



To the Ambassadors of the EU Member States to the European Union

UK Brexit white Paper

Excellency,

As soon as the result of the British referendum was announced on 24 June 2016, EDA started preparing for Brexit, reflecting on its consequences and the best way forward.

We have been frustrated with the progress of the negotiations to date, so we welcome the UK Government publishing its White Paper "*The future relationship between the UK and the EU*" on 12 July 2018 as a basis for taking forward negotiations on the future UK-EU relationship.

We understand that the White Paper is a starting point and flexibility will be needed on both sides if the framework for the future relationship is to be agreed before the UK leaves the EU in March 2019.

The EDA wants the trading relationship between the UK and EU to remain as close as possible to the status quo. As we said in our recent press release 'BREXIT: Don't spill the milk', a no deal scenario will have a significant negative impact on the European dairy industry- much greater than the 2014 Russian embargo.

We need to avoid this if we are to protect EU consumers and producers from a dairy crisis after BREXIT.

So it is within this context that we welcome the general principles of the UK's White Paper.

On the specifics within the White Paper, at this juncture, we would like to draw the attention of the negotiators to the *Facilitated Customs Arrangement*, the *Tariffs and Rules of origin* paragraphs and the *common rulebook*.

Our assessment at this point:

Zero tariff, zero quotas (chapter 1.2.2): this approach is welcomed by EDA as it is the best way to ensure the continuation of existing trade between the EU and the UK. The agri-food industry, in general and the dairy sector in particular, has always been keen to maintain it.

The proposal for the *facilitated customs arrangement* (chapter 1.2.1.), including the use of a "*trusted trader*" as well as the proposal on *rules of origin* (chapter 1.2.2) carries significant risks for the EU dairy industry. The risk of circumvention is real and the temptation to use the UK as an import route



to service the EU market with foods that do not meet EU SPS standards should not be underestimated. "Diagonal Cumulation" as a model is untested for a trade agreement of this scale. In this respect, we (re)send you herewith the EDA Issue Paper on "Rules of Origin".

Regarding the future **UK agriculture policy** (chapter 1.2.4), we read with interest that *"Under the existing constitutional settlements in Scotland, Wales and Northern Ireland, each devolved administration and legislature generally has competence to make its own primary and secondary legislation in relation to agriculture, as well as in related areas such as animal health and welfare, food safety, plant health and fisheries. The UK Government will work closely with the devolved administrations, who share high ambitions for a sustainable agricultural industry in the UK, as the UK withdraws from the EU, and will ensure future arrangements within the UK work for the whole of the UK"*.

It is indeed crucial that when placing products on the UK market, the EU operators do not have to comply with different legislation in each devolved region, as this will not be the case for British products placed on the EU27 market. With respect to the Island of Ireland being considered a "single epidemiological unit", there is concern that one island with two diverse agricultural policies could raise issues on export – particularly in relation to rules of origin.

We welcome the proposal for a **"common rulebook for agriculture, food and fisheries products"**. **But we are concerned by the potential for a significant number of issues to be left out of the rules book given the UK's stated wish to be free to legislate as they want.** The Common Agricultural Policy is the basis for mitigating many of the SPS issues, and the UK being outside of it would most likely impose SPS issues. This could well result in the introduction of food technologies to the food chain which are banned today.

These are the preliminary comments we would like to share with you, ahead of the General Affair Council meeting of 20th July.

We encourage both sides to engage constructively on the detail within the White Paper as negotiations move ahead.

At your disposal for discussing these in more details,
Sincerely yours,



Alexander Anton