

BREXIT HUB

ORGANIC TRADE AFTER TRANSITION

Introduction

The transition period between the UK and the EU will end on 31 December 2020. This means that the UK will no longer be a member of the EU's Single Market nor the Common Customs Union. These changes will result in a series of significant, and depending on the timing, abrupt changes to how rural businesses operate. Arrangements for the trade in organic food and feed after transition will change.

This briefing note, and others on different subjects that can be found on the CLA Brexit Hub -<https://www.cla.org.uk/brexit> - provides rural business owners with a detailed framework for the steps which will need to be taken and where you can find more information relating to organic food and trading arrangements after transition and has been independently compiled by CLA experts. It covers:

- The importance of the organic sector;
- Rules from 1 January 2021;
- The use of organic logos;
- Exporting and importing organic food and feed to the EU and non-EU countries;
- The implications of the changes for organic producers.

Of course, the decision about what actions to take will be unique to every businesses' needs. This guidance is not intended to make a judgement on the specific activities you should be undertaking, or about the longer-term effects of the UK's exit from the EU.

The importance of the organic sector

Organic farming is one of the success stories of UK agriculture. Over the last two decades there has been a significant increase in the number of hectares that are now registered as organic and adhere to a list of strict production standards.

A key element of organic farming is that of certification – emphasising the importance of certain production methods and systems that lead to a product that is certified as organic and therefore attracts a significant price premium.

There will be a number of significant consequences for the organic farming sector that will shape it in the short, medium and long term after transition.

Here we set out how the end of transition will lead to a series of changes and what those changes are likely to be. We then examine the implications of these changes for organic producers immediately after transition and in the near future.



What rules do I need to follow from 1 January 2021?

A new system of standards will be introduced for the production, processing, labelling and trading of organic products (food and feed) that will apply in the UK only.

These new organic standards will remain similar to those in the EU, but they will not replicate them exactly.

Any organic food and feed that is produced in the EU through a registered and certified body will continue to be accepted in the UK until 31 December 2021. This includes any organic food and feed that is imported to the EU and certified by an EU control body.

But the EU is still to decide whether to continue accepting food and feed that is registered in the UK as organic. This is a major difference in approach between the UK and the EU.

Will I still need to be certified as an organic producer after the end of transition?

If you grow, process or import organic food for trade within the UK you will still need to be certified by an approved organic control body. Further details on approved control bodies can be found at:

<https://www.gov.uk/government/publications/organic-certification-list-of-uk-approved-organic-control-bodies>

Any organic food you produce, sell or import must be labelled with details of the relevant organic control body and you need to meet the conditions set.

Which logos do I have to use in order to meet the new standards?

There are only two instances where you can use the EU organic logo on any UK organic food or feed after transition:

- Your organic control body is authorised by the EU to certify goods for export to the EU; or
- The UK and the EU agree to recognise each other's standards, also known as equivalency.

You can continue to use your UK organic control body logo. Here, you must meet the conditions set by the control body.

Will I be able to export my organic produce to the EU after 31 December 2020?

At the present time, no organic producer will be able to export food or feed to the EU market unless the UK control body has been authorised by the EU. If the EU agrees with the UK to recognise the standards to apply in the UK and EU (known as equivalence) then UK producers will be able to export to the EU.

In the event that neither condition is met by the time the UK leaves the EU, organic producers will not be permitted to export to the EU market.



Will I be able to export my organic produce to non-EU countries after 31 December 2020?

There are a number of different steps that need to be taken into account when exporting to non-EU countries. These are:

- Some non-EU countries may ask for an export certificate for each consignment and you should check with the relevant country;
- Trading rules are likely to stay the same for countries that accept UK goods even without an agreement to accept each other's standards. This will be part of future trade agreements between the UK and non-EU countries;
- As the EU has equivalency standards with a number of non-EU countries as part of existing trading arrangements, it is possible that UK producers will be permitted to export if the UK can negotiate ongoing trade agreements with these countries after transition;
- However, in terms of imports of organic food and feed, it is likely that there will be different export trading rules where equivalency is not agreed between the UK and non-EU countries. You should contact the exporting control body of the country you are importing from.

Are there changes to imports of organic food and feed?

The main change is that you will no longer use the EU Trade Control and Expert System New Technology (TRACES NT) when importing organic food and feed. In its place, a new digital system will be created after the UK leaves the EU. Until this is functioning however, a manual UK organic system will be used. You can request forms for the manual UK system from your organic control body.

All imports from non-EU countries will require a Certificate of Inspection (CoI). However, a CoI will not be needed for imports from the EU, European Economic Area countries and Switzerland until 1 January 2021.

There are significant changes after transition. What are the implications for my business as an organic farmer?

The most significant change is that there is no certainty as to how organic farmers will export to the EU in the future. In effect, there will be a trade embargo until the relevant UK control body for your business is certified by the EU. This means that the EU needs to formally recognise UK organic production standards before exports can continue after transition. It is estimated that this could take as long as nine months.

The UK exports £2.2bn of organic food and feed to the EU. Clearly, it is a sizeable market. But without EU recognition, these exports will temporarily cease which could lead to the UK's competitors filling the market void left by UK producers.

The available options are:

- UK organic production standards are formally recognised quickly by the EU. However, the present indications suggest that this is unlikely;
- UK organic production is sold as conventional product onto the EU market. However, this negates higher standards the crop will have been grown to whilst removing the significant price premium;



- The UK seeks to expand non-EU country markets in order to cater for those exports normally entering the EU market. This is possible but it will take time to find new markets that are able to accommodate sufficient volumes and there may be a need to negotiate trade agreements with non-EU countries to allow this to happen;
- UK production that would have been exported remains on the UK market. If prices are to remain stable, even with a price premium, it would require a rise in consumption. While the latest figures from the Soil Association show a 5.3% increase in sales in the UK for 2018 (the full report can be found online at <https://www.soilassociation.org/certification/market-research-and-data/download-the-organic-market-report/>), this rate of increase will have to continue for the foreseeable future if the volume that would come onto the UK market through a failure to export is not to have a depressing effect on price.