Non-tariff barriers and consumer prices: Evidence from Brexit

Discussion of Bakker, Datta, Davies and De Lyon (2026)

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Paper overview and main contributions

Research question
How did Brexit-induced non-tariff barriers affect UK consumer food prices?

Empirical strategy

- Monthly UK consumer prices for 70 HS6 products.
- Exposure to EU imports before Brexit and variation in NTB intensity.

Main findings and contributions

- **Prices:** Brexit increased UK food prices by around 12%.
- **Anticipation:** Price effects emerged before the TCA entered into force in January 2021.
- **Mechanism:** A model of anticipatory investment in compliance capabilities.
- **Welfare:** Consumer losses, domestic producer gains, and regressive distributional effects.

1. Connecting prices and trade flows

The link with the literature on trade flows could be made more explicit.

- Bakker et al. document anticipatory increases in consumer prices, with a sharp initial jump in December 2019, followed by a more gradual adjustment.
- The Brexit trade literature finds limited persistent adjustments before 2021, followed by a substantial decline in UK–EU trade after the TCA (Federico and Giglioli, 2026; Freeman et al., 2025; de Lucio et al., 2024; Gasiorek and Tamberi, 2023).
- *Caveat:* These studies cover goods trade more broadly, not specifically the food products examined in this paper.

⇒ How can the different timing of prices and trade flows be reconciled?
⇒ In particular, how can the jump in December 2019 be consistent with the literature in trade flows?

2. Price data collection and identification

- **December 2019:** the authors find a jump in CPI, but ONS prices were collected on 10 December, two days before the general election on 12 December.

  $\Rightarrow$ The initial price jump cannot reflect firms' responses to the election outcome, although expectations of a Conservative victory may have already been priced in.

- **Covid-19:** ONS price collection procedures changed during the pandemic, including a shift away from in-person collection.

  $\Rightarrow$ The paper already shows that results are robust to excluding pandemic periods. However, a discussion on the quality of the survey and how changes in ONS price collection methods could have affected sample composition and price comparability would be advisable.

3. Alternative mechanisms: domestic market structure

How much of the price response reflects higher compliance costs versus changes in domestic supply and market structure?

- Domestic supply is assumed to be inelastic in the model.
- Brexit may have affected domestic production and the competitive structure of UK food markets.
- Higher consumer prices could also reflect supplier exit or reduced product variety.
- Production relocation outside the UK is another possible adjustment channel.

$\Rightarrow$ Evidence on domestic output, plant closures, firm entry/exit and market concentration could help assess the relevance of these alternative mechanisms.

4. NTB severity versus uncertainty

Does uncertainty have an independent role beyond expected future NTB costs?

- The theoretical model distinguishes NTB severity from beliefs about future trade barriers.
- Empirically, NTB intensity is proxied by World Bank and GTAP ad valorem equivalents, and counts of SPS measures.
- These measures capture regulatory intensity rather than uncertainty about future trade barriers.

$\Rightarrow$ Could revisions to announced UK border-control requirements and implementation dates help distinguish regulatory uncertainty from expected NTB costs?

Additional comments and robustness checks

- **External validity:** Food products are particularly exposed to SPS requirements, perishability and border delays. How generalizable is the anticipatory investment mechanism?
- **Reallocation of imports:** Alternative suppliers may offer different purchase prices, potentially mitigating or amplifying consumer price increases.
- **Northern Ireland:** How is its special post-Brexit trading regime accounted for in the analysis?
- **Rules of origin:** Consider a robustness check using product-level RoO restrictiveness measures.
- **NTB heterogeneity:** Explore non-linearities using NTB intensity quintiles rather than a high/low split.