

# FDF Trade Snapshot

Food & Drink Market Analysis

Q1 2026

fdf



# Introduction

**The Food and Drink Federation's (FDF) Trade Snapshot provides an overview of the UK's food and drink trade performance. It explores the key trends, challenges and opportunities in global markets. The data for Q1 2026 illustrates a sector under pressure, with export declines driven by US tariff disruption, ongoing post-Brexit weakness, and emerging instability in key global markets.**

**UK food and drink exports fell 4.8% year-on-year to £5.7bn in Q1 2026**, with food export volumes down 8.9% - the third lowest Q1 level since 2000 and only marginally above the pandemic-disrupted Q1 2021 figure. As intense cost pressures persist, a sector that is being squeezed at home cannot be expected to seize opportunities abroad.

**Imports of food and drink £16.3bn, up 2.6% year-on-year.** The cost of ingredients and raw materials imported by UK food manufacturers remains 38.6% above its January 2020 level and is forecast to rise further as the Iran conflict disrupts global supply chains. Non-EU import growth outpaced EU sources, with New Zealand, South Africa and Brazil among the strongest performers, reflecting the continued reshaping of the UK's supply base.

**The UK-EU SPS agreement has been under active negotiation. The government has stated an ambition to bring it into force by mid-2027, however this timetable is at risk following the recent postponement of the UK-EU Summit.** EU food exports fell 6.9% in Q1 2026 and the structural post-Brexit volume decline has yet to reverse, while FDF member surveys show 41% of businesses are either unaware or unclear about the SPS agreement's impact – supporting business readiness is critical.

**US tariffs are now clearly biting, with exports to the US falling 28.0% year on year to £529.6m.** US imports into the UK rose 11.5% to £419.5m, collapsing the UK-US trade surplus by 69.3% to £110m. A similar asymmetry is visible in EU-US trade, with EU exports to the US down 23.4% and US exports to the EU up 9.4%.

**The government's cost of living tariff suspension packages are unlikely to deliver significant reductions in consumer prices, with nearly 90% of the import value of the food commodities in scope already entering the UK tariff free.** At a time when UK food and drink export volumes are at one of their lowest levels in a decade, the inclusion of finished goods already manufactured in the UK risks intensifying the competitive pressure on domestic producers without delivering the consumer benefit.

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## EXPORTS

- In Q1 2026, UK food and drink exports fell 4.8% year on year to £5.7bn.
- Food export volumes fell 8.9%, and is the third lowest Q1 level since 2000, and only marginally above the pandemic disrupted Q1 2021 figure. Volumes are a third below the pre-Brexit Q1 2019 level.
- EU exports held broadly flat, while non-EU exports dropped 11.0%, driven by trade diversions caused by US tariff policy over the past year, with notable export declines observed in the US (-27.9%) and China (-18.5%).
- Salmon was the most impacted product, down around 40% in both value and volume, following a strong Q1 in 2025. Beef and lamb were the brightest spots, with robust growth in value and volume.
- Free Trade Agreement (FTA) markets, which should be the growth story for UK food and drink exports, are lagging at the start of the year. Exports to CPTPP fell 11.3%, while exports to India and the GCC – where FTAs have been agreed but are not yet in force – fell 16.6% and 10.8%, respectively.
- Realising our industry's ambition to grow exports to £35bn by 2035 requires support from government on two fronts: supporting exports through trade promotion and export finance; and improving the domestic business climate by reducing burdens, addressing energy cost disadvantages, and creating investment conditions that will help manufacturers to innovate and compete internationally. A sector that is being squeezed at home cannot be expected to seize opportunities abroad.

