La future relation commerciale entre l'UE et le RU

Priorités pour l'industrie alimentaire belge

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Executive summary

Fevia, la fédération de l'industrie alimentaire belge souhaite, en collaboration avec les autorités compétentes, atténuer au maximum l'impact du Brexit sur les entreprises alimentaires belges. Dans cette note des priorités, nous énumérons nos priorités pour les négociations sur la future relation commerciale entre l'UE et le RU, et nous proposons un certain nombre de solutions pour d'éventuels problèmes opérationnels. Nous demandons également de préparer ensemble nos entreprises alimentaires belges - principalement des PME - avec des informations et formations sur mesure. Finalement, nous demandons de prévoir des mesures sociales pour combler l'impact négatif du Brexit.

Nous résumons cela sous forme de 5 priorités.

1. Placez le commerce des produits alimentaires « en tête » lors des négociations de la future relation entre l'UE et le RU

Le RU est notre quatrième principal partenaire commercial, représentant 8,3 % de nos exportations. Les grandes entreprises, mais aussi les PME de quasi tous nos sous-secteurs exportent vers le RU. Le Brexit se fera dès lors ressentir à travers tout le secteur alimentaire. Notre secteur ne peut être noyé par d'autres intérêts européens lors de la négociation de la future relation commerciale.

2. Visez un partenariat économique qui préserve le commerce fluide de produits alimentaires et de boissons avec le RU et qui garantit un « level playing field »

3 éléments sont importants à cet effet :

1. Limitez l'impact fiscal :
   Visez le commerce non-tarifaire et hors-quota ; instaurez la Convention Régionale en termes de règles d'origine préférentielles paneuro-méditerranéennes comme base pour un accord ; rendez le cumul bilatéral et multilatéral possible.
2. Visez l'harmonisation réglementaire :
   Protégez le statu quo ; concluez des accords sanitaire et phytosanitaire non-équivoques au niveau européen ; appuyez-vous sur la convention TBT de l'OMC, prévoyez une reconnaissance réciproque des évaluations de conformité ; laissez le RU participer à l'EFSA et au CEN-CENELEC.
3. Prévoyez des simplifications opérationnelles :
   Faites en sorte que les entreprises utilisent des simplifications douanières ; instaurez une application simplifiée de la répartition active et passive ; prévoyez des systèmes et plateformes informatiques ; prévoyez le soutien opérationnel nécessaire auprès de la Douane et de l'AFSCA ; envisagez des mesures pratiques pour un déroulement fluide du transport.

3. Faites en sorte que la nouvelle relation commerciale entre en vigueur un jour après la période de transition

Si le RU quitte l'UE à la fin de la période de transition, c'est-à-dire en janvier 2021, sans qu'un accord n'ait été trouvé, nous ferons du commerce avec le RU comme pays tiers sous le régime de l'OMC. Selon le schéma tarifaire introduit par le RU le 8 octobre dernier auprès de l'OMC, 15 % de nos produits d'exportation seront soumis à des taxes d'importation d'en moyenne 13,6 %. Il faut à tout prix éviter ce scénario. Si aucun accord n'a été trouvé lors de la période de transition, une prolongation de la période de transition sera nécessaire jusqu'à l'entrée en vigueur de la nouvelle relation. De cette manière, nos

entreprises ne devront s'adapter qu'une seule fois à la nouvelle réglementation et à la situation commerciale, et nous évitons également l'incertitude juridique.

4. Veillez à la sensibilisation et à la formation sur mesure des PME

Afin de notamment préparer les PME au commerce avec le RU comme pays tiers, la sensibilisation et la formation sur la douane et l'accès au marché sont nécessaires. Nous devons affiner nos connaissances en termes d'autorisation et de simplifications, de classifications, d'origine, de valeur, du fonctionnement et de l'utilisation de systèmes d'information pertinents, etc.

5. Prévoyez des mesures sociales pour les employés afin de combler l'impact

Afin de combler la perte temporaire de travail, Fevia demande la prolongation de la durée du chômage temporaire pour employés et ouvriers, l'accélération et la simplification de la procédure pour le chômage temporaire des employés et le soutien des coûts d'un arrêt soudain du contrat de travail. Fevia soutient la demande de nos autorités pour un fonds d'adaptation Brexit au niveau européen qui limiterait les conséquences socio-économiques du Brexit pour les régions européennes les plus touchées, et qui prévoirait une flexibilité provisoire dans l'application des règles relatives aux aides d'État.

