"Stock taking of civil dialogue groups"

- Ad hoc meeting held on 1 February 2019

- Any reference in this document to 30 March 2019 at 00.00 (CET) or 13 April 2019 at 00.00 (CET) as the withdrawal date of the United Kingdom from the European Union, must be read as referring to 1 November 2019 at 00.00 (CET)
# A Timeline of Key Events

<table>
<thead>
<tr>
<th>Date</th>
<th>Key Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>29 March 2017</td>
<td><strong>Withdrawal notification</strong></td>
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<tr>
<td>19 June 2017</td>
<td><strong>Start of Negotiations</strong></td>
</tr>
<tr>
<td>8 December 2017</td>
<td><strong>Joint Report</strong></td>
</tr>
<tr>
<td>19 March 2018</td>
<td><strong>Draft Withdrawal Agreement</strong></td>
</tr>
<tr>
<td>19 June 2018</td>
<td><strong>Joint Statement</strong></td>
</tr>
<tr>
<td>25 November 2018</td>
<td><strong>Finalised Withdrawal Agreement</strong></td>
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</tbody>
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**PM Theresa May notifies the European Council of the UK’s intention to withdraw from the European Union**

They first address three main withdrawal issues: citizens' rights, the financial settlement, and how to avoid a hard border on the island of Ireland.

This set out the areas of agreement on the three main withdrawal issues and other separation issues.

This draft translates into legal terms December's Joint Report. It highlights areas of agreement and disagreement.

This outlined further progress at negotiators' level.

EU leaders endorse the Withdrawal Agreement and adopt the Declaration on the Framework for the Future Relationship.
<table>
<thead>
<tr>
<th>MAIN AREAS COVERED BY THE WITHDRAWAL AGREEMENT (1/2)</th>
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</thead>
<tbody>
<tr>
<td><strong>Common provisions (Part I)</strong></td>
</tr>
<tr>
<td>- Setting out cross-cutting clauses for the proper understanding and operation of the Withdrawal Agreement.</td>
</tr>
<tr>
<td><strong>Citizens' rights (Part II)</strong></td>
</tr>
<tr>
<td>- Protecting the life choices of over 3 million EU citizens in the UK, and over 1 million UK nationals in EU countries, safeguarding their right to live, work or study in their host country.</td>
</tr>
<tr>
<td><strong>Separation issues (Part III)</strong></td>
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<tr>
<td>- Ensuring an orderly withdrawal, notably through a smooth winding-down of ongoing procedures and arrangements applicable at the end of the transition period.</td>
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<tr>
<td><strong>Transition (Part IV)</strong></td>
</tr>
<tr>
<td>- Providing for a transition period, until the end of 2020, which can be extended once, by up to one or two years.</td>
</tr>
<tr>
<td>- Ensuring continued application of EU law in and to the UK during that period (but without UK participation in EU institutions and governance structures)</td>
</tr>
<tr>
<td>- Providing more time for administrations, businesses and citizens to adapt.</td>
</tr>
<tr>
<td><strong>Financial settlement (Part V)</strong></td>
</tr>
<tr>
<td>- Ensuring that the UK and the EU honour all financial obligations undertaken jointly while the UK was a Member State.</td>
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</tbody>
</table>

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<table>
<thead>
<tr>
<th>MAIN AREAS COVERED BY THE WITHDRAWAL AGREEMENT (2/2)</th>
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</thead>
<tbody>
<tr>
<td><strong>Governance (Part VI)</strong></td>
</tr>
<tr>
<td>- Ensuring the effective management, implementation and enforcement of the agreement, including an effective dispute settlement mechanism.</td>
</tr>
<tr>
<td><strong>Protocol on Ireland and Northern Ireland</strong></td>
</tr>
<tr>
<td>- No hard border between Ireland and Northern Ireland.</td>
</tr>
<tr>
<td>- Continuation of the Common Travel Area arrangements between Ireland and the UK, and preservation of the Single Electricity Market</td>
</tr>
<tr>
<td><strong>Protocol on the Sovereign Base Areas (SBAs) in Cyprus</strong></td>
</tr>
<tr>
<td>- Protecting the interests of Cypriots who live and work in the Sovereign Base Areas.</td>
</tr>
<tr>
<td><strong>Protocol on Gibraltar</strong></td>
</tr>
<tr>
<td>- Providing for administrative cooperation between Spain and the UK in respect of Gibraltar in a number of policy areas during the transition period and on the implementation of the citizens' rights part of the Withdrawal Agreement.</td>
</tr>
</tbody>
</table>
EU/UK Possible Framework for the Future Relationship

