

Brussels, 19th June 2018

Brexit: Measures to be adopted as a matter of urgency, regardless of the outcome of the Withdrawal negotiations

CELCAA is the association representing the agri-food and agri-commodities' trade in the EU and across the Channel. Members include the trade in grains, rice, sugar and agro-supply; wine, dairy and meat; fresh fruit and vegetables, potatoes; cut flowers and pot plants; dried fruit, nuts and processed fishery products; and other general produces.

Agri-food trade is among the most affected sectors by Brexit, given the deep degree of interdependence existent across the Channel. This was highlighted in the November 2017 Research of the European Parliament¹, which asserted that, in the absence of any trade agreement, EU27 agri-food exports to the UK will face significantly increased levels of protection, up to 18.3% in terms of Most Favoured Nation (MFN) tariffs, and non-tariff measures of up to 45.4%. This would greatly affect the agri-food sector, which currently represents 11% of bilateral trade flows between the UK and the EU27 (more than 40 billion euros in EU exports to the UK and over 15.4 billion euros of UK agricultural imports into the Union).

The current situation is therefore of particular concern, especially given the lack of certainty over the so-called transition period, which can only be guaranteed once the Withdrawal Agreement is concluded and ratified, as well as the uncertainty over the nature of future EU-UK trade relations. Against this backdrop, CELCAA calls for the United Kingdom and the European Commission to consider the following measures as a matter of urgency, in order to ensure the maintenance of EU-UK trade flows and the assurance of the UK supply, regardless of the outcome of Withdrawal negotiations:

1. Finalisation of WTO Tariff Rate Quotas allocations negotiations.

These should be realistic and economically viable for both parties, as well as for exporting partners, in order to avoid trade irritants and provide maximum visibility for food business operators.

2. Safeguard of Geographical Indications (GIs) protection on both side.

The Geographical Indication system is a key pillar of the European agricultural policy and a fundamental asset for the trade of high-added-value agri-food products. CELCAA strongly encourages the United Kingdom and the European Union to secure the protection of existing Designations of Origin (PDOs) and Geographical indications (PGIs) within the withdrawal agreement, and to preserve the same level of protection after Brexit. Rules on enforcement of the protection of GIs (including *ex officio* enforcement actions) and coordination of controls between public authorities shall be kept. Regarding potential future GIs, we believe that the future EU27-UK FTA should include references to mutual recognition and to a protection system based on direct references to each party's GIs register and rules for enforcement.

¹ November 2017, *Research for AGRI Committee - Implications of 'Brexit' for the EU agri-food sector and the CAP: budgetary, trade and institutional issues*, Directorate-General for Internal Policies, Policy Department for Structural and Cohesion Policies, Agriculture and Rural Development, available here: [http://www.europarl.europa.eu/RegData/etudes/STUD/2017/602013/IPOL_STU\(2017\)602013_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2017/602013/IPOL_STU(2017)602013_EN.pdf)

- 3. Swift assessment of additional needs of competent authorities** in terms of capacity-building (IT systems, infrastructure, equipment, new procedures for the issuance of certificates, etc.). The recruitment and training of new Customs Officials, as well as veterinarians and public civil servants from other agencies or ministries will also be needed to ensure that any additional border controls take place swiftly, especially when it comes to perishable goods (e.g. new sanitary and phytosanitary documentations; veterinary certificates; certificates of origin; organic certificates etc).
- 4. Assistance to agri-food operators, mostly used to trading within the Single Market, to ease their adaptation to the new reality** (e.g. procedures and potential costs of issuing new certificates, customs arrangements, VAT procedures, etc.). Nominating national Brexit coordinators to disseminate information and expertise would also be a good option to consider.
- 5. Streamline of border controls and provision of alternatives:** secondary legislation of the Regulation of the Official Food and Feed Controls currently being discussed should seek to maintain the easy flow of trade in agri-food products across the Channel. While some controls and physical inspections at the border will be necessary, CELCAA insists that the possibility to perform phytosanitary checks in the hinterland rather than border control posts is maintained and further promoted. This would reduce the pressure on border posts and allow for shorter waiting-times.. Digitalisation of documentation shall also be developed further to streamline controls. In this regard, CELCAA calls on the Commission and Member States to invest time and resources necessary to adapt the TRACES system and its modules, but also to make TRACES able to deal with electronic systems that will be implemented in the UK to facilitate exchange of information amongst competent authorities across the channel.
- 6. Risk-based controls under the Regulation on Official Food and Feed:** CELCAA calls for the frequencies of checks to be based on a realistic, risk-based approach, taking into account the existence of well-established trade flows.
- 7. Promotion of the Authorised Economic Operators status:** agri-food operators urge authorities to promote the AEO to minimise security and safety-related controls. CELCAA also calls for the regime's shortcomings in terms of costs and complexity to be addressed, thus enabling SMEs to participate. Mutual recognition of UK and EU27 AEOs should also be in place.
- 8. Use of the Registered Exporter System (REX)** to facilitate the handling of certificates of origin, based on the principle of self-certification by economic operators. More clarity over future re-export/transit rules and procedures is also essential for operators.
- 9. Support for EU agri-markets.** In view of a likely short to medium-term destabilisation of EU agri-markets, CELCAA urges the Commission to carefully assess possible options of support, in order to avoid risks linked to market imbalances (e.g. price drops impacting farmers' incomes).
- 10. Swift conclusion of a zero tariff/quota trade agreement:** in the absence of the possibility for the UK to remain in the Single Market and the Customs Union, which would remain the ideal scenario, CELCAA urges negotiators to conclude as soon as possible a deep and comprehensive, "one of a kind" EU-UK trade agreement, aiming at zero (or minimal) tariffs and no quantitative restrictions, including for agri-commodities, with appropriate accompanying rules of origin. This should be accompanied by commitments from both parties to engage in a continuous, strong, regulatory cooperation exercise.



11. Mutual recognition of food safety standards: UK authorities should confirm as soon as possible their willingness to continue to apply EU standards following their departure (e.g. General Food Law; Plant Protection Products, plant health; Hygiene, Organic, Packaging and Quality legislation, etc.), While understanding that some differences between the UK regime and the EU *acquis* will be unavoidable in the medium-long term, CELCAA urges EU and UK authorities to ensure legislative compatibility and mutual recognition of standards. In addition, CELCAA calls on both parties to mutually recognise certifications and authorisations issued by competent authorities on both sides of the Channel, in order to avoid unnecessary duplication of certification procedures. For instance, Spain, Netherlands, France, Ireland, Germany, Italy and Belgium alone would need to negotiate over 400 new protocols in the Fruit and Vegetables sector related to Plant health Regime if there is no recognition of plant health regime.

12. Necessity to preserve smooth trade flows of excise goods like wine products, by granting the UK a specific access to the Excise Movement and Control System (EMCS). The system allows goods to move within an almost paperless environment, helps to tackle excise diversion fraud and provides instant discharge of duty liability when the goods arrive at their destination. The UK being a key market for the export of EU27 wine, and having already in place the necessary softwares and trained staff for the implementation of the EMCS, we believe it would be in the interest of economic operators and customs administrations from both side of the Chanel to maintain its implementation on the British territory, or at least to grant the British a specific access to the system.

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