



UK Government

# Developing Countries Trading Scheme - Tanzania

Trade for Development

# The Developing Countries Trading Scheme (DCTS) Entered Into Force on 19 June 2023

## Everybody wins: Post Brexit trade deal with 65 nations will cut import costs and save Brits millions

Story by Jessica Frank-Keyes • Yesterday 15:01

### The Business Post

Monday, June 26, 2023

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## Bangladesh to retain duty-free access to UK thru' new scheme



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## Britain launches preferential trade scheme with developing countries

Reuters

June 19, 2023 3:08 PM GMT+1 - Updated a day ago

ADDIS ABABA, June 19 (Reuters) - Britain on Monday begun implementing a preferential trading scheme with 65 poor and developing countries to replace similar arrangements in place when the country was a member of the European Union,

# The UK launched the DCTS...

... to support 3 core objectives

☆ Developing Countries Trading Scheme is one of the most generous trade preference schemes in the world

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**Support sustainable growth in developing countries** through a simpler and more generous unilateral tariff offer

☆ Scheme impacts 65 countries, covering 3.3 billion people and around £23 billion of exports to the UK each year

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**Support UK businesses to build supply chain resilience** by diversifying sourcing and benefiting end consumers through improved quality and price

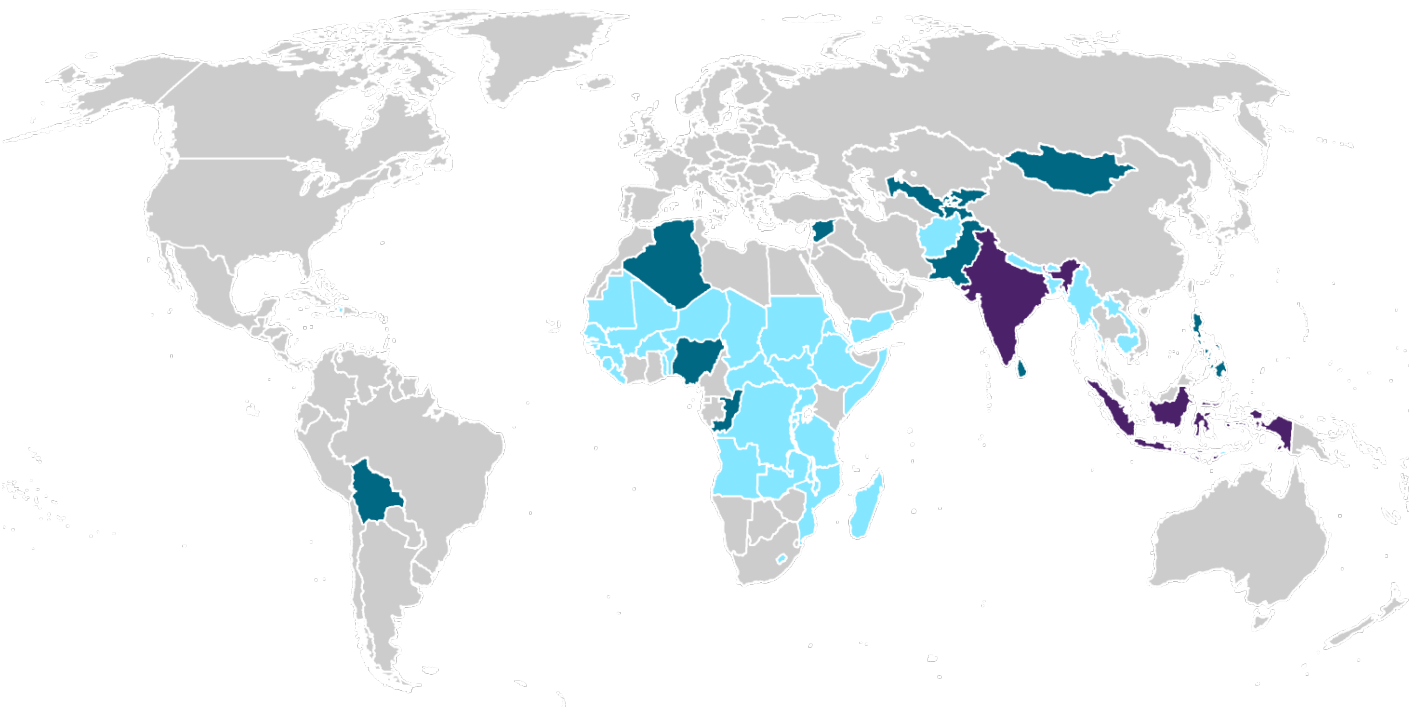
☆ Offers duty-free, quota-free trade on thousands of products, leading to £770m per year of reduced import costs



