

"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

29 March
2017

Withdrawal notification

PM Theresa May notifies the European Council of the UK's intention to withdraw from the European Union

19 June
2017

Start of Negotiations

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

8 December
2017

Joint Report

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

19 March
2018

Draft Withdrawal Agreement

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

19 June
2018

Joint Statement

This outlined **further progress** at negotiators' level.

25 November
2018

Finalised Withdrawal Agreement

Political Declaration

EU leaders endorse the Withdrawal Agreement and adopt the Declaration on the Framework for the Future Relationship.

MAIN AREAS COVERED BY THE WITHDRAWAL AGREEMENT (1/2)



Common provisions (Part I)

- ▶ Setting out cross-cutting clauses for the proper understanding and operation of the Withdrawal Agreement.



Separation issues (Part III)

- ▶ Ensuring an orderly withdrawal, notably through a smooth winding-down of ongoing procedures and arrangements applicable at the end of the transition period.



Financial settlement (Part V)

- ▶ Ensuring that the UK and the EU honour all financial obligations undertaken jointly while the ³ UK was a Member State.



Citizens' rights (Part II)

- ▶ 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.



Transition (Part IV)

- ▶ Providing for a transition period, until the end of 2020, which can be extended once, by up to one or two years.
- ▶ Ensuring continued application of EU law in and to the UK during that period (but without UK participation in EU institutions and governance structures)
- ▶ Providing more time for administrations, businesses and citizens to adapt.

MAIN AREAS COVERED BY THE WITHDRAWAL AGREEMENT (2/2)



Governance (Part VI)

- ▶ Ensuring the effective management, implementation and enforcement of the agreement, including an effective dispute settlement mechanism.



Protocol on the Sovereign Base Areas (SBAs) in Cyprus

- ▶ Protecting the interests of Cypriots who live and work in the Sovereign Base Areas.



Protocol on Ireland and Northern Ireland

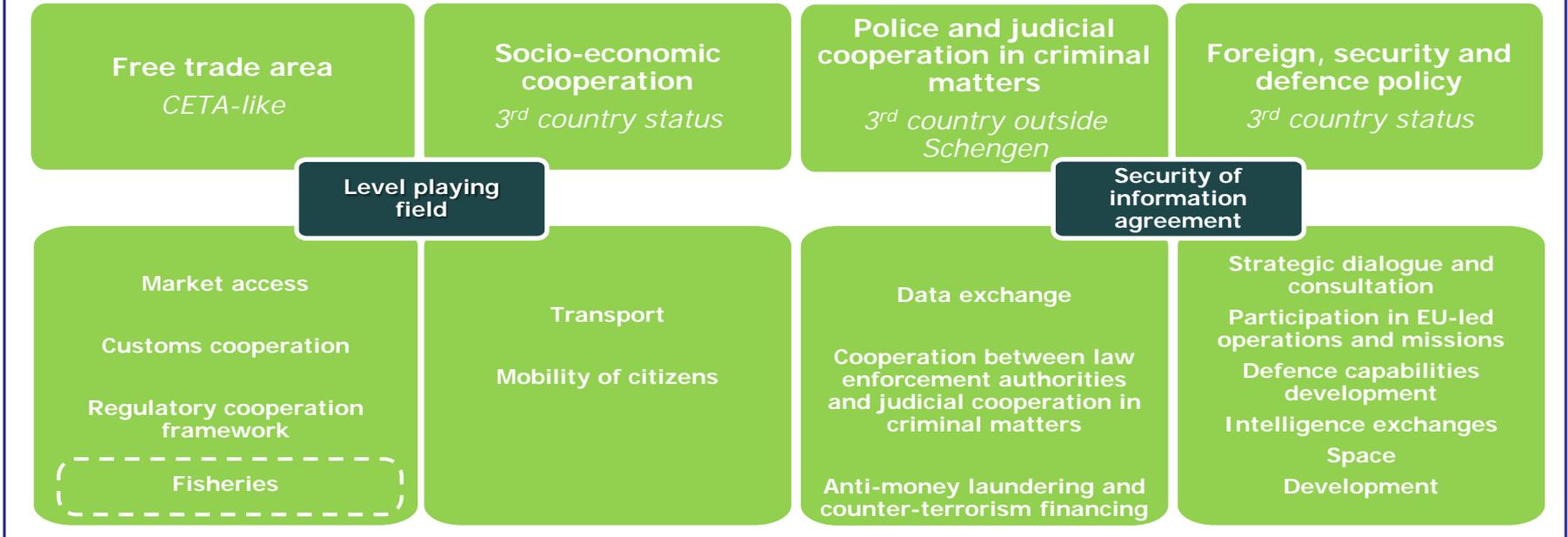
- ▶ No hard border between Ireland and Northern Ireland.
- ▶ No diminution of rights set out in the Good Friday (Belfast) Agreement 1998. North-South cooperation protected.
- ▶ Continuation of the Common Travel Area arrangements between Ireland and the UK, and preservation of the Single Electricity Market



