



## SAUDI BRITISH JOINT BUSINESS COUNCIL

### **SBJBC Member Briefing**

#### **UK-GCC Free Trade Agreement and Gulf Market Update**

*Post-event brief, 25 June 2026*

On 25 June 2026 the Council ran the second session in its GCC update series, a forty-five minute briefing on the UK-GCC Free Trade Agreement and the wider Gulf market picture, with particular attention to Saudi Arabia. Cordelia Begbie, CEO of SBJBC, opened the session and introduced two speakers whose remarks covered the agreement itself and the current wider regional energy and security context in the Gulf. Fizza Muhammed, Head of Trade Policy and Market Access for the GCC at the British Embassy in Riyadh, set out the terms of the agreement and what it offers to businesses on both sides. Laurent Ruseckas, Executive Director for Research and Analysis at S&P Global Energy, gave a reading of conditions in the Gulf following the recent conflict, with a focus on the Strait of Hormuz and the outlook for oil and gas prices. This brief covers the key details from the session and ensures that SBJBC members stay up to date on the current gulf crisis, alongside being able to prepare their businesses for the new trade environment that the UK-GCC FTA will foster.

#### **The agreement in outline**

During May 2026 the UK concluded negotiations on a free trade agreement with the Gulf Cooperation Council, a step that Fizza described as one of the more consequential developments in commercial relations between the two for a generation. The headline economic case rests on several figures presented during the session. The agreement could add as much as £3.7 billion to the UK economy over the long run. Total trade between the UK and the GCC stood at £53 billion in 2025, and the deal is expected to raise bilateral trade by 19.8 per cent, equivalent to roughly £15.5 billion a year once it is fully in effect. Fizza placed weight on the UK being the first G7 country to reach an agreement of this kind with the GCC, a position she argued goes further in ambition than earlier GCC agreements and gives British firms a measure of competitive advantage while strengthening supply chains in both directions.

#### **What the agreement means for business**

The practical effect, in Fizza's framing, is less friction, greater certainty and a foundation for partnership between the UK, Saudi Arabia and the wider Gulf. On tariffs, the agreement removes around £580 million of duties a year on UK exports to the GCC, of which approximately £360 million falls away on the first day the agreement takes effect. Sectors identified as early beneficiaries include advanced manufacturing, with reductions on medical devices and aircraft engines, alongside aerospace, automotive, electronics and machinery. Agri-food exporters were singled out as well, with day one cuts on products such as cheddar, chocolate and baked goods, set against UK food and drink exports to the GCC worth in the region of £839 million over the past year. The benefits run in both directions, since the UK will liberalise tariffs on current exports from the GCC from the first day the agreement takes effect, a measure that strengthens supply chains, lowers input costs for UK manufacturers and gives Gulf producers immediate and improved access to the British market. Fizza also drew attention to the gains for consumers within the GCC, who stand to see a wider selection of British goods reaching shelves at better value and with quicker delivery as the cost of trade comes down.

Beyond goods, Fizza pointed to the services and investment provisions as areas where the agreement offers further value. Market access for services is locked in across legal, engineering, construction, aviation and financial services, with assurances that UK firms will be treated on the same footing as

local companies and will not face new discriminatory barriers. The agreement also carries provisions on digital trade and the movement of business professionals. For the first time the GCC has agreed to protect the free flow of financial data between the two markets, allowing financial services firms to store and process data outside the region, a point Fizza identified as a meaningful gain for banks and fintech firms operating across the Gulf. On investment, the agreement sets out comprehensive protections, guarantees of fair and non-discriminatory treatment, and an Investor State Dispute Settlement mechanism underpinned by transparent procedures for resolving disputes.