20 février 2020

Brexit places the Belgian food industry, the country's biggest industrial employer, before an unprecedented challenge. Fevia - the federation of the Belgian food industry -, in tandem with all competent government bodies, is keen to minimise the impact of Brexit on Belgian food companies as widely as possible. This Priorities Memo lists our focus areas which we feel should imperatively be included in the negotiations on the future trade relations between the EU and the UK and also puts forward a number of solutions to avoid potential operational problems. We are also calling on the authorities to provide assistance in preparing the Belgian food companies – which are mostly SMEs - with information and education tailored to their needs. Finally, we are calling for social measures to be put in place to mitigate the negative impact of Brexit.

1. Keep the trade in food and beverages 'top of mind' in the negotiations on the new relationship between the EU and the UK

The food industry is at risk of being the worst hit sector in the Belgian economy. A study conducted by Leuven University (KU Leuven) warns of the potential loss of 4,500 jobs in the event of a no-deal Brexit and of 762 jobs in the event of a Brexit with an agreement in place[1]. The impact of Brexit is this substantial due to the fact that the UK is our fourth biggest trading partner, representing a trade which in 2018 accounted for 2.2 billion euros, i.e. 8.3% of total Belgian exports. In addition, our exports to the UK are particularly variegated, with big companies as well as SMEs from as good as all sectors exporting goods to the UK[2]. The proximity of the UK market, the diversity of the products exported and our integrated production chain mean that Brexit will be making itself felt right across the food industry as a whole. Which is why it is vital that the food industry is 'top of mind' in the negotiations on the new trade relations and is not superseded by other European interests such as the automotive and chemical industries, for instance.

2. 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

A conventional free trade agreement will not do to meet to the needs of our sector. An all-encompassing economic partnership agreement must be pursued, which regulates broader trade relations than a conventional free trade agreement would. In the negotiations for an economic partnership agreement on trade, these three topics are crucial: the fiscal impact of the new trade relationship, the regulatory harmonisation between both markets and operational simplifications.

2.1. Limit the fiscal impact

2.1.1. Work towards zero-tariff and zero-quota trade

The highly integrated nature of the production chains in the food industry means that ingredients and products often cross multiple borders during production. Consequently, our businesses not only stand to gain from smooth-paced and zero-tariff exports to the UK, but equally from smooth-paced and zero-tariff imports from the UK.

When dumping or subsidization is determined, this could lead to a substantial elevation of tariffs by imposing anti-dumping and anti-subsidy duties. Such duties are imposed after thorough investigation by the competent authorities. This is a time-consuming and expensive process for operators. The aim should

be to strive for complete transparency when protective measures against import with dumping and subsidies are imposed. Operators should have transparent insights in the investigations. Adept information and conditions for consultation should be available before the competent authorities initiate an investigation. This can be a means to settle a dispute without imposing an investigation on operators.

Full transparency must be sought in the implementation of protective measures against state-subsidised and price-dumped imports. Moreover, adequate information and consultation terms must be put in place before an investigation is initiated.

It is also imperative that quota are avoided. The UK has announced 114 quota on agrifood products of EU origin[3]. These quota will apply to products of European origin if terms fail to be reached on a free trade agreement. Quota make for expenses and delivery issues. To name just one example, the strict quota on confectionery, which includes white chocolate (090053) and chocolate (090085), would have a major negative impact on a lot of Belgian businesses in this particular sub-sector.

2.1.2. Go by the Regional Convention on pan-Euro-Mediterranean preferential rules of origin as the foundation for an agreement

The processing of raw materials and goods may alter the origin during production. In order to ensure continuity in terms of the rules of origin as widely as possible, the Regional Convention on pan-Euro-Mediterranean preferential rules of origin[4] should be taken as a basic framework for the future trade relationship. These rules of origin apply with neighbouring countries[5], which means a lot of businesses have already been made to deal with these rules and they are not required to abide by new rules of origin. The amendments[6] to this Convention, which have already been proposed by the European Commission, should remain upheld in the negotiations.

The proposed easing of the requirement to keep separate accounts is an important administrative simplification. The current Convention sets out that substitutable originating and non-originating materials must be kept physically separated, unless it is too cumbersome or too costly to keep the materials separate. The consequence of the proposed amendment is that as long as goods are effectively substitutable, they are allowed to be kept in common storage and used in production without having an impact for purposes of origin. This amendment already applies under the CETA agreement[7].

A second amendment is allowing the ex-works price and the value of non-originating materials to be established based on average values across one financial year. The cost of purchase of a lot of raw materials fluctuates throughout the year, which affects the final cost of production and the ex-works price. As such, this amendment means less of an administrative burden in determining the ex-works price for purposes of origin.

