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*European Dairy Trade
Association*

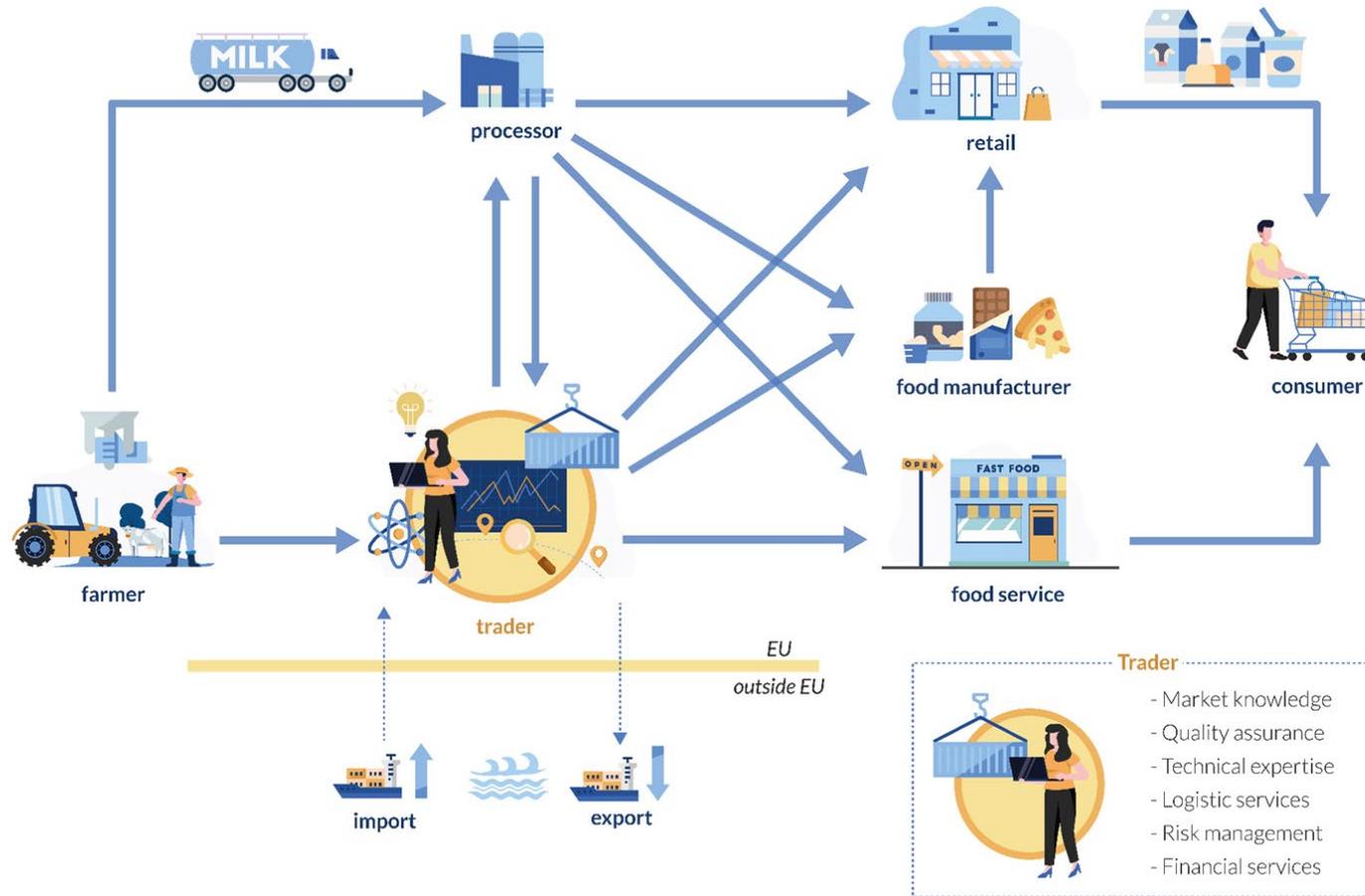
EU – UK trade challenges

CDG milk, 8 February 2022

Outline

1. Overview of dairy supply chains
2. Brexit impact on EU – UK dairy trade
3. Reasons for the decline in trade flows
4. UK changes on 1 January 2022
5. UK introduction of full SPS controls
6. Issues with EU health certificate

