4th November 2025

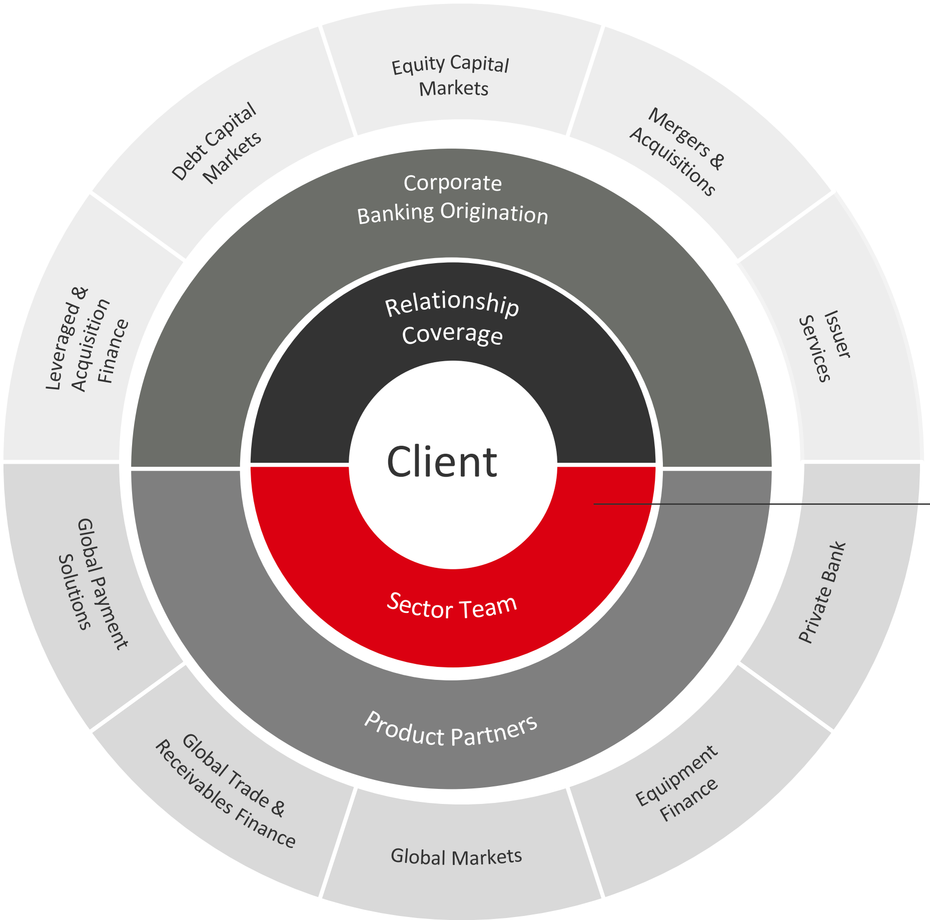
UK Food and Drink Industry

A Banker's Perspective

HSBC UK Agri-Food

HSBC Agri-foods team

Seasoned team with deep sector knowledge and strong industry connections



Allan Wilkinson
UK Head, Agri-Food Sector Team

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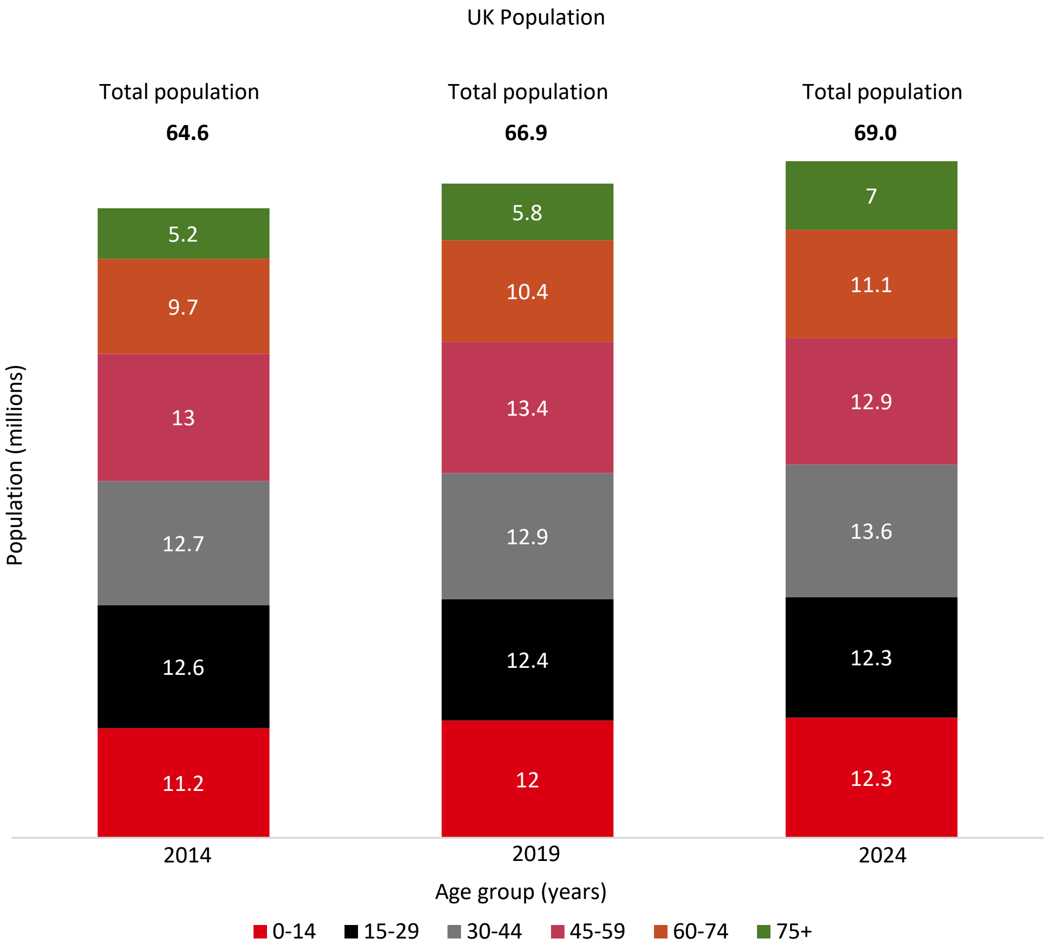
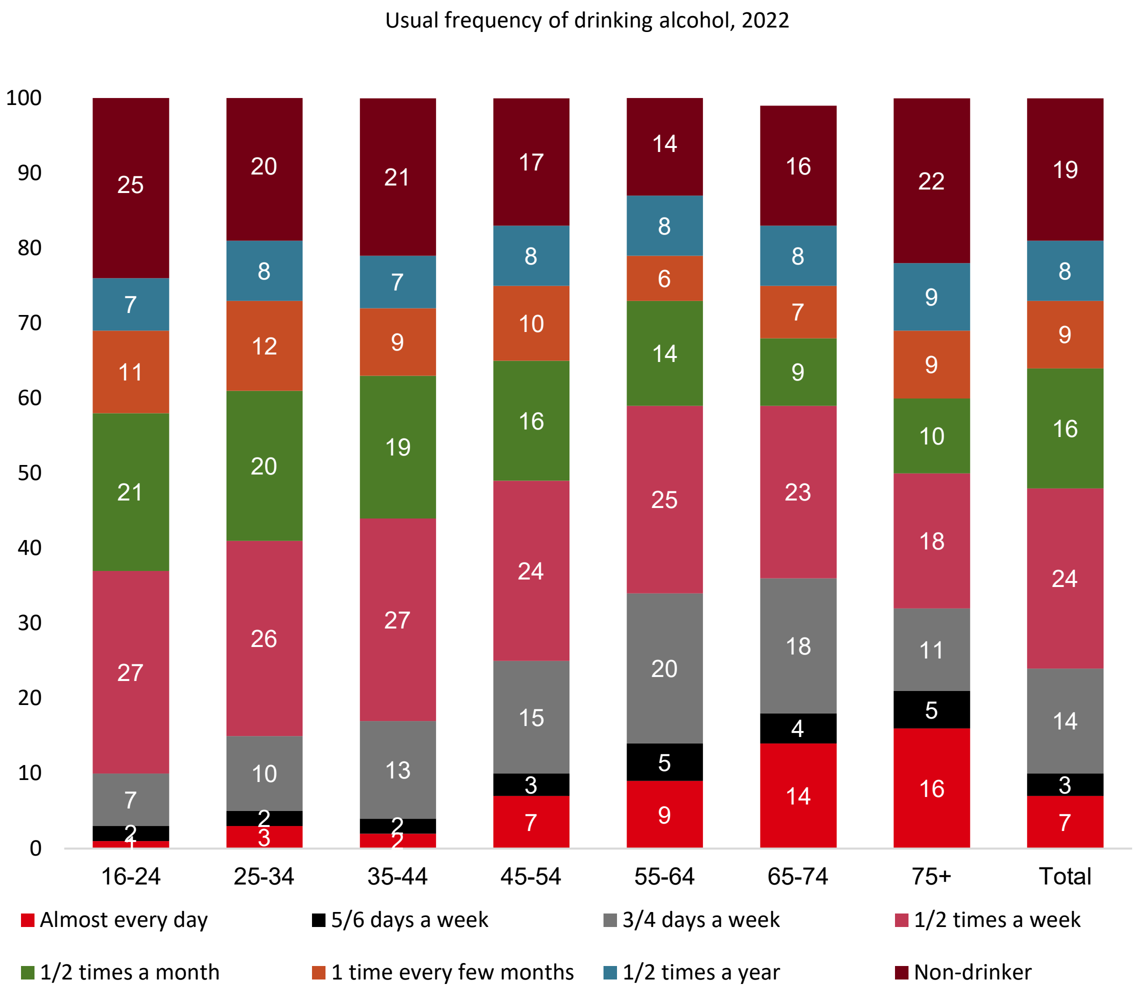
- Allan is a dairy farmer's son from North Yorkshire. A graduate in Agriculture from Aberystwyth University, he started his career working for the Milk Marketing Board's Farm Management Services in Leicestershire, before joining the Agriculture team at the bank in 1988.
- Allan became Head of Agriculture for HSBC in 2010 before establishing the Agri-Food Sector Team in 2015, which covers the wider food chain and systems from farm to fork, both in the UK and internationally.
- Allan has sat on a number of industry bodies and is currently Trustee of The Royal Countryside Fund and Chair of the Farm Advisory Group, a Liveryman of The Worshipful Company of Farmers and a Fellow of the Royal Agricultural Societies. Recently, he's been appointed as Chair of the City Food & Drink Lecture in London and President of The Royal Association of British Dairy Farmers.