This ex-works price is equally relevant in the application of the tolerance rule, the derogation that allows producers to obtain origin when using non-originating materials. The way things stand, a general tolerance exists that is based on value, i.e. 10% of the ex-works price is permitted to consist of non-originating material. Changing this general tolerance rule to 15% of the product's net weight for instance would result in efficiency gains and fewer administrative burdens. The weights of the raw materials used in products barely fluctuate, whereas the value of the raw materials used does. Moreover, this helps to keep the volatility of raw material prices under control.

2.1.3. Enable bilateral and multilateral cumulation

The Convention enables bilateral cumulation. This means that materials from the UK could be used as materials of EU origin, and *vice versa*, which acts to facilitate obtaining preferential origin.

For the implementation of multilateral cumulation (between the EU, the UK and other parties) we need to look into whether other free trade agreements or origin regimes which the EU has in place with third

countries need to be amended. This should act to preserve the current cross-border production as widely as possible.

2.2. Work towards regulatory harmonisation

The UK's withdrawal from the single market also brings non-tariff-related problems. In order to safeguard the current production and supply chains from such trade barriers, regulatory harmonisation and coherence must be upheld or put in place. However, the new economic partnership agreement should also set out sufficient assurances of a level playing field to protect the European market. The UK should not be allowed to become a gateway and transit station for inferior quality products, and especially not for inferior quality food products. Some examples of relevant issues for the food industry are: additives, residues, microbiology, contaminants, novel foods, genetically modifies organisms (GMO's) and hormones.

2.2.1. Protect the status quo

To minimise the impact of Brexit, the status quo for the following topics is to be secured as widely as possible:

- The current protected Geographical Indications on either side.
- All current environmental health, (food) safety and health standards by the UK. This will prevent problems from arising in respect of compliance with norms and certification when shipping goods, and the added checks and waits associated therewith. This will also ensure that inferior quality products are denied access to the European market. More so than for any other products, short waits are paramount when it comes to imports and exports of perishable s.
- All product, labelling and marketing standards (incl. the ISO norms) by the UK: this could also help to avoid pointless waits and delivery problems.

Maintaining standards is also crucially important to the trade between Northern Ireland and the Irish Republic, as this may pose risk for non-compliant products being entered into the EU.

2.2.2. Establish clear and unambiguous sanitary and phytosanitary arrangements at EU level

Given the rising degree of globalisation of the trade in agrifood products, as well as the increasing number of barriers in the area of sanitary and phytosanitary measures as part of this trade, the SPS chapter in economic partnership agreements is increasingly gaining ground as a factor of importance. This is an implementation of the obligations set out in the WTO's SPS agreement, with reference to the international standards and guidelines, such as the Codex Alimentarius, OIE and IPPC.

Fevia endorses the view adopted by the Federal Agency for Food Chain Safety (FAVV) on the future trade relations with the UK. The key elements in this regard are transparency, a risk-based approach, viewing the EU as one entity and observing regionalisation and disease-free territories.

Agrifood products that are imported into Europe need to comply with the same norms as the products that are produced in Europe. These products are checked by the FAVV upon entry into Belgium, in compliance with European regulations, but it is the European Commission (DG SANTE - HFAA) which, by way of audits conducted in third countries, decides whether or not they are given access to the European market as a whole. The provisions in the SPS chapter of economic partnership agreements offer the importing country assurances in terms of safeguarding public, plant and animal health. The idea cannot and should not be for the European countries to be flooded with inferior quality products from the UK or from the UK's trading partners.

In order to ensure that export operations are able to be transacted subject to the same terms and requirements to the widest possible extent, it is important that - alongside imports - the European Commission also handles the negotiations for the entire export section to the UK. This will act to avoid lengthy bilateral negotiations of individual Member States and competition between the Member States.

It is equally important that, should it come to a separation between the UK and the EU in the real sense of the word (i.e. a hard Brexit), the technical documents such as the harmonised certificates and any closed lists are already ready and waiting. These could be added as annexes to the economic partnership agreement between the UK and the EU. It goes without saying that the sanitary requirements set out in these harmonised certificates, i.e. the export certificates that are used by all Member States to certify and export agrifood products to the UK, concur with the European regulations. The mutual recognition of certification systems, in amongst other things in respect of obtaining uniform health certificates or the harmonised (TRACES) certificates for all EU Member States, will also act to prevent different health requirements from existing between the EU Member States and the UK. In doing so, we are avoiding the complex system of pre-certification between Member States.

