



Atlantic  
Food  
Export  
Project



INSTITUTE  
OF EXPORT  
& INTERNATIONAL TRADE

# TRADING IN 2021 – POST TRANSITION PERIOD

22<sup>nd</sup> September 2020

# ABOUT THE INSTITUTE OF EXPORT AND INTERNATIONAL TRADE

Membership	Training	Qualifications	Access to Grant Schemes	Apprentice-ships	Post Transition Planning
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<https://www.export.org.uk/>

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Established in 1935, the Institute of Export & International Trade is the professional membership body representing and supporting the interests of everyone involved in importing, exporting and international trade.

Offering a unique range of individual and business membership benefits and a world renowned suite of qualifications and training, the Institute is the leading authority in best practice and competence for businesses trading globally.

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# Tariffs

## Tariffs on Imports and Exports into and from the UK

If there is no EU:UK Free Trade deal agreed the UK reverts to trading on WTO terms, what is referred to as 'Most Favoured Nation' (MFN) terms.	Tariffs may apply to goods imported from, and exported to the European Union.  EU tariffs are based on the Common External tariff	Under MFN terms these would be the same tariffs that the UK would apply to tariffs from all WTO members (outside of a trade deal)	The UK Government has announced a new UK Global Import Tariff to apply from the 1 <sup>st</sup> January 2021
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Tariff rate quotas however are to be determined later this year

# Example Tariffs That Will Apply

Commodity Code	Goods Description	UK Global Import Tariff
<b>04031091</b>	Yogurt, whether or not concentrated, flavoured or with added fruit, nuts or cocoa, sweetened, of a milkfat content by weight of <= 3% (excl. in solid forms)	8.00% + 10.00 GBP/100kg
<b>04031013</b>	Yogurt (excl. flavoured or with added fruit, nuts or cocoa, not containing added sugar or other sweetening matter), of a fat content by weight > 3,0% but <= 6,0%	20.00 GBP/100kg
<b>21069098</b>	Food preparations, n.e.s., containing, by weight, >= 1,5% milkfat, >= 5% sucrose or isoglucose, >= 5% glucose or >= 5% starch	8.00%
<b>22029995</b>	Non-alcoholic beverages containing >= 0,2% but < 2% fats derived from milk or milk products	4.00% + 10.00 GBP/100kg
<b>04051011</b>	Natural butter of a fat content, by weight, of >= 80% but <= 85%, in immediate packings of a net content of <= 1 kg (excl. dehydrated butter and ghee)	158.00 GBP/100kg
<b>22029999</b>	Non-alcoholic beverages containing >= 2% fats derived from milk or milk products	4.00% + 17.00 GBP/100kg
<b>04069078</b>	Gouda, of a fat content by weight of <= 40% and a water content, by weight, of non-fatty matter of > 47% but <= 72% (excl. grated or powdered and for processing)	126.00 GBP/100kg
<b>04069093</b>	Cheese, of a fat content by weight of <= 40% and a water content, by weight, of non-fatty matter of > 72%, n.e.s.	154.00 GBP/100kg
<b>22029919</b>	Non-alcoholic beverages, not containing milk, milk products and fats derived therefrom (excl. water, fruit or vegetable juices, beer and beverages based on soya or on nuts of Ch 8, cereals of Ch 10 or seeds of Ch 12)	8.00%
<b>04061030</b>	Fresh Mozzarella, whether or not in a liquid, of a fat content, by weight, of <= 40%	154.00 GBP/100kg
<b>22029999</b>	Non-alcoholic beverages containing >= 2% fats derived from milk or milk products	4.00% + 17.00 GBP/100kg
<b>04029931</b>	Milk and cream, concentrated, of a fat content by weight of > 9,5% but <= 45%, sweetened, in immediate packings of <= 2,5 kg (excl. in solid forms)	0.90 GBP/kg/lactic matter + 16.00 GBP/100kg
<b>04061030</b>	Fresh Mozzarella, whether or not in a liquid, of a fat content, by weight, of <= 40%	154.00 GBP/100kg

# TARIFF RATE QUOTAS

Tariff-rate quotas (TRQs) allow a limited amount of a product to be imported at a zero or lower tariff rate

TRQs can be expressed in units of:

weight	volume	quantity	value
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If the limit is exceeded, a higher tariff rate applies.

