Department for
International Trade

Public Consultation: MFN Tariff Policy – The UK Global Tariff

Government Response & Policy

Contents


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Foreword from the Secretary of State & President of the Board of Trade

For the first time in almost fifty years, the UK has created its own tariff policy.

The Government, led by my department, the Department for International Trade, is committed to using our voice as an independent trading nation to champion free trade, fight protectionism and remove trade barriers.

Today (19 May) we announce our new 'Most Favoured Nation' tariff regime - the UK Global Tariff (UKGT). This will replace the EU's Common External Tariff on 1 January 2021 at the end of the transition period.

The UKGT was designed following engagement with businesses and individuals across the UK. This included over 1,300 responses to a public consultation.

The public consultation demonstrated the UK's intention to simplify and tailor our tariff regime. It offered respondents the opportunity to provide views on how we create a tariff schedule that reflects the needs of UK business.

Through a series of events across England and the devolved nations, we also engaged with businesses, business representatives, consumers, civil society groups, associations and other interested individuals and organisations.

Our new tariff is tailored to the needs of the UK economy. It supports the country by making it easier and cheaper for businesses to import goods from overseas from 1 January 2021.

It is a simpler, easier to use and lower tariff regime than the EU's Common External Tariff (EU's CET) and will be in pounds, not euros. It will scrap red tape and other unnecessary barriers to trade, reduce cost pressures and increase choice for consumers. It will also back UK industries to compete on the global stage.

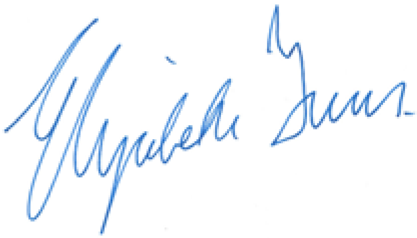
The UKGT cuts administrative costs for businesses by getting rid of needless tariffs. It rounds tariffs down, making them simpler for traders to use, and scraps the complex calculations which result in thousands of tariff variations.

It backs UK manufacturing and production by dropping tariffs to zero across a wide range of products used in UK production; retaining tariffs in sectors such as agriculture and automotives; and removing tariffs on products that we do not produce or do not produce much of in the UK.

In designing the UKGT we considered the importance of protecting the climate and environment. We are committed to upholding the UK's high environmental standards and promoting a sustainable economy as part of the Government's trade agenda. We are cutting tariffs on over 100 products to support renewable energy, energy efficiency, carbon capture, and the circular economy through recycling and reducing single use plastics.

I would like to thank all those who took the time to contribute to the creation of the UK's first independent tariff regime in nearly 50 years, the UK Global Tariff.

The Government is committed to an inclusive and transparent tariff policy, so today, I am publishing the Government response.



The Rt Hon Elizabeth Truss MP

Secretary of State for International Trade and President of the Board of Trade

Introduction

The UK left the European Union on 31 January 2020 and is developing its independent trade policy for the first time in nearly 50 years, championing trade and lowering barriers as a way of delivering prosperity for the whole of the UK.

As part of this approach the Government has developed a new UK Most Favoured Nation (MFN) applied tariff schedule which will enter into force at the end of the transition period on 1 January 2021. This is a bespoke regime known as the UK Global Tariff. It has been designed specifically for the UK economy and will replace the EU's Common External Tariff which currently applies on imports into the UK. The Northern Ireland / Ireland Protocol in the Withdrawal Agreement makes clear that Northern Ireland is and will remain part of the customs territory of the UK. The arrangements the Government will introduce will reflect this.

The new UK Global Tariff will apply to goods imported into the UK unless an exception such as a preferential arrangement or tariff suspension applies. The UK Global Tariff will not apply to goods imported from developing countries that benefit from the Generalised Scheme of Preferences (GSP), or to goods originating from countries with which the UK has negotiated a Free Trade Agreement (FTA).

The UK Global Tariff has been developed in consultation with businesses, civil society and the general public. As part of an inclusive and transparent trade policy, the Government conducted a public consultation from 6 February to 5 March. In total, the Government received 1,394 individual submissions, including 1,319 GOV.UK questionnaire responses and 75 email submissions. Respondents were divided into five groups: Individuals, Businesses, Business Associations, Non-Governmental Organisations and Public Sector Bodies.

The Government sought views on a range of proposed amendments and simplification proposals to the existing tariff schedule with the aim of simplifying and tailoring the UK tariff to the economy. In particular, the GOV.UK consultation questionnaire was divided into three sections: **General Questions on MFN Tariffs, Commodity Code Look Up and Tariff Rates,** and the **UK Global Tariff Principles.** The use of a digital tool allowed respondents to comment on up to five individual commodity codes and specify whether the current tariff rate (i.e. the Common External Tariff) should be retained, reduced or removed.

The consultation received significant domestic and international interest and expertise from a wide range of individuals and organisations. Overall, respondents broadly welcomed the opportunity to provide views on the proposed UK Global Tariff. The range and depth of the responses varied, covering a range of broad topics on tariffs including feedback on the proposed amendments and simplification principles, views on the impact of these tariff changes on the UK economy and its trade policy, as well as specific information related to the respondent's interests. Some respondents submitted additional supplementary documents to support their view, which were considered as part of the assessment process. The Summary of Responses document sets out a detailed breakdown of the responses received by respondent type and question.

The feedback received has been carefully analysed and assessed, which has informed the Government's approach to the UK Global Tariff. This document sets out the Government's response to the public consultation and the decisions taken to set the UK Global Tariff

This document should be read alongside the Summary of Responses document, which sets out a detailed breakdown of the consultation responses. Full details on the applied tariff rates in the UK Global Tariff schedule can be found on GOV.UK.

Policy Summary

Considerations

In setting the tariff rates, the Government had regard to the principles set out in the Taxation (Cross-border Trade) Act 2018:

- The interests of consumers in the UK,
- The interests of producers in the UK of the goods concerned,
- The desire to maintain and promote the external trade of the UK,
- The desire to maintain and promote productivity in the UK, and
- The extent to which the goods concerned are subject to competition.

The Government has sought to balance strategic trade objectives, such as the delivery of the UK's trade ambitions and FTA trade agenda, whilst maintaining the Government's commitment to developing countries to reduce poverty through trade.

The Government has carefully considered the available evidence, including the consultation responses when making a final decision on which tariff lines will be liberalised, where tariffs will be maintained and how to simplify and tailor the UK Global Tariff.

UK Global Tariff – Summary

The UK Global Tariff almost doubles the number of products that are tariff free, relative to what is currently applied, with 47% of products now zero, compared to 27% in the Common External Tariff.

The UK Global Tariff ensures that 60% of trade will come into the UK tariff free on WTO terms or through existing preferential access from January 2021. Success of FTA negotiations will increase this; for example, an agreement with the EU could push this up to 87%.

As a result, nearly £425 billion worth of goods will enter tariff free.

£30 billion worth of imports for supply chains of goods, will enter tariff free.

£10 billion worth of imports that have little to no UK production are now tariff free, lowering the cost pressures for UK consumers.

Where tariffs have been kept, the UK Global Tariff reduces over 3,500 products, increasing market access and improving transparency for traders.

In developing the UK Global Tariff, the Government has made a series of amendments to the EU's Common External Tariff. This includes:

Step 1: Simplifying the Tariff by removing tariffs on goods with low tariffs (below 2%), rounding tariffs to the nearest band and taking steps to simplify complex agricultural measures. Simplification aims to make it easier for businesses to understand and use. This simplification does also result in the liberalisation of goods such as cement, fridge freezers and food processing machinery and represents a quarter (nearly 500) of all goods liberalised (of a total of nearly 2,000 goods).

Step 2: Removing tariffs on nearly 2,000 goods where it is beneficial to lower the cost of imports for both producers and consumers including:

Key inputs for production to help reduce input costs and support UK manufacturing. There is evidence to show that tariff reductions on inputs[1] have a positive economic impact and can improve productivity[2]. This results in the liberalisation of tariffs on goods such as wood, machinery inputs and plastics.

Removing tariffs where the UK has zero or limited production. This includes goods such as cotton, bicycle parts and footwear.

Remove tariffs to support UK green growth industries and to help facilitate the UK meeting its Net Zero obligations. This includes zero tariffs on goods such as turbine parts, waste containers and trees.

Step 3: Retaining tariffs in several sectors to support UK businesses and meet our wider strategic objectives. Nearly 5,000 tariff lines have been retained, including:

Agricultural products, where tariffs have been largely retained with the aim of maintaining similar current consumption and production patterns and avoiding additional disruption for UK farmers and consumers;

Some sectors where tariffs provide support for UK producers. This includes, but is not limited so, goods such as ceramics, chemicals and bioethanol;

A set of goods where the Government is maintaining the value of preferential access of developing countries to the UK market. This is likely to have a minimal effect on prices paid by UK consumers, while preserving the UK's commitment to deepening trade with developing countries in order to reduce poverty and improve prosperity. This includes goods such as bananas, raw cane sugar, and apparel.

Most vehicles types will retain the tariffs currently in place to support the automotive sector in light of broader challenging global market conditions.

The Government has also moved the UK's applied tariff schedule from Euros into pound sterling. The exchange rate is the average rate of the last five years. This decision was taken separately to the consultation, factoring in the UK's legal commitments at the WTO.

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1 Amiti, M, and Konings, J (2007) Trade Liberalization, Intermediate Inputs, and Productivity: Evidence from Indonesia, the American Economic Review, 97(5), pp. 1611-1638.

2 Bas et al. (2016) The effects of input tariffs on productivity: panel data evidence for OECD countries, Review of World Economics: 152: 401-424.

Table 1 sets out a comparison of the tariff rates and trade flows under the UK Global Tariff and the EU Common External Tariff. It shows a breakdown of statistics across four broad product categories; Agriculture, Fish, Processed Agricultural Products and Industrial Goods. The table lists the number of tariff free lines in the UKGT (47%) and the average UKGT tariff (5.7%).

