DELIVERING GROWTH
TRADE

DELIVERING GROWTH: RESILIENT GLOBAL SUPPLY CHAINS

British Chambers of Commerce

WHERE BUSINESS BELONGS

CONTENTS

FOREWORD

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The last 10 years have seen the UK take its hardest economic battering in the last century. The cumulative impact of the pandemic, regional wars, energy shocks, tariffs and Brexit has left permanent scarring.

It is a tribute to the sheer hard graft, ingenuity and can-do attitude of British business that, despite all this, we have recently reclaimed our spot as the fifth largest economy in the world. But a clear-headed economic strategy to see the UK through these tough times has often been lacking and we have been left weaker as a result.

The UK has sat near the bottom of the G7's productivity growth rankings since the financial crisis of 2008. This has left us with less wealth to weather these storms and is increasingly limiting the government's ability to spend or borrow.

Against this background, bolstering the UK's economic resilience should be a national priority, an issue that sits at the top of the pile on the Prime Minister's desk. But it has never been given that level of importance, and if we are to prepare the UK for the more perilous and unpredictable world in which we now live then that must change.

If we want to continue building our strength as the world's second largest exporter of services, we also need to focus on the long-term future of our manufacturing supply chains. The majority of the UK's key industrial strategy sectors need secure energy, critical metals and minerals, semi-conductors and steel to power the growth of today.

Building greater resilience in these crucial input sectors is critical for our future economic competitiveness. Take lithium for example, critical for electric vehicle batteries and climate technology. The UK's requirements for greater supplies of this metal over the next nine years amount to an increase of more than 13,000% on 2025 levels.

The UK cannot plug this gap solely by domestic means – it must make deals with likeminded partners for these essential materials to secure economic growth into the next decade.

This report takes a clear-headed analysis of the economic data, and key sectoral priorities for our global supply chains. We identify the need for deals with key partners on energy, metals, minerals, semi-conductors and steel to secure the building blocks of future economic success.

We also make the case to broaden the toolbox of government powers to tackle complex trade and geopolitical disputes in a more fragmented global environment.

Our recommendations are practical, achievable and can shift the dial on growth and resilience for the UK economy; preparing our country for whatever the future may throw at it.

TOP 5 RECOMMENDATIONS

1. The Government must add a 'trade bazooka' to its arsenal of responses to threats of economic coercion. New legislation should include powers for ministers to use a range of levers, from duties to market access, to enhanced investment scrutiny and subsidy control. But there must also be appropriate safeguards to protect UK commercial interests.

2. The UK's economic security must become a national priority driven by the Prime Minister. The Government should establish a new Economic Security Cabinet Committee chaired by the PM. Its role should be to coordinate policy making across government on issues from tariffs to critical imports.

3. The Government should forge a 'clean steel' agreement with the EU, US and other likeminded partners such as Japan and Canada. This should focus on the decarbonisation of steel production and reducing global steel overproduction. Any arrangements must be WTO compliant but potentially offer incentives to states engaged in cleaner steel production.

4. The UK's national security must be a defining priority for the economy over the next decade and more British businesses must be involved. Government must finalise its Defence Investment Plan and increase the number of SMEs involved. Procurement rules should be simplified, and wider challenges addressed on skills, innovation, contracts and supply chain connectivity between SMEs and larger companies.

5. The UK must take a more robust approach to the EU's Made In Europe agenda. It is crucial for economic security that British companies continue to be embedded in European supply chains. The Government should negotiate with the EU to amend the Industrial Accelerator Act and other EU legislation to entrench the UK's role.

EXECUTIVE SUMMARY

The UK's international supply chains in key components like semiconductors, growth metals and minerals are crucial to delivering economic growth and national security. They are a key part of the Industrial Strategy sectors, from defence to climate technologies.

This report suggests a suite of international agreements are needed, to reduce strategic dependency on China as an ever-larger supplier in critical sectors. While domestic sourcing can contribute a larger proportion, on its own it cannot deliver the quantities of metal and mineral resources requirements needed by 2035. Only a policy of supply chain diversification can reduce strategic dependencies and provide security necessary for key economic sectors.

The UK government also needs greater co-ordination around modern economic security approaches. This should be led by a dedicated cabinet committee. Enhanced progress reporting on supply chain goals and new trade powers like anti-economic coercion powers should also be introduced.

Meanwhile, ministers should ensure the UK's central role in pan-European supply chains is recognised in a new economic security agreement with the EU and in future industrial policy decisions in both markets.

CHAPTER 1
INTRODUCTION

Economic security has become a key part of economic policy across the world over the past 15 years. This has had a substantial, unremitting impact on building and sustaining resilient global supply chains. But if we are to deliver growth, they are foundational. This report seeks to investigate how business and government can respond in the face of global disruption and what can be done to secure and diversify supply chains.

