Department for International Trade

Information Pack on the UK's Generalised Scheme of Preferences

Background information on the UK's GSP policy



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Introduction

The purpose of this document is to help respondents complete the consultation on the UK's Generalised Scheme of Preferences (GSP). This document contains background and technical information on the current scheme and wider trade policy. Please read this alongside the Statement of Direction document, which outlines the policy objectives and proposed changes for the new scheme.

The purpose of the consultation is to inform policy development for the new scheme. The consultation will be open for 8 weeks from 19 July to 12 September of 2021, giving interested stakeholders an opportunity to input.

The UK's Generalised Scheme of Preferences

The UK's own Generalised Scheme of Preferences has been in place as of 1 January 2021. The scheme reduces and removes those tariffs reduced or removed by the EU GSP, which the UK GSP largely replicated, providing continuity of trade access for 70 developing countries. Following the end of the transition period and the resumption of an independent trade policy, the UK has an opportunity to develop a new scheme.

The new scheme will be an opportunity for the United Kingdom to grow free and fair trade with developing countries, boosting the economy and supporting jobs in those countries, as well as in ours. It will mean a better deal for developing countries can follow in the example of Bangladesh, or Vietnam, who have used trade to turbocharge growth, to raise living standards and drive down poverty. At home, greater access to imports from developing countries will reduce the costs and increase choice for UK businesses and consumers alike.

The current scheme means that UK importers pay lower (often zero) tariffs on goods from 70 developing countries. This includes 47 countries in the Least Developed Country Framework (LDCF) and 23 additional countries classified by the World Bank as low-income and lower-middle income countries. The eligibility criteria based on international classifications is not in the scope of the consultation and the UK will continue to exclude upper-middle income and high-income countries under the new scheme. These countries will continue to pay the UK Global Tariff or trade under trade arrangements where the UK has negotiated an agreement. The Northern Ireland/Ireland Protocol in the Withdrawal Agreement provides for certain specific arrangements as regards Northern Ireland.

Preferential rate and eligibility by GSP framework

	Least Developed Countries Framework	General Framework	Enhanced Framework
Eligibility criteria	Least Developed countries classified by the UN.	Low-Income and Lower-Middle Income countries as classified by the World Bank.	Low-income and lower-middle income Countries which are classified as economically vulnerable and have satisfied requirements relating to the 27 international conventions
Preferences	0% import tariffs on all products excluding arms and ammunition	Reduced tariffs on two-thirds of product lines	Tariffs are removed on two-thirds of product lines

List of GSP beneficiaries:

Least Developed countries Framework			General Framework	Enhanced Framework
Afghanistan	Guinea	São Tomé & Príncipe	Algeria	Armenia**
Angola	Guinea-Bissau	Senegal	Congo	Bolivia
Bangladesh	Haiti	Sierra Leone	Cook Islands	Cape Verde
Benin	Kiribati	Solomon Islands	Ghana*	Kyrgyzstan
Bhutan	Laos	Somalia	India	Mongolia
Burkina Faso	Lesotho	South Sudan	Indonesia	Pakistan
Burundi	Liberia	Sudan	Jordan	Philippines
Central African Rep	Madagascar	Tanzania	Kenya*	Sri Lanka
Cambodia	Malawi	Timor-Leste	Micronesia	
Chad	Mali	Togo	Nigeria	
Comoros	Mauritania	Tuvalu	Niue	
Congo, Democratic Rep	Mozambique	Uganda	Syria	
Djibouti	Myanmar	Vanuatu	Tajikistan	
Eritrea	Nepal	Yemen	Uzbekistan	
Ethiopia	Niger	Zambia	Vietnam*	
Gambia	Rwanda			

* These countries have signed trade agreements with the UK, however they currently still receive GSP market access during the transition to their new trade arrangement.

**Armenia will be removed from the scheme in 2022. It was classified by the World Bank as an upper-middle income country in 2018, 2019 and 2020.

The list was last updated on 9 July 2021. Click here for an up-to-date version

Policy background and technical information:

The UK Government is considering the following policy changes, which include:

1. Reducing tariffs for low-income and lower middle-income countries;
2. Simplifying rules of origin requirements for least developed countries;
3. Amendments to the approach to goods graduation, which suspends preferential rates on particular goods from certain countries on the basis of their competitiveness; and
4. Amendments to the conditions and reporting requirements that enable a low-income or lower middle-income country to benefit from more generous provisions through the Enhanced Framework; and and simplifying the conditions that could lead to variation or suspension of preferences for any beneficiary country.