Table 1: Summary of UK Global Tariff and the EU Common External Tariff

	UK Global Tariff	Common External Tariff
Tariff free tariff lines (%)	**47%**	**27%**
Agriculture	23%	16%
Fish	8%	8%
Processed Agricultural Products	41%	29%
Industrial Goods	57%	31%
Average tariff (%)	**5.7%**	**7.2%**
Agriculture	16.1%	18.3%
Fish	11.0%	11.7%
Processed Agricultural Products	10.6%	15.9%
Industrial Goods	2.5%	3.7%

Tariff Simplification

A key element of the GOV.UK consultation focused on whether the UK Government should seek to tailor and simplify tariffs to better reflect the UK economic landscape following its exit from the EU.

Consideration was given to the following.

- **Removing Low Tariffs**: removing tariffs on goods with particularly low tariffs currently (less than 2.5%)
- **Tariff Banding**: rounding tariffs to the nearest standardised band
- **Agricultural Tariff Simplification**: Taking steps towards agricultural tariffs that are applied as single percentages

Having considered the consultation responses received the following policy decisions were taken.

1. Removing Low Tariffs

Removing comparatively low tariffs, commonly known as "nuisance tariffs", of 2.5% or less. Removing these tariffs could in some instances reduce the administrative burden on UK businesses

While there is no universally agreed definition of nuisance tariffs, the WTO's glossary defines nuisance tariffs as: 'tariffs so low that it costs the government more to collect it than the revenue it generates'[3]. WTO Analysis defines '[Nuisance rates as] those greater than zero, but less than or equal to 2%'[4]. The international acknowledgement that very low tariffs are considered more of a burden than a positive element of trade policy led the Government to ask stakeholders in the public consultation for views on the proposal to remove nuisance tariffs of 2.5% or less.

Respondents to the public consultation who agreed with the proposal commented that the liberalisation of nuisance tariffs offered the opportunity to reduce prices for consumers and welcomed the removal of nuisance tariffs as a step towards simplification of the UK Global Tariff. Those respondents who disagreed with the proposed change were concerned that liberalisation, even of low tariff rates, might reduce level of protection for domestic producers especially where an industry operates on low profit margins.

The Government shares the views of respondents who commented that liberalisation of nuisance tariffs could bring benefits to the UK economy and represents a positive step towards making the UK Global Tariff easier to use. Nuisance tariffs represent an administrative burden for some businesses and for the Government as the costs to collect

[3] WTO definition of nuisance tariff: https://www.wto.org/english/thewto_e/glossary_e/nuisance_tariff_e.htm
[4] WTO (2005) Overview of Developments in the International Trading Environment, p.10: https://www.wto.org/english/res_e/booksp_e/annual_report_dg04_e.pdf

this revenue outweighs its value. The removal of nuisance tariffs is likely to ease this burden for both businesses and Government.

Alongside the consultation responses received, the Government undertook further analysis to understand the impact of removing nuisance tariffs on certain key sectors where tariffs are currently at or under 2% under the Common External Tariff. As part of this, it was considered how the removal of the tariffs would impact a range of issues including the impact on domestic producers and the impact on consumer prices and whether there were any developing country concerns. On balance, it was determined that the benefits of simplifying the tariff structure through the removal on tariffs for all products at or under 2% represented a positive move under the UK Global Tariff; and a move that was supported by those who responded to the public consultation.

As a result, tariffs less than 2% have been liberalised in the UK Global Tariff for a total of nearly 500 tariff lines. Annex B provides examples of this tariff liberalisation

2. Tariff Banding

Rounding tariffs down to the nearest standardised band

As part of its proposed approach to simplification in the consultation, the Government has considered banding rates and rounding down tariffs to the nearest standardised band. Other WTO members have introduced tariff banding to their MFN schedules as a way of facilitating trade by simplifying the range of rates that importers pay. This means removing the number after the decimal point so that the tariff rates are converted to integers for simplification, as well as rounding tariff rates down to the nearest standardised band.

As part of the consultation, the Government asked respondents their views on rounding tariffs down to the nearest standardised band:

- 2.5% for tariffs currently under 20% (e.g. a 19.2% tariff becomes 17.5%, a 12.3% tariff becomes 10%)
- 5% for tariffs currently more than 20% and under 50% (e.g. 48% tariff becomes 45%, 22% becomes 20%)
- 10% for tariffs currently equal to and above 50% (e.g. a 68% tariff becomes 60%)

Overall, the majority of respondents were supportive of the Government's proposed amendment to introduce tariff banding under the UK Global Tariff. Respondents registered their support for easing the administrative process for businesses and that the move towards simplification in the UK Global Tariff was a positive step. Rounding tariffs down to the nearest band also represented a move towards liberalisation, and some respondents noted this proposal had the potential to lower consumer prices.

There were some respondents to the public consultation who did not agree with the proposed introduction of tariff banding under the UK Global Tariff. Some respondents cited that the benefits associated with tariff banding could be insignificant, and that it could have a negative impact on some domestic sectors that were vulnerable to even minimal liberalisation. Some responses highlighted that even a minimal reduction in tariffs would reduce the preference margin for some developing country exporters guaranteed under preferential trade agreements and could expose developing countries to increased competition. This could potentially have a negative impact on these economies which are reliant on their exports to the UK.

The Government shares the majority of respondents' views that tariff banding can offer benefits to both consumer and producers. Analysis was undertaken of countries who have introduced tariff banding, which was taken into consideration when determining whether tariff banding should be introduced under the UK Global Tariff. Some countries who have introduced tariff banding have fewer tariff bands in their tariff schedule, for example rounding tariffs to nearest 5% banding. While this approach was not considered appropriate for the UK Global Tariff at this time, the benefits of simplification and the facilitation this would offer to traders, was overall considered a positive move.

Table 2: UK Global Tariff Bands

Banding Applied	UK Global Tariff Bands
2% Banding Applied	2%
	4%
	6%
	8%
	10%
	12%
	14%
	16%
	18%
	20%
5% Banding Applied	25%
	30%
	35%
	40%
	45%
10% Banding Applied	50%
	60%
	70%

Taking into consideration consultation responses and Government analysis on the impact of partial liberalisation through tariff banding, there was recognition particularly that a 2.5% banding for tariffs under 20% would represent notable liberalisation for certain products. The Government therefore determined that 2% banding for tariffs under 20% was a less significant change in tariff rate and having taken into consideration the concerns raised by domestic and international respondents to the consultation.

As a result, the following tariff banding will be introduced under the UK Global Tariff as follows:

- Tariffs under 20% have been rounded down to the nearest multiple of 2%;
- Tariffs between 20% and 50% have been rounded down to the nearest multiple of 5%;
- Tariffs above 50% have been rounded down to the nearest multiple of 10%.

3. Agricultural Simplification

Taking steps towards agricultural tariffs that are applied as single percentages

The UK currently applies a range of complex agricultural tariffs[5] as part of the EU's Common External Tariff. Agricultural tariffs are calculated in several different ways, including as a fixed percentage of the value of the good imported (ad valorem tariff), a monetary charge per unit of imports (specific tariff), or a combination of the two (compound tariff). In addition to this, some agricultural tariffs are calculated based on factors such as market prices, seasonality, the content of certain ingredients and/or weight rather than as a single percentage[6].

The EU also applies special measures such as the Meursing Code and Entry Price System[7] that apply to a range of agricultural goods. The Meursing Code calculates tariffs based on the starch/glucose, sugar/invert sugar/isoglucose, milk fat and milk protein component makeup of the good. In the EU's Common External Tariff this applies to goods such as biscuits, chocolate spreads and chocolate. The Entry Price System determines tariffs based on the market prices of a good. If the entry price is lower, the tariff is higher. In the EU's Common External Tariff, it applies to fresh fruit and vegetables such as tomatoes, oranges and lemons. More information on the definitions of agricultural tariffs is detailed in Annex D.

Complex agricultural tariffs are designed for the EU's agricultural sector and are not always UK-specific. They add additional complexity and can be difficult to understand and use, creating an unnecessary burden for traders. Simplifying these tariffs would facilitate the administration process for UK importers by reducing complexity and tailoring agricultural tariffs to the UK economy. The consultation sought to understand respondent's views on the proposal to take steps towards applying agricultural tariffs that are applied as a single percentage.

For example, under the EU's Common External Tariffs, avocadoes are subject to a seasonal tariff, which change depending on the time of the year is imported. Tariffs on avocadoes are 4% between 1 January and 31 May, 5.1% between 1 June and 30 November, and 4% between 1 and 31 December. The consultation sought to understand respondents' views on the proposal as to whether a single percentage could apply to avocadoes imported into the UK, as well as whether there remained a need to have tariff variation over three seasons and whether this could be simplified.

The consultation feedback highlighted that the majority of respondents who commented on this proposed amendment on complex agricultural tariffs under the UK Global Tariff did not have a specific opinion either in favour or against the proposal. Many respondents commented that they did not have the experience or knowledge to be able to comment or provide insights on the complex agricultural tariff proposals.

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[5] In the EU's Common External Tariff, there a small number of non-agricultural goods which apply complex tariff structures. For example, threshold tariffs currently apply for wrist-watches. The approach to simplifying these tariffs has been selected in line with the Government's objective to simplify the UK Global Tariff.

[6] A tariff calculated on the percentage value of the product is sometimes known as the ad valorem rate.

[7] A full list of the EU's complex agricultural tariffs we considered to simplify can be found in the Approach to the MFN Tariff Policy document on GOV.UK.

Some respondents cited concerns on the potential impact of tariff simplification on domestic food standards and the level of protection of UK agriculture, commenting that ad valorem tariffs may increase market volatility and reduce price stability, with a potential negative impact on UK agriculture producers. Among respondents who disagreed with the simplification proposal, a key reason cited was that the protection offered to the UK agricultural sector by the EU's Common External Tariff should be maintained.