Setting the context

Geopolitical and industrial policy changes have accelerated the focus on economic security. Disruption to supply chains seemingly now the norm: from the pandemic, the war in Ukraine, disruption in the Middle East in 2023, and now with the war in Iran, plus tariff volatility, industrial policy and subsidies policy fluctuations.

Other factors have also contributed to where global supply chains stand in 2026. To take just a few examples:

- The US engaged in huge subsidies of domestic semiconductor and climate technologies to onboard production in the early part of this decade. Since 2025 the Trump Administration has implemented a substantial change of approach in terms of tariff policy, introducing the highest average levels of import tariffs since the mid-1940s.
- China has increased its export footprint and supply chain role globally through control of key growth mineral exports.
- The European Union responded initially by adopting an agenda of open strategic autonomy in its trade and subsidies policies, pursuing selective onboarding as well as diversification of supply chains. However, the EU is now increasingly adopting a wider range of tools to supplement traditional trade defence responses.

For mid-sized powers like the UK, more agile approaches have been adopted. But as trade and industrial policies from other countries impact on the global trading system, the UK is having to adjust its own responses accordingly, in areas like steel tariffs.

Sanctions can also form part of the economic security agenda. For example, the ending of the international consensus over trade sanctions on Russian oil, as part of the response to the Middle East disruption and the war in Iran.

AI and technology are, by contrast, having beneficial effects upon port, freight and logistics processes involved in the movement of cross-border trade in goods.

What this all means for supply chains

Some businesses have transitioned from just-in-time supply chains to just-in-case stockpiling of inventory or components. Companies are seeking to diversify and de-risk target markets, rather than withdraw from international trade. Interestingly, according to the DHL Global Connectedness Report 2026, overall global connectedness is not much changed from 2022[i].

The UK is an open, relatively trade intense economy, with imports and exports combining for over 60% of GDP. The UK manufacturing export model depends upon the secure supply of components or intermediate goods to process into finished products. Three quarters of UK goods exports begin with an import.

The UK has particular exposure to elevated levels of imports being made into finished products in sectors such as automotive, pharmaceuticals, aircraft and electrical equipment. As new industrial sectors, such renewable energy and electric vehicles continue to develop, the demand for long-term supply of growth minerals and metals are even starker[ii], with demand for lithium rising by over 13,000% by 2035. Achieving the UK's goal of global leadership in artificial intelligence will require secure, reliable energy sources, strong connectivity, and protection from interference by state actors amid rapidly changing economic conditions[iii].

Forward looking supply chain approach fit for the 2030s

This report will evaluate the key areas where a policy of diversifying supply chains is crucial to give choice and control to UK companies and policymakers. However, it will recognise that in key industries it will be some time before single country dominance is reduced.

As a mid-sized and relatively trade intense economy, with a focus on services, onboarding is of limited application in its own right. Targeted onboarding for key minerals or metals should be one aspect of a broader strategy built on supply diversification. That approach would be a better way to improve UK goods exports, given the country's sectoral models in manufacturing and construction.

The UK needs trusted, long-term and reliable new partners to build supply chain resilience. especially in sectors most exposed to economic transformation in coming years outlined in the Industrial Strategy. New commercial arrangements and international agreements must underpin these sectors. The UK cannot be an island on its own when it comes to its supply chain policies or approach.

75%
of UK manufacturing exports beginning with imports

60%
UK government cap by 2035 from sourcing critical imports requirements from any single country

CHAPTER 2
NEW POWERS AND SMARTER GOVERNMENT

The UK government is considering how best to support key domestic industries such as steel, defence, and the seven other sectors outlined in the Industrial Strategy which are crucial to future economic growth. This chapter surveys how the new trade defence landscape of the 2020s can support UK businesses. It proposes new policy instruments necessary to avert threats to economic security. It also recommends how government itself needs to co-ordinate and take the key decisions required to defend the UK's economic interests in an ever more complex international trading environment.

Trade Defence

The UK trade defence policy toolbox is rooted in a long-standing set of responses to particular forms of conduct, inherited after Brexit from nearly five decades within the EU system.

If overseas products are sold in the UK at lower prices which make local goods uncompetitive and cause economic harm, the government can impose anti-dumping tariffs on those imports after consulting with the Trade Remedies Authority. Similarly if there is a surge in or a risk of surge in imports of particular products which cause or risk economic injury for UK companies, duties can be applied here too (known as safeguard measures). The final category of duties are countervailing duties, which can be applied in response to subsidies provided to imports which provide unfair competition and economic injury to UK producers of equivalent goods. A growing consensus has emerged that the Trade Remedies Authority needs a more proactive mission over economic threats from major fluctuations in imports, and new statutory powers to facilitate this shift are necessary to provide certainty for UK business.