Data Sources: His Majesty's Customs & Excise

### KEY INDICATORS

	Q1 2026	Q1 2025	Change 2025 - 26
Food & non-alcoholic drink	£4.1bn	£4.3bn	-5.6%
All food & drink	£5.7bn	£6.0bn	-4.8%
EU	£3.4bn	£3.4bn	-0.2%
Non-EU	£2.3bn	£2.6bn	-11.0%
EU share	59.8%	57.0%	2.8pp
Non-EU share	40.2%	43.0%	-2.8pp

### TOP TEN EXPORTS

	Q1 2026	Value change 2025 - 26	Volume change 2025 - 26
Whisky	£1.2bn	-1.1%	5.4%
Beef	£231.9m	36.5%	14.7%
Chocolate	£225.0m	-2.5%	-5.5%
Cheese	£224.4m	-5.3%	15.6%
Milk and cream	£216.1m	-1.8%	4.5%
Lamb and mutton	£203.2m	24.4%	16.9%
Salmon	£177.8m	-40.0%	-39.4%
Soft drinks	£148.5m	-5.7%	N/A
Breakfast cereals	£138.5m	-5.9%	11.4%
Gin	£133.3m	2.2%	4.4%

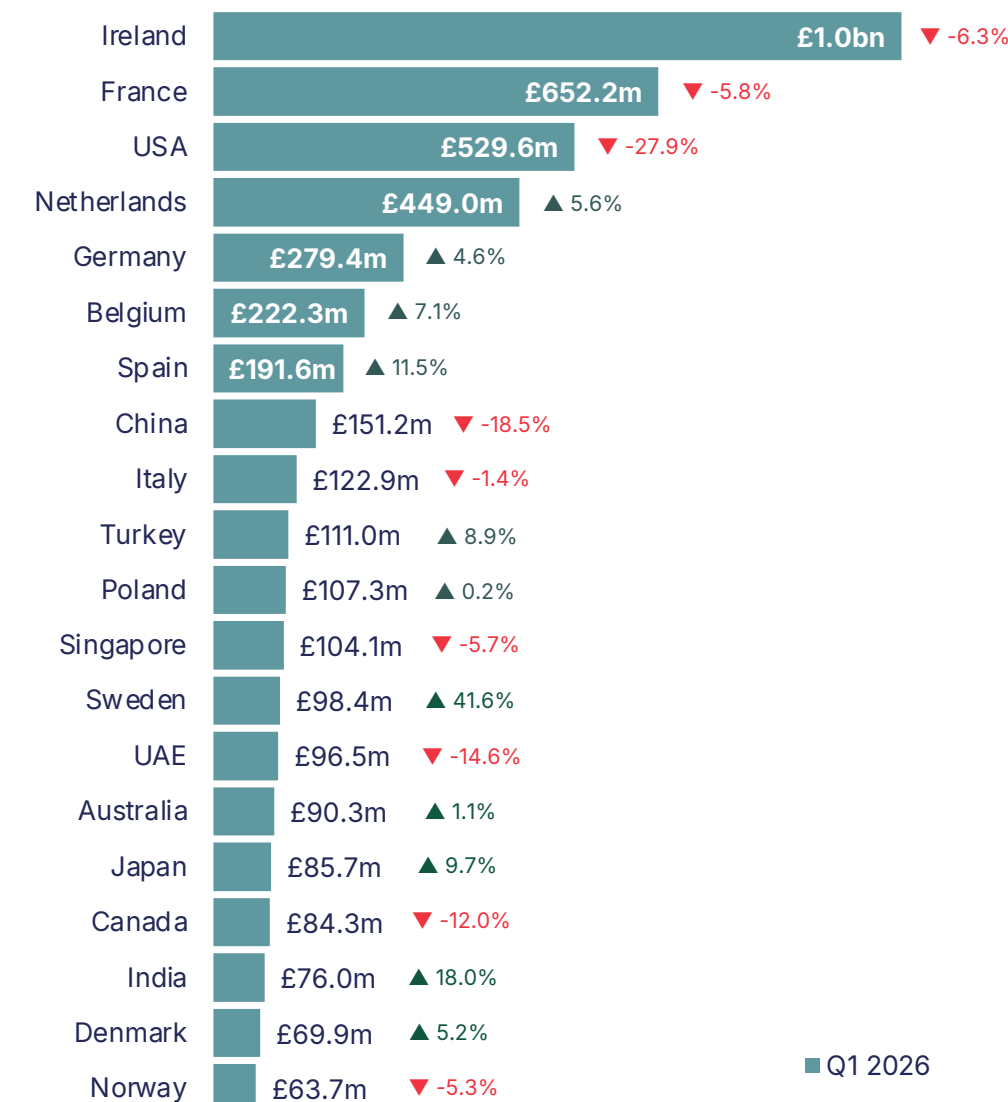
### FOOD EXPORT VOLUMES TO KEY FTA MARKETS