A smaller number of respondents commented that applying agricultural tariffs as a single percentage could erode the preference margins for developing country exporters, citing the potential negative impacts for those producers in developing countries. Some respondents noted that complex agricultural tariffs that have a requirement for a minimum tariff rate[8] provides support to developing country exporters and allows them to remain competitive on global markets.

Among respondents who agreed with the simplification proposal, some noted that the complexity of these tariffs represented an administrative burden and simplification could reduce consumer prices. In particular, some respondents cited the complexity of the EU's Meursing Code system, commenting on the complexity when calculating the rate of applicable tariff, in particular that the testing process for calculating the ingredient components is time consuming and costly for businesses. However, those in favour of maintaining the Meursing Code highlighted that tariffs applied as a single percentage could create price instability whereby lower commodity prices could lead to a reduction in protection for UK producers.

Of those who provided specific feedback on the Entry Price System, those in favour of the proposal cited that simplification would improve the annual availability of goods to meet UK consumer demand, particularly where limited amounts are grown in the UK. Respondents who import these goods set out that the benefits of simplification could reduce prices for UK consumers. Moreover, other respondents noted that the variable applied tariff rates creates price uncertainty for importers, and arguably represents a reason in favour of simplifying the Entry Price System to provide predictability in the rate of tariff.

Some respondents in favour of the Entry Price System set out that this measure offers the appropriate level of protection for UK farmers, in particular in relation to import competition from countries with lower labour and welfare standards. Moreover, some respondents set out that removing this system would need further information to understand the impact of this change.

Consultation feedback raised concerns on moving tariffs on products such as sugar into single percentages, noting that this could raise the risks for goods misclassification and tariff circumvention. Further to this, it was highlighted that the current tariffs on sugar ensure the right level of protection against fluctuations of global prices, which would be lost if moving tariffs are applied as single percentages.

Recognising the complexity of the proposed amendment to take steps towards agricultural

[8] These tariffs are also known as threshold tariffs. For a detailed definition of threshold tariffs, please see Annex D.

tariffs being applied as single percentages, the Government took into account of a range of available evidence to inform its decision on complex agricultural tariffs.

The Government carefully examined the available evidence to understand the specific concerns and considerations relating to this proposal. An assessment of the consultation feedback helped the Government better understand the potential benefits and impacts of this proposal on UK agricultural producers and consumers. The consultation responses received provided detailed and varied information outlining specific issues and considerations across different agricultural sectors. In addition to this, the Government considered a range of factors to determine treatment of agricultural tariffs; such as the competitiveness of UK agricultural producers, domestic and global commodity prices, the existing applied tariff rates, the level of domestic production across the UK and existing trade flows. Considering these factors alongside the consultation responses helped inform the Government's approach to agricultural tariff simplification.

This information helped to the Government's identify sectors where simplification changes could be made for some agricultural goods which would simplify the schedule and benefit UK importers, producers and consumers. Likewise, this assessment helped to identify where existing agricultural tariffs could be retained to provide continuity in existing production and consumption patterns.

As a result, the UK Global Tariff:

- Maintains specific and compound tariff structures for agricultural goods.
- Removes 'threshold' related tariffs and moves these into a single percentage. These are tariffs where a "Minimum" or "Maximum" parameter is set on specific goods.
- Simplifies seasonal tariffs to reflect the UK climate and production. However, where tariffs need to vary depending on the time of year for UK producers these are maintained.
- Removes the EU's Entry Price System (EPS). This system that introduces a price floor mechanism for imports; thereby increasing the tariff as global prices decrease, has been removed. Whilst this mechanism has been removed tariffs are retained on these goods as a single percentage, with some products maintaining seasonal variation.
- Removes the EU's Meursing Code, where tariffs for the same goods vary depending on the goods sugar, starch, milk protein or milk fat content. Tariffs are retained across these products. All tariffs are set in accordance with the UK's schedule of commitments at the WTO.

The UK Global Tariff liberalises tariffs on a small number of wheat items (Maize, Sorghum and Rye) and removes the variable rate of duties applied by the EU's Common External Tariff where the tariff is increased when global prices fall. The Government still has the ability to use safeguard mechanisms should it be appropriate to use in future to ensure that UK producers are able to continue to compete and trade on fair terms.

Across all agricultural tariffs, a small proportion of tariffs are now expressed as a single percentage. For the remaining goods, the percentage component has been simplified through tariff banding and the currency component has been converted to pound sterling.

Please see Annex D for a detailed breakdown of simplification of complex agricultural tariffs

The Government has also at this time established an autonomous quota to allow for a set volume of raw cane sugar to enter the UK tariff free, in order to balance support for UK producers and to maintain preferential trade with developing countries. An autonomous quota of 260,000 tonnes will apply from 1 January 2021, for 12 months, with an in-quota rate of 0%. Once the quota threshold is met, the out of quota tariff rate, the UKGT MFN rate, will apply. Autonomous quotas are applied in line with the MFN principle as part of the UK's applied tariff regime. As with current and future tariff suspensions, this will be reviewed in due course and periodically.

Tariff Liberalisation

The consultation looked at where the UK Government could liberalise targeted products to tailor the tariff to the UK economy following the UK's exit from the EU.

Consideration was given to liberalising the following.

- **Key Inputs to Production:** removing tariffs on key inputs to production
- **Zero or Limited UK Domestic Production**: removing tariffs where the UK has zero or limited domestic production

Following a number of responses from stakeholders, consideration was given to liberalising:

- **Green Goods**: removing tariffs to deliver upon Government's Green ambitions

Having considered the consultation responses received the following policy decisions were taken.

1. Key Inputs to Production

Removing tariffs on key inputs to production

A proposed amendment to the EU's Common External Tariff in the GOV.UK consultation asked respondents for their views on removing tariffs on key inputs to production. The rationale for proposing this amendment under the UK Global Tariff was that removing tariffs on key inputs to production has the potential to reduce costs for UK manufacturers, improving productivity and export competitiveness.

As set out in the Approach to MFN Tariff Policy document in the consultation, to assist identifying which goods are classified as inputs to production, the Government considered the non-exhaustive goods listed in the following documents:

- Broad Economic Categories (BEC) list[9]
- List of tariff suspensions that currently apply on inputs to production
- List of goods that have applied for Inward Processing

Inputs to production are goods used by businesses in the production and manufacturing of other goods. For example, fabric may be considered an input to production as the final good they 'input' into are apparel products such as t-shirts and trousers. The Government's assessment of the available evidence found that removing tariffs on inputs to production could improve competitiveness and productivity[10] by reducing costs for domestic manufacturers, particularly for firms who are engaged in cross-border supply chains. Another

[9] The United Nation's Broad Economic Categories (BEC) list is used to assist in classifying 'Intermediate Goods and Specific Capital Goods'. This list was included in the public consultation and the 'Approach to MFN Tariff Policy' on GOV.UK.
[10] Ahn, J,, Dabla-Norris, E., Duval, R., Hu, B., Njie, L. (2016) Reassessing the productivity gains from trade liberalization, IMF Working Paper, No.16/77, https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Reassessing-the-Productivity-Gains-from-Trade-Liberalization-43828

benefit is that firms that switch to using international supply chains has been shown to increase firm productivity[11]. Tariff protection at one stage of the production process also raises costs for the next downstream users, lowering demand for the finished good from the protected stage[12]. The consultation proposed that removing these tariffs would need to be assessed against the impact on UK manufacturers that produce similar or like key inputs products, or businesses which operate on UK-based supply chains.

The Government used the three lists outlined in the consultation to assist in identifying which goods are classified as inputs to production. The Government carefully considered the various definitions of inputs and understands that there is no universal definition of what goods constitutes an input. It should be noted that the Government has excluded agriculture and fish products from this classification to support key agriculture sectors (i.e. dairy, meat and fish) from additional competition from the rest of the world. However, processed food and industrial goods were included in the scope of this list.

Overall, the majority of respondents to the public consultation were supportive of removing tariffs on key inputs to production, commenting that it could have the potential to improve the competitiveness of industries both domestically and internationally. Liberalisation could reduce the costs of inputs for the production of finished goods, particularly for those industries which rely exclusively on imports for their inputs due to their unavailability in the UK. Some respondents highlighted this proposal would have a net positive impact on the economy. Feedback from the consultation suggested that liberalisation of these tariffs could be beneficial for small and medium size enterprises (SMEs).

A small proportion of submissions opposed removing tariffs on key inputs to production, citing that this proposal could expose domestic manufacturing of inputs to greater competition from the rest of the world, particularly from countries with lower quality standards. Some respondents highlighted that liberalisation of all tariffs on inputs is not considered an effective measure to promote UK manufacturing and there were suggestions that the Government should carefully consider which inputs to liberalise given the complexity of some domestic supply chains.

The Government shares respondents' support for removing tariffs on key inputs to production. However, careful consideration was given to understand the adverse impact to businesses as highlighted in the consultation responses. The Government considered the responses from the public consultation which have helped to inform where tariffs on key inputs to production should be removed, as well as retained for sectors where there were specific concerns.

Analysis to inform the Government's decision to remove tariffs on key inputs included a review of MFN tariff reform examples - such as Australia[13] and Canada[14], who have

11 Amiti, M, and Konings, J (2007) Trade Liberalization, Intermediate Inputs, and Productivity: Evidence from Indonesia, the American Economic Review, 97(5), pp. 1611-1638.
12 Do Loecker, J. D., Goldberg., P, K., Khandelwal, A, K., Pavcnik, N. (2016) Prices, Markups and Trade Reform, Econometrica, 84(2)
13 Australian Productivity Commission - Modelling the Effects of Removing General Tariffs (2000): https://www.pc.gov.au/inquiries/completed/tariff/supplement
14 Moffatt (2016) "Making it Simple" – Boosting Canadian competitiveness through selective tariff elimination, Mowat Centre Research 119 https://munkschool.utoronto.ca/mowatcentre/making-it-simple/

unilaterally removed tariffs on key inputs on most manufacturing inputs, including industrial equipment and machinery. The evidence[15] indicates that the key beneficiaries would be small and medium-sized companies that source goods for production from global supply chains, as well as consumers who benefit from lower prices, since higher costs for input components are regarded as an important driver behind price rises for firms[16]. In addition to this, removing tariffs on key inputs is associated with an increase in exports as many key imported inputs are used in the production of finished goods which are later exported.