As a business if there is a tariff-rate quota on your product, you can apply to import a limited amount at a reduced rate of customs duty (usually on a 'first-come: first served basis'); primarily applies to agricultural and fish products.

Some tariff-rate quotas are only applicable to products imported from a specified country (for example Australia and New Zealand).

The UK government has indicated that it will publish further advice on tariff-rate quotas later in 2020. This will be based on the quotas in the [UK goods schedule at the World Trade Organization](#), published in draft in 2018.

Currently TRQs apply at an EU level, they need to be 'divided up' and agreed by WTO members. In a notice to the global trade body,

- Cereals
- Fruits and vegetables
- Wine and spirits
- Sugar
- Oilseeds, protein crops and rice
- Hops
- Seeds
- Potatoes
- Cotton
- Bananas
- Live plants and flowers
- Tobacco
- Milk and milk products
- Beef and veal
- Sheepmeat and goatmeat
- Pigmeat
- Poultrymeat
- Eggs
- Honey and beekeeping



# The Trade and Customs Journey



## CUSTOMS DECLARATIONS

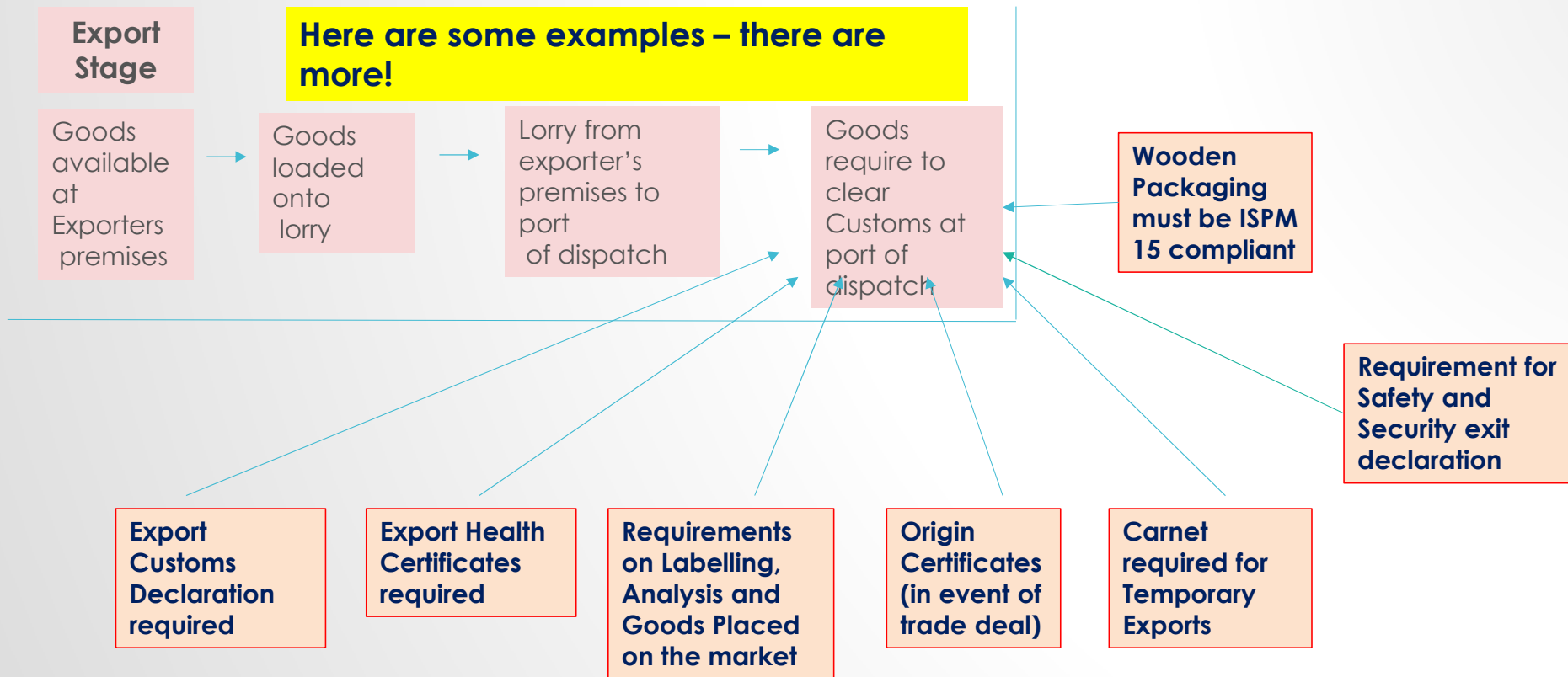
From January 2021 goods moving between the UK and EU will move between different customs territories and will require customs declarations, comprising:

