

## **British Food Importers and Distributors Association – Written evidence (EEH0037)**

Our Association represents the leading importers of ambient foodstuffs with an annual turnover of approximately £3 Billion. Our members import substantial quantities of products from the EU namely, Dried Pasta, the whole range of tomato products, canned tuna and mackerels, canned sweet corn, canned peaches, evaporated milk, and Olive oil. Principally for climatic reasons and in the case of canned tuna products the absence of a distant-water fleet or processing plants, none of these products can be sourced domestically.

Whilst my members welcomed the Trade and Partnership Agreement with the EU, in the absence of stakeholder consultation unworkable arrangements were agreed in respect of the Rules of Origin in trade between the EU and UK and vice-versa defining the criteria by which a product qualifies for claiming origin preference. Our evidence will cover this subject and the serious issue of road transport across the Short Straits.

### Origin Rules

Negotiators on both sides seem to have been unaware of the historical chain of supplying Northern Ireland and the Republic of Ireland via mainland UK. Due to the absence of direct shipping routes to the Island of Ireland, for example from Southern Italian Ports goods are shipped to English Ports such as Southampton, Port of London, and Felixstowe. As retailers, Cash & Carry, Wholesalers etc. in Northern Ireland and the Republic order pallet loads of assorted products and not full containers of a single product, deliveries are arranged from importers warehouses. Therein lies the problem with the new origin rules.

When importing products, say for example full containers of canned peeled tomatoes from Italy into free circulation, i.e., cleared through UK Customs, and then send pallet loads on a lorry across the Irish Sea to the Republic either direct or crossing Northern Ireland, because no further processing has taken place, these canned peeled tomatoes in spite being of EU origin, lose that origin and cannot acquire UK origin. Consequently, on import in the Republic these canned tomatoes are liable for the EU's MFN duty of 14%.

Products imported in the UK from countries with a free trade agreement with both the EU and the UK cannot be exported duty-free to the EU.

Similar problems exist, for example, we received conflicting advice from the same government department concerning apple juice concentrate imported from Poland (EU) and processed in the UK. First advice, the processing of this product under the origin rules is considered insufficient to acquire UK origin, or second advice cumulation will confer origin. So, we have no clarity of whether duty will have to be paid on import in the Republic or elsewhere in the EU until the preference claim is presented to the EU Customs.

A similar problem exists with some processing of non-originating raw material in the EU, which when importing the finished product is dutiable in the UK.

This problem has been addressed, for example, the import of EU canned tuna with a quota benefitting mainly Spain, but not in any other processing sector.

It has been suggested that 'returned goods relief' could be a solution but it is not and would not be accepted by EU Customs as means of reclaiming customs duty.

The Rules of Origin must be reviewed urgently to resolve the problems mentioned, but it has been pointed out to us that the EU would have to take the initiative in this matter. If that is not possible, the entire supply chain would have to be re-arranged at considerable costs to my members and in the end the consumers.

#### RORO Transport problem across the short strait

The complexity of the new rules applied to exports from the UK now that it is a third country, and the substantive amount of paperwork that is needed for example in the dairy and meat sector, means lorries take much longer clearing controls on either side of the Channel.

In this context, some EU hauliers being concerned about long delays when they carry return loads or having to go back empty to save time decided to stop coming to the UK or charging much higher freight rates. These costs will ultimately have to be borne by the UK consumer.

Quoted in part from a Bloomberg report: -

"Truckers are trying to avoid the U.K. as Brexit red tape keeps them waiting to get to the continent. New weekly data highlight the additional costs companies face when trading between Britain and the European Union after U.K. left the single market on Dec. 31. While the two sides agreed not to impose tariffs on goods, so-called non-tariff barriers are nevertheless creating obstacles for business."

In summary, the UK Trade and Partnership Agreement with the EU may provide for some duty-free preference trade, it does not, however, provide for frictionless trade and has added to the administrative burdens of our own sector and no doubt other sectors of the British Food Industry. This already has and will continue leading to further price increases to the British consumers.

Walter J Anzer – Director General

3<sup>rd</sup> February 2021.