



# First GCC Free Trade Agreement with a G7 Country: Unlocking new trade opportunities with the UK

A strategic milestone strengthening GCC's global trade position and expanding market access

**May 2026**

A decorative graphic consisting of two orange parallelogram shapes. The first shape is on the left, and the second shape is on the right, overlapping the first one. Both shapes are slanted upwards from left to right.

## In brief

The Gulf Co-operation Council (GCC) - comprising the United Arab Emirates, Kingdom of Saudi Arabia, Kingdom of Bahrain, State of Kuwait, Sultanate of Oman and State of Qatar - signed a landmark Free Trade Agreement (FTA) with the United Kingdom (UK) on Wednesday, 20 May 2026.

As the GCC's first FTA with a Group of Seven (G7) nation - representing some of the world's largest advanced economies - the agreement marks a significant milestone in strengthening trade, investment and economic collaboration between the GCC and the UK.

Once in force, the FTA is expected to unlock new opportunities for businesses across both markets by reducing tariffs, streamlining customs procedures and improving market access across key sectors. Businesses trading between the GCC and the UK should begin assessing product classifications, origin eligibility, supply chain structures and readiness to benefit from preferential tariff treatment under the agreement.

## In detail

The GCC-UK FTA establishes a comprehensive and modern trade framework covering goods, services, investment, and digital trade. It is expected to support smooth market access, reduce customs barriers, and help businesses strengthen supply chain efficiency across GCC-UK trade lanes. Key highlights of the agreement include:

**Tariff elimination:** The agreement is expected to eliminate up to approximately 93% of GCC tariffs on UK goods over time, removing around £580 million (c. US\$778 million) tariffs by the tenth year. Around two-thirds of these tariff reductions are expected to apply as soon as the GCC-UK FTA comes into force.

**Projected bilateral trade:** The agreement is expected to increase GCC-UK bilateral trade by 19.8%, equivalent to £15.5 billion (c. US\$20.8 billion) annually.

In addition to tariff elimination and reductions, the agreement is also expected to improve customs procedures and trade facilitation through simplified documentation and more streamlined clearance processes. These changes could help businesses reduce administrative burden, shorten clearance times, and lower compliance costs.

A wide range of industries are expected to benefit, with multiple products becoming tariff-free under the GCC-UK FTA. Key sectors include:

- Automotive
- Advanced Manufacturing
- Aerospace
- Electronics
- Food and beverage

The GCC-UK FTA also includes measures aimed at facilitating trade, investment, and business operations across GCC-UK markets. This includes commitments around the free flow of data, improved market access for financial and professional services, stronger investment protection frameworks, mobility of professionals, and recognition of qualifications.

## Key takeaways and PwC's observations

The GCC-UK FTA, signed on 20 May 2026, is expected to come into force following completion of the ratification process. In the lead up to implementation, businesses trading between the GCC and the UK should take proactive steps to assess how the agreement could support growth, improve supply chain efficiency and unlock potential cost savings.

Key areas of focus include:

- Reviewing product classifications and origin eligibility to identify which goods may qualify for preferential tariff treatment.
- Assessing supply chain structures and sourcing strategies to identify opportunities to improve efficiency and strengthen GCC–UK trade flows.
- Evaluating operational readiness to support origin compliance requirements and access the benefits available under the agreement.
- Monitoring the implementation of tariff reductions, customs procedures, rules of origin and other technical requirements, as these will shape how the agreement is applied in practice across GCC member states.
- Preparing early for implementation, recognising that interpretation and administration of the agreement may vary across GCC jurisdictions.

## Contact us

To better understand how this development impacts your trade operations and unlock new opportunities, please contact:



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# Thank you

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