The UN classification for 'Intermediate Goods and Specific Capital Goods' uses internationally recognised accounting principles to identify goods as final, intermediate or capital. The Government sought to liberalise all products that were wholly, or in some cases partially, used in the production process. The products that would be liberalised under this amendment were analysed to determine the impact this would have on UK supply chains, producers, and on consumers. Analysis was also conducted on whether there were products that fell under this category that should be exempted from liberalisation, especially where there was identified domestic sensitivities or preference erosions concerns for developing country exporters. For example, in the Common External Tariff there are tariffs of 4.7% on bicycle parts, which are considered inputs to production on the final good of a bicycle. Government analysis and a review of consultation responses determined that the benefits of liberalising tariffs outweighed the associated costs.

As a result, tariffs on key inputs to production have been liberalised in the UK Global Tariff. This lowers the costs for UK producers with over £30 billion worth of imports that feed into supply chains are now tariff free. Examples of tariff liberalisation can be found in Annex B.

However, tariffs have been retained on specific inputs to protect domestic sectors which rely on UK only supply chains and where removing tariffs could expose UK businesses to additional competition from the rest of the world. Examples of tariffs that have been retained can be found in Annex C.

2. Zero or Limited UK Domestic Production

Removing tariffs where the UK has zero or limited domestic production

A proposed amendment to the EU's Common External Tariff in the GOV.UK consultation asked respondents for their views on removing tariffs where the UK has zero or limited domestic production. The Government's intent of this proposal is to reduce the cost of these imports to benefit UK consumers.

The EU's Common External Tariff is designed for the EU market, not just the UK economy. The UK is a net importer of goods where there is zero or limited domestic production. These goods are imported to support UK global supply chains or for direct consumption by UK

[15] Centre for International Economics (CIE) (2017) Report on Australian Trade Liberalisation: Analysis of the Economic Impacts https://www.dfat.gov.au/about-us/publications/trade-investment/Pages/cie-report-on-australian-trade-liberalisation
[16] Greenslade, J., Parker, M. (2010) New insights into price-setting behaviour in the United Kingdom, Bank of England Working Paper No.395. https://www.bankofengland.co.uk/working-paper/2010/new-insights-into-price-setting-behaviour-in-the-uk

consumers. Therefore, imposing tariffs can therefore increase costs for businesses and consumers, with little to no added benefit of protecting UK businesses.

In the Approach to MFN Tariff Policy document, published alongside the consultation, the Government published the list of goods where the UK has a tariff suspension in place due to insufficient availability of the goods in the EU market. This was used to assist the Government in identifying which goods fall into this category and to invite views from respondents to the consultation on the proposal, although the Government advised stakeholders that this list was not to be considered as an exhaustive list of goods that would be taken into consideration by Government in formulating the policy.

Overall, respondents to the consultation were in favour of removing tariffs on products with zero or limited domestic production in the UK. Those in favour responded that it could improve the productivity and competitiveness of UK businesses by reducing the costs of imports that are used in manufacturing finished goods (which are exported); or where there was reliance on imports due to limited domestic production. A small proportion of respondents who disagreed with this proposal outlined a preference to retain the current tariffs for purposes of trade negotiations with third countries. Some respondents disagreed with the proposed amendment, citing preference erosion concerns for developing countries (for example in fruit, vegetables and cut flowers not produced in the UK). Other respondents opposed to the proposed amendment outlined areas where they identified that there was existing UK production that could be impacted by the removal of tariffs.

In addition to the consultation responses and the list of existing UK tariff suspensions, careful consideration was given to support the decision on defining which goods have zero or limited UK production. The Government has also examined UK trade and production data to assist in identifying potential sectors where there is zero or limited production and identify sectors which supply the domestic UK market only. The Government used this information to assist in identifying which goods had zero or limited production and thereby determine whether tariffs should be liberalised or retained. An assessment of the consultation responses highlighted where there is existing UK production, which helped to identify sectors concerned by the proposal to remove tariffs.

Alongside this, the Government reviewed information to identify those sectors where the UK might have zero or limited production and imported products predominately from developing countries under preferential arrangements, such as the Generalised Scheme of Preferences (GSP). In this case, while liberalisation might benefit UK businesses and consumers, it could reduce preference margins for developing country exporters to the UK, with a potentially significant negative impact for those developing economies. Therefore, removing tariffs was exempted in such cases.

The Government shares respondents’ views in favour of removing tariffs on products with zero and limited domestic production where possible and has taken the approach to liberalise tariffs on goods such as tractors, bicycle parts and accessories, textile fibres, wood and cotton. This amounts to almost £10 billion worth of imports. Examples of tariffs which have been liberalised can be found in Annex B.

Similarly, tariffs are retained on a series of products to protect the value of preferential access to the UK market for developing countries which is secured by preferential trade agreements (for example, GSP, GSP+). This includes goods such as crude coconut oil and pineapples. Examples of tariffs that are retained to protect domestic sectors or preferential access of developing countries can be found in Annex C.

The Government believes this approach will deliver benefits for UK businesses and consumers by reducing costs of importing goods where there is zero or limited domestic production. By specifically considering a range of available information to define what constitutes zero or limited production, the Government has been able to identify sectors where tariffs can be removed to the benefit of businesses, consumers and the UK economy.

3. Green Goods

Removing tariffs to deliver upon Government's Green ambitions

Whilst not consulted on directly, a number of responses noted the potential interactions between the development of the UK Global Tariff and the Government's commitment to reduce carbon emissions to Net Zero by 2050. Some respondents expressed concern that tariffs might in some cases influence consumers and businesses to choose goods that might increase carbon emissions.

The Government reviewed responses from the public consultation alongside a range of available information to inform tariff liberalisation for goods critical to the UK's low carbon transition and achieving Net Zero. This included consideration of existing lists of environmentally-friendly goods, also known as 'green goods', which have been developed internationally, such as through the Environmental Goods Agreement negotiations at the WTO. In addition to those goods, the Government examined sectors where tariff liberalisation could drive the UK's clean growth and the global transition to a more sustainable economy, while still ensuring support for domestic producers.

As a result, the Government decided to make targeted tariff reductions in the UKGT, in key areas covering around 100 products. Products include items such as wind turbine parts, waste containers and gas turbines.

Retention of Tariffs in the UKGT

The public consultation on the UK Global Tariff sought respondent's views on a range of proposed policy amendments to the tariff on the simplification and removal of tariffs in key areas of the schedule. Tariffs have been retained in a number of key areas to ensure it best meets the needs of the UK economy.

Preference Erosion

The UK is committed to promoting development through trade and enabling developing countries to grow their economies rather than rely on aid. Several consultation responses also asked that the impact of measures on developing countries was considered. Under the UK Global Tariff, the Government has acted to retain the preferential access of developing countries to the UK market. This is likely to have a minimal effect on prices paid by consumers, while preserving the UK's commitment to deepening trade with developing countries in order to reduce poverty and improve prosperity. Tariffs have therefore been retained on goods such as bananas, raw cane sugar, textiles, and certain kinds of fish.

The Taxation (Cross-Border Trade) Act 2018 enables the UK to create a trade preference scheme for developing countries, and it enshrines into law the UK's commitment to provide tariff-free, quota-free market access to the Least Developed Countries. At the end of the Transition Period the UK will put in place a trade preference scheme which, as a minimum, replicates the market access currently provided by the EU's Generalised Scheme of Preferences.

Trade Remedies

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 and their application is governed by WTO rules.

Some consultation responses noted the importance of trade remedies that provide protection against unfair trading practices. Under the UK Global Tariff, a tariff rate will be temporarily retained on a range of goods where there is currently a remedy applied under the existing system. DIT is currently conducting a number of transition reviews on all measures being transitioned over to the UK's future independent trading system. Transition reviews are designed to ensure measures are UK specific and DIT will determine in the reviews if a transitioned measure should be maintained, varied or terminated.

For the UK Global Tariff, an MFN tariff will be retained on a subset of goods that have a remedy applied on them such as biodiesel, ceramic tiles, glass fibres, and tyres. Domestic manufacturing and agricultural sectors.

The UK economy has a range of industries and sectors where extensive and sudden tariff liberalisation could lead to disruption to existing production and consumption patterns in the short-term. Liberalisation could negatively impact some domestic sectors, including those that operate on narrow profit margins, have historically faced high tariffs or have greater exposure to international competition, some of which may have engaged in unfair trading practices. The Government's analysis and responses from the public consultation have helped identify where these sensitivities in the domestic economy are.

Tariffs have therefore been retained on goods such as vehicles, ceramics, chemicals, clothing and pesticides.

The domestic agricultural sector is also an area where producers would likely face significant adjustments costs in the face of extensive tariff liberalisation. To balance between producer protection and consumer interests and price impacts, tariffs have been retained on a number of agricultural products including sheep meat, beef, poultry, cheese, certain kinds of fish and pasta.

Trade Ambitions

In the consultation, some respondents highlighted that maintaining tariffs can allow more negotiating flexibility in FTA negotiations. In designing the UK Global Tariff, the Government has sought to ensure that the UK's position continues to uphold the commitments and values of the WTO where the UK will be a campaigner for and champion of global free trade. The Government has ambitious goals for British trade and aims to secure free trade agreements with countries covering 80% of UK trade within the next two years.