	Q1 2026	Change 2024 - 2026	Change 2025 - 2026
GCC	32.0m kg	-14.2%	-10.8%
CPTPP	77.5m kg	-17.0%	-11.3%
India	2.4m kg	14.4%	-16.6%

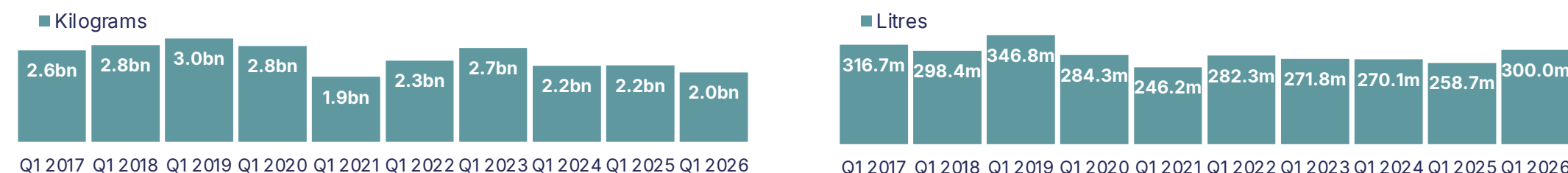
### EXPORT VOLUMES

Unit of measurement	Q1 2026	Change 2024 - 2026	Change 2025 - 2026
Kilograms (KG)	2.0bn	-8.5%	-8.9%
Litres (L)	300.0m	11.0%	15.9%
Litres of pure alcohol (LPA)	112.1m	3.1%	1.0%

### TOP TWENTY MARKETS



### Q1 EXPORT VOLUMES OVER TIME



## IMPORTS

- UK food and drink imports reached £16.3bn in Q1 2026, a 2.6% increase year on year. Conversely, imports fell in volume terms across all measurement units.
- The cost of ingredients and raw materials imported by UK food manufacturers remains 38.6% above its January 2020 level and is a structural shift that has been embedded in supply chains.
- This is forecast to rise further toward the year end as the Iran conflict disrupts global supply chains. The [FDF's Understanding UK food inflation](#) helps explain the key drivers of food inflation and explains what is in store for the foreseeable future.
- Despite this, import volumes are still high compared with historic levels. This is helped by faster growth for non-EU imports (4.2%) than EU imports (1.9%) and continues the supply chain diversification that we have seen since Brexit.
- New Zealand (24.7%), South Africa (17.8%), and Brazil (14.7%) have all shown strong year on year growth.
- The UK-New Zealand FTA was signed in 2022 and has been in force for almost three years. The growth in imports highlights how tariff liberalisation is reshaping the UK's supply base.
- Poultry, chocolate and beef imports showed strong value and volume growth. Fruits are an example of import price inflation, with a 4.2% value increase despite an 8% volume decline.

Data Sources: His Majesty's Customs & Excise

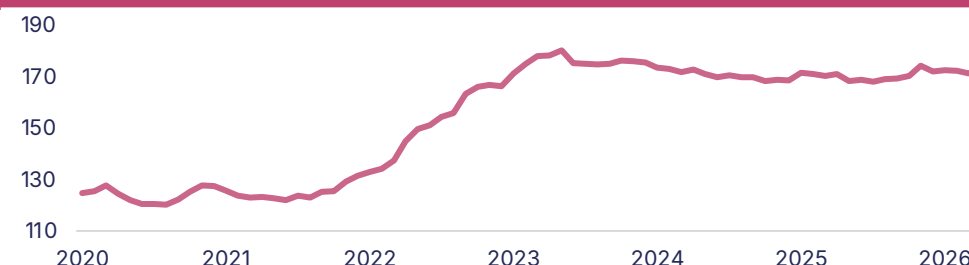
### KEY INDICATORS

	Q1 2026	Q1 2025	Change 2025 - 26
Food & non-alcoholic drink	£15.2bn	£14.7bn	3.1%
All food & drink	£16.3bn	£15.9bn	2.6%
EU	£10.9bn	£10.7bn	1.9%
Non-EU	£5.4bn	£5.2bn	4.2%
EU share	67.0%	67.5%	-0.5pp
Non-EU share	33.0%	32.5%	0.5pp

