



SAUDI BRITISH JOINT BUSINESS COUNCIL

The UK-GCC Free Trade Agreement

What the Concluded Negotiations Mean for UK-Saudi Businesses

Summary

On 20 May 2026 the United Kingdom and the Gulf Cooperation Council (GCC) announced the conclusion of negotiations on a free trade agreement (FTA). The agreement was reached in London between the Minister of State for Trade Policy, Sir Chris Bryant, and the Secretary-General of the GCC, Jasem Mohamed Albudaiwi, and makes the United Kingdom the first G7 country to conclude a comprehensive trade agreement with the bloc, which comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.^{1,2}

The Department for Business and Trade set out the following headline estimates:

- an increase in UK gross domestic product of around £3.7 billion a year, and in real wages of around £1.9 billion a year, in the long run when measured against 2040 projections.
- an increase in bilateral trade of 19.8 per cent, worth an estimated £15.5 billion a year in the long run.
- the removal of an estimated £580 million a year in duties on current UK exports to the GCC once fully implemented, of which £360 million is removed on the first day the agreement is in force.

These figures are drawn from the government's modelling and its conclusion summary published on 20 May. For reference, the gross domestic product gain is equivalent to around 0.1 per cent of UK output.^{1,2,9}

The SBJBC is made up of private sector members on both sides of the relationship, and this agreement is another growth trajectory of the UK-Saudi strategic relationship and represents the next stage in the maturation of the UK-Saudi trade corridor. Saudi Arabia is the largest economy in the GCC and the core market for most of the SBJBC's members, and the sectors the agreement covers, from financial and professional services to advanced manufacturing, healthcare, clean energy and digital trade, are those in which British and Saudi companies are heavily engaged in, and the agreement will only help intensify these activities.

Two careful notes should stay in mind for stakeholders at this time. Although the UK and GCC have now signed the FTA following the conclusion of negotiations, the legal text is still undergoing finalisation and must then pass through the UK's parliamentary scrutiny and each GCC member state's ratification process before it can enter into force. As with comparable FTAs, implementation will be phased, with

some tariff reductions applied immediately and others introduced gradually over a period of years.^{2,5} The detailed commitments also vary by GCC member state, so the precise outcome for Saudi Arabia will depend on the Kingdom's own schedule within the agreement.

What Has Been Agreed

The agreement was concluded and signed in London on 20 May 2026 between the Minister of State for Trade Policy, Sir Chris Bryant, and the Secretary-General of the GCC, Jasem Mohamed Albudaiwi, following a ceremony at Downing Street that marked the end of four years of negotiation which began in June 2022.^{2,7} The department responsible for the agreement is the Department for Business and Trade (DBT), led by the Secretary of State, Peter Kyle. It is the fifth major trade deal the present government has reached, following agreements with India, the United States, the European Union and South Korea, and DBT describes it as among the most extensive agreements the GCC has concluded in many areas, and the bloc's first with a G7 nation.^{1,2} The agreement runs to around 2,000 pages.⁷

The next stage is for the treaty, as mentioned, is to have the text finalised and legally scrubbed, then the United Kingdom's independent Trade and Agriculture Commission will scrutinise it, the government will lay a report under the Agriculture Act 2020, and the agreement will pass through the pre-ratification procedures of the Constitutional Reform and Governance Act, before any implementation.² The agreement will also need translating and ratification by all GCC member states, so therefore, the benefits described in this article will therefore follow from that process rather than from the announcement and signing itself on 20th May 2026.

The Scale of the Relationship

Total trade between the United Kingdom and the GCC was worth £53 billion in 2025, which means the bloc is the UK's tenth largest trading partner and its eighth largest export market for goods, with £18 billion in goods exports in that year,² while services account for around half of UK exports to the region.¹ The GCC has a combined gross domestic product of around £1.9 trillion and an import market worth roughly \$1.04 trillion, which the government expects to almost double in real terms by 2050.² Saudi Arabia is the largest of the six economies and accounts for a substantial share of this trade, which places the Kingdom at the centre of what the agreement will mean in practice.

What the Agreement Does

The agreement is broad, with provisions spanning goods and services, financial services, investment, digital trade, business mobility, intellectual property, procurement and a set of cooperation commitments. The main features for members are set out below for reference:

Goods and tariffs

The GCC will fully liberalise 90% of its tariff lines ten years after entry into force, and tariffs will be removed on around 93% of current UK exports by value. Around two thirds of UK goods will enter the GCC tariff-free as soon as the agreement is in force, rising to that 93% margin after a decade.^{2,3} The GCC applies a common external tariff of 5% on most goods, though some states maintain higher rates on specific products. UK car exports, worth £1.4 billion to the region in 2025, will see full tariff elimination, with duties removed on entry into force for 90% of current car exports including hybrids, and on electric

vehicles and batteries after ten years. Tariffs on aerospace parts, machinery and electronics will be removed as soon as the agreement enters into force, and tariffs on medical devices will be removed once it is fully implemented. Among food and drink exports, worth around £839 million a year to the Gulf, cheddar, chocolate, biscuits and Scottish smoked salmon will see tariffs removed at entry into force.^{2,3}