It is also important that the UK puts in place training courses, helplines, seminars, clear and unambiguous websites, etc. for its businesses and authorities, teaching staff how to use their (new) systems (e.g., their IT system for imports) and that the UK also continues to do so in the event changes in legislation or access procedures should occur in the future. Setting up voluntary regulatory cooperation in general is important, especially in the area of sanitary and phytosanitary measures, in particular with regard to the regionalisation principle, the requirements for food safety and traceability, the specific requirements in respect of crop protection, the sanitary and phytosanitary requirements and the mutual certification systems, which should ultimately result in paperless trade.

2.2.3. Build on the WTO TBT agreement

For EU norms and standards other than those that are SPS-related, we should build on the WTO *Technical Barriers to Trade* agreement. The economic partnership agreement must be made to contain clear provisions regarding norms and standards, general product standards and technical requirements, to avoid unnecessary trade barriers or trade barriers that have been specifically set up[8]. In this regard, Fevia supports the European Commission's proposal to devise a mechanism to swiftly tackle each specific problem in respect of TBT measures (e.g., refusal of certificates) and to inform importers and exporters in a timely manner of any changes in this regard.

Technical trade barriers are to be avoided through alignment in the specific committees to be set up as part of the economic partnership. Such a committee is in place under the trade agreements with Japan[9] and Canada[10] as the forum where differences in the regulatory frameworks are discussed and, where possible, minimised. Another example could be the *United States-Canada Regulatory Cooperation Council*[11]. This may provide clarity for businesses, provided the authorities concerned communicate properly, and facilitate trade between the EU and the UK, even though differences may emerge in the legislation concerned. Such bodies operate efficiently only where clear time limits are set to answer queries on market access and procedural matters.

2.2.4. Ensure mutual recognition of conformity assessments

The mutual recognition of conformity assessments is also crucial. For one thing, this requires the national conformity assessment bodies of the EU and the UK, including the FAVV, to be recognised as competent authorities. For another, this also entails the due recognition of the certificates and licences that are issued by these bodies. The mutual recognition of conformity assessments is paramount to preserve the current supply and production chains.

2.2.5. Allow the UK's continued participation in EFSA and CEN-CENELEC

The continued membership or observer status in existing bodies is important to avoid technical trade barriers as widely as possible. British observers are to be admitted to the meetings of the *European Food Safety Authority* (EFSA), including the *EFSA Focal Point and Advisory Forum*[12], to enable them to be kept up to date of the risk analyses and the scientific efforts of EFSA. This reduces the risk of divergence. In addition, it is crucial that the UK is given an official and renewed status as a fully-fledged independent member[13] of CEN-CENELEC, the European Committee for Electrotechnical Standardisation[14]. This will maintain technical harmonisation with the European Union to the furthest possible extent. Moreover, the UK's membership will help to avoid technical trade barriers. This has an impact on the conformity of the machine pools of our members.

2.3. Implement operational simplifications

The UK's status as a third country is certain to involve more red tape. A lot of food companies have never exported to destinations outside of the EU. Which means they are unfamiliar with import and export formalities, customs procedures and export certification. Simplifications in the areas of licences and IT systems are needed to render the shipment of goods as straightforward as possible and to drive down the administrative burden as widely as achievable. Simplifications for returning goods should be foreseen, so they can be processed without a large administrative burden.

2.3.1. Ensure that businesses adopt customs simplifications

2.3.1.1. Obligations in respect of origin

It is important that applications with a view to being granted approved exporter[15] status or REX status[16] are fostered and efficiently processed by the customs authorities.

For the preparation of preferential origin declarations, provision should be made to allow both the shipment of goods under EUR1 certificates, under an approved exporter licence and/or the new REX system, at least in the early stages. A lot of businesses in the food industry have little to no experience with preferential origin. It is neither realistic nor desirable for them to be required to ship their goods going by the REX system from day one. The businesses that already hold an approved exporter licence should also be able to use this licence to trade with the UK, enabling them to switch to the REX system in full in due course.

2.3.1.2. AEO simplifications

The requirements and the procedures to be recognised as an Authorised Economic Operator (AEO)[17] are too ambitious to be met by SMEs. As a consequence, quite a few businesses in the EU and the UK do not hold this status[18]. The pathway that is in place to obtain this status takes too long and places too much of a burden on the applicant and the appraiser alike. AEO status must be granted quicker and more efficiently, without compromising the requirements.

