



UK Government

Developing Countries Trading Scheme - Tanzania

Trade for Development

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

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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



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



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

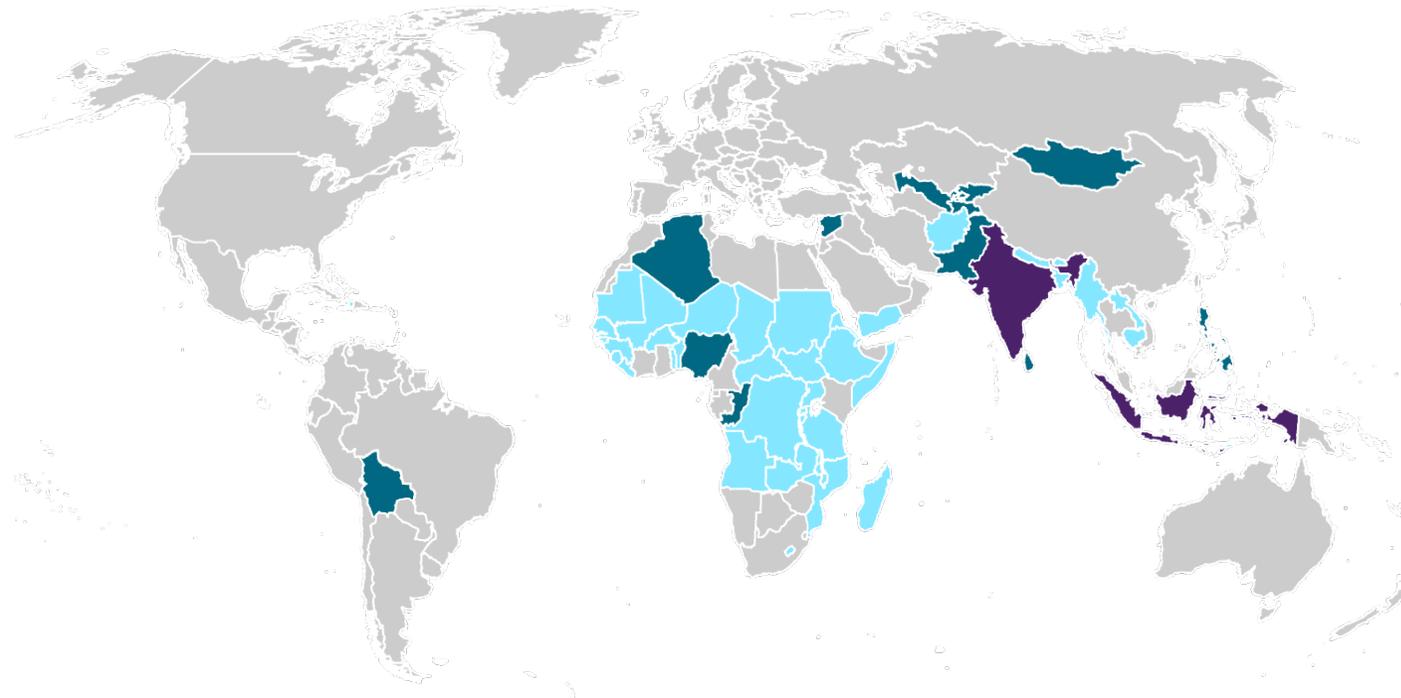


Strengthen economic ties between the UK and fast-growing developing economies

The DCTS covers 65 countries...

... split into 3 preference tiers

Countries covered under the DCTS



47 Comprehensive Preference 16 Enhanced Preference 2 Standard Preference



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



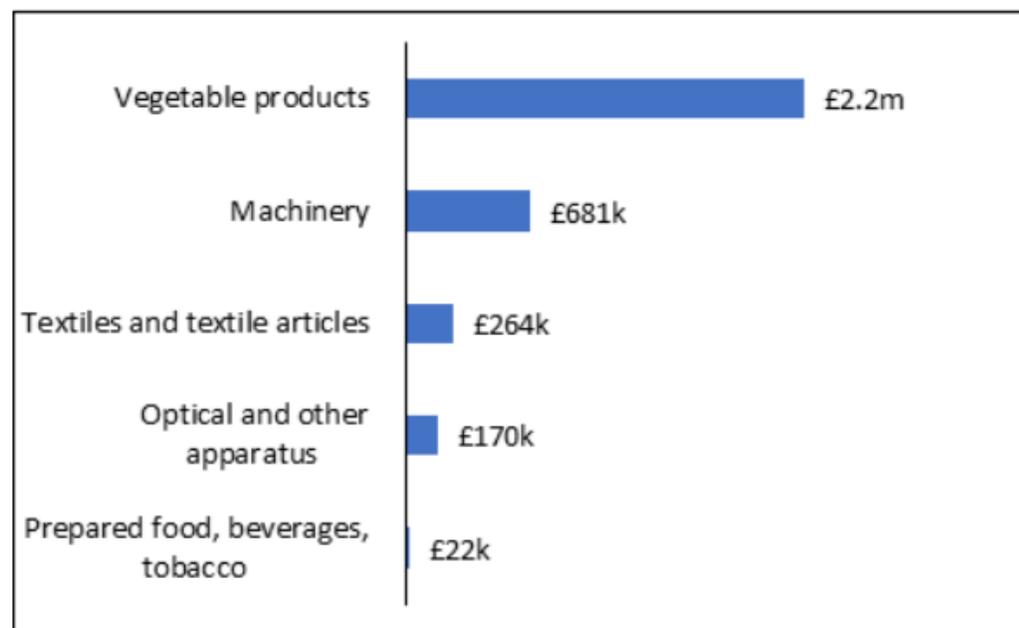
Goods graduation

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



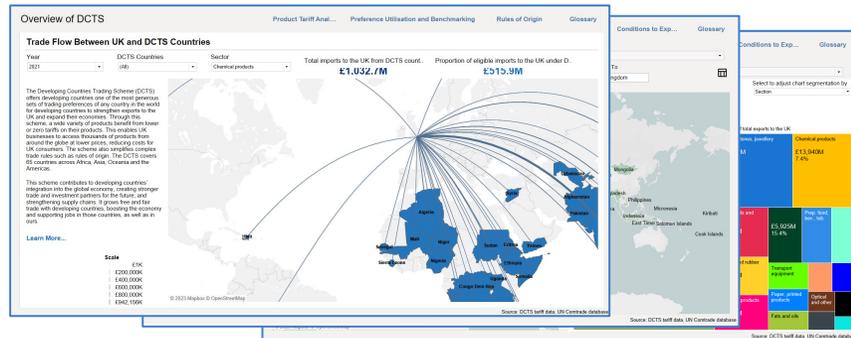
- Between 2020-2022, Tanzania exported an average of £24m of goods to the UK each year. This is the 10th largest in Africa.
- Over 99% of this is eligible for duty-free access to the UK
- £173,000 of tariffs saved on exports to the UK from the DCTS
- Top sectors for DCTS exports include vegetable products, 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





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