Protocol on Gibraltar

- ▶ 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.

EU/UK Possible Framework for the Future Relationship

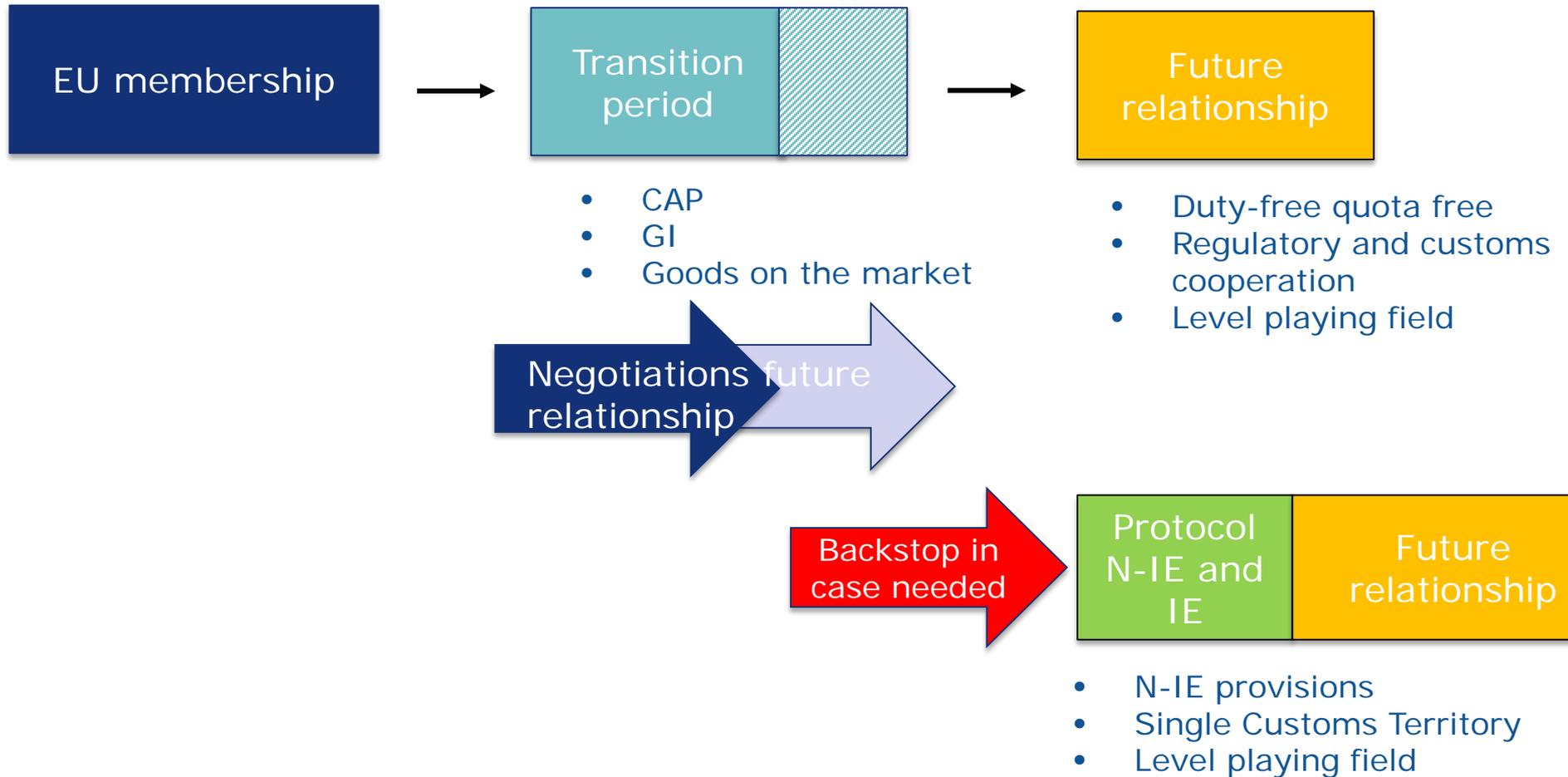


EU legal basis for 3rd countries in EU programmes (*)
e.g. Horizon Europe

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

Orderly withdrawal process



Import formalities for third countries

Veterinary and phytosanitary authorities



Customs in cooperation with



Market Surveillance Authorities

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



European
Commission

Import formalities between EU-GB

Veterinary and
phytosanitary
