

**Required Report:** Required - Public Distribution

**Date:** March 24, 2026

**Report Number:** UK2026-0008

## **Report Name:** Food Processing Ingredients Annual

**Country:** United Kingdom

**Post:** London

**Report Category:** Food Processing Ingredients

**Prepared By:** Julie Vasquez-Nicholson

**Approved By:** Anita Katial

### **Report Highlights:**

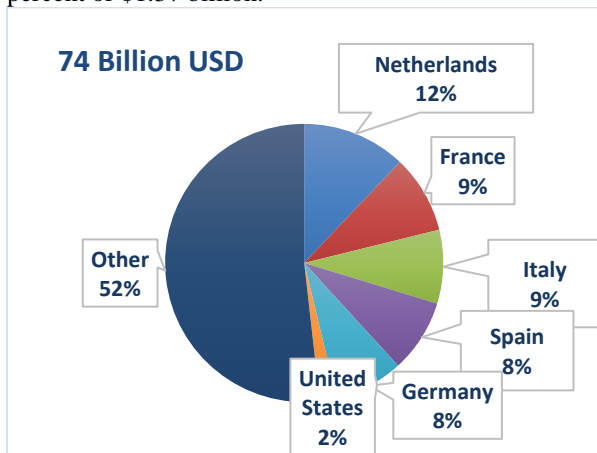
Food and drink are the United Kingdom's largest manufacturing sector. Health and wellness demands, clean label expectations (products avoiding artificial colors and flavors) and product innovation call for specialized, functional ingredients to create products without compromising taste. Inflation driven cost pressures and volatile supply chains are squeezing margins, forcing companies to re engineer formulations and sourcing strategies. New advertising and regulatory restrictions are reshaping purchasing decisions, compelling brands to rethink formulation and packaging. The UK food and drink sector continues to reinvent itself, turning challenges into opportunities for the United States.

**Market Information Sheet: United Kingdom**

**Executive Summary:** According to the [CIA World Factbook](#), the United Kingdom (UK) is an upper middle-income country, with a GDP of \$3.6 trillion. The country is a leading trading power and financial center with the second largest economy in Europe. Agriculture is intensive, highly mechanized, and efficient by European standards, but accounts for less than one percent of the gross domestic product (GDP). UK agriculture produces 57 percent of the country’s food needs, which is heavily reliant on imports to meet the demands of the UK consumer, who expects year-round availability of all food products.

**Imports of Consumer-Oriented Products**

According to Trade Data Monitor (TDM), in 2025, the UK imported consumer-oriented agricultural products totaled \$74 billion, with the United States’ market share at 1.8 percent or \$1.37 billion.



**Food Retail Industry:** The food retail sector is saturated, highly consolidated, and competitive. Based on Feb 2026 figures, the top four retailers (see Table) together account for 66 percent of the market. Discounter retailers, Aldi and Lidl combined 17.9 percent market share. This is increasingly where UK consumers shop. Independent stores face strong price competition from the top grocery stores and online retailers. According to [Mintel](#), in 2025 online purchases accounted for 13 percent of all grocery sales, with 59 percent of consumers conducting some grocery shopping online. UK consumers are willing to try foods from other countries but expect quality products at a competitive price.

**Food Processing Industry:** According to the latest [Food and Drink Federation](#) report, the food and drink sector remains the single largest employer in the UK manufacturing sector. In 2025, around 486,500 people across the UK were employed in jobs associated with food and drink manufacturing. The food and drink manufacturing sector’s output is valued at \$50 billion (37 billion) with an annual turnover of \$200 billion (£148 bn).

**Food Service Industry:** In 2024, total foodservice food and drink sales amounted to **\$133 billion**. In the last few years, the industry has faced many challenges including a cost-of-living crisis and high inflation rates on food and drink products. The industry is consumer-oriented with a significant investment in research and development. U.S. foodservice chains are popular among UK consumers.

