

Keeping Britain's food affordable

International trade negotiations, food poverty and the need for an Affordable Food Deal



**The
Affordable
Food Deal**

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About

An Affordable Food Deal with Europe is needed to make sure British shops continue to have affordable, safe and high quality food available.

We aim to raise both public awareness and awareness amongst politicians and key decision makers. Lots of people face an uncertain future as Coronavirus forces many businesses to think about closing down or letting staff go. And the UK's new Global Tariffs on imported goods will add extra costs to food after 31st December.

Without an Affordable Food Deal with our closest trading partners, ordinary British people could find it costs more to put good food on their tables.



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Find out more and get involved at AffordableFoodDeal.org

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Foreword

By Naomi Smith, CEO of Best for Britain

A new cross-party report from the Environment, Farming and Rural Affairs committee this week identified 4.9 million adults plus 1.7 million children in the UK suffering from food insecurity, which the UN defines as a lack of physical and economic access to sufficient, safe and nutritious food. Research from the Trussell Trust for its State of Hunger report (2019) also found that 2.8 per cent of UK households are classified as 'severely food insecure' and 2 per cent have had to resort to using a food bank.

These are unacceptable statistics for the world's sixth-richest country. Prior to the COVID-19 crisis, the World Bank estimated that UK GDP was worth around £2.2 trillion (2019).

We believe that, regardless of where you live in the UK, you should be able to afford good quality food. Food poverty regularly leads to mental and physical health issues. For children, the impact can quickly turn into a spiral: many children experiencing food poverty see their physical development stunted and their attainment levels drop below their peers, damaging their future potential.

The UK Government has taken measures in the last few months to prevent the Covid-19 crisis from pushing large numbers of people into food poverty. Most notably, the Government reversed a decision not to provide free school meal vouchers to vulnerable children throughout the summer after a public intervention from Manchester United striker Marcus Rashford.

However, important policies like this risk being undermined by the introduction of tariffs - import taxes - on basic food entering the country. As the Brexit transition period ends on 31st December, the UK will formally leave the single market and customs union. This will bring into effect a new tariff regime - the UK Global Tariff.

While our trading relationship as part of the EU allowed goods to come into the UK tariff-free, the UK Global Tariff will set tariffs for a range of previously untaxed goods. Some of the goods that fall into this category include basic food items such as tinned tomatoes, olive oil, beans, pasta and pulses. Pasta, for example, is a staple food, with around 343, 200

tonnes bought each year by UK consumers. If the new tariff regime creates a 6 per cent tariff, the average price of a packet of pasta will rise from 53p to 65p. Over the course of a year, that's an increase of more than £20million for British households.

As the UK faces the worst recession in living memory, these increases could have a devastating impact on low-income families, food banks and those already struggling to overcome the challenges of Covid. We echo the concerns of food suppliers, food retailers and charities working to end food poverty in the UK that the imposition of tariffs on EU food imports will lead to a rise in the cost of everyday food items, and a possible deterioration of quality if the government moves to import cheap substitutes from places such as the United States. The best way to guarantee staple food items can remain affordable for families is for the UK Government and the EU to strike a comprehensive free trade agreement before 31 December 2020 that grants reciprocal barrier-free access for food.

The Government promised to do 'whatever it takes' to support families during the pandemic. We ask that they strike a deal which guarantees good quality food from Europe remains affordable.

Executive summary

The UK's record on food poverty is one of the most shameful in Europe - we are responsible for one in five of all severely food insecure people in Europe. More than one in ten British children have experienced food insecurity. Since April, and the national lockdown, the number of food insecure adults in the UK has quadrupled.

The UK Global Tariff, set to apply if the UK ends 2020 without a Free Trade Agreement with the EU, will see staple food items increase in price. Analysis by Best for Britain shows many are impossible to produce domestically, or source reliably outside the EU through an FTA partner nation. Basic necessities such as tinned tomatoes and pasta will increase by 10-20 per cent in real price terms. For example, a packet of pasta which could provide the basis of a cheap meal for a family of five, will go from costing 53p to 65p. The UK consumed 343, 200 tonnes of pasta last year. While the itemised price increase may sound small, that's an increase of more than £20million for British consumers every year. It is hard to overstate just how serious an impact this could have on families already struggling to put food on the table. The British Medical Journal concurred that the biggest driver of household food insecurity is food prices.

Even very small cost of living increases will have significant effects on regions set to be disproportionately impacted by a no deal or thin deal Brexit, on top of a coronavirus-induced recession. Some of these regions, such as the North West and East of England, are already struggling with high levels of food poverty. Polling by Best for Britain reveals voters in these regions fear the impact on their household budgets if a comprehensive trade agreement with the EU is not struck. Without this deal, a perfect economic storm is on the horizon, pulling already struggling families into food insecurity, debt and ill-health - and piling additional, terrible pressures on the many who are already wrestling with food insecurity.

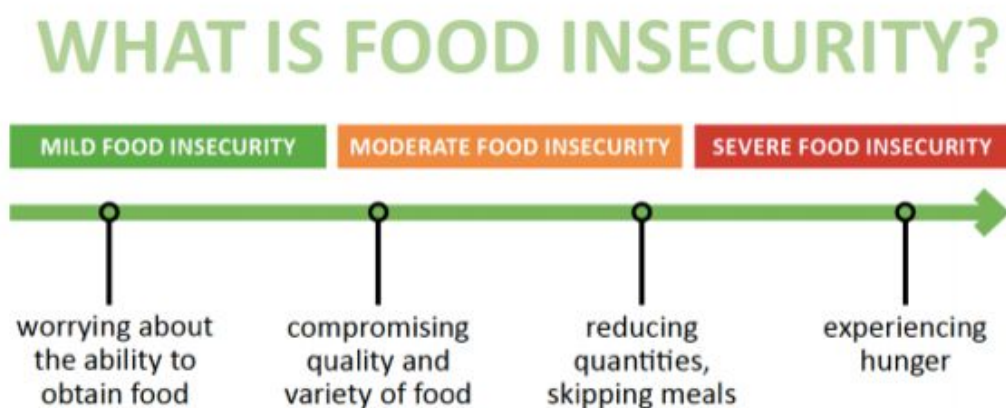
Introduction

What is food insecurity?

