



Draft text of the Agreement on the New Partnership with the United Kingdom: Fevia priorities

On 18 March, the EU published a draft text of the Agreement on the New Partnership with the United Kingdom. Fevia, the Federation of the Belgian food industry, sees the following points of attention in relationship to its note “Future EU-UK trade relations: priorities for the Belgian food industry” of 20 February.

In its **priority note for the future EU-UK trade relationship**, Fevia asked policy makers to aspire to arrive at an economic partnership that maintains the smooth-paced trade in food and beverages with the UK whilst also ensuring a level playing field. According to Fevia, this requires 3 things:

1. **Limit the fiscal impact:**
Work towards zero-tariff and zero-quota trade; go by the Regional Convention on pan-Euro-Mediterranean preferential rules of origin as the foundation for an agreement; enable bilateral and multilateral cumulation.
2. **Work towards regulatory harmonisation:**
Protect the status quo; establish clear and unambiguous sanitary and phytosanitary arrangements at EU level; build on the WTO TBT agreement; ensure mutual recognition of conformity assessments; allow the UK’s continued participation in EFSA and CEN-CENELEC.
3. **Implement operational simplifications:**
For smooth customs traffic, ensure that businesses adopt customs simplifications; provide for the simple and easy implementation of inward and outward processing; arrange for accessible IT systems and platforms; deliver the operational support needed at Customs and the FAVV (Belgian Federal Agency for Food Chain Safety); consider practical measures to ensure the smooth-paced handling and processing of transport.

Fevia finds that **the EU draft agreement** meets many of the priorities of the Belgian food industry. However, certain principles set out in the draft agreement are still to be concretised and certain priorities are not yet included. Fevia would like to draw attention to the following priorities as set out in its note:

Fevia's priorities	Relevant articles in the draft agreement	Fevia's remarks
Limit the fiscal impact		
Aim for tariff-free and quota-free trade		
<p>Avoid anti-dumping and anti-subsidy duties by applying transparent protective measures</p>	<p>Article GOODS.17: Trade remedies</p> <ol style="list-style-type: none"> 1. The Parties affirm their rights and obligations under Article VI of GATT 1994, the WTO Anti-Dumping Agreement, the WTO Agreement on Subsidies and Countervailing Measures, WTO Article XIX of GATT 1994, the WTO Agreement on Safeguards and Article 5 of the Agreement on Agriculture. 2. Chapter three of Title IV of Part Two [Rules of origin] does not apply to anti-dumping, countervailing and safeguard investigations and measures. 3. Title II of Part Five [Dispute settlement] does not apply to this Article. 4. Without prejudice to paragraph 1, the Parties recognise that domestic support measures within the meaning of Annex 2 of the WTO Agreement on Agriculture ("green box" payments) have no price-distorting effects and are not specific to an enterprise or industry or group of enterprises or industries 	<p>The inclusion of a specific provision in the draft agreement guaranteeing transparency on anti-dumping and anti-subsidy duties is desirable.</p>
Rules of Origin		
<p>Use the Regional Convention on Pan-Euro-Mediterranean preferential rules of origin as a basis for an agreement</p>	<p>Currently, there are three annexes to the draft agreement on origin which still have to be elaborated.</p>	<p>Reference to the provisions of the Pan-Euro-Mediterranean Convention should be included into these annexes.</p>
<p>The possibility to calculate the ex works price and the value of non-originating materials on the basis</p>	<p>This possibility still needs to be further elaborated in the annex to this draft agreement.</p> <p>Article ORIG.3: General requirements 1. For the purposes of applying the preferential tariff treatment by a Party to the originating good of the other Party in accordance with this Agreement, the</p>	<p>This priority needs to be included in the annexes to the draft agreement.</p>