Tariff Lookup – Commodity Code Specific Responses

On the GOV.UK public consultation, respondents were offered the opportunity to comment on commodity codes up to the 8-digit level. Table 3 sets out a summary of the consultation responses across HS2 Chapters:

Table 3: Summary of Consultation Responses across HS2 Chapters.

HS2 Chapter	Consultation Response
01: Live animals	N/A[17]
02: Meat and edible meat offal	Responses in this chapter were mixed. Respondents who requested for the Common External Tariff (CET) rates to be retained raised specific concerns around protecting British sectors and the protection of trading standards within the agricultural sector. Additional concerns surrounded exposure to significant overseas competition if tariffs were reduced or liberalised. Responses that signalled towards tariff liberalisation measures suggested this might encourage productivity and competition within the UK's agricultural sector.
03: Fish and crustaceans, molluscs and other aquatic invertebrates	The majority of responses were in favour of removing or reducing the tariffs associated with these goods. Respondents who requested to retain the current tariff rates were concerned around preference erosion for developing countries under GSP; specific examples included tuna.
04: Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	The majority of responses were in favour of removing tariffs in this chapter to lower consumer prices. An exception to this was eggs where concerns were raised around trading standards for liquid and dried power eggs if tariffs were liberalised.
05: Products of animal origin, not elsewhere specified or included	Respondents requested to retain the current applied tariffs as liberalisation would affect business competitiveness.
06: Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	Responses in this chapter were mixed and were mainly regarding tariffs on flowers. The majority of commentary mentioned trade with developing countries who supply flowers to the UK market.

[17] N/A indicates where there no, or less than five responses received for the Chapter

HS2 Chapter	Consultation Response
07: Edible vegetables and certain roots and tubers	The majority of responses received requested to remove tariffs in this chapter as many businesses highlighted that they rely on overseas producers, particularly from the EU, to meet consumer demand consistently all year round. Some products in this chapter were highlighted as key inputs to production. Concerns were raised for consumer prices if tariffs were retained. Other respondents raised concerns about the implications of preference erosion resulting from tariff banding.
08: Edible fruit and nuts; peel of citrus fruit or melons	The majority of responses requested to remove tariffs in this chapter as there is limited domestic production. However, an exception to this was concerns raised around tariff reductions on bananas, where the UK is a net importer from developing countries Removing or reducing tariffs on bananas could reduce the preference margins for developing countries.
09: Coffee, tea, mate and spices	Responses within this chapter were mixed but were generally in favour of liberalisation to ensure supply to the UK. However, concerns were expressed regarding a non-reciprocal tariff arrangement with the EU.
10: Cereals	The majority of responses requested tariffs be removed or reduced highlighting concerns of supply chains within Ireland, and also the limited domestic production elsewhere in the UK. One exception to this was concerns raised over rice tariffs, where respondents highlighted any reduction in tariffs could lead to an increase in broken rice imports from elsewhere impacting on the UK's domestic production.
11: Products of the milling industry; malt; starches; inulin; wheat gluten	The majority of responses requested to retain the current applied tariff rates to protect domestic industries and provide negotiating capital for the UK - EU FTA.
12: Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plan; straw and fodder	The majority of responses requested tariffs be removed to increase UK competitiveness or because there is zero or limited domestic production. Responses who requested that tariffs be retained cited that this would support retaining negotiating capital for future FTAs.
13: Lac; gums, resins and other vegetable saps and extracts	The majority of responses requested tariffs be removed to reduce the administrative burden placed on businesses importing into the UK.
14: Vegetable plaiting materials; vegetable products not elsewhere specified or included	N/A

HS2 Chapter	Consultation Response
15: Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	The responses were mixed; however, the majority of respondents requested tariffs in this chapter to be removed or reduced, highlighting either that this would increase business competitiveness or that there is currently limited domestic production. One notable exception to this was commentary highlighting the potential impact of banding for palm oil, which could result in erosion of preferential access to the UK for developing countries..
16: Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	The majority of responses requested to remove tariffs on goods in this chapter highlighting this could result in lower costs for consumers and support processing manufacturers in the UK. Responses asking for the current applied tariffs to be retained raised concerns around non-reciprocal arrangements and highlighted cheaper imports could negatively impact UK businesses.
17: Sugars and sugar confectionery	Responses within this chapter were mixed; however, key reasons highlighted for retaining the current applied tariffs referenced health, preference erosion, negotiating capital, and the negative impact on UK businesses if tariffs were liberalised. No UK production was referenced as the main reason for wanting tariffs in this chapter removed.
18: Cocoa and cocoa preparations	The majority of responses requested a reduction or removal of tariffs in this chapter to prevent market disruption and increased costs for consumers. It was also highlighted that many products in this chapter are used as inputs to production which cannot be sourced in the UK,therefore liberalisation would have limited to no negative impacts on UK industry.
19: Preparations of cereals, flour, starch or milk; pastrycooks' products	The majority of responses requested the current applied tariffs be either removed or reduced to prevent increase in prices for consumers, particularly referencing in the case that the UK is unable to negotiate an FTA with the EU, as currently the majority of supply is from EU countries. Responses that requested for the current applied rates to be retained cited that this was to ensure consumer choice or negotiating capital for future FTAs.
20: Preparations of vegetables, fruit, nuts or other parts of plants	The majority of responses requested tariffs be removed as the UK is a net importer of fruit juices, e.g. orange juice, of which there is limited domestic production due to unfavourable climate.
21: Miscellaneous edible preparations	The majority of responses requested tariffs be removed to stabilise prices for consumer and prevent future price increases. Some responses highlighted that products in this category are used to produce Nicotine Replacement Therapies (NTR) which could help assist in reducing smoking in the UK. Other responses commented thatproducts included in this chapter are used for medical foods

HS2 Chapter	Consultation Response
	purchased by the NHS. Responses also noted that products included in this category can help towards sustainable alternate food sourcing (e.g. plant-based foods).
22: Beverages, spirits and vinegar	The majority of responses requested tariffs be removed to ensure a tariff free supply from EU countries. Additionally, responses also highlighted products in this chapter are also often consumed by the NHS and, therefore, request tariffs are either low or removed to ensure that prices do not increase for the NHS. A notable exception to this pattern was requests for tariffs on bioethanol to be retained to allow UK producers to compete on a level-playing field, with some tariff protection.
23: Residues and waste from the food industries; prepared animal fodder	The majority of responses requested tariffs to be retained at the current rate for products that are already set at 0% to ensure a continued supply to UK market.
24: Tobacco and manufactured tobacco substitutes	The majority of responses requested that tariffs be removed to ensure that prices are low for consumers and demand is met within the UK market.
25: Salt; sulphur; earths and stone; plastering materials, lime and cement	The majority of the responses requested tariffs be removed. Main justifications for tariff removal included that products are vital inputs for production of steel products and applying tariffs would increase the costs for consumers.
26: Ores, slag and ash	The majority of the responses requested tariffs be removed. Key themes mentioned were: ensuring that supply chains are not disrupted, removing tariffs where there is zero or limited domestic production and for products that are considered key inputs to production.
27: Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	Just over half of the responses requested current tariff rates to remain the same at 0% (with reference to trade with the EU). Those who wanted tariffs removed referenced that there is no UK production.
28: Inorganic chemicals; organic or inorganic compounds of precious metals, of rare- earth metals, of radioactive elements of isotopes	The majority of the responses requested tariffs be removed as there is no UK production and the products are essential to the production of medical foods. Those who wanted current tariff rates to remain the same would like tariffs to remain at 0% for trade with the EU.

HS2 Chapter	Consultation Response
29: Organic chemicals	The majority of the responses requested tariffs to be removed because they are used as raw materials and there is no UK production. Respondents who requested tariff rates to remain the same would like tariffs to remain at 0% for trade with the EU.
30: Pharmaceutical products	The majority of the responses requested tariffs be removed because the products in this chapter are essential for providing medicines to the NHS.
31: Fertilisers	Just over half were in favour of retaining current tariff rates in order to protect UK domestic production from cheaper foreign imports from Russia and China. However, other responses highlighted there is zero or limited domestic production on some products included in this chapter and therefore wanted tariffs fully liberalised.
32: Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	The majority of the responses requested tariffs to be removed because tariffs could affect industry competitiveness and these products are generally not produced in the UK.
33: Essential oils and resinoids; perfumery, cosmetic or toilet preparations	Just over half the responses requested tariffs to be removed. Those who requested current tariff rates to remain the same wanted this retained at 0%, particularly referencing the negative impacts that tariffs could have on supply chains from the EU.
34: Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, 'dental waxes' and dental preparations with a basis of plaster	The majority of the responses requested tariffs to be removed because they are used as key inputs to production and any tariffs applied would impact prices for consumers. One respondent highlighted that some products in this chapter are classified as Fairtrade and therefore, if tariffs were removed, it may result in reduction of some preference erosion.
35: Albuminoidal substances; modified starches; glues; enzymes	The majority of the responses requested tariffs to be removed because products in this chapter are key inputs to production and tariffs would act as a barrier to trade and disrupt supply chains.
36: Explosives; pyrotechnic products; matches; pyrophoric	N/A