This traditional model of trade defence is based around a goods focused view of trade. The UK currently has 58% of its annual exports in services sectors. Policymakers in the EU wished to have additional flexibility in responding to complex interventions by state actors as part of its Strategic Open Autonomy approach to trade policy. The European Commission devised an Anti-Coercion Instrument (ACI) passed into law in 2023[iv], which can be applied to data, investment and services flows from companies of a state considered to be in breach of international trade commitments, around coercive behaviour applied to EU companies. This has been described by some as the EU's "trade bazooka" and was considered for usage in terms of the proposed tariffs by the US Administration in respect of Greenland in January 2026, which were subsequently dropped. The Regulation defines harms to economic security as where a third country actor applies a measure affecting trade or investment in order to influence the application of policy decisions by the EU or a member state. Factors to be taken into account in such an assessment include whether a programme of interference is being conducted by the third country state, with reference to the frequency, severity and intensity, duration and magnitude of the coercive measures. It includes ten potential modes of application of the ACI depending upon the type of coercive practices being conducted or threatened – from restrictions on intellectual property rights to import controls on goods to investment flows.

UK ministers do not have equivalent powers in a concerted form to respond to threats of economic coercion. Given the complex nature of actions which could be contemplated by states in the future, this absence becomes ever-more pressing for UK policymakers to address. In April 2026, the government launched a consultation running until mid-June on Ministers' economic control powers for inclusion in future legislation. Businesses may have concerns that the traditional application of UK trade remedies policy may not be sufficient to take account of their interests particularly if the measure were to block services, data or investment flows. Any introduction of a new economic control powers must be accompanied by strong safeguards and tests before any of the intervention powers are used. This is particularly crucial where these relate to actions affecting vital UK commercial investment or services flows. The economic control powers should have criteria to be applied of variable strength depending upon the scale of economic intervention proposed by ministers.

Responsible Business Conduct review

The UK government conducted a Responsible Business Conduct review over the autumn and winter into UK supply chains and the attestations required under several Acts of Parliament, including the Modern Slavery Act 2015. As discussions at International Labour Organisation level have moved on in the past decade, alongside the adoption of wider environmental and human rights reporting obligations, there is a strong push to modernise supply chain rules. Changes would increase transparency and move away from regulations rooted in the past decade.

Should ministers decide to update the legislation, to take account of new international commitments on usage of forced labour in supply and sourcing chains, then it is crucial the revised law should not impose new business burdens. If additional data is required from firms, this should be balanced by simplified reporting methods, so that businesses do not have to devote net additional time nor resource to compliance.

10%
of critical import requirements to come from domestic production by 2035

60%
cap on sourcing critical import requirements from single state by 2035

Machinery of Government

Economic security issues are mainly based in DBT, but there are policy decisions applicable which require input from HMT, DESNZ, DfT, DSIT, the Cabinet Office and FCDO, as well as strategic oversight by No 10. The current Cabinet Committee structure does not have a dedicated forum for strategic consideration and policymaking by government on economic security. Given the scale of the current and future landscape in this area from Indo-Pacific, to Russia, to South America and Africa, this should be adjusted. We would therefore propose the creation of a new Economic Security Cabinet Committee chaired by the Prime Minister. This committee would predominantly have a co-ordinating role. However it could potentially be a final decision-making body should the proposed new UK economic control powers be considered for operation against a state actor in a trade or economic dispute.

Improving the delivery and scrutiny of government policy on economic security including supply chain policies and linkages could be achieved through an annual benchmarking report to Parliament. Any report would outline progress towards the UK government's twin targets of the import cap of no more than 60% of critical import requirements coming from a single state by 2035, and that 10% of critical import demand should be domestically sourced (through extraction, processing and refining), and 20% from recycling on the same timeframe.

OUR POLICY RECOMMENDATIONS ON POWERS AND MACHINERY OF GOVERNMENT ON ECONOMIC SECURITY:

1. **Broaden the toolbox on economic security in a new Economic Security Bill announced in the forthcoming King's Speech. The legislation should including new anti-economic coercion powers permitting ministers to use a range of levers, from duties to market access, to enhanced investment scrutiny, and subsidy control with appropriate safeguards to protect UK commercial interests.**

2. **Establish a new Economic Security Cabinet Committee chaired by the Prime Minister co-ordinating policy making across government on issues from tariffs to critical imports.**

3. **Produce an annual report measuring delivery toward the objectives of the Critical Imports Strategy and scale of progress towards 2035 goals on reducing over-dependence on single countries for growth metals and minerals and on enhanced domestic sourcing.**

4. **Review supply chain legislation in the UK, including the Modern Slavery Act, against emerging threats to economic security, ensuring any new arrangements proposed do not make corporate reporting standards any more onerous nor time-consuming.**

CHAPTER 3
SECTORAL CHALLENGES FOR ECONOMIC SECURITY IN THE UK

Automotives industry including electric vehicles

The UK electric vehicles industry faces a critical challenge from two converging factors in 2026. Firstly, the expiry of the easement on rules of origin within the Trade and Co-operation Agreement at the end of the year, meaning 10% tariffs could be applied on UK electric car sales to the EU from 1 January 2027, without a solution being negotiated and in force. Second, the impact of the Industrial Accelerator Act from the EU on procurement, subsidies, and assembly rules from when the Act comes into operation – it could complete its journey into law sometime in 2027.