*Quick Facts CY 2025 (\$1=£0.73 £1 = 1.34)*

**Total Imports of Consumer-Oriented Products:**  
\$74.1 billion

**UK’s Global Top Consumer-Oriented Growth Products**

1) Tree Nuts	6) Processed Fruit
2) Beef and Beef Products	7) Fresh Fruit
3) Coffee	8) Dairy Products
4) Chocolate & Cocoa	9) Egg Products
5) Poultry Meat	10) Non-alcoholic bev

**Food Industry by Channels (USD billion) 2025**

UK Retail Food Industry	342
UK Food Service - HRI	133
UK Food Processing	200
U.S. Food and Agriculture Exports	3.9

**Top 10 Host Country Retailers**

1) Tesco	6) Lidl
2) Sainsbury’s	7) Cooperative
3) Asda	8) Waitrose
4) Aldi	9) Iceland
5) Morrisons	10) Marks & Spencer

**GDP/Population**  
Population (2024) 68.4 million ;GDP \$3.6 trillion  
GDP per capita: \$52,500

**Sources:** CIA World Factbook, TDM, Kantar Worldpanel, UK Government Statistics

Strength	Weakness
UK is the largest market in Europe with one of the highest per capita incomes globally	U.S. products face competition from tariff-free products from the EU and Free Trade Agreement (FTA) partners.
Opportunity	Challenge
Demand for sustainable, healthy, free-from, vegetarian, and convenience products remains strong.	High cost-of-living remains an issue; consumers are spending less on non-essential items and have switched to private-label “generic-style” products.

## SECTION I. MARKET OVERVIEW

The UK food ingredients market is a diverse and dynamic sector that serves various industries, including food manufacturing, foodservice, and retail. The market is influenced by a combination of consumer preferences, global supply chains, technological advancements, and regulatory standards.

According to the UK's [Food and Drink Federation](#), (FDF) food and drink is the largest manufacturing sector in the UK by total sales, making it larger than automotive and aerospace combined. Latest figures available from FDF show the sector employed over 486,500 people. The sector is dominated by small and medium sized enterprises with over 98 percent of food and drink manufacturing businesses falling into this category.

The UK retail grocery sector, which is the most important market for food ingredients, was valued at \$342 billion (£255 billion) in 2025 and is an important market for global food and beverage companies and further processed ingredients. ([Institute of Grocery Distribution](#))

The sector is a dynamic landscape, which constantly evolves to meet consumer demands for healthier, more sustainable, and convenient food options. While the market continues to present opportunities for growth, it's also facing challenges, particularly concerning labor shortages.

The UK food ingredient market encompasses a broad spectrum of products, ranging from basic commodities like grains and oils to specialized ingredients like flavor enhancers, preservatives, and functional additives. The sector is driven by the following factors:

- **Increased Consumer Awareness:** Growing consumer health consciousness fuels demand for natural, organic, allergen-free, and "clean label" ingredients.
- **Growing Population:** A consistently expanding population naturally increases the overall demand for food and, consequently, food ingredients.
- **Innovation in Food Manufacturing:** The food industry is constantly innovating, leading to the development of new products, and requiring specialized ingredients.
- **Demand for Convenience Foods:** Busy lifestyles drive demand for ready-to-eat meals and processed foods, which rely heavily on various food ingredients.

This means there are opportunities for both domestic and international players. Categories like plant-based proteins, sustainable packaging materials, and innovative ingredients are experiencing particularly strong growth.

### Current trends in this market sector include:

- **Health and Wellness:** Growing consumer focus on clean label products, reduced sugar, fat, and salt, as well as fortification with vitamins, minerals, and plant-based alternatives.
- **Clean Labels and Natural Ingredients:** Consumers are actively seeking products with no artificial colors, no preservatives etc., with shoppers avoiding ultra processed foods. This is forcing manufacturers to reformulate products using natural ingredients where possible.
- **Functional Ingredients:** Demand for functional foods (foods that claim to improve health) is growing. The UK is an innovator in this sector.