### TOP TEN IMPORTS

	Q1 2026	Value change 2025 - 26	Volume change 2025 - 26
Fruits	£1.5bn	4.2%	-8.0%
Vegetables	£1.1bn	8.0%	N/A
Poultry	£0.9bn	7.1%	4.6%
Chocolate	£0.8bn	5.5%	2.1%
Wine	£0.7bn	-2.7%	-4.3%
Fish	£0.6bn	12.3%	-2.5%
Beef	£0.5bn	19.8%	3.2%
Savoury snacks	£0.5bn	4.7%	-2.5%
Cheese	£0.5bn	-0.1%	1.9%
Soft drinks	£0.5bn	2.7%	N/A

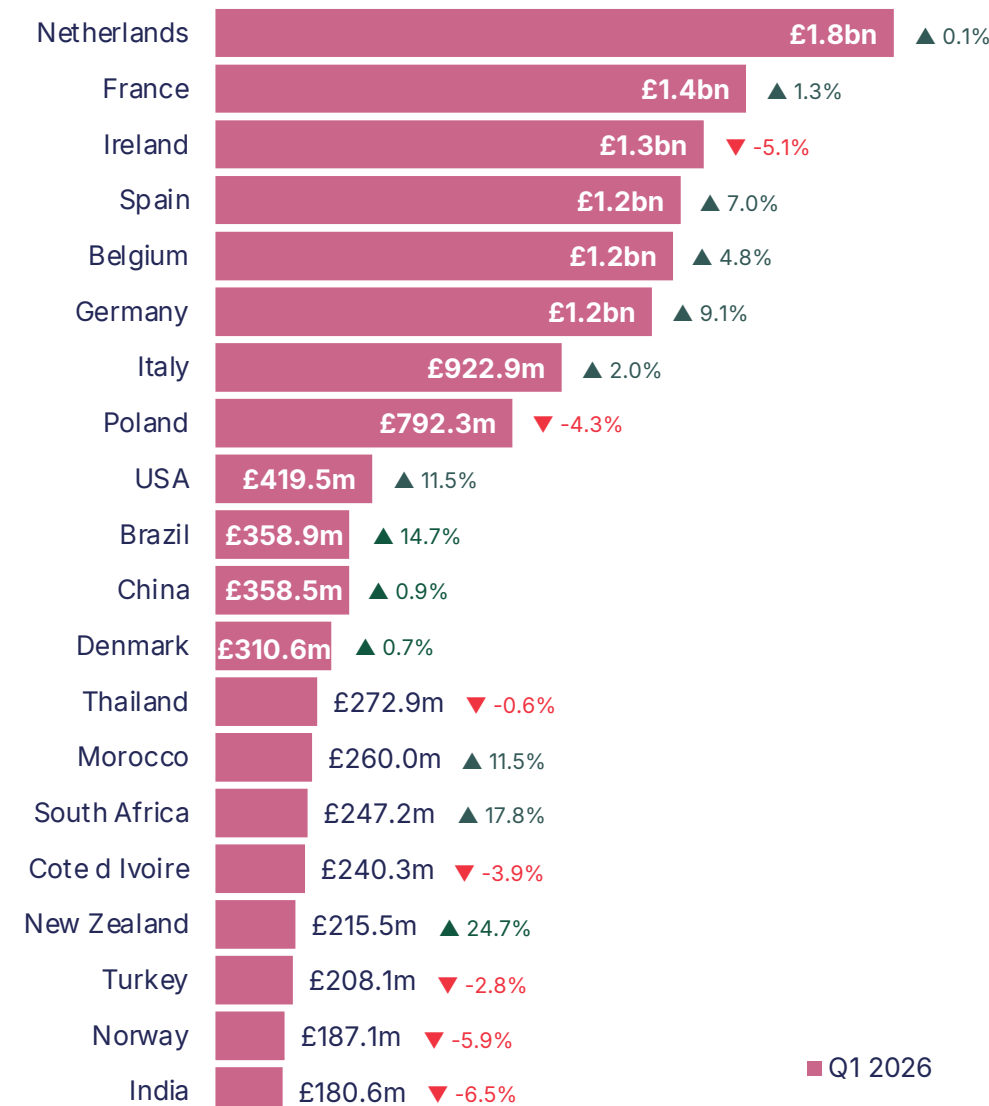
### INPUTS OF FOOD (IMPORTED) PRODUCER PRICE INDEX



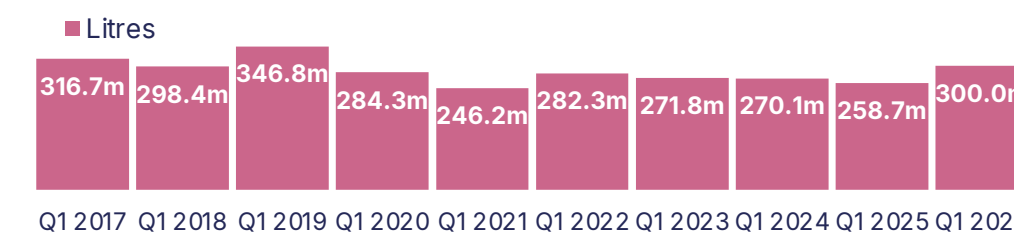
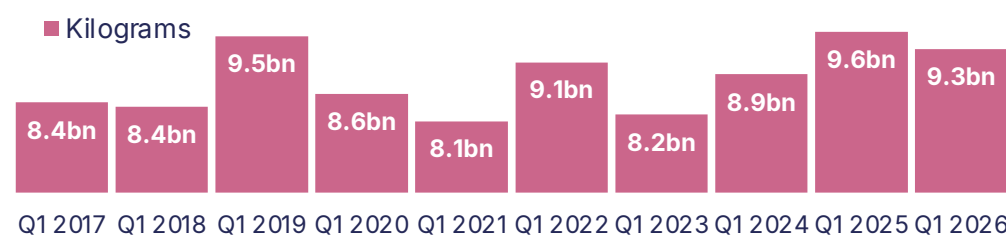
### IMPORT VOLUMES

Unit of measurement	Q1 2026	Change 2024 - 2026	Change 2025 - 2026
Kilograms (KG)	9.3bn	4.5%	-2.9%
Litres (L)	1.0bn	-2.0%	-1.5%
Litres of pure alcohol (LPA)	18.3m	6.7%	-17.9%

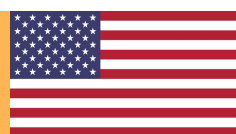
### TOP TWENTY MARKETS



### IMPORT VOLUMES OVER TIME



## USA



- It has been over a year since the introduction of US tariffs in April 2025. UK food and drink exports to the US fell 28.0% to £529.6m in Q1 2026.
- The UK's early gains have eroded as the US struck similar deals with other countries, and the Supreme Court ruling reset most countries to the same 10% additional duty baseline.
- This decline is seen across most product groups, with salmon down 45.6% in value and volume, alcohol struggling, and infant food and cheese seeing declines too. The removal of tariffs on UK whisky offers an opportunity to grow exports.
- The UK-US trade surplus fell from £359m to £110m, a 69.3% decline year on year. Even allowing for possible stockpiling in Q1 2025 before tariffs were implemented, this is the lowest surplus since Brexit.
- US exports to the UK rose at the same time. Salmon, spirits, and chocolate all saw strong growth. There is clear asymmetry between US producers growing their share at the same time UK exporters are losing ground in theirs.
- A very similar picture is visible with the EU, with EU exports to the US declining 23.4%, whilst US exports grew 9.4%
- Unit value analysis reveals differing responses to tariffs. Tea and breakfast cereals have discounted in the US, helping volume growth at the expense of profit margins. Some products such as salmon, infant food and cheese have held price in the US but lost volume as a result, whilst savoury snacks and sweet biscuits have shown genuine resilience.