Tariffs

Tariffs are taxes applied to imports when they are imported into the country (more formally known as 'import duty' or 'customs duty'). Importers are responsible for paying any tariffs that are due, the costs of these may subsequently be passed onto consumers.

A tariff is calculated based on factors such as:

- The type of good. Products are classified by type and given a number, known as a 'Commodity Code'. Different products can have different tariff rates applied to them.
- The value or weight of the good. A combination of both value and weight or in some cases the particular amount of certain ingredients such as sugar, milk or flour.
- The country of origin. Imports from certain countries may be eligible for a lower rate of duty. Usually, these are either countries the UK has a trade agreement with; or developing countries which the UK grants preferential access to.
- The use to which the goods are put. Products intended for certain uses, such as the development of civil airplanes or for pharmaceutical purposes suspend tariffs.

Ad-Valorem tariffs

Most tariffs are expressed in a simple percentage format. For example, under the current applied tariff rates a tennis racket has a tariff of 4.0%, therefore, when imported into the UK, 4.0% of the total customs value of the tennis racket is owed in customs duties.

Specific tariffs

Some tariffs are calculated by a fixed charge per unit of the product, these are known as 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: 44 GBP/100kg.

Compound tariffs

Some tariffs are more complicated and are represented as a combination of an ad-Valorem tariff and a specific tariff. For example, yogurt, whether or not concentrated, flavoured or with added fruit, nuts or cocoa, sweetened, in solid forms, of a milkfat content by weight of <= 1.5% has a compound tariff of 4.50% + 79 GBP/100kg in the General Framework – this means that the tariff applied at the border is 4.5% of the total value of the good, plus an additional 79 GBP per 100kg of the good.

UK Global Tariff

The UK Global Tariff (UKGT) is the UK's Most Favoured Nation (MFN) tariff regime and replaced the EU's Common External Tariff. GSP tariff rates are calculated using the rates set out in the UKGT schedule.

Commodity codes

All goods are classified by a commodity code which is usually comprised of 8 – 10 digits. When importing or exporting to a country, goods are declared at the border by commodity code, this helps to ensure the right duty is paid. Different commodity codes may attract different duties, which is why it is important that goods are classified correctly. The first six digits of a commodity code are determined by the Harmonized System.

Introduction to the Harmonized System

The Harmonized System (HS) is an internationally standardised system of names and numbers used to classify traded goods. It is used by customs authorities around the world to identify goods when working out tariffs and taxes and for gathering statistics. The HS is administered by the World Customs Organization (WCO) and is updated every five years. It serves as the foundation for the import and export classification systems used in every country, but countries have the option to further define commodity codes at the 7-10-digit level. The main categorisations for goods are chapters (2-digit level of the HS, "HS2"), headings (4-digit level of the HS, "HS4") and subheadings (6-digit level of the HS, "HS6").

The HS code is used to:

- classify physical goods for shipment to another country;
- complete required shipping documentation e.g. certificate of origin;
- determine import tariff rates and determine if a product qualifies for a preferential tariff under a free trade agreement; and
- conduct market research and obtain trade statistics.

As an example of how the Harmonised System is structured, take mustard:

Chapter (HS2)	21	Miscellaneous edible preparations
Heading (HS4)	21.03	Sauces and preparations therefor; mixed condiments and mixed seasonings; mustard flour and meal and prepared mustard
Subheading (HS6)	21.03.30	Mustard flour and meal and prepared mustard

In the UK mustard can be further defined at the 8-digit level (21.03.30.90 'Prepared mustard') and even further defined at the 10-digit level (21.03.90.90 'Prepared mustard containing 5% or more by weight of added sugar').

GSP Sections

A 'GSP section' is a section listed in the "GSP Specified Goods Table", contained in Schedule 5 to the Trade Preference Scheme (EU Exit) Regulations 2020 (the GSP Regulations). These sections were established by the European Commission based on sections and chapters of the Common External Tariff. GSP sections are made up of chapters used in the Harmonized System. GSP sections are used to group goods in the assessments of vulnerability for the Enhanced Framework eligibility criteria and in the goods graduation assessments that determine the suspension of GSP tariffs in the goods graduation notice. See annex 1 for a list of the GSP sections in reference to chapters (HS2).