- **Sustainability:** More sustainable sourcing, eco-friendly packaging, and minimizing food waste are key priorities for both consumers and brands.
- **Regulatory Rules:** new advertising/regulation rules (HFSS restrictions, deposit return schemes etc.) are shaping how ingredients are purchased especially those associated with sugar and fat.

### Challenges:

- **Inflation and Cost Pressures:** Consistent food inflation (energy costs, wages, commodity pricing) is squeezing the margins for manufacturers.
- **Supply Chain Volatility:** Bad weather, crop failures etc. are resulting in increased costs and lack of products. The UK has experienced one of its wettest winters, and Spain and Morocco have also experienced extensive flooding.
- **Labor shortages** remain across the sector which have worsened since Brexit.
- **Regulatory and Compliance Costs:** Stricter food safety regulations, packaging laws, and environmental standards are adding complexity and cost to already businesses.

### Opportunities and Growth Areas:

- **Ingredients that support health claims** (protein, gut health, pre/pro biotics etc.).
- **Clean Labels:** Consumers are looking for products with natural enzymes, sweeteners, and flavor systems.
- **Technology:** Investment in automation, AI, and smart manufacturing is seen as key to improving efficiency and traceability in processing operations.

In 2026, according to [Food Manufacture Magazine](#), the food and drink products expected to grow in popularity are those that cater to:

- *Flexitarian* – there is a significant shift in UK foodservice towards plant forward menus, driven by flexitarian consumers wanting plant-based ingredients and comfort food.
- **Premium Ready Meals** – Economic pressures are pushing consumers to purchase better quality fresh (not frozen) ready meals as an alternative to eating out and considered to be the same quality of a restaurant.
- **Fiber** - Products featuring beans have increased in popularity fueled by “Bang in Some Beans” campaign, a three year UK initiative led by the [Food Foundation](#). 66 percent of consumers are eating more fiber to support their gut.
- **Low and non-alcohol product demand** continues to intensify. Consumers are also looking for drinks that are naturally functional (beverages formulated with natural ingredients like herbs or prebiotics designed to offer health benefits).

In 2026, several new regulations will come into force that will affect the food manufacturing sector. These include:

- **Restrictions on Advertising and Promotions of Less Healthy Foods:** On January 5, 2026, advertising bans on products high in fat, salt, and sugar came into effect, meaning a television advert ban of these products between 5:30am and 9:00pm. This applies to companies with more than 250 employees.
- **Cell-Cultivated Food Guidance:** The [Food Standards Agency](#) will publish guidance throughout 2026 on safety, production, and labelling of cell-cultivated products.

According to [Statista](#), in 2025, the largest number of food manufacturing facilities in the UK are in London, with 1,660 enterprises. This is followed by the Northwest, with 1,000 sites. Northern Ireland has the fewest enterprises involved in the manufacturing of food, amounting to 495.

Dominant food trends include a focus on health, sustainability, ethics, and transparency of ingredient sourcing. Companies are also growing the use of “clean labels” (no artificial ingredients or synthetic chemicals). Other trends include vegan and plant-based diets, products free-from (allergens), as well as alcohol-free beverages.

As in the United States, the UK requires highly technical specifications for food ingredient products, traceability, and compliance with certification schemes. In the UK, these are set by the [Food Standards Agency](#) (FSA). Further information on import requirements for the UK is available from the UK Food and Agricultural Import Regulations ([FAIRS](#)) Report.

