

# Brazil reveals UK officials still have the EU's attitude of mind

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## Brazil reveals UK officials still have the EU's attitude of mind

By Catherine McBride

IT WOULD APPEAR that everything is being blamed on Liz Truss. According to *The Independent* *"There is little prospect of a post-Brexit trade deal with Brazil in the near future because of strained relations between Britain's Conservative Government and the new administration of Luiz Inacio Lula da Silva."*

But read a bit further and we also learn the impasse has nothing to do with the two governments disliking each other, nor Liz Truss's negotiations with the previous Bolsonaro government, but everything to do with the UK's on-going mercantilist trade objectives.

The Brazilian's opinion of the UK was telling: *"They want access to the financial market, IT and education, yet there are barriers to the import of Brazilian meat products, especially beef."*

And then the Lula team precisely nailed the problem: The UK *“seem to have EU regulations in place, despite Brexit.”*

And this is a problem for the whole of the UK – we voted to leave the EU over 6 years ago, then left the EU almost 3 years ago, the transition period finished almost 2 years ago – but very few rules, regulations or even public servant attitudes have changed.

The greatest benefits from trade come from being able to *import* things that are produced more efficiently in other countries. Yet 50 years stuck in the EU has made the UK trade negotiators very mercantilist – they only want to **export** goods and services.

The UK has relied on imported food for 180 years.

Many foods that are commonplace in UK kitchens today cannot be grown here: oranges, bananas, rice, soy, coffee, tea, avocados, capsicums, almonds, peanuts, even pepper is imported.

Other foods we import because we cannot grow *enough* to feed our ever-expanding population. For example, milling wheat for bread, pork, beef, potatoes and carrots. This includes about 300,000 tonnes of beef each year – but imported exclusively from EU countries with no tariffs or quotas.

Then there's a third group, where we import foods when they are out of season in the UK – such as apples and lamb.

To be successful in trade, countries need either a very low-cost economy, a relatively weak currency, and a highly competitive market or if countries have a high-cost economy and a relatively strong currency, then they need to have high productivity and highly efficient industries. Farming is no different.

Unfortunately, UK beef producers have the worst of both

worlds: they operate in a high-cost economy with a relatively strong currency, but have small inefficient farms and low productivity.

Brazilian beef producers are the opposite: they benefit from a low-cost economy and a relatively weaker currency, but have also adopted highly efficient farming methods. They also have the world's largest beef herd and massive grasslands, not in the Amazon as *The Independent* article tries to imply, but in the Central West, South East and South regions of the country.

Without a trade deal with Brazil, this not only makes it difficult for our financial service, IT, or educational businesses to export there, but also maintains higher food costs to UK consumers at a time when food costs are high – and made higher by imported animal feed prices inflated by the war in Ukraine. Many of our present EU supplies will be hit by imported feed prices even more than the UK – the soaring price of Lurpak butter is a prime example. Danish dairy cows are fed soy.

Instead, we are happy to import into the UK soybeans from Brazil to feed our own chickens, pigs and dairy cattle – as well as buy meat and dairy products from the EU that are also fed soybeans imported from Brazil. The EU imports approximately 31 million tonnes of soy-based animal feed each year – 12.5% of global production.

*As it takes multiple tonnes of feed to produce a tonne of meat, there would be far fewer food miles involved if we just imported meat directly from Brazil.*

Unfortunately, even if the UK signed a deal with Brazil tomorrow, it is likely to be similar to those signed (*but not yet operational*) with Australia and New Zealand: it will be 15 years before the UK can import unlimited amounts of beef tariff-free from Australia or New Zealand. Like Brazil, both are highly efficient beef producers with a weaker currency.

And while some may be persuaded that protecting the UK's beef farmers is a price worth paying, this mercantilist protection also restricts other UK agricultural products being exported to Brazil. Products like whisky, stilton, cheddar and smoked salmon could sell well in Brazil with a preferential trade deal.

Note to UK Government: not all UK farmers are beef farmers.

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