- An outbound (export) customs declaration for goods leaving one customs territory (leaving the UK or EU)
- An inbound (import) customs declaration for goods entering the other customs territory (entering the UK or EU)

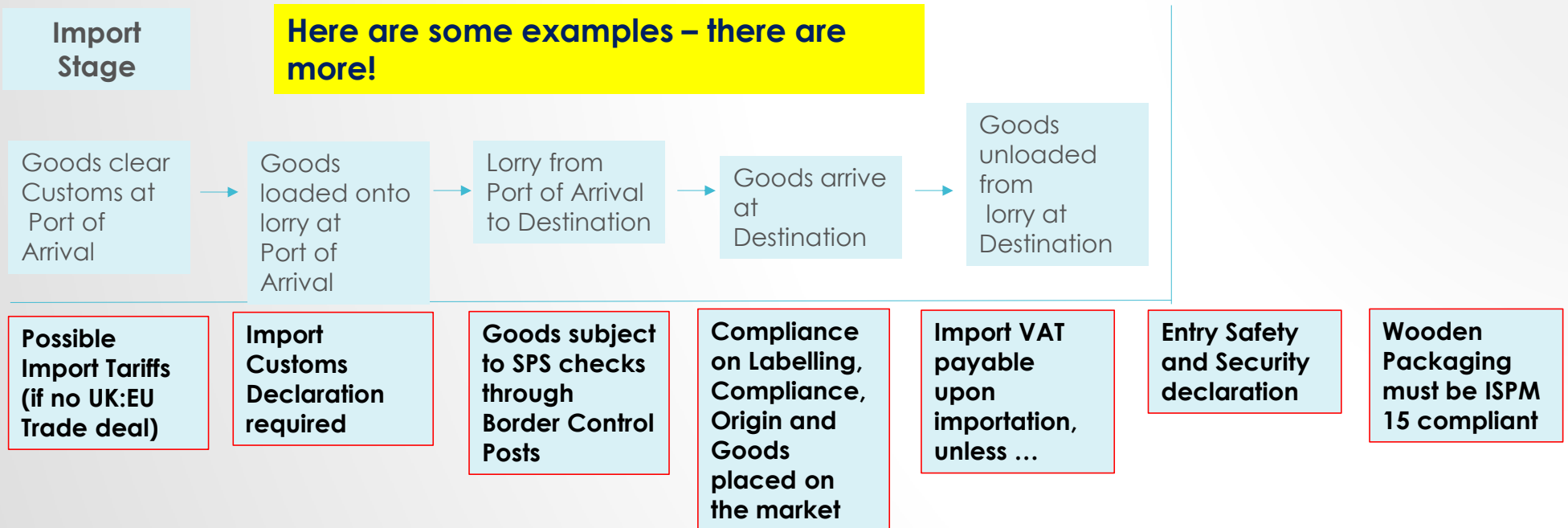
**Irrespective of who makes the customs declaration, liability for the declaration, and all the parts of the declaration lays with the trader (the importer or exporter)**