Demographic shifts in the UK

The UK population is ageing bringing future economic challenges



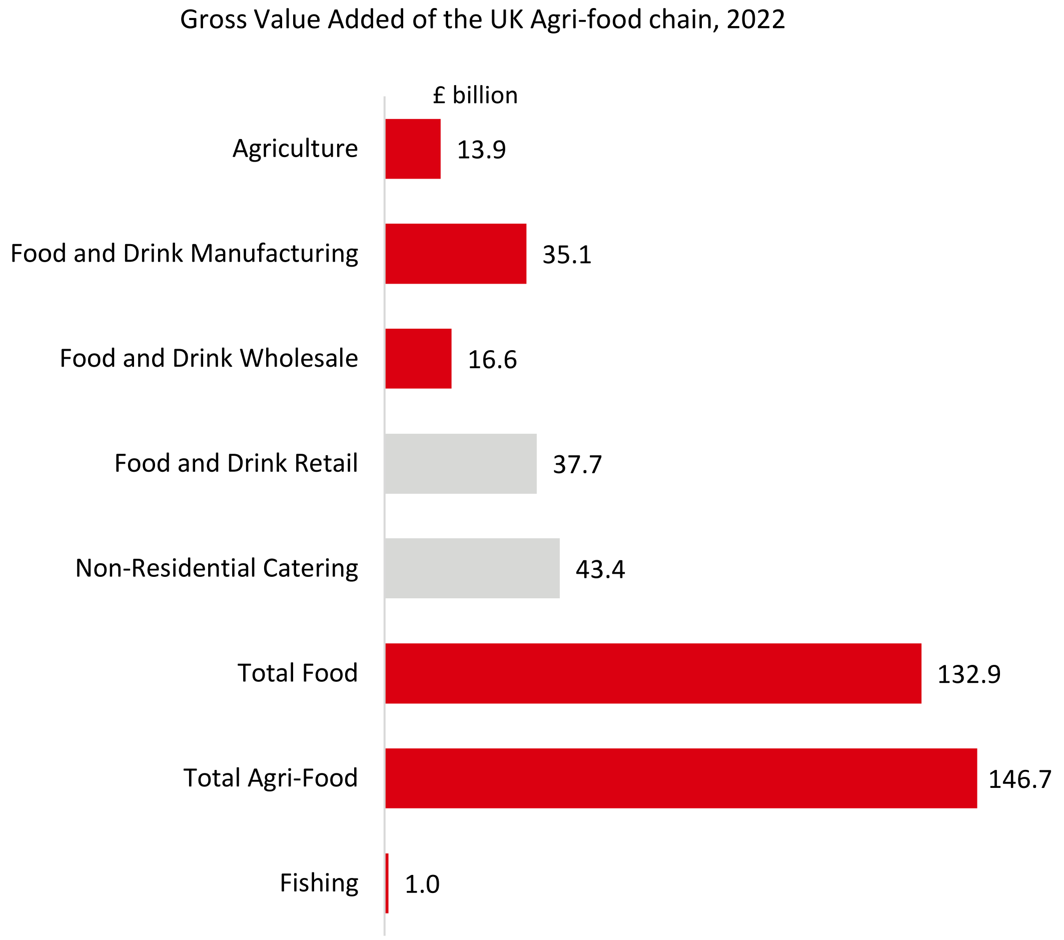
Businesses are needing to adapt as Gen Z enter the workplace and Gen A head for adulthood



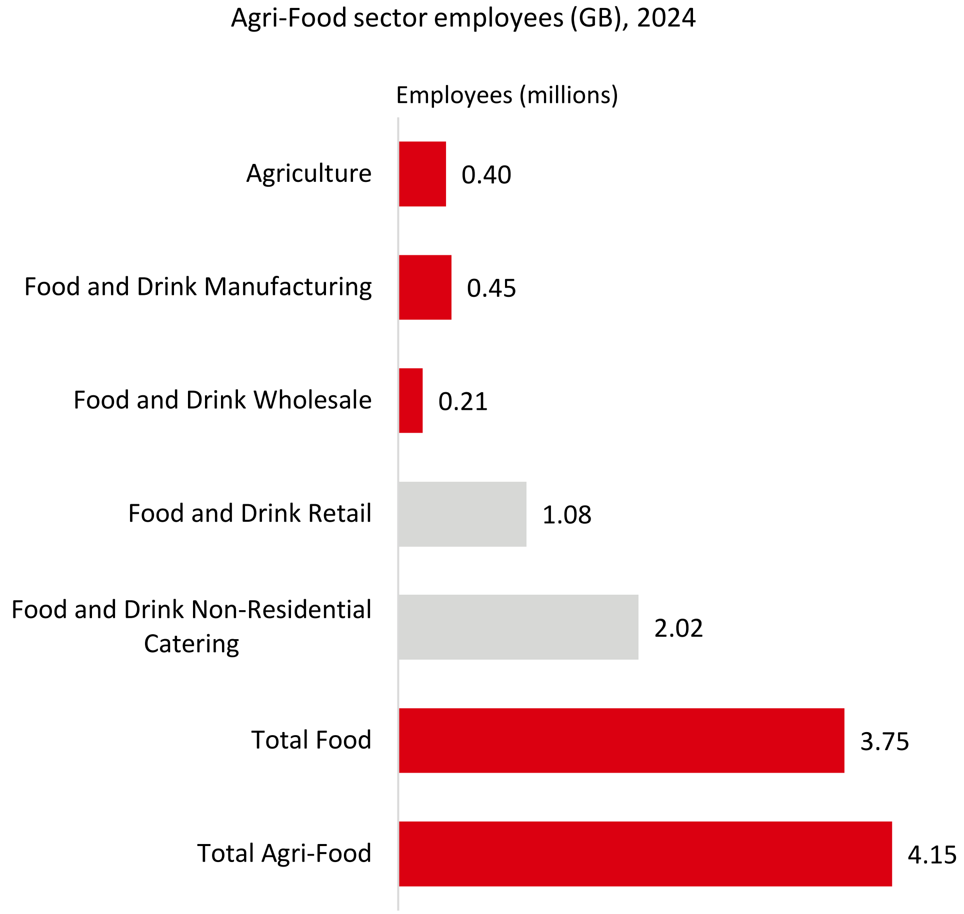
Sources: ONS - Estimates of the population for the UK, NHS - England Health Survey for England 2022