Data Sources: His Majesty's Customs & Excise

### KEY INDICATORS

	Q1 2026	Q1 2025	Change 2025 - 26
Exports	£529.6m	£735.1m	-28.0%
Imports	£419.5m	£376.1m	11.5%
Trade Balance	£110.1m	£358.9m	-69.3%

### TOP TEN EXPORTS

	Q1 2026	Value change 2025 - 26	Volume change 2025 - 26
Whisky	£182.1m	-27.0%	-14.7%
Salmon	£68.0m	-45.6%	-45.6%
Gin	£39.6m	-17.8%	-24.0%
Beer	£33.1m	23.9%	21.0%
Infant food	£22.1m	-28.8%	-29.3%
Soft drinks	£21.3m	-1.7%	N/A
Cheese	£15.7m	-18.1%	-14.2%
Wine	£12.7m	-64.7%	-47.8%
Spirits	£12.1m	-60.0%	-37.3%
Sweet biscuits	£8.1m	8.8%	6.1%

### EXPORT PRICING IN Q1, US VS GLOBAL TREND

	US Unit Value Change 2025 - 26	Global Unit Value Change 2025 - 26	US Volume Change 2025 - 26
Salmon	0.0%	-11.1%	-45.6%
Infant food	0.0%	-6.7%	-29.3%
Cheese	0.0%	-20.0%	-14.2%
Sweet biscuits	0.0%	0.0%	6.1%
Breakfast cereals	-20.0%	0.0%	88.8%
Chocolate	-16.7%	0.0%	-12.0%
Pork	0.0%	-50.0%	-1.3%
Savoury snacks	0.0%	0.0%	16.5%
Confectionery	0.0%	25.0%	-9.9%
Tea	-33.3%	-12.5%	11.8%
Malt extracts	0.0%	0.0%	-20.7%
Beef	0.0%	20.0%	52.5%

### VOLUMES TRADED WITH THE USA

Unit of measurement	Exports Q1 2026	Change 2025 - 26	Imports Q1 2026	Change 2025 - 26
Kilograms (KG)	34.9m	-45.9%	712.0m	21.8%
Litres (L)	41.6m	15.5%	13.6m	-8.8%
Litres of pure alcohol (LPA)	11.3m	-32.6%	5.8m	-10.3%

### TOP TEN IMPORTS

	Q1 2026	Value change 2025 - 26	Volume change 2025 - 26
Nuts	£48.3m	13.0%	-3.4%
Oilseeds	£46.3m	-1.8%	0.0%
Cereal grains	£38.4m	27.6%	37.7%
Wine	£23.6m	-19.5%	-14.9%
Salmon	£22.6m	331.3%	225.3%
Vegetables	£21.8m	14.8%	19.2%
Spirits	£16.9m	144.5%	202.2%
Whisky	£13.2m	-24.4%	-13.7%
Chocolate	£12.7m	53.9%	46.7%
Molasses	£9.0m	-26.8%	-40.4%

### USA TRADE WITH THE EU

Fruit & nuts	Beverages	Oil seeds	Cereals
Q1 2026 £994m	Q1 2026 £609m	Q1 2026 £365m	Q1 2026 £281m



Beverages	Cereal preps	Fruit & veg preps	Miscellaneous
Q1 2026 £1.5bn	Q1 2026 £466m	Q1 2026 £403m	Q1 2026 £390m

## EUROPEAN UNION



- The UK-EU SPS agreement has been under active negotiation, and the government's ambition is to conclude negotiations and bring the agreement into force by mid-2027.
- UK food export volumes have been in structural decline since Brexit, and despite a slight recovery in 2025, Q1 2026 has seen another dip. In value terms, exports stayed broadly stable, whilst in volume terms, food exports fell by 6.9%.
  - Beef (+37.8%) and lamb & mutton exports (+24.9%) have shown strong value and volume growth, whilst fish has seen a 42.1% decline.
- Imports from the EU rose 1.9% to £10.9bn, while volumes fell 1.0% in kg. Vegetables (+7.7%), fruits (+10.6%) and chocolate (+6.4%) drove the value growth.
- While negotiations continue, FDF members indicated that 41% of businesses are either unaware or do not yet understand how the SPS agreement will affect them, with just over a year until implementation. Business readiness is crucial to maximise the benefits of the agreement on day one.
- The FDF has developed a comprehensive [SPS guidance hub](#) to help members understand what the agreement means for their business. The guidance is designed to close the awareness gap before it becomes a compliance gap, with over 400 EU regulations coming into scope.