Free trade area  
*CETA-like*

Socio-economic cooperation  
*3rd country status*

Police and judicial cooperation in criminal matters  
*3rd country outside Schengen*

Foreign, security and defence policy  
*3rd country status*

Level playing field

Market access  
Customs cooperation  
Regulatory cooperation framework  
Fisheries

Transport  
Mobility of citizens

Data exchange  
Cooperation between law enforcement authorities and judicial cooperation in criminal matters  
Anti-money laundering and counter-terrorism financing

Security of information agreement

Strategic dialogue and consultation  
Participation in EU-led operations and missions  
Defence capabilities development  
Intelligence exchanges  
Space  
Development

EU legal basis for 3rd countries in EU programmes (*)  
e.g. Horizon Europe

EU autonomous measures  
e.g. 3rd country equivalences in financial services, adequacy decision on data protection

(*) To be discussed in the Multiannual Financial Framework context

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Orderly withdrawal process

EU membership → Transition period

• CAP
• GI
• Goods on the market

Future relationship

• Duty-free quota free
• Regulatory and customs cooperation
• Level playing field

Negotiations future relationship

Protocol N-IE and IE

• N-IE provisions
• Single Customs Territory
• Level playing field

Backstop in case needed
Import formalities for third countries

Security and safety: AT THE BORDER
- Live animals
- Products animal origin
- Animal products not for human consumption
- Fresh F&V
- High risk food and feed of non-animal origin
- Plant health
- Invasive species

Financial controls: at customs office
- Risk based controls on basis of customs declarations
- Classification of goods
- Origin
- Customs value
- Custom duties
- VAT
- Excise

Market surveillance: at customs office
- Checks based on risk assessment, suspension of release for free circulation
- Compliance of products
## Import formalities between EU-GB

### Security and safety AT THE BORDER
- Live animals
- Products animal origin
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### Financial controls at customs office
- Risk based controls on basis of customs declarations
- Classification of goods
  - Origin
  - Proof of status free circulation
- Customs value
- Custom duties
- VAT
- Excise

### Market surveillance at customs office
- Checks based on risk assessment, suspension of release for free circulation
- Compliance of products

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**Single Customs Territory**

Customs in cooperation with Veterinary and phytosanitary authorities

Market Surveillance Authorities
## Steps to conclude the Agreement

<table>
<thead>
<tr>
<th>European Council (Art.50)</th>
<th>European Commission</th>
<th>Council (Art.50)</th>
<th>European Parliament</th>
<th>Council (Art.50)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endorses the Withdrawal Agreement</td>
<td>Proposes to the Council to authorise the signature and to conclude the Withdrawal Agreement</td>
<td>Authorises signature of Withdrawal Agreement and refers to the European Parliament for consent procedure</td>
<td>Consent procedure</td>
<td>Concludes the Withdrawal Agreement</td>
</tr>
</tbody>
</table>

**30 March 2019**

At 00:00 CET, the UK becomes a third country. The transition period begins.

The UK ratifies the Withdrawal Agreement according to its own constitutional requirements.
International agreements
• Most international agreements apply to the EU.
• When the UK is no longer a Member State they will no longer be part of the these agreements.

