

PRESS RELEASE

4 December 2020

Primary food processors warn on the detrimental effect of a no-deal scenario on their industries. Since the beginning of the negotiations, PFP have supported EU and UK negotiators' efforts to achieve an ambitious and comprehensive trade deal that provides for the continuation of quota-free and duty-free trade. This is a crucial prerequisite to secure the least disruptive impact on trade and on the food supply chain across the channel.

PFP industries concerned over €2 billion worth of traded goods across the Channel in the balance of inconclusive negotiations

The EU PFP industries export yearly more than 3 million tonnes of products to the UK for a value of €1,7 billion and import more than 1 million tonnes of products worth €637 million. These trade flows are today highly at risk, as less than a month before the end of the transition period on 31 December 2020, the efforts of negotiators to strike a deal are still ongoing. This situation creates confusion for our industries regarding the aim pursued now, and the timeline for the implementation of such an ambitious FTA.

Our industries continue to support duty-free and quota-free trade across the Channel, and a level playing field providing a fair trade environment. Even if such an ambitious trade agreement is finalised and implemented in due time, businesses will need time to adjust to the new trading conditions between the two blocs.

PFP industries call for an adjustment period to apply for at least 6 months, during which tolerance would allow businesses to adapt to the new requirements resulting either from the implementation of a new trade agreement or as a consequence of the UK leaving the EU Single market. This period would allow progressive adjustment to new regulatory or customs policies, and adaptation to UK procedures and legal requirements (e.g. labelling, certifications, rules of origin).



The Vital Link in the Food Chain

In case no trade agreement is achieved between the EU and the UK, the breach of supply chains will jeopardise the €2.33 billion value of PFP products yearly traded across the Channel. The immediate cost of duties will weigh on the capacity of businesses to maintain trading activities with suppliers and customers located in the UK, despite long-existing built relationships and interconnected industries.

The PFP industries highlight that in the current challenging economic context, the clarification of eligibility criteria to the Brexit Adjustment Reserve is much needed. The UK is a key export market and represents up to 9% of some sectors' production outlet.

ANNEX: EU-27 PFP industries trading activity with the UK

PFP products exported to the UK:

- STARCH:
 - o 715 000 tonnes of starch products (about €507 million), representing 53% of total UK starch consumption market, and 9% of EU starch production;
- SUGAR:
 - o 500,000 tonnes of white sugar (on average over the last 5 years), representing 25 % of the UK's total domestic consumption;
- FLOUR:
 - o 75 000 tonnes of wheat flour per year, mainly from France, Germany and Poland, with a value of €30 million.
 - o about 100 000 tonnes of flour mixes and doughs, valued at €140 million;
- VEGETABLE OILS:
 - o 691 000 tons of vegetable oils with a value of about 500 million €
 - o 898 000 tons of oilseed meals with a value of about 240 million €
- COCOA:
 - o 11 890 tonnes of cocoa beans with a value of about 28 million €
 - o 1 858 tonnes of cocoa shells with a value of about half a million €
 - o 12 999 tonnes of cocoa paste with a value of about 43 million €
 - o 38 191 tonnes of cocoa butter with a value of about 204 million €
 - o 20 387 tonnes of cocoa powder with a value of about 45 million €

PFP products imported from the UK:

- STARCH:
 - o 52 000 tonnes of starch products imported from the UK, half of it by Ireland, amounting to €78 million.
- FLOUR:
 - o EU-27 (mainly Republic of Ireland) imports around 220 000 tonnes per year from the UK, with a value of €95 million. In addition approximately 65 000 tonnes of flour mixes and doughs (NC Code 19012000) valued at €85 million;
- SUGAR:
 - o 200,000 tonnes of white sugar (on average over the last 5 years);

- VEGETABLE OIL:
 - o 109 000 tons of oilseeds with a value of about 40 million €
 - o 221 000 tons of vegetable oils with a value of about 160 million €
 - o 235 000 tons of oilseed meals with a value of about 60 million €
- COCOA:
 - o 25 764 tonnes of cocoa beans with a value of about 56 million €
 - o 59 tonnes of cocoa shells with a value of about 17 thousand €
 - o 7 271 tonnes of cocoa paste with a value of about 15 million €
 - o 8 391 tonnes of cocoa butter with a value of about 41 million €
 - o 2 911 tonnes of cocoa powder with a value of about 7 million €

The **Primary Food Processors of the EU (PFP)** is composed by:

European Committee of Sugar Manufacturers (CEFS)

European Cocoa Association (ECA)

European Flour Milling Association (European Flour Millers)

European Vegetable Protein Association (EUVEPRO)

European Vegetable Oil and Proteinmeal Industry Association (FEDIOL)

European Starch Industry Association (Starch Europe)

PFP members process approximately 220 Million tons of raw materials (cereals, sugar beet, rapeseeds, soybeans, sunflower seeds, crude vegetable oil, cocoa products, starch potatoes...) employing over 120 000 people in the European Union.