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Brexit and UK global tariff: Concerns for the European Fruit and Vegetable Processing sector

PROFEL is the European Association of Fruit and Vegetable processors, representing through national associations more than 500 processing companies in 11 Member States of the European Union, with many small and medium sized enterprises (SMEs). Products represented by PROFEL include frozen vegetables, canned vegetables, dried vegetables, deciduous fruit, jams and fruit preserves and frozen fruit. The sector has a turnover of around €25 billion, and provides **employment for more than 80.000 people; often in rural areas and regions where there are few other employment opportunities.**

The UK is a very important market for European exports of processed fruit and vegetables. For canned fruit, EU exports to the UK market reached 37.565 tons in 2019, with a value of 56.239.451€. The key product codes exported are canned peaches (CN 200870), canned apricots (CN 200850), canned pears (CN 200840) and fruit cocktail (CN 200897). The EU's exports of jams (CN 200710, 200791, 200799) were 32.445 tons to the UK market in 2019, for a value of 147.446.791€. For processed vegetables, the EU's exports to the UK for key products¹ reached 432.710 tons and a value of 432.614.683€ in 2019.

On the 19th of May, the UK Government announced the UK's new Most Favoured Nation tariff regime, the UK Global Tariff. This would replace the EU's Common External Tariff on 1 January 2021 at the end of the Transition Period. For processed fruit and vegetables, the UK tariffs are set at high levels, between 12 and 20%. If the EU does not come to an agreement with the UK by the end of 2020 and these tariffs start to apply, this will have huge repercussions on the European sector of processed fruit and vegetables. **Higher import tariffs for processed fruit and vegetables will have a detrimental impact on the EU's exports, and will inevitably lead to tougher competition on the EU continent. This will lead to higher stress in an already highly competitive market and a difficult economic climate.**

The position of the European industry is further affected by the trade arrangements that some key competitors have already concluded with the UK. In the case of processed fruit, the UK will continue to apply the liberalisation schedule of the EU-SADC agreement for non-tropical canned fruit, resulting in a tariff of 0% for South Africa in January 2026, for a specific quota of 18.181 tonnes/year. If at the same time the EU sector will have the pay 16-18% for EU exports of canned fruit to the UK, it will be impossible to compete.

We therefore call upon the EU to reach a comprehensive agreement with the UK and to foresee transitional arrangements in case an agreement cannot be reached before the end of the year (similar to the preparedness measures which were foreseen for a no-deal scenario in 2019).

It is key for the European fruit and vegetable processing sector that exports to the UK can continue at 0% duties. A no-deal resulting in the application of the UK's Global Tariff regime would seriously put the competitiveness of the European processed fruit and vegetable sector at risk.

¹ CN 07108095, 07109000, 071021, 20049098, 20055100, 20059980, 20019097, 07122000, 07129050, 07129090