Economic impact

The Agri-food chain contributed 6.5% to national GVA in 2022



Accounting for 11.9% of GB employment in 2024



Sources: Defra - Food statistics in your pocket

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Iconic British brands

Well-known British brands continue to perform strongly

9% of the top 75 most valuable UK brands in 2025 are food and beverage brands

Brand	Rank	Brand Value (US$M)
Johnnie Walker	8th	8071
Cadbury	13th	5278
Innocent	37th	1881
KitKat	45th	1626
Tetley	53rd	1322
Brewdog	64th	950
Gordon's	67th	868

With space for innovative new brands

Dash Water

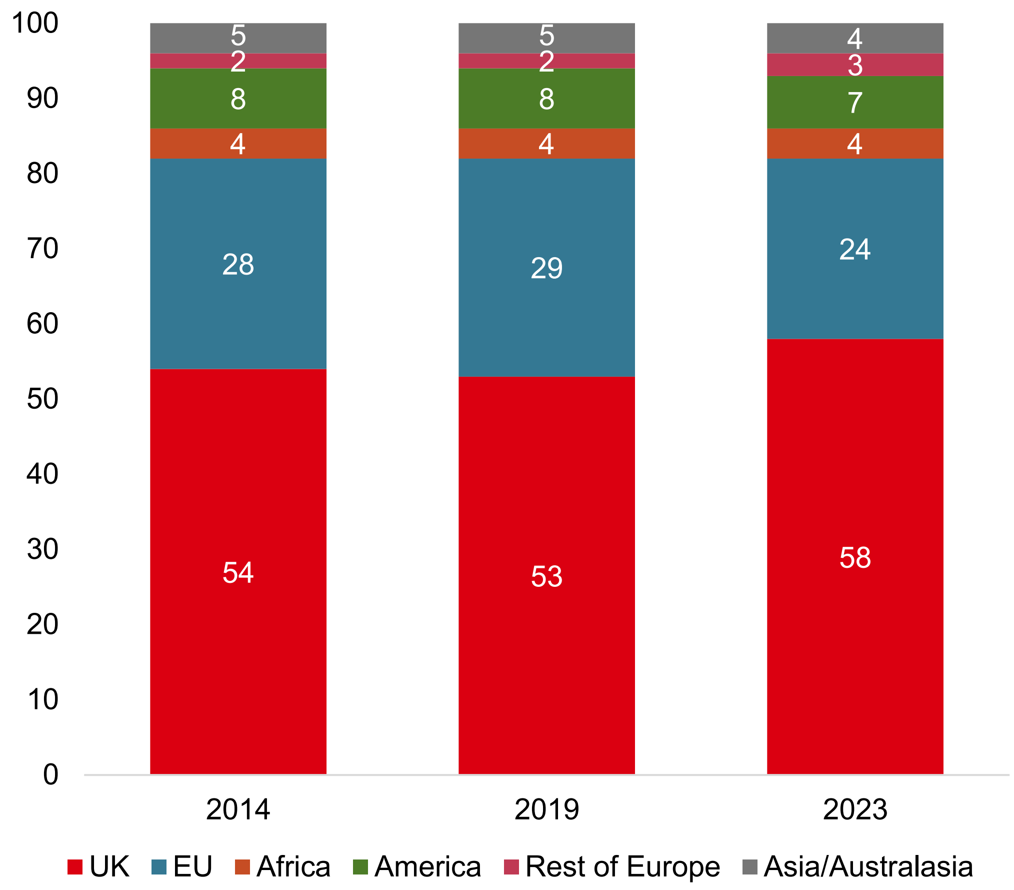
- Soft drinks challenger founded in 2017
- Revenue growth of 42.1% to £17.2m
- Stocked in 10,000+ grocery distribution points