- **Food insecurity (or food poverty)** is when a person or family cannot afford to buy enough food to feed themselves a proper healthy diet.

Food insecurity happens whenever the availability of nutritionally adequate and safe foods or the ability to acquire acceptable foods in socially acceptable ways is limited or uncertain¹. The Trussell Trust refers to food insecurity as the social and economic problem of lack of food due to resource or other constraints, not fasting or dieting or the effects of illness². Even small increases in cost of living can push a household from mild to severe food insecurity.

Figure 1



Source: The Food Foundation, *New evidence of child food insecurity in the UK*, June 2017

The British Medical Journal defines absolute income levels and volatility as both important drivers of household food insecurity.³

¹ Anderson, S., Core indicators of nutritional status for difficult to sample populations, *Journal of Nutrition*, 1990, p.1560

² Trussell Trust, *The State of Hunger Report*, November 2019.

³ BMJ Open, *Anticipated impacts of Brexit scenarios on UK food prices and implications for policies on poverty and health: a structured expert judgement approach*, Vol.10, Issue 3, March 2020

Food Insecurity in the UK

- **One in ten UK households** cannot always afford enough good quality food, meaning their access to food is 'insecure'.
- **More than one in ten UK children** have experienced food insecurity.
- **UK has the most food insecurity in Europe**, with up to 3million people affected.

Food poverty has grown in the UK in recent years, more so than in any other similarly developed country. It has been growing even though unemployment has been relatively low. Pre-Covid, the introduction of Universal Credit and several years of no or low wage increases are suggested reasons why food poverty has increased. Food poverty is a symptom of problems in society, such as ineffective social care and welfare systems. It is also the cause of many other problems in our society, such as poor health in some communities and children struggling to achieve their potential at school.

In a three-year research project, the State of Hunger report, which tells us food insecurity has impacted 11 per cent of children in the UK,⁴ the Trussell Trust found:

- 8-10 per cent of UK households are food insecure (2016-2018);
- 2.8 per cent of households are severely food insecure (2016);
- and up to 2 per cent of households in the UK have used a food bank (2018-2019).

It is hard to be exact about the scale of the problem, but several experts have measured it in different ways. In written evidence to Parliament's Environmental Audit Select Committee, food policy specialists The Food Foundation estimated that 1.97million people in the UK may be undernourished⁵. Nutrition experts for the British Association for Parenteral and Enteral Nutrition (BAPEN) place the number of

⁴ Trussell Trust, [The State of Hunger Report](#), November 2019.

⁵ The Food Foundation, in [UKSSD's written evidence](#)

malnourished, specifically undernourished, people at 3million, of which 1.3million are aged over 65⁶. A 2018 report by the Food and Agriculture Organisation (FAO), averaging data from 2015 to 2017, estimated 2.2million people in the UK were severely food insecure⁷. Though we cannot put an exact number on it, this is the highest reported level in Europe. It means the UK is responsible for one in five of all severely food insecure people in the whole continent of Europe⁸.

In June 2017, UNICEF found that, in the UK, approximately 19 per cent of children under age 15 live with an adult who is moderately or severely food insecure, of whom half are severely food insecure⁹. The Food Foundation concluded this made the UK 'one of, if not the, worst performing nations in the European Union'¹⁰.

Food Bank Usage in the UK

- **Food banks** exist to help people in crisis by providing emergency free food parcels.
- **1.3million food parcels** distributed by Trussell Trust food banks between 2017 and 2018.

Food banks are used by the most severely affected by food insecurity, with four in five people using food banks in the Trussell Trust network being classed as severely food insecure¹¹. The number of people using food banks in the UK over the past years has been on the rise. The Trussell Trust, which provides approximately 60 per cent of the UK's food banks, reports that in 2017–18 alone, it distributed 1,332,952 three-day emergency food supplies to people in crisis (nearly 484,026 of

⁶ British Foundation for Parenteral and Enteral Nutrition, [Introduction to malnutrition](#), September 2018.

⁷ FAO, IFAD, UNICEF, WFP and WHO, [The State of Food Security and Nutrition in the World](#), 2018, p.138.

⁸ Commons Select Committees, Environmental Audit, [Sustainable Development Goals in the UK follow up: Hunger, malnutrition and food insecurity in the UK](#), January 2019.

⁹ UNICEF, [Food insecurity among children across the globe](#), June 2017.

¹⁰ The Food Foundation, [New evidence of child food insecurity in the UK](#), June 2017.

¹¹ Trussell Trust, [The State of Hunger Report](#), November 2019.

which went to children), compared with 913,138 in 2013–14, an increase of 46 per cent (see Table B for further analysis)¹².

Food insecurity impacts groups differently and highlights some of the inequalities that exist in society. Children are usually more at risk than adults. Lower income, unemployed, youth, lone-parent or single-person households, as well as rented households and people affected by ill health, are all also among the most vulnerable¹³. Among households using food banks, nearly three-quarters report that someone in their household had a health issue¹⁴. Nine in ten people who had used a food bank in the Trussell Trust network were born in the UK. Of those UK-born, 93 per cent described themselves as White, and 4 per cent as Black¹⁵

¹² Trussell Trust, [The State of Hunger Report](#), November 2019.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.

The UK Global Tariff: Impact on food affordability and availability

What is the UK Global Tariff?

- **Tariffs are taxes ('Customs Duties') on imported goods** that are required by international law and international trade deals.
- **Tariffs are paid by whoever imports the item.** A wholesale food seller in another country might keep their prices the same but a UK shop would have to pay the tariff on top of that to get the food to their shelves.
- **UK currently pays no tariffs on imports from Europe** because we are in the Single Market and Customs Union. This will end when Brexit transition runs out on 31st December 2020.
- **Negotiating an Affordable Food Deal** with Europe is the only way to make sure British people continue to have access to affordable high quality food.

A 'thin deal' with the EU, or a deal that is not comprehensive, would not allow seamless trade with Europe. Rather than reducing 'red tape', a thin deal would add barriers to trade - tariff barriers increase costs, bureaucracy barriers cause border delays for customs checks.