### Advantages and Challenges for U.S. Companies

Advantages	Challenges
The UK is a highly developed economy where consumers have one of the highest income levels worldwide.	UK consumers demand high quality and low prices. Many U.S. products are more expensive than local alternatives, due to import tariffs and higher shipping costs.
UK climate limits growing seasons and types of products that can be grown. According to <a href="#">government statistics</a> , the UK needs to import 43 percent of food products to meet consumer demand.	Private certifications requiring third party independent audits are often required, e.g., British Retail Consortium (BRC), GlobalGAP, and Marine Stewardship Council (MSC).
The UK historically is a trading nation with sophisticated food supply chains.	One of the primary obstacles for U.S. food and farm exports in the UK is the negative perception of U.S. agriculture.
The UK has a large, well-developed food processing industry, requiring a wide range of ingredients, from low-value, highly processed food to high-value, lightly processed ingredients.	Exported products must meet the UK’s extensive sanitary (animal health) and phytosanitary (plant health) regulations, which makes exporting certain animal, plant and dairy products challenging. Under the framework of the proposed UK-EU Sanitary and Phytosanitary (SPS) agreement, exports to Great Britain will have to meet the EU’s food safety requirements.
There is considerably more interest in exporting to the UK as a potential trading partner since Brexit.	The UK demands high technical specifications, sustainability, ethics, and transparency in the supply chain.
The UK is English speaking and is therefore easier for U.S. exporters to trade with when they start to export.	Strong trade barriers exist for animal-origin products, including poultry and beef.

## **SECTION II. ROAD MAP FOR MARKET ENTRY**

### **Entry Strategy**

Market research is vital for success. Desk research, travel to the UK, and/or paid consultant reports are recommended for businesses considering entry into the UK market. This will ensure you understand the demand for your product, current trends, and consumer preferences. It is also important to research the competition and identify any gaps in the market that your product can fill. This will help you to determine the potential success of your product in the UK market and make any necessary adjustments to your product or marketing strategy. Following this you need to establish a strong network through partnerships with local distributors, importers, retailers, or online marketplaces.

### **Import Procedure**

You will also need to have a good understanding and comply with UK regulations and standards. The UK has strict food safety and labeling regulations, and it is important to ensure that your product meets all the necessary requirements before entering the market. UK importers/buyers are responsible for compliance with import and labeling conditions before placing products in the market. To do this, UK companies will request information from U.S. suppliers on ingredients, processing methods, and relevant certifications. Further information on import requirements for the UK is available from the UK Food and Agricultural Import Regulations ([FAIRS](#)) Report.

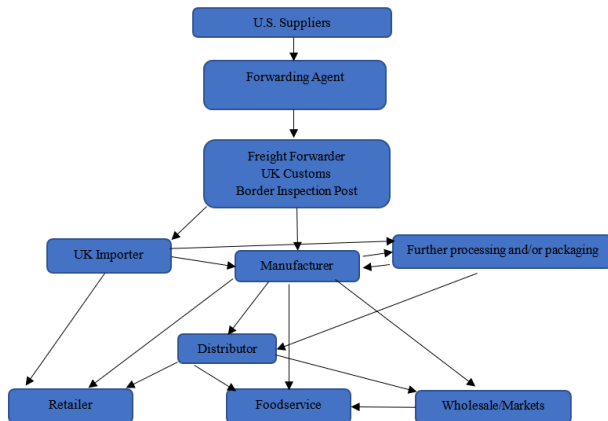
In addition to regulations, it is also important to consider cultural differences when developing an entry strategy. The UK has a diverse population, and it is important to understand the cultural nuances and preferences of different demographics. This can greatly impact your marketing strategy and help you tailor your product to better suit the local market. FAS GAIN reports are a useful source for country specific information. Information can be found [here](#).

Once U.S. companies have acquired this information, they may consider attending or visiting one of Europe's [USDA-endorsed trade shows](#). They serve as a springboard into the market, helping companies establish new trade contacts and gauge product interests. The [International Food Exhibition](#) is an USDA-endorsed tradeshow that takes place in London during March each year. It is the UK's largest food trade show and includes six shows in one. If you would like information about this show, please send an email to [aglondon@usda.gov](mailto:aglondon@usda.gov).

