

EU-27-UK Future Partnership: CEMA calls for zero tariffs / zero quotas trade agreement and regulatory dynamic alignment for agricultural machinery

As negotiations begin between the EU-27 and the UK to forge a new partnership under significant time pressure, CEMA fully supports the general European business community call¹ to keep the EU-UK future economic relationship as close as possible whilst preserving the integrity of the Single Market and a level playing field.

European manufacturers of advanced Agricultural Machinery and Solutions have for long² stressed great concerns regarding Brexit and potentially adverse economic consequences on the agricultural machinery industry and the farming community.

We continue to foresee a negative impact on:

- Manufacturers' complex and integrated supply chains;
- The UK's agricultural machinery market;
- Incomes of farmers and agricultural contractors in the UK and the EU-27 (and thus on the principal customers of the agricultural machinery industry).

We welcomed and supported³ new European legislation on UK type-approvals after Brexit as well as the **preparedness efforts** put forward by authorities in case there is no ratified agreement establishing a future partnership between the United Kingdom and the European Union at the end of the transition period.

CEMA is still significantly concerned with a no-agreement scenario, where both parties would fall back on a World Trade Organization terms situation as of 1 January 2021, with the related costs, delays and custom checks for integrated supply and distribution chains.

We therefore continue to call for the most comprehensive trade agreement possible to be reached between the UK and the EU-27, providing for **zero tariffs and zero quotas on all goods** entering the UK and the single market, as well as for an **ambitious agreement in services**. In particular, attention should be paid to rules of origin, engines and components, semi-finished products, machinery, as well as workers mobility and services related to agricultural machinery and solutions (before and after the sale). As the second-hand market determines the value and dynamic of our market, the free movement of second-hand equipment complying with EU regulations should also be ensured in the future. Digital economy and data flows integration will also be crucial to the uptake of

¹ https://www.buinessseurope.eu/sites/buseur/files/media/position_papers/rex/2020-02-06_future_eu-uk_relations.pdf

² <https://www.cema-agri.org/images/publications/position-papers/CEMA-Position-Paper-Brexit-FINAL-21-11-2017.pdf>

³ <https://www.cema-agri.org/images/publications/position-papers/CEMA-Brexit-position-paper-20072018.pdf>

precision farming. The possible re-introduction of costly and time-consuming **border formalities** must finally be avoided through simplified custom procedures and process-oriented integration versus transaction-based unnecessary administrative burden.

When it comes to **trade relations with third countries**, since our European production and supply chains have been so integrated for a long time within the single market, both partners must cooperate and coordinate carefully to avoid disruptions and mitigate damage. The diagonal cumulation of rules of origin should be prioritized in (re)negotiations with third countries.

We believe our sector should benefit from regulatory dynamic alignment. When it comes to Agricultural Machinery and solutions, as well as farmers and the extended agro-food chain, we continue to see no sound economical, social or environmental evidence for regulatory divergence between the EU-27 and the UK. A full incorporation by the UK of the applicable “acquis communautaire” is therefore the starting point. But a pragmatic solution must also be found to guarantee alignment and avoid divergence over time with European rules and standards. We therefore call on negotiators to urgently clarify their position when it comes to the **dynamic and automatic alignment of regulatory provisions and standards applicable to our products as well as other level-playing field provisions**, in order to ensure fair and frictionless trade for machinery and components.

Finally, we believe negotiators should secure a **robust market surveillance, enforcement and governance system** for the new UK-EU27 relationship, providing legal certainty on the applicable jurisdiction.

CEMA will closely monitor the scheduled negotiation rounds and contribute as needed. We will in particular scrutinize if enough progress is achieved in due time to provide for a fair confidence that a deal is achieved and implemented within the imposed timeframe. Would the agreed transitional period prove insufficient, we will immediately call for clarity on a possible prolongation of the transitional period.

ABOUT CEMA

CEMA (www.cema-agri.org) is the association representing the European agricultural machinery industry. With 11 national member associations, the CEMA network represents both large multinational companies and numerous European SMEs active in this sector.

The industry includes about 7,000 manufacturers, producing more than 450 different machine types and generating an aggregated annual turnover of about EUR 40 billion. 150,000 people are directly employed in the sector, with a further 125,000 people working in distribution and maintenance.

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