

Agricultural Goods

The CAP

There are import / export controls and duties designed to maintain the single market in various agricultural products under the Common Agricultural Policy. CAP controls and duties apply when goods enter or leave the European Union. They do not generally apply on trade within the EU.

CAP goods include food, agricultural and horticultural products as well as their derivatives. CAP products include cereals, rice, beef, veal, sugar and milk. HMRC publishes a list of CAP products.

Under the CAP, the supply and pricing of many agricultural goods is maintained by a system of refunds and levies. Refunds are provided when the market price of export goods is lower in the target export market than in the European Union. This ensures that products exported outside the European Community remain competitive in the third country markets.

Exporting CAP Products

The export of CAP products requires a licence. It is necessary to register with the Rural Payments Agency in England. A CAP licence may be applied for manually or electronically. It will usually be necessary to lodge security under the relevant scheme. There are block guarantees, single transaction guarantees and cash guarantees.

To obtain a refund, it is necessary to prove that the goods have been exported within the relevant time limits, that they are of sound quality, are in free circulation, have not been altered under customs control and are of EU origin. There are undifferentiated flat rate refunds which apply, regardless of which country to which products have been exported. Differentiated refunds depend on the particular destination. For differentiated refunds, it is necessary to prove export to the relevant country.

If goods are in short supply in the European Union, exports may be restricted by the imposition of a levy. Levies apply only to consignments originating in the EU. If levies are applied, they will become due at the time of exports. It may be possible to defer payment if security is in place.

Export declarations go through the Customs Handling of Import and Export Freight (CHIEF) computer system. The declaration can be made through CHIEF or through standard procedures. Under local clearance procedures, customs inspections can be carried out at inland premises approved by Revenue before exports.

There are simplified procedures available when exporting CAP goods, which can minimise paperwork. Under the simplified procedure, several consignments can be summarised. An export control register is kept. These can only be used if the exporter is approved by Revenue.

CAP Imports

CAP goods require an import licence. A CAP licence will specify the goods and the quantity of goods that an importer may import and the time within which they may be imported. A licence is not required for goods in free circulation in the EU. In order to obtain a licence from the Rural Payments Agency, it is necessary to register and provide security. Only a registered trader can qualify to apply for a CAP import licence.

There may be several types of duties payable on CAP import goods. This may include specific customs duty based on weight or quantity and ad valorem duty based on value. A reduced rate of duty may apply. Quota or tariff levels will vary depending on the origin of the goods.

Small consignments of CAP products sent to an individual may be liable for a flat charge of 3½% duty provided that they are for personal use, of a non commercial nature and less than £282.00 in value.

Goods temporarily exported out of the EU under an customs arrangement can be imported free of tax.

Declaring CAP Imports

Imports must be declared to the Customs Handling of Import and Export and Freight (CHIEF) system in the normal way or on the Single Administrative Document. When goods are declared for free circulation, a record must be kept of how much has been imported against the licence. In this case, the import would be recorded against the licence either electronically or by endorsement on a physical licence. When completing the Single Administrative Document, the particulars of the CAP import licence must be specified.

Imports of CAP goods from outside the EU, which are covered by a tariff quota require a CAP import licence. The licence may facilitate a reduced or a zero rate of duty.

Agricultural goods imported into the UK must comply with domestic business standards including those relating to plant and health protection, organic produce, food labelling, pesticides residues, plant health, fertiliser use, beef labelling, additives labelling. Most of these standards have been harmonised on an EU wide basis.

Agricultural Health Requirements

The exportation and importation of live animals, animal products and plants is regulated. Animal health, public health and animal welfare assurances are required. This is usually done by producing a Veterinary Certificate. The certificate usually requires the consignment to be inspected by an approved veterinary inspector shortly before export.

The regulations that apply to a particular animal product vary. The requirements will depend on destination, species, nature of animal products and intended use.

Exporters of live animals must ensure that they conform with the appropriate import conditions required of the importing country. They must allow enough time for the certification process to be completed before export.

The import of live animals must be notified in advance to the border inspection post. They must be imported through a designated port health authority. All cattle imported into the UK since 1st July 1996 must have a cattle passport. This is issued by the Department of Agriculture in Ireland.

Most plants can be freely transported throughout the EU. Certain plants carrying a high risk of pests or diseases may require a plant passport. Export licences are not required for the dispatch of fresh food and vegetables within the EU. A licence or phytosanitary certificate may be necessary to export outside the EU.

EU rules requires a certificate from an inspection body in a third country where organic goods are imported. This must generally be presented to a port health authority. The port health authority will compare the certificate against the Department's secure database of import authorisations issued between the EU and the relevant country.

The trade control and export system (TRACES) is an internet based system run by the European Commissions Director General for Health and Consumer Protection to make paperwork in trading in animals and animal products easier. The system allows traders to obtain health certificates and notify dispatches. A business importing organic fresh fruit or vegetables from a non-EU country must use the PEACH system to ensure compliance with horticultural marketing standards

This Guide is intended as an overview and broad outline of the matters covered in it. Its purpose is to inform and raise awareness. We are happy to offer specific legal advice on particular circumstances. This Guide should not be relied on as a substitute for comprehensive legal advice with reference to the particular circumstances.

While we have taken care in the preparation of this publication, we do not accept legal liability as a result of any reliance placed on anything in this Guide. The reader should rely only on specific legal or taxation advice.

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