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The UK Begins Consultations to Inform "The UK Global Tariff", its New WTO Tariff Schedule

The UK Department for International Trade announced on February 6, 2020 that it is preparing the UK's own WTO tariff schedule, expected to enter into force on January 1, 2021.

1. What does this mean for your business?

The new tariff schedule will apply in respect of imports into the UK, subject to specific exceptions.

This means that if:

- you are an exporter into the UK,
- you import input materials into the UK for your manufacturing processes,
- you are a UK producer competing with imported products, or
- you import products for sale into the UK, your business could be affected by the new tariff schedule.

2. How will the tariffs be determined?

The Taxation (Cross-border Trade) Act 2018 sets out the principles that the UK government has to take into account in setting tariffs. These are:

- the interests of consumers in the United Kingdom
- the interests of producers in the United Kingdom of the goods concerned
- the desirability of maintaining and promoting the external trade of the United Kingdom
- the desirability of maintaining and promoting productivity in the United Kingdom
- the extent to which the goods concerned are subject to competition



3. What about free trade agreements or the EU trade deal?

The UK government has an ambitious trade agenda involving liberalized trade agreements not just with the EU but with all of the UK's major trading partners. Such agreements start with the UK's WTO tariff schedule as a baseline, and typically take a long time to negotiate, ratify, and fully implement; for this reason, the UK's proposed tariff schedule is not only strategically important in setting the stage for future negotiations, but also economically significant as it establishes the UK's global trading baseline until the full implementation of its expected network of liberalized trade agreements.

4. You mentioned "exceptions". What are these?

There are two significant exceptions, one immediate, and the other in the medium- to longer term.

- The UK "most favoured nation" WTO tariff will not apply to goods coming from developing countries that benefit under the Generalised Scheme of Preferences.
- Once the UK has negotiated a liberalized trade agreement with a country, the negotiated framework rather than the WTO tariff schedule will apply to goods originating from that country.

5. What is the consultation process?

The consultation closes at 11:45 pm on March 5, 2020.

You may make submissions in respect of:

- simplifying and tailoring the UK Global Tariff policy,
- removing tariffs on goods imported by UK businesses to manufacture other goods, and where the UK has zero or limited domestic production,
- specific feedback on specific products or commodity codes of importance to you, including on the corresponding tariff rate, and
- information on your interactions with MFN tariffs and the importance of tariffs to your sectors.

6. What can King & Spalding do for you?

Our trade experts at King & Spalding bring an unparalleled depth and breadth to the table in representing your interests with the UK government.

Our trade experts have decades of experience as government counsel responsible for setting, negotiating, litigating, and administering tariffs and tariff policy, as well as private sector counsel advising and representing clients on customs formalities and tariff administration, and strategic tariff-setting.

Our trade experts have unique experience in international agricultural tariff litigation arising out of problematic tariff schedules, in advising regulated sectors on the interaction between regulatory frameworks and trade policy, and in domestic and international litigation arising out of circumvention of protective or remedial tariffs.

Our trade experts in Washington DC, Geneva, London, and Brussels have a strong and first-hand insight into the UK trade policy framework; in addition, working seamlessly with the firm's offices and sectoral experts all around the globe, we can leverage this strategic perspective to ensure an effective representation of your interests before the DIT.



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Celebrating more than 130 years of service, King & Spalding is an international law firm that represents a broad array of clients, including half of the Fortune Global 100, with 1,100 lawyers in 21 offices in the United States, Europe, the Middle East and Asia. The firm has handled matters in over 160 countries on six continents and is consistently recognized for the results it obtains, uncompromising commitment to quality, and dedication to understanding the business and culture of its clients.

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