Mutual recognition of Authorised Economic Operators (AEO) is paramount to enable these businesses to efficiently trade goods with one another[19].

A *self-assessment*[20] regime is to be established enabling businesses to ship goods with fewer formalities and less administrative burden. This could serve as a basis to allow companies to ship goods between the EU and the UK with a summary declaration. Once a month or per quarter, these companies could go on to compile a more comprehensive condensed customs declaration of all products shipped, determine their chargeabilities for these products, and remit these to the customs authorities[21].

2.3.2. Provide for the simple and easy implementation of inward and outward processing

All customs authorities concerned must implement the current rules on inward and outward processing, as enshrined in the Union Customs Code[22].

In this regard, a simplification must be put in place to determine the customs valuation of the goods that are placed under the said scheme. Scheme users must be able to go by the average statistical import value of raw materials to make it easier for businesses to determine the added value of the production or processing operations.

2.3.3. Arrange for accessible IT systems and platforms

The UK must be allowed to continue to use existing systems, such as the *Information and Communication System on Market Surveillance* (ICSMS)[23], which enables market surveillance and customs authorities to swiftly exchange information on the safety and conformity of products[24], as well as the *Excise Movement Control System* (EMCS)[25], which facilitates the movement of excisable goods.

To ensure the efficient movement of agrifood products, the UK should integrate its planned IPAFSS system in the TRACES system[26]. The latter system sees imports and exports of agrifood products declared to the customs authorities via an online portal along with the required certificates[27] before an export shipment to the UK or an import shipment into the EU is made to take place. This ensures that the transit of all products that require certification, such as products subject to sanitary and phytosanitary measures and animal products, is hampered as little as possible as a result of amended rules and procedures. The system acts to guarantee the safety of the agrifood products in question. The TRACES system can be rolled out to a third country. It is already used by Switzerland[28]. To ensure optimum operation of the system, it is crucial that the certification authorities and conformity assessment bodies concerned are mutually recognised, as previously stated under 2.2.4.

The UK has already given the world to understand that it wishes to re-join the agreement on a common scheme for customs transit and will therefore continue to use the *New Computerised Transit System* (NCTS). This can only be conducive to the smooth-paced movement of goods.

Finally, the UK should also have permanent access to the currently existing and planned systems set out in the work programme of the Union Customs Code[29].

2.3.4. Deliver the operational support needed at Customs and the FAVV

The customs authorities need to provide support to Belgian businesses. With a view to the dissemination of know-how, specific training courses must be put in place[30]. The customs authorities also need to ensure they commit sufficiently qualified customs officers to minimise logistical problems.

Alongside the customs authorities, the FAVV too is to have sufficient capacity to grant licences and to efficiently carry out all food chain safety checks (import, transit and export). A structural partnership between the customs authorities and the FAVV must be put in place to ensure food safety and the smooth-paced operation of the chains.

2.3.5. Consider practical measures to ensure the smooth-paced handling and processing of transportation

Preventing long waits at customs and reducing the administrative burden for SMEs are top priorities. As such, Fevia proposes a number of solutions to accomplish this aim:

- Expansion clause to be included in the economic partnership agreement relating to so-called adjacent customs offices[31] at ports, at a minimum in respect of the perishable goods specified in

the TRACES system (pre-clearance): all certificates are compliant for these products. In principle, this will dispel the need for major customs checks. This will prevent perishable goods that comply with all the requirements from being held up. Enabling perishable goods to move as efficiently as possible between ports helps to ensure the movement of food and beverages as well as to counteract food wastage. Fevia suggests for these offices to be set up at the following ports, allowing scope for subsequent expansion:

    - On the EU side: Zeebrugge, Antwerp, Duinkerke, Le Havre, Rotterdam, Hamburg and expansion of the office at Coquelles
    - On the UK side: Holyhead, London, Felixstowe and expansion of the office at Cheriton

- If adjacent customs offices prove to be unfeasible, Fevia proposes for dedicated secure trade lanes[32] to be set up for the goods that are registered in TRACES.
- These secure trade lanes are to be used for goods in transit, in the UK and the EU alike: this acts to prevent goods in transit from being held up.
- Exemption from customs declarations for so-called low value consignments (shipments of goods below a certain threshold amount, which currently applies to consignments worth less than 150 euros[33]), at a minimum a simplified declaration is to be put in place, which requires less information to be reported compared to a regular customs declaration. This will act to ease the burden for a lot of businesses.
- An invoice declaration in which the sender affirms that the goods have preferential origin instead of preparing an EUR1 certificate, is currently possible only if the value of the goods shipped is less than 6,000 euros[34]. This value threshold could be revised upwards in the economic partnership agreement between the EU and the UK.
- Establishing an unlimited validity period for supplier's declarations, which will stop businesses from having to reissue these declarations time and again with every new year, has to be looked into as an option.
- In case the UK will demand CEMT-permits for European transporters, sufficient permits should be available and they should be issued swiftly.