Data Sources: His Majesty's Customs & Excise

### KEY INDICATORS

	Q1 2026	Q1 2025	Change 2025 - 26
Exports	£3.4bn	£3.4bn	-0.2%
Imports	£10.9bn	£10.7bn	1.9%
Trade Balance	-£7.5bn	-£7.3bn	2.8%

### SUPPORTING MEMBERS THROUGH THE SPS AGREEMENT

The SPS agreement is the most significant regulatory development for UK-EU food trade since Brexit – and its implications extend far beyond exporters.

With over 400 EU regulations coming into scope, FDF has created a comprehensive guidance hub to help members understand their obligations.

[Explore FDF's full SPS guidance for members](#)

Who	What	When
All UK food & drink businesses	Dynamic alignment with EU SPS rules	All businesses must be ready by mid-2027
Including domestic-only producers	<ul style="list-style-type: none"> <li>Import controls</li> <li>Food safety</li> <li>Food contact materials</li> <li>Labelling</li> </ul>	~ 12 months from now

### AWARENESS OF THE UK-EU SPS AGREEMENT

We are not aware of the how the changes impact our business.

13%

We are aware of the SPS agreement but do not yet understand how the changes will impact our business.

33%

We are aware of the changes and have identified (or are assessing) necessary adjustments to our operations.

28%

Our products and processes are already aligned with EU requirements; we do not anticipate further changes.

26%

### VOLUMES TRADED WITH THE EU

Unit of measurement	Exports Q1 2026	Change 2025 - 2026	Imports Q1 2026	Change 2025 - 2026
Kilograms (KG)	1.6bn	-6.9%	5.3bn	-1.0%
Litres (L)	164.8m	-10.9%	850.5m	-4.2%
Litres of pure alcohol (LPA)	40.9m	0.5%	10.7m	-23.2%

### TOP TEN EXPORTS

	Q1 2026	Value change 2025 - 26	Volume change 2025 - 26
Whisky	£334.3m	0.9%	-2.7%
Beef	£207.6m	37.8%	18.2%
Lamb and mutton	£197.9m	24.9%	17.8%
Cheese	£162.6m	-7.5%	14.5%
Chocolate	£162.1m	-1.2%	-0.7%
Milk and cream	£131.5m	-9.5%	0.9%
Fish	£106.1m	-13.4%	-42.1%
Savoury snacks	£103.4m	3.6%	-7.8%
Soft drinks	£96.5m	-6.0%	N/A
Breakfast cereals	£92.7m	-2.5%	4.1%

### TOP TEN IMPORTS

	Q1 2026	Value change 2025 - 26	Volume change 2025 - 26
Vegetables	£881.4m	7.7%	N/A
Chocolate	£724.7m	6.4%	1.8%
Poultry	£610.5m	4.2%	-4.1%
Wine	£541.2m	-1.5%	-5.8%
Fruits	£535.8m	10.6%	-2.3%
Cheese	£491.4m	0.5%	3.2%
Savoury snacks	£487.6m	7.0%	-2.2%
Beef	£417.3m	3.5%	-15.0%
Soft drinks	£416.7m	1.8%	N/A
Pork	£413.7m	-13.8%	-6.0%

## UK GLOBAL TARIFF

- The government has proposed a package of cost-of-living tariff suspensions, removing the UK global tariff on a range of food and drink.
- Tariff suspensions can play a useful, targeted role where they address genuine supply chain gaps and support UK manufacturing – particularly for imported inputs not produced domestically or in sufficient quantities.
- Academic research shows that tariffs account for only a small share of final food prices, with domestic factors such as energy, labour and logistics playing a much more significant role.
- With almost 90% of the package’s import value already enjoying over 90% tariff free access under preferences, the overall impact on the cost of living is expected to be limited. Any meaningful impact on prices depends on increased sourcing from non-FTA suppliers – principally the USA and China.
- The USA and China are major global food and drink exporters, so the suspensions present a meaningful opportunity for them across these commodities.
- Targeted suspensions on inputs not produced in the UK, such as cocoa butter, soya sauce and certain citrus fruits, can help manage costs pressures.
- Suspending tariffs on finished goods already produced in the UK - including bakery goods, confectionery and chocolate – exposes UK manufacturers to additional import competition from China and the US, without delivering material price cuts for consumers.