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Market surveillance at customs office

- Checks based on risk assessment, suspension of release for free circulation
- Compliance of products

Single Customs Territory



European
Commission

Steps to conclude the Agreement





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 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 enter into force during the transition period*

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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)*

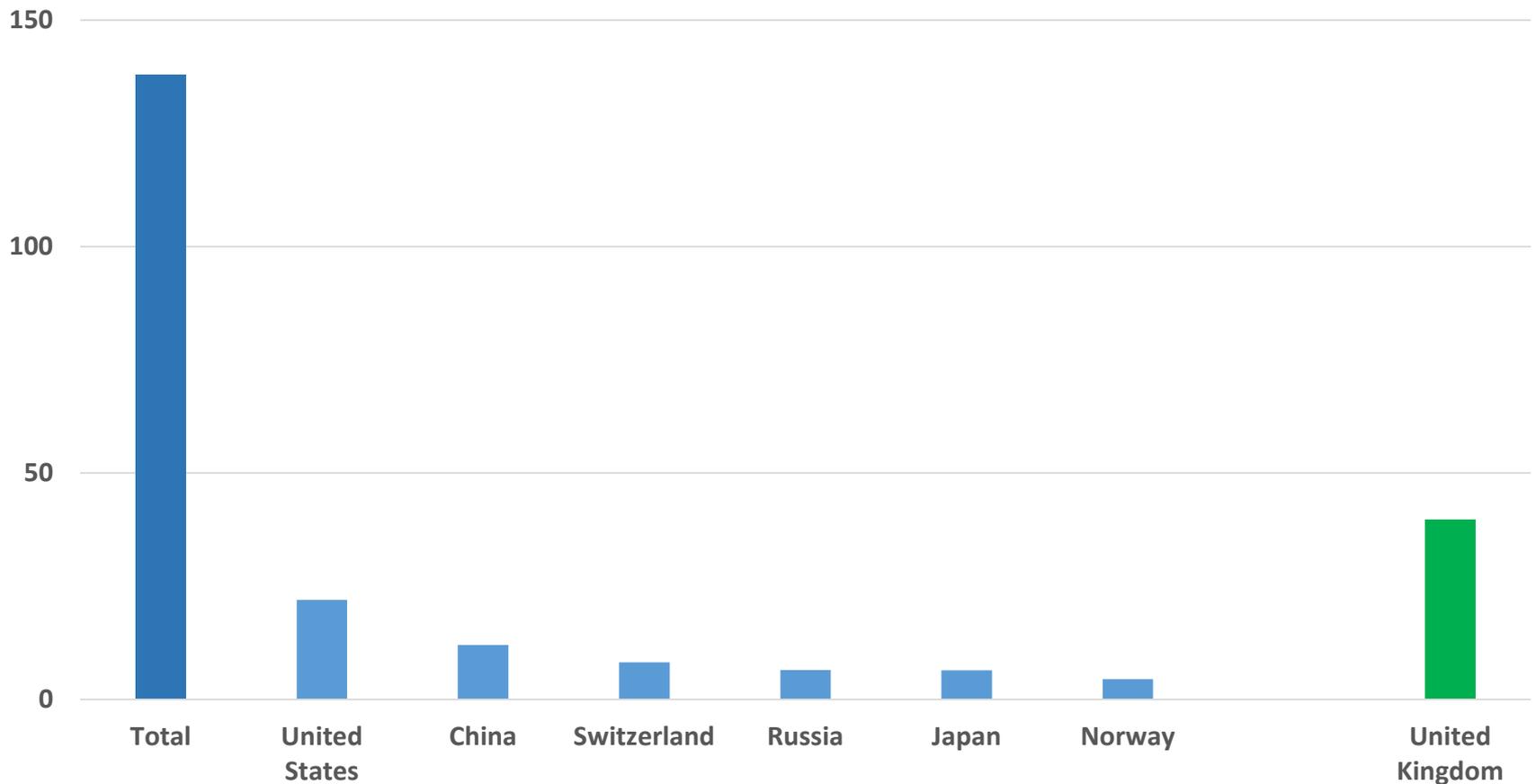
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Future Relationship

