



A report summary from the Economic Research Service

United Kingdom Agricultural Production and Trade Policy Post-Brexit

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What Is the Issue?

Brexit, the United Kingdom's (UK) departure from the European Union (EU), fundamentally changed the relationship between the UK and EU, leading to divergences in agricultural and trade policies. Almost five decades of membership in the EU helped shape UK agricultural production and trade policy. Post-Brexit, the UK's devolved approach to agricultural policy, after nearly a half-century of participation in the EU Common Agricultural Policy (CAP), means that each national administration (England, Northern Ireland, Scotland, and Wales) is responsible for its own agricultural policy framework and any ramifications for changes in agricultural production. Divergences between the four nations existed under the CAP; however, the absence of the EU's overarching framework has meaningful implications for the UK's post-Brexit agricultural policies. Trade agreements (TAs), on the other hand, are negotiated at the UK level by His Majesty's Government (HMG). Recent and ongoing trade negotiations indicate that the UK has begun to set terms directly with trade partners, though initially, the majority of TAs are EU agreements rolled over by the UK and various trading partners. Market issues that alter trade patterns, such as the border between the Republic of Ireland and Northern Ireland and the associated Northern Ireland Protocol, have affected trade between the UK and EU. In addition, Brexit has led to opportunities to expand UK trade relationships with non-EU partners.

What Did the Study Find?

The UK left the EU in 2020, which led to changes in the UK's agricultural production and trade policy. National agricultural policies are set by each of the devolved administrations of England, Northern Ireland, Scotland, and Wales, while trade policy is determined by HMG. Highlights from this report include:

- At the national level, differences in agricultural policy development (Northern Ireland, Scotland, and Wales) and/or implementation (England) range from continuation to the phasing out of EU-style programs and payments.
- Attention to the relationship between the agri-food sector and the environment is a shared feature of each national plan.

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- Agricultural research and development (R&D) investment and productivity growth is another shared policy aim. Historical investment trends led to a slowdown in associated productivity trends during the last decade. Relative to other European countries, UK agricultural productivity growth moved from the top quarter to the bottom quarter over this period.
- The UK negotiated TAs before and after Brexit, with the primary trend being the rollover of EU TAs (36 agreements representing 63 countries). Multiple new TAs were finalized with key partners (such as Australia and New Zealand), and additional trade talks continue with other possible partners, including the UK's application to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).
- The EU-UK Trade and Cooperation Agreement (TCA) incorporates some previous aspects of the customs union¹ and is reviewed every 5 years. Phase-in of the TCA by the EU was completed in January 2022, while the transition grace period for the UK was extended through 2023.
- The TCA eliminates tariffs on EU and UK produced goods, allowing for mostly free trade with few exceptions. These include rules of origin that require tariffs on some processed goods entering the EU from the UK (and vice-versa), as well as additional regulatory hurdles and nontariff trade barriers that present challenges to EU–UK agri-food trade, such as Scottish seed potatoes that cannot be exported to the EU or Northern Ireland because of the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) rules related to pest and disease issues.
- Accounting for agricultural and related products (e.g., forest products), the United States is the second largest UK trade partner and has maintained a trade surplus with the UK every year since 2000. Over the period from 2010–20, UK demand for U.S. forest products used in construction and power generation (e.g., primarily wood pellets, assembled casks, and hardwood lumber) increased on average by 17.7 percent annually.
- Overall, the UK is a net importer of agricultural goods, mainly from the EU, while China is the UK's third largest agri-food trade partner and experienced the greatest growth over the 5-year period of 2016–21, with frozen fish, prepared foods, and frozen vegetables as the top agri-food UK imports. However, China remains well below the EU and United States for exports to the UK.

How Was the Study Conducted?

This report draws on the following sources: (1) UK demographic, agricultural production, and trade data; (2) the USDA, Economic Research Service International Agricultural Productivity (IAP) data product; (3) UK trade agreements; and (4) agricultural policy documentation from the devolved administrations (England, Northern Ireland, Scotland, and Wales). Demographic and production data are available from the UK government and Eurostat. The Trade Data Monitor was used to generate relevant trade data. IAP provides indexes of aggregate agricultural inputs, outputs, and productivity. Descriptions of UK trade agreements and agricultural policy documentation from the devolved administrations are based on publicly available documentation.

¹ Under the European Union Customs Union (EUCU), there are no tariffs or other trade restrictions between members. In addition, the European Commission negotiates international trade deals on behalf of EUCU members.