### **Distribution Channels**

U.S. ingredients can reach the market through retail, foodservice, wholesale, or consumer markets. In most cases, ingredient products are imported directly by a manufacturer or by an importer who sells them to one or more manufacturers.

## Routes to Market Flow Chart



## Market Structure

The UK has a dynamic food scene where every type of food product is available through traditional and online grocery stores, wholesalers, markets, and foodservice outlets. UK manufacturers that incorporate U.S. ingredients into their products can use any of these options, depending on the final product characteristics and price point. Themes that unite all routes to market are provenance, traceability, clean labels, and sustainability. For more information on the UK market structure, please view our [retail](#) and [exporter](#) guide reports.

## Share of Major Segments in the Food Processing Industry

According to [government data](#), 57 percent of food and drink consumed in the UK is produced domestically. Twenty-five percent is sourced from the EU due to proximity. Five percent from Africa, four percent from Asia, three percent from South America, two percent from the United States and Canada combined and, finally one percent from Australia.

Latest [data](#) shows that the manufacture of food products remains the largest sector within UK manufacturing, representing 21 percent of total manufacturers sales. In 2024, sales of manufactured food products were \$128 billion (£95.9 billion). This figure does not include beverages, which are grouped with tobacco in the statistical overview by the UK's [Office for National Statistics](#). Products showing notable increases were fresh or chilled cuts of beef and veal, with sales increasing by £964 million - 18.6 percent.

## Relative Size of UK Manufacturing Sectors

The largest food manufacturing sectors in order of importance are meat processing, dairy products, bakery products, animal feeds, and grains. The largest drink manufacturing sectors are soft drinks, spirits, beer, and cider.

The UK runs [trade deficits](#) in every food category, but particularly in fruit and vegetables. Conversely, the UK has consistently demonstrated a modest trade surplus in drink products largely due to exports of Scotch whisky.

## Manufacturing Company Profiles & Company Products

Key players include:

<a href="#">2 Sisters Food Group</a>	<a href="#">Coca-Cola</a>	<a href="#">General Mills</a>	<a href="#">PepsiCo</a>
<a href="#">AF Blakemore and Son</a>	<a href="#">Danone</a>	<a href="#">Mars</a>	<a href="#">Unilever</a>
<a href="#">Associated British Foods (ABF)</a>	<a href="#">Diageo</a>	<a href="#">Mondelez</a>	<a href="#">United Biscuits</a>
<a href="#">Bakkavor</a>	<a href="#">Dunbia</a>	<a href="#">Nestle</a>	<a href="#">Whitbread</a>
<a href="#">Brakes Group</a>	<a href="#">Findus Group</a>	<a href="#">Nomad Foods</a>	

### SECTION III. COMPETITION

If the UK or other countries in Europe produce a raw ingredient, there is greater competition for other countries such as the United States due to the free trade agreement between the UK and the EU, limiting the need to source these ingredients from outside of the EU. This is likely to be even more the case in the second half of 2027, when the proposed UK-EU SPS agreement is due to be implemented. There is also a considerable level of production and complex domestic regulations on meat, poultry, and dairy industries in the EU. For this reason, U.S. food ingredients from these categories may be more challenging. However, during seasonal periods or if supplies fall short, exports from the United States could benefit by supplying products in demand. These are short-term trades and difficult to predict.

The United States has historically performed better in food ingredient sectors where it is able to provide high-quality products not readily available in northern Europe, such as fruits and nuts.

The United States is the largest non-EU supplier of agricultural, food and fish products to the UK. Depending on the product category, competition is high from Norway, Iceland, and China (fish), Canada (dry beans, wheat, corn), South Africa (citrus, apples, grapes), Chile (apples, grapes), Argentina (soybean meal, corn, red meat products), Brazil (soybeans, sugar cane, red meat products) and Turkey (dried fruit).

### SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Opportunities for U.S. products can be found in high-quality, innovative, health-conscious, planet-conscious, and plant-based food ingredient products.

