

## Trade conditions relating to UK international seafood trade

This note provides a summary of trade conditions relating to UK international seafood trade. Many of these conditions are in place due to international agreements, others due to UK membership of the EU. The note covers trade tariffs, non-tariff measures, and enforcement arrangements.

Seafood export and import trade is subject to international trade rules. These rules can often affect the price and availability of a traded commodity to, or from, a particular nation or region.

The World Trade Organisation (WTO) supervises and liberalises international trade. With 164 member countries (as of July 2016), the WTO represents the vast majority of world trade. The WTO continues the earlier liberalisation efforts made, over an extended period, under General Agreement on Tariffs and Trade (GATT). However, despite gains made, negotiations have slowed internationally.

### 1.1 Trade tariffs

The WTO's 'Most Favoured Nation' (MFN) principle is central to non-discriminatory trade. This principle requires that a WTO member state must apply the same conditions on trade to all member states, i.e. a WTO member state has to grant the most favourable conditions under which it allows a trade to all WTO members. There are exceptions to the MFN principle. For example, preferential tariff rates designed to provide favourable trading conditions for under-developed nations until they can trade on equal terms. These preferential tariffs are generally subject to provisions which ensure that the benefits accrue to the intended recipients, and not to third parties.

The EU has been a strong supporter of WTO efforts. With international progress slowing, the EU has resolved to work with individual nations or blocs of nations to facilitate trade through reducing tariff and non-tariff measures on a bilateral basis. For exports, UK goods command zero tariffs in other EU member states (Customs Union) and in countries with a zero-tariff trade agreement. Thereafter a range of tariffs affect exports depending on the particular importing country's tariff schedule (it is the importer who is liable for tariff duties).

For imports, the common customs tariff is the basic standard tariff applicable to goods imported into the EU. All imports are subject to these tariffs unless some other agreement applies. There are various trade arrangements set out by the EU ranging from full tariff arrangements (MFN) to zero tariffs, as follows:

- **Full tariffs (MFN)**
- **Preferential tariffs.** These include the Generalised System of Preferences (GSP) providing preferential treatment to 81 developing countries and territories, GSP+ a 'special incentive for sustainable development and good

governance' provided to (currently eight) qualifying countries, the Everything But Arms (EBA) initiative supporting complete tariff-free and quota-free access to the EU market for all commodities except arms for 49 least developed countries, and unilateral trade preferences granted to the EU's Overseas Countries and Territories (OCTs).

- **Quota dependent tariffs.** These include country-specific quotas and ATQs (Autonomous Tariff Quotas) of raw materials or semi-finished goods that are not available in sufficient quantities in the EU to support a productive and competitive EU industry. ATQs cover duty and volume and apply to specific seafood products for which the duty has been suspended or reduced. Once the quota is used up, on a first come first serve basis, the tariff reverts to the relevant tariff regime.
- **Specific trade agreements.** These include EFTA (European Free Trade Association), South Korea, Central America, Morocco, and more recently Canada and Japan etc.
- **Zero tariffs.** These include trade within the EU single market, and the Customs Union with Turkey.

### Tariffs relating to seafood

Globally, the MFN tariffs applied to fish and fish products vary considerably. According to the WTO, in recent years the highest applied MFN tariff was 34% (Turkey) whilst the simple average applied MFN tariff in Canada and the USA was under 1%, Russia was 10% and the EU was 12%.

#### a. Exports

The existing tariff structure provides zero tariff duties for accessing markets in EU countries. It also affords a level of protection from competitor supplies outwith the EU: MFN tariffs for key seafood groups range from:

- Whitefish 7.5%-20%
- Pelagic 10-20%
- Shellfish 7.5%-20%.

#### b. Imports

The existing tariff structures support the sourcing of seafood material for EU markets. MFN tariffs for key seafood groups range from:

- Whitefish 7.5%-20%
- Pelagic 0%-24%
- Shellfish 12%.

Making use of the various trade arrangements that exist within the EU (full, preferential, quota, dependent tariffs etc) bestows a significant competitive advantage to the importer and secures supplies to UK processors and consumers. However the importing process is administratively burdensome, for example: the importer will usually have to provide financial guarantees to cover the tariff difference; in the case of autonomous tariff quotas, the customs authorities need

assurances that the imported material is processed according to the prescribed "end use"; if importing under the GSP regime or a bilateral agreement the importer is responsible for ensuring the goods originate in the country that qualifies for the preference. In contrast, any exporter to the EU that chooses not to take advantage of preferential arrangements has less of an administrative burden.