A tariff is tax that businesses pay on goods imported from other countries, with different rates applying to different products. Under the WTO's 'most favoured nation status' rules, each country has to charge the same rates on the same products to every other country unless they have a trade deal¹⁶. Since Brexit, the UK has had to start negotiating trade deals with every country in the world and currently only has a small number completed.¹⁷

¹⁶ BBC, [What could happen to food prices after Brexit?](#), March 2019

¹⁷ UK Government, [Existing UK trade agreements with non-EU countries](#), June 2020

At present, the UK does not pay tariffs on goods – including food products – coming in from EU countries. So, if a UK supermarket wants to import beef from Ireland, it currently wouldn't have to pay any taxes.

However, at the end of the Brexit transition period, the UK will enter a new tariff regime – the UK Global Tariff.¹⁸ From 1st January 2021 if the UK wanted to import beef from Ireland, it would have to be taxed at 40 per cent, which is the tariff the EU places on beef coming in from the rest of the world under the WTO rules¹⁹. This means a 40 per cent cost increase to the importer. That is, unless the UK and the EU strike a comprehensive Free Trade Agreement, and decide not to charge tariffs to each other.

Tariffs are usually put in place to protect a particular domestic industry. As such, a custom duty will be imposed on merchandise imports to give a competitive advantage to locally-produced goods over similar goods that are imported. For example, food grown in the UK. However, as the following sections will explore, many staple foodstuffs cannot be produced cost-effectively in the UK or reliably imported from an FTA partner nation outside the EU. Therefore, a comprehensive trade deal with the EU is the only way to guarantee many staple items remain affordable for vulnerable families.

Brexit and food poverty: existing research

- **Price increases expected for staple foods** like cheese, milk, cooking oil, meat, fruit and vegetables as a result of new tariffs.

In March 2020, the British Medical Journal (BMJ) published research investigating how food prices would drive household food security and its health consequences in a No-Deal or non-FTA deal scenario.

This paper used the Consumer Price Index food basket which tracks prices of the most commonly purchased staple food items to work out how prices could change at the end of the Brexit transition period. They calculated the median food price if the UK agrees a free trade deal (FTA)

¹⁸ UK Government, [UK tariffs from 1 January 2021](#), 19 May 2020

¹⁹ Ibid.

with the EU is expected to increase by 6.1 per cent and by 22.5 per cent in the event of a no-deal situation²⁰.

The UK Trade Policy Observatory at the University of Sussex calculated that an average tariff of 44.6 per cent on dairy products could translate to a price rise of 8.1 per cent²¹. Meat could rise in price by 5.8 per cent, oils and fats by 7.8 per cent and vegetables by 4 per cent on average²². The British Retail Consortium has also highlighted that staples including mince, oranges and cheese will go up in price²³.

While businesses seeking to keep prices for their customers are competitive and affordable may well decide to absorb some of the costs themselves, beyond a certain point costs may inevitably be passed on to consumers²⁴.

A foreseeable outcome of a 'thin' or non-comprehensive deal would be a significant increase in food prices. This in turn would lead to more household food insecurity, a deterioration in people's health and, therefore, an increase in demand for health services²⁵.

Brexit and Food Standards

- **EU protections** will no longer apply to food coming into the UK after the end of 2020.
- **Risk of lower quality food and worse animal welfare** as food producers try to cut their production costs to keep prices low in the shops as tariffs go up.

²⁰ BMJ Open, [Anticipated impacts of Brexit scenarios on UK food prices and implications for policies on poverty and health: a structured expert judgement approach](#), Vol.10, Issue 3, March 2020

²¹ UKTPO, [Changing Lanes: The Impact of different Brexit policies on the cost of living](#), October 2017

²² Ibid.

²³ Lisa O'Carroll, [No-deal Brexit will raise cost of UK household staples, say retailers](#), *The Guardian*, 10 July, 2020.

²⁴ UKTPO, [Changing Lanes: The Impact of different Brexit policies on the cost of living](#), October 2017

²⁵ BMJ Open, [Anticipated impacts of Brexit scenarios on UK food prices and implications for policies on poverty and health: a structured expert judgement approach](#), Vol.10, Issue 3, March 2020

- **UK could be forced to accept low food standards** to get a quick deal with the US.
- **Doctors warn of poor health** if food standards are lowered and people can no longer afford good quality food.

As a member of the EU, the UK helped create world-leading food standards in Europe.²⁶ As the world's largest trading bloc, the EU has a lot of leverage and is able to demand high standards for the food it imports.

Outside the EU, the UK must now renegotiate all its trading relationships that were previously negotiated by the EU. Without the backing of the EU, and in a tight timeframe, the UK may be forced to accept lower standards for food it imports from around the world.

The UK is currently negotiating a free trade agreement with the USA, a country with much lower food standards than those enforced in either Europe or the UK.

The USA allows meat producers to wash chicken in chlorine, a practice banned in the UK and EU since 1997. Relying on a chlorine rinse at the end of the meat production process means producers worry less about safety and hygiene standards, such as dirty or crowded abattoirs.²⁷ In the US, it is legal to farm chickens and pigs in far more intensive environments than in the UK. The WTO has accepted the EU's refusal to allow hormone-injected beef because at least one of the hormone treatments used by the US has been judged a significant cancer risk.²⁸ US meat producers are keen to open up a new market in the UK, and may push for British standards to be relaxed.

The British Medical Journal has warned lowering food standards after Brexit comes with associated risks to human health²⁹ Just recently, the

²⁶ European Commission, [General Food Law Regulation, Regulation \(EC\) No 178/2002](#)

²⁷ Rachel Schraer & Tom Edgington, [Chlorinated chicken: How safe is it?](#), BBC, 5 March 2019.

²⁸ Erik Millstone & Tim Lang, [Hormone-treated beef: Should Britain accept it after Brexit?](#), *Food Research Collaboration*.

²⁹ BMJ Open, [Anticipated impacts of Brexit scenarios on UK food prices and implications for policies on poverty and health: a structured expert judgement approach](#), Vol.10, Issue 3, March 2020

Government's Better Health campaign was launched, committed to encouraging healthy eating, and tackling food related illness in the UK³⁰. Clearly, a free trade agreement with the EU which avoids tariffs, and keeps food affordable and healthy, would assist the UK government in achieving the goals of this campaign.

