

U.S./UK Tech Prosperity Deal: Beyond the headlines

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The U.S. and UK have this week confirmed their “Tech Prosperity Deal” in the form of a Memorandum of Understanding (MoU) accompanied by a string of headline grabbing UK investment announcements by major U.S. tech players.

What underpins those announcements? What are the implications? And what questions does it raise?

The deal

The partnership MoU is relatively light on detail. It does not commit either government to change policies or laws in specific ways, to change trade rules or themselves provide specific primary funding. The noise around it is dominated by multi-billion dollar investments in the UK – primarily in data centres – pledged by a range of U.S. companies (although those pledges do not form part of the deal itself).

The deal is primarily focused on two things:

- Describing areas which the two governments see as priorities for technological advances (particularly AI, quantum, nuclear energy and frontier innovation) and ways in which they might sponsor coordination or cooperation between various emanations of their respective states.
- Using the “convening power” of the two governments to encourage businesses on both sides of the Atlantic to work together to drive those technological advances as well as to encourage investments by big U.S. tech companies into the UK.
- Joint or coordinated research sponsored, supported or promoted by a range of government or quasi-government departments or agencies and covering a wide range of areas where AI has the potential to be applied – ranging from space to health – and across quantum computing.
- Exploring opportunities to collaborate in building secure AI infrastructure, developing the “workforce of the future”, promoting adoption of AI, quantum and other technologies across a wide range of industries as well as seeking to ensure that exports from the U.S. and UK “offer the full stack of chips, data centers, and models”.
- Advancing “pro-innovation AI policy frameworks” and efforts to support U.S. and UK-led AI technology adoption alongside promoting best practices for metrology and standards to promote “secure AI innovation”. In addition, coordinating their efforts in standards bodies to “shape global telecommunications standards with the Participants’ shared priorities”.

In addition to the agreements with respect to civil nuclear energy (which you can read about in our article [here](#)), the cooperation and coordination envisaged by the deal broadly falls into the following categories:

Growth, security or sovereignty?

By facilitating and encouraging U.S. investment in the UK tech sector the deal should drive growth in UK capabilities alongside returns for the U.S. investors.

The immediate investments which accompany the deal represent a significant boost for the UK's tech ecosystem by creating new facilities and jobs and should drive enhanced capabilities (both physical and in terms of workforce and skills) to support a broader expansion at the cutting edge across the UK tech industry.

For U.S. corporates the returns generated should go beyond the purely financial. As the UK's CMA noted only last week, in cross border M&A any increase in innovations "tends to happen predominantly in the country of the acquirer".

We should expect to see a material uptick both in M&A activity in the UK tech industry and in funding associated with digital infrastructure and the industry more widely. That is likely to be accompanied by conscious effort on the part of the UK government and regulators to create a welcoming environment for potential investors not just from the U.S., but also other regions regarded as "aligned" including Europe and Japan. Overall, we could well see an easing of red-tape for some projects.

The strength of the UK's ability to adopt and apply

technologies across a range of industries and use cases is sometimes underestimated, with Fintech being one notable success story.

The partnership deal offers UK industries which are being transformed by technologies opportunities not just to benefit from investment in AI, quantum and other capabilities in the UK but also to have a stronger voice in the research and setting of standards which will have the potential to shape those industries for the coming decades. Industries well beyond technology need to "lean in" to this opportunity.

There is, however, a second core theme, beyond growth, which runs through the deal.

The priority areas on which the partnership is focused are all ones in which western leadership is perceived to be threatened by China. At the same time, references to "security" and "defense" are peppered throughout the document.

The deal is presented as a series of aspirations to harness technology for the common good. In practice, however, the commitment to work together to drive a common standards and security regime alongside shared research projects appears to be driven quite significantly by a desire to shape an international agenda for the future of technology in ways which could be seen as helping the U.S. and UK to outpace China and have the effect of restricting opportunities for some Chinese companies in U.S. and UK markets.



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There seems little doubt that one of the attractions of the pact is that, at an international level, it will align the U.S. tech industry powerhouse with a second significant player with a strong reputation for robust regulatory and legal regimes.

This has the potential to enhance both the credibility of U.S. aspirations to continue to lead the global tech agenda and the UK's input into that agenda going forward. It remains to be seen how effective that proves to be in practice and how enhanced UK/U.S. cooperation in driving standards will sit alongside participation in multi-lateral standards organisations.

However, the deal also reinforces some significant existing questions about sovereignty and control. To what extent will this partnership grow a genuine UK domestic tech industry which enables the wider UK economy to operate on a sovereign basis? Who will control the infrastructure, the algorithms and large language models inherent to the value of these operations? Will a "kill switch" or other ability control or dictate their use?

We can expect this tension between cooperation, global business, security and sovereignty to be one of the dominant themes of the next era of technological transformation.



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Key contacts

Corporate



Peter Watts
Partner, London
peter.watts@hoganlovells.com



Anthony Doolittle
Partner, London
anthony.doolittle@hoganlovells.com



Simon Grimshaw
Partner, London
simon.grimshaw@hoganlovells.com



Caitlin Weeks
Partner, London
caitlin.weeks@hoganlovells.com

Technology and FinTech



John Salmon
Partner, London
john.salmon@hoganlovells.com



Louise Crawford
Partner, London
louise.crawford@hoganlovells.com

Trade law and public policy



Charles Brasted
Partner, London
charles.brasted@hoganlovells.com



Aline Doussin
Partner, London
aline.doussin@hoganlovells.com



Jonathan Stoel
Partner, Washington, D.C.
jonathan.stoel@hoganlovells.com



Mayur Patel
Partner, Washington, D.C.
mayur.patel@hoganlovells.com



Robert Gardener
Director of Government Affairs, London
robert.gardener@hoganlovells.com



Christopher Peacock
Counsel, London
christopher.peacock@hoganlovells.com



Telha Arshad
Counsel, London
telha.arshad@hoganlovells.com