Tariffs in the context of the UK GSP

In the Least Developed Country Framework, tariffs are removed on all goods that are not arms and ammunition (goods listed under HS chapter 93).

In the Enhanced Framework, nearly all goods covered by the framework have a nil import rate. However, there are tariff reductions on several tariff lines in HS chapter 3, under the heading of 306, and a further 136 tariff lines are subject to some form of specific agricultural duties. Where the standard rate of import duty in the UK General

Tariff is a compound tariff, the Enhanced Framework removes only the ad-Valorem tariff, leaving the specific agricultural duty rates.

In the General Framework, goods covered by the framework are subject to different types of tariff reduction, in line with the rules set out in the GSP Regulations. Tariffs can be subject to a full reduction, a 3.5 percentage point reduction relative to the standard rate of import duty, a 20% reduction relative to the standard rate of import duty, or a 30% reduction on the specific duty expression, in a case where that is the only duty expression representing the standard rate of import duty. Where the standard rate of import duty is expressed as a compound tariff, a reduction applies only to the ad valorem tariff within the expression. The General Framework schedule also contains some goods where tariff reductions are greater than 3.5 percentage points owing to the historical EU tariff rates which provided larger reductions and which the UK GSP has maintained. For 2,735 tariff lines, imports from countries in the General Framework benefit from a tariff reduction but not a full tariff removal.

For goods that are covered by the Enhanced and General Frameworks but are not subject to a full tariff reduction, the Government is considering providing greater tariff reductions.

Tariffs not covered by the General and Enhanced Frameworks

The General and Enhanced Frameworks reduce or remove tariffs on two-thirds of tariff lines. Due to standard rates of duty (specified in the UKGT) being set to zero, in practice imports from countries in the General Framework face non-preferential tariff rates on 1,085 tariff lines (or around 9% of all tariff lines). For imports from countries in the Enhanced Framework, 1,026 tariff lines (or around 9% of all tariff lines) face non-preferential tariff rates.

The Government is considering making more goods eligible for tariff reductions under GSP (where tariffs are not set to zero in the UKGT).

Nuisance tariffs in the scheme

Low tariffs, typically between zero and 2%, are commonly known as “nuisance tariffs”. The World Trade Organization (WTO) defines nuisance tariffs as tariffs that are so low that it costs the government more to collect them than the revenue they generate.

Under the current UK GSP, tariffs are removed if a GSP rate is represented by value duty expression of 1% or less; or a GSP rate containing a monetary value or combined monetary value of £2 or less. In the context of the public consultation on the UK’s GSP, the Government is considering removing comparatively low tariffs of 2% or less. This will bring the UK GSP tariff schedule in line with the UK Global tariff schedule. There are currently 33 tariff lines included in the GSP General Framework that are greater than 1% but less than 2%. For example:

Commodity code	Indicative Description	General Framework tariff
50071000	Woven fabrics of noil silk	1.60%

Seasonal tariffs in the scheme

Seasonal tariffs are tariffs that change depending on the time of year. Under the EU's GSP scheme some GSP rates are only granted at certain times of the year, in line with the entry price system. These tariffs have been rolled over in the UK GSP. However, the UK Global Tariff, has simplified several seasonal tariffs included in the EU Common External Tariff, applying a single tariff throughout the year instead, to reflect the UK climate and production. Under the UK's GSP, a small number of goods are subject to seasonal tariffs.

For example, for Satsumas the tariff is applied to imports from the GSP General Framework are as follows:

• From 1 March to 31 October: 12.50%

• From 1 November to 28 February: 16.00%

The Government is considering simplifying seasonal tariffs so that a single tariff applies throughout the year.

A list of nuisance and seasonal tariffs will be shown in the consultation questionnaire for comment.

Rules of Origin

Rules of origin are used to determine where goods are "from", for example, where they have been produced or had substantial work done to them. This is used in determining appropriate tariff rates, access to preferential trade arrangements or application of trade sanctions. Rules of origin provide the criteria for testing whether a good can be considered to have been produced in a particular country. They determine whether a good qualifies for any reduction in tariffs

Goods made in different countries or using materials from different countries need to be substantially processed or transformed to qualify as originating in a GSP country, in line with the rules set out in the Customs (Origin of Chargeable Goods: Trade Preference Scheme) (EU Exit) Regulations 2020.

How do goods become 'originating'?

There are two broad categories to determine whether goods have been substantially processed or transformed within the GSP country and hence qualify as originating under the GSP.