- *The future relationship EU-UK could change some modalities regarding EU's bilateral agreements (e.g. cumulation RoO)*

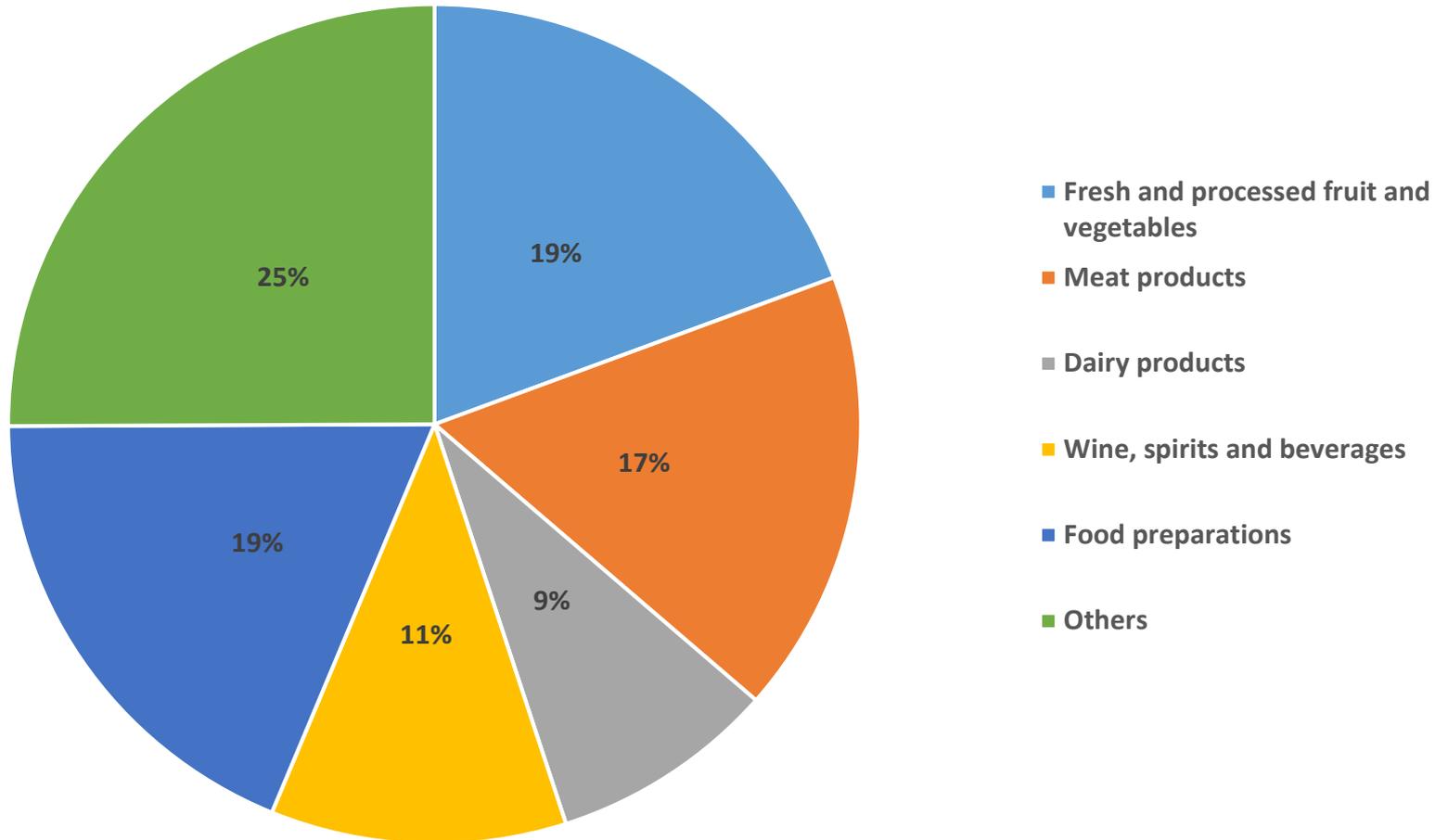
AGRI-FOOD TRADE WITH THE UK

EU-28 agri-food exports compared to
EU-27 agri-food exports to the UK (billion €, 2017)