HS2 Chapter	Consultation Response
alloys; certain combustible preparations	
37: Photographic or cinematographic goods	N/A
38: Miscellaneous chemical products	The majority of responses requested tariffs to be removed because they are considered key inputs to productions and cannot be sourced sufficiently in the UK, although there is some limited domestic production. For products included under 3824, responses wanted the removal of tariffs as they are commonly used for vaping and other smoking alternatives, which could help to reduce tobacco smoking in the UK.
39: Plastics and articles thereof	The majority of the responses requested tariffs to be removed because many of these products are critical for the production of finished products and imposing tariffs could increase costs for consumers. Some products were highlighted as providing support to the NHS. Those who want the tariff to remain the same would like tariffs to be maintained at 0% to ensure businesses remain competitive, otherwise consumer prices may be impacted.
40: Rubber and articles thereof	The majority of the responses requested tariffs to be removed, highlighting there is limited domestic production. However, responses wanting to retain the current applied tariffs cited that UK production is much more sustainable and greener than production elsewhere and thus retaining tariffs would contribute to reducing the UK's carbon consumption.
41: Raw hides and skins (other than furskins) and leather	The majority of the responses requested tariffs to be removed because products tend to be raw materials used in manufacturing. Responses that wanted tariffs to be retained in this chapter were highlighting the decline of the UK craft industry producing footwear, bags, etc. and wished for tariffs to be retained to protect the businesses still present in the UK.
42: Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)	The majority of the responses requested tariffs to be removed to keep prices low for consumers and because there is limited domestic production. Other feedback referenced the impact on supply chains from the EU if tariffs were to be applied, resulting in negative impacts on businesses.
43: Furskins and artificial fur; manufactures thereof	N/A

HS2 Chapter	Consultation Response
44: Wood and articles of wood; wood charcoal	Responses within this chapter were mixed as there is some UK production; however, concerns were raised over supply chains with the EU if non-reciprocal tariffs were applied. Additional tariffs applied on products in this chapter could result in increased consumer costs.
45: Cork and articles of cork	All responses requested tariffs to be removed as they are considered nuisance tariffs.
46: Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	N/A
47: Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper and paperboard	All responses requested tariffs to be retained at 0%, or to be removed.
48: Paper and paperboard; articles of paper pulp, of paper or of paperboard	The majority of responses requested tariffs to be removed or retained at 0% to maintain competitiveness.
49: Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	The majority of responses requested to retain the current tariffs at 0% to maintain price competitiveness.
50: Silk	N/A
51: Wool, fine or coarse animal hair; horsehair yarn and woven fabric	All responses requested to retain the current tariffs. Some concerns were raised in reference to retaining tariff rates at 4% for some commodities as the UK is a significant manufacturer of these products.
52: Cotton	All responses requested to retain the current tariff rates.
53: Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	N/A

HS2 Chapter	Consultation Response
54: Man- made filaments; strip and the like of man-made textile materials	N/A
55: Man- made staple fibres	The majority of responses requested tariffs to be removed or retained at 0% with the EU as there is not sufficient domestic production to meet business demand within the UK.
56: Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	All responses requested tariffs to be removed as the products are considered raw materials and are not produced in the UK.
57: Carpets and other textile floor coverings	N/A
58: Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	All responses requested current tariff rates to be retained.
59: Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	All responses were in favour of liberalisation and requested tariffs to be either removed or reduced as tariffs restrict trade and there is limited domestic production within the UK.
60: Knitted or crocheted fabrics	All responses requested to retain current tariff rates on products to prevent preference erosion for developing countries who export to the UK.
61: Articles of apparel and clothing accessories, knitted or crocheted	The majority of responses requested a retention of the current tariff rates to ensure developing exporters maintain the same level of market access to the UK market. However, some responses proposed a tariff reduction for commodities to create a level playing field with overseas competitors, and a competitive advantage over EU producers. Businesses also noted the uncertainty with the EU FTA and reducing tariffs might assist in reducing costs for businesses, who will be facing extra administrative costs because of the UK's exit from the EU.
62: Articles of apparel and clothing accessories, not knitted or crocheted	Responses in this chapter were mixed. Those proposing for tariffs to remain the same cited concerns over the impacts liberalisation may have on developing country exporter's preference margins, particularly where the UK is a significant importer of such goods. Those responses who wished for tariffs to be removed noted the cost to supply chains when inputs are imported for further manufacturing, Other themes were the limited domestic production

HS2 Chapter	Consultation Response
	of some apparel, the removal of tariffs might encourage domestic production and increase the efficiency of supply chains.
63: Other made up textile articles; sets; worn clothing and worn textile articles; rags	Responses in this chapter were in general in favour of liberalisation, as removing tariffs on textiles would allow companies to be more competitive and reduce prices of end use goods for consumers. Other businesses highlighted no domestic production in the UK for specific goods, and that business models being set up around the current trading arrangements - moving away from these might have negative impacts for businesses as well as for companies' carbon footprints.
64: Footwear, gaiters and the like; parts of such articles	The majority of responses requested tariffs on footwear to be reduced as UK footwear production and manufacturing is limited, companies mainly noted sourcing from Asian countries. By reducing tariffs, responses highlighted prices for consumers might be lowered but also noted the impact on GSP countries who might currently have preferential access to the UK market. Other responses also noted the inconsistency between tariff rates on similar products.
65: Headgear and parts thereof	N/A
66: Umbrellas, sun umbrellas, walking- sticks, seat- sticks, whips, riding-crops and parts thereof	N/A
67: Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	N/A
68: Articles of stone, plaster, cement, asbestos, mica or similar materials	The majority of responses requested to remove tariffs on specific products. A particular example mentioned that there were no quartz based engineered stone manufacturers in the UK and any tariff will increase costs for consumers.

HS2 Chapter	Consultation Response
69: Ceramic products	Responses in this chapter were mixed. Those proposing to retain the current applied tariff rates referenced the domestic production within the ceramic sector; for example, reducing tariffs on clay bricks could have a negative impact on employment in rural UK towns. Additionally, other businesses also highlighted the potential impact on jobs and employment if tariffs were to be reduced. Proposals suggested to maintain some level of protection to ensure that UK manufacturers are not undercut by foreign competition. Some responses highlighted products that might be considered key inputs to production and therefore requested some lines to be liberalised.
70: Glass and glassware	The majority of responses were pro-liberalisation proposing a reduction or removal of tariff on specific products. General justifications for liberalisation included lower quality manufacturing in the UK, retaining 0% tariffs with EU trading partners, and limited domestic production. A few responses highlighting the need to retain current tariffs to create a level playing field for UK manufacturers to compete.
71: Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	The majority of responses requested removal of tariffs to ensure there is a 0% tariff for trade with the EU.
72: Iron and steel	Responses tended to be mixed; however, a majority requested no change to specific products in this chapter. Responses noted the limited domestic production of such products within the UK and therefore the need to source from elsewhere. Responses highlighting the necessary removal of tariffs tended categorise products as key inputs to production, as well as there being little to no domestic production.
73: Articles of iron or steel	The majority of responses requested removal of tariffs, which would reduce operational costs and improve productivity. Responses also highlight the administrative burden tariffs on businesses when the products are often manufacturing components. The majority of responses that requested tariffs to remain the same were either referring to an already 0% tariff or that the future trading relationship with the EU will be 0-0.
74: Copper and articles thereof	Responses were generally in favour of liberalisation, identifying that some products in this chapter are sourced from the EU and are considered to be key inputs to production. Imposing tariffs would likely have an effect of competitiveness and consumer prices.

HS2 Chapter	Consultation Response
75: Nickel and articles thereof	N/A
76: Aluminium and articles thereof	Responses were mixed; those proposing to retain the current applied tariffs wish to do so for negotiating capital for future FTAs, whereas, those wishing for the tariffs to be liberalised cite that there is zero or limited domestic production within the UK. Additionally, concerns were also raised around paying double tariffs on importing components into the UK and then import duties also being paid when exporting into EU countries, making UK manufactured products considerably more expensive, and not market competitive.
78: Lead and articles thereof	N/A
79: Zinc and articles thereof	All responses were in favour of liberalisation, either proposing a removal or reduction in tariff rates to remain competitive with EU manufacturers after the transition period, on 1 January 2021.
80: Tin and articles thereof	N/A
81: Other base metals; cermets; articles thereof	The majority of the responses were in favour of removing tariffs or of liberalisation more in general.
82: Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	Responses that were generally in favour of liberalisation stated that any reduction or removal of tariffs in this chapter would help to increase competitiveness and aid business growth by removing the burden. Additionally, businesses also highlighted the potential need to pass on the cost of tariffs on consumers..
83: Miscellaneous articles of base metal	The majority of the responses requested tariffs be removed as many of these products are raw materials and therefore considered as key inputs to production. Additionally, manufacturers raised concerns around having to increase consumer prices if the current applied tariffs are to be retained . There were multiple comments made on products which have comparatively low tariffs, suggesting that those tariffs should be removed as part of the removal of nuisance tariffs. Responses regarding retaining the current applied tariffs referenced the need for a reciprocal relationship with the EU.
84: Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	The majority of the responses requested removal of tariffs on commodities in this chapter. A few reoccurring themes citing the reasoning behind removing tariffs were to increase productivity within the sector, e.g. reducing the administrative burden, whilst also improving competitiveness. General pro-liberalisation comments within this section also refer to other country's approach to removing tariffs under 5%, suggesting the UK should do the same. Responses indicated that it would also be preferable to retain

HS2 Chapter	Consultation Response
	the current 0% applied tariffs in this chapter. A small amount of responses noted that a reduction in tariffs on products that are produced in the UK (products in 8423) could result in a loss of competitiveness in the global market, and therefore, could negatively impact domestic industries.
85: Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	The majority of the responses requested tariffs to be removed because the UK has limited domestic production and removing the tariff will ensure that costs are not increased for consumers. Some respondents highlighted the current tariffs, under the EU's CET, might have been put in place to protect domestic industries in other EU member states. Responses that highlighted they were content with the current applied rates were, by majority, asking for the current 0% applied tariffs to remain at 0%. Overall sentiment was in favour of liberalisation.
86: Railway or tramway locomotives, rolling- stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electromechanical) traffic signalling equipment of all kinds	N/A
87: Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	The majority of the responses requested tariffs be removed as UK production of most automotive components is not sufficient. . Further comments noted that retaining the current applied tariffs would hugely impact UK competitiveness causing costs to increase. Additionally, responses also highlighted the desire to reduce or remove tariffs on bikes as they have both health and environmental benefits.
88: Aircraft, spacecraft, and parts thereof	N/A
89: Ships, boats and floating structures	N/A

