

Weekly policy update from the London Chamber of Commerce and Industry

A round-up of key policy changes from the past seven days (26 June - 3 July 2025)

UK–US Trade Deal Tariff Relief for Key Export Sectors

On 30 June the UK–US trade agreement came into effect, introducing immediate tariff reductions for UK automotive and aerospace exports. Under the deal, car manufacturers now benefit from a reduced 10% tariff quota on exports to the US, down from 27.5%, offering potential annual savings in the hundreds of millions. The aerospace sector also gains from the removal of 10% tariffs on goods such as engines and aircraft parts, with a commitment to maintain these at 0%. These measures are expected to support high-value manufacturing jobs and enhance the global competitiveness of UK exporters.

[Read more](#)

LCCI has welcomed the development while calling for continued progress toward a broader agreement to address remaining trade barriers affecting London-based firms.

[Read more](#)

G7 Agreement on Global Minimum Tax

The UK government confirmed a new agreement with G7 partners on the global minimum tax, aimed at curbing multinational tax avoidance and promoting a stable international tax framework. The deal facilitates alignment between the US minimum tax system and the OECD's Pillar 2 rules, supporting fair competition while preserving UK business interests. As part of the outcome, Section 899 was removed from the proposed US legislation known as the One Big Beautiful Bill, averting potential additional tax burdens for UK firms. The UK will continue working within the OECD/G20 Inclusive Framework to develop the agreed principles further.

[Read more](#)

Skilled Worker Visa Changes

The government has confirmed that, from 22 July 2025, several hospitality management and skilled roles will be removed from the UK's Skilled Worker visa eligibility list. Affected positions include chefs, bakers, and managers across restaurants, pubs, cafés, and hotels. The change follows an increase in the qualification threshold from RQF level 3 to level 6, aligning visa eligibility with degree-level roles. Businesses will have limited time to adjust, with only applicants who begin the process before the deadline remaining eligible. In addition, the minimum salary threshold for new Skilled Worker visas will rise to £41,700 in April 2026, with transitional thresholds for existing visa holders increasing to £31,300. The changes are expected to significantly affect hospitality employers, particularly in London, where non-UK workers make up a large share of the workforce.

[Read more](#)



Employment Rights Bill Roadmap Announced

The government published a roadmap for implementing the Employment Rights Bill, outlining phased reforms set to affect around 15 million UK workers. Key measures include expanded sick pay, day-one parental leave rights, and enhanced protections against dismissal and harassment. The rollout begins in early 2026 and continues through 2027, with timelines designed to give employers sufficient lead time to prepare. A new Fair Work Agency will also be established to support compliance and enforcement. The Department for Business and Trade confirmed that consultations with employers, trade unions, and other stakeholders will continue, with guidance to be issued ahead of each implementation phase to support business planning and workforce management.

[Read more](#)

UK FDI Trends Reflect Sector Shifts

The UK's outward foreign direct investment (FDI) earnings fell by £29.8 billion in 2023, down to £150.0 billion, with the mining and quarrying sector accounting for the largest decline. This drop, partly driven by lower oil prices compared to 2022, contributed to a significant reduction in the UK's net FDI earnings, which fell to £43.1 billion from £81.9 billion the previous year. The UK's outward FDI position—the stock of investment held abroad—also declined by £51.2 billion to £1.85 trillion, reflecting reduced profitability across several industries, including manufacturing.

In contrast, the UK's inward FDI position increased by £11.1 billion to £2.08 trillion in 2023. The information and communications sector saw the largest gain, rising by £53.0 billion, while manufacturing experienced a £32.3 billion decline. Inward FDI earnings—the profits generated by foreign-owned businesses operating in the UK—rose by £9.0 billion to £106.9 billion. These trends suggest a shift in investor focus and sectoral performance, with implications for capital flows, business planning, and the UK's international investment position, which now stands at negative £225.5 billion.