Meanwhile, rising imports from China and the need for stable supply chains for minerals like copper, cobalt, and lithium make a perfect storm for this key UK economic sector.

Several policy interventions are necessary in the BCC's view. The rules of origin easements for EVs between the UK and EU should be extended, ideally until 2031, to maintain investor confidence, especially among international investors in North East England while a long-term solution is developed. Avoiding 10% tariffs from next January on EV sales between the UK and EU needs to be a priority for ministers, the EU institutions and the member states well before the end of 2026. Second, the UK should propose as a third country amendments to the EU Industrial Accelerator Act to the Council of the European Union and the European Commission to reflect the fundamental role of UK automotive parts in EU car supply chains. These should create cross-cutting exemptions removing the impact of the proposed EU assembly requirements in connection with availability of subsidies and application to procurement processes. Third, the equivalent products test should also include the UK from the perspective of the rules on incentives for the greening of corporate car fleets and carbon dioxide super credits.

The other automotive dossiers currently before the institutions also need to be carefully considered for their impact and appropriate amendments proposed as well. We are encouraged by the views expressed by the German car industry and federal government about the changes required to make this legislation 'Made With Europe', and inclusive of content from EU free trade agreement partners.

£2.4bn
Value of UK automotive component exports to the EU in 2024 (HMRC).

311,000 tonnes
Estimated requirement for cumulative lithium demand in electric vehicles Industrial Strategy growth sector by 2035.

OUR POLICY RECOMMENDATIONS ON AUTOMOTIVES:

5 **Reach a long-term agreement on UK-EU rules of origin on electric vehicles within the Trade and Co-operation Agreement, eliminating constant cliff-edges on easements and providing long-term investor certainty across a crucial industrial sector. As a first step, extend as a matter of urgency the current easements on electric vehicles rules of origin until 2031, otherwise due to expire at the end of the year.**

6 **Engage with the EU to amend the Industrial Accelerator Act and other EU legislation to entrench the UK's role as an intrinsic part of European supply chains and partner in greater European economic security.**

Climate technologies

Offshore wind, hydrogen, and associated infrastructure represent a major growth opportunity for the UK, underpinned by the commitments reached with key European partners at the North Sea Summit in Hamburg in January 2026. The investment commitments generated at the summit for potentially 100GW in additional UK offshore wind capacity shows the advantages in long-term investment certainty. That needs to be accompanied by long-term certainty in the supply chains required to make the most of these opportunities.

That growth also brings with it increased demand for key growth minerals. These include neodymium and dysprosium, where China is the leading global supplier by a huge margin and metals such as steel, copper, zinc, aluminium required for turbine, cable and interconnector manufacture. Rare earth elements are also required for permanent magnets used in manufacture of turbines.

2m tonnes

Estimated requirement for cumulative copper demand in the clean energy Industrial Strategy growth sector by 2035.

Defence

A key trend in this fast-growing industrial sector is the expansion of European defence procurement opportunities in both hardware and systems. The BCC regrets the failure of the negotiations for full UK participation in SAFE (Security Action for Europe), which would have raised potential UK content in procurement offers under the scheme to 65%. The UK may need to pivot towards bilateral European procurement plans being facilitated at country level. The UK has the potential to add greatly to already strong defence export growth to the EU in the coming years.

Businesses in the sector say they need certainty over the Defence Investment Plan (DIP) as quickly as possible from government. Supply chain bottlenecks risk being unresolved in sub-sectors like propulsion systems and IT hardware. A 2021 review of UK defence supply chain blockages highlighted that SMEs and middle-tier suppliers found procurement processes within government and with top tier suppliers difficult. The review also found that supply chains were also relatively closed to innovation from suppliers new to defence supply chains – this was exacerbated by contractual processes, including procurement processes. Lack of alignment with necessary skills requirements and clusters, plus poor connectivity with advanced manufacturing were also seen as drivers of lack of innovation. Integration of modern supply chains with growing cyber-security requirements and accreditations were also suboptimal[v]. Many of these challenges still remain and should be tackled by government as part of delivery of the DIP at pace.

Reform of procurement rules provides an opportunity for SMEs to benefit particularly strongly from the uplift in public and private investment on defence and security. However this also needs the UK Defence Exports Unit in the MoD to scale up opportunities for sales in the European region and beyond.