1. Wholly obtained – the good must have been entirely created or produced in the GSP country (e.g. fish fillets or live plants).

2. Sufficient working or processing – the production of the good involves more than one country. There are three types of product specific rules that determine whether a good has been sufficiently worked or processed in the GSP country:

a. Value-added rule – sets a limit on the value of non-originating materials which can be used before the finished good is considered as not originating. This value is typically a defined percentage of the ex-works price of the finished good (the price paid for the good, not including shipping and insurance costs).

b. Change of tariff classification rule – final goods cannot have the same tariff classification as any of the non-originating materials used to make them. In this case the tariff classification of all non-originating materials used must be compared with tariff classification of the final good. This type of rule may require a change of the HS2, HS4 or HS6 code.

c. Specific operations – a good must undergo a set production process.
This type of rule specifies:

- the maximum content of non-originating materials which may be used in the manufacture of the goods; or
- processes which need to have taken place in order to get originating status.

General provisions provide the guiding principles and conditions for acquiring originating status for goods. In some cases, they can make the application of the product-specific rules more restrictive e.g. insufficient processing. This principle means that carrying out either a single insufficient process or a combination of insufficient processes on a non-originating material would not be enough to confer origin. The list of insufficient processing operations is set out in regulation 7(2) of the Customs (Origin of Chargeable Goods: Trade Preference Scheme) (EU Exit) Regulations 2020.

Product Specific Rules are the list of processing rules specific to each good in the Harmonized System (HS). Typically, these are the rules that detail the criteria for sufficient working or processing where the good is made of so-called 'non-originating' materials. Goods can only be considered eligible if made exclusively from 'originating' materials. Product Specific Rules vary according to the preferential arrangement.

The Customs (Origin of Chargeable Goods: Trade Preference Scheme) (EU Exit) Regulations 2020 sets out the Product Specific Rules each good must meet to be eligible for the GSP. Some goods have a less burdensome rule for beneficiaries of the Least Developed Countries Framework, which allows exporters in LDCs to use more non-originating materials in their exports.

Examples of the different PSRs currently in place under the GSP:

Wholly obtained

Heading	Goods	Rule for all beneficiaries
Chapter 7	Edible vegetables and certain roots and tubers	Manufacture in which all the materials of chapter 7 used are wholly produced

Change of tariff classification or value-added rule

Heading	Goods	Rule (a) for Least Developed Countries	Rule (b) other beneficiary countries
8513	Portable electric lamps designed to function by their own source of energy (for example, dry batteries, accumulators, magnetos), other than lighting equipment of heading 8512	Manufacture from materials of any heading, except that of the good or Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the good	Manufacture from materials of any heading, except that of the good or Manufacture in which the value of all the materials used does not exceed 50% of the ex-works price of the good

Specific operations

Heading	Goods	Rule (a) for Least Developed Countries	Rule (b) other beneficiary countries
5603	Nonwovens, whether or not impregnated, coated, covered or laminated	Any non-woven process including needle punching	Extrusion of man-made fibres, or use of natural fibres, accompanied by nonwoven techniques including needle punching

Distinguishing 'non-originating' from 'originating':

Non-originating materials are materials that are not considered to have qualified as 'originating' under the rules of origin.

Non-originating materials include all directly imported materials, as well as imported materials bought in the GSP country that have undergone processing that is not deemed sufficient to confer GSP 'origin'. It may also include materials whose origin is unknown. If non-originating materials are used in a good, then understanding the rules of origin is important.

Cumulation is a principle that can make the product specific rules easier to comply with. Cumulation allows for certain imported materials to be considered 'originating' if used for the production of another product, as long as the processing done in the GSP country goes beyond minimal levels (insufficient processing).

The UK GSP includes the following types of cumulation:

- bilateral cumulation with the UK, which allows materials originating in the UK and British overseas territories[1] to be considered as if they are originating in the GSP country.

Example: the product specific rule for Good A is 'Manufacture in which the value of all the non-originating materials used does not exceed 70% of the ex-works price of the good'

Good A content breakdown:	Without using bilateral cumulation with the UK	With bilateral cumulation with the UK
Materials originating from the UK	£0	£20
Non-originating materials	£80	£60
Ex works price of Good A	£100	£100
% Non-originating materials	80/100 x 100% = 80%	60/100 x 100% = 60%
Is the product specific rule satisfied?	No – non-originating materials exceed 70%, therefore, the good is not eligible for the UK GSP	Yes – the UK materials are considered as originating and therefore the value of non-originating materials does not exceed 70% and the good is eligible for the UK GSP

1 'British Overseas Territories' does not include Gibraltar or the Sovereign Base Areas of Akrotiri and Dhekelia for the purpose of bilateral cumulation.

