



NOTE – OUTCOME OF THE UK GLOBAL TARIFF CONSULTATION

Executive Summary

Background

In February 2020, the UK Department for International Trade launched an online consultation process to inform the UK's future most favoured nation (MFN) tariff schedule (i.e. UK Global Tariff, UKGT) following the effective UK's withdrawal from the EU customs union and single market. The UKGT will be effective as from 1st January 2021.

There was an intense debate in the UKGT regime between free market liberalisers and trade policy pragmatists, with a specific emphasis on the *zero production-zero tariff* approach. This approach was a source of considerable concern to COLEACP horticultural exporters. Given the structure of the currently applied MFN tariffs, any move over to such an approach could have led to a severe erosion of existing margins of tariff preferences for ACP exporters.

Indeed, this initially foreseen approach would not only have impacted on trade with MFN suppliers to the UK market but would also have carried implications for Standard GSP suppliers, and even in some instances, where only reduced tariff-quota restricted access is granted, free trade agreement (FTA)-based exporters.

It was estimated that out of the total value of ACP horticultural exports to the UK (i.e. EUR 1 117 million in 2019), at least 36% could have been adversely affected by the adoption of a *zero production-zero tariff approach*. For most ACP countries, this would have had a severe negative impact, given the predominant weight the affected products play in total exports to the UK and the criticality of these products to employment and rural development.

Against this background, COLEACP supported, throughout January, February and beginning of March 2020, an active process of engagement with ACP business associations and competent authorities (including ACP embassies in Brussels – in close collaboration with the ACP Group of States Secretariat – and in the UK) in order to facilitate their active participation to the UKGT consultation process. This engagement process resulted in a number of private business associations, ACP governments and regional bodies, engaging in informational and representational work with UK officials, parliamentarians and Ministers on areas of concern to ACP exporters.

Main outcomes of the consultation

The UK government publicly announced its UKGT on the 19th May 2020. The announcement explicitly mentioned that the new MFN scheduled maintained in place some existing tariffs where this supports *imports from the world's poorest countries that benefit from preferential access to the UK market while preserving the UK's commitment to deepening trade with developing countries in order to reduce poverty and improve prosperity*.

This has seen many of the concerns raised by COLEACP's constituency have been fully accommodated within the UKGT as many import tariffs on major horticulture export





products of interest to ACP exporters remain unchanged or will be only slightly reduced for suppliers subject to the MFN schedule.

Significantly, this leaves unaffected the trade taking place under FTAs where reduced tariff import quotas are applied (most notably for bananas). For example, any move over to a *zero production-zero tariff* policy would have profoundly impacted on the basis for the majority of UK imports of bananas, since exporters subject to reduced tariff quota restricted access under rolled-over UK-only FTAs would simply have exported under standard zero tariff MFN conditions which such a profound policy shift would have entailed.

The principal area of concern arising from the UKGT relates to those products which are currently covered by EU minimum entry price or standard import value requirements. The UK proposal removes these requirements, replacing them with *ad valorem* tariffs.

A critical question now faced relates to the knock-on effects of this UK policy change on tariffs charged under the UK's future Standard GSP and GSP+ schemes, for products currently covered by such minimum entry price or standard import value requirements.

Links:

- [Public consultation: MFN Tariff Policy \(The UK Global Tariff\) – Government response & policy*](#)
- [Detailed guide to UK tariffs from 1 January 2021](#)
- [The UK Global Tariff Tool](#)



Appendix

Tariffs in some major areas maintained and simply converted

In a number of areas, the existing MFN tariff has been retained with only the currency in which the tariff is denominated being changed to GBP (£) rather than EUR. For bananas, accounting for over EUR 200 million of ACP export to the UK in 2019, the new UK tariff will be £95/tonne rather than €114/tonne (based on an exchange rate of €1 = £0.83687). Similarly, for ethnic roots and tubers (accounting for EUR 6.8 million of ACP exports to the UK in 2019) where the tariff will be changed to £79/tonne from €95/tonne, while for sweet potatoes for human consumption the tariff is changed to £5.3/100kg from €6.4/100kg.