3. Arrange for the new trade relations to take effect on day one after the transition period ends

If the UK leaves the EU without an agreement in place at the end of the transition period in January 2021, this will see us fall back on trading with the UK as a third country under the WTO regime. This would mean that the *Most Favoured Nation* tariffs as proposed by the UK would apply. Under the tariff schedule which the UK entered with the WTO on 8 October, import duties could run up to 60%. Fevia worked out that 15% of our export products would be subject to an average 13.6% levy. The UK government currently holds a consultation on its MFN schedule. Fevia will recalculate the impact of this revised list on our exports as soon as the list becomes public. Either way, given the highly integrated nature of the trade chain, with goods that sometimes cross multiple borders before they are finished, businesses on either side of the Channel will incur extensive economic loss as a result of the imposition of tariffs.

Failure to arrive at a trade agreement will not only see the return of import duties and quota, non-fiscal ramifications too (such as differences in legislation and product standards) may cause the British market to be effectively impenetrable to Belgian exporters. It is imperative that this scenario be avoided at all costs.

However, time pressure cannot be allowed to act as a driver to arrive at a minimal and unambitious agreement. Nor are phased negotiations or a phased entry into force of an economic partnership agreement conducive to legal certainty or the actual implementation of the agreement. What is required is for the parties to seal the deal on an all-encompassing economic partnership agreement before the end of the transition period. Where no terms are reached on an agreement during the transition period, it is vital that the transition period be extended so as to make sure our businesses are required to adapt to the new rules and the new trade environment just once.

4. Raise awareness among and provide tailored education for SMEs

Given the scale of the changes ahead, awareness-raising and educational efforts are required, first and foremost aimed at SMEs. In this respect, Fevia hereby reaches out to the competent public authorities to brief and update businesses, where possible in association with other sectoral organisations.

Companies' understanding needs to be stepped on how to obtain and use licences, on simplifications, such as inward processing, authorised places of loading and unloading and putting up sureties. There is also a need for education on the three taxable bases that apply to the import of goods: classification, origin and value. Finally, businesses need to be informed on how to use IT systems and platforms such as PLDA, ICSMS, EMCS, IPAFFS, TRACES, NCTS and systems set out in the Union Customs Code's work programme.

5. Put in place social measures for employers to mitigate the negative impact

To mitigate the negative impact of the impending Brexit, steps are needed to help tide businesses over the temporary loss of orders. To this end, Fevia is calling for an extension of the duration of the technical unemployment scheme for blue and white collar workers, as well as for the acceleration and simplification of the technical unemployment procedure for white collar workers. For employers who are sadly no longer able to overcome or move past the loss of orders, Fevia is calling for financial support to help shoulder the added expense involved in employers being forced to abruptly terminate workers' employment contracts.

Fevia supports the call of our authorities for a Brexit Adaptation Fund at EU level, intended to mitigate the negative socioeconomic effects of Brexit for the worst hit EU regions, as well as for temporary flexibility in the implementation of the European rules on state aid.

