

The UK / Japan trade deal makes state subsidy commitmen...

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It's always seemed bizarre that the right to provide state aid should be so important to a Conservative government that it wishes to break the law to secure it. So bizarre, in fact, that it was hard to believe that this was the real reason for the dispute with Brussels in the last week. It always seemed possible that this issue was a major diversion created to generate a desired rift. Now a [report from the Financial Times](#) provides evidence to support this alternative view. It says:

The UK's new trade deal with Japan commits it to tougher restrictions on state aid than the ones it is currently offering the EU in the Brexit talks, potentially undermining its negotiating position with Brussels.

In the bilateral UK-Japan agreement announced in principle on Friday, London and Tokyo have agreed to replicate the restrictions on subsidies in the EU-Japan deal that went into effect last year. That agreement prohibits the governments from indefinitely guaranteeing the debts of struggling companies or providing an open-ended bailout without a clear restructuring plan in place.

By contrast, the UK has repeatedly told the EU that it must have total freedom over state aid after the end of the Brexit transition period with complete autonomy over future subsidy decisions, subject to WTO rules.

In the article there is discussion on whether the commitments given to Japan are of greater or lesser extent than those already suggested for the UK/EU agreement and in fairness the point is left open: the claim can be made both ways.

But what is clear is that now that the UK has made the commitment it has to Japan it cannot much change what it offers the EU.

And in that case what is this whole debacle for, unless it is part of a plan to ensure that we descend into chaos, [as I have suggested?](#)