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Secretary General

Brussels, 30 December 2020

2020/087a/EDA/AA

**To the Director Generals of DG AGRI, DG TRADE, DG SANTE & UK TF**

**Mr Wolfgang Burtscher**  
**Ms Sabine Weyand**  
**Ms Sandra Gallina**  
**Ms Clara Martinez-Aberola**

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## **Trade & Cooperation Agreement between the European Union and the United Kingdom**

Dear Mr Burtscher,  
Dear Ms Gallina,  
Dear Ms Weyand,  
Dear Ms Martinez-Aberola,

Over the past 4 and a half years, the EU COM teams under the excellence and leadership of Commissioner Michel Barnier and his task force members, did an outstanding and very successful work, that was formally brought to an end today.



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And, as rightly stated by many today, this 1258 pages agreement is just the beginning of a new process, that will shape the EU – UK dairy relationship for the future.

The European lactosphere is grateful for the consideration and time you have dedicated on dairy-related issues throughout the Brexit process.

**We very much welcome the agreement and its underlying spirit by, for instance, introducing zero tariffs and zero tariffs for the dairy sector.**

And from the very beginning the Art50 / UK Task Force within the EU Commission was instrumental to channel all concerns, issues and ideas.

**We strongly advocate for a continuation of the UK Task Force to map and steer the implementation process of the Trade & Cooperation Agreement from the EU side.**

The detailed proposals and specific requests that we shared with your services in January 2018 (see our DairyUK & EDA paper “The Future EU-UK Dairy Framework”) are widely mirrored in the Trade & Cooperation Agreement (zero tariffs and zero quotas, SPS/TBT rules, rules of origin, Island of Ireland, maintaining the GI status quo)).

**On this basis, we share with you the outcome of our first pan-European assessment of the Trade & Cooperation Agreement:**

Next to logistical and administrative problems within the coming weeks, the **outgoing German EU Presidency stated** on 28<sup>th</sup> December 2020 that – despite the in principle ‘no tariffs, no quota’ approach - **additional costs of close to 300 million euros per annum will be faced by EU27 dairy sector under the agreement**, with the Republic of Ireland most exposed to these extra costs.

The German EU Presidency also underlined the threat of a significant decrease of dairy exports from the EU27 to the UK, which risks to create turbulences on the European and global milk markets.

The European dairy sector operates in a market-oriented international environment and faces harsh competition. An extra burden of 300 million euros threatens the competitiveness of our industry at all levels and must be mitigated by accompanying measures at European and national levels. In the short term, we count on the preparedness of the EU Commission services to take appropriate and timely measures in case of market distortions.





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## Customs and border controls

We trust that both parties will make full use of the option to 'unilaterally' decide on the facilitation and minimalization of in situ customs and border controls to assure also in the future frictionless mutual dairy trade flows.

We are confident that both parties will base their approaches here on the frictionless Single Market experience over the past 47 years and follow the path taken for instance in the cooperation between New Zealand and/ or the Swiss Confederation and the EU.

## Rules of Origin (Annex ORIG-2, article ORIG.6)

The Trade & Cooperation Agreement follows on RoO our joint DairyUK & EDA request.

The 'wholly obtained' approach taken for chapter 4 products in Annex ORIG-2 is consistent with our joint DairyUK-EDA request of January 2018. The rules on tolerances (article ORIG.6) include weight (15%) and value (10%) tolerances that need further explanation.

## SPS / TBT

We suggest that both parties will use the phasing in until 01 April 2021 – again on the basis of the frictionless Single Market experience – to jointly reflect on the real need for veterinary / health certificates for milk and dairy products in the UK-EU dairy trade flows. The application of the UK approach as of 01<sup>st</sup> January 2021 to 01<sup>st</sup> April 2021 by both parties and then a mutual continuation of this approach would be more than reasonable.

Especially for fresh dairy produce, any additional certification requirement would make the placing on the UK market extremely complicated.

The implementation phase must also be used to agree to the application of the principle of equivalence.

In that very context, a further push by EU COM services for finally get an agreement of the 27 EU Member States on a harmonized intra trade certificate is now more urgent than ever.

## Island of Ireland

The Trade & Cooperation Agreements is fully in line with the Island of Ireland Protocol. The dairy sectors on the island of Ireland are fully integrated. As per our joint DairyUK – EDA paper,



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we would expect 'mixed' products (containing NI & RoI milk) eligible for potential future EU market management measures.

The approach taken by the UK to include 'mixed' products in FTAs negotiated with third countries should be reciprocally applied by the EU.

Dear Mr Burtscher,  
Dear Ms Gallina,  
Dear Ms Weyand,  
Dear Ms Martinez-Aberola,

Again, in two days, the new process will start and it will start on the solid basis of the Trade & Cooperation Agreement with a zero tariff and zero quota approach, that we welcome very, very much!

We will need a specific and direct contact point within the EU Commission to raise all issues and problems that may and will raise in the future when it comes to dairy trade between the UK and the EU in order to continue the frictionless trade flows and uncork the full potential of the Trade & Cooperation Agreement for the benefit of citizens and the dairy sectors in the UK and in the EU.

Kind regards and best wishes for a healthy and successful New Dairy Year 2021

Alexander Anton