The Affordable Food Deal

- **An Affordable Food Deal** would be a trade agreement between the UK and the EU that keeps high quality, healthy food in UK shops at prices that people can afford.
- **Price increases to staple food items** would push more families into food poverty and make life harder for those already struggling to buy enough good quality food.
- **Our campaign aims to raise awareness** of the hardships a 'thin deal' with Europe could cause and persuade politicians to get a proper, Affordable Food, deal.

As the scale of the looming threat to food security has emerged, the need for action has become urgent. That's why the Affordable Food Deal campaign was launched.

Best for Britain is a non-partisan advocacy group, committed to securing the comprehensive EU trade deal voters were promised at the last election that delivers for businesses and communities across the country.

We call on the Government to get a deal with Europe that keeps high standard food affordable and accessible for all, and keeps further families from being pulled into a cycle of food poverty.

The British Medical Journal concluded the main driver for increased household food insecurity will be food price, as there was little growth in real earnings in 2017-2018, and the OBR has forecast slow earnings

³⁰ Press Release, [New obesity strategy unveiled as country urged to lose weight to beat coronavirus \(COVID-19\) and protect the NHS](#), Department of Health and Social Care, 27 July 2022.

growth for the following 4 years³¹. At present, one half of the UK's food is imported, 30 per cent comes from the EU, and another 11 per cent comes from other non-EU countries under the terms of trade deals negotiated by the EU³².

The Trussell Trust³³ has devised a typical emergency food parcel, designed to provide a family with several balanced and nutritional meals, without the need for refrigeration facilities. Based on the Trust's data and on-the-ground experience, the Affordable Food Deal will measure the effect of any proposed trade terms on the most vulnerable in society by looking at the change in price of nine basic foods items.

Indicative staple foodstuff 'shopping basket'

- **Tinned vegetables** [sweetcorn, 326g]
- **Baked beans** [415g tin]
- **Tinned fruit** [canned peaches, 400g]
- **Dried Pasta** [500g penne]
- **Pulses** [Red Kidney Beans, 400g tin]
- **Tinned meat** [Prince's canned beef, 430g]
- **Tinned tomatoes** [400g tin]
- **Milk** [evaporated, 400g tin]
- **Olive Oil** [Napolina, 500ml bottle]

Not only are these foodstuffs vital for emergency food relief, they provide an indicative collection of ambient items in an average shopping basket.

Any price increase above inflation to these staple items will impact low-income families, and worsen the already devastating effects of food insecurity in the UK. Even a small increase in prices can push food

³¹ BMJ Open, [Anticipated impacts of Brexit scenarios on UK food prices and implications for policies on poverty and health: a structured expert judgement approach](#), Vol.10, Issue 3, March 2020

³² Ibid

³³ A secondary tier organisation supporting a nationwide network of more than 1,200 food banks, which provide emergency food and assistance to people locked in poverty.

insecure families into greater hardship, at a time when social safety nets such as Universal Credit are less accessible.³⁴ Real price increases will drive down donations of these crucial foodstuffs on which food banks rely – not to mention making it harder for low-income families to afford them in the first place. Cheaper, less nutritious options may be substituted, and the health risks associated with severe food insecurity could be exacerbated.

Best for Britain's analysis of the proposed UK Global Tariff suggests we could see price increases on our shelves of more than 20 per cent on the Affordable Food Deal's nine staple items.

Price increases by items under the UK Global Tariff (Table A)

Product	UK Global Tariff	Increase per item	Current RSP of own-label item at an indicative major UK retailer*	% increase	Domestic production / FTA import?
Tinned vegetables (e.g. Sweetcorn 326g)	4% + £7.80/100kg	3.4p	50p	6.8%	Currently no country with an FTA with the UK
Baked Beans	16%	4.2p	30p	7.1%	UK production is available but would not meet UK demand, would create a monopoly and reduce competition
Tinned Fruit (Canned Peaches 400g)	18%	7p	80p	8.75%	South Africa is the only exporting country with an FTA with the UK. Cannot meet UK demand. Any potential FTA with the USA would not provide a solution as freight costs would

³⁴ Harriet Anderson, People in poverty must not pay the price for Brexit, *Joseph Rowntree Foundation*, 15 February 2019.

					offset duty gain
Dried Pasta (500g Penne)	6% + £20/100kg	12p	53p	22.6%	UK production is possible but is very small and could not meet volume requirements

Product	UK Global Tariff	Increase per item	Current RSP of own-label item at an indicative major UK retailer*	% increase	Domestic production / FTA import?
Pulses (Tinned Red Kidney Beans, 400g)	16%	6p	55p	10.9%	UK production is possible, but only one UK facility can tin pulses, meaning import would still be necessary
Tinned meat (Prince's Canned Beef, 430g)*	16%	30p	£2.50	12%	While some corned beef is already imported from outside the EU (and may incur a duty), affordable brand Prince's canned beef would currently incur a UK Global Tariff duty
Tinned Tomatoes (400g tin)	14%	4p	35p	11.4%	The UK currently has no FTA with any countries which produce tinned tomatoes
Evaporated Milk (400g can)	£36 /100kg	18p	65p	27.6%	No evaporated milk production capacity exists in the UK
Olive Oil (Napolina, 500ml bottle)*	£104/ 100 kg	50p	£1.50	30.3%	No import duty applies if oil is refined in the UK, but it is if bottled. Unlikely UK has the capacity to refine all oil domestically

Source: Best for Britain analysis of UK Government guidance ['UK tariffs from 1 January 2021'](#)

**Where own-label RSP data has been unavailable, price has been taken from an affordable, widely available branded product.*

The minimum price increase for this collection of items would be £1.35. If this 'shopping basket' provides a family of four with roughly two days of nutritious meals, this would add around £246.38 to a household's food bill per year. For some, that is entirely unaffordable.

Table A represents a conservative estimate, based on the UK Global Tariff and other import and consumer data. Other administrative costs and supply issues could increase prices even further. For example, the extra administrative burden now published by the Government for customs clearance of up to £46 per container will add significant costs to business, which may be passed on to UK consumers. Other factors contributing to an increase in food prices include exchange rate and the value of the pound sterling which, since the referendum has fallen, leading to a small rises in prices³⁵. The next subsection examines how the UK Global Tariff would interact with international and domestic production capabilities, to drive up food prices further.

