



## **RECTIFICATIONS AND MODIFICATIONS OF SCHEDULES**

### SCHEDULE XIX - UNITED KINGDOM

#### *Addendum*

The following communication, dated 19 May 2020, is being circulated at the request of the delegation of the United Kingdom.

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On 24 July 2018, at the request of the United Kingdom, document G/MA/TAR/RS/570 was circulated to Members submitting, for certification, draft Schedule XIX-United Kingdom.

Further to that communication, and pursuant to paragraph 3 of the Decision of 26 March 1980 (BISD 27S/25), the United Kingdom hereby notifies that it intends to effect a technical rectification of draft Schedule XIX-United Kingdom to redenominate all currency components in Part I and Part IV – Section I from Euro to Pound Sterling at a rate of 1 Euro = 0.83687 GBP.

As indicated in previous communications from the United Kingdom, this notification is made necessary as a result of the United Kingdom's withdrawal from the European Union on 31 January 2020. The United Kingdom will make a further notification concerning the date of application of this draft Schedule XIX-United Kingdom. Until that date, the United Kingdom continues to be covered by Schedule CLXXV-European Union (EU-28).

Further technical information related to this rectification can be found in the Explanatory Note in Annex 1. The details of the proposed changes can be found in Annex 2.<sup>1</sup>

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If no objection is notified to the Secretariat within three months from the date of this document, the rectifications and modifications of Schedule XIX-United Kingdom will be deemed to be approved and will be formally certified.

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<sup>1</sup> Annex 2 is in English only.

## ANNEX 1

### EXPLANATORY NOTE

The United Kingdom submitted for certification its draft Schedule of concessions and commitments under Article II of the GATT 1994 on 24 July 2018 in document G/MA/TAR/RS/570.

That document sought to replicate the concessions and commitments applicable to the United Kingdom as expressed in EU Schedule CLXXV-European Union (G/MA/TAR/RS/506 and addenda) including currency components in Part I and Part IV – Section I of draft Schedule XIX-United Kingdom which were denominated in Euro.

The United Kingdom has concluded negotiations under Article 50 of the Treaty on European Union and ceased to be a Member State of the European Union on 31 January 2020. A transition period is in place until 31 December 2020, during which the United Kingdom continues to be covered by Schedule CLXXV-European Union. On 19 May 2020, the United Kingdom announced the “UK Global Tariff” setting out the applied tariff regime that the United Kingdom intends to apply from 1 January 2021. The applied tariff regime will be denominated in Pound Sterling.

The United Kingdom currently collects tariffs in Pound Sterling based on a rate of exchange against the Euro that is recalculated monthly. The redenomination of currency components within Part I of draft Schedule XIX-United Kingdom will consequently provide stability and transparency by ensuring that the application of those commitments is not affected by future fluctuations in a different currency to Pound Sterling, as is the case now.

The United Kingdom will therefore make a technical rectification to redenominate all currency components in Part I and Part IV – Section I of its draft Schedule XIX-United Kingdom from Euro to Pound Sterling. This technical change will take effect from the end of the transition period and will have no impact on the concessions and commitments offered for application to the United Kingdom. This note explains how the United Kingdom will give effect to that change.

#### Exchange Rate:

The United Kingdom is redenominating all currency components in Part I and Part IV – Section I of draft Schedule XIX-United Kingdom from Euro to Pound Sterling at a rate of 1 Euro = 0.83687 GBP. The exchange rate chosen represents the average of the daily exchange rates published by the Bank of England over a recent representative period between 2015 and 2019.<sup>1 2</sup>

The UK considers that this rate represents the recent relative value of Pound Sterling against the Euro. Consistent with this, the rate should not be interpreted as speculation on the position of Pound Sterling at any future date.

#### Part IV, Section I, Domestic Support Total Aggregate Measurement of Support (AMS) Commitments:

The United Kingdom’s AMS amount is fixed in draft Schedule XIX-United Kingdom at 5,914.1 million Euros. Document G/MA/TAR/RS/570 sets out how that amount was calculated. In order to ensure continued predictability and stability, the United Kingdom will also redenominate its AMS commitments into Pound Sterling at the same rate noted above. As a result of the redenomination, the United Kingdom’s AMS commitment will be fixed at: £4,949.3 million.<sup>3</sup>

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<sup>1</sup> This exchange rate will be applied to all currency components of Part I and Part IV – Section I of draft Schedule XIX to five decimal places. For Part I of Schedule XIX, this calculation will then be rounded downwards to two decimal places (i.e. to the £0.01 below).