£14.5bn
UK defence orders in 2023

OUR POLICY RECOMMENDATIONS ON DEFENCE:

7 **Finalise the Defence Investment Plan at pace and prioritise early action to increase the number of SMEs benefitting from simplified procurement rules, and addressing wider challenges on skills, innovation, contracts and connectivity throughout supply chains between SMEs and larger companies.**

8 **Enhance the work of the UK Defence Exports Unit within the MoD in boosting UK access to overseas defence supply chains, like the EU, US, NATO and AUKUS.**

Steel

Significant changes in steel quotas and tariffs in both the UK and EU will take place from 1 July this year with impacts on manufacturing supply chains. The UK Steel Strategy proposes an overall 60% reduction in overall quotas across the import sub-categories, with a doubling of above quota duties to 50%. Some quotas in sub-categories of steel product are seeing 90% reductions in pre-existing quotas. The EU is cutting its import quotas by 47% while similarly increasing duties to 50%. This puts both in line with the US approach. In our EU Reset Report last December, the BCC set out its position on the negotiations with the EU under GATT Article XXVIII on the quota levels per category. Businesses in the UK have expressed concerns about the higher costs consequences for those manufacturing and construction sectors which depend upon imports of steel, given the scale in reduction of import quotas where EU steel meets a high proportion of demand. Government needs to listen to the evidence from business about the impacts from the summer onwards on costs and supply chains and be ready to make adjustments on key import quotas to take account of inflationary effects in sourcing chains.

A longer-term solution to pursue would be to deepen discussions with the EU, Japan, Canada and US over arrangements to promote decarbonisation and tackle overproduction in global steel markets and produce a plurilateral agreement capable of being joined by like-minded partners internationally. The agreement could take the form of higher quotas and/or reduced tariffs on steel within the zone where common policies apply in relation to imports. These measures would need to be designed in a way which is WTO-compliant, but if this can be managed, would be a pathway to enhanced steel supply chain security and potentially lower import costs.

640-680m

Metric tonnes – estimated global overproduction in steel in 2025.

OUR POLICY RECOMMENDATIONS ON STEEL:

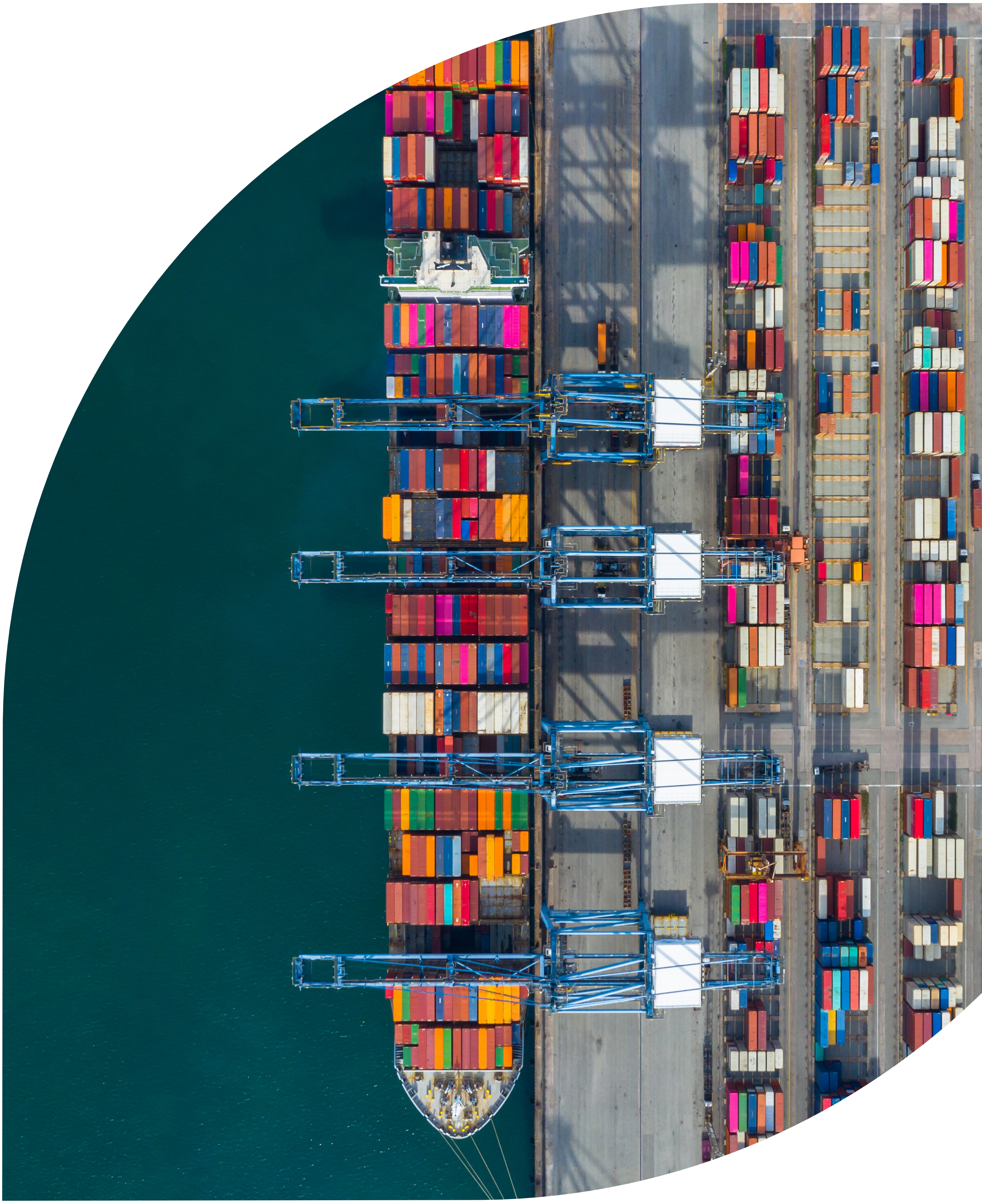
9 **Ensure that the Steel Strategy and new quotas and duties to be introduced from July 2026 work in the interests of UK manufacturing and construction sectors, as well as the primary producers of steel, keeping impacts upon prices and supply chains under regular review.**