Case Studies - Availability problems and shortfall of domestic production

- **The UK can't grow all its own food** - many items must be imported from European countries.
- **New tariffs don't just add a fixed cost to our food**, they add uncertainty for producers, shops and consumers as well as higher prices.
- **The Government wants a "robust food system for the future"**. It clearly should include free trade with Europe.

Leaving the European single market brings huge challenges – many of which are multi-faceted, little understood and difficult to plan for. All

³⁵ Holger Breinlich, Elsa Leromain, Dennis Novy and Thomas Sampson, [The consequences of the Brexit vote for UK inflation and living standards: first evidence](#), LSE, November 2017.

nine of the Affordable Food Deal's 'shopping basket' cannot at present be domestically produced or reliably imported from outside the EU.

Recently, the Government launched the first phase of its National Food Strategy, tasked with re-imagining the nation's food infrastructure and how we get our food, to encourage a green and efficient recovery from COVID. As this section shows, any disruption to free trade with our nearest trading partner, the EU, will drive up expenses, waste and emissions in the food supply chain. Therefore, a comprehensive deal with Europe would serve the stated aims of the National Food Strategy "to build a robust food system for the future".³⁶

'Non-tariff barriers'

- **New tariffs will create more red-tape** at customs - that means queues and delays.
- **Queueing lorries at the border** will cause fresh produce, like fruits and vegetables, to spoil.
- **Costs will be passed on to shoppers**, and healthy, fresh produce may be less available.

Any disruption to the frictionless trade currently enjoyed between the EU and the UK will have the most immediate impact on fresh produce and short shelf-life products.

'Non-tariff barriers' include any impediments to trade, such as customs delays, technical barriers and insufficient border infrastructure or processes. The House of Lords European Union Committee stated that, aside from 'causing delays and shortening the shelf-life of products, non-tariff barriers are an additional cost for businesses'³⁷.

A report by consultancy firm KPMG calculated that 'one day of delay for a lorry will easily cost a business 600 to 1,000 euros' (£500-£850)³⁸. For

³⁶ George Eustace, Secretary of State for Environment, Food and Rural Affairs, quoted on the [National Food Strategy website](#)

³⁷ European Union Lords Select Committee, [Chapter 3: Non-tariffs barriers](#)

³⁸ KPMG, [Impact of non-tariffs barriers as a result of Brexit](#), January 2018

fresh produce, these costs will be higher, and may be passed on to the consumer. Delays will also increase the carbon emissions associated with freight.

International production capacity: could we import this food from outside the EU?

- **We cannot avoid tariffs completely**, even if we have a free trade agreement with other countries outside the EU.
- **We get most of our fruit from Europe**, as it has to travel less far to get here and our other options are less reliable.
- **Other options, like South Africa or Japan**, are more at risk of extreme weather events and disrupted harvests than Europe.

We can examine complexities involved in anticipating and solving supply/import issues without access to the EU's single market through the example of canned fruit. A significant proportion of deciduous canned fruit comes to the UK from the EU. Under the UK Global Tariff, these imports will incur a duty of upwards of 18 per cent.

South Africa is the only country with a Free Trade Agreement with the UK that could supply the UK with fruit. However, South Africa is by no means the leading exporter of canned fruit to the UK: its primary markets are Japan, China and the US. It is also subject to drought and availability issues – South African exports of fruit in the first quarter of 2020 were down by 40 per cent pre-Covid. It is unlikely South Africa alone could meet UK demand. While the UK could import canned fruit from the US, if a Free Trade Agreement was reached by 2021, but freight costs would offset any duty gain.

Canned pineapple highlights another complexity in the import of fruit. Through the WTO's GSP+ trading arrangement, developing economies such as the Philippines pay 0 per cent duty into the UK for their exports. No other country which exports a high quantity of pineapple benefits from this arrangement, meaning the UK could rely solely on Philippine exports of this product. However, like South Africa, the Philippines experience semi-regular natural disasters and harvest failures.

These are just two examples of the network of problems, some foreseen, others unknown, which can arise when rapidly erecting trade barriers between the UK and our largest, nearest trading bloc. UK fruit suppliers are faced with a choice between sudden supply problems and

extra freight costs, or high EU import duties. This will undoubtedly translate into extra cost for the consumer, and an untold impact on those already struggling with food insecurity.

Domestic production capacity: could we make this food ourselves?

- **Staples like tinned tomatoes and pasta** might be packaged in the UK, but the raw materials have to be imported - and there will be tariffs to pay.
- **Tomato pasta, a cheap and easy meal for four**, will go up in price by nearly one fifth.

Dried pasta is an undeniable staple of the British diet, cheap and universally available. Yet dried pasta faces tariffs which could lead to price increases of 22 per cent. Similarly, a tin of tomatoes will face an 11.4 per cent price increase, through a 14 per cent tariff. That means a cheap and easy meal for a family of four will go from costing 88p to £1.04. That's an increase of 18%.

One solution could be to invest in domestic production capabilities, or import raw materials and process and package staple food items in the UK. However, examining tinned tomatoes and pasta demonstrates two factors that make this impossible in the case of many staple items – monopolisation and raw material duties.

Pasta production capacity does exist in the UK, but only by a single company. It does not have the capacity to do it, but if this one company could meet UK demand for pasta (343, 200 tonnes last year, 80 per cent of which was imported from Italy), a monopoly would be created. And monopolies do not tend to lead to decreases in prices. Even if Government incentives and investment could increase and diversify UK pasta production capacity, producers would still have to pay a duty of 14.3p/kg on the raw material, durum wheat. This is the equivalent to a 31 per cent increase in cost.

The component material in tinned tomatoes, tomato paste, similarly incurs a 14.4 per cent duty or the equivalent of 8-10p per kilo on the raw material. The UK has no capacity to produce the metal cans needed to

tin tomatoes, or any other tinned products. Even if the UK invested in its own tomato growing, processing and canning, tinned tomatoes would still incur a duty for the import of the tin can. Additionally, CO2 emissions associated with growing produce unseasonably using heated greenhouses may be greater than the CO2 emissions associated with transport from a seasonable climate.³⁹ Nor would companies be incentivised to import tariff-free raw materials and tin them domestically, due to this extra cost.

