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UK-Gulf Trade Deal Offers Key Benefits, But Hurdles Remain

By **Bregt Natens and Kanzanira Thorington** (July 8, 2026, 3:11 PM BST)


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On May 20, the U.K. concluded a landmark free trade agreement with the Gulf Cooperation Council, a trade bloc comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

The Gulf Cooperation Council, or GCC, is the U.K.'s 10th-largest trading partner, with total U.K.-GCC trade reaching £53 billion ($70.93 billion) in 2025.[1] The U.K. government estimates that the FTA will boost trade between the U.K. and the GCC by nearly 20%, increasing the U.K.'s gross domestic product by an estimated £3.7 billion each year when compared to 2040 projections.[2]

With this deal, the U.K. is the first G7 nation to conclude a comprehensive FTA with the GCC, providing the U.K. with a competitive advantage in one of the world's fastest growing markets. The FTA is expected to secure long-term market access for U.K. businesses in the GCC and strengthen the U.K.'s commercial ties with the GCC countries across key sectors, including advanced manufacturing, services and digital trade.[3]

However, U.K. companies will still need to navigate ongoing Gulf regional tensions and differing legal and regulatory regimes across GCC countries, creating additional challenges, risks and costs for businesses.

This article examines the FTA's key chapters and its impact on U.K. businesses.

Market Access for Goods

Under the agreement, the GCC will fully liberalize 90% of its tariff lines within 10 years after entry into force of the FTA. The deal will remove tariffs on approximately 93% of current U.K. exports to the GCC — worth an estimated £580 million in duties per year. £360 million in duties will be removed immediately on entry into force.[4]

Key U.K. sectors benefiting from tariff liberalization include advanced manufacturing, with immediate tariff-free access for turbojets and aerospace parts, as well as the removal of tariffs on machinery and electronics at entry into force.

U.K. car manufacturers will also benefit from full tariff elimination on all U.K. exports of passenger cars, with duties removed on 90% of current U.K. car exports to the GCC on entry into force. The healthcare and life sciences sector will gain improved market access through the elimination of tariffs on medical devices, surgical instruments and radiological devices. Certain agrifood exports will also benefit from an immediate tariff removal.

All existing GCC exports to the U.K. will be liberalized from Day 1 of the agreement. That said, the FTA excludes certain food products from tariff liberalization.

Other key benefits for U.K. businesses include:

- Simplified customs procedures, ensuring clearance of goods within 48 hours — six hours for perishable goods — provided that all requirements are met.
- Continued trade remedy protections to allow the U.K. to take action against import surges and unfair trading practices, e.g., dumped or subsidized imports that cause or threaten to cause serious injury to U.K. domestic industries.
- U.K. exporters will be able to complete and self-certify their own origin documentation after initial registration, reducing costs for businesses. Businesses will also have the right to request advanced rulings for tariff classification, valuation and origin.

Cross-Border Trade

The FTA provides new opportunities for U.K. service providers in the GCC across a range of sectors, including financial, legal, engineering and construction.

For cross-border trade in services, the agreement provides legal guarantees that constrain the implementation of new restrictions on U.K. businesses in sectors where the GCC makes commitments, such as limitations on foreign ownership or requirements to set up a base in the GCC to supply services in the region.

The agreement secures nondiscriminatory treatment vis-à-vis domestic suppliers in many areas. It also establishes commitments on authorization and licensing processes, including fairness, proportionality of fees and online availability of information in English.

For financial services, the GCC has agreed to the following measures:

- Binding commitments to protect the free flow of financial data and to allow U.K. financial institutions to store and process financial data outside the region, prohibiting "unjustified and disproportionate" data localization requirements.[5]
- Commitments to treat U.K. financial service suppliers on terms comparable to domestic providers in many subsectors, limiting scope for discriminatory future regulations.
- The right for U.K. firms to supply certain services across borders without establishing a local presence.
- Enhanced regulatory transparency and opportunities for engagement on proposed new measures, supporting predictable market access and implementation.

The FTA will establish common rules to support cross-border trade in services. However, U.K. service providers operating in the GCC are likely to continue to face market access barriers in the near-term because of regulatory and licensing fragmentation across the six GCC member countries.

As a result, U.K. businesses operating across the region will need to comply with separate requirements in each GCC country in which they do business. For example, unlike the EU's so-called passporting model, under which a financial services firm authorized in one European Union or European Economic Area state can operate across the bloc, authorization in one GCC country does not give a U.K. financial service provider the right to operate in other GCC countries.[6]

Securing regulatory approvals and meeting compliance obligations in multiple jurisdictions will remain time-consuming and costly, particularly for fintech firms, startups and small and midsized enterprises.

Business Mobility and Professional Services

The deal includes significant mobility commitments, guaranteeing visa access for a wide range of U.K. businesspeople, improved length-of-stay terms, and a freeze on new economic needs tests or numerical visa restrictions. The FTA will also contain an annex encouraging relevant U.K. and GCC bodies to discuss the recognition of professional qualifications.

Collectively, these provisions reduce costs and administrative burdens for U.K. professionals in the GCC. However, it remains unclear whether the FTA will address certain business personnel restrictions in the GCC countries, such as Saudi Arabia's requirements that companies employ a certain number of Saudi nationals.

Digital Trade

The FTA will remove digital trade barriers and facilitate the free flow of data between the U.K. and the GCC, while maintaining U.K. data protection standards. For the first time in any GCC trade agreement, and as noted, the bloc has committed to prohibit so-called unjustified data localization requirements, meaning that U.K. technology and financial firms could operate in the GCC without establishing costly local data centers.[7]

In addition, under the digital trade chapter, the U.K. and GCC commit to accepting electronic trade documents and to promote paperless trading, including e-bills of lading, with a view to reducing transaction costs and delays.