- **cumulation with the EU, Norway and Switzerland,** which allows materials originating in those three countries/territories to be considered as originating in a GSP country. Agricultural goods from Norway and Switzerland falling under Chapters 1-24 of the Harmonized System are excluded from this type of cumulation.
- **extended cumulation,** which allows for a GSP country to apply for cumulation with a country with which the UK has a trade arrangement Agricultural goods falling under Chapters 1-24 of the Harmonized System are excluded from this type of cumulation.
- **regional cumulation** which allows a GSP country to cumulate within its own regional group. Currently there are two regional groups in the scheme

  1. Cambodia, Indonesia, Laos, Myanmar, Philippines and Vietnam

  2. Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka

  For example, Bangladesh can use materials from Nepal because they are both in Group 2, subject to the conditions set out in regulation 16 of the Customs (Origin of Chargeable Goods: Trade Preference Scheme) (EU Exit) Regulations 2020.

Cumulation is also possible between individual GSP countries of group 1 and group 2. This is only upon request and under certain conditions.

Goods will have the originating status from the country in which the goods were last substantially worked or processed. If that processing was only minimal (i.e., insufficient), then the origin of the good will be the one that provided most customs value of the materials used.

In the context of the UK GSP consultation, the Government is proposing to simplify the rules of origin requirements for least developed countries through simplification of Product Specific Rules and expanding cumulation opportunities.

Goods graduation

Goods graduation is the suspension of preferential rates of customs duty on certain imports. These imports are deemed highly competitive and to no longer need preferences to compete in the UK market. The goods graduation assessment applies to countries in the General Framework.

Current approach to goods graduation

The UK GSP replicated the list of graduated goods by the EU, which came into effect on 1 January 2021 and is applicable until 31 December 2022. The Goods Graduation notice outlines which goods have been graduated by country.

GSP tariff rates are suspended when an assessment finds that the average value of General Framework imports from one General Framework country as a percentage of the total value of GSP imports (from all countries in the scheme) of the same goods exceeds

a certain threshold over the three-year import review period. The assessment of General Framework imports against total GSP imports is done at the GSP Section level (refer to the GSP Section paragraph above for more background information).

Different thresholds apply to the different GSP Sections. For live plants and floricultural goods, vegetable goods, animal or vegetable oils, fats and waxes and mineral goods graduation applies when the import ratio referred to exceeds 17.5%. For textiles, apparel and clothing goods graduation applies when the import ratio referred to exceeds 47.2%. The general threshold of 57% applies to all other goods. The goods graduations thresholds are set out in Schedule 3 to the Trade Preferences Scheme (EU Exit) Regulation 2020.

As an example, if imports of wood, articles of wood and wood charcoal goods (goods which fall under HS chapter 44 and GSP Section 9A) into the UK from country A represent more than 57% of the total imports of those goods into the UK from all GSP countries, then country A will have GSP tariff rates on the section removed and those imports will be subject to tariff rates set out in the UKGT.

The Government is considering potential amendments to goods graduation, such as changing the product grouping used for assessing competitiveness of goods. Another possible revision being considered is to amend the frequency of good graduation assessments, which are currently set at every three years.

Conditions applying to all GSP frameworks

The UK's GSP has conditions which, if not met, allow for the suspension or variation of preferences from any beneficiary in any tier of the scheme. These are set out in regulation 21(2) of the GSP Regulations. These conditions provide for circumstances where GSP access can be varied or suspended. These are that a GSP country —

1. has engaged or is engaging in serious and systematic violations of the human rights and labour rights contained in conventions specified in Part 1 of Schedule 2 [of the Trade Preferences Scheme (EU Exit) Regulations 2020];

2. is engaging in unfair trading practices, after a determination by a competent WTO body that those practices are prohibited or actionable under the WTO Agreement;

3. is engaging in export of goods made by prison labour;

4. has serious shortcomings in its customs controls on the export or transit of the substances controlled under—
    - the UN Single Convention on Narcotic Drugs (1961) as amended by the 1972 Protocol;
    - the UN Convention on Psychotropic Substances (1971); or
    - the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988);

5. has engaged or is engaging in serious and systematic violations of the principles of international conventions on anti-terrorism and money laundering to which the United Kingdom is a party;
6. is seriously and systematically infringing the requirements imposed by regional fishery management organisations or international arrangements to which the United Kingdom is a party, concerning the conservation and management of fishery resources; or
7. is seriously and systematically failing to comply with the conditions specified in a customs cooperation notice.