Just as in the international market, UK suppliers will be forced to choose between relying on inefficient, even impossible, domestic production or paying high EU import duties if a comprehensive deal is not reached.

³⁹ Guy Watson, '[Why UK-grown fruit and veg isn't always best](#)', *The Telegraph*, 23 July 2015.

Covid-19 and regional impact

- **177% increase in food bank use** during lockdown, and the effect of the new global recession and removal of Government help for businesses is not yet known.
- **The North and Midlands** set to be worst-hit economically by Coronavirus combined with no deal Brexit in the long run.
- **Double whammy** of large-scale economic downturn and more expensive food in these areas if the UK doesn't get a comprehensive Affordable Food Deal.

In the short-term, coronavirus and the national lockdown saw a spike in emergency food relief. However, the long-term impacts of widespread unemployment, global recession and potential further lockdowns on food insecurity is not yet known.

Research by the Social Market Foundation for Best for Britain shows the national impact of leaving the transition period with or without a European FTA during a coronavirus-induced recession, alongside its disproportionate effect on certain UK regions.⁴⁰

This data can be cross-referenced with information on regional foodbank use and food insecurity. In this way, we can begin to identify pockets of the UK faced with an acute triple threat of increased cost of living, a Covid recession and disrupted EU trade – if a comprehensive deal is not reached.

Short-term impact of Covid on food poverty

- **85% increase in children receiving emergency food parcels** from food banks since lockdown started.

⁴⁰ Social Market Foundation report for Best for Britain, Assessing the economic implications of coronavirus and Brexit, 31 May 2020

- **Lockdown food shortages and empty shelves** were caused by supply chain disruption. Similar disruption could happen again if the UK does not agree a comprehensive deal for Affordable Food.

A report published in April found the number of adults who are food insecure in the UK is estimated to have quadrupled under the Covid-19 lockdown.⁴¹

In July, the Independent Food Aid Network (IFAN) collated data from 100 organisations operating 191 food banks across England, Scotland and Wales, and found that the need for emergency food parcels increased by 177 per cent between May 2019 and May 2020⁴².

The data show an 85 per cent increase in the number of children recorded to have received emergency food parcels in May 2020 compared with May 2019⁴³. Similarly, as a result of the pandemic, 69 per cent of organisations have reported an increase in accepting self-referrals and an increase in self-referrals, with 46 per cent saying they supported people being unable to access referral agencies⁴⁴. The Trussell Trust has echoed these concerns. In the first two weeks of the pandemic, food banks in its network gave out a record 81 per cent more emergency food parcels.⁴⁵

An IFAN survey from June 2020 reported 77 per cent of organisations struggled to access an adequate food supply at the start of lockdown⁴⁶. If the UK fails to secure a comprehensive deal with the EU by the end of the year, we could face similar shortages of ambient foodstuffs in our

⁴¹ Rachel Loopstra, 'Vulnerability to food insecurity since the COVID lockdown', The Food Foundation, King's College London, [Evidence and Network on UK Household Food Insecurity](#), (24 April, 2020).

⁴² Independent Food Aid Network, [Independent Food Bank Emergency Food Parcel Distribution in the UK - Comparing February-May 2019 to February-May 2020](#), July 2020

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ Trussell Trust, [Food banks report record spike in need as coalition of anti-poverty charities call for strong lifeline to be thrown to anyone who needs it](#), 1 May 2020 [blog]

⁴⁶ Independent Food Aid Network, [Independent Food Bank Emergency Food Parcel Distribution in the UK - Comparing February-May 2019 to February-May 2020](#), July 2020

supermarkets. As with Covid-19, it is the most vulnerable families who will pay the price.

With huge increases in demand for food for struggling families and individuals since March 2020, and as the long-term repercussions on the economy become clearer, food poverty organisations are deeply concerned that even more people will fall into poverty and will be forced to rely on charitable food aid.

COVID and Brexit: macroeconomic impact

- **Huge combined economic impact** of COVID-19 and no free trade agreement with the EU.
- **North East, East Midlands, East of England and North West** will be hit hardest because of the nature of the industries and jobs in those areas.

Best for Britain commissioned an independent think-tank to produce an assessment of the dual economic impacts of coronavirus and leaving the transition period at the end of 2020. The report, produced by the Social Market Foundation (SMF) and entitled 'Assessing the economic implications of coronavirus and Brexit', examined the impact of both a new Free Trade Agreement and leaving the European Union without a trade deal, in the context of a 'U-shaped' economic recovery.⁴⁷

SMF was able to identify the sectors that would be most exposed to a dual shock at the end of the year, and then map the importance of these sectors on to the UK by region and local area.

Findings

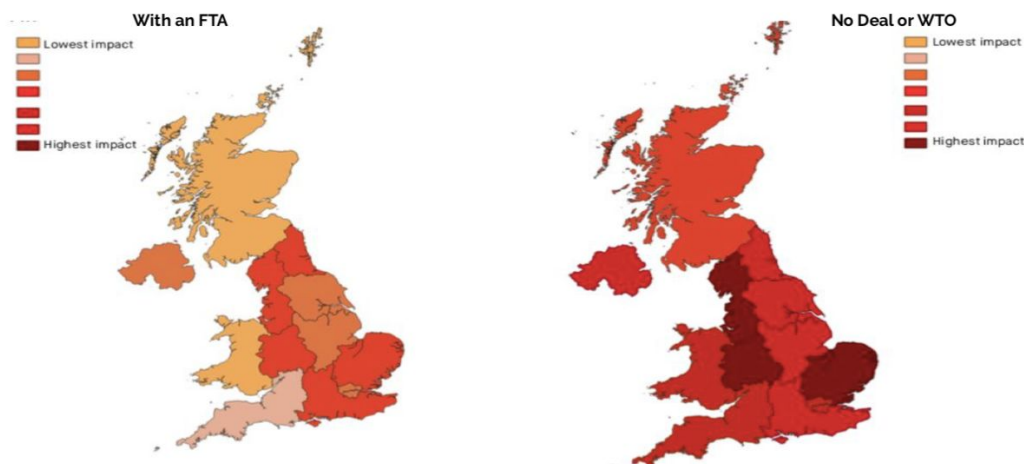
The North East, East Midlands and East of England areas, along with the North West, would be the most severely exposed to a double economic hit from coronavirus and a failure to secure a comprehensive Free Trade Agreement by the end of 2020. This is because these areas are disproportionately reliant on the most exposed sectors for output and

⁴⁷ Katheryn Petrie and Amy Norman, '[Assessing the economic implications of coronavirus and Brexit](#)', Social Market Foundation, (June, 2020).

employment. Leaving the single market and the customs union at the end of the year will have a negative economic impact on the entirety of the UK economy, but these regions, already some of the country's poorest, will be hardest hit because of the extra negative impact they face from Covid.