## 1.2 Non-tariff measures

Like most trade, seafood trade can be affected by non-tariff measures (NTMs). These measures can facilitate trade but can also act as hurdles or barriers to trade. Most countries have some form of import formality: it might relate to the safety of the seafood to be imported or it might relate to the provision of information about the consignment to Customs and to the port authority. Some of these formalities can be a significant impediment to the flow of certain goods, for example if the trading nations systematically fail to reach agreement on certification requirement. On the other hand, trade agreements between trading nations can reduce the number and severity of NTMs.

Although NTMs are most noticeable at the border, where consignment checks can cause goods to be temporarily detained or even rejected, they have a profound and systematic effect on trade by influencing the whole supply chain. They exert their effect long before the goods reach the border of the destination country. NTMs can determine which raw materials should be used, how goods should be produced, handled and transported, and where the responsible businesses should be registered. Seafood trade, because of the particular expectations relating to seafood safety and legality, is subject to several measures that affect every activity from harvest to arrival at the final destination.

In summary, the main NTMs relevant to seafood trade<sup>1</sup> are:

- **Sanitary and phytosanitary (SPS) measures.** These are measures that are applied to protect human or animal life from risks arising from additives, contaminants, toxins or disease-causing organisms in food. These measures are amongst the most important in seafood trade. The EU is particularly demanding, requiring the governments of exporting countries to guarantee that they operate a food control system that is largely similar to the one in place in the EU.
- **Technical barriers to trade.** Measures referring to technical regulations, and procedures for assessment of conformity with technical regulations and standards (including Illegal, unreported and unregulated (IUU) catch certification).
- **Pre-shipment inspection and other formalities.** Formalities relating to inspection in the EU include the requirement for seafood consignments from non-EU countries to be imported only through designated Border Inspection Posts (BIPs).

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<sup>1</sup> A full list of non-tariff measures considered relevant to food and drink operators, alongside definitions and examples for seafood, can be found in the Seafish document *Non-tariff measures relevant to seafood trade*.

- **Non-automatic licensing, quotas, prohibition and quantity control.**  
These are measures generally aimed at restricting the quantity of goods that can be imported. An example would be the Autonomous Tariff Quotas (ATQs) in place in the EU. Categories of seafood listed in the ATQ schedule can be imported at zero or low tariffs up to a set annual quota, after which the tariff reverts to the full tariff.

#### a. Selling within the EU market (current conditions where UK is an EU member)

As an EU member, UK produced food meets the requirements of EU food law. Export trade from UK to markets in other EU member states is considered to be intra-EU trade and benefits from free movement of goods.

However, trade is not completely frictionless. Disruption can and does occur at member state borders. The most high profile incidents include cross Channel trade, which can be disrupted by port blockades and migrant troubles on the French border.

#### b. Selling into the EU single market from a non-EU country

For seafood operators in non-EU countries selling into the EU single market, the NTMs are in place mostly as a result of EU regulation. For example hygiene regulations require that seafood produced abroad for the EU market complies with EU food law or at least with laws recognised by the EU to be equivalent. One result is that this limits the EU importation of seafood to seafood from non-EU countries and establishments on official approved lists. Measures relate to requirements beyond food safety, including labelling and traceability requirements, catch certification in order to comply with legislation on illegal, unreported and unregulated (IUU) fishing, and origin certification. EU requirements relating to its IUU legislation are extremely important measures that exporting countries have to deal with. Dealing with these requirements is a burden on developing nations, which are the main exporters of seafood to the EU, and has resulted in the deployment of significant resources in these countries in order to establish anti-IUU procedures compliant with EU requirements.

#### c. Selling into non-EU markets

The requirements for UK operators selling into non-EU countries also present several NTMs that can act as barriers to trade. For example, the Chinese authorities require that businesses wishing to export to China register on an online database and also require that the national authority of the exporting country provides information to the Chinese authorities on these businesses. The provision of health certification that satisfies the Chinese authorities is burdensome to the exporter and to the national certifying authority.

Non-tariff measures can also be put in place, voluntarily, by the exporting country. These may relate to food safety and can also relate to licensing requirements. India, for example, has introduced aquaculture facility registration for all shrimp farmers

and mandatory pre-harvest and pre-export checks for those wishing to export to the EU.

Requirements for voluntary certification, such as those certifying credentials on environmental or social responsibility, are often made by the buyer. They can be a significant barrier to trade. However, because they are not mandated by government, they are not considered NTMs.

