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## **CLECAT welcomes EU-UK trade deal and urges customers to prepare in the quiet before the storm**

CLECAT has welcomed the new economic relationship under the UK-EU Trade and Cooperation Agreement (TCA) which entered into force on the 1<sup>st</sup> of January. The fact that a trade deal has been reached is good news for business on both sides of the English Channel. However, the late conclusion of the negotiations has not facilitated the transition: whereas the freight forwarding industry and customs brokers are well prepared, many of their customers still need to adapt their processes and prepare for inevitable export and import declarations and other administration for cross-border trade.

After a first week of business experiences, which has been relatively quiet, due to low volumes as many have secured sufficient stocks before the 1<sup>st</sup> of January, it remains apparent that overall awareness of the new border requirements and processes is still lacking. CLECAT therefore urges traders and hauliers to get better informed and prepared. CLECAT further notes that the stability of supply chains will also depend to a large extent on the competence and readiness of the EU member states and the UK to support and guide business during this period of transition. Cross-border flows are expected to increase rapidly in the upcoming weeks and potentially lead to severe disruptions at the EU-UK border, unless companies boost their last-minute preparedness efforts. Following an exchange of recent experiences between its member associations, CLECAT calls for attention on several specific issues that must be timely and adequately addressed to ensure frictionless flow of goods between the EU and the UK:

### **1. Safety and security**

CLECAT notes that there is still not sufficient awareness on the need for filing safety and security declarations in addition to the already required import, export and transit declarations for traded goods. Trade needs to be aware that the requirement to file an entry summary declaration (ENS) on goods moving from the EU to Great Britain was waived until 30 June 2021. EU legislation, however, requires that all goods brought into the customs territory of the Union as of 1 January shall be covered by an ENS to enable customs to conduct a risk analysis for security and safety purposes and the trade deal did not change this requirement. The entry and exit summary declarations, however, involve major administrative burdens and costs for operators on both sides. CLECAT therefore continues to urge the EU and the UK to form an agreement, based on which safety and security declarations can be waived. In case such an agreement cannot be reached, both parties should make optimal use of unilateral facilitation to waive such declarations.

### **2. Rules of origin**

The EU-UK TCA establishes zero tariffs or quotas for traded goods, provided that the agreed preferential rules of origin are met. The post-Brexit deal has provoked some misunderstanding from shippers, some of whom still believe that the deal implies an automatic removal of tariffs which is not the case. Companies will still have to certify that their goods qualify as locally sourced in order to avoid tariffs under the new trade deal. In order for businesses to benefit from preferential tariffs when importing into the UK or EU, they will have to claim preferential

treatment and declare they hold proof that the goods meet the rules of origin. The rules of origin and associated procedures were subject to last-minute communication to stakeholders. CLECAT has observed a general lack of awareness and knowledge among relevant stakeholders of the necessary requirements.

### **3. Sanitary and phytosanitary (SPS)**

Under the EU-UK TCA, both sides maintain their fully independent SPS regimes, and trade in animals, plants and products thereof is already subject to systematic veterinary and phytosanitary controls at the EU border. Consignments of SPS products moving from/through Great Britain must comply with EU import/transit conditions for third countries: SPS controls are in most cases carried out at the border at the point of EU entry/exit. Preparedness is key as consignments without the proper documentation will be returned to the UK which has already occurred during the first days of January. CLECAT therefore urges national authorities to improve their communication efforts towards operators and ensure they are sufficiently informed of the new requirements in EU-UK agri-food trade. Authorities are also encouraged to allow for some flexibility in the performance of official checks, for example by relying on digital copies of official documents.

### **4. Return-refill packaging**

CLECAT members report on diverging national practices of EU member states regarding the import and export customs formalities applicable to return-refill containers and lack of sufficient clarification on existing rules. Economic operators are not adequately informed of the related requirements and processes, which causes serious disruptions in the considerable amount of transport operations involving empty packaging materials. CLECAT stresses the importance of making sure that existing rules are uniformly applied across the EU and better communicated.

### **5. Clear and coordinated communication**

CLECAT considers that businesses on both sides need more practical guidance to prepare for the changes in EU-UK trade. However, the communication provided so far at EU level does not adequately reflect specific national measures and Brexit-related solutions. Economic operators are faced with different national solutions in EU member states and communication/guidance that is not always readily available in more EU languages. CLECAT calls on national authorities to ensure that the new rules are better communicated and sufficiently clarified to avoid distortions of supply chains and help businesses remain compliant.