<sup>2</sup> For further information, please go to: <https://www.bankofengland.co.uk/>

<sup>3</sup> For Part IV – Section I of draft Schedule XIX, this figure has been rounded downwards to the lower £0.1m, consistent with the existing specificity of the draft schedule XIX-United Kingdom.

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**ANNEX 2****PROPOSED CHANGES TO SCHEDULE XIX-UNITED KINGDOM**

This annex represents all changes to draft Schedule XIX-United Kingdom resulting from the technical rectification as described in the Addendum and Annex 1. The United Kingdom intends to rectify no part of the Schedule other than the currency components in Part I and Part IV – Section I of draft Schedule XIX-United Kingdom.

The structure of the Annex is as follows and the below narrative should be read in conjunction with the accompanying table.

**PART I SECTION I-A AGRICULTURAL PRODUCTS AND PART I, SECTION II-A OTHER PRODUCTS:**

- Column A lists the "tariff item number".
- Column B lists the "description of products". Currency components contained within the "description of products" have been redenominated using the exchange rate: 1 Euro = 0.83687 GBP rounded down to the nearest penny and highlighted in bold.
- Column C refers to column three of draft Schedule XIX-United Kingdom as denominated in Euro ("base rate of duty" and "final bound rate of duty").
- Column D lists the duty rates redenominated to Pound Sterling using the exchange rate: 1 Euro = 0.83687 GBP.
- Column E illustrates the new Pound Sterling duty rate once rounded down to the penny, and should be read as replacing column 3 in draft schedule XIX-United Kingdom ("base rate of duty" and "final bound rate of duty").

**SECTION I-A – FOOTNOTES**

- Column A lists the footnote number.
- Column B lists the text of the footnotes in draft Schedule XIX-United Kingdom.
- Column C illustrates the revised text of the footnotes with the new Pound Sterling duty rate rounded down to the nearest penny and should be read as replacing Column B.

**SECTION I-A ANNEX 1 HEADNOTES**

This section lists the text of the headnotes as set out in draft Schedule XIX. Euro duty rates have been struck through and the new Pound Sterling duty rates rounded down to the nearest penny are illustrated by the use of bold font and should be read as replacing the struck through text.

**SECTION I-A ANNEX 1.B**

- Columns B, E and H lists the Euro denominated duty rates, as set out in draft Schedule XIX.
- Column C, F and I lists the duty rates redenominated to Pound Sterling using the exchange rate noted above.
- Columns D, G and J lists the new Pound Sterling duty rate once rounded down to the penny, and should be read as replacing columns B, E and H, respectively, in draft Schedule XIX-United Kingdom.

**SECTION I-B TARIFF RATE QUOTAS**

- Column A lists the "tariff item number" and "UK sequence number" for TRQs.
- Column B lists the "description of products". Currency components contained within the "description of products" have been redenominated using the exchange rate: 1 Euro = 0.83687 GBP rounded down to the nearest penny and highlighted in bold.
- Column C refers to column three of draft Schedule XIX-United Kingdom as denominated in Euro ("Quota Quantity and in-Quota Tariff Rate").
- Column D lists the duty rates redenominated to Pound Sterling using the exchange rate: 1 Euro = 0.83687 GBP.
- Column E illustrates the new Pound Sterling duty rate once rounded down to the penny, and should be read as replacing column 3 in draft schedule XIX-United Kingdom ("Quota Quantity and In-Quota Tariff Rate").

- Column F lists "other terms and conditions" and includes only those terms and conditions from draft Schedule XIX-United Kingdom with currency components illustrating that these have been redenominated using the exchange rate: 1 Euro = 0.83687 GBP rounded down to the nearest penny and highlighted in bold.

**PART IV-SECTION I**

Column B lists the United Kingdom's AMS amount as fixed in draft Schedule XIX-United Kingdom in Euro. Column C Illustrates the United Kingdom's AMS commitment fixed in Pound Sterling which should be read as replacing Column B.

All other aspects of draft Schedule XIX-United Kingdom remain unchanged as a result of this technical rectification and as expressed in document G/MA/TAR/RS/570.

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