### **The UK and Saudi Arabia**

Turning to the bilateral relationship, Fizza set the agreement within the context of a mature and already substantial partnership. Trade between the UK and Saudi Arabia stood at around £14 billion in 2025, more than 1,700 UK businesses operate in the Kingdom, and the two economies hold foreign direct investment stock in one another of approximately £116 billion. She characterised the relationship as strategic rather than transactional, supported by institutional frameworks including the UK-Saudi Strategic Partnership Council, the Great Futures programme and the industrial strategy launched in the previous year. The agreement, on this reading, deepens integration in clean energy, healthcare, education, financial services and advanced manufacturing, and aligns UK industrial and trade priorities with the objectives of Vision 2030, including the transfer of skills and knowledge and cooperation on shared challenges such as energy transition, supply chain resilience and regional stability.

### **Timeline and next steps**

Fizza traced the path of the negotiations, which were launched in June 2022, paused during the UK general election in May 2024, resumed in September 2024 and concluded on 20 May 2026. Attention now turns to bringing the agreement into force, and the text is undergoing a legal scrub to confirm it is sound, after which the parties will move toward signature and then ratification. The UK Parliament will have the opportunity to scrutinise the agreement, including any legislation required before ratification, and the GCC member states will run their own ratification processes in parallel. Asked when signature might come, Fizza was candid that the precise date remained the question everyone wanted answered and committed only to the ambition of completing the process as quickly as possible so that members can make practical use of the agreement. She reminded participants that the full benefits will be felt once the agreement enters into force, while noting that its conclusion already sends a signal of confidence to businesses planning their next steps.

### **What the government is asking of business**

In closing her remarks Fizza set out four practical requests of the businesses on both sides that stand to gain from the agreement. Members are asked to prepare by reading guidance as it is published and checking where the agreement might apply to their goods, services or investment. They are asked to advocate by helping to explain the benefits of the deal to partners, clients and networks across Saudi Arabia and the wider Gulf. They are asked to provide feedback on where guidance is unclear, where barriers persist and where new opportunities are emerging. They are asked, once the agreement is in force, to use it, so that the benefits move from paper into practice. Private sector involvement is critical to ensure the value of the FTA is fully realised, and UK government is set to support the transition to a new trade regime.

### **The Gulf market and energy context**

Laurent opened by noting that his remarks were given on behalf of S&P Global Energy, which operates separately from S&P Global Ratings. His overall message was one of cautious optimism, describing a path away from recent conflict toward a new balance and a renewed form of stability in the Gulf, while acknowledging that the path will not be smooth and that obstacles should be expected. Much of his analysis turned on the Memorandum of Understanding signed on 17 June. He argued that a great deal had already been settled in the signed text, and that the discussions still to come, covering the Iranian nuclear programme and the full lifting of United States sanctions over a sixty day period that is likely to be extended, matter less than the commitments already in place.

Several frictions are likely to surface along the way, in Laurent's reading of the situation. Statements from the two sides will not always align, and remarks made publicly by President Trump may sit uneasily with the spirit of the agreement without necessarily reflecting the policy that follows. The continuing conflict between Israel and Hezbollah in Lebanon will remain an irritant, although he

expected the United States to restrain Israeli actions to a level that would be below a threshold that would drive Iran from the table.

At the centre of his analysis stood the Strait of Hormuz, and the balance of commitments set out in the MoU shapes much of what is to come. Under that balance Iran receives an end to the blockade and sanctions waivers permitting the export of its oil, both of which have taken effect, alongside a commitment from the United States to release frozen Iranian assets, with Iran indicating it expects to receive around \$12 billion in unfrozen funds in the near term. In return Iran is committed to restoring safe passage through the strait, a balance Laurent read as giving Iran a strong incentive to deliver its side. Some elements of the MoU, he suggested, are unlikely to proceed quickly, among them the withdrawal of United States forces from the region and a proposed \$300 billion reconstruction fund that Washington has made clear will not draw on its own money. He did not regard either as fatal to the wider settlement, while noting that the release of frozen funds is politically sensitive in the United States and will require careful handling.