10 **Engage in negotiations with the EU, Japan, Canada and the US and other like-minded partners over plurilateral arrangements on decarbonisation of steel production and reducing global steel overproduction levels. Any arrangements should be WTO compliant but potentially offer incentives to states engaged in cleaner steel production.**

PROJECTED INCREASES IN REQUIREMENTS FOR SOURCING KEY GROWTH MINERALS IN INDUSTRIAL STRATEGY SECTORS BY 2035.

Growth metal/ mineral	Increase required by 2035	Key countries of supply/reserves
Aluminium	1284%	China, India, Russia, Canada, UAE, Bahrain, Australia, Norway
Antimony	1000%	China, Russia, Tajikistan
Beryllium	987%	USA, Kazakhstan, China
Chromium	1114%	South Arica, Kazakhstan, Türkiye, India
Cobalt	2577%	DRC, Indonesia, Russia, Australia, Canada
Copper	1928%	Chile, DRC, Peru, China, Indonesia
Gallium	2000%	China, Russia, Ukraine
Germanium	1350%	China, Russia, USA
Graphite	4851%	China, Madagascar, Mozambique, Brazil, India
Hafnium	1589%	France, USA, China
Helium	1938%	USA, Qatar, Algeria, Russia
Lithium	13333%	Australia, Chile, China, Argentina, Brazil
Manganese	1107%	South Africa, Gabon, Australia, Ghana, India, China, Brazil
Nickel	1620%	Indonesia, Philippines, Russia, New Caledonia, Australia
PGMs	935%	South Africa, Russia, Zimbabwe, Canada
Silicon	1267%	China, Russia, Brazil, Norway
Tantalum	2488%	DRC, Rwanda, Brazil, Nigeria, Australia
Tin	646%	China,Indonesia,Peru,Brazil, DRC
Titanium	1284%	China, Mozambique, South Africa, Australia
Tungsten	1218%	China, Vietnam, Kazakhstan, Russia
Uranium	1367%	Kazakhstan, Canada, Namibia, Australia

Source of quantitative data: https://www.gov.uk/government/publications/uk-critical-minerals-strategy/critical-minerals-technical-annex , key countries supply/reserves: BCC analysis



CHAPTER 4
DEEPENING INTERNATIONAL SUPPLY CHAIN CO-OPERATION

Current UK trade policy priorities mean that new or revised free trade agreements have important supply chain elements for the first time. This is being matched by other trade policy actors internationally too. Diversifying supply chains requires more agreements to strengthen cooperation or lower trade barriers for key components, enabling the UK to secure sourcing with reliable partners.

Canada, Australia, Brazil, Argentina, Chile, India, Türkiye, South Africa, Kazakhstan are among the key partners we identified in the previous chapter as crucial to secure long-term UK supply of the growth metals and minerals in the industrial strategy sectors of highest potential growth in the next decade and beyond. There are also other pinch points where geopolitical events could impact upon future supply chains for manufacturing, principally silicon chips, where the UK relies greatly on Taiwan for the vast majority of its imports[vi].

UK-EU

The BCC proposes a binding economic security agreement between the UK and EU. This deal would add to the recent Competition Co-operation Agreement alongside the TCA. It could create new commitments on security of supply in key areas such as semiconductors, pharmaceuticals, chemicals, and automotive components, climate technology, telecoms, maritime and space security infrastructure and systems, growth metals and minerals. It would recognise the intertwined investment, subsidy control, supply and sourcing chain relationships for the UK in the European continent. The agreement could also facilitate enhanced day-today co-operation on supply chains. The UK should seek EU support with any forthcoming application from the UK government to rejoin the Pan-Euro Mediterranean Convention (PEM) Convention.

CPTPP

The UK government should also encourage its CPTPP partners to successfully reach an agreement with the EU on cumulation in terms of rules of origin in trade between both blocs. This would be a strong driver towards enhanced supply chain co-operation and geopolitical partnership between Europe and Asia-Pacific.