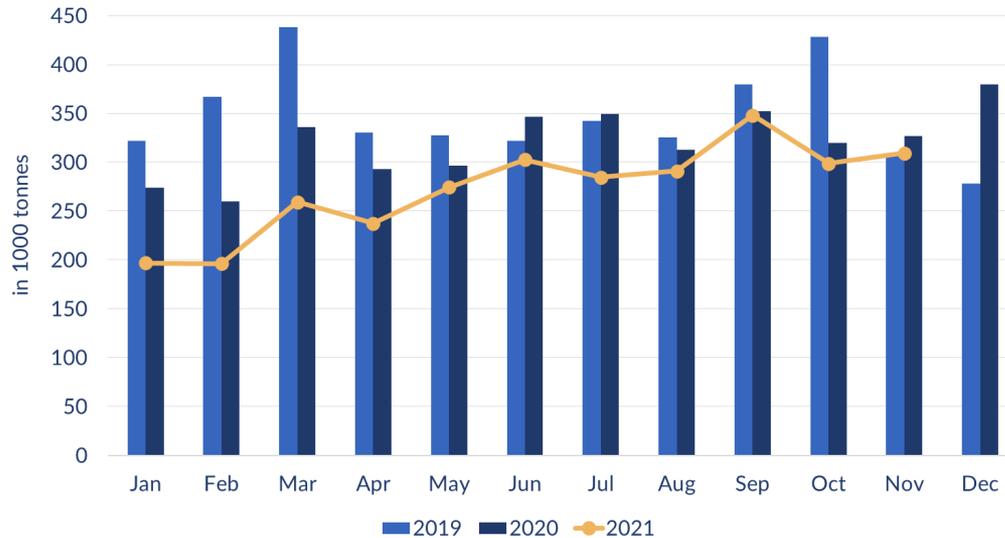
ROLE OF TRADE IN THE DAIRY SUPPLY CHAIN eucolait



EU – UK trade flows

EU dairy exports to the UK in milk equivalent

Cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates), milk, cream

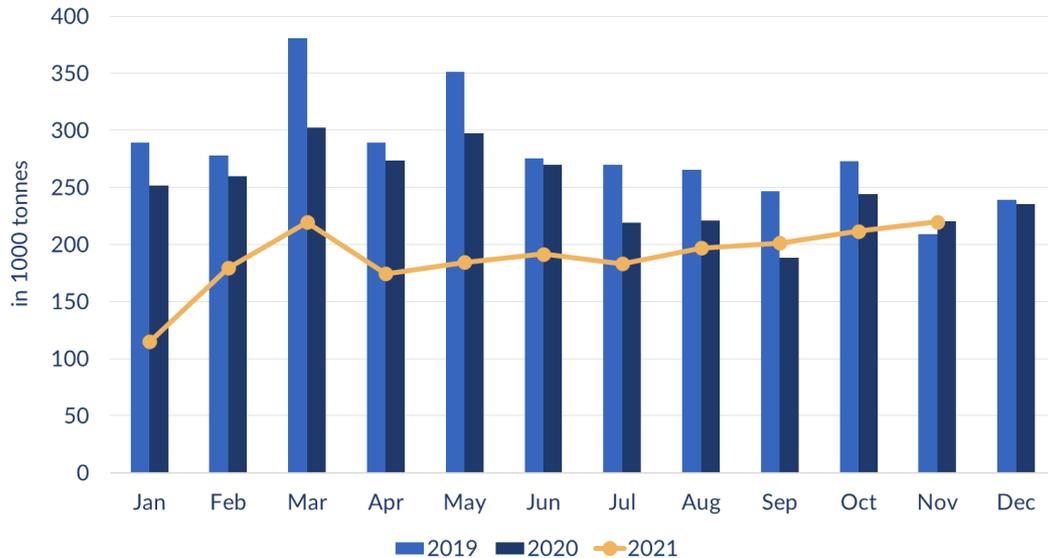


EU EXPORTS TO UK - NOVEMBER 2021

Product	Volume in tonnes	Δ% YOY 21/20	Volume YTD in tonnes	Δ% YTD 21/20
Cheese	38 322	↓ -9%	368 987	↓ -18%
Butter	4 209	↓ -34%	40 782	↓ -30%
Butteroil	662	↓ -1%	8 031	↑ +27%
Whey	3 355	↓ -12%	40 002	↓ -11%
SMP	1 621	↓ -47%	13 445	↓ -32%
WMP	664	↓ -55%	19 317	↓ -9%
WPC	909	↓ -50%	13 090	↓ -14%
MPC	13	↓ -88%	357	↓ -42%
Lactose	736	↓ -43%	7 542	↓ -46%
Casein(ates)	335	↑ +1%	3 747	↓ -18%
Infant formula	8 415	↓ -2%	65 611	↑ +2%
FFP	204	↓ -84%	1 642	↓ -76%
Milk	21 653	↑ +70%	299 805	↑ +56%
Cream	1 218	↑ +17%	19 630	↑ +14%
Fermented prod	16 732	↓ -41%	292 844	↓ -7%
Condensed milk	3 505	↓ -17%	36 177	↓ -22%

UK – EU trade flows

UK dairy exports to the EU in milk equivalent
Cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates), milk, cream