A substantial part of Laurent's remarks concerned the charge that Iran has sought to levy on vessels using the strait. The toll imposed by the Revolutionary Guard during and after the conflict has been recast in the language of a service fee, an approach intended to raise revenue without breaching the United Nations Convention on the Law of the Sea. The relevant provision, Article 26 of the Convention, prohibits a state from charging for passage through its territorial waters while permitting payment for specific services genuinely rendered, and it is that narrow opening which the framing of a service fee is designed to occupy. The Memorandum commits Iran to levy no charge for sixty days, wording that Laurent read as an implicit acknowledgement that a fee might follow once the period expires. Oman, the other coastal state of the strait, has signed a joint memorandum with Iran on the matter. He pointed to the Turkish Straits as a precedent, where free passage is guaranteed by international treaty while Turkey levies service fees of roughly \$140,000 for a large tanker, a figure he suggested might be more defensible against than the sums of \$1 million to \$2 million per vessel reported during the conflict. His assessment was that implementation will be contested and untidy, and that legitimacy will be questioned, but that a workable arrangement remains possible provided Iran does not overreach or treat vessels differently by flag.

On the resumption of normal activity, Laurent's base case is that traffic through the strait returns toward pre-war levels by around September, with the timing shaped by the practical work of restarting facilities. He expected Iran to cooperate with the removal of naval mines, and suggested the UK, with its mine-sweeping capability, might have a role to play.

### **Member questions**

Several points emerged from members during the discussion that followed. On whether a bloc-wide agreement serves investors better than bilateral deals, Fizza argued that negotiating with the GCC as a single bloc gives investors the certainty that the same rules apply across all six member states, where a bilateral approach leaves more room for terms to diverge from one market to the next. Asked whether bilateral agreements might follow, she confirmed that the Council's focus remains on concluding and bringing into force the GCC agreement, while noting that bilateral cooperation continues through channels other than trade agreements.

On rules of origin, a member asked whether the treatment of goods is symmetrical in both directions. Fizza explained that the rules of origin chapter sets out what qualifies a product as originating in a given country, whether wholly obtained or substantially transformed there, and that the same logic applies to goods moving from the GCC to the UK as to those moving the other way. She offered to follow up with fuller detail outside the session.

Asked by Laurent to explain the significance of the Investor State Dispute Settlement provisions, Fizza described them as offering investors comprehensive protection from unfair treatment, with clear guidance on the conduct of arbitral tribunals and on what constitutes a breach. A modern and transparent mechanism, she argued, allows frivolous claims to be dismissed more quickly and reduces the administrative cost to the state of defending a claim, while preserving the right of the state to regulate, including for the environment.

On the energy outlook, a member asked how quickly markets might stabilise and prices ease. Laurent drew a distinction between oil and gas in his answer. Stocks of oil have fallen considerably, and his base case sees Brent crude settling around \$80 a barrel through the remainder of this year and into 2027, above the level of just over \$60 that prevailed before the conflict, since stocks must first be rebuilt. The picture for liquefied natural gas is different, in part because the alternative export routes used by Saudi Arabia and the United Arab Emirates had taken more volume off the market than was the case for oil. He expected gas prices to ease more quickly as Qatari and Emirati volumes return, and set that recovery against a broader wave of new supply, with liquefaction capacity coming online in the United States and elsewhere across the past year, the current year and the year ahead. On that basis he pointed toward the summers of 2027 and 2028 as the period in which prices might settle toward the levels considered normal during the 2010s, with winters running somewhat higher.

### **Closing**

Cordelia drew the session to a close, the second in the Council's GCC update series, and reaffirmed the value of a measured, long-term approach to Saudi Arabia as a strategic market alongside early engagement with the opportunities the agreement presents. Members who would like to follow up with either speaker, including on matters they preferred not to raise during the call, are invited to contact the Council.

*Source: SBJBC Member Briefing, 25 June 2026. Figures as presented by the British Embassy Riyadh.*  
<https://www.sbjbc.org/sbjbc-member-briefing-uk-gcc-fta-and-gulf-market-update/>