### 1.3 Enforcement (Port health authorities, etc)

Non-tariff measures are subject to checking and enforcement, with enforcement arrangements varying by country. For seafood trade with the UK, and with seafood trade in the EU, the enforcement of veterinary and IUU controls is the responsibility of the appropriate *competent authorities*<sup>2</sup>. See below.

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<sup>2</sup> The Seafish document *Enforcement authorities relevant to UK-EU seafood trade* contains a list of authorities in EU member states responsible for veterinary checks and catch certificate checks.

## Enforcement of non-tariff measures in the UK

### A. UK competent authorities responsible for carrying out veterinary checks on seafood.

**The Department for the Environment, Food and Rural Affairs (Defra)** is the designated central competent authority for the organisation and administration of veterinary checks on products of animal origin and live animal imports into the UK. Responsibility for policy on imports is shared between Defra and the Food Standards Agency (FSA) in England and with the respective Devolved Administrations in Scotland (Food Standards Scotland, FSS), Wales (Welsh Government) and Northern Ireland (Department of Agriculture, Environment and Rural Affairs, DAERA).

The Animal and Plant Health Agency (APHA) is responsible for supervision, monitoring and administration of the veterinary checks regimes for animals and animal products in the UK. The FSA's Legal, International and Regulatory Affairs Directorate is responsible for public health policy on import controls including fishery products. It prepares legislation and policy guidance to BIPs on public health issues as the competent authority for the implementation of EU safeguard measures such as residues of veterinary medicines in the import of products of animal origin. FSS has similar responsibility in Scotland.

### **Day-to-day responsibilities**

The APHA and Local Authorities (LAs), mainly Port Health Authorities (PHAs), are responsible for the day-to-day operation of Border Inspection Posts (BIPs) in England, Wales and Scotland. A service level agreement has been drawn up between each agriculture department, Defra and APHA. In Northern Ireland, BIPs are under the direct supervision of DAERA. Responsibility for fishery products in Northern Ireland has been delegated to District Councils with responsibility for all other imports of animal origin remaining with DAERA.

Import controls at BIPs receiving products of animal origin for human consumption only or both human consumption and not for human consumption is the responsibility of the Environmental Health Department of the relevant LA, usually a PHA. Environmental Health Officers are contracted/employed by PHAs for checks on fishery products, and Official Veterinarians are contracted for checks on products of animal origin where BIPs are approved for products fit for human consumption and those which handle products for both human consumption and not for human consumption. LAs are responsible for the enforcement of legislation on imported food and animal by-products.

A list of UK BIPs is available at

[https://ec.europa.eu/food/sites/food/files/animals/docs/bips\\_contact\\_unitedkingdom.pdf](https://ec.europa.eu/food/sites/food/files/animals/docs/bips_contact_unitedkingdom.pdf)

### B. UK competent authorities responsible for carrying out checks relating to the prevention of imports of seafood as foreseen by anti-illegal, unreported and unregulated (IUU) fishing regulations.

The **Marine Management Organisation (MMO)** is the competent authority that oversees the checks relating to IUU regulations as regards imported seafood. The MMO is an executive non departmental public body sponsored by Defra. The verification of catch certificates of imported seafood is delegated to the Local Authority Port Health Authority operating at the Border Inspection Post (BIP).

**Enforcement of non-tariff measures in the EU**

Within the EU, enforcement arrangements vary by member state with each having nominated authorities.

C. Central competent authorities and subsidiary authorities in each member state of EU-27 responsible for veterinary checks on imports of seafood

Competent authorities in each member state are provided by EU Member State country profiles on the European Commission's "Country Profiles" page at: [http://ec.europa.eu/food/audits-analysis/country\\_profiles](http://ec.europa.eu/food/audits-analysis/country_profiles) (accessed 28 November 2018).

A list of BIPs in the EU, with contact details, is available from [https://ec.europa.eu/food/animals/vet-border-control/bip-contacts\\_en](https://ec.europa.eu/food/animals/vet-border-control/bip-contacts_en)

D. Competent authorities in each member state of the EU responsible for carrying out checks relating to the prevention of imports of seafood as foreseen by anti-illegal, unreported and unregulated (IUU) fishing regulations.

Member state competent authorities that deal with IUU catch certificates are laid out in "List of Member states and their competent authorities concerning Articles 15(2), 17(8) and 21(3) of Council Regulation (EC) No 1005/2008", OJ C 39, 2.2.2018, p. 24–30, available from <https://europa.eu/!bQ44Mh>

It lists competent authorities responsible for the:

- validation of catch certificates for domestic catches;
- verification of catch certificates of imported fish; and
- validation and verification of re-exported fish.