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## PRELIMINARY REMARKS ON THE EU-UK FUTURE TRADE AGREEMENT

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CELCAA is the European association representing the trade in agri-food products and commodities to the EU institutions and stakeholders. CELCAA represents some 35.000+ trading companies, from small and medium sized companies to multinational enterprises, many of them family-owned.

Products and commodities traded are from the wine, dairy, meat, horticulture, egg and egg products, grain, oilseeds, rice, sugar, agro-feed, cut flowers and fishery sectors. CELCAA members represents both exports and imports.

The EU is the world's number one trader in agri-food products, with a value of €255 billion in 2017: €138 billion of exports and €117 billion of imports.

Once the transition period foreseen in the Withdrawal Agreement ends,, the United Kingdom will become the EU's first export market for all agri-food commodities taken as a whole: in 2017, EU27 agri-food exports to the United Kingdom (UK) amounted to €41 billion, while the UK exports to the EU reached €17 billion, reflecting the high degree of market integration between the EU27 and the United Kingdom.

Agri-food traders and businesses are used to and rely heavily on frictionless and barrier-free, often just-in-time trade. Therefore we as CELCAA aim for a Comprehensive and Deep Free Trade Agreement and therefore welcome the recommendation for a Council Decision authorizing the opening of negotiations for a new partnership with the United Kingdom of Great Britain and Northern Ireland as well as its Annex, which calls for an ambitious and comprehensive new partnership. CELCAA hopes that the United Kingdom government shares the same level of ambition as the EU counterparts, but is also aware that the United Kingdom could negotiate future agreements with other trading partners, thus putting EU exporters in direct competition with third partners.

Considering all these points, CELCAA key priorities for the negotiations are as follows:

### **Maintain privileged access to the United Kingdom market**

CELCAA welcomes the proposal from the Commission<sup>1</sup> aiming at a free trade area ensuring no tariffs, fees, chares having equivalent effect or quantitative restrictions across all sectors provided that a level playing field is ensure. The European Union has a clear interest for a frictionless trade with the United Kingdom for wine, dairy, meat, horticulture, egg products, oilseeds, rice, grain, sugar etc. It is of the utmost importance that privileged access to the United Kingdom is preserved.

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<sup>1</sup> COM(2020) 35 final- Annex to the Recommendations for a Council Decision authorizing the opening of negotiations for a new partnership with the United Kingdom of Great Britain and Northern Ireland.

### **Strong customs trade facilitation component**

Many agri-food products and commodities are perishable by nature. The future FTA should include a strong chapter on trade facilitation, whereby both parties commit to implement compatible customs procedure to avoid delays at quays and burdensome paper controls.

For those agri-food commodities that are not perishable, costs to maintain trucks at quays for controls can quickly increase and will have an impact on the costs competitiveness of EU business operators. Additional costs should be avoided by all means.

### **Maintain land-bridge to Ireland**

The land bridge between the United Kingdom and Ireland should be maintained to allow for rapid access to Ireland. Here again, this is required due to the perishable nature of the products and commodities and the costs implications.

The United Kingdom and Ireland are trading many fresh dairy products, from North to South, from United Kingdom to Belgium, France and the Netherlands for further processing. Change in tariff duties and lack of land-bridge will lead to a radical change in the production and logistic chain. The EU continent needs inputs for further processing which they often source from the United Kingdom and Ireland. Maintaining the land-bridge is essential for the smooth functioning of the agri-food value chain.

### **Robust SPS agreement**

Negotiators should conclude a robust SPS agreement. For the EU agri-food traders, it is crucial that the EU be recognised as a single entity by the UK. As a consequence, the principle of regionalization in case of an animal outbreak should also be recognised.

Given the strong existing agri-trade links between the EU and the UK, it is essential to keep a strong SPS cooperation between the 2 parties based on the existing level of trust in each other's high standards. The aim should be to maintain the UK's trust in the EU high standards for animal and plant health so as to facilitate the continuation of EU agri-exports to the UK.

### **A dynamic regulatory alignment**

A dynamic regulatory alignment with the UK should be actively pursued and should be based on a strong commitment from the UK, to be closely monitored by the EU Commission and with the possibility to be revoked in the future should this alignment be put into question.

### **Rules of Origin**

CELCAA supports a comprehensive chapter on rules of origin that takes into account the strong existing interactions within supply-chains across the EU and the UK.

### **Checks and controls conducted at the Irish sea**

The EU should carry out a close monitoring of the UK SPS checks and controls conducted at the Irish sea to ensure consistency with any other EU entry point and avoid trade diversion.

The EU should also take into account agri-food products when monitoring risks for potential fraudulent re-export of imports entering the UK and then being shipped to Northern Ireland as 'final destination', thereby potentially avoiding EU customs.

**END**