<p>of the average values over one financial year</p>	<p>following products shall be considered as originating in the other Party:</p> <p>(a) products wholly obtained in that Party within the meaning of Article ORIG.5 [Wholly obtained products]; or</p> <p>(b) products produced in that Party exclusively from originating materials in that Party; or</p> <p>(c) products produced in that Party incorporating non-originating materials provided they satisfy requirements set out in ANNEX ORIG-II [Product-Specific Rules of Origin].</p> <p>and when those products satisfy all other applicable requirements of Articles ORIG 4 to 14.</p> <p>ANNEX ORIG-2: PRODUCT SPECIFIC RULES OF ORIGIN [Placeholder]</p>	
<p>Tolerances</p>	<p>Article ORIG.6: Tolerances</p> <p>1. If a product does not satisfy the requirements set out in ANNEX ORIG-II [Product-Specific Rules of Origin] due to the use of a non-originating material in the production, that product shall nevertheless be considered as originating in a Party, provided that:</p> <p>(a) the total weight of non-originating materials classified under Chapters 2 and 4 to 24 of the Harmonised System, other than processed fishery products of Chapter 16, shall not exceed 10% of the weight of the product;</p> <p>(b) the total value of non-originating materials for all other products, except for products falling within Chapters 50 to 63 of the Harmonised System shall not exceed 10% of the ex-works price of the product;</p> <p>Article ORIG.12: Sets</p> <p>Sets, as defined in General Rule 3 for the Interpretation of the Harmonised System, shall be considered as originating in a Party if all of their components are originating. If a set is composed of originating and non-originating components, the set as a whole shall be considered as originating in a</p>	<p>The European Commission is striving for a tolerance of 10% for non-originating material in a product and 15% for non-originating materials in sets.</p> <p>Fevia finds that a tolerance of 15% of the net weight of the product would lead to efficiency gains and a lesser administrative burden for food companies. This would help in managing the fluctuation of resource prices.</p>

	Party, provided that the value of the non-originating components does not exceed 15% of the ex-works price of the set.	
Make bilateral and multilateral cumulation possible	<p>Article ORIG.4: Cumulation of Origin</p> <p>1. A product originating in a Party shall be considered as originating in the other Party if it is used as a material in the production of another product in that other Party.</p> <p>2. Paragraph 1 does not apply if the production carried out in the other Party does not go beyond the operations referred to in Article ORIG.7 [Insufficient Working or Processing].</p>	<p>Bilateral cumulation is foreseen in the draft agreement but multilateral cumulation is not.</p> <p>Multilateral (or full diagonal) cumulation between the EU, the UK and shared preferential trade partners is necessary to guarantee the close and integrated supply chains between UK and EU which producers have built over the last decades. The absence of diagonal cumulation will have negative effects for Belgian companies whose supply chains are in close connection with UK companies.</p>
Work towards regulatory harmonization		
Make unambiguous sanitary and phytosanitary agreements at EU level		
The UK should provide training and other helplines to help businesses and governments learn how to work with their systems.	<p>This would be possible on the basis of the following provisions in the draft agreement:</p> <p>Article SPS.8: Transparency and exchange of information</p> <p>1. Each Party shall pursue transparency as regards SPS measures applicable to trade and shall for those purposes undertake the following actions:</p> <p>(a) promptly communicate to the other Party any changes to its SPS measures and approval procedures including changes that may affect its capacity to fulfil the SPS import requirements of the other Party for certain commodities;</p> <p>(b) enhance mutual understanding of its SPS measures and their application;</p>	<p>Transparency and facilitation by the UK should be required wherever the UK deviates from the current European systems in place. Fevia asks to include a specific clause obligating the UK to organize facilitation whenever it deviates from a system organised by the EU.</p>

	<p>(c) exchange information with the other Party on matters related to the development and application of SPS measures, including the progress on new available scientific evidence, that affect, or may affect, trade between the Parties with a view to minimising negative trade effects;</p> <p>(d) upon request of the other Party, communicate the conditions that apply for the import of specific products within 20 working days;</p> <p>(e) upon request of the other Party, communicate the state of play of the procedure for the authorisation of specific products within 20 working days.</p> <p>Article SPS.18: Regulatory cooperation The Parties shall maintain regular dialogue and exchange of information on the ongoing processes on the development of new regulations or on reviewing existing ones in the areas under the scope of this Chapter</p>	
Ensure mutual recognition of conformity assessments		
	<p>This has not been determined in the current draft agreement.</p>	<p>Mutual recognition of national conformity bodies as competent authorities is essential to ensure that integrated supply chains remain. The mutual recognition ensures that the certificates and licenses distributed by the national competent authorities are accepted in both parties.</p>
Implement operational simplifications		
Ensure that businesses use customs simplifications		
<p>AEO-simplification for SME's</p>	<p>Furthermore, due account is also taken of SMEs under Title XV of the draft agreement. Examples are the obligations to set up a website for SMEs for the</p>	<p>The draft agreement foresees multiple provisions for SME's. However, a detailed provision on the AEO-simplification for</p>

