



Agricultural Industries Confederation (AIC) Briefing Note

January 2021

Current non-tariff barriers under the UK and EU Trade and Co-Operation Agreement (TCA) for agri-supply businesses

Who we are

The AIC (Agricultural Industries Confederation) is the trade association which represents the UK Agri-supply industry which has a farmgate value of over £8 billion. We represent a wide range of members who supply farmers with the key inputs and advice they require to produce crops and livestock products.

Background

On 24th December, the UK and EU finally announced a deal had been reached between both parties. The impact of the deal on the agri-supply industry is considerable – though the avoidance of tariffs between the UK and EU is welcome. Despite this, it is evident that a number of non-tariff barriers have arisen as a result of the deal, as UK Government, EU Member States, the European Commission and individual EU businesses work to implement the detail of the agreement in practice.

This briefing provides a concise overview of current non-tariff barriers across agri-supply sectors. The most urgent issues are **highlighted in bold text**, and if they are not resolved could result in significant harm to agri-supply businesses based in the UK.

Livestock feed

- Feed materials and export health certificates (EHCs). For some time AIC has been trying to establish exactly whether or not EHCs are required for exports to NI and EU/EEA of feed containing certain processed animal proteins. This is particularly relevant for feeds containing materials such as milk and milk derived products, gelatine, hydrolysed proteins, eggs, dicalcium phosphate and collagen. **Currently, there is no clear guidance on certification, and as a result livestock feed exporters are unable to export products to NI or the EU.**
- To take advantage of tariff free trade into EU & NI, businesses must be able to prove *preferential origin* of raw materials. Many UK businesses' suppliers in the EU are entirely unfamiliar with the production of this document and are asking for advice which is unclear.
- For businesses supplying all classes of feed, including feed materials to the EU (including NI), the requirement to appoint a representative in the EU (including NI or EEA) remains in place. This is a new adjustment for businesses exporting to NI and the EU.
- Major transport partners and couriers have informed a number of feed businesses that as a result of the above issues, they are not willing to transport animal feeds which require SPS clearance to the EU.
- For businesses supplying all classes of feed, including feed materials to EU (including NI), the requirements for labelling to comply with EU Regulations remains in place. This means that new labelling requirements are being placed upon exporters.

Seeds and Grains

- **At this stage, the EU has not granted equivalence on GB seed, and there is no timeline on when this will change. Failure to grant the UK equivalence means that seed cannot be exported to NI or the EU from GB. This needs to be addressed as a matter of urgency.**
- It has been confirmed in letters from Defra that phytosanitary certificates are not required for the export of GB grain to the EU, or EU grain to the UK. We do however have evidence that this information has not been fully absorbed by personnel at points of entry in EU member states.
- Previously the weight of deliveries of grain (e.g. linseed) did not need to be on a full invoice prior to leaving the UK, as it is decided by the buyer upon delivery. The use of the pro forma invoices that allowed this is now not being accepted, and this impacts the process of transporting grain by truck and passing customs.

Fertilisers

- There will be a 2-year transitional period during which businesses will be able to continue to manufacture and sell material labelled as an 'EC fertiliser' (2003/2003) for use in GB, provided those products conform to EU standards.
- Detonation resistance testing (DRT) for production and importation of high concentration ammonium nitrate is a legal requirement, now limited to one single UK based laboratory which lacks capacity to meet demand. The nature of the product additionally limits its easy transport between countries by courier. There is a current derogation of 2 years to allow European sourced ammonium nitrate to continue to be tested in EU accredited laboratories. This derogation must be extended to allow testing in any accredited ISO laboratory.
- UK fertiliser manufacturers hoping to export to the EU or NI will need to be established within the EU or NI. Products must be labelled accordingly with the EU established manufacturer or importer as appropriate
- The UK now has oversight of its trade remedies (countermeasures) policy. Existing trade remedies on Urea Ammonium Nitrate from USA, Russia and Trinidad & Tobago, is due to terminate its application in the UK. UAN will therefore not be subject to the EU imposed anti-dumping duties. Anti-dumping duty on Ammonium Nitrate from Russia will still apply.

Plant Protection Products (PPPs)

- Under the terms of the Withdrawal Agreement and Northern Ireland Protocol, EU PPP legislation continues to apply in NI.
- It is envisaged that over time PPPs approved for use in the EU and NI may diverge from those approved from use in GB. In GB, legislation states that active substances which were due to expire in the EU within 3 years of 31 December 2020 will be granted a 3 year extension under the new GB regime.
- GB and EU / NI Maximum Residue Levels (MRLs) will also diverge. New EU MRLs came into force in January 2021 which are now different from GB MRLs (retained from EU legislation). Treated products from NI produced in accordance with EU MRLs can be placed on the market in Great Britain even if EU and GB MRLs diverge. EU law on MRLs

still apply in NI, meaning treated produce will only be able to be placed on the market in NI in compliance with EU law. GB treated produce exported to EU will have to comply with EU MRLs. This will require GB farmers and agronomists to be vigilant to MRL changes and requirements of end purchasers whether in NI or EU.

- Production methods may have to meet environmental standards within the EU Green deal. This could mean produce treated with a PPP approved for use in GB would not be acceptable for export to the EU, regardless of compliance with MRLs, if the PPP was not approved for use in the EU.

Registration, Evaluation, Authorisation & restriction of Chemicals (REACH)

- UK REACH, the UK's independent chemicals regulatory framework is now in place and separate from EU REACH. UK REACH and EU REACH regulations will operate independently from each other. Companies that are supplying and purchasing substances, mixtures or articles to and from the EU/EEA/NI and GB will need to ensure that the requirements are met under both pieces of legislation. The costs associated with registering chemicals in the UK are unlikely to be easily shared within a consortium as is currently achieved under EU REACH. This will mean some chemicals will be commercially unviable to register and consequently supply in the UK. For PPPs this could mean changes to product formulations with subsequent changes to approvals.
- Under the NI Protocol the EU REACH Regulation will continue to apply to NI. This means businesses must provide information on any authorisation matter, including new authorisation application, grandfathering of existing authorisations, and downstream user notifications of authorised uses.

Wood packaging material

- For businesses supplying feed products to EU (including NI), the requirement to use wooden packaging materials which are compliant with ISPM15 standards remains in place. The availability of pallets is extremely limited at the time of writing and this is leading to difficulties in exporting products out of GB.

UK Agri-supply trade assurance schemes

- AIC agri-supply assurance schemes will remain in place and have earned recognition across UK Governments and administrations as well as EU mutual agreements in place.

AIC

Five Sectors

Animal Feed	Crop Marketing	Crop Protection & Agronomy	Fertiliser	Seed
				

Six Assurance Schemes

					
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ONE POLICY TEAM

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