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New Brexit charges could cost SMEs £2bn

4-minute read



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From 30 April 2024, new post-Brexit import checks will add fees onto certain imported goods, with data from Allianz Trade suggesting it could cost UK SMEs up to £2bn.

With food and plant products being hit hardest by the charges, some businesses could be disproportionately affected. Read on to find out what's changing, if your business will be affected, and how much it's likely to cost you.

New Brexit import checks – what's changing?

Ever since we left the European Union (EU), the UK has dealt with increased [import and export fees](#) as well as supply chain issues. So news of further regulation could be quite concerning for small business owners.

What's being introduced is a 'common user charge', which means there'll be increased border checks on high and medium-risk plant and food products imported from the EU. These checks will add up to a maximum charge of £145 on each import.

There's a government [breakdown of the charges](#), explaining when they apply and how they're calculated. There's an [extensive list](#) of what's considered medium and high-risk, but common items include:

- eggs
- live trees
- plants
- milk
- meat and certain fish products

What impact will this have on small businesses?

While a potential £145 bill doesn't sound too expensive, it has the potential to hit small businesses hard. The cost of running a business has risen sharply over the last few years with energy prices and inflation affecting profits for many. An extra fee every time you import these products from the EU could reduce margins further.

The Head of Trade Policy at the British Chambers of Commerce, William Bain, was critical of the new charge, saying: "A flat rate fee for bringing most animal and plant products into the

UK is a hammer blow for small and medium-sized importers. It's also deeply concerning for retailers, cafes and restaurants."

Highlighting the point that certain business sectors will be disproportionately affected by this fee, with hospitality being the clearest example. But the effects could be broader.

Fears grow over rising food costs

According to the [report from Allianz Trade](#), high and medium-risk plant and food products make up three per cent of all UK imports. Increased checks on a large section of imports could lead to [supply chain issues](#) as well as higher food costs.

Phil Pluck, the Chief Executive of the Cold Chain Federation said: "Our main concern is that this is now certain to negatively affect food prices... UK importers of medium and high-risk goods will have to pass this cost on to either the EU importer, the smaller UK retailer, or the UK consumer.

"Ultimately, this will increase business costs and food prices and potentially lower choices for the shopper," he added.

One of the outcomes of higher import fees is that small businesses might reconsider their current [supply chain](#) and include more UK-based suppliers to avoid extra fees.

Industry warns of "huge new cost burden"

Figures from the gardening and hospitality industry have been critical of the new charges, claiming that the government has prioritised regulation over UK businesses.

James Barnes, the Chairman of the Horticultural Trades Association, shared his thoughts: "This will be a huge new cost burden for many, hitting SMEs hard... the charges will undoubtedly increase costs, potentially reduce consumer choice, and increase the likelihood of empty shelves."

A government spokesperson defended the checks, saying: "Our world-class border facilities will provide essential biosecurity checks to protect our food supply, farmers and environment against costly disease outbreaks entering the UK through the short straits.

"The charges follow extensive consultation with industry and a cap has been set specifically to help smaller businesses. We are committed to supporting businesses of all sizes and across

all sectors as they adapt to new border checks and maintaining the smooth flow of imported goods.”

The government is phasing in these checks over the next 12 months to reduce the impact on small businesses and supply chains.

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