	exchange of information and to set up contact points for SMEs.	SME's still needs to be included.
Provide simple application of inward and outward processing		
	<p>Article CUSTMS.5: Simplified customs procedures</p> <p>1. Each Party shall work towards simplification of its requirements and formalities for customs procedures in order to reduce the time and costs thereof for traders or operators, including small and medium-sized enterprises.</p> <p>2. Each Party shall adopt or maintain measures allowing traders or operators fulfilling criteria specified in its laws and regulations to benefit from further simplification of customs procedures. Such measures may include customs declarations containing a reduced set of data or supporting documents, or periodical customs declarations for the determination and payment of customs duties and taxes covering multiple imports within a given period, after the release of those imported goods.</p>	<p>This practical measure seems possible under the current draft agreement but will have to be further elaborated by both parties.</p> <p>A specific provision for this simplification should be included in the final partnership agreement.</p>
Ensure accessible IT-systems and platforms		
	<p>Article CUSTMS 2</p> <p>(...)</p> <p>2</p> <p>(...)</p> <p>(k) exchanging, where relevant and appropriate, through a structured and recurrent communication between the customs authorities of the Parties, certain categories of customs-related information for specific purposes, namely improving risk management and the effectiveness of customs controls, targeting goods at risk in terms of revenue collection or safety and security, and facilitating legitimate trade ; under the modalities to be agreed, subject to the respect of the confidentiality of sensitive [data and the protection of personal data] in accordance with Union legislation; such exchange shall be without prejudice to exchanges of information that may take place between the Parties pursuant to the Protocol on Mutual Administrative Assistance in Customs Matters.</p>	<p>This practical measure seems possible under the current preliminary draft but will have to be further elaborated by the 'Specialised Committee on Customs Cooperation'.</p> <p>Further specific provisions for accessible IT-systems and platforms should be included in the final partnership agreement.</p>

	<p>Article CUSTMS.18: Measures and practical arrangements for implementing this Chapter and the Protocols to this Chapter</p> <p>1. The Specialised Committee on Customs Cooperation shall conclude regular consultations and monitoring of implementation and administration of this Chapter and the issues of technical assistance in customs matters, rules of origin, enforcement of intellectual property rights, and the provisions on fees and charges, temporary admission and repaired goods, as well as mutual administrative assistance in customs matters.</p> <p>2. The Specialised Committee on Customs Cooperation may adopt measures and practical arrangements for implementing this Chapter and Protocols X (rules of origin) and Y (mutual administrative assistance on customs matters) to this Agreement , including on exchange of customs-related information, mutual recognition of risk management techniques, risk standards, security controls and trade partnership programmes as well as other trade facilitation measures and on maintaining common approaches to customs valuation.</p>	
<p>Consider practical measures for efficient processing of transport</p>		
<p>Expansion of adjacent customs offices (If not possible, special secure trade lanes for goods registered in TRACES).</p> <p><i>Secure trade lanes</i> for goods under transit</p> <p>Exemption from customs declaration for low value consignments</p> <p>Invoice declaration by which the consignor</p>	<p>Article CUSTMS.2: Customs cooperation and mutual administrative assistance</p> <p>1. The relevant authorities of the Parties shall cooperate on customs matters to ensure that the objectives set out in Article CUSTMS.1 [Objective] are attained. For the purpose of Title IV of Part Two [Trade in goods], the Convention of 20 May 1987 on the Simplification of Formalities in Trade in Goods shall apply.</p> <p>2. The Parties shall develop cooperation, including in the following areas:</p> <p>(a) exchanging information concerning customs legislation, its implementation, and customs procedures; particularly in the following areas:</p>	<p>These practical measures seem possible under the current preliminary draft but will have to be further elaborated by the 'Specialised Committee on Customs Cooperation'.</p> <p>Further specific provisions on these practical measures should be included in the final partnership agreement.</p>

<p>declares that the goods have preferential origin status</p> <p>Unlimited period of validity of the supplier's declaration</p>	<p>(i) simplification and modernisation of customs procedure</p> <p>(ii) facilitation of transit movements and transshipment;</p> <p>(iii) relations with the business community;</p> <p>(iv) supply chain security and risk management.</p> <p>Article CUSTMS.18: Measures and practical arrangements for implementing this Chapter and the Protocols to this Chapter</p> <p>1. The Specialised Committee on Customs Cooperation shall conclude regular consultations and monitoring of implementation and administration of this Chapter and the issues of technical assistance in customs matters, rules of origin, enforcement of intellectual property rights, and the provisions on fees and charges, temporary admission and repaired goods, as well as mutual administrative assistance in customs matters.</p> <p>2. The Specialised Committee on Customs Cooperation may adopt measures and practical arrangements for implementing this Chapter and Protocols X (rules of origin) and Y (mutual administrative assistance on customs matters) to this Agreement , including on exchange of customs-related information, mutual recognition of risk management techniques, risk standards, security controls and trade partnership programmes as well as other trade facilitation measures and on maintaining common approaches to customs valuation.</p>	
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