**Incoterms determine who – the importer or the exporter - is responsible for the declaration**

# Exports to GB –what is different from January 2021




# Imports into GB –what is different from January 2021



# UK Border Operating Model

## -Three stage import control procedures from 1 January 2021

<b>Stage One from 1<sup>st</sup> January</b>	<ul style="list-style-type: none"><li>• Declarations on Standard Goods can be deferred for up to six months from date of import</li><li>• Main benefit of this may be to defer payment if import duty is payable</li><li>• Achieved by a process called EIDR (Entry into Declarants Records)</li><li>• Controlled goods (excise, military) will require full declarations</li><li>• Imports of live animals and high risk plants require full certification and pre-notification, with inspection of point of destination</li></ul>		
<b>Stage Two from 1<sup>st</sup> April</b>	<ul style="list-style-type: none"><li>• Products of Animal Origin require full certification and pre-notification</li><li>• Inspection for products of animal origin at point of destination</li></ul>		
<b>Stage Three from 1<sup>st</sup> July</b>	Full import controls (see below)		
<ul style="list-style-type: none"><li>• Full customs declarations will be required for all goods</li></ul>	<ul style="list-style-type: none"><li>• Relevant tariffs must be paid</li></ul>	<ul style="list-style-type: none"><li>• Full Safety and Security declarations will be required</li></ul>	
<ul style="list-style-type: none"><li>• SPS products will have an increase in physical checks and samples taken</li></ul>	<ul style="list-style-type: none"><li>• Checks for animals, plants and their products will now take place at GB Border Control Posts and not at destination</li></ul>	<ul style="list-style-type: none"><li>• If the deferral process is used businesses – or their agent - must be approved for CFSP (Customs Freight Simplified Procedures) to make the full customs declaration</li></ul>	

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# UK: SANITARY AND PHYTOSANITARY (SPS) CONTROLS FROM 1<sup>ST</sup> JANUARY 2021

Live Animals	Animal Products	Fish	Shellfish and their Products	Plants and Plant Products
There will also be identify and physical checks at the point of destination or other approved premises on all high-risk live animals (cows, pigs and sheep) and plants.  Documentary checks will be carried out remotely. At this stage they will not need to enter GB through a Border Control Post.		All imports of live animals and high-risk plants and plant products will require pre-notification and health documentation.		Imports of high-risk animal by-products (ABP) will also need pre-notification.
Pre-Notification	Importers provide advance notice of a consignment's arrival into GB. Import notification through IPAFFS (Import of Products, Animals, Food and Feed System) providing details of consignment, such as country of origin, place of destination, specific species/product and details for importer, exporter and transporter.			
Health Certificate	Accompanies the consignment during its journey. The exporter must obtain this Certificate from country of origin's competent authority			
Identity Check	Visual inspection of consignment to verify its content and labelling corresponds to information in accompanying documentation			
Physical Check	To verify goods are compliant with the SPS import requirements for GB; includes, as appropriate, checks on consignment's packaging, means of transport and labelling. Temperature sampling for analysis, laboratory testing or diagnosis may also be required			
Pre-authorisation is required by Defra/APHA of Category 1 material, Category 2 material and meat-and-bone meal or animal fat derived from Category 1 and Category 2 materials prior to any imports taking place				

FROM 1<sup>ST</sup> APRIL

All products of animal origin (POAO) – e.g. meat, pet food, honey, milk or egg products will require pre-notification and the relevant health documentation.

This also includes Imports of fully processed animal feed, including pet food.

Any physical checks will continue to be conducted at the point of destination until July 2021.