Sources: Kantar - Most Valuable UK Brands 2025, The Grocer

UK Trade Balance

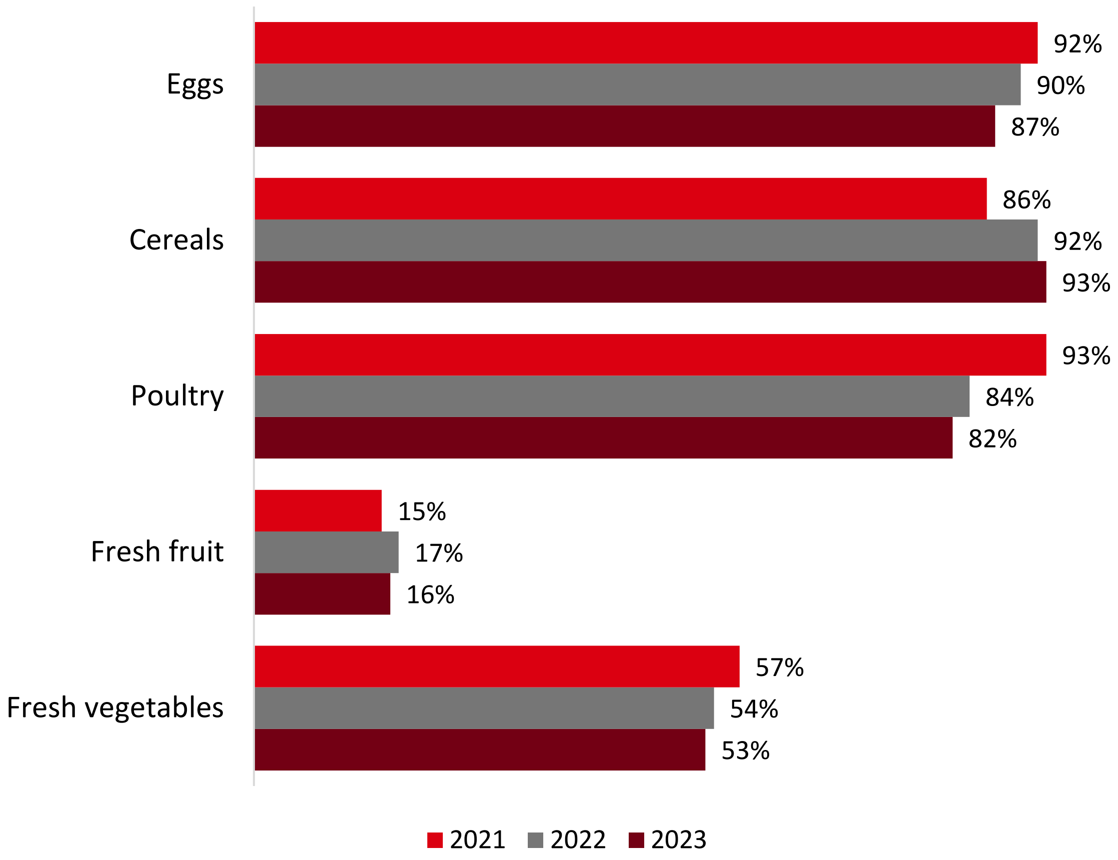
The proportion of UK produced food has grown since 2014 as EU imports have decreased

Origins of food consumed in the UK (%), 2014 to 2023



The production to supply ratio remains steady overall, changing consumer demand is leading to greater imports of certain food types

UK production to supply ratio by food type, 2021 to 2023



Sources: Defra - United Kingdom Food Security Report 2024, Defra UK trade in Food, Feed and Drink

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Global comparison

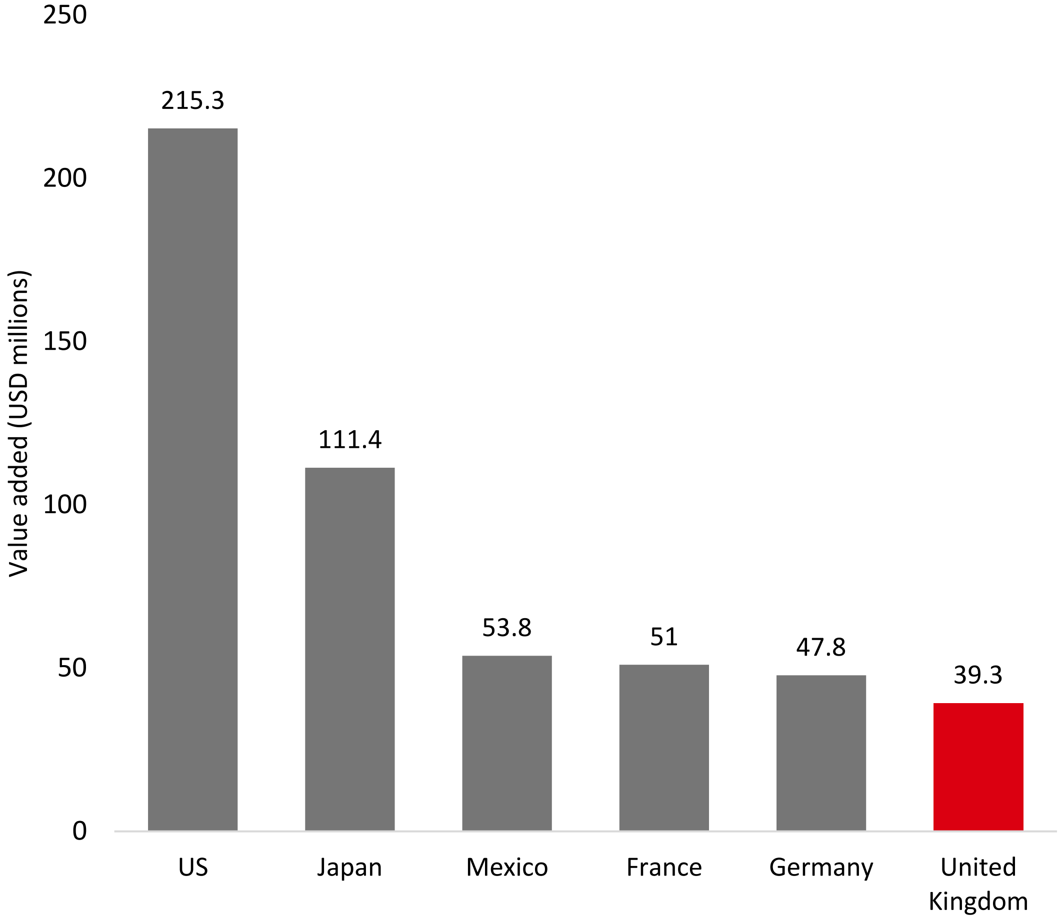
Whilst the UK continues to perform poorly on trade balance globally, with exports experiencing extra challenge in 2021