The GSP Regulations set out a comprehensive process prior to the suspension or variation of preferences. This provides transparency to GSP countries and provides them with an opportunity to make representations during the process and to address the issues for which the Secretary of State for International Trade is considering suspending preferences.

Conditions and reporting requirements in the Enhanced Framework

The Enhanced Framework is for low-income and lower-middle income countries that are determined to be economically vulnerable due to a lack of diversification in their Enhanced Framework imports into the UK and due to their Enhanced Framework imports into the UK representing a low level of total Enhanced Framework imports from GSP countries into the UK. Such countries must also have ratified, acceded to or otherwise expressed consent to be bound by, and be effectively implementing, the 27 international conventions listed in Schedule 2 to the GSP Regulations. Monitoring conditions specified in any future Enhanced Framework Notice will also apply.

A serious failure to effectively implement any one of the 27 international conventions may result in an Enhanced Framework country being removed from that tier and placed into the General Framework (thereby a suspension of their enhanced arrangement). Effective implementation means that:

a) reporting and monitoring requirements specified by the 27 conventions are complied with;

b) the most recent available conclusions of monitoring bodies under those conventions, where appropriate, do not identify a serious failure to effectively implement obligations in those conventions; and

c) the most recent available United Kingdom monitoring does not identify such a serious failure.

Details of requirements and procedures are set out in Part 7 of the GSP Regulations.

Glossary

Ad-Valorem Tariff – a tariff calculated on the percentage value of the product. Sometimes shortened to AV.

Common External Tariff – the Common External Tariff ('CET') is the EU's applied Most Favoured Nation tariff schedule and is the tariff schedule that applied to the UK until 31 December 2020.

Commodity Code – a code used to categorise goods when importing / exporting, usually 8 – 10 digits in length. The first 6 digits of the code are determined by the Harmonized System set out by the World Customs Organisation. All member states must use the Harmonized System but can then further define at the 8 – 10 digit level.

Customs Duty – the duties paid on good imported to a country, often referred to as a tariff.

Compound Tariff – is a combination of ad-Valorem and specific tariff, e.g. paying a percentage based on the value of the product, plus a fixed price per unit of the product.

Enhanced Framework - this framework is for countries that are: classified by the World Bank as low income and lower-middle income countries and are economically vulnerable. They must also satisfy certain requirements related to 27 conventions on human and labour rights, the environment and good governance and comply with monitoring requirements in any future Enhanced Framework Notice.

GATT Goods Chapter – the first two digits of the commodity code identify the chapter in which the goods can be found in the Harmonized System as set out by the World Customs Organization.

General Framework - this framework is for countries that the World Bank classifies as low income and lower-middle income.

UK Generalised Scheme of Preferences (GSP) – the UK's trade preference scheme has been in place as of 1 January 2021. The scheme removes or reduces import duties from goods coming into the UK market from qualifying developing countries.

Goods Classification – for trading purposes all goods must be classified by a commodity code. A commodity code is a ten-digit number allocated to goods. The World Customs Organisation has set out the Harmonized System which is used internationally to standardise the names and numbers to by which to classify goods up to 6 digits.

Harmonized System (HS) - is the nomenclature set out by the World Customs Organisation to classify goods.

Least Developed Countries Framework – this framework is for countries that the UN classifies as Least Developed Countries. Imports from these countries have quota-free

access and nil rates of import duty on all goods other than arms and ammunition.

Most Favoured Nation - is a WTO principle which means that, when applied to tariffs, the same tariffs must be applied to all trading partners, unless an exception applies, for example, a trade agreement or other preferential arrangement is in place.

Nuisance Tariffs – are defined by the WTO as tariffs that are so low that it costs the government more to collect them than the revenue they generate.

Specific Tariff – is a tariff calculated by a fixed charge per unit of the product.

Tariff Lookup Tool – is a tool made available to the public to help classify goods and calculate tariff rates. This tool is owned and managed by HMRC, who handle all questions on tariff classification.