UK: Ireland

Holyhead:  
Dublin

Spain and  
Portugal:  
Northern  
Ireland

Channel  
Tunnel

Dover :  
Calais



Turkey



## Incoterms and Responsibility for the Trade Journey



# Incoterms

Who is responsible (the exporter or the buyer) for the different parts of the trade journey	Who is responsible for the different costs in the trade journey	Who is responsible for Customs declarations
Who pays any import tariff	Who is responsible for the different trade and transport documentation	Where risk resides / transfers in the trade journey (risk in terms of damage/theft/hazard to the goods)
Where control resides / transfers in the trade journey (who has 'control' over the goods the exporter or the buyer)	Who is responsible for loading and unloading	Sometimes who is responsible for cargo insurance (and sometimes the minimum level of insurance required)

# OVERVIEW OF INCOTERMS 2020

	Explanation	Incoterms 2020	Freight	Mode
<b>EXW</b>	Ex Works	Named place of delivery	Freight collect	Any
<b>FCA</b>	Free Carrier	Named place of delivery	Freight collect	Any
<b>FAS</b>	Free Alongside Ship	Named port of shipment	Freight collect	Sea & Inland Waterway
<b>FOB</b>	Free on Board	Named port of shipment	Freight collect	Sea & Inland Waterway
<b>CFR</b>	Cost & Freight	Named port of destination	Freight prepaid	Sea & Inland Waterway
<b>CIF</b>	Cost, Insurance & Freight	Named port of destination	Freight prepaid	Sea & Inland Waterway
<b>CPT</b>	Carriage paid to	Named place of destination	Freight prepaid	Any
<b>CIP</b>	Carriage & Insurance paid to	Named place of destination	Freight prepaid	Any
<b>DAP</b>	Delivered at place	Named place of destination	Freight prepaid	Any
<b>DPU</b>	Delivered at place unloaded	Named place of destination	Freight prepaid	Any
<b>DDP</b>	Delivered duty paid	Named place of destination	Freight prepaid	Any

## Freight Collect



Company that receives goods will pay the cost of transporting the goods at the time they are received

## Freight Prepaid

Seller/shipper pays all the shipping costs until the cargo arrives at the buyer's store.

# INCOTERMS DETERMINE RESPONSIBILITIES FOR GB EXPORTER AND EU IMPORTER

The following are examples of Incoterms regularly used for GB to EU Trade. There are however other viable Incoterms

EXW (EX Works) <i>Maximum responsibility for European buyer</i>		FCA (Free Carrier) <i>UK exporter is responsible for loading of goods and is the declarant of record in the UK</i>
DDP (Delivered Duty Paid) <i>Maximum responsibility for UK exporter with EU EORI and EU VAT number*</i>		DAP (Delivered at Place) <i>European buyer is responsible as the declarant of record in the EU and responsible for any import duties and import VAT</i>

Exporters must maintain full Proof of Export files with C88 (Single Administrative Document), Transport Document and full trail of Commercial Documents

**\*In some sectors the exporter may feel they have to take responsibility if selling to a small retailer TO DISCUSS**



# Customs Declarations

# Responsibility for customs declaration and paperwork

**Responsibility depends on the Incoterms (International Commercial Terms) agreed.  
The trader however is ultimately liable.**

There are 11 sets of Incoterms determining responsibilities for transportation, customs declaration, paperwork, licenses and in some cases insurance of goods in transit.

- **ExWorks** places the onus on the overseas buyer
  - they are responsible for both Customs declarations and the Customs paperwork (declarant of record)
- **DDP (Delivered Duty Paid)** places the onus on the UK exporter
  - with responsibility for both Customs declarations, paperwork, and any import tariffs (declarant of record)

Selecting  
correct  
Commodity  
Code and  
correct  
Customs  
Procedures  
Code

Declaring  
correct  
valuation of  
goods, and  
correct  
consignee

Declarant of  
Record

VAT  
Implications

Maintaining  
Proof of  
Export /  
Import

Licenses

Requirement  
for separate  
Safety and  
Security  
declarations  
(by haulier?)

# COMMERCIAL INVOICE

Why is this document so important?