In the report's analysis, each region is ranked on a scale depending on the predicted impact from an FTA and a No-Deal scenario. It then compares the regional impact of both scenarios with the regional impact of coronavirus, based on the regional industrial mix of gross value added (GVA), to create an impact scale ranging from 'Mild impact under WTO and coronavirus' to 'Severe impact under FTA and coronavirus'. The two maps below use this impact scale.

Regional exposure to impact of coronavirus and Brexit (Fig. A)



Source: SMF analysis and HM Government

In the event that a deal is secured and FTA rules apply, the five English regions most affected by the double impact of coronavirus and an FTA would be the South East, East, West Midlands, North West and North East. They have different economies and different reasons for being most affected under an FTA. The South East and East are not expected to be as severely impacted by Brexit but 40 per cent of their GVA comes from industries the Social Market Foundation assessed as likely to be highly impacted by coronavirus in the medium-term.

However, as Figure A also shows, if the UK ends the transition period this year without a deal, or only a very thin deal, then the most impacted regions would be the North East, West Midlands and the East of

England. The North West of England would also be one of the most negatively impacted regions by the failure to secure a comprehensive Free Trade Agreement, and is likely to experience a 'medium' negative impact from changes to its local economy from coronavirus – due to the importance of manufacturing and distribution, hotels and restaurants to its regional GVA. Half of local areas in the North West are placed in Category 5 (the highest) and a further 40 per cent in Category 4 for their exposure to a double economic hit based on the gross value added of sectors locally.

Regional food poverty and the long-term impact of COVID

- **222,722 emergency food parcels** were distributed in the North West of the UK last year - the most in the country.
- **Some regions and towns will be harder hit than others.** Poverty, and the expected economic effects of Covid and a thin-deal Brexit are not spread equally across the UK.

Record levels of unemployment and an expected global recession will undoubtedly impact all household budgets, and struggling families will be hit the hardest. However, poverty in the UK is not distributed equally across the country. The same unequal distribution is also true of the economic impact of Covid plus a thin deal Brexit.

The interaction between the macroeconomic environment of international trade, and the microeconomic environment of households struggling with poverty must be considered. Even a very small cost of living increase, such as a few pounds on a weekly shop, must be seen in the context of regional economic and social issues. Some regions set to be particularly impacted by Coronavirus and a thin-deal Brexit are already disproportionately affected by food poverty.

Geographical use of food banks usage was found to be especially prevalent in former industrial urban areas in the North and the Midlands, some coastal towns and a range of London boroughs⁴⁸. In London alone, 9million meals are needed per month to alleviate hunger – or about

⁴⁸ Trussell Trust, The State of Hunger Report, November 2019

300,000 meals per day⁴⁹. Further estimates by City Harvest show that approximately 1.5million people live with food insecurity in London, roughly one out of eight people⁵⁰.

Table B collates data from the Trussell Trust measuring the volume of emergency three-day food parcels distributed across its food bank network over three financial years (from 1 April 2016 to 31 March 2019), broken down regionally.

The Trussell Trust regional breakdown of three-day emergency parcels distributed between April 1 2016 and March 31 2019⁵¹ (Table B)

Region	2018/2019	2017/2018	2016/2017
Scotland	210,605	170,625	145,865
North West	222,722	197,182	174,489
London	166,512	134,244	111,101
East	156,081	129,261	61,567
South East	148,640	123,103	106,898
West Midlands	142,234	119,946	111,386
South West	132,510	120,966	103,947
Wales	113,373	98,350	95,190
Yorkshire and Humberside	89,841	77,411	69,280
North East	88,708	64,209	61,567
East Midlands	75,659	65,222	55,572
Northern Ireland	36,783	32,433	32,780
TOTAL	1,583,668	1,332,952	1,182,954

Source: The Trussell Trust end of year statistics, [End of Year Stats](#)

⁴⁹ City Harvest London, in [UKSSD's written evidence](#)

⁵⁰ Ibid

⁵¹ The Trussell Trust, [End of Year Stats](#) 2020.

As Table B demonstrates, the North West had the highest total distribution of emergency food in the UK for three years in a row. The East of England saw the fourth highest in the UK, although this dropped in 2016/2017. Food bank use in the West Midlands and North East remained relatively low.

This evidence cannot provide a definitive comparison between regions, as population disparity has not been accounted for. Trussell Trust figures also cannot be used to fully explain the scale of food bank use across the UK, as they do not account for hundreds of independent food aid providers. However, research from the Independent Food Aid Network suggests these centres do account for roughly two-thirds of all emergency food bank provision in the UK.

Table B suggests two of the four hardest hit regions by Covid and a no-deal/thin deal Brexit already see high levels of recourse to emergency food aid. It is likely that economic depression concentrated in the North West and East of England will exacerbate existing issues of food poverty. A 'thin' trade deal with the EU will not only cause a macroeconomic downturn in the North West and East of England, but accompanying food tariffs may also worsen these regions' levels of food insecurity.

Polling on an Affordable Food Deal

Best for Britain has commissioned a number of opinion polls since the beginning of 2020 which show the public at large wants the Government to keep its promise to secure a comprehensive trade deal. Specifically, voters are concerned about their cost of living increasing if frictionless trade with the EU is not maintained.

MRP

- **MRP (Multilevel Regression with Post-stratification)** is a way to use opinion poll results, data analysis and demographic data to accurately work out what people in different areas are likely to think about particular issues.
- **MRP analyses accurately predicted** the outcome of the 2019 general election as well as earlier by-elections. It is widely regarded as the gold-standard for large-scale prediction of public opinion.

