

Legislation for the UK's independent tariff policy



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From the 1 January 2021 the UK Global Tariff will replace the EU's Common External Tariff as the UK's Most Favoured Nation tariff – the framework it will use to trade independently outside of free trade agreements.

The UK Global Tariff is tailored to the needs of the UK economy, backing British business to compete on the world stage.

It's simpler to use, greener, and cuts red tape and other unnecessary barriers to trade. It will make it easier for businesses to import goods from overseas. Today, 16 December, steps will be taken to bring this into law, with the laying of Statutory Instruments before Parliament as part of a wider legislative package.

This legislation implements the announcement of the UK Global Tariff in May 2020.

This represents one of the final steps required for the UK to become an independent trading nation at the end of the transition period and as part of preparations to ensure readiness for 1 January.

Alongside the UK Global Tariff, the Government has also acted to:

implement preferential trading tariff rates such as the UK-Japan Economic Partnership Agreement

ensure British Overseas Territories benefit from tariff-free access into the UK

establish the UK's Generalised Scheme of Preferences to support trade with developing countries

roll over existing trade remedies to protect domestic sectors

from unfair international competition.

As part of the package, the Government is legislating to suspend import duties on certain goods in cases where the competitiveness of UK businesses would otherwise be harmed.

This will enable the Government to take forward its commitment to largely maintain existing EU tariff suspensions that came into force as part of the EU's July 2020 update, providing UK businesses with continuity.

The Government is also replacing existing EU Covid-19-related tariff reliefs with suspensions to ensure that goods deemed critical for Covid-19 by the WHO can continue to enter the UK tariff-free in 2021, which all importers will be able to access.

Alongside this legislation, the Government has also today announced the outcome of the raw cane sugar autonomous tariff rate quota review and consultation.

An autonomous tariff rate quota of 260,000 tonnes for raw cane sugar imported into the UK will apply from 1 January 2021, as part of the UK Global Tariff.

Government analysis concluded that an autonomous tariff rate quota with this volume will support the UK's raw cane sugar refining capacity and promote consumer choice and competition in the UK sugar market.

This, in turn, will ensure the UK can act as a reliable market for raw cane sugar from developing countries and support our free trade agreement negotiations.

Since the announcement of the UK Global Tariff in May 2020, some technical changes have been made to iron out minor inconsistencies. This includes changes to the tariff rates on 27 products, including the liberalisation of tariffs on non-alcoholic beer.

These new measures and technical changes have been developed to ensure that the UK Global Tariff expands consumer choice and drives competitive prices for households, while lowering costs for UK businesses and ensuring that they compete on fair terms with the rest of the world.

Once the UK Global Tariff enters into force on 1 January 2021, the UK Government will monitor the impact of the policy. The UK Government will run the Tariff Implementation Monitoring (TIM) exercise to invite feedback and evidence. Further guidance will be available on [GOV.UK](https://www.gov.uk) in due course.

The Government will ensure this legislation is updated as necessary in line with developments in UK trade policy, for example to reflect new FTAs as they are agreed.

Editors' notes

Sugar ATQs

On 19 May 2020, as part of the UK Global Tariff (UKGT) announcement, the Government announced an autonomous tariff rate quota (ATQ) of 260,000 tonnes for raw cane sugar imported into the UK to apply from 1 January 2021.

ATQs allow 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, the UKGT rate will apply.

At the time of this announcement, the Government was clear that it would review this ATQ. The Government subsequently launched a public consultation on the ATQ, which ran from 14 September to 5 October 2020.

Following this review, the Government is today announcing that an autonomous tariff rate quota (ATQ) of 260,000 tonnes for raw cane sugar imported into the UK will apply from 1 January 2021, as part of the UKGT. This quota will apply for 12 months with an in-quota rate of 0%, and the volume will reset each year on the 1 January, subject to any future review. Once the quota threshold is met, the out of quota tariff rate, the UKGT MFN rate of £28.00/100kg, will apply.

Further details on the sugar ATQ review and consultation can be found on the autonomous tariff rate quota (ATQ) - raw cane sugar consultation (2020) [gov.uk](https://www.gov.uk) page.

Tariff rate changes

Further details on the technical tariff rate changes to 27

products and details on all other tariff rates are available on the UK tariffs from 1 January 2021 page.

Suspensions

Duty rate suspensions, more commonly known as tariff suspensions, are the complete or partial reduction in the Most Favoured Nation ('MFN') tariff rate for specified goods used in domestic production.

Tariff suspensions are not permanent MFN tariff changes but last for a specific and defined period. After this period expires, the tariff rate applicable reverts to the standard MFN rate.

Tariff suspensions are primarily aimed at supporting domestic manufacturing through reducing costs for businesses in their production processes, and so increasing their overall competitiveness. The UK has already committed to rolling over all existing EU suspensions that came into force as part of the EU's July 2020 update.

In addition, the UK will be rolling-over a number of EU ATQs and transitioning them into simple, time-limited tariff suspensions for a period of 12 months. This means there will be no quota limit for these goods and they can be brought into the country at an unlimited reduced, or zero duty, rate.

COVID 19 Suspensions

HM Treasury has also confirmed today that the EU relief on customs duties and import VAT on Covid-19 goods will end as planned on 31 December 2020, as the transition period comes to an end. These reliefs will be replaced by tariff suspensions, available to all importers, ensuring that all products listed on the WHO's latest list of COVID-19 goods can enter the UK tariff free.

For more information, please visit [gov.uk](https://www.gov.uk).

Legislation

The SIs and associated explanatory memorandums will be available on the legislation [gov.uk](https://www.gov.uk) page in due course.

Reference documents will be available on the customs, VAT and excise UK transition legislation from 1 January 2021 page in due course.

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