UK EXPORTS TO EU - NOVEMBER 2021				
Product	Volume in tonnes	Δ% YOY 21/ 20	Volume YTD in tonnes	Δ% YTD 21/20
Cheese	13 297	↓ -7%	106 407	↓ -26%
Butter	2 514	↓ -10%	29 843	↑ +3%
Butteroil	1 219	↓ -15%	12 659	↓ -25%
Whey	3 682	↑ +10%	30 866	↓ -37%
SMP	1 913	↓ -34%	25 767	↓ -41%
WMP	1 238	↑ +5%	8 561	↓ -73%
WPC	991	↑ +214%	8 731	↑ +202%
MPC	1	↓ -75%	87	↑ +190%
Lactose	782	↓ -19%	7 574	↓ -23%
Casein(ates)	27	↓ -31%	164	↓ -5%
Infant formula	111	↓ -13%	1 864	↓ -15%
FFP	73	↓ -26%	786	↓ -33%
Milk	72 193	↑ +29%	705 011	↑ +1%
Cream	1 490	↓ -32%	15 688	↓ -26%
Fermented prod	1 754	↓ -37%	33 704	↓ -33%
Condensed milk	1 716	↓ -40%	31 355	↑ +63%

Why has trade decreased?

- **Integrated supply chains need free movement** without customs & SPS procedures – some operations are not viable anymore due to additional costs and hurdles
- **Risk of rejection** at EU border control points due to minor errors in paperwork
- **Rules of Origin** do not allow for reimportation (without “sufficient processing”) and possibilities to use UK ingredients for exports under EU FTAs are limited
- **EU buyers tend to prefer other EU origins** over UK (because it is easier to source within the **single market**), unless UK supplier offers significant discount
- **More barriers to come on the UK side** (full SPS checks), further increasing costs, administrative burden and logistical challenges

UK customs – changes on 1 January 2022

- **Full customs declarations** required for imports & exports + border checks taking place
- **Pre-notification of consignments by the importer** in the IPAFFS system at least four hours prior to arrival in Great Britain (4-hour advance notice facilitation applies until end of June 2022)
- **Registration of hauliers** and logistics businesses for Goods and Vehicle Movement Service (GVMS)
- **RoO – need to be in possession of supplier declarations** at the time of export (1-year transitional period has ended)
- **Shipments from Ireland are exempt** from the new requirements, pending NI negotiations
- New procedures and requirements in place since 1 January have reportedly not created any significant difficulties for dairy operators (in addition to the challenges already present in 2021)

Phasing in of UK import controls

- Introduction of full SPS checks postponed several times and will now be phased in from 1 July 2022, according to the most recent “Border Operating Model”
- **For dairy, certification and physical checks will be introduced on 1 September 2022**, unless postponed further. Export health certificates will be required for all EU to GB shipments and consignments must enter through border control posts and be subject to identity and physical checks.
- **Urgent need to switch to digital certificates** due to frequency of shipments (physical copy travelling with the goods not practical). Compatibility of TRACES NT and IPAFFS?
- When it comes to exports to UK, we are yet to experience the full effects of Brexit. We ask for any trade facilitating measures within the boundaries of the TCA to minimise friction.

New EU veterinary certificate

Certificate model DAIRY-PRODUCTS-PT

II.A Certificate reference

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II.2.1. originate from the **zone/s** with code/s:⁽²⁾ which, at the date of issue of this certificate is/are authorized for entry into the Union of raw milk and listed in a list of third countries and territories adopted by the Commission in accordance with Article 230(1) of Regulation (EU) 2016/429, and in which foot and mouth disease and infection with rinderpest virus have not been reported for a period of 12 months before the date of milking, and vaccination against these diseases has not been carried out during the same period and

II.2.2. have been processed from **raw milk** obtained:

⁽¹⁾ either [in the zone referred to in point II.2.1.]

⁽¹⁾ or [in the zone/s with code/s.....⁽²⁾ which, at the date of issue of this certificate is/are listed in a list of third countries and territories adopted by the Commission in accordance with Article 230(1) of Regulation (EU) 2016/429 for the entry into the Union of raw milk.]

⁽¹⁾ or [in a Member State.]

II.2.3. have been processed from raw milk obtained from **animals** of the species [Bos Taurus,]⁽¹⁾ [Ovis aries,]⁽¹⁾ [Capra hircus,]⁽¹⁾ [Bubalus bubalis,]⁽¹⁾ [Camelus dromedarius]⁽¹⁾ that:

⁽¹⁾ either [have remained in the zone/s referred to under point II.2.1. since birth, or for the period of at least 3 months prior to the date of milking,]

⁽¹⁾ or [were introduced in the zone/s referred to under point II.2.1. from:

⁽¹⁾ either [another third country, or territory, or zone thereof which is listed for entry into the Union of raw milk, colostrum or colostrum-based products and the animals remained there for the period of at least 3 months prior to the date of milking,]

⁽¹⁾ or [a Member State,]

- Applies since 15 January 2022
- Animal health attestation does apparently not allow for cumulation of EU/UK milk or of milk from EU/UK animals (if less than 3 months residency)
- “Old” certificates are being accepted until April but a pragmatic long term solution is needed
- This is not only a problem for UK exports but also affects EU operators

Thank You

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