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News story

UK Global Tariff backs UK businesses and consumers

The Government has announced the UK's new MFN tariff regime, the UK Global Tariff (UKGT).

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From:

Department for International Trade (<https://www.gov.uk/government/organisations/department-for-international-trade>), HM Treasury (<https://www.gov.uk/government/organisations/hm-treasury>), and The Rt Hon Elizabeth Truss MP (<https://www.gov.uk/government/people/elizabeth-truss>)



The Government has this morning (19 May) announced the UK's new MFN tariff regime, the UK Global Tariff (UKGT) (<https://www.gov.uk/guidance/uk-tariffs-from-1-january-2021>). This will replace the EU's Common External Tariff on 1 January 2021 at the end of the Transition Period.

Our new tariff is tailored to the needs of the UK economy. It will support the economy by making it easier and cheaper for businesses to import goods from overseas. It is a simpler, easier to use and lower tariff regime than the EU's Common External Tariff (EU 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 and back UK industries to compete on the global stage.

The Government is taking a common-sense approach to our new tariff schedule by streamlining and simplifying nearly 6,000 tariff lines, and lowering costs for businesses by reducing administrative burdens. The changes include scrapping unnecessary tariff variations, rounding tariffs down to standardised percentages, and getting rid of all "nuisance tariffs" (those below 2%).

We are also getting rid of the EU's complex Meursing table, allowing us to scrap thousands of unnecessary tariff variations on products - including over 13,000 tariff variations on products like biscuits, waffles, pizzas, quiches, confectionery, and spreads.

The UKGT also expands tariff free trade by eliminating tariffs on a wide range of products. The UKGT ensures that 60% of trade will come into the UK tariff free on WTO terms or through existing preferential access from January 2021, and successful FTA negotiations will increase this.

This will lower costs for businesses, ensuring they can compete on fair terms with the rest of the world, as well as keeping prices down and increasing choice for consumers.

The Government is maintaining tariffs on a number of products backing UK industries such as agriculture, automotive and fishing. This will help to support businesses in every region and nation of the UK to thrive. Some tariffs are also being maintained to support imports from the world's poorest countries that benefit from preferential access to the UK market.

The UKGT was designed following widespread engagement with businesses across the UK. As it will come into force on 1 January 2021, it's important that businesses can familiarise themselves with the new tariff regime ahead of this date.

We are backing UK industry by:

- Maintaining tariffs on agricultural products such as lamb, beef, and poultry.
- Maintaining a 10% tariff on cars.
- Maintaining tariffs for the vast majority of ceramic products.
- Removing tariffs on £30 billion worth of imports entering UK supply chains. 0% tariffs on products used in UK production, including copper alloy tubes (down from 5.2%) and screws and bolts (down from 3.7%).

UK consumers will also benefit from more choice and lower costs on numerous goods thanks to zero tariffs. These include, for example:

- Dishwashers (down from 2.7%).
- Freezers (down from 2.5%).
- Sanitary products and tampons (down from 6.3%).
- Paints (down from 6.5%) and screwdrivers (down from 2.7%).
- Mirrors (down from 4%).
- Scissors and garden shears (down from 4.7%).
- Padlocks (down from 2.7%).
- Cooking products such as baking powder (down from 6.1%), yeast (down from 12%), bay leaves (down from 7%), ground thyme (down from 8.5%) and cocoa powder (down from 8%).
- Christmas trees (down from 2.5%).

We will promote a sustainable economy by cutting tariffs on over 100 products to back renewable energy, energy efficiency, carbon capture, and the circular economy. The following are all dropping to zero tariffs:

- Thermostats (down from 2.1%).
- Vacuum flasks (down from 6.7%).
- LED lamps (down from 3.7%).
- Bike inner tubes (down from 4%).

Almost all pharmaceuticals and most medical devices (including ventilators) are tariff free in the UKGT. However, some products used to fight COVID-19 maintain a tariff. To ensure those working on the frontline can access vital equipment easily, the UK has introduced a temporary zero tariff rate on these products. This relief waives the tariff and VAT for personal protective equipment (PPE), medical devices, disinfectant and medical supplies from non-EU countries. The Government is committed to continuing to waive the tariffs on key COVID-19 items should this be necessary upon implementation of the UKGT in 2021. A list of goods that relief can be claimed on can be found on GOV.UK (<https://www.gov.uk/>): COVID-19 Commodity Codes List.

International Trade Secretary Liz Truss said:

For the first time in 50 years we are able to set our own tariff regime that is tailored to the UK economy.

Our new Global Tariff will benefit UK consumers and households by cutting red tape and reducing the cost of thousands of everyday products.

With this straightforward approach, we are backing UK industry and helping businesses overcome the unprecedented economic challenges posed by Coronavirus.

Notes to Editors

- The UKGT was designed following widespread consultation (<https://www.gov.uk/government/consultations/the-uk-global-tariff>).

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