perennial shortcoming in trade negotiation and there is much work to be done here to realise the potential of these agreements. However, this should not be viewed as a criticism as the UK has only recently started to develop these competencies. As they mature, communication and engagement with business must be a priority.

29. The success of the agreements will rest on the extent to which individual businesses are able to pursue new trade opportunities or sustain old ones. Often these opportunities will be informed by the CFO, often an ICAEW member, who may need to persuade or support others in the organisation about the merits of investments necessary to support trade. Realistically the documents provided by government are a long way from what would be optimally needed to equip and encourage businesses to explore these opportunities, against competing priorities and limited budgets.

30. Such analysis, case studies and tools would help and could be augmented by the work of representative bodies. Government could engage with them on a broader range of trade topics to enable this.
31. Much of this could and should now be automated, businesses should be able to access an intuitive digital portal to be able to quantify in one place the regulatory requirements, tariffs, etc to be able to readily assess the business case for opening trade with a particular country. Similarly, there should be an integrated single trade window to ease trade facilitation, particularly for SMEs.
32. We welcome the commitment government had made in the Industrial Strategy to deepen trade networks and support through its network of representatives overseas. This is another area that can help support and encourage individual businesses and this could be supported by representative bodies who have a network internationally.

***Question 8. How should the Government best engage with stakeholders to implement the UK-India FTA to maximise its potential?***

33. Compared to the EU and the US, the UK's largest trading partners, India represents a smaller proportion of UK trade. Fewer UK businesses currently trade with India. Conversely, the Indian economy is growing rapidly, could benefit from UK services in many areas and there are many deep ties between the two countries that could be built upon. The considerations we set out in answer 7 above apply equally to India and we urge the government to put proper investment into building adequate infrastructure around the agreement to enable individual UK businesses, who may be unfamiliar with India, to explore the potential.