



UTTANRÍKIS- OG MENTAMÁLARÁÐIÐ

MINISTRY OF FOREIGN AFFAIRS AND CULTURE

MEMORANDUM ON THE CONDITIONS FOR TRADE BETWEEN THE FAROE ISLANDS AND THE UNITED KINGDOM

January 2021

On 1 January 2021, the bilateral Free Trade Agreement between the United Kingdom and the Faroe Islands entered into force. The Agreement provides for the same tariff regime regarding trade between the Faroe Islands and the United Kingdom as has existed prior to the UK's withdrawal from the European Union under the terms of the bilateral Free Trade Agreement between the Faroe Islands and the European Union.

- **Status of the Faroe Islands as a non-EU trading partner**

The Faroe Islands are part of the Kingdom of Denmark but constitute a separate jurisdiction. The Faroe Islands decided not to be included in Denmark's accession to the EEC in 1973. Neither the founding treaties of the EU nor EU legislation applies to the Faroe Islands.

Trade related matters, which are under the exclusive competence of Faroese authorities include, but are not limited to, taxes, duties, supplies, production, distribution, price controls and import and export controls. As a separate customs area, taxes and duties in the Faroe Islands are not aligned with those of Denmark or the European Union. Labour market and production regulations are nevertheless in line with European standards.

The Faroe Islands also have free trade agreements with the European Union, Norway, Switzerland and Turkey. In addition, the Faroe Islands have a comprehensive free trade agreement with Iceland, which establishes a single economic area for the free exchange of goods, services, capital and persons.

The Faroe Islands are part of the Danish monetary area. Separate Faroese banknotes are issued and authorised. The Faroese króna is equivalent to the Danish krone. Danish banknotes are exchanged without commission in any bank in the Faroe Islands, as is the case for Faroese banknotes in Denmark.

- **Continuation of tariff-free regime from 1 January 2021**

With respect to imports from the United Kingdom to the Faroe Islands, all trade in goods is free of tariffs, with the only exceptions being duties on imports of fresh milk and cream products and a 5 tonne tariff free quota of sheep meat (11 tonnes from 2023).

From the Faroe Islands to the United Kingdom, all industrial goods can be imported free of tariffs. Seafood products outlined in Table 1 in the Annex to the Free Trade Agreement are mostly tariff free, with tariff-free quotas applying to some fish products, including fish feed.

- **Sanitary and Phytosanitary (SPS) requirements**

For imports from the Faroe Islands to the UK, British authorities have confirmed that Faroese imports that are fully harmonised with EU SPS standards and are currently able to be exported to the EU will be eligible for the UK's phased import arrangements from 1 January 2021 to 1 July 2021. This means that Faroese imports of fishery products can continue to be imported into the UK without additional health certification or notification until 1 April 2021, when pre-notification and health certification will be required.

Other animal products and live animals which currently require certification and border control post checks will continue to require these from 1 January 2021.

Unless otherwise agreed, from 1 July 2021, import at a point of entry with an appropriate Border Control Post will also be required, where risk-based ID and physical checks will be required on live animals and animal products.

For imports from the UK to the Faroe Islands, the regulations providing for veterinary controls of animal products imported to the Faroe Islands was amended on 22 December 2020 to include an exemption for physical checks on food from the UK originating from terrestrial animals. This provision applies until 30 June 2021. A similar amendment will likely also be made to regulations for veterinary control of feed for terrestrial animals imported from the UK, also to apply until 30 June 2021.

Notwithstanding these provisional exemptions from physical border controls, all imports of animals and animal products to the Faroe Islands from the UK should be notified in advance to the Faroese Food and Veterinary Authority and should be accompanied by a health certificate. Import to the Faroe Islands of feed for aquaculture and live aquatic animals will follow regulations similar to EU regulations.

Further details on these requirements can be found on the website of the Faroese Food and Veterinary Authority at www.hfs.fo.

The Government of the Faroe Islands will give priority to concluding an agreement with the UK on SPS requirements for trade in products of animal origin in order to maintain high mutual standards of food safety while also encouraging the further development of bilateral trade.