

The brilliant [@AnnaJerzewska](#) does a better job than me of explaining, but the important thing is that this is a nightmare for companies that 'hub' /distribute products through the UK - and that's both EU and UK companies /4

Under the terms of [the UK-EU Trade and Co-operation Agreement](#), goods must “originate” in the EU or the UK in order to qualify for zero tariff treatment.

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EU trade

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However, goods that arrive in the UK “zero tariff” but are not altered in any way and re-exported to the EU do not count as “UK-origin” and so face the full EU common external tariff on returning to the EU — with food and agricultural products attracting some of the highest rates.

“The problem is that in normal circumstances, when the EU signs a [trade agreement] with, say Japan or Canada, the goods don't normally come straight back to the country where they came from,” said Anna Jerzewska, a trade consultant.

[@AnnaJerzewska](#) So both the [@Foodanddrinkfed](#) and EU groups like [@CAOBISCO_EU](#) (chocs etc) say they want the EU Commission to fix this with a derogation/waiver that takes into account proximity and interdependence of EU/UK supply chains. /5

[@AnnaJerzewska](#) [@Foodanddrinkfed](#) [@CAOBISCO_EU](#) Because as [@AnnaJerzewska](#) points out, in a usual FTA (say with Japan or Canada) good don't arrive from the EU customs territory (or vice versa) and then bounce straight back across the border. It's a pretty unique situation. /6

[@AnnaJerzewska](#) [@Foodanddrinkfed](#) [@CAOBISCO_EU](#) It's also tough on Ireland that gets a lot of goods via UK. As Paul Kelly, director of Food Drink Ireland [@FoodDrink_Irl](#) the main lobby group for the sector. “Companies are beginning to raise this across the industry.” /7

[@AnnaJerzewska](#) [@Foodanddrinkfed](#) [@CAOBISCO_EU](#) [@FoodDrink_Irl](#) Now. It is true that goods could “transit” through UK to Ireland/EU - so they aren't imported into UK, they're just 'passing through' - but that, it seems, is not how the system currently works. /8

[@AnnaJerzewska](#) [@Foodanddrinkfed](#) [@CAOBISCO_EU](#) [@FoodDrink_Irl](#) According to both [@AnnaJerzewska](#) and [@SamuelMarcLowe](#) the Commission could - if it wanted - apply a derogation/waiver sorting this out, based on previous precedents. Per Mr Lowe: “If the EU wants to resolve the issue, it could do so pretty easily with an extra clarification.” /9

[@AnnaJerzewska](#) [@Foodanddrinkfed](#) [@CAOBISCO_EU](#) [@FoodDrink_Irl](#) [@SamuelMarcLowe](#) So what did the EU tell my colleague [@Sam1Fleming](#) when he asked officials whether this was going to be sorted?

"You can't expect Brexit not to have consequences. The UK won't be a distribution hub for the EU any more. EU businesses will need to stop relying on UK hubs." /10

@AnnaJerzewska @Foodanddrinkfed @CAOBISCO_EU @FoodDrink_Irl @SamuelMarcLowe @Sam1Fleming So to translate from the Bruxellois, that means "touch". Brexit means Brexit mon brave. etc etc.

Not exactly clear how you quantify the impacts of this - am told clothing industry also hugely impacted on this - but the EU position seems pretty stark. /11

@AnnaJerzewska @Foodanddrinkfed @CAOBISCO_EU @FoodDrink_Irl @SamuelMarcLowe @Sam1Fleming We shall see over next year or two whether those who reckoned the barebones deal @DavidGHFrost negotiated is really something to "build on" but this doesn't feel that encouraging! ENDS