Tariffs Maintained and Simply Converted (Direct Exports to UK - Value € millions 2019)

Commodity	Description/Value 2019	EU CET	UK Global Tariff	Change
Bananas	€200 million			
08039010	Bananas, fresh (excl. plantains)	€114.00	£95.00/tonne	Currency conversion
08039090	Bananas, dried (excl. plantains)	€114.00	£95.00/tonne	Currency conversion
Root & Tuber	€6.8 million			
07149020	Arrowroot, salep and similar roots and tubers with high starch content, fresh, chilled, frozen, or dried, whether or not sliced (excl. manioc "cassava", sweet potatoes, yams, taro and yautia)	€9.50/100kg	£ 7.90/100kg	Currency conversion
Sweet Potatoes	€3.6 million			
07142090	Sweet potatoes, fresh, chilled, frozen, or dried, whether or not sliced (excl. use for human consumption)	€6.40/100kg	£5.3/100kg	Currency conversion

Slightly lower duties and removal of seasonal variations

In other major areas, seasonal variations in the MFN import duties applied have been removed and the overall duty has been lowered slightly from the lowest existing seasonal duty. This affects products such as cut flowers, peas, raspberries, onions and shallots, lemons watermelons, pimento, aubergines. With only a marginal reduction in the MFN tariff having been introduced, the knock-on effects on Standard GSP tariffs shall also be marginal. This change is not expected to have a major impact on ACP trade flows to the UK in the affected products.



Slightly Lower Duties and Removal of Seasonal Variations (Direct Exports to UK - Value € millions in 2019)

Commodity	Description/Value 2019	EU CET	UK Global Tariff	Change
Cut Flowers	€85 million			
06031100 to 06031970	Fresh cut roses and buds, of a kind suitable for bouquets and other cut flowers	· 8.50% (01 JAN-31 MAY, 1 NOV-31 DEC) · 12% (01 Jun-31 Oct)	8%	Simplified
Peas	€15.5 million			
07081000	Fresh or chilled peas «Pisum sativum shelled and unshelled	· 8.00% (1 JAN-31 MAY, 1 Sep-31 Dec) · 13.60% (01 Jun-31 Aug)	12% (01 Jun-31 Aug) 8% (01 Sep-31 May)	Simplified
Raspberries	€13.3 million			
08102010	Fresh raspberries	8.8%	8%	Simplified
08102090	Blackberries, mulberries & loganberries	9.6%	8%	Simplified
Onions & shallots	€9.4 million			
07031011	Onion sets fresh/chilled	9.6%	8%	Simplified
07031019	Onions, fresh/chilled (excl. sets)	9.6%	8%	Simplified
07031090	Shallots, fresh/chilled	9.6%	8%	Simplified
Melons/ Watermelons	€9 million			
08071900	Fresh Melons	8.8%	8%	Simplified
08071100	Watermelons	8.8%	8%	
Pimenta	€8.4 million			
07096099	Fresh or chilled fruits of genus Capsicum or Pimenta	6.4%	6%	Simplified
Avocados	€38 million			
08044000	Fresh or dried avocados	· 4.00% (1 JAN-31 MAR, 1-31 DEC) · 5.10% (1 JUN-30 NOV)		Simplified
Aubergines	€4.1 million			
07093000	Fresh or chilled aubergines «eggplants»	12.8%	12%	Simplified
Pineapples	€6.8 million			
08043000	Fresh or dried pineapples	5.8%	4%	Simplified
Carrot/Turnips	€3 million			
07061000	Fresh or chilled carrots and turnips	13.6%	12%	Simplified
Sweet Potato	(€3.6 million)			
07142010	Sweet potatoes, fresh, whole, for human consumption	3%	2%	Simplified
Dates	(€2 million)			
08041000	Fresh or dried dates	7.7%	6%	Simplified



However, in the cut flower sector a major issue will arise if the UK were to leave the EU customs union and single market at the end of 2020 without an alternative trade arrangement in place. This has the potential to create significant disruptions to the functioning of ACP triangular supply chains which serve the UK market via the flower auctions in the Netherlands. These triangular supply chains account for the bulk of ACP cut flower exports to the UK.