Notes

[1] Vandenbussche, H., *Sector-level analysis of the impact of Brexit on the EU-28*. KU Leuven, Faculty of Economics and Business, June 2019.
[2] Our main export products to the UK are processed vegetables and fruit (incl. frozen vegetables and potato products), sugar and confectionery, cereal preparations (incl. biscuits), beverages (incl. beers), chocolate and dairy products, oils and fats, coffee and tea and meat and fish products.
[3] *The Customs (Tariff Quotas) (EU Exit) Regulations 2019*, published by the UK on 8 October 2019. Of the 114 quota that are planned, there are 75 *first-come-first-serve* quota which apply to the EU and 39 *license-managed* quota which apply to the EU.
[4] Council Decision 2013/94/EU of 26 March 2012 on the conclusion of the Regional Convention on pan-Euro-Mediterranean preferential rules of origin, OJ L 54, 3.
[5] Switzerland, Norway, Iceland and Liechtenstein, the Faroe Islands, Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine, Syria, Tunisia, Turkey, Albania, Bosnia and Herzegovina, the Republic of North Macedonia, Montenegro, Serbia and Kosovo, the Republic of Moldova.
[6] *Proposal for a Council Decision on the position to be taken on behalf of the European Union within the Joint Committee established by the Regional Convention on pan-European-Mediterranean preferential rules of origin as regards the amendment of the Convention,* 14 October 2019, COM 2019/482.
[7] Art. 10, Protocol on rules of origin and origin procedures, CETA.
[8] An example thereof in the TBT Agreement is that "Members shall ensure that technical regulations are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to international trade" (Art. 2.2) and that Members are to confer with one another when they are preparing or applying a technical proposal which would have a substantial negative impact on the trade flow from the territory of another Member (Art. 2.4), but equally that there should be no difference in the conformity assessment of goods from their own country compared to goods from another country (not confer an advantage on one's own products, Art. 5.2).
[9] Article 22.3 of the *EU-Japan Economic Partnership Agreement*: this committee shall assume the following principal duties: (a) reviewing the implementation and operation of this Chapter (7, *technical barriers to trade*); (b) reviewing the cooperation in the development and improvement of technical regulations, standards and conformity assessment procedures as provided for in Article 7.12; (c) reviewing this Chapter in light of any developments under the WTO Committee on Technical Barriers to Trade established under Article 13 of the TBT Agreement, and if necessary, developing recommendations for amendments to this Chapter; (d) taking any steps which the Parties may consider to be of assistance in their implementation of this Chapter and the TBT Agreement and in facilitating trade between the Parties; (e) discussing any matter covered by this Chapter, on request of a Party; (f) promptly addressing any issue that a Party raises related to the development, adoption or application of technical regulations, standards or conformity assessment procedures of the other Party under this Chapter and the TBT Agreement; (g) establishing, if necessary to achieve the objectives of this Chapter, ad hoc technical working groups to deal with specific issues or sectors with a view to identifying a solution; (h) exchanging information on the work in regional and multilateral fora engaged in activities relating to technical regulations, standards and conformity assessment procedures and on the implementation and operation of this Chapter (Art. 7.13).
[10] Article 26.2 of the CETA Agreement for instance, provides for committees for the trade in goods, joint customs cooperation, joint management in respect of sanitary and phytosanitary measures, regulatory cooperation and geographical indications.
The committee for the trade in goods for example, is responsible for matters relating to the trade in goods, tariffs, technical trade barriers, and the Protocol on the mutual acceptance of the results of conformity assessments and intellectual property rights in respect of goods.
At the request of a party, or on referral from the relevant specialised committee, or in preparing a discussion to be held at the CETA Joint Committee, this committee may also deal with matters in the areas of rules of origin,

origin procedures, customs and trade promotion and border measures, sanitary and phytosanitary measures, public procurement contracts or regulatory cooperation, if this facilitates the resolution of an issue which cannot otherwise by solved by the relevant specialised committee.
The actual purpose of the committee for the trade in goods, as specified in Article 2.13 of the CETA Agreement, is to promote the trade in goods between the parties, in amongst other things through consultation on accelerating the scrapping of tariffs under this agreement and other matters, as applicable; recommending to the CETA Joint Committee amendments or supplements to any provisions of this agreement in respect of the harmonised system; and promptly addressing issues relating to the movement of goods through the ports of entry of the parties.
In principle, the specialised committees convene to meet once a year, although extra meetings may be requested.
[11] This Council gathers regulators from US and Canadian departments that hold powers in the areas of health, safety and environmental protection to jointly examine whether unnecessary differences between their regulatory frameworks can be diminished by establishing specific targets, to be achieved by specifically planned work flows. Stakeholders, such as industry, consumers and NGOs, are also free to take part in this Council.
[12] Other countries with observer status in both fora include Switzerland and Turkey.
[13] Pending a final decision on its continued body membership, the UK has currently been designated as an individual member. Other full members of CEN-CENELEC that are not EU Member States are North Macedonia, Serbia, Turkey, Iceland, Norway and Switzerland. The remit of CEN-CENELEC's national member organisations is to implement the European norms as national norms through the dissemination of the European norms and the rescission of any conflicting national norms and standards.
[14] In amongst other things frequent technical consultation meetings are held between CEN and the International Organisation for Standardisation, which also publishes the ISO standards.
[15] This is a simplified procedure for tendering documentary evidence of origin.
[16] REX is the abbreviated form of *Registered Exporter*. The origin of goods is self-certified by market operators themselves by way of declarations of origin. In order to be permitted to raise such declarations of origin, market operators need to be registered in a database by their competent authorities. In doing so, the market operators obtain REX status. The REX status was first provided for in the work programme of the Union Customs Code in 2014.
[17] This refers to the Authorised Economic Operator concept. The concept is based on the Customs-to-Business partnership introduced by the World Customs Organisation (WCO). This sees traders, who comply with a number of criteria on a voluntary basis, work closely with the customs authorities to ensure the joint safety objective of the supply chain.
[18] BusinessEurope, *The Future EU-UK Relations*, 6 February 2020, p. 5.
[19] Mutual recognition programmes of AEO companies are in place with Andorra, China, Japan, Norway, the United States and Switzerland. The benefits for AEO companies in trading with the aforesaid countries in amongst other things include fewer customs checks and priority having their goods cleared by customs.
[20] BusinessEurope, *Brexit: The Customs Implications and Solutions*, 12 June 2018, p. 12.
[21] This concept is similar to the aggregate customs declaration.
[22] In amongst other things Article 86, Article 202, Article 223 and Articles 256 through 262 of the Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code, OJ L 269, 10/10/2013 ('Union Customs Code'); Articles 72 through 76, Article 176, Article 181, Articles 240 through 243 of the Commission Delegated Regulation 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code, OJ L 343, 29/12/2015 ('Union Customs Code Delegated Regulation'); Article 267, Articles 324 and 325 of the Commission Implementing Regulation (EU) 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code, OJ 343, 29/12/2015 ('Union Customs Code Implementing Regulation').