The CPTPP General Review, bolstered by the Ministerial Conference in Melbourne in November 2025, should lead to the adoption of a supply chain chapter within the agreement text, again facilitating stronger co-operation with key geopolitical partners of the UK in the Asia-Pacific region. Canada is set to ratify the UK's Accession Protocol to CPTPP by the autumn of 2026, and the discussions between both Prime Ministers' offices should be further leveraged to develop concrete plans for enhanced economic co-operation in energy, defence and supply chains as soon as possible.

Other key international relationships on supply chains

On bilateral agreements impacting upon supply chains, the UK should successfully conclude arrangements with Greenland, which has a critical role in copper and nickel supply as well as rare earths. The UK should cultivate long-term relationships with partners in Africa and South American states, such as Chile (the world's leading producer of copper and second biggest producer of lithium), to explore how to expand access to growth minerals and metals, including support for the refining of the metals and minerals in-country. South Africa is a leading source of the Platinum Group Metals, and Democratic Republic of Congo a rich source of cobalt. Increasingly, African states want to retain more of the value add from supply chains and undertake refining work too.

The UK government has developed memoranda of understanding and other treaty arrangements with individual EU member states on industrial sectoral and supply chain co-operation in areas of member state competence. For example with France, Spain, Poland and the Netherlands as well as the Kensington Treaty with Germany. The first annual Joint Governments-Business Forum is taking place in Berlin on 27 April. More usage could be made of the MoU model to take forward industrial strategy co-operation with other key EU and European states, with positive implications for supply chain functioning and capacity.

OUR POLICY RECOMMENDATIONS ON EXPANDING UK INTERNATIONAL AGREEMENTS ON DIVERSIFICATION OF SUPPLY CHAINS:

11 **Develop a binding UK-EU economic security agreement to sit alongside the Trade and Co-operation Agreement, similar in form to the recent agreement on Competition Co-operation. This would act as a framework for deeper co-operation and commitments elsewhere in areas essential for security of supply in key commodities, growth minerals, goods and services along with a recognition of the UK's key role in European supply chains.**

12 **Successfully negotiate CPTPP-EU arrangements on cumulation within applicable rules of origin and reach accords on data and digital trade.**

13 **Apply to rejoin the Pan-Euro Mediterranean (PEM) Convention on cumulation on rules of origin.**

14 **Support a supply chain chapter within CPTPP as part of the Review initiated by the Melbourne Ministerial Conference in November 2025.**

15 **Promote supply chain agreements as part of new UK free trade agreements (FTAs), and review requirements on whether new agreements on supply chains in key markets should sit alongside existing FTAs or Economic Partnership Agreements (EPAs) or require upgrading certain FTAs or EPAs themselves.**

16 **Reach agreement with Greenland on trade and supply chains and explore links in terms of supply and refining capacity with key partner countries in Africa, including South Africa, and South America, including Chile and Peru.**

17 **Develop concrete plans between both governments for enhanced UK energy, defence and supply chain co-operation with Canada.**

18 **Make further usage of Memoranda of Understanding with individual EU member states on industrial sectoral and supply chain co-operation in areas of member state competence, building upon successes with France, Spain, Poland and the Netherlands as well as the Kensington Treaty arrangements with Germany.**

CHAPTER 5
CONCLUSIONS AND POLICY RECOMMENDATIONS

UK requirements for growth metals, minerals and rare earths will increase exponentially over the next decade – by 13,333% for Lithium and 1,928% for Copper. Enhanced domestic production can only get the UK part of the way. The priority must be achieving and implementing supply chain agreements with key international partners to support our industrial strategic priorities, including automotive, advanced manufacturing, climate technology, defence, and pharmaceutical industries.

That means a step change in terms of how the UK does trade agreements and upgrading the arrangements it already has with key like-minded partners. This is a growth imperative, and with the right strategy, it can be achieved.

Government also needs greater co-ordination around modern economic security approaches, led by a dedicated Cabinet Committee, with enhanced reporting on progress on supply chain targets, and new powers in the trade toolbox including anti-economic coercion powers with appropriate protections for business commercial and data interests should these ever be triggered.

Government also must get the structural calls right in terms of regulatory relationships with the EU. Ministers should ensure the UK's central role in pan-European supply chains is recognised in a new economic security agreement. They should also look to influence albeit as a third country, but a leading trade partner, the policy agenda and rules considered in the European Union that will impact UK companies, trade and investment.

