

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** How Will a No-deal Brexit Affect UK's Food Supply

**Country:** United Kingdom

**Post:** London

**Report Category:** Agriculture in the Economy, National Plan, Policy and Program Announcements,  
Agriculture in the News

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**Report Highlights:**

The UK is less than two weeks away from Boris Johnson's "do or die" Brexit date, and while negotiations seem to be making headways with the EU, the possibility of a no-deal still looms at large. This report seeks to address some questions regarding what would happen to UK's food supply, how prepared are UK businesses in the event of a no-deal exit, and lastly, how will a no-deal affect U.S. food and agricultural exports to the UK.

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF  
AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

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### Report Highlights:

- Post anticipates no significant disruptions to the food supply in the short term with a few exceptions, notably some fresh produce.
- Business readiness is not uniform across the agri-food supply with supermarket chains and larger businesses more prepared to leave without a deal.
- There will likely be minimal effect on U.S. trade to the UK. Under the new temporary tariff regime, there may even be positive affect in the form of a more level playing field for U.S. exports.

### Report Body:

The UK is 60 percent self-sufficient when it comes to the agri-food supply, and 80 percent of the remaining portion comes from the EU. In anticipation of a no-deal Brexit and to boost their negotiation position with the EU, the Johnson Administration has been busy consulting and preparing businesses to get ready for leaving without a deal by October 31. One area of special focus is to minimize trade disruptions to the food and drink supply to British consumers.

To make importing easier, the government has encouraged businesses to apply to use [the transitional simplified procedures](#) (TSP), which would allow for reductions in paperwork and customs delays. Once a business has registered for a TSP, it would be able to transport goods into the UK without having to make a full customs declaration at the border and postpone payment of import duties. Furthermore, one government source informed Post that the French and the Dutch customs authorities are also staffing up their respective teams to facilitate trade at the border, and business readiness has improved overall as compared to the March 31 exit deadline.

This is especially true for supermarket chains and large businesses, which have developed contingency plans and been stockpiling in anticipation of a no-deal scenario. The food retail supply is extremely competitive in the UK, and large supermarkets chains have significant influence over consumer choice in the UK. The four largest supermarket chains, Tesco, Sainsbury's, Asda, and Morrison's, together account for nearly 70 percent of the food and drink retail market. As a result of these measures taken by the government and private entities, Post expects no major disruptions to the food and drink supply, with the exception that certain types of fresh produce, such as lettuce, tomatoes, and soft fruits, may decrease. One leaked government paper (Yellow Hammer), however, predicted that due to the growing season coming to an end in October in the UK and business preparing for Christmas, the agri-food supply chain will be under increased pressure this time of the year, which may lead to price hikes and food shortages.

## What about Import Tariffs in a No-deal Scenario?

The Department for International Trade (DIT) has recently published an updated list of [temporary tariffs](#) that will apply in the event of a no-deal, to minimize costs to businesses and consumers and at the same time protect vulnerable industries. In it, there have been no changes to the temporary tariff regime published in March. Accordingly, 87 percent of the total imports to the UK by value would be eligible for tariff free access. Under the current proposal, tariffs would still apply to 13 percent of the UK's imports, such as beef, pork, and cheddar.

Here is a comparison of how UK's temporary tariffs will compare to the World Trade Organization (WTO) tariffs:

	<b>UK tariff</b>	<b>WTO tariff</b>
Butter	60.5 EUR/100kg	189.6/100 kg
Cheddar	22.1 EUR/ 100 kg	167.1 EUR/100 kg
Fresh boneless beef	6.8 +160.1 EUR/100 kg	12.8% +303.4 EUR/100 kg
Fresh pork loins	11.4 EUR/100 kg	86.9 EUR/100 kg

The regime would apply for up to 12 months after a no deal and would apply to all third countries that the UK with whom does not currently have a free trade agreement. Post thus forecasts that American suppliers would be able to compete on a more level playing field than before and there would likely be very minimal, if not positive, impact to U.S. food and agricultural exports.

### Attachments:

No Attachments.