Tariff(s) – are taxes applied to imports when they enter the country (also known as 'import duty' or 'customs duty').

Tariff Classification – determines the subheadings or further subdivisions of the Harmonized System (HS) under which the goods will be classified for customs purposes.

UK Global Tariff (UKGT) - is the UK's Most Favoured Nation tariff schedule, which applies to trading partners that the UK does not have a preferential arrangement in place with.

World Trade Organisation (WTO) – an intergovernmental organisation (which the UK is a member of) which sets out the global rules and regulations for trade for its members.

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Annex 1: GSP sections and chapters

GPS Section	Description GSP section	Chapters (HS2)	Description Chapter
S-1a	Live animals and animal products excluded fish	1	Live animals
S-1a		2	Meat and edible meat offal
S-1a		4	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included
S-1a		5	Products of animal origin not elsewhere specified or included
S-1b	Fish, crustaceans, molluscs and aquatic invertebrates	3	Fish and crustaceans, molluscs and other aquatic invertebrates
S-2b	Vegetables and fruit	8	Edible fruit and nuts; peel of citrus fruits or melons
S-2c	Coffee, tea, mate and spices	9	Coffee, tea, mate and spices
S-2d	Cereals, flour, nuts, resins and vegetable plaiting	10	Cereals
S-2d		11	Products of the milling industry; malt; starches; inulin; wheat gluten
S-2d		12	Cereals
S-2d		13	Products of the milling industry; malt; starches; inulin; wheat gluten
S-3	Animal or vegetable oils, fats and waxes	15	Lacs; gums, resins and other vegetable saps and extracts
S-4a	Preparations of meat and fish	16	Preparations of meat, fish or crustaceans, molluscs or other aquatic invertebrates

S-4b	Prepared foodstuffs (exc. Meat and fish), beverages, spirits and vinegar	17	Sugars and sugar confectionery
S-4b		18	Cocoa and cocoa preparations
S-4b		19	Preparations of meat, fish or crustaceans, molluscs or other aquatic invertebrates
S-4b		20	Preparations of vegetables, fruit, nuts or other parts of plants
S-4b		21	Miscellaneous edible preparations
S-4b		22	Beverages, spirits and vinegar
S-4b		23	Residues and waste from the food industries; prepared animal fodder
S-4c	Tobacco products	24	Tobacco and manufactured tobacco substitutes
S-5	Mineral products	25	Salt; sulphur; earths and stone; plastering material, lime and cement
S-5		27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes
S-6a	Inorganic and organic chemicals	28	Inorganic chemicals: organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes
S-6a		29	Organic chemicals

S-6b	Chemicals, other than organic and inorganic chemicals	31	Fertilizers
S-6b		32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter;paints and varnishes; putty and other mastics; inks
S-6b		33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations
S-6b		34	Soaps, organic surface-active agents, washing preprations, lubricating preparations,artificial waxes, prepared waxes, shoe polish, scouring powder and the like, candles and similar products, modelling pastes, dentalwax and plaster-based dental prepar
S-6b		35	Albuminous substances; modified starches; glues; enzymes
S-6b		36	Explosives; pyrotechnic products; matches;pyrophoric alloys; combustible materials
S-6b		37	Photographic or cinematographic products
S-6b		38	Miscellaneous chemical products
S-6b		38	Plastics and plastic products
S-7a	Plastics	39	Rubber and articles thereof
S-7b	Rubber	40	Hides and skins (other than furskins) and leather
S-8a	Raw hides and skins and leather	41	Hides and skins (other than furskins) and leather
S-8b	Articles of leather and fur skins	42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut)
S-8b		43	Furskins and artificial fur; articles thereof
S-9a	Wood and wood charcoal	44	Wood and articles of wood; wood charcoal
S-9b	Cork, straw and plaiting	45	Cork and articles of cork
S-9b		46	Wickerwork and basketwork