It is the one document that everyone uses to glean information from

It is required by:

- Freight Forwarders / Agent / or Trader to complete the entry into Customs

- A Commercial Invoice must include:

- Incoterms

Commodity Code

Gross/Net Weight

*IT IS AN ESSENTIAL DOCUMENT REQUIRED FOR CUSTOMS  
DECLARATIONS*

*AND*

*REQUIRED FOR PROOF OF EXPORT*

# Could Customs Special Procedures Be a Solution

## Customs Warehousing

Goods not in free circulation can be stored without payment of customs duty, and where appropriate excise duty or import VAT, in a customs warehouse.

## Inward Processing

Payment of customs duties and import VAT is suspended on imported goods whilst processing is taking place.

## Outward Processing

Allows for temporary export of goods for processing or repair, and to re-import the processed products whilst retaining domestic status or with partial relief from import duties

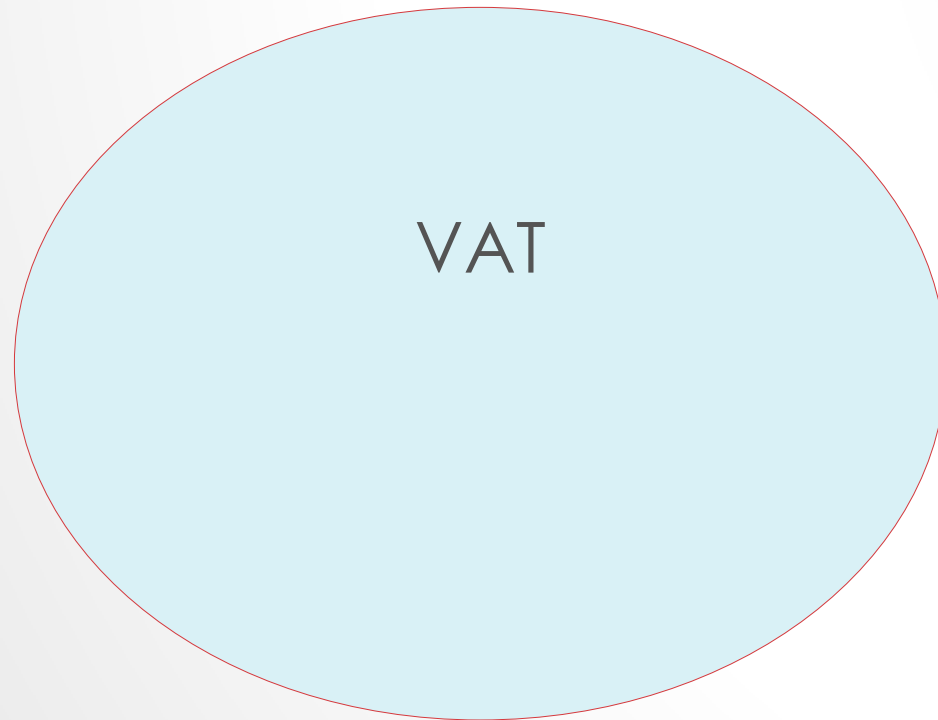
## Temporary Admission

Businesses authorised to import goods with total or partial relief from customs duties because of the specific use to which the goods will be put

## Authorised Use

Reduced or zero rates of Customs duty on certain imported goods, provided they are put to a prescribed end use

**Use of Customs Special Procedures usually requires financial guarantees**





# VAT

## INSIDE THE EU

A Reverse Charge VAT Mechanism applies for businesses trading in the European Union	Introduced by EU to simplify accounting for VAT within the Single Market	Responsibility for the VAT and it's reporting falls on the BUYER not the seller (however the buyer can reclaim VAT back in the same way as they do for domestic VAT).
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If Brexit happens then these procedures will cease

**An EU exporter will have to apply the same VAT zero-rating processes as they do for the Rest of the World**  
**-whereby exports are zero rated for VAT (subject to proof of export)**