#### Products in the market that have good sales potential

- Wheat products and rice
- Dry beans and legumes
- Dried fruit and nuts including walnuts, pistachios, almonds, raisins, prunes etc.
- Specialty seeds (e.g., flaxseed, linseed, poppy)
- Natural colors, flavors, additives for processed food and drink manufacturing
- Gums and resins
- Fresh fruit and vegetables not grown in UK, organic, or available outside of UK season – e.g., sweet potatoes, Florida grapefruit, apples etc.
- Preserved fruit and vegetables, juices, and fruit concentrates
- Soybeans, distillers dried grains (animal feed)

### **U.S. Products not present in the market in significant quantities, which have good sales potential**

- Ingredients for ethical, natural, organic and health food industries
- Fresh, organic herbs and specialty horticultural products with GlobalGAP or similar certification
- High-quality frozen products with no or minimal animal product content
- Products to substitute or help with re-formulation to low sugar, low fat, or other health claims
- Dairy products

### **Products not present because they face significant sanitary and phyto-sanitary barriers to trade**

- Red meat and products that contain hormones
- Poultry, eggs, and their products
- Products with food additives or pesticide/herbicide residues not approved by the UK
- Products of genetic engineering not approved by the UK

## **SECTION V. KEY CONTACTS AND FURTHER INFORMATION**

Foreign Agricultural Service (FAS)/United States Department of Agriculture (USDA)  
Embassy of the United States of America 33 Nine Elms Lane, London SW11 7US  
Tel: +44 (0)20 7891 3313 Email: [AgLondon@usda.gov](mailto:AgLondon@usda.gov) [www.fas.usda.gov](http://www.fas.usda.gov)

Please review and follow FAS London's social media sites:

Twitter: [@USagricultureUK](https://twitter.com/USagricultureUK), Instagram: [@SavortheStates](https://www.instagram.com/SavortheStates), Website: [www.savorthestates.org](http://www.savorthestates.org) and [LinkedIn](#) account.

### **UK Government Departments**

**Department for Environment, Food & Rural Affairs** – Government Agency for Agriculture.

Tel: +44 20 7238 6951 E-mail: [helpline@defra.gsi.gov.uk](mailto:helpline@defra.gsi.gov.uk) Website: [www.defra.gov.uk](http://www.defra.gov.uk)

**Food Standards Agency** - Government Association on UK food safety standards and policies

Tel: +44 330 332 7149 Email: [helpline@food.gov.uk](mailto:helpline@food.gov.uk) Website: [www.food.gov.uk](http://www.food.gov.uk)

### **UK Trade Associations**

**Institute of Grocery Distribution** - Food and grocery chain trade association.

Tel: +44 1923 857141 E-mail: [askigd@igd.com](mailto:askigd@igd.com) Web: [www.igd.com](http://www.igd.com)

**Food and Drink Federation** - Trade association for UK food and drink manufacturing industry.

Tel: +44 20 7836 2460 E-mail: [generalenquiries@fdf.org.uk](mailto:generalenquiries@fdf.org.uk) Website: [www.fdf.org.uk](http://www.fdf.org.uk)

**Fresh Produce Consortium** - UK trade association for the fresh produce industry

Tel: +44 1733 237117 E-mail: [info@freshproduce.org.uk](mailto:info@freshproduce.org.uk) Website: [www.freshproduce.org.uk](http://www.freshproduce.org.uk)

**Health Food Manufacturer's Association** - Association for health products industry.

Tel: +44 20 8481 7100 E-mail: [hfma@hfma.co.uk](mailto:hfma@hfma.co.uk) Website: [www.hfma.co.uk](http://www.hfma.co.uk)

**British Frozen Food Federation** - Trade association for all aspects of the frozen food industry.

Tel: +44 1400 283 090, E-mail: [generaladmin@bff.co.uk](mailto:generaladmin@bff.co.uk) Website: [www.bfff.co.uk](http://www.bfff.co.uk)

### **Attachments:**

No Attachments