Specific measures will need to be set in place to prevent a disruption of these supply chains. Any such disruptions which would profoundly set back the process of post-COVID-19 recovery in the ACP cut flower sector which is only likely to get underway in 2021.

The relatively small tariff reductions introduced for a range of agri-food products with relatively low export values but where ACP countries have an export interest (cumulatively valued at more than EUR 120 million in 2019) would appear unlikely to have any major impact on trade flows to the UK market.

Tariffs with minimum import price and standard import value requirements abolished

In other product areas not only have seasonal variations in tariffs been removed but also minimum import price (MIP) requirements have been abolished. For these products, only a straight ad valorem tariff is to be applied. Products such as fresh beans, broccoli, fresh plums, table grapes, pears peaches, and nectarines are affected. Collectively, the value of these ACP exports to the UK in 2019 was around EUR 283 million.

Products Where Minimum Import Price or Standard Import Value Requirements Abolished and a Tariff Established (Direct Exports to UK - Value € millions in 2019)

Commodity	Description/Value 2019	EU CET	UK Global Tariff	Change
Fresh Beans	€53.0 million			
07082000	Fresh or chilled beans «Vigna spp., Phaseolus spp.», shelled or unshelled	<ul style="list-style-type: none"> · 10.4% MIN €1.6/100kg/net (01 JAN-30 JUNE, 01 OCT-31 DEC) · 13.60% MIN €1.6/100kg/net (01 JUL-30 SEP) 	10%	Simplified
Broccoli	€18.4 million			
07041000	Fresh or chilled cauliflowers and headed broccoli	<ul style="list-style-type: none"> · 9.60% MIN €1.1/100 kg/net (01 JAN-14 APR, 1 DEC-31 DEC) · 13.60% MIN 1.6€/100kg/net 	8%	Simplified
Fresh Plums	€15.3 million			
08094005	Fresh plums	Entry Price (UP)	<ul style="list-style-type: none"> · 6.00% (01 OCT - 30 JUN) · 12.00% (01 JUL - 30 SEP) 	Simplified
08094090	Fresh Sloes	12%	12%	Simplified
Table Grapes	€167.8 million			
08061010	Fresh table grapes	Entry Price (UP)	8%	Simplified



Peaches/ Nectarines	€20.8 million			
08093010	Fresh nectarines	Entry Price (UP)	16%	Simplified
08093090	Fresh peaches (excl. nectarines)	Entry Price (UP)	16%	Simplified
Pears	€8.3 million			
08083090	Fresh pears (excl. perry pears in bulk from 1 Aug to 31 December)	Entry Price (UP)	<ul style="list-style-type: none"> · 8.00% (1 JAN-31 JAN) · 4.00% (1 FEB-31 MAR) · 0.00% (1 APR-31 JUL) · 10.00% (1 AUG-31 DEC) 	Simplified
Apricots	€2 million			
08091000	Fresh Apricots	Entry Price (UP)	20%	Simplified
Oranges	€125.3 million			
08051022	Fresh navel oranges	Entry Price (SIV)	<ul style="list-style-type: none"> · 10.00% (01 NOV-30 APR) · 2.00% (01 MAY-31 OCT) 	Simplified
08051024	Fresh white oranges	Entry Price (SIV)	<ul style="list-style-type: none"> · 10.00% (01 NOV-30 APR) · 2.00% (01 MAY-31 OCT) 	Simplified
08051028	Fresh sweet oranges (excl. navel and white oranges)	Entry Price (SIV)	<ul style="list-style-type: none"> · 10.00% (01 NOV-30 APR) · 2.00% (01 MAY-31 OCT) 	Simplified
08051080	Fresh or dried oranges (excl. sweet oranges)	<ul style="list-style-type: none"> · 16.00% (1 JAN-31 MAR, 16 OCT-31 DEC) · 12.00% (1 APR-15 OCT) 	12%	Simplified
08052110	Fresh or dried satsumas	Entry Price (UP)	16%	Simplified
08052190	Fresh or dried mandarins incl. tangerines	Entry Price (UP)	16%	Simplified
08052200	Fresh or dried clementines incl. monreales	Entry Price (UP)	16%	Simplified
08052900	Fresh or dried wilkings and similar citrus hybrids	Entry Price (UP)	16%	Simplified
Lemons and Limes	€24.0 million			
08055010	Fresh or dried lemons	Entry Price (SIV)	6%	Simplified
08055090	Fresh or dried limes	12.8%	12%	Simplified



