



U.S.-UK Increasingly Exploring Economic Dimension of Their Special Relationship

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The United States and the United Kingdom are stepping up economic cooperation, aiming to increase turnover and economic dependence and innovation between the two economies, as well as deepen integration. Although U.S.-British free-trade-agreement negotiations initiated after Brexit have been put on hold, progress in other areas could accelerate a return to talks. The convergence of areas of U.S.-UK economic cooperation with the EU-U.S. format could facilitate the European Union's coordination with both countries on economic issues.

Economic Special Relationship. The U.S.-UK relationship, nowadays referred to as a “special relationship” due to proximity on security issues, is also increasingly about economic cooperation. The U.S. is the main destination for British exports of goods (£56.7 billion, 13.7% of exports in 2022) and services (£111.6 billion, 27.8% of exports in 2022). In turn, the UK is the seventh partner of the U.S. in goods exports (\$77.3 billion in 2022) and the main one in services (\$67.8 billion in 2021). Looking to deepen economic cooperation, the two countries are focusing on technology and digital issues, as well as supply chains and energy. This is fostered by similar threat perceptions: Russia as an immediate military threat to NATO and China as a superpower posing a long-term challenge to both countries and the global order. The determination is also reinforced by a similar perception of Russian aggression against Ukraine and the need for long-term support for it. Such a broad commonality of interests facilitates the deepening of the UK-U.S. partnership beyond the security sphere. It was preliminarily defined by the New Atlantic Charter signed in June 2021, a document designed to redefine (in reference to the Atlantic Charter signed in 1941) cooperation in the U.S.-UK special relationship. Among the priorities identified were the protection of innovation in technology and science, regulation of the global economy, climate protection, and the development of free trade.

The ideological alignment of President Donald Trump and Prime Minister Boris Johnson, as well as Trump's support for the UK's exit from the EU, did not contribute to a bilateral free trade agreement (FTA). Although it has been presented as a priority for British authorities since the announcement of Brexit, five rounds of negotiations in 2020 failed to produce a final result. The Biden administration did not continue the process, but the [president declared his readiness to strengthen cooperation with the UK](#). The lack of progress so far has been due, among other things, to Congress' lack of interest in an FTA, as well as the British authorities' approach to Northern Ireland (the U.S. is keen to maintain Northern Ireland's stability in domestic UK politics). Although [after Rishi Sunak became prime minister](#), the leaders of the two countries demonstrated their readiness to strengthen bilateral relations (Biden and Sunak met six times in nine months), this did not result in progress on the FTA. Expectations in this regard have been lowered by the prime minister, who does not declare the agreement a priority in relations with the U.S.

The Atlantic Declaration. In the absence of agreement on the scope of the FTA, the United States and the United Kingdom have focused on other dimensions of economic cooperation crucial to their economies and security. During Sunak's visit to Washington in June this year, the leaders signed the “Atlantic Declaration”, a bilateral political agreement focused on economic cooperation. It is aimed at

increasing the competitiveness and innovation of their economies and safeguarding them against unwanted technology transfers, among other things. Implementation of the declaration's provisions is expected to support the energy transition and implementation of the two countries' climate policies, as well as deepen trade and investment relations, which in the future may facilitate compromise in selected FTA-related areas.

The Declaration's Action Plan (ADAPT) is divided into five areas. The first concerns the development of quantum, communications, semiconductor, and artificial intelligence (AI) technologies, as well as research in the area of synthetic biology. The second area covers securing key technologies by preventing investments that may result in their use to enhance the military and intelligence capabilities of Russia and China. This includes coordinating restrictions on dual-use technology exports, strengthening sanctions cooperation, and reducing supply-chain dependencies. The third deals with securing the flow of digital data, developing AI, and privacy-enhancing technologies. In this area, it is planned to extend to the UK [the data exchange standards negotiated between the EU and the U.S.](#) The fourth area involves modernising the economy based on clean energy. To this end, the two countries have begun negotiations on a key minerals agreement, established a task force to secure supply chains for clean energy, and established a civil nuclear-power partnership. The final area concerns achieving economic benefits from cooperation between their arms industries, strengthening research on biological and health threats, and deepening multi-area space cooperation. In the coming months, the authorities are likely to announce new initiatives in reference to the Declaration, which should be interpreted as a document of at least medium-term significance for bilateral cooperation. ADAPT assumes that representatives of the White House and the UK prime minister's office will meet every two years to determine progress and plan next steps.

Other Dimensions of Cooperation. Following Brexit and the change of power in the U.S., there has been a reduction in tensions in bilateral economic cooperation. Following [the resolution of U.S.-EU disputes over Airbus and Boeing subsidies](#) and steel and aluminium tariffs, the UK also reached agreements in these areas, as well as on a tax on digital services. Even before the Declaration was signed, in March 2022, the U.S. and UK, based on the Charter, began a dialogue on the future of Atlantic trade. While it did not represent a return to the FTA talks, it also addressed areas relevant to the agreement, such as regulations for small and medium-sized enterprises, digital trade, labour rights, supply

chains, and food security. In turn, a separate dialogue on data and technology was established at the level of ministries responsible for the economy and trade in October 2022. This mechanism can be used to make progress on individual ADAPT areas.

In parallel, in an effort to deepen trade dependencies, the UK has concluded non-binding economic cooperation agreements with the authorities of individual states—Indiana, North and South Carolina, Oklahoma, and Utah. A second, more detailed agreement has already been concluded with North Carolina, and the signing of these is also planned with South Carolina and Oklahoma. In addition, the UK is in talks with the authorities of Florida, California, Colorado, and Texas. These agreements will not directly affect the FTA issue or the course of trade policy, but they may bring an increase in mutual trade in goods and services, as well as an increase in the importance of selected areas of trade. They may also provide a tool for cooperation between state and federal authorities.

Conclusions. U.S.-UK economic cooperation is strengthening through the achievement of small successes, such as initiating consultative mechanisms and seeking to increase dependence and integration in key areas. The establishment of mechanisms to work together in the digital, energy, and technology areas fosters the increased importance of economic issues in the two countries' political relations. As envisioned by the Charter and the Declaration, these will also include areas relevant to the FTA. Achieving politically measurable progress may prompt the U.S. authorities to resume official negotiations on the agreement, which would bring the UK closer to its post-Brexit goal. At the same time, they could lead to expanding or transferring the scope and standards of cooperation to other formats of global importance, such as the G7, to make them more effective. The areas outlined in the Charter and the Declaration point to the key role of digital issues, securing technology flows and supply chains, and energy security for the transatlantic economic relationship in the coming years.

From Poland's perspective, the actions that the U.S. and the UK are taking with regard to the negotiations and processes taking place in the EU-U.S. format are important. Convergence at the political level related to transatlantic economic cooperation will promote the development of cooperation with the U.S. and the EU, thereby not hindering EU-British talks. In seeking to increase the importance of the U.S. as an economic partner, Poland could take advantage of the UK's experience and also enter into cooperation agreements with the authorities of key U.S. states to increase trade in goods and services and investment inflows.