Twitter Thread by Dr Anna Jerzewska



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Been waiting for ■ ■

Important story on what a “tariff-free” deal means in practice and why it’s not enough for two economies as closely integrated.

Tariffs are removed on goods that meet rules of origin. This is a complex and nuanced area of customs.

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> serious #brexit story alert - companies now starting to see penny drop on what rules of origin does to supply chains (food for example) but Brussels seems deaf to both EU & U.K. pleading. A bellwether? \U0001f62c Stay with me. 1/ https://t.co/HoDSDxhKaL
>
> — Peter Foster (@pmdfoster) January 6, 2021

Important to remember that trade deals (FTAs) weren't designed with such a high degree of economic integration in mind.

So some of the standard RoO provisions will seem incredibly restrictive under the UK-EU deal.

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Minimal operations or insufficient processing is a standard part of an FTA. Most, if not all FTAs, include a provision on minimal processing – processing not considered sufficient to confer originating status even if rules of origin have been met.

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It is standard procedure not to apply cumulation when goods have only been subject to minimal processing.

To be able to cumulate origin and consider the final product of UK origin, the processing carried out in the UK needs to exceed minimal operations.

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The level of integration between the UK and the EU means that this will have significant consequences for a number of industries.

For example, in supply chains where goods are brought into the UK from the EU and reassembled, sorted or repackaged and re-exported to ROI.

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The @Foodanddrinkfed raised this issue and the impact it will have on UK food and drink businesses (same goes for a number of other industries)

Some practical examples of how it works were covered in a brilliant ■by @faisalislam ■

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https://t.co/4chCLNW0l9

> NEW: Extraordinary examples just published by Govt re what will NOT qualify for tariff free trade under UK-EU FTA from Friday as result of \u201crules of origin\u201d... specialist considerations as to the
> 1. Grating of cheese
> 2. Shelling of nuts
> 3. Assembly of a table
> 4. Eyes of a doll pic.twitter.com/zOi8COttDJ
>
> — Faisal Islam (@faisalislam) December 29, 2020

Again, important to remember that it's a common provision. Just not a common scenario because the goods don't normally go straight back to where they came from.

This is how it's usually used:

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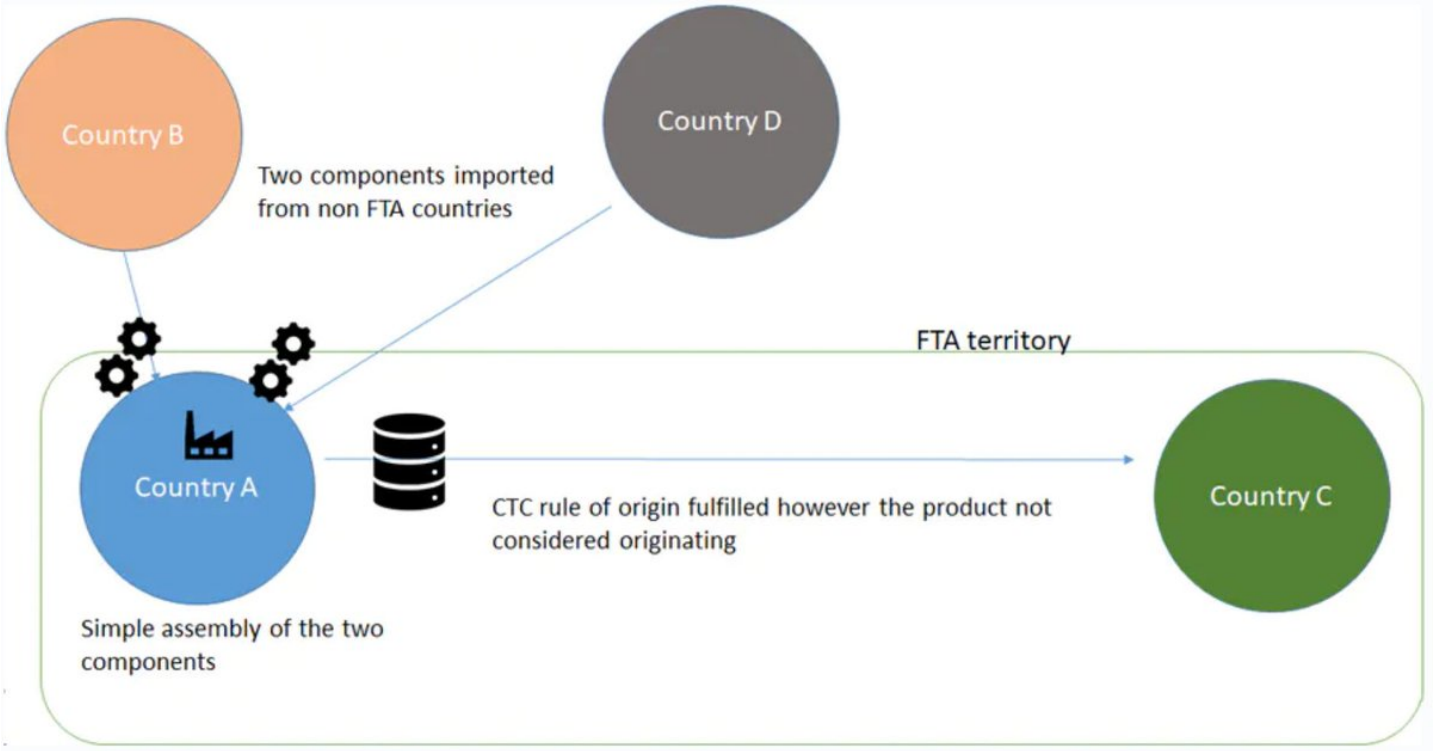

Solution?

For goods that originate in the EU and meet the rules of origin on the way in, it would be quite simple.

The EU Commission already has a number of origin-related derogations. Some examples here ■

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https://t.co/wDvdlDKKKc

But the question is whether or not the EU will have any incentive to do that...

This provision impacts the UK supply chains much more than EU ones...

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