

Brussels, 31st January 2019

Letter sent to the European Commission

Re.: Brexit: urgent need for contingency measures for the benefit of consumers

FoodDrinkEurope, Europe's food and drink industry organisation, would like to highlight the dramatic consequences that a UK exit from the EU without a deal will have on food and drink producers, the wider food supply chain and, in particular, on consumers. A no-deal Brexit will be damaging for large, medium and small companies alike, as well as for farmers, due to high tariff duties and burdensome procedures at the borders. It will ultimately be consumers in both the UK and the EU27 however, that will bear the brunt of Brexit, with disruption in access to the food they enjoy and, in some cases, that they need (e.g. special nutrition products).

The figures speak for themselves: trade in food and drink products between the EU27 and the UK amounts to €46 billion; our complex food supply chains are highly integrated and just-in-time processes on both sides depend on the free movement of ingredients and raw materials.

Faced with the current lack of certainty, FoodDrinkEurope has strongly encouraged companies to prepare for a no-deal scenario. Those companies with the financial and human resources to do so, have followed the advice of the European Commission and engaged in contingency and preparedness measures. These measures will, however, not prevent significant disruption of supply chains in the case of a no-deal Brexit. It has also been much more difficult for smaller operators, many of whom will be facing export procedures for the first time, to suitably prepare as they often lack the required resources.

To mitigate the impact of a no-deal Brexit on consumers and on all operators in the supply chain, we call on the European Commission, with the support of EU Member States, **to adopt unilateral contingency measures specific to the agri-food sector**. These measures relate to customs, labelling, goods already placed on the market, food safety and certification of organic products (see details in annex).

The exit of the UK from the EU without a deal will constitute a lose-lose situation for the entire agri-food chain. With a no-deal Brexit, EU27-UK trade will revert to WTO Most Favoured Nation status, which will lead to high import tariffs on agri-food products, and result in an increase in cost that neither the food producer nor the consumer has the capacity to absorb. Combined with increased transport costs and burdensome procedures, companies will not be able to cope with these disruptions on their own. There is therefore an urgent need for time-limited EU contingency measures; the UK should be encouraged to ensure reciprocity.

FoodDrinkEurope would like to reiterate that a no-deal Brexit would be hugely damaging for both the UK and EU agri-food sector and must be avoided at all costs.

Annex

To mitigate the impact of a no-deal Brexit on consumers and all operators in the supply chain, we call on the European Commission, with the support of EU Member States, **to adopt unilateral contingency measures specific to the agri-food sector**, and, in particular to:

- foresee temporary facilitated procedures for EU agri-food products¹ that would allow the goods to be cleared at the premises of the operator. Considering the short shelf-life of food and drink products, these measures would allow to preserve their quality and safety while avoiding unnecessary congestion at the border. The Commission should also provide clarification on the 'simplified' procedures for EU goods in transit through the UK between Member States, in terms of document checks, certification and sealing of containers etc.;
- facilitate a smooth transition to label changes², by adopting temporary measures allowing for a grace period of at least 18 months, so that companies can build this into their current label update cycle and incorporate all changes at a single time. This should also include provisions to ensure the continued acceptance on the EU market of products which comply with established UK exemptions under EU law, such as those referred to in the Community Register enacted under Article 11 of Regulation (EC) No. 1925/2006.

We also seek clarity from the Commission on what fulfils the legal obligation for "*establishing a business address*" in the EU. UK food business operators exporting to the EU will need to replace the UK address with an EU address and EU food business operators exporting to the UK will need a UK address, so it would be helpful to have a common understanding of what is required to meet this legal obligation;

- adopt temporary measures allowing goods placed on the EU market before 30 March 2019 to continue being sold until goods are exhausted, and to promote a pragmatic approach to enforcement by EU control authorities for a determined period (e.g. 18-24 months). Without this assurance, there will be disruption and cost to the supply chain as products will need to be recalled and/or over-labelled. Additional guidance is needed on what 'placing on the market' means in terms of contract and availability for sale;
- accelerate the process for recognising UK certification bodies as a Third Country certification body to certify organic products for export to the EU so that this is in place ahead of 29 March 2019 for continued market access. Without this, in the event of a no-deal, the UK will not be able to export products labelled as organic to the EU; this means that EU food manufacturers will not be able to source organic products from the UK as ingredients for products or as finished products for the EU market;
- ensure an adequate coordination and information exchange on food safety issues. Maintaining the full access for the UK to the RASFF and the Administrative Assistance and Cooperation (AAC) food fraud system will be mutually beneficial for the UK and the EU, as it will enable to continue this sharing of intelligence on potential food safety risks and fraud to help protect both the EU and UK markets.

¹ Covering all agricultural and processed agricultural products

² Including but not limited to Regulation (EU) No 1169/2011 on the provision of food information to consumers, Regulation (EC) 1924/2006 on nutrition and health claims made on foods and Regulation (EC) 1925/2006 on the addition of essential nutrients to food.