Services and financial services

On services, which make up around 80% of the British economy and around half of UK exports to the GCC, and which the government describes as the strongest outcome that the GCC has agreed in a trade deal, the agreement locks in existing market access across sectors including legal, engineering and construction, and constrains the introduction of new restrictions such as foreign ownership limits or requirements to set up a local base.^{1,2} For financial services, the GCC has for the first time agreed binding commitments protecting the free flow of financial data and prohibiting unjustified data localisation, allowing UK firms to store and process financial data outside the region. UK firms will be able to supply certain services across the region without establishing a local office or partner, and improved equity caps give greater protection to investments in established Gulf businesses.² A separate note provides for the mutual recognition of professional qualifications, which over time should ease the path for UK engineers, architects, surveyors and lawyers working in the Kingdom. The Royal Institute of British Architects (RIBA), an SBJBC member, welcomed the agreement as a welcomed, positive, step for the architectural sector that it describes as being one of the UK's strongest global exports.³

Business mobility and digital trade

The agreement contains what the government describes as the most ambitious business mobility commitments the GCC has granted any trading partner, guaranteeing visa access for a range of business visitors, improving length-of-stay terms, and preventing the future introduction of economic needs tests or numerical limits.² On digital trade, the GCC has agreed for the first time to prohibit unjustified data localisation, to accept electronic trade documents and paperless trading, to protect against the forced disclosure of source code, and to maintain a permanent ban on customs duties for electronic transmissions, alongside cooperation on emerging technologies including artificial intelligence.² As with all FTA's. they do not directly engage with freedom of movement provisions, but there are provisions for inter-business mobility.

Investment

The agreement includes a modern investment chapter with comprehensive protections for investors on both sides, fair and non-discriminatory treatment, protection against expropriation without compensation, and a transparent investor-state dispute settlement mechanism providing independent legal recourse.² The investment relationship is already substantial. The government records total bilateral foreign direct investment, portfolio and other investment assets and liabilities between the United Kingdom and the Gulf Arabian countries, a measure that includes the GCC states together with Yemen and Iraq, at around £485 billion at the end of 2024, and notes that the GCC is home to four of the world's largest sovereign wealth funds, holding more than \$3.4 trillion between them.² Saudi investment in the United Kingdom, from infrastructure such as Heathrow to a wide range of other assets, sits within this picture.

Customs, rules of origin and smaller firms

On the mechanics of trade, the agreement commits the GCC to clearing customs within 48 hours, and within six hours for perishable goods, where requirements are met, and to issuing advance rulings on

classification, valuation and origin within 90 days.² Exporters will be able to self-certify their own origin documentation after an initial registration, a long-standing business request that lowers the cost of exporting for smaller firms. A dedicated chapter for small and medium-sized enterprises (SMEs), the first of its kind the GCC has included, commits both sides to publishing trade information clearly, and critically in English, and to establishing contact points for smaller businesses.²

A Focus on Saudi Arabia

The conclusion summary identifies Vision 2030 as a central driver of regional demand, naming healthcare, education, fintech, artificial intelligence, advanced manufacturing and clean energy as sectors where the need for high-quality goods and services is set to rise.² These are areas of established British strength, and active SBJBC engagement, with Pearson, an SBJBC member, welcoming the agreement for deepening cross-border education partnerships and widening access to digitally enabled education across the UK and the GCC.³

The Council's members will recognise the agreement's emphasis on services, investment certainty and business mobility as directly relevant to how they operate in the Kingdom. AEI Saudi, an SBJBC member that supports companies entering the Saudi market, welcomed the agreement. Its Co-Founder & Director, Adam Hosier, noted that the firm supports hundreds of companies each year into Saudi Arabia, the region's largest market, and said the agreement "will only increase that number, easing access" to the opportunities available across the region.³ He observed that its provisions on local presence, data localisation and mobility reflect what AEI has long advised companies entering the Kingdom to plan for.³ The agreement also sits perfectly alongside the stated ambition from both Kingdoms as the two governments have previously set a target of raising bilateral trade between the United Kingdom and Saudi Arabia to £30 billion by 2030, and the agreement provides part of the framework through which that ambition can be pursued.⁸

What It Means for Saudi Businesses

As a joint council, the SBJBC reads the agreement from both sides. For Saudi companies, it is not only a matter of easier access for British exporters but of improved terms for their own trade with, and investment in, the UK.