**A UK importer of record will be able to use Postponed VAT Accounting from 1<sup>st</sup> January 2021**  
***-Note, if selling on DDP terms then the EU exporter will require a UK EORI number and UK VAT number***



Northern Ireland

## GREAT BRITAIN TO NORTHERN IRELAND TRADE

### GB: NI Trade will have additional requirements

<b>Customs Declarations</b>	Customs declarations will be required for goods entering NI (as these goods are entering the customs territory of the European Union) The scope of declaration requirements is to be fully determined
<b>Safety and Security Declarations</b>	Safety and Security declarations will be required on goods exiting the UK, <u>and</u> goods entering NI
<b>'At Risk' Goods</b>	Goods at risk of moving from NI to Republic of Ireland may be subject to tariffs (if tariffs apply) -a rebate system is likely to apply for 'At Risk' goods which remain in Northern Ireland (subject to evidence being provided) -goods going into a manufacturing process may be deemed to be 'At Risk'
<b>Inspection (SPS) Checks</b>	SPS checks will be required on some goods entering NI from GB -e.g. products of animal origin
Trade from Northern Ireland to the Republic of Ireland and Rest of the European Union will be the same as it is today, <u>no</u> tariffs and <u>no</u> customs declarations	



## Further Considerations

## Origin of Goods – Sales to Great Britain

- After Brexit, EU materials and processing will not count as originating for United Kingdom Free Trade Agreements.
  - This could affect your sales into the UK if your customer onward sells under trade agreements to other markets around the world.

## Trading in the UK Post Brexit

**Businesses will still be able to use the CE marking for products being placed on the UK market but only for a 'time limited period'**

- ***notice will be provided before the period ends and when only a new UKCA marking will be recognised for the UK market***

The UKCA (UK Conformity Assessed) marking will be a new UK product marking used for certain goods placed on the UK market if there is a no-deal Brexit.

- Most, but not all, products which are currently covered by the CE marking will fall within scope of the new UKCA marking

It is indicated by [ukcamarking.com](https://ukcamarking.com) that the rules around using the new UKCA marking will 'mirror' those currently applying as part of the application for CE marking.

The UKCA marking will not be recognised in the EU market.

# Food Labelling

**After Brexit, the EU emblem must not be used on goods produced in the UK unless a company has been authorised by the EU to do so.**

**If you are importing into the UK from EU**

You must include a UK address for the food business operator (FBO), or UK importer, on pre-packed food sold in the UK

## Organics (position as at September 2019) *to be updated*

Food and feed registered as organic in EU will continue to be accepted as organic in UK	EU will decide whether to continue accepting food and feed registered in UK as organic
<b>Certificates and labels</b>	Still need to be certified by an <u>approved UK organic control body</u> if you grow, process or import organic food for trade within UK. Organic food you produce, process, sell or import must be labelled with details of your organic control body.
<b>Displaying logos</b>	You must not use the EU organic logo on any UK organic food or feed from 1 January 2021, unless either: <ul style="list-style-type: none"> <li>▪ your control body is authorised by EU to certify UK goods for export to EU</li> <li>▪ UK and EU agree recognise each other's standards (equivalency)</li> </ul>
<b>Importing organic food</b>	No longer use the EU's TRACES when importing organic food and feed. You will use a manual UK organic import system until a new digital system is in place from 1 January 2021. All imports from non-EU countries must have a certificate of inspection (Col).
<b>Exporting organic food to the EU</b>	You will not be able to export organic food or feed to the EU, unless either: <ul style="list-style-type: none"> <li>• your UK control body is authorised by EU to certify UK goods for export to EU</li> <li>• UK and EU recognise each other's standards (equivalency)</li> </ul>