[23] Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93, OJ L 218, 13/08/2008, p. 30.

[24] ICSMS is made up of a closed and a public section. The closed section is intended to be used by official bodies such as market surveillance bodies, customs authorities and the European Commission. In amongst other things, the closed section contains product information, test results, official measures. Alongside the closed section is the public section, which is intended for consumers and manufacturers, and which offers data and privacy protection. The public section contains official information on unsafe products, voluntary recall campaigns and information posted by manufacturers drawing attention to things such as illegal copies, enabling consumers to swiftly find reliable information on unsafe products.
For each product, separate *Product Information* (PI) details are included in the system further to the analysis of a sample of the production in question.

[25] Decision No 1152/2003/EC of the European Parliament and of the Council of 16 June 2003 on computerising the movement and surveillance of excisable products, 2003, OJ L 162,5

[26] Decision No 292/2004/EC of the Commission of 30 March 2004 on the implementation of the Traces system and amending Decision 92/486/EEC, 2004, OJ L 94, 63.

[27] The five certificates which may current be uploaded in TRACES are CHED-D (Common Health Entry Document for food and feed of non-animal origin subject at their entry into the Union to any of the measures or conditions provided for in article 47, member 1, sub d), e) or f) of Regulation (EC) 2017/625); COI (specifically for biological products); CHED-PP (Common Health Entry Document for plants, plant products and other objects referred to in Article 47(1) (c) to (f) of Regulation (EU) 2017/625 and Commission Implementing Regulation (EU) 2019/66); PHYTO (phytosanitary products which comes under Regulation 2016/2031); and FLEGT (based on *Council Regulation (EC) No 2173/2005 of 20 December 2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community,* 2005 OJ L 47.

[28] Chapter 1B (*Implementing Provisions*) of Appendix 5 (*Live animals, their semen, ova and embryos: border checks and inspection fees*) of Annex 11 of the *Agreement between the European Economic Community and the Swiss Confederation on trade in agricultural products*.

[29] Commission Implementing Regulation (EU) 2019/2151 of 13 December 2019 establishing the work programme relating to the development and deployment of the electronic systems provided for in the Union Customs Code, 2019 OJ L 325, 168.

[30] For instance, information on the procedures to be awarded AEO and REX status; how businesses should go about dealing with product classifications in their customs declarations; informing business of the ramifications of the expiry of the transition period in the areas of VAT and excise duties; how to apply for and deliver supplier's declarations in consideration of the establishment of origin.

[31] Based on the original Sangatte Protocol between France and the UK.

[32] The UK is already taking part in a *smart and secure trade lanes* trial project that has been set up between the UK, The Netherlands, France, Germany, Italy, Poland, Spain, China and Hong Kong.

[33] *Delegated Commission Regulation (EU) 2019/1143 of 14 March 2019 amending Delegated Regulation (EU) 2015/2446 as regards the declaration of certain low-value consignments*, OJ L 181, 05/07/2019

[34] Article 77, *Commission Implementing Regulation (EU) 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code.*