The United Kingdom will remove tariffs on all current GCC exports to the UK from the first day the agreement is in force, which lowers costs for Saudi exporters and for the UK businesses that rely on Gulf inputs.² The investment chapter protects Saudi investors in the United Kingdom on the same terms it protects British investors in the Gulf, with fair treatment and access to independent dispute resolution, which gives Saudi capital greater certainty in a market where it is already heavily committed. For Saudi Arabia, which did not previously hold a bilateral investment treaty with the United Kingdom, the agreement extends treaty-level investment protection for the first time.^{2, 7} Improved business mobility runs in both directions, easing travel for Saudi business visitors to the United Kingdom, and the recognition of professional qualifications, once developed, will work both ways.

HSBC, another SBJBC member with a presence across all six GCC states, welcomed the conclusion of the agreement, with its UK Head of Commercial Banking, Stuart Tait, called it "a significant milestone" and pointed to the complementary strengths of the two markets in services, life sciences and innovation.³

Standard Chartered's Group Chief Executive, Bill Winters, described the agreement as one that will "drive greater bilateral investment and growth across this important corridor".³ Deloitte, an SBJBC member, said the agreement will help the UK services sector grow internationally, and noted that its own survey of business leaders found 64 per cent expected a UK-GCC agreement to benefit the UK economy.³

The reception in Saudi Arabia has been similar, with Rayan Qutub, chairman of the Logistics Committee at the Jeddah Chamber, told Arab News that the agreement supports Saudi Arabia's ambition to become a global trade and logistics hub and strengthens its connectivity with one of the world's leading economies.⁶ The GCC Secretary-General framed the agreement as one that would help cement the economic pathways of both regions for the long term,⁶ and this welcome has extended across the GCC, with Gulf governments describing the agreement as the next chapter of a deepening partnership.¹⁰

Limitations and What Comes Next

The agreement is significant, but its scope and timing carry clear limits that members should plan around. It is not yet in force. The legal text is being finalised and verified, after which the agreement will be signed, scrutinised and put through the ratification procedures of the Constitutional Reform and Governance Act, with implementing legislation to follow.² Entry into force requires all GCC member states to complete their own ratification, and the benefits begin only once that process is complete.

Liberalisation is staged, with around two thirds of UK goods enter tariff-free on the first day, but full liberalisation of 90 per cent of GCC tariff lines takes ten years, and some lines are phased over five or ten years.² Certain products are excluded, such as the UK keeping pork, chicken and eggs out of tariff liberalisation, and some GCC states retain higher tariffs on specific goods.^{2,3}

Commitments vary by member state, which matters for a Saudi-focused membership. Government procurement is binding only with Bahrain and the UAE for now, and services and mobility commitments follow each state's own schedule.² The full detail for Saudi Arabia will be clear only when the legal text and the Kingdom's schedules are published, and members should read those carefully against their own operations rather than rely on the headline summary. Put plainly, the agreement harmonises the framework for trade while leaving local execution where it has always sat, with each GCC state continuing to apply its own rules, and companies operating in Saudi Arabia will still need to meet the Kingdom's regulatory and licensing requirements as before.

The regional context is also unsettled with the ongoing crisis with Iran, and the disruption arising from the conflict continuing to affect Gulf trade in the near term. Several exporters expect trade to remain disturbed in the short run, even as the agreement improves the longer-term framework. The agreement nonetheless lands against a backdrop of close security cooperation, with British aircraft having taken part in defending Gulf states from Iranian attacks during the conflict, which has reinforced the partnership the agreement now formalises in trade.⁹

The Council's Role

The FTA strengthens the current framework in which the SBJBC and its members operate. As such, the Council is exploring the opportunity for an FTA briefing with the UK government FTA team. The government has made clear it will work with chambers of commerce and trade associations to ensure that their members understand what has been agreed, what it means for their sector and how to use it.² The

SBJBC will work to lay out this information for members, identify the provisions relevant to each sector, and will continue its work to connect UK and Saudi entities together.

Conclusion

Taken in whole, the agreement points to a relationship that is becoming less of a conventional exchange of goods or services and more of a long-term alignment of supply chains, ease of access for businesses, free flow of capital, and strategic infrastructure. This reflects the direction of the Gulf itself, which continues to move from an economy centred on energy toward a platform for finance, logistics, transport, tourism and the coordination of international business.¹⁰ The UK-GCC corridor, and the UK-Saudi relationship at its centre, will continue to grow in importance.

For a relationship as established as the one between the United Kingdom and Saudi Arabia, the agreement formalises and extends ties that already run deep. It lowers tariffs, locks in access for services, protects investment, and sets modern rules for data and mobility. Turning the framework into realised trade and investment is now the key task ahead, and the SBJBC continues to facilitate this and support members on both sides of the relationship.

For more information on the SBJBC and our work please contact us on info@sbjbc.org.

Endnotes

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