Global ranking by trade balance in food manufacturing, 2021

Rank	Country	Trade balance (US$ bn)
1	Brazil	38.85
2	New Zealand	34.53
3	Indonesia	29.49
4	Netherlands	26.79
5	Argentina	18.68
…	…	…
134	Rep. of Korea	-18.17
135	**United Kingdom**	**-24.6**
136	USA	-27.64
137	Japan	-38.83
138	China	-41.39

The British food industry remains competitive on value added, productivity, innovation and food standards

Food and beverages manufacturing - Top OECD countries by value added, 2019



Sources: UN Comtrade, OECD

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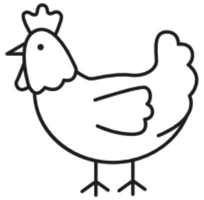
Global comparison

One of the reasons behind the trade imbalance is the relative size of the UK as a food producer

Data from 2024

Chicken



UK chickens (m)	Global chickens (m)	% of from UK
97	26,560	0.4

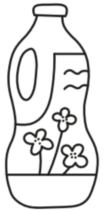
Milk

UK milk (million tonnes)	Global milk (million tonnes)	% of from UK
15.5	896.9	2

Vegetables

UK vegetables (million tonnes)	Global vegetables (million tonnes)	% of from UK
4.5	1,200,000	0.0004

Oilseeds

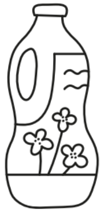


UK oilseeds (million tonnes)	Global oilseeds (million tonnes)	% of from UK
0.8	682	0.1

Cereals

UK cereals (million tonnes)	Global cereals (million tonnes)	% of from UK
19.2	2848	0.7

Rapeseed



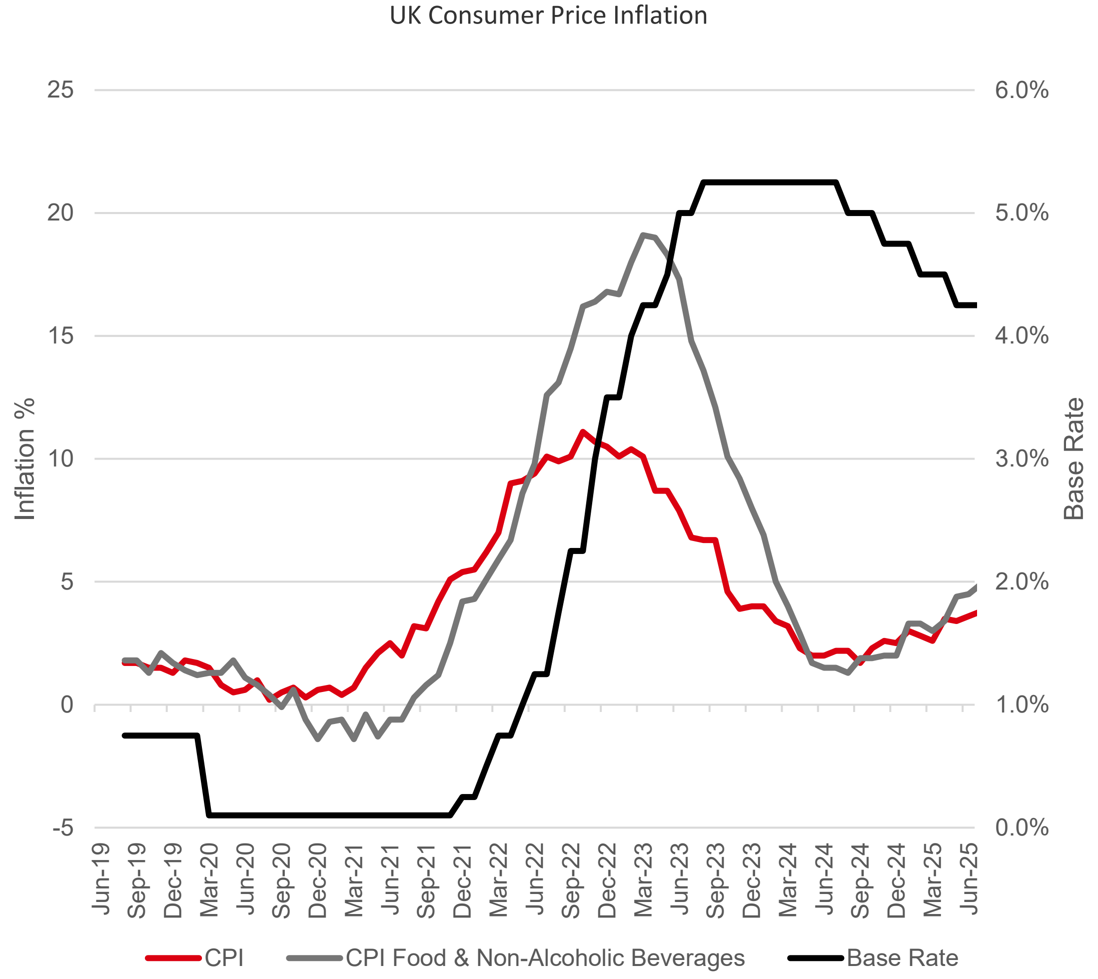
UK rapeseed (million tonnes)	Global rapeseed (million tonnes)	% of from UK
0.8	87	0.9