**Strengthen economic ties** between the UK and fast-growing developing economies

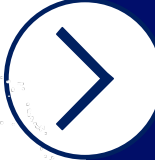
# The DCTS covers 65 countries...

Countries covered under the DCTS



47 Comprehensive Preference    16 Enhanced Preference    2 Standard Preference

# ... split into 3 preference tiers



Preference tiers	Criteria	Tariff benefits
Comprehensive preference	Least Developed Countries (LDCs)	99% <sup>1</sup> of products as duty free
Enhanced Preference	Economically vulnerable <sup>2</sup> Low income and Lower-middle income countries	At least 92% of product as duty free
Standard Preference	Economically stable <sup>2</sup> Low income and Lower-middle income countries	65% of products as duty free

1. Everything but arms/ammunition. 2. Economically vulnerability is determined by a country's export diversification: If the country's 7 largest imports (by GSP sections) represent more than 75% of its total imports of eligible goods in value, the country is deemed to be economically vulnerable. Currently, there are 31 GSP sections grouped together from Chapter 1-99 under the Harmonised System.

Source: Department for Business and Trade



# Summary of key policy changes in the DCTS



## Tariffs

**More tariff cuts:** 150+ new tariff lines cut for Enhanced Preferences countries; all nuisance and some seasonal tariffs cut

**More countries get Enhanced Preferences:** 8 economically vulnerable countries move to Enhanced Preferences and receive duty free trade on 92% of goods

LDCs continue to receive duty free trade on everything but arms



## Rules of Origin

**Simpler, more generous product specific rules for LDCs:** Increased threshold of non-originating content to 75% for many products and greater availability of alternative rules

**Extended cumulation for LDCs:** Extended cumulation for LDCs to include 95 developing countries. LDCs in Africa can cumulate with 45+ other African countries. For example, Soap manufactured in Tanzania (an LDC), using coconut oil from Nigeria (DCTS), and alkaline salt from South Africa (EPA) qualify for tariff-free export to the UK.



## Conditions

**Clearer, broader basis for suspension:** Suspension based on international conventions, now including those on climate change and environment (as well as human rights/labour rights)

**Enhanced Preferences for all economically vulnerable Low income and Lower-middle income countries:** automatic entry to Enhanced Preferences tier; economic vulnerability assessed on lack of economic diversification; no longer required to ratify and effectively implement 27 international conventions