Data Sources: His Majesty's Customs & Excise

## ACADEMIC LITERATURE ON TARIFF PASS-THROUGH

Academic research consistently finds that tariffs have a limited impact on food and drink prices. Evidence suggests that:

- Tariffs account for just 0.67% (around \$0.02) of the \$3.27 daily cost of a least-cost healthy diet across 144 countries,
- Around 83% of the final retail price reflects domestic value added after goods enter a market.

More broadly, consumer prices and growth in the food sector are driven primarily by domestic factors across the value chain, including energy, labour, logistics, infrastructure and wider market conditions.

Further analysis from the IMF, covering 18 advanced economies, finds that productivity gains from reducing input tariffs are more significant than those from reducing tariffs on finished goods, strengthening the case for a targeted approach focused on non-sensitive imported inputs. This points to the importance of prioritising the extension of existing suspensions and providing timely clarity on new business applications.

Taken together, this evidence suggests that tariffs constitute only a marginal component of retail prices. Even under optimistic assumptions, the complete removal of tariffs would be expected to reduce consumer prices by around 0.7–1.2%, highlighting that tariff policy can support costs at the margin but is unlikely to be a primary driver of food price reductions.

## OPPORTUNITIES



Cocoa butter

2025 Import Value **£773.5m**  
MFN Tariff **6%**  
Preference Rate **100%**



Dried apples

2025 Import Value **£7.3m**  
MFN Tariff **2%**  
Preference Rate **69%**



Coconut water

2025 Import Value **£52.9m**  
MFN Tariff **16%**  
Preference Rate **94%**



Limes

2025 Import Value **£38.0m**  
MFN Tariff **12%**  
Preference Rate **41%**



Soya sauce

2025 Import Value **£42.3m**  
MFN Tariff **6%**  
Preference Rate **72%**



Citrus fruits (under chapter 1806)

2025 Import Value **£45.4m**  
MFN Tariff **16 - 20%**  
Preference Rate **84%**

## PROPORTION OF TARIFF FREE ACCESS FOR COMMODITIES

Proportion of imports entering the UK tariff free	Number of commodities	Import value 2025	Proportion of total value
Over 90%	93	£8.2bn	89.8%
80 – 90%	11	£100.4m	1.1%
70 – 80%	4	£41.2m	0.5%
Under 70%	15	£789.9m	8.7%

## BENEFICIARIES FROM TARIFF SUSPENSIONS



Q1 2026

Global Exports **£34.1bn**

Exports to UK **£419.5m**

UK Share **1.2%**

The USA is the largest global exporter of food and drink

Q1 2026

Global Exports **£16.4bn**

Exports to UK **£358.5m**

UK Share **2.2%**



China is the 7<sup>th</sup> largest global exporter of food and drink

## RISKS



Bakery goods (under chapter 1905)

2025 Import Value **£2.2bn**  
MFN Tariff **4 - 8%**  
Preference Rate **95%**



Chocolate (under chapter 1806)

2025 Import Value **£3.1bn**  
MFN Tariff **8 - 14%**  
Preference Rate **99%**



Confectionery (under chapter 1704)

2025 Import Value **£419.4m**  
MFN Tariff **6 - 12%**  
Preference Rate **94%**



Potatoes (under chapter 200520)

2025 Import Value **£127.7m**  
MFN Tariff **14%**  
Preference Rate **95%**



Soups and broths

2025 Import Value **£113.6m**  
MFN Tariff **10%**  
Preference Rate **94%**



Margarine

2025 Import Value **£134.0m**  
MFN Tariff **16%**  
Preference Rate **100%**

**fdf**

# **Shaping the future of food and drink manufacturing**

Our industry is at the heart of the nation's daily lives, providing nourishment and joy with a wide range of affordable and nutritious products for all. Join us in creating a secure, sustainable future for food and drink

**FDF.org.uk**