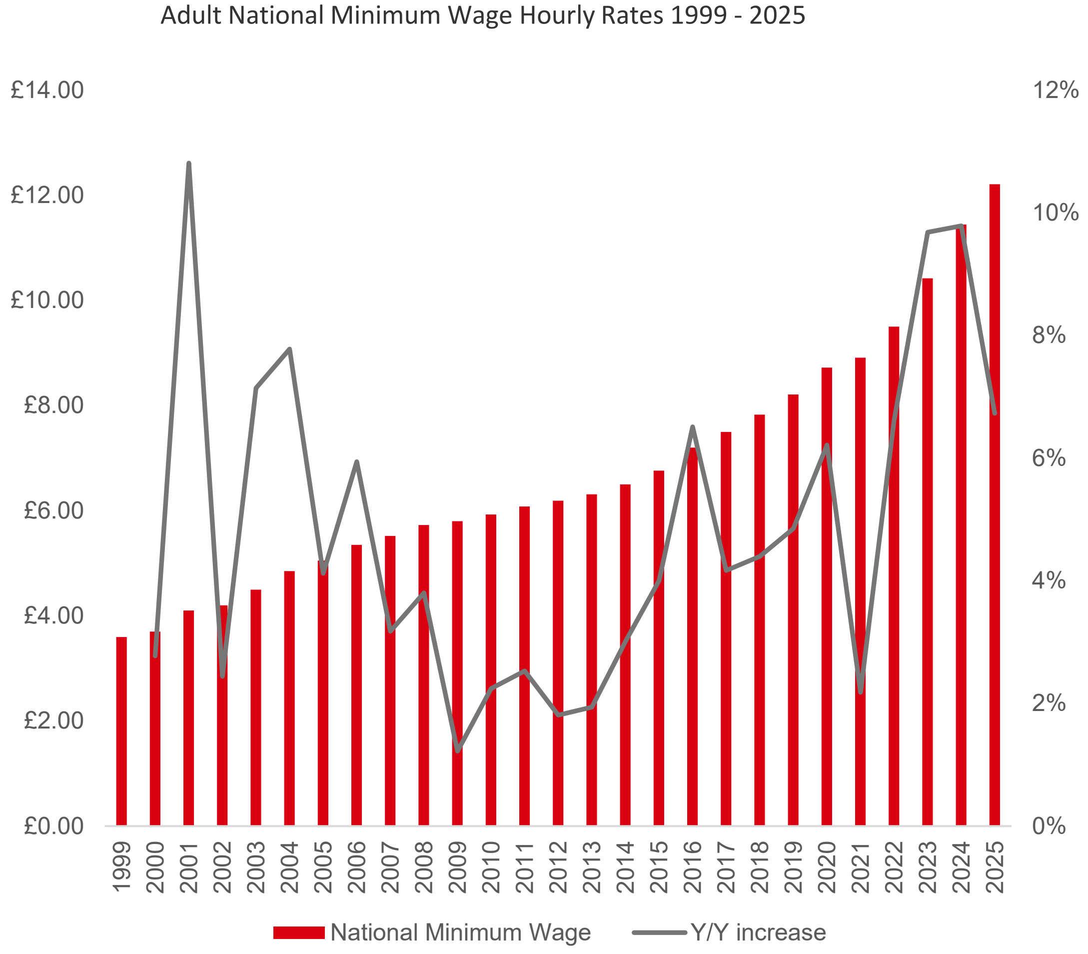
Sources: USDA, Defra - Cereal and oilseed production 2024, Defra - Horticulture statistics 2024, FAO - World Food and Agriculture Statistical Pocketbook 2024

Food inflation

Food inflation has been unprecedented, establishing a new higher level of food prices

Although raw material and energy prices have eased, labour costs remain a challenge





Sources: ONS – UK Consumer Price Inflation, National Minimum Wage Statistics – House of Commons Library