[Read more](#)



UK Car Production Falls to Post-War Low

UK car production dropped to 49,810 units in May 2025, marking the lowest monthly output since 1949 outside of pandemic-related disruptions, according to the Society of Motor Manufacturers and Traders (SMMT). The nearly 30% year-on-year decline has been attributed in part to new US tariffs impacting exports. Despite the downturn, SMMT noted cautious optimism, citing recent trade agreements with the US, EU, and India, as well as the government's updated industrial and trade strategies, as potential drivers of recovery for the automotive sector.

[Read more](#)

UKEF Expands Support with New Trade Tools

UK Export Finance (UKEF) announced new measures to enhance support for smaller businesses trading internationally. The updated offer includes a new Small Export Builder insurance product, designed to improve access to export protection for SMEs. Additionally, a Repeat Order Guarantee has been introduced to simplify repeat transactions for international buyers, reducing administrative burdens and providing greater certainty for UK supply chains. These initiatives align with the government's Trade Strategy and aim to strengthen long-term export growth. The announcement precedes the release of UKEF's 2024/25 annual report, following a year in which the agency supported over £8.8 billion in exports and up to 41,000 jobs across the UK.

[Read more](#)

New Regulatory to Support for Fintech Innovation

The government announced new measures to streamline digital regulation and support fintech growth through the Regulatory Innovation Office (RIO). In partnership with the Digital Regulation Cooperation Forum, RIO will develop tools to help businesses—particularly SMEs—navigate complex regulatory frameworks more efficiently. This includes a proposed unified digital library offering centralised access to relevant guidance. The initiative aims to reduce compliance burdens and accelerate product development in sectors such as financial services, where UK fintech attracted \$3.6 billion in investment last year. The announcement aligns with the government's Plan for Change, which prioritises innovation-led growth and regulatory reform to support business competitiveness.

[Read more](#)



UK–Kenya Partnership

The UK and Kenya agreed a series of trade and security deals during President Ruto's visit to London, expected to contribute over £1 billion to the UK economy. The agreements include defence sales, infrastructure projects, and financial services partnerships, supporting UK jobs in engineering, legal, and advisory sectors. Notably, the Nairobi Railway City redevelopment, inspired by London's King's Cross, will involve UK firms and may be financed through UK Export Finance. The two countries also signed a new Security Compact to enhance cooperation on counter-terrorism, organised crime, and illicit finance. Lloyd's of London will join the Nairobi International Finance Centre, expanding access to East Africa's insurance market. A potential bilateral digital trade agreement is also under consideration, reflecting Kenya's growing tech sector.

[Read more](#)

Housing Investment to Support London Development

The Mayor of London has acknowledged a new £11.7 billion funding settlement from the government to support the delivery of affordable and social housing across the capital over the next decade. The funding, which accounts for up to 30% of the national Affordable Homes Programme, is expected to provide long-term certainty for developers, local authorities, and housing providers. It is accompanied by policy changes such as rent convergence and new flexibilities for combining Right to Buy receipts with grant funding. The settlement aims to accelerate housing construction, support supply chains, and enable strategic planning to meet long-term housing needs in London.

[Read more](#)

Review of Parental Leave and Pay

The government announced a full review of the parental leave and pay system, aiming to modernise support for working families and improve outcomes for children. The review will assess maternity, paternity, and shared parental leave policies to make them fairer, more accessible, and easier to navigate. It forms part of the Plan to Make Work Pay, which seeks to boost economic growth and improve living standards. The initiative responds to low uptake of current provisions, particularly among fathers, and aims to address financial barriers and gender disparities. Input will be gathered from parents, employers, and experts nationwide, with the findings expected to inform future reforms that support both family wellbeing and business productivity.

[Read more](#)



Call for Evidence on Private Investment in Nature

The Department for Environment, Food & Rural Affairs launched a call for evidence on how to increase private sector investment in nature recovery. The initiative aims to develop policies that align business incentives with environmental outcomes, recognising the economic risks posed by nature degradation and the opportunities linked to restoration. Businesses in sectors such as agriculture, construction, finance, and tourism are invited to contribute views on how to scale investment in areas including clean water, carbon reduction, flood management, and sustainable land use. The consultation runs until 7 August 2025 and is part of wider efforts to support nature-positive business models and long-term economic resilience.

[Read more](#)