## Pallet Availability



Pallets Requirement	Pallets Issue	Shortage of Pallets
<p>ISPM15: UN standard introduced to stop spread of bark beetles &amp; other pests.</p> <p>EU require that wood packaging material may only be imported into the EU from 'third countries' if they meet the following:</p> <ol style="list-style-type: none"> <li>1.Heat treatment achieving temperature of 56°C, for a minimum duration of 30 continuous minutes</li> <li>2.Wood exceeding certain dimensions, material must be heated to achieve a minimum temperature of 60 °C for one continuous minute with entire coverage of the wood.</li> <li>3.Fumigated with methyl bromide and sulfuryl fluoride.</li> </ol> <p>All timber packaging must be treated at source (export).</p>	<p>Rules do <u>not</u> apply for trade between EU member states.</p> <p>Wooden pallets primarily used for small imported and exported goods. It is estimated that 3m+ pallets move between UK and EU every month</p> <p>-around 1/3 wooden pallets would 'fall foul' of new checks likely to be imposed on British goods sold into EU.</p> <ul style="list-style-type: none"> <li>➤ Price hikes or shortages could arise as companies seek to buy the right packaging</li> <li>➤ Trucks carrying food, drink and other products in unsuitable packaging could be turned away on arrival in EU</li> </ul> <p>The same issue could arise for EU goods entering the UK, however UK may be flexible to avoid supply chain disruption</p>	<p>Shortage of 'right sort of pallets' which would require to be used for exports to the UK from January 2021</p> <p><i>Note: Rules do not apply to wood that is 6mm thick or less; wood packaging material that is made entirely from processed wood produced using glue, heat and pressure e.g. plywood and veneer</i></p>

Action: The exporter must ensure that either - they, the packing provider or freight forwarder - ensures that pallets are ISPM 15 compliant

## Further Considerations

**No, Brexit also impacts trade in services**

**A sample of the issues is provided below (some of these also further impact businesses trading in goods)**

<b>GDPR</b> -use of Standard Contractual Clauses -Will there be Adequacy / Mutual Recognition?	<b>Intellectual Property Protection</b> -new UK Trade Mark	Consider BTI (Binding Tariff Information) and BOI (Binding Origin Information)	<b>Business Travel</b> -definition of 'short stay' without Visa -driving in the EU -
VAT on Trade in Services -place of supply rule	UK Nationals living and working in the EU	Access to European markets to sell services; to be negotiated in a trade agreement (fallback position WTO General Agreement on Trade in Services)	<b>Product Conformity – CA Marking will apply in the UK</b>

Legal Terms and Conditions are important for all businesses  
-governing law  
-arbitration / dispute resolution

## ATA Carnets (Temporary Exports)

Carnets facilitate temporary export to the UK and re-importation into the EU

Carnet system applicable to 78 countries	By presenting an ATA Carnet document to foreign customs, goods travel duty free and import tax free into a carnet country for up to one year.
ATA Carnets are obtained from an accredited Chamber of Commerce -there is a cost and application process required	From January 2021 EU businesses will require to provide Carnets (which is not required today) <i>-although official confirmation is awaited in this respect</i>

## Communicate with Customers, Suppliers and Stakeholders

Identify Trade tariffs that may apply – for trade with the European Union and trade with Third Countries, <http://tariffdata.wto.org/ReportersAndProducts.aspx>

Discuss changes to VAT arrangements (import VAT payable upon importation)

Agree your Incoterms – International Commercial Terms

-be clear on who is responsible for Customs declarations, trade document and tariffs that apply

Ensure your goods are insured during the trade journey

Communicate with UK customers and suppliers; they may also be impacted in terms of challenges and opportunities

Ensure you are all compliant with EU and UK regulations

For some businesses you will need to note the impact of the abolition of Low Value Consignment Relief threshold £15 –Import VAT will be payable

Stakeholders include Freight Forwarders and Banks

AVOID MISUNDERSTANDINGS

# In Summary, what should Businesses do?

## **Plan and Prepare for the Future**

- Acquire as much knowledge as possible in order to determine the Brexit impacts
- Create an action plan
- Communicate with Customers, Suppliers and Stakeholders



**Atlantic  
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Project**

This project is co-financed by the  
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Programme



Sevilla