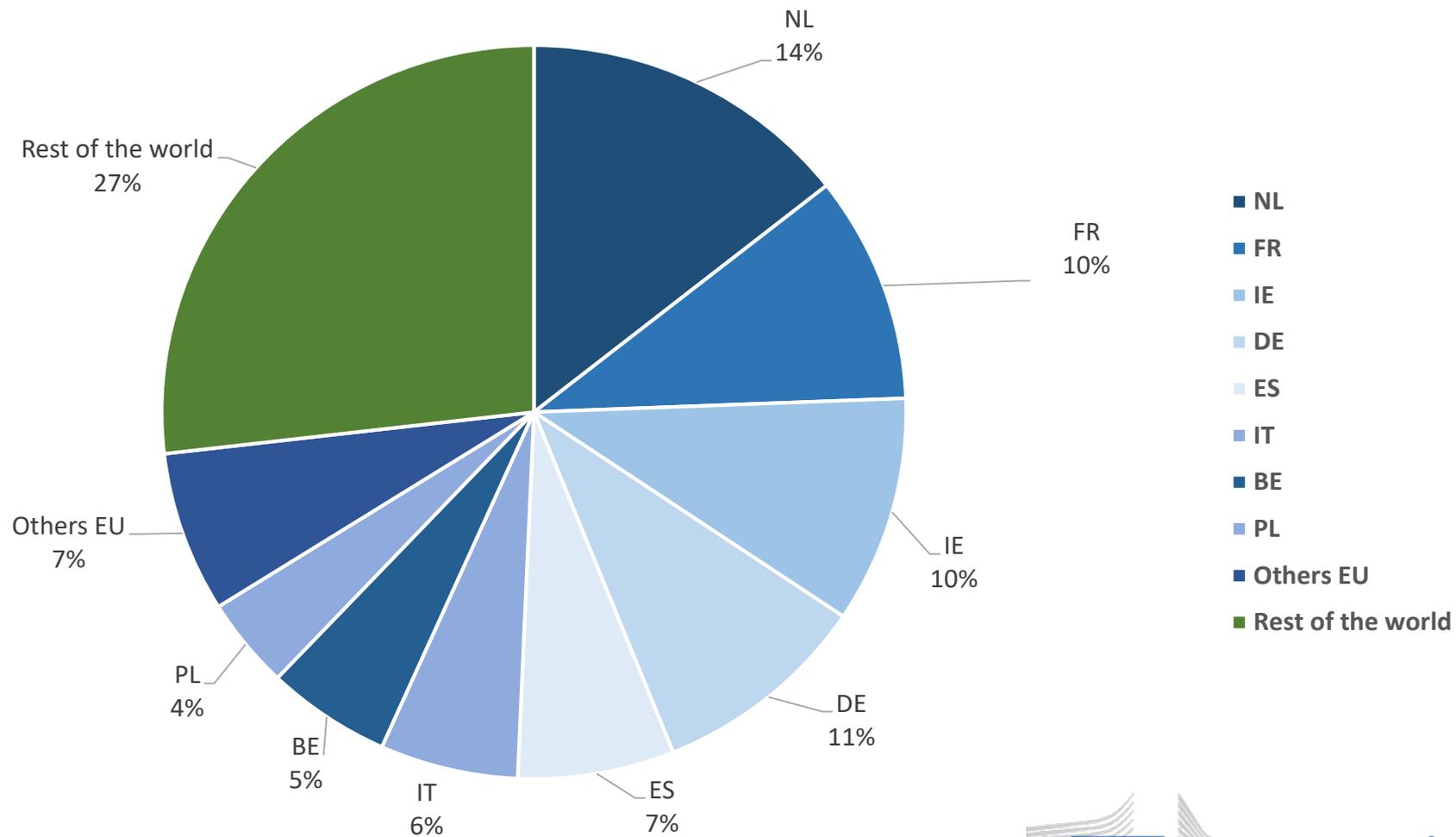
AGRI-FOOD TRADE WITH THE UK

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



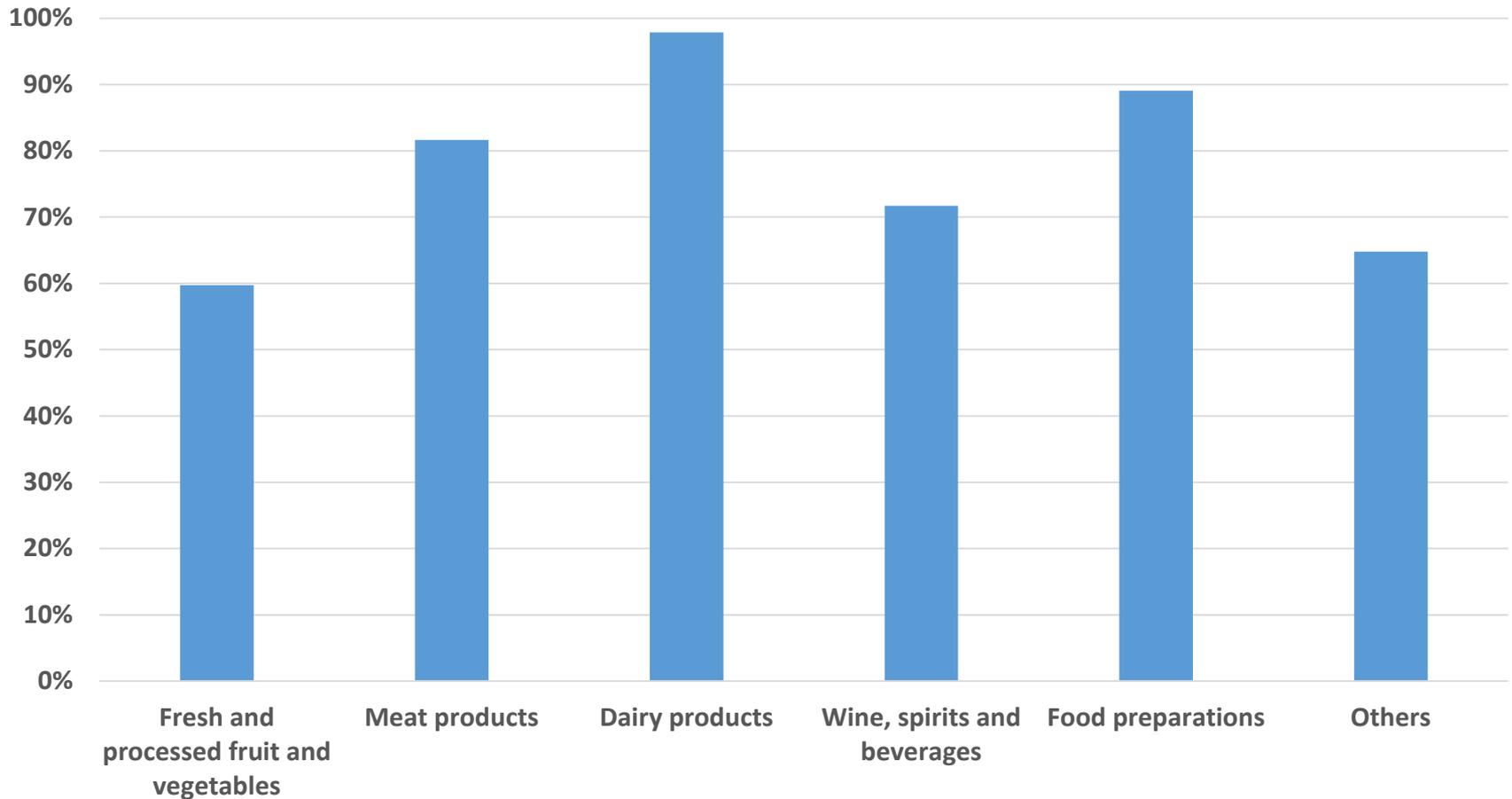
AGRI-FOOD TRADE WITH THE UK

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



AGRI-FOOD TRADE WITH THE UK

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



Preparedness and notices

EU notices and Communications on preparedness / contingency

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

i.e. COM(2018)880 of 13.11.2018 Preparing for the withdrawal of the United Kingdom from the European Union on 30 March 2019: a Contingency action Plan

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



WTO

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