



# BREXIT HUB

## UK GLOBAL TARIFFS

### Introduction

The transition period between the UK and the EU will end on 31 December 2020. This means that the UK will no longer be a member of the EU's Single Market nor the Common Customs Union. These changes will result in a series of significant, and depending on the timing, abrupt changes to how rural businesses operate. Tariffs may apply on goods being imported to Great Britain and if there is no agreement with the EU, tariffs will apply to exports to the EU market.

This briefing note, and others on different subjects that can be found on the CLA Brexit Hub -<https://www.cla.org.uk/brexit> - provides rural business owners with a detailed framework for the steps which will need to be taken and where you can find more information relating to UK Global Tariffs after transition and has been independently compiled by CLA experts. It covers:

- The effect of tariffs on imports and exports;
- How the UK Global Tariff will operate;
- Tariff rate quotas and trade remedy measures;
- How and when to use the UK Global Tariff;
- What the new terms within the UK Global Tariff mean.

Of course, the decision about what actions to take will be unique to every businesses' needs. This guidance is not intended to make a judgement on the specific activities you should be undertaking, or about the longer-term effects of the UK's exit from the EU.

### What is a tariff and what is the UK Global Tariff?

A tariff is simply a charge that is set on a good being imported by a country. When the UK was a member of the European Union, it was part of the EU Common Customs Tariff that imposed tariffs on imports from non-EU countries unless the EU had a trade agreement with that country. Goods that were exported from the UK to the EU did not have a tariff imposed and therefore, were competitive on the EU market.

However, as the UK has left the EU and the transition period ends on 31 December 2020, there needs to be a trade deal if UK exports are to be tariff free. Otherwise, UK goods will need to pay tariff rates on exports to the EU, for some products these are extremely high.

In the event of there not being a deal, the UK will trade under World Trade Organisation rules which sets tariff rates for imports and exports. The UK Global Tariff is consistent with WTO rules.

From 1 January 2021, the UK will apply a UK-specific tariff to imported goods. This UK Global Tariff (UKGT) will replace the EU's Common External Tariff, which applies until 31 December 2020.

The UKGT will apply to all goods imported into the UK unless:

- an exception applies, such as a relief or tariff suspension;
- the goods come from countries that are part of the Generalised Scheme of Preferences;



- the country you're importing from has a trade agreement with the UK.

The UKGT only shows the tariffs that will be applied to goods at the border when they are imported into the UK.

It does not cover:

- other import duties, such as VAT;
- the precise details of trade remedy measures, such as anti-dumping, countervailing and safeguards.

## **What is a tariff rate quota?**

A tariff rate quota is given for some commodities that can be imported at either a low tariff rate or a zero-tariff rate. The most notable example is the tariff rate quota for New Zealand lamb which is set at 0% for a defined volume.

Duty suspensions however, allow unlimited quantities to be imported into a country and, put simply, the duty or tariff to be paid on the product is suspended.

Regarding tariff rate quotas, the limit may be expressed in units of:

- weight;
- volume;
- quantity;
- value.

If the quota is exceeded, either a tariff or higher tariff rate applies.

If there is a tariff-rate quota on the product you wish to import, you can apply to import a limited amount at a reduced rate of customs duty. Some tariff-rate quotas are only applicable to products imported from a specified country.

## **What are trade remedy measures?**

Trade remedies protect domestic industries against injury caused by unfair trade practices (imports of dumped or subsidised goods) or unforeseen surges in imports. They usually take the form of an additional duty placed on imports of specific products.

The UK Government is considering whether to place these types on measures on certain products that will be imported from 1 January 2021. Importantly, the type of measures adopted will very much depend on whether the UK and EU can agree a new trading arrangement.

## **How do I know which tariff is the correct one to use?**

You will need to use the UK Global Tariff tool to check the tariffs that will apply to goods you import from 1 January 2021. This can be found at:

<https://www.check-future-uk-trade-tariffs.service.gov.uk/tariff?q=&n=25&p=2>

It provides details of all tariffs on products under the Common Customs Code.

The Government has simplified and liberalised many tariffs on goods imported into the UK. Government amendments are highlighted in the 'change' column in the UK Global Tariff tool.

## What do the terms used in the UK Global Tariff mean?

<b>Term</b>	<b>Meaning</b>
Liberalised	Tariff has been reduced to zero
Simplified	Tariff has been rounded down or 'banded'. For some complex tariffs this means the tariff is now expressed as a single percentage
Reduced	Tariff has been lowered beyond the simplification measure
Currency conversion	Tariffs have been converted at an exchange rate of €1 = 0.83687 GBP. After this conversion, rates equal to or over £10 have been rounded down to the nearest whole pound. Rates under £10 have been rounded down to the nearest 10 pence.