NEW POWERS AND SMARTER GOVERNMENT

1. **Broaden the toolbox on economic security in a new Economic Security Bill announced in the forthcoming King's Speech. The legislation should include new anti-economic coercion powers permitting ministers to use a range of levers, from duties to market access, to enhanced investment scrutiny and subsidy control, with appropriate safeguards to protect UK commercial interests.**

2. **Establish a new Economic Security Cabinet Committee chaired by the Prime Minister co-ordinating policy making across government on issues from tariffs to critical imports.**

3. **Produce an annual report measuring delivery toward the objectives of the Critical Imports Strategy and scale of progress towards 2035 goals on reducing over-dependence on single countries for growth metals and minerals and on enhanced domestic sourcing.**

4. **Review supply chain legislation in the UK, including the Modern Slavery Act, against emerging threats to economic security, ensuring any new arrangements proposed do not make corporate reporting standards any more onerous nor time-consuming.**

SECTORAL CHALLENGES FOR UK ECONOMIC SECURITY

5. **Ensure that the Steel Strategy and new quotas and duties to be introduced from July 2026 work in the interests of UK manufacturing and construction sectors as well as primary producers of steel, keeping impacts upon prices and supply chains under regular review.**

6. **Engage in negotiations with the EU, Canada, Japan, and the US and other likeminded partners over plurilateral arrangements on decarbonisation of steel production and reducing global steel overproduction levels. Any arrangements should be WTO compliant but potentially offer incentives to states engaged in cleaner steel production.**

7. **Finalise the Defence Investment Plan at pace and prioritise early action to increase the number of SMEs benefitting from simplified procurement rules, and addressing wider challenges on skills, innovation, contracts and connectivity throughout supply chains between SMEs and larger companies.**

8. **Enhance the work of the UK Defence Exports Unit within the MoD in boosting UK access to overseas defence supply chains, like the EU, US, NATO and AUKUS.**

9. **Reach a long-term agreement on UK-EU rules of origin on electric vehicles within the Trade and Co-operation Agreement, eliminating constant cliff-edges on easements and providing long-term investor certainty across a crucial industrial sector. As a first step, extend as a matter of urgency the current easements on electric vehicles rules of origin until 2031, otherwise due to expire at the end of the year.**

10. **Engage with the EU to amend the Industrial Accelerator Act and other EU legislation to entrench the UK's role as an intrinsic part of European supply chains and partner in greater European economic security.**

DEEPENING INTERNATIONAL SUPPLY CHAIN CO-OPERATION

11 Develop a binding UK-EU economic security agreement to sit alongside the Trade and Co-operation Agreement, similar in form to the recent agreement on Competition Co-operation. This would act as a framework for deeper co-operation and commitments elsewhere in areas essential for security of supply in key commodities, growth minerals, goods and services along with a recognition of the UK's key role in European supply chains.

12 Successfully negotiate CPTPP-EU arrangements on cumulation within applicable rules of origin and reach accords on data and digital trade.

13 Apply to rejoin the Pan-Euro Mediterranean (PEM) Convention on cumulation on rules of origin.

14 Support a supply chain chapter within CPTPP as part of the Review initiated by the Melbourne Ministerial Conference in November 2025.

15 Promote supply chain agreements as part of new UK free trade agreements (FTAs), and review requirements on whether new agreements on supply chains in key markets should sit alongside existing FTAs or Economic Partnership Agreements (EPAs) or require upgrading certain FTAs or EPAs themselves.

16 Reach agreement with Greenland on trade and supply chains and explore links in terms of supply and refining capacity with key partner countries in Africa, including South Africa, and South America, including Chile and Peru.

17 Develop concrete plans between both governments for enhanced UK energy, defence and supply chain co-operation with Canada.

18 Make further usage of Memoranda of Understanding with individual EU member states on industrial sectoral and supply chain co-operation in areas of member state competence, building upon successes with France, Spain, Poland and the Netherlands as well as the Kensington Treaty arrangements with Germany.

APPENDIX

i. https://www.dhl.com/content/dam/dhl/global/delivered/documents/pdf/dhl-global-connectedness-report-2026-key-highlights.pdf accessed on 30 March 2026.

ii. See Vision 2035: Critical Minerals Strategy (DBT, 2026) at https://www.gov.uk/government/publications/uk-critical-minerals-strategy/vision-2035-critical-minerals-strategy accessed on 30 March 2026.

iii. Consider the role of the UK government's AI Energy Council in this respect - https://www.gov.uk/government/publications/ai-energy-council-terms-of-reference/ai-energy-council-terms-of-reference accessed on 30 March 2026.

iv. See Regulation 2023/2675 at https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202302675 accessed on 30 March 2026.

v. RAND Europe study on UK defence supply chains - https://www.rand.org/pubs/perspectives/PEA117-1.html accessed on 2 April 2026.

vi. See Enhanced Trade Partnerships arrangements between Taiwan and the United Kingdom, as amended in 2025 https://www.gov.uk/government/publications/uk-and-taiwan-enhanced-trade-partnership-arrangement-pillars/enhanced-trade-partnership-arrangement-between-taiwan-and-the-united-kingdom#:~:text=(b)%20The%20objectives%20of%20the%20ETP%20are,Taiwan%20and%20the%20United%20Kingdom%2C%20address%20barriers accessed on 2 April 2026.

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