HS2 Chapter	Consultation Response
90: Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	The majority of the responses requested tariffs to be removed, highlighting that these products are key inputs to production and are not produced in the UK. Those who would like no change wanted the tariff to be retained at 0% to continue to support UK competitiveness. Other issues mentioned were regarding the inconsistency in tariffs across the chapter.
91: Clocks and watches and parts thereof	N/A
92: Musical instruments; parts and accessories of such articles	N/A
93: Arms and ammunition; parts and accessories thereof	The majority of the responses requested tariffs be removed. All responses rationale was because the UK no longer manufactures rifles and shotguns except for very small specialists producing tiny volumes of luxury shot guns.
94: Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like; prefabricated buildings	The majority of the responses requested tariffs to be removed. For those non-anonymised responses, it is due to the fact it will help protect their business once we have left the EU. Those who would like to retain tariffs is to ensure international supply chains are not disrupted.
95: Toys, games and sports requisites; parts and accessories thereof	The majority of the responses requested tariffs to be removed. Some highlighted lower tariffs of 2.7% might also be considered as part of proposal for nuisance tariffs.
96: Miscellaneous manufactured articles	The majority of the responses requested tariffs to be removed to ensure costs do not increase for consumers.
97: Works of art, collectors' pieces and antiques	N/A

Wider Policy Considerations

Raised by respondents

The summary of what respondents said regarding other policy issues can be found in the MFN Consultation Summary of Responses document. Additional policy considerations raised in particular by respondents in the public consultation include;

- Public Health
- Animal Welfare and Food Standards

Public Health

Some respondents drew a connection between tariffs and wider public health issues, specifically consumers food habits. They commented that tariffs on food and beverages with high-sugar or fat-content might discourage consumption of these products and encourage consumers towards more healthy options. As a result of this, a small number of respondents raised the point that tariffs on those goods should be retained.

Whilst mindful of public messaging and overall intent, the Government's position is that there are more effective means than MFN tariffs in incentivising or discouraging behaviours with the aim to improve public health outcomes. The Government remains committed to deliver world-leading strategies to address public health challenges, such as obesity and unhealthy consumption habits. For example, the soft drinks industry levy was introduced to incentivise industry to reduce the sugar content of soft drinks, and it has delivered strong results. The Government has also developed a calorie reduction programme to support the population in consuming fewer calories overall, ultimately contributing over time to a drop in obesity levels. In parallel, it has tackled the promotion and advertising of unhealthy food and worked to improve the labelling of food eaten at home, as well as in cafes and restaurants. The Government is proud of the results achieved so far as it continues pushing forward these strategies.

Animal Welfare and Food standards

A number of respondents commented on the potential relation between tariffs and trade standards for animal welfare and food quality. Some respondents expressed concerns that liberalisation could lead to an increase in imports from countries with lower standards, while potentially exposing domestic producers to increased competition and consumers to lower quality products. Some respondents suggested retaining tariffs to ensure the right level of protection for British trading standards.

The Government remains committed maintaining the UK's high food safety and animal welfare standards. Regardless of the level of tariff applied, all products imported into the UK will, as they do now, have to comply with existing UK import requirements, including food safety standards. The Government recognises respondents' concerns regarding the potential impact of liberalisation on UK trade and domestic standards and will stand firm in trade negotiations to ensure any future trade deals live up to the values of farmers and consumers across the UK. The UK's reputation for high quality products drives demand for UK goods and success in the global marketplace depends on us continuing to maintain this reputation. The Government remains committed to promoting robust food safety standards nationally and internationally, to protect consumer interests, and ensure that consumers can have confidence in the food they buy.

Next steps

The Government will continue to ensure that future trade policy works for the whole of the UK and its wider UK family, Parliament, local government, business, trade unions, civil society and the public from every part of the UK will continue to have the opportunity to engage and contribute.

This will be delivered by:

- continued engagement with the public, to inform our overall approach and the development of our policy objectives;
- use of the Strategic Trade Advisory Group (STAG), to seek informed stakeholder insight and views on relevant trade policy matters;
- use of Expert Trade Advisory Groups (ETAGs), to contribute to our policy development at a detailed technical level;
- engagement outreach events across the English regions and in the Devolved Nations.

The UK Global Tariff schedule was announced on 19 May 2020. During the transition period the UK will continue to apply the Common External Tariff on an MFN basis to imported goods. The UK Global Tariff will be operational at the UK border on 1 January 2021. The complete UK Global Tariff schedule can be found on GOV.UK. Further information on how to prepare for the end of the transition period will become available on GOV.UK in due course.

Annex A: Examples of Tariff Simplification

Table 4: Examples of tariff banding

Commodity Code and Description	The Common External Tariff	The UK Global Tariff
8451 30 00 – Ironing machines and presses, incl. fusing presses (excl. calendars)	2.2%	2%
9503 00 41 - Stuffed toys representing animals or non-human creatures	4.7%	4%
2009 39 19 - Single citrus fruit juice, unfermented, Brix value > 67 at 20°C, value of > 25 GBP per 100 kg, whether or not containing added sugar or other sweetening matter (excl. containing spirit, mixtures, orange juice and grapefruit	33.6%	30%

Annex B: Examples of Tariff Liberalisation

Table 5: Examples of liberalisation of nuisance tariffs

Commodity Code and Description	The Common External Tariff	The UK Global Tariff
0802 51 00 - Fresh or dried pistachios, in shell	1.6%	0%
8418 21 10- Household refrigerators, compression-type, of a capacity > 340 l	1.5%	0%
9507 20 10 – Fish-hooks, whether or not snelled, unmounted	1.7%	0%

Table 6: Examples of tariffs on key inputs to production liberalised

Commodity Code and Description	The Common External Tariff	The UK Global Tariff
2102 30 00 – Prepared baking powders	6.1%	0%
2501 00 51 – Salt, denatured or for other industrial uses, incl. refining (excl. for chemical transformation or preservation or preparation of foodstuffs for human or animal consumption)	€1.7/1000kg	0%
3702 32 10 - Microfilm and photographic film "incl. instant print film" for the graphic arts, sensitised, in rolls, unexposed, without perforations, width <= 35 mm, with silver halide emulsion for monochrome photography (excl. that of paper, paperboard or textiles)	6.5%	0%

Table 7: Examples of tariffs on goods with zero or limited production liberalised

Commodity Code and Description	The Common External Tariff	The UK Global Tariff
5207 10 00 - Cotton yarn containing >= 85% cotton by weight, put up for retail sale (excl. sewing thread)	5%	0%
8452 30 00 Sewing machine needles	2.7%	0%
8418 21 51 - Household refrigerators, compression-type, table model	2.5%	0%

Table 8: Examples of tariff liberalisation for environmental goods

Commodity Code and Description	The Common External Tariff	The UK Global Tariff
9617 00 00 Vacuum flasks and other vacuum vessels, and parts thereof (excl. glass inners)	6.7%	0%
8402 20 00 Superheated water boilers	2.7%	0%
8406 90 10 Stator blades, rotors and their blades, of turbines	2.7%	0%

Annex C: Examples of Tariff Retention

Table 9: Examples of tariffs retained to protect domestic industry

Commodity Code and Description	The Common External Tariff	The UK Global Tariff
8482 20 00 Tapered roller bearings, incl. cone and tapered roller assemblies	8%	8%
5401 10 12 - Sewing thread 'core yarn' of polyester filament surrounded by cotton fibres (excl. that put up for retail sale)	4%	4%
0204 30 00 – Frozen lamb carcases and half-carcases	12.8% + €128.8/100kg	12% + £107/100kg

Table 10: Examples of tariffs retained to support market access for developing countries

Commodity Code and Description	The Common External Tariff	The UK Global Tariff
0804 40 00 – Fresh or dried avocados	01 Jan -31 May; 4% 01 Jun -30 Nov: 5.1% 01 Dec -31 Dec: 4%	4%
0905 10 00 - Vanilla, neither crushed nor ground	6%	6%
0907 10 00 - Cloves, whole fruit, cloves and stems, neither crushed nor ground	8%	8%

Annex D: Examples of Agricultural Simplification

Specific tariffs

A specific tariff is expressed as the monetary value per weight of a good. For example, the current tariff for carcasses and half carcases of domestic swine is expressed as: €53.6/100kg.

Under the UK Global Tariff, specific tariffs are retained and the monetary value has been converted from euros into pound sterling. Please see the example below:

Table 11: Examples of simplifying specific tariffs

Commodity Code and Description	The Common External Tariff	The UK Global Tariff
0203 11 10 - Fresh or chilled domestic swine carcases and half-carcases	€53.6/100kg	£44/100kg
0403 10 11 - Yogurt (excl. flavoured or with added fruit, nuts or cocoa, not containing added sugar or other sweetening matter), of a fat content by weight <= 3,0%	€20.5/100kg	£17/100kg
0207 27 20 - Frozen halves and quarters of turkeys of the species domesticus	€41/100kg	£34/100kg

Compound tariffs

A compound tariff is expressed as a specific percentage plus a monetary value per weight of a good. For example, the EU's Common External Tariff for Fresh or chilled boneless cuts of beef is expressed as 12.8% + €303.40/100kg

The UK Global Tariff retains compound tariffs. The percentage component has been rounded down to the nearest standardised band, while the monetary value has been converted from euros into pound sterling.