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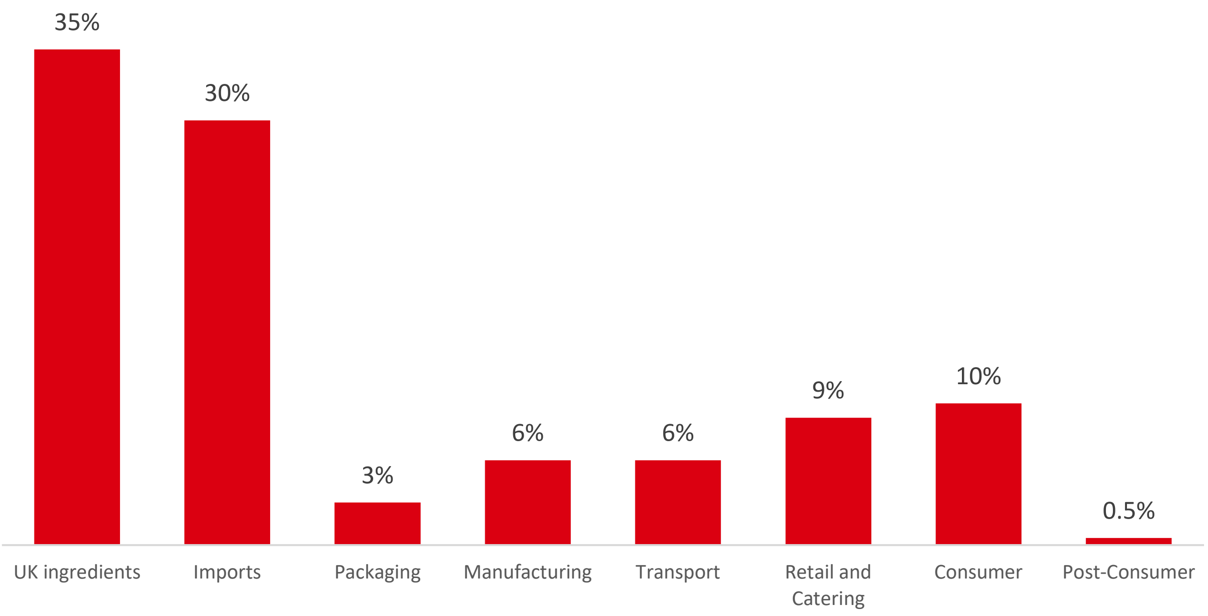
Sustainability

The food industry will play a critical role in meeting sustainability targets

- The global food system emits between 25 to 30% of global emissions
- The UK food and drink sector was responsible for about 22% of the UK's carbon footprint (158 million tonnes)

Breakdown of emissions in the UK food & drink sector, 2019



Progress has been made in the agri-food sector, but acceleration is needed to achieve targets

<u>Agriculture</u>

- Total UK agricultural greenhouse gas emissions have decreased by **12%** between 1990 and 2022, but progress has slowed since 2011
- **48%** of farmers were taking actions to reduce emissions in 2024

<u>Food manufacturing</u>

44% reduction in CO_2 emissions

30.1% reduction in water use

3.2% reduction in supply chain waste

3.9% reduction in carbon impact of packaging

Sources: FDF - Roadmap to Net Zero, Defra - Agri-climate report 2024, FDF - Ambition 2025

On the horizon

The food industry continues to face headwinds but there are reasons to be positive

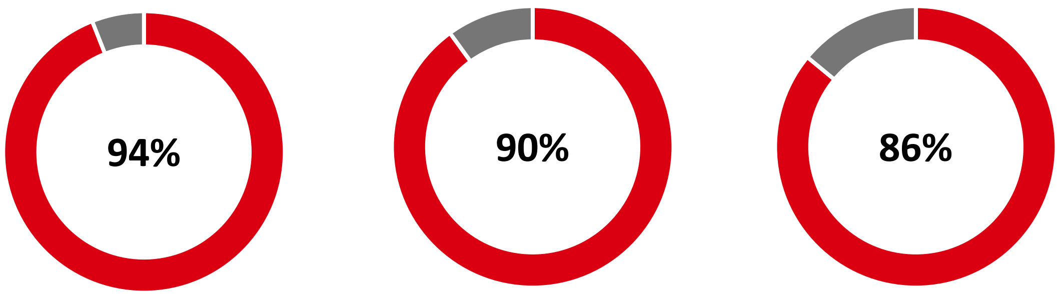
Next year is likely to bring challenges on multiple fronts

Geopolitical tension
Ongoing conflict in Ukraine continues to impact energy prices and fertiliser prices, forcing business to revaluate their supply chain

Tariffs
Whisky is already seeing the effects of 10% tariffs, with concerns Trump will reinstate the 25% rate from his first presidency when a deal expires in 2026

Packaging and waste
Introduction of Extended Polluter Responsibility introduces will increase costs for producers

However, the UK food industry continues to show remarkable resilience, helped by a clear preference amongst consumers for UK produced food



Trust food produced in the UK

Want more food produced in the UK

Confident that UK food is traceable

With the UK well positioned to turn challenges into opportunities

Climate change

Weight-loss drugs

Sources: Red Tractor - Trust in Food Index 2025

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Final thoughts

- UK food industry is a **key component** of the UK economy and demonstrates long-term resilience
- British food brands remain strong, but **challengers have entered and thrived**
- UK remains **reliant on imports**, which will persist due to high demand for non-indigenous foods, but the trade balance has shifted slightly since Brexit
- UK food industry remains competitive globally with advantages in **productivity, innovation and standards**
- **Sustainability** of the food industry remains a key target for government
- Recent years have brought **unprecedented challenge** with pressures unlikely to ease considerably soon
- However, there are **reasons to be optimistic,** and the UK food industry is well placed to capitalise as consumer preferences shift

Notes

Thank you

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