**Transition Period**

• EU international agreements are part of the EU acquis.
• UK bound by the obligations from all EU international agreements
• Guarantees integrity and homogeneity of Single Market and Customs Union
• The EU will notify its international partners that the UK is an assimilated MS for the purpose of international agreements, including agreements that inter into force during the transition period
• Most international agreements apply to the EU.
• When the UK is no longer a Member State they will no longer be part of the these agreements.

No-deal scenario
• International agreements do no longer apply to the UK
• FTA provisions remain unaltered for the EU (e.g. market access, TRQs)
• EU traders to check Rules of Origin as UK ingredients will no longer be considered EU origin
• A future relationship EU-UK could change some modalities regarding bilateral agreements (e.g. cumulation RoO)
• Most international agreements apply to the EU.
• When the UK is no longer a Member State they will no longer be part of these agreements.

**Future Relationship**

• The future relationship EU-UK could change some modalities regarding EU’s bilateral agreements (e.g. cumulation RoO)
AGRI-FOOD TRADE WITH THE UK

EU-28 agri-food exports compared to EU-27 agri-food exports to the UK (billion €, 2017)
AGRI-FOOD TRADE WITH THE UK

EU-27 Agri Food exports to the UK (% of value, 2017)

- Fresh and processed fruit and vegetables: 25%
- Meat products: 19%
- Dairy products: 17%
- Wine, spirits and beverages: 11%
- Food preparations: 19%
- Others: 9%
AGRI-FOOD TRADE WITH THE UK

UK Agri food imports (2017, % of total value)

- NL 14%
- FR 10%
- IE 10%
- DE 11%
- ES 7%
- IT 6%
- BE 5%
- PL 4%
- Others EU 7%
- Rest of the world 27%

AGRI-FOOD TRADE WITH THE UK
AGRI-FOOD TRADE WITH THE UK

Share of UK agrifood imports originating from the EU-27 (% of value, 2017)

- Fresh and processed fruit and vegetables
- Meat products
- Dairy products
- Wine, spirits and beverages
- Food preparations
- Others
Preparedness and notices

EU notices and Communications on preparedness / contingency

i.e. Notice to stakeholders – Withdrawal of the United Kingdom and EU Food Law


What will actually happen ???
Market disturbances

There are legal tools available in the CMO

Safety nets: public intervention, private storage, crisis prevention and risk management measures

Exceptional market measures
Market disturbances

The Commission has the experience with the 2014-16 packages

2015 Comprehensive Package:
- measures to address market imbalance (private storage aid, promotion programmes, ..),
- Measures to help farmers in short term cash flow difficulties (targeted aid, advanced payments),
- Measures to tackle supply chain challenges,
- Measures to tighten the link between agriculture and society at large,
- State Aids

2016 Comprehensive Package:
- incentives to reduce production,
- conditional adjustment aid,
- application of voluntary supply management,
- increased public intervention ceiling,
- prolonged temporary exceptional measures in the fruit and vegetables sector (withdrawals, non-harvesting and green harvesting) etc.
- establishment of a meat market observatory,
• How are you getting prepared?

« (Preparedness) is a joint effort at EU, national, regional and local levels, as well as by economic operators » COM(2018)556 of 27.8.2018
Brexit preparedness & contingency
Brexit preparedness and contingency

Preparedness

• Communication of 19 July 2018 ‘Preparing for the withdrawal of the United Kingdom from the European Union on 30 March 2019’;

Contingency

• Communication of 13 November 2018 ‘Preparing for the withdrawal of the United Kingdom from the European Union on 30 March 2019: a Contingency Action Plan’;

• Communication of 19 December 2018 ‘Preparing for the withdrawal of the United Kingdom from the European Union on 30 March 2019: Implementing the Commission’s Contingency Action Plan.’
6 Principles of contingency