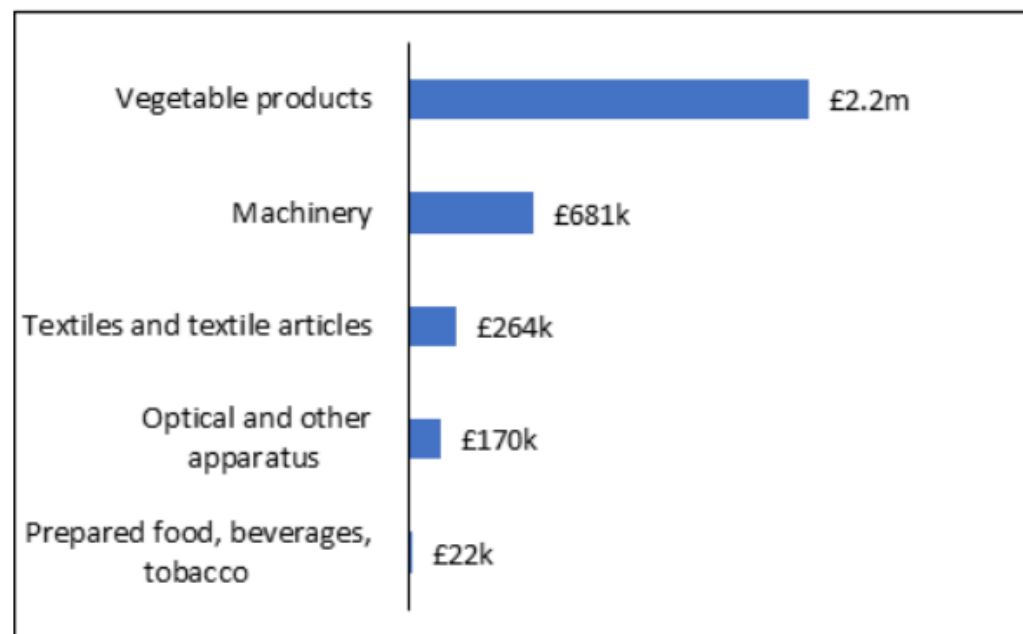
## Goods graduation

**Competitive products** exported from India and Indonesia continue to be excluded from preferential tariffs, protecting the interests of economically vulnerable producers of these goods



# Deep dive | UK imports from Tanzania under the DCTS

Figure 1: Exports of top products eligible for the DCTS from Tanzania to the UK

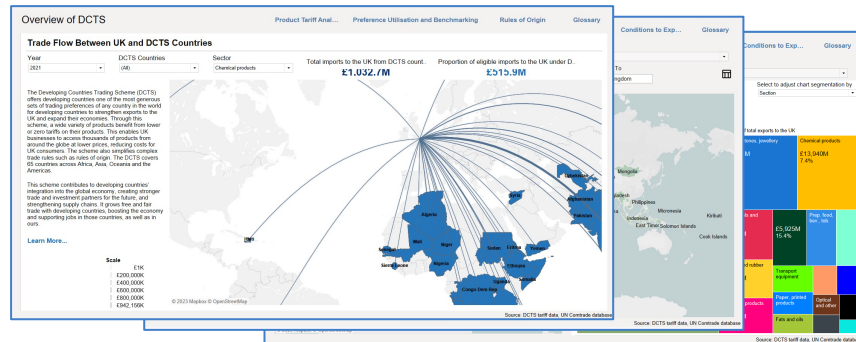


- Between 2020-2022, Tanzania exported an average of £24m of goods to the UK each year. This is the 10<sup>th</sup> largest in Africa.
- Over 99% of this is eligible for duty-free access to the UK
- £173,000 of tariffs saved on exports to the UK from the DCTS
- Top sectors for DCTS exports include vegetable products, machinery and textiles.
- ITC analysis presented later will also highlight new sectors for export diversification under the DCTS.

# UK's Aid for Trade Offer

- We are investing ODA in Africa, including Tanzania, to build the capacity of governments and businesses to trade in the global market.
- Our **Trade Centre of Expertise** provides leading edge technical support to tackle challenges such as quality standards, export promotion and the inclusion of women in trade.
- Examples of Africa-wide programmes include **TradeMark Africa** and **Growth Gateway**.
- **UK's Trade Partnerships**
  - UKTP is operating in Tanzania, supporting companies in textiles/ ready- made garments to export to the UK.
  - Four firms went to Addis Texprocess trade fair in November 2023.
  - 3-4 firms participated in Source Fashion in London (Feb 2024)

## An interactive dashboard with key DCTS, product and country information ...



### DCTS overview

- Explanation of the scheme, objectives and product breakdown by tariff
- Clear and detailed comparison with other major schemes



### Importer and Exporter user journeys

- Clear description of user journeys for importers and exporters
- Provides information on tariff, product, country trade data & key economic indicators

## ... and a guide outlining step-by-step procedures to leverage preferences in the DCTS



### Step-by-step process information

- How to leverage DCTS to export to the UK and claim preferences
- How to identify tariff based on country, and product



### Clear definitions of terms

- Understanding UK standards and customs requirement
- Overview of rules of origin including case studies, and additional information on DCTS





UK Government