The U.K. and GCC will also protect open internet access and restrict discriminatory practices, as well as prohibit the forced disclosure of source code and cryptographic information. In addition, they will permanently ban customs duties on electronic transmissions and establish a framework to cooperate on emerging technologies, including artificial intelligence and responsible innovation.[8]

While these commitments are a positive step toward establishing common rules to support cross-border data flows, the GCC does not have a single, uniform data regulatory framework. U.K. companies seeking to operate across the trade bloc will therefore need to ensure compliance with data protection and digital trade rules in each member state, creating additional costs and risks for businesses.

Other Key Developments for U.K. Businesses

The FTA contains chapters on several other key trade areas, including the following.

Investment

Investment commitments will provide U.K. investors with greater legal certainty and support long-term two-way capital flows. U.K. investors will benefit from new protections, ensuring that they will receive fair and nondiscriminatory treatment.

The agreement will also establish an investor-state dispute settlement mechanism, which will provide U.K. investors recourse where treaty obligations may be breached.

Intellectual Property

There will be protection and enforcement of intellectual property rights, including copyright, trademarks, designs, patents, trade secrets and geographical indications. However, the FTA does not address the current status of the GCC Patent Office — which stopped accepting new applications for patents enforceable across all six GCC countries in 2021, creating uncertainty for U.K. businesses filing patent applications in the GCC.[9]

Telecommunications

Commitments to promote liberalization and competition in the telecoms market are to be introduced, including fair access to telecoms networks and services; clear rules governing licensing, interconnection and allocation of scarce resources; benefits to consumers through number portability; transparency on roaming rates; and stronger data protection guarantees.

Government Procurement

There will be legally binding commitments with Bahrain and the UAE, providing U.K. businesses with guaranteed access to their public procurement markets under fair, transparent and nondiscriminatory conditions. The remaining GCC member states are required to assess their participation in the chapter within two years.

Impact On U.K. Businesses

The FTA is a significant development for U.K. businesses operating in, exporting to, or investing in the Gulf region. Once finalized, the FTA will reduce tariff and nontariff barriers. This will enhance market access for U.K. exporters, including small and midsized enterprises. Under the agreement, U.K. services, which account for around 80% of the British economy and around half of U.K. exports to the GCC, will benefit from greater legal certainty, more transparent licensing procedures and fewer restrictions on cross-border supply.[10]

Certain U.K. goods and services will remain subject to varying levels of value-added tax, which differ between GCC member states.

The investment protections in the FTA are notable, given that the GCC is home to four of the world's top sovereign wealth funds, representing over $3.4 trillion of capital. In 2024, investment between the U.K. and Gulf Arab states amounted to £485 billion.[11]

The FTA will unlock capital flows into critical U.K. sectors and reinforce protections for U.K. businesses considering long-term investments in GCC sectors such as energy, infrastructure, manufacturing and technology.

The agreement comes at a pivotal moment for the Gulf region, as countries seek to diversify their economies. The U.K. is well positioned to support the GCC's economic diversification strategies — including Saudi Arabia's Vision 2030 and the UAE's Centennial Plan 2071 — through investment, the provision of specialized services and broader commercial collaboration.

However, the ongoing regional conflict, including increasing tensions between GCC member states, has disrupted critical supply chains and created uncertainty around how consistently GCC member states will implement their commitments under the U.K.-GCC agreement. Moreover, while the agreement establishes a solid baseline for cooperation, regulatory inconsistencies across the GCC countries will remain a challenge for U.K. companies seeking to operate in the Gulf region.

In practice, U.K. businesses operating in the GCC will still need to navigate differing national rules and complex geopolitical dynamics. Even so, the U.K.-GCC agreement creates a clearer baseline for market access and investment by setting common standards for U.K. businesses looking to enter and invest in the Gulf market, even if implementation continues to vary across the GCC countries.

Next Steps

With negotiations concluded, the U.K. and the GCC will work together to finalize the legal text of the agreement. Following the completion of the legal review of the FTA text, each party will initiate its respective domestic ratification procedures.

The FTA will enter into force upon the conclusion of the ratification processes by both the U.K. and all GCC member states, the timing of which remains unclear.

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[1] https://hansard.parliament.uk/Commons/2026-05-20/debates/26052032000011/TradeNegotiations?highlight=%22gcc%22#contribution-BE9F9403-13AD-4F85-BA0D-0BC769F6FAA6/.

[2] Ibid.

[3] https://www.gov.uk/government/publications/uk-gulf-cooperation-council-gcc-trade-deal-conclusion-summary/uk-gulf-cooperation-council-gcc-trade-deal-conclusion-summary--2.

[4] Ibid.

[5] Ibid.

[6] The GCC has a passporting framework for financial products, but it does not apply to services or provide automatic mutual recognition. It operates through cross-registration between home and host regulators and so far has been implemented only for investment funds, subject to host regulator approval and national regulator requirements.

[7] https://www.gov.uk/government/publications/uk-gulf-cooperation-council-gcc-trade-deal-conclusion-summary/uk-gulf-cooperation-council-gcc-trade-deal-conclusion-summary--2.

[8] Ibid.

[9] https://committees.parliament.uk/publications/39159/documents/192632/default/.

[10] https://www.gov.uk/government/news/uk-and-gulf-strike-historic-multi-billion-pound-trade-deal.

[11] https://www.gov.uk/government/publications/uk-gulf-cooperation-council-gcc-trade-deal-conclusion-summary/uk-gulf-cooperation-council-gcc-trade-deal-conclusion-summary--2.