

## **UNITED KINGDOM**

### **Market Overview**

The United Kingdom (UK), comprised of England, Scotland, and Wales, is no longer a member of the EU's single market or customs union. This has resulted in a new cost burden in terms of personnel time in completing documents and fees for import checks for product moving from the UK to the EU. In addition to this new impediment for British goods, some product trade flows have changed in response to Rules of Origin that are now in force post-Brexit. This means any import duty liability must be paid on U.S. goods going into the UK and again, if these U.S. goods are then shipped to an EU country. To maintain peace and an enforceable EU border with the Republic of Ireland, Northern Ireland remains a single market, required to follow all EU food laws.

The UK is heavily reliant on imports to meet the varied demands of consumers who expect year-round availability of all food products. The UK is very receptive to goods and services from the United States. With its U.S.\$2.8 trillion GDP in 2020, the UK is the United States' largest European market and fifth largest in the world for all goods. Demand for U.S. consumer-oriented food products continues to differentiate the UK from many of its European neighbors.

In 2022, U.S. exports of consumer-oriented food products to the United Kingdom were U.S.\$1.2 billion, an increase of 17% compared to 2021. The UK is the 3<sup>rd</sup> largest consumer export market for food and agricultural products from the U.S. in Europe and the 13<sup>th</sup> largest globally.

### **Market Opportunities and Challenges for U.S. Exporters in the United Kingdom**

#### **Opportunities:**

- The island nation is heavily reliant on high-quality imports.
- The UK is very receptive to goods and services from the United States.
- Shared language and culture make it easier for U.S. suppliers to communicate with importers.

#### **Challenges:**

- The UK has yet to implement full import checks on EU goods, which continues to give EU product an advantage compared to U.S. and other non-EU suppliers.
- UK had high hopes of negotiating a trade agreement with the U.S., however, little has moved on that front.

#### **Retail Sector**

The UK is very receptive to new trends, particularly those that benefit health and sustainability. Currently these include plant-based and eating less-meat, vegan, vegetarian and foods that are low or lower in fat, sugar, and salt (HFSS). The latter is a sector that, if not compliant with UK Government nutritional reductions, faces in-store restrictions to

encompass promotions and store siting. Snacking continues to be strong. Private label continues its appeal for consumers, and UK discounters have made significant strides.

Other tactics to save money include consumers opting to purchase visually imperfect fresh produce and seeking out products that can help reduce or contain soaring energy bills. In tandem with this are strong eco campaigns that focus on food waste, which remind consumers that throwing food away is akin to throwing money away.

Top product prospects include healthy snacks, dried and processed fruits, nuts, seafood, fresh fruits and vegetables, craft beer, spirits, and beverages.

### **Foodservice Sector**

UK restaurants (many of which suffered due to extended COVID-19 closures) quickly returned to regular trading, but there were casualties, with some restaurants not reopening. However, food shortages and rising prices (due to the Russian invasion of Ukraine) limited recovery, with consumers seeking to curb expenditures. This was to the benefit of take-home and delivered meals. For example, younger consumers have driven a trend for ice cream parlors, an affordable treat compared to a full meal.

Top product prospects include cod, pollack, salmon and other seafood, fresh fruits and vegetables, and hormone-free beef and pork products.

### **Food Processing Sector**

The UK is reliant on imports to meet the demand for ingredients with proven health benefits, plant-based ingredients, innovative flavors, and clean label ingredients to meet health and wellbeing trends.

Higher food sourcing and production costs are being passed down the supply chain to the consumer, which is causing households to struggle budgeting their food costs. According to Kantar UK data, private label's share of groceries as of September 2022 was 51.1%.

Top product prospects include dried and processed fruits, nuts, and any other products used for further food processing.