

Will tariffs disrupt post-Brexit pork trade?

The UK's decision to leave the European Union will have far-reaching effects on the pork sector. The most immediate impact has come from the weakening of the pound, which has helped to push pig prices (and input prices) higher. In the longer-term, decisions about agricultural and environmental policy and movement of labour will also be influential.

However, perhaps the most important factor will be the UK's future trading relationships with the EU. Before examining what the future might hold, it is worth reviewing the current EU arrangements for trade in pig meat. Trade between the UK and other EU countries is largely unrestricted under the single market. However, it's a very different story for pork entering the EU from outside.

Pig meat imports, apart from offal, are subject to sizeable import tariffs. Tariffs for selected cuts and products are listed in the table below. Tariff rates are the same for fresh, frozen and salted/brined cuts.

Examples of EU import tariffs for pig meat products

Product	Tariff rate (per 100kg)	Sterling value (per kg)
Carcases/half-carcases	€53.60	45.0p
Bone-in hams and cuts	€77.80	65.3p
Bone-in shoulders and cuts	€60.10	50.4p
Fore-ends and cuts	€60.10	50.4p
Bone-in loins and cuts	€86.90	72.9p
Bellies and cuts	€46.70	39.2p
Boneless cuts	€86.90	72.9p
Other bone-in cuts	€86.90	72.9p
Uncooked sausages	€149.40	125.3p
Other sausages	€100.50	84.3p
Processed hams	€156.80	131.5p
Processed shoulders	€129.30	108.5p
Unprocessed pig fat	€21.40	17.9p
Processed pig fat (incl. lard)	€17.20	14.4p

Source: EU Commission

The high level of these tariffs effectively means that most imported pork is uncompetitive on the EU market, even though production costs and wholesale prices are lower in other exporting countries such as the US, Canada and Brazil. Tariffs are not the only thing limiting imports, though. Sanitary and Phytosanitary (SPS) measures, such as the widespread use of Ractopamine, are also an issue.

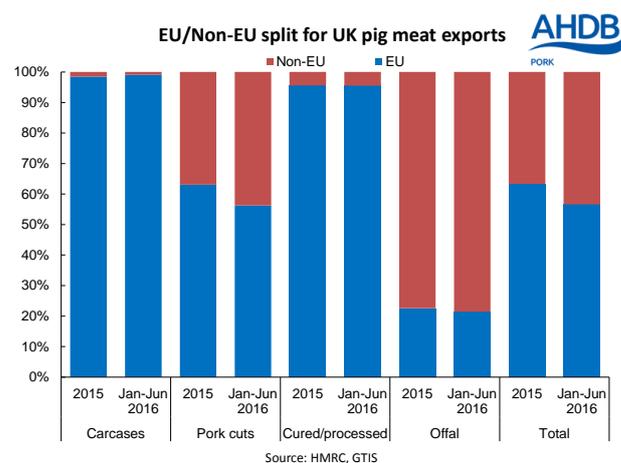
Nevertheless, without tariffs, products from these countries would undoubtedly reach the EU (and the UK) and would drive prices for domestic pork down. Although the impact may be mitigated if retailers were unwilling to sell non-EU pork, it would still find buyers in foodservice or manufacturing, displacing EU pork from these markets.

So, how will Brexit change the situation? The truth is, we don't know yet. However, AHDB's recent [Horizon Report](#)

identifies various options for the UK's trading relationship with the EU in the future. At one end of the scale, the UK may remain a part of the single market or, at least, the EU Customs Union. In these cases, existing EU tariffs will remain in place and goods may still be able to move freely between the UK and EU. In other words, little may change.

However, these options will probably come with strings attached, for example around free movement of labour, which may be unpalatable to the UK government. Therefore, a different kind of trade deal may be required. The problem is that agreements of this kind normally take many years to negotiate and so no deal may be in place when the UK leaves the EU.

In that case, UK exports will be subject to the same EU import tariffs as other countries with no trade agreement, at least until a deal is agreed. In other words, UK exports to the EU could become uncompetitive. Given that 74% of pork exports are to the EU (or at least are routed through it), this could have a dramatic impact on the UK industry. A particular concern will be over exports of sow carcasses, which would be subject to a tariff of 45p/kg. This could mean cull sows have little or no value, hitting producer returns and effectively raising the cost of producing piglets.



In this situation, the UK may decide to impose its own tariffs on imports from the EU. If these were at similar levels to the EU tariffs, this could mean much less imported pork reaching the UK and whatever does being significantly more expensive. This could lead to higher pig prices. However, it would also mean higher prices for consumers, which may be politically unacceptable.

Therefore, there is a chance that the UK will choose to have lower tariffs or even remove them completely. In that case, the new rates would automatically apply to imports from outside the EU too. This could lead to lower pig prices, affecting the long-term sustainability of UK pig production.

It is clear that the outcome of trade negotiations will be crucial to the pig industry. Further analysis of the implications for pork and other agricultural sectors will be published next month by AHDB and the situation will be kept under review as more information becomes available.