S-11a	Textiles	50	Silk
S-11a		51	Wool, fine and coarse animal hair; yarn and fabrics of horsehair
S-11a		52	Cotton
S-11a		53	Other vegetable textile fibres; paper yarnand woven fabrics of paper yarn
S-11a		54	Man-made filaments
S-11a		55	Man-made staple fibres
S-11a		56	Wadding, felt and nonwovens; special yarns; twine, cordage, rope and cable and articles thereof
S-11a		57	Carpets and other textile floor coverings
S-11a		58	Special woven fabrics; tufted textile products; lace; tapestries; trimmings; embroidery
S-11a		59	Impregnated, coated, covered or laminated textile fabrics; articles for technical use, of textile materials
S-11a		60	Knitted or crocheted fabrics
S-11b	Apparel and clothing	61	Articles of apparel and clothing accessories, knitted or crocheted
S-11b		62	Articles of apparel and clothing accessories, not knitted or crocheted
S-11b		63	Other made up textile articles; sets; worn clothing and worn textile articles; rags
S-12a	Footwear	64	Footwear, gaiters and the like; parts of such articles
S-12b	Headgear, umbrellas, sun umbrellas, sticks, whips, feathers and down	65	Headgear and parts thereof
S-12b		66	Umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof
S-12b		67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair
S-13	Articles of stone, ceramic products and glass	68	Articles of stone, plaster, cement, asbestos, mica or similar materials
S-13		69	Ceramic products
S-13		70	Glass and glassware

S-14	Pearls and precious metals	71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin
S-15a	Iron, steel and articles of iron and steel	72	Iron and steel
S-15a		73	Articles of iron or steel
S-15b	Base metals (exc. Iron and steel), aritcles of base metals (ecl. Aritlces of iron and steel).	74	Copper and articles thereof
S-15b		75	Nickel and articles thereof
S-15b		76	Aluminium and articles thereof
S-15b		78	Lead and articles thereof
S-15b		79	Zinc and articles thereof
S-15b		81	Other base metals; cermets; articles thereof
S-15b		82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal
S-15b		83	Miscellaneous articles of base metal
S-16	Machinery and equipment	84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof
S-16		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
S-17a	Railway and tramway vehicles and products	86	Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical, including electro-mechanical, traffic signalling equipment of all kinds
S-17b	Road vehicles, bicycles, aviation and space, boats and parts thereof	87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof
S-17b		88	Aircraft, spacecraft, and parts thereof
S-17b		89	Ships, boats and floating structures

S-18	Optical, clocks and watches, musical equipment	90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof
S-18		91	Clocks and watches and parts thereof
S-18		92	Musical instruments; parts and accessories for such
S-20	Miscellaneous	94	Furniture; medical and surgical furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified; illuminated signs, illuminated name-plates and the like;
S-20		95	Toys, games and sports requisites; parts and accessories thereof
S-20		96	Miscellaneous manufactured articles

Annex 2: Conventions in Schedule 2 of the Trade Preferences Scheme (EU Exit) Regulations 2020

PART 1

1. Convention on the Prevention and Punishment of the Crime of Genocide (1948).
2. International Convention on the Elimination of All Forms of Racial Discrimination (1965).
3. International Covenant on Civil and Political Rights (1966).
4. International Covenant on Economic, Social and Cultural Rights (1966).
5. Convention on the Elimination of All Forms of Discrimination Against Women (1979).
6. Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (1984).
7. Convention on the Rights of the Child (1989).
8. Convention concerning Forced or Compulsory Labour, No 29 (1930).
9. Convention concerning Freedom of Association and Protection of the Right to Organise, No 87 (1948).
10. Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, No 98 (1949).
11. Convention concerning Equal Remuneration of Men and Women Workers for Work of Equal Value, No 100 (1951).
12. Convention concerning the Abolition of Forced Labour, No 105 (1957).
13. Convention concerning Discrimination in Respect of Employment and Occupation, No 111 (1958).
14. Convention concerning Minimum Age for Admission to Employment, No 138 (1973).
15. Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, No 182 (1999).

PART 2

16. Convention on International Trade in Endangered Species of Wild Fauna and Flora (1973).
17. Montreal Protocol on Substances that Deplete the Ozone Layer (1987).
18. Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (1989).
19. Convention on Biological Diversity (1992).
20. United Nations Framework Convention on Climate Change (1992).
21. Cartagena Protocol on Biosafety to the Convention on Biological Diversity (2000).
22. Stockholm Convention on Persistent Organic Pollutants (2001).
23. Kyoto Protocol to the United Nations Framework Convention on Climate Change (1997).
24. Single Convention on Narcotic Drugs (1961).
25. Convention on Psychotropic Substances (1971).
26. United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988).
27. United Nations Convention against Corruption (2003).

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- using trade and investment to underpin the government's agenda for a Global Britain and its ambitions for prosperity, stability and security worldwide.

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