Apples		€65.5 million		
08081010	Fresh cider apples, in bulk, from 16 September to 15 December	7.2 MIN €0.36 EUR/100 kg (SIV)	6%	Simplified
08081080	Fresh apples (excl. cider apples, in bulk, from 16 September to 15 December)	Entry Price (SIV)	<ul style="list-style-type: none"> · 4.00% (1 JAN-31 MAR) · 0.00% (1 APR-31 JUL) · 8.00% (0 AUG-31 DEC) 	Simplified
Tomatoes		€0.8 million		
070200	Tomatoes, fresh or chilled	Entry Price (SIV)	<ul style="list-style-type: none"> · 8.00% (1 NOV-31 MAY) · 14.00% (1 JUN-31 OCT) 	Simplified

For other products subject to standard import value (SIV) requirements, these requirements have been abolished and replaced by a straight *ad valorem* tariff. This largely affects products such as citrus fruit and deciduous fruit, although a variety of other fruit and vegetables are also affected. However, some citrus fruits currently face unit price (UP) requirements rather than SIV requirements. Collectively, the value of ACP exports of these products to the UK market in 2019 was around EUR 216 million.

The effects of removing MIP and SIV requirements is difficult to assess precisely. The removal of MIP requirements will *de facto* the import floor price from which new ACP entrants to the EU market have benefitted across a variety of products. In the past, this *floor price* effect of the entry price system has facilitated the establishment to ACP exporters on EU markets. However, for well-established exporters of high-end quality products, the shift from minimum entry price requirements to *ad valorem* MFN import tariffs is not expected to have any severe consequences on trade flows.

Equally, the shift from SIV requirement to *ad valorem* tariffs, while potentially impacting on EUR 216 million worth of ACP exports to the UK market (2019), is not expected to have particularly serious effects in most areas (notably citrus and deciduous fruits) given exports from ACP countries to the UK are dominated by South Africa (around EUR 196 million). However, the impact on smaller scale ACP exporters could be more severe, depending on how this shift in tariff is then translated into reductions in Standard GSP import duties and the UK's autonomous GSP+ scheme.



Elimination of nuisance tariffs and continuation of zero tariffs

For some products, so-called *nuisance tariffs* have been fully removed. Given the low level of these tariffs, such elimination is not expected to have any impact on ACP trade flows.

For products like papayas, mangoes, and guavas where ACP exports to the UK market were valued at EUR 43.8 million (2019), since the EU MFN duty was already zero, this zero MFN duty has simply been replicated.

Removal of Nuisance Tariffs and Continuation of Zero Tariffs (Direct Exports to UK - Value € millions in 2019)

Commodity	Description/Value 2019	EU CET	UK Global Tariff	Change
Grapefruit	(€9.7 million)			
08054000	Fresh or dried grapefruit	1.50% (01 JAN-30 APR, 01 NOV-31 DEC), 2.40% (01 MAY-31 OCT)	0%	Liberalised
Mangoes & Guavas	(€42.5 million)			
08045000	Fresh or dried guavas, mangoes and mangosteens	0%	0%	No charge
Papayas	(€0.8 million)			
08072000	Fresh papayas	0%	0%	No Change