Best for Britain prioritised polling on 'Red Wall' areas. These are 50 constituencies in the North West, North East, East Midlands and Yorkshire and Humberside which traditionally voted for Labour, but switched overwhelmingly to Conservative in 2019's General Election. Not only are these seats to be disproportionately impacted by Covid and disrupted trade with Europe, their MPs were elected on a mandate to secure a comprehensive EU deal.

To ensure robust analysis, Best for Britain used only the highest-quality, independent data providers. The primary polling company they used is Focaldata⁵². Focaldata provided polling services to the Conservative Party at the 2019 General Election.

In order to test the views of Red Wall voters in June 2020 at a constituency level, Best for Britain commissioned focaldata to conduct a multilevel regression and post-stratification (MRP) analysis of public opinion in 44 Red Wall seats (7 seats in the North East; 12 in the North

⁵² <https://www.focaldata.com/>

West; 7 in the East Midlands; 9 in West Midlands; 9 in Yorkshire and the Humber).

Cost of Essentials

- **Voters in the 'Red Wall' areas** of Britain want the Government to deliver on their promise to secure a trade deal with Europe.
- **People fear increases in the cost of food** and other daily essentials if the Government fails to get a comprehensive deal.

The Best for Britain and focaldata MRP analysis found that voters in the areas hardest hit by Brexit plus coronavirus were very concerned about the impact of a no-deal or thin deal Brexit on the cost of living: 68 per cent of voters thought daily essentials would be more expensive if the UK left the transition period without a comprehensive deal. A majority of Leave voters (51 per cent) and 2019 Conservative voters (53 per cent) believed the cost of these items would increase.⁵³

Female respondents in Red Wall constituencies were slightly more concerned than the average for these seats, with 71 per cent fearing the cost of daily essentials would get worse. Women are disproportionately faced with the challenge of feeding a family, and will bear the brunt of increased food insecurity across these regions, and the UK. The Trussell Trust found women living in a couple with children tended to be more food insecure than men, because they were more likely to skip or reduce meals so their children would have enough to eat⁵⁴.

Conservative and Leave voters recognise the need for comprehensive trade between the EU and the UK after the transition period to ensure basic necessities remain affordable. The ongoing impact of Covid means it has never been more important for the Government to secure a Free Trade Deal with the EU, and deliver on its promise to these voters.

⁵³ Best for Britain, ['The writing's on the Red Wall: Why keeping the promise of a trade deal matters in battleground seats'](#), July 2020.

⁵⁴ Trussell Trust, [The State of Hunger Report](#), November 2019

Do you think the cost of daily essentials will get better or worse if the UK leaves the transition period without a trade deal? (Table C)

	UK Parliamentary Constituency	Better	Worse
All voters	Sedgefield	30%	70%
	Workington	30%	70%
	Bolsover	33%	67%
	Dudley North	38%	61%
	Don Valley	30%	70%
Conservative 2019 Voters	Sedgefield	43%	57%
	Workington	45%	55%
	Bolsover	44%	56%
	Dudley North	54%	46%
	Don Valley	45%	55%
Lab-to-Con 2019	Sedgefield	39%	61%
	Workington	39%	61%

	Bolsover	44%	56%
	Dudley North	49%	51%
	Don Valley	40%	60%

Source: focalBest for Britain, 'The writing's on the Red Wall: Why keeping the promise of a trade deal matters in battleground seats', July 2020.

As Table C demonstrates, voters in the North West town of Workington overwhelmingly fear a cost of living increase, alongside a majority of both Conservative voters and Labour to Conservative vote switchers.

Best for Britain analysis shows voters in these areas both need and expect a comprehensive trade deal with Europe, which guarantees food remains affordable and keeps costs of living down.

Conclusion

With 14 million Brits already living in poverty, leaving the EU without a good deal risks not only a major economic downturn, but increased cost of living for families across the country. Specifically, the UK's published Global Tariff regime would place high duties on staple foodstuffs – all of which cannot be reliably imported from current non-EU FTA partner nations, or produced domestically.

Food is rightly exempt from VAT. Yet these tariffs will act as a tax on every shopper in the country, no matter their income. For most, this will be an unnecessary expense. For some, it will be the difference between a nutritious meal, and going without. The Joseph Rowntree Foundation said: 'For millions of people, every day feels like they are constantly swimming against the tide, at risk of being pulled under by the powerful currents of low pay, high rents or an unexpected bill.' Even small cost increases on staple items could drive more families into food poverty.

The coronavirus pandemic has had an immediate impact on food insecurity in the UK. Studies from the Food Foundation, IFAN and the Trussell Trust confirm a significant uptick in emergency food relief in the first stages of national lockdown. The long-term economic impact of Covid when layered on top of the UK's exit from the single market and customs union are beginning to be understood through studies such as the Social Market Foundation and Best for Britain's impact assessment. While the UK as a whole faces economic instability from a WTO Brexit, the specific effects of a coronavirus recession interact with regional employment and industry profiles, to disproportionately impact some UK areas much more harshly than others.

This includes the North West and East of England which seem to experience higher than average rates of food poverty, although further study may be necessary to confirm this correlation. Without a comprehensive deal with the EU, these areas face both macroeconomic challenges Covid combined with disrupted trade with Europe, and the microeconomic challenge of unavoidable cost of living increases.

Now is not the time to add complication and barriers to our trade, especially not the import of our basic necessities. The Government must commit to an Affordable Food Deal and fulfill a promise to voters to ensure frictionless and free trade with Europe.

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Appendix

What is MRP?

MRP is a statistical technique used to estimate opinions at constituency level. It has three steps: first, identify what predicts opinion using survey data and regression analysis (eg those who voted Remain are more likely to support the Government securing a trade deal). Second, build a detailed model of the population at constituency level, using statistics on demographics and past votes, so we can say, for example, how many women aged 65+ who voted to Leave are in each constituency. Third, combine the two previous steps, to compute what proportion of those women aged 65+ who voted Leave hold an opinion (from step 1) multiplied by the number of them (from step 2) to get the population holding an opinion. This provides a detailed breakdown of opinions by demographics and past voting behaviour, aggregated to a constituency level.