• “Contingency measures should not replicate the benefits of membership of the Union, nor the terms of any transition period, as provided for in the draft Withdrawal Agreement;
• Contingency measures will in general be temporary in nature, and should in principle not go beyond the end of 2019;
• Contingency measures will be adopted unilaterally by the EU in pursuit of its interests and can therefore, in principle, be revoked by the EU at any time;
• Contingency measures must be adopted respecting the division of competences provided for by the Treaties as well as the principle of subsidiarity within the EU;
• National contingency measures must be compatible with EU law, including the international obligations of the Union; and
• Contingency measures will not remedy delays that could have been avoided by preparedness measures and timely action by the relevant stakeholders.”
What has been done by the Commission

- 3 Communications;
- 88 Brexit preparedness notices and Q&As;
- Council Working Party (Article 50) Brexit preparedness seminars;
- Brexit preparedness technical expert seminars;
- Legislative initiatives and legal acts on Brexit preparedness and contingency;
- Tour of EU27 capitals.

More information:
https://ec.europa.eu/info/brexit/brexit-preparedness_en
UK withdrawal in the WTO context

- EU and UK are both Members of the WTO
- UK rights and obligations are reflected/embedded in the "EU schedule"
- Aim of exercise is to establish two separate schedules for EU27 and UK by the time of withdrawal
- The UK's aim is to replicate the EU's schedule as far as possible
- The UK and the EU agreed to a joint approach for the quantitative elements in the schedule which cannot be replicated without duplicating the commitment.
The process

- A package:

**Negotiations under Article XXVIII of GATT**

- Informal discussions with WTO Members since autumn 2017
- Negotiation Directive adopted in summer 2018
- Notification to WTO members July 2018
- Final claims of WTO Members received and discussed. Negotiations ongoing

**Regulation to apportion the TRQs**

- Backstop in case no agreement is reached with all WTO Members concerned by the time of UK withdrawal
- Data and coherent methodology as discussed in informal talks with WTO Members
- To be published in Official Journal beginning of February
Principles of the TRQ apportionment

• **Fair:**
  - Maintain current levels of access for others to EU27+UK market
  - Based on the UK share of TRQ use

• **Coherent:**
  - Apportionment of all TRQs
  - Apportionment of full TRQ size
  - Following a common methodology

• **Objective and transparent:** based on robust data over a representative period
Based on representative trade flows

- **Objective:** respecting actual trade flows through observed usage.

- **Consistent:** in line with EU practice in WTO for enlargement, using most recent representative three-year period

- **Unbiased:** 2013 - 2015 best reflects the situation before direct or indirect effects of the UK withdrawal
Robust data sources

The goal of the exercise is to reflect actual trade flows as accurately as possible

1. For First Come First Served administered TRQs the usage is based on consolidated customs data submitted by the MS (Quota2 database)

2. For License managed TRQs the consolidated licensing database is used (AMIS database)
AGRI preparedness
Implementing Regulation to make apportioned TRQs operational

• Preparation of implementing regulation ongoing
• Reflecting the methodology proposed in the WTO but also addressing further country allocation (Art XIII GATT)
• Detailing procedures in case the UK withdrawal would happen in a running quota administration period
• Vote foreseen in mid-February
POSEI (outermost regions)

- Specific supply arrangements and support to local production
- Shipping products to the UK (without repaying aid/customs duties)

- Quantities currently destined for the EU will go to third countries
- UK labelled as a third country
STATE AID
Available under EU State aid instruments

- Investment aid for agricultural holdings
- Investment aid for companies in processing and marketing
- Advisory services and training
- Aid for closure of capacity for restructuring
- Loans (Communication on reference rates)
- Guarantees (Guarantee notice)
- Rescue and restructuring aid for undertakings in difficulty
- *De minimis* aid
Temporary access to finance

Ad hoc schemes assessed directly on the basis of the Treaty

Cf. Market crisis in 2016:

- Loans or guarantees to bridge acute liquidity gaps
- Cash grants to farmers committing to freeze/reduce production

Conditions:

- Limited in time
- Limited to severely hit product sector
- Limited to what is strictly necessary
- Causal link to market crisis