Table 12: Examples of simplifying compound tariffs

Commodity Code and Description	The Common External Tariff	The UK Global Tariff
0201 30 00 - Fresh or chilled bovine meat, boneless	12.8 % + €303.4/100kg	12% + £253/100kg
0811 10 11 - Strawberries, uncooked or cooked by steaming or boiling in water, sweetened, with sugar content of > 13%, frozen	20.8% + €8.4/100kg	20% + £7/100kg
2007 99 31 - Cherry jams, jellies, marmalades, pures or pastes, obtained by cooking, with sugar content of > 30% by weight (excl. homogenised preparations of subheading 2007.10)	24% + €23/100kg	20% + £19/100kg

Simplifying thresholds tariffs

Thresholds tariffs are tariffs that are set at and must comply with specific various thresholds, usually either setting a minimum threshold or maximum threshold for the tariffs to be paid or alternatively setting both a minimum and a maximum threshold for a tariff to be paid. For instance, the EU's Common External Tariff for white and red cabbage is expressed as 12% with a minimum threshold of €0.4/100 kg.

Under the UK Global Tariff, the majority of threshold tariffs are simplified into a single percentage, which is rounded down to the nearest standardised band. The requirement for a minimum and/or maximum rate have been removed.

Table 13: Examples of simplifying threshold tariffs

Commodity Code and Description	The Common External Tariff	The UK Global Tariff
0704 90 10 - White and red cabbages, fresh or chilled	12% MIN €0.4/100 kg	12%
2105 00 10 - Ice cream and other edible ice, whether or not containing cocoa, not containing milkfats or containing < 3% milkfats	8.6% + €20.2/100 kg MAX 19.4% + €9.4/100 kg	8%
1704 10 10 - Chewing gum, whether or not sugar-coated	6.2% + €27.1/100kg MAX 17.9%	6%

Simplifying seasonal tariffs

Seasonal tariffs are tariffs that change depending on the time of year. Seasonal tariffs are currently applied to various agricultural goods including apples, pears, cherries, tomatoes and oranges. Tariffs are higher during the EU's growing seasons. In some instances, the EU seasonal tariffs have up to 8 different seasons for individual goods, reducing transparency for traders on what the tariffs are. For instance, EU's Common External Tariff on oranges is 16% between 1 January and 31 March, 12% between 1 April and 15 October and 16% between 16 October and 31 December.

Under the UK Global Tariff, seasonal tariffs are simplified by reducing seasonal variation where appropriate or into a single percentage where appropriate. All tariffs are rounded down to the nearest standardised band.

Seasonal tariffs have been retained for goods where there is substantial rate variation (e.g. 0% one season, 15% another season). Where there is not substantial rate variation (e.g. 11% one season, 13% another season), the lower seasonal rate has been selected and applied throughout the year, removing seasonal variation.

Table 14: Example of simplifying Seasonal tariffs

Commodity Code and Description	The Common External Tariff	The UK Global Tariff
0603 11 00 – Fresh cut flowers and buds	01 Jan -31 May: 8.5%; 01 Jun -31 Oct: 12%; 01 Nov -31 Dec: 8.5%	8%
0805 10 80 - Fresh or dried oranges (excl. fresh sweet oranges)	01 Jan -31 Mar: 16% 01 Apr -15 Oct: 12% 16 Oct -31 Dec: 16%	10%
0708 10 00 - Fresh or chilled peas "Pisum sativum", shelled or unshelled	01 Jan - 31 May: 8% 01 Jun - 31 Aug: 13.6% 01 Sep - 31 Dec: 8%	01 Jun -31 Aug: 12% 01 Sep -31 May: 8%

Simplifying the Entry Price System

The Entry Price System is a special tariff measure that applies to some certain fruit and vegetable products. An ad valorem tariff applies to these products together with a specific tariff that varies according to the customs value of the goods when compared against the weight, i.e. €/100kg. This gives the entry price.

The amount of specific tariff depends on how the entry price compares to the bandings shown in the tariff. The lower the entry price, the higher the specific tariff. If the entry price of the goods is lower than the top banding by more than 8% the importer must lodge a security based on the tariff payable using a Standard Import Value (SIV).
This is a value set according to market prices. The security is released post clearance on the production of evidence that supports the entry price at the time of importation.
If the goods are imported 'on consignment' the entry price, and the specific tariff, is determined according to the SIV.

In the UK Global Tariff, the Entry Price System has been removed. However, tariffs on these products are retained as single percentages or as a seasonal tariff for some fruit & vegetable products. The percentage component has been rounded down to the nearest standardised band. See table 15 for an example.

Table 15: Examples of simplifying the Entry Price System

Commodity Code and Description	The Common External Tariff[18],	The UK Global Tariff
0809 40 05 – Fresh plums and sloes	For instance, from 11 to 30 June, with an entry price per 100 kg net weight of: • Not less than €69.6, tariff is 6,4% • Not less than €68.2 but less than €69,6, tariff is 6,4% + €1,4/100 kg/net • Not less than €66,8 but less than €69,6 EUR, tariff is 6,4% + €2,8/100 kg/net • Not less than €65,4 but less than €66,8, tariff is 6,4% + €4,2/100 kg/net • Not less than €64 but less than €65,4, tariff is 6,4% + €5,6/100 kg/net • Less than €64, tariff is 6,4% + €10,3/100 kg/net	01 Oct -30 Jun: 6%, 01 Jul -30 Sep: 12%
0808 30 90 - Fresh pears (excl. perry pears in bulk from 1 August to 31 December)	For instance, from 1 February to 31 March, with an entry price per 100 kg net weight of: • Not less than €51, tariff is 5% • Not less than €50 but less than €51, tariff is 8% + €1/100 kg/net • Not less than €49 but less than €50, tariff is 8% + €2/100 kg/net • Not less than €47,9 but less than €49, tariff is 8% + €3,1/100 kg/net • Not less than €46,9 but less than €47,9, tariff is 8% + €4,1/100 kg/net • Less than 46,9 EUR, tariff is 8% + € 23,8 EUR/100 kg/net Less than €46,9, tariff is 8% + 23,8/100 kg/net	01 Jan -31 Jan: 8% 01 Feb -31 Mar: 8% 01 Apr -31 Jul: 0% 01 Aug -31 Dec: 10%
0805 10 22 - Fresh navel oranges	For instance, from 1 January to 31 March, with an entry price per 100 kg net weight of: • Not less than €35,4, tariff is 16%, • Not less than €34,7 but less than €35,4, tariff is 16% + €0,7/100kg/net • Not less than €34 but less than €34,7, tariff is 16% + €1,4/100 kg / net • Not less than €33,3 but less than €34 EUR, tariff is 16% + €2,1/100 kg/ net • Not less than €32,6 but less than €33,3, tariff is 16% + €2,8/100 kg/ net • Less than €32,6, tariff is 16% + €7,1/100 kg/net	01 Nov -30 Apr: 10% 01 May -31 Oct: 2%

[18] These are illustrative examples of EU tariffs for ONE season.

Simplifying the Meursing code

The Meursing code applies to processed goods which contain the following 4 components: milk fat, milk proteins, sugar/invert sugar/isoglucose, and starch/glucose. Tariffs vary depending upon the product's specific percentages of starch, sugar, and milk.

In the UK Global Tariff, the Meursing table is removed. However, tariffs on these products have been maintained as single percentages and have been rounded down to the nearest standardised band. See table 16 for an example.

Table 16: Examples of simplifying the Meursing Code

Commodity Code and Description	The Common External Tariff	The UK Global Tariff
1704 90 75 – Toffees, caramels and similar sweets	9% + EA[19] MAX 18.7% + ADSZ[20]	8%
1905 32 05 - Waffles and wafers, whether or not containing cocoa	9% + EA MAX 24.2% + ADSZ	8%
1905 90 80 – Pizzas, quiches and other bakers' wares	9% EA MAX 20.7% + ADFM[21]	8%

[19] EA indicates the Agricultural Component included in the EU's Meursing table.
[20] ADSZ indicates Additional Duties on Sugar Contents included in the EU's Meursing table.
[21] ADFM indicates Additional Duty on Flour Contents included in the EU's Meursing table.

Introducing Autonomous Tariff Quotas for Raw Cane Sugar

A Tariff Rate Quota allows imports up to a given quantity of a good to come in at a lower or zero tariff for a specified period of time. Once imports exceed this given quantity, a higher tariff rate will apply.

The Government has introduced an Autonomous Tariff Quota for raw cane sugar that is open to all countries. The quota volume is 260,000 tonnes p/a with an in-quota tariff rate of 0%. The of out of quota tariff rate and quota volumes are listed below. In line with existing and future tariff suspensions, this ATQ will be subject to further review.

Table 17: Autonomous Tariff Quota for Raw Cane Sugar

Commodity Code and Description	The Common External Tariff	The UK Global Tariff
1701 13 10 - Raw cane sugar for refining, in solid form, not containing added flavouring or colouring matter, obtained without centrifugation, with sucrose content 69° to 93°, containing only natural anhedral microcrystals	€33.90 /100kg/net	£28/100kg/net
1701 14 10 - Raw cane sugar for refining, in solid form, not containing added flavouring or colouring matter (excl. cane sugar of 1701 13)	€33.90/100kg/net	£28/100kgnet

Simplifying Variable Import Duty

Variable Import Duty applies to cereals such as maize and wheat. The variable tariff operates by increasing the tariff applied when global prices fall. The tariff applied is the difference between the relevant import intervention price (€101.31/t) increased by 55 % (€157.03/t) and the cost of delivering the consignment in question to an EU port (including cost, insurance and freight). The tariff applied varies depending on fluctuations in the price. The tariff rate is altered if daily average import prices differ by more than €5/tonne from the average of the previous 10 working days.

The UK Global Tariff removes the Variable Import Duty mechanism. Tariffs are therefore liberalised for Wheat, Rye, Maize and Sorghum products that are subject to the EU's Variable Import Duty system.

Table 18: Examples of Simplifying Variable Import Duty

Commodity Code and Description	The Common External Tariff	The UK Global Tariff
1002 90 00 - Rye	€10.4 / 1000kg (Variable)	0%
1007 10 90 – Grain Sorghum seeds (excl. hybrid)	€10.4 / 1000 kg	0%
1005 10 90 - Maize seed for sowing (excl. hybrid)	€94 / 1000kg	0%

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