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**Committee on Market Access**

Original: English

## **RECTIFICATIONS AND MODIFICATIONS OF SCHEDULES**

### SCHEDULE XIX - UNITED KINGDOM

The following communication, dated 19 July 2018, is being circulated at the request of the delegation of the United Kingdom.

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Pursuant to paragraph 3 of the Decision of 26 March 1980 (BISD 27S/25), the United Kingdom hereby submits, for certification, the attached draft Schedule XIX-United Kingdom,<sup>1</sup> containing rectifications to its concessions and commitments as a consequence of its exit from the European Union.

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 the Schedule CLXXV-European Union (EU-28).<sup>2</sup>

As laid out in the joint letter of 11 October 2017 from the Permanent Representative of the United Kingdom and the Permanent Representative of the European Union to the Permanent Representatives of the WTO, this draft Schedule replicates the concessions and commitments applicable to the United Kingdom as expressed in Schedule CLXXV-European Union (EU-28), which was submitted for certification on 6 October 2017 (G/MA/TAR/RS/506).<sup>3</sup>

Detailed explanations of the technical differences between this draft Schedule XIX-United Kingdom and the draft Schedule CLXXV-European Union (EU28) can be found in the attached Explanatory Note.

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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> In English only.

<sup>2</sup> The date of application to be notified will not be earlier than the date of expiry of any transition period agreed between the European Union and the United Kingdom pursuant to Article 50 of the Treaty on European Union, or in the absence of such an agreement, 30 March 2019.

<sup>3</sup> The information tabled in Schedule XIX-United Kingdom is subject to possible further changes, of a purely technical nature, which may be made to Schedule CLXXV-European Union (EU-28) in the process of its on-going certification.

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**EXPLANATORY NOTE****SCHEDULE XIX – UNITED KINGDOM**

The United Kingdom (“UK”) is submitting for certification its draft schedule of concessions and commitments under Article II of the GATT 1994. The UK’s concessions and commitments on goods are currently contained within the EU-28 Schedule CLXXV, which was submitted for certification by the European Union (“EU”) on 6 October 2017.<sup>4</sup> The UK has notified its intention to withdraw from the EU pursuant to Article 50 of the Treaty on European Union. As a consequence, the UK now seeks to separate its concessions and commitments from those of the EU and its Member States.

This draft Schedule XIX-United Kingdom replicates the concessions and commitments applicable to the UK and to those territories to which the UK membership of the WTO has been extended as expressed in the EU-28 Schedule CLXXV. Where there are differences between the draft Schedule XIX-United Kingdom and the draft Schedule CLXXV-European Union (EU-28), this note explains those differences.

Overarching technical changes which are purely cosmetic and have no impact on the concessions and commitments applying to the UK are:

- Schedule XIX-United Kingdom uses the full stop “.” as the decimal separator throughout, instead of the comma “,” used in Schedule CLXXV (EU-28);
- Schedule XIX-United Kingdom uses the comma “,” as the thousands separator, throughout instead of the space used in Schedule CLXXV (EU-28);
- Schedule XIX-United Kingdom uses “0” to designate products not liable for import duty instead of “free” as used in Schedule CLXXV (EU-28).

Specific differences between Schedule XIX-United Kingdom and Schedule CLXXV (EU-28) are:

**Addition of new footnote:** Schedule XIX-United Kingdom contains one new footnote, footnote 37, which states that the tariff on fresh bananas (TL 0803 90 10) is bound in accordance with the Geneva Agreement on Bananas (WT/L/784). The listing for fresh bananas in Schedule CLXXV (EU-28) also lists the staging of tariff reductions according to the Geneva Agreement on Bananas, but as the UK schedule will not be in force until after the date when the final tariff will have been reached, that listing is not included in Schedule XIX-United Kingdom. Schedule CLXXV (EU-28) also has the text of the Agreement as an annex. The UK has included the new footnote to reassure partners that the UK is fully committed to reflecting the provisions of the Agreement.

**Tariff Rate Quotas (“TRQs”):** In the joint letter of 11 October 2017 the UK and EU stated that they intended to maintain the existing levels of market access available to WTO Members with the intention that the future quantitative commitments of the EU and the UK in the form of TRQs be obtained through an apportionment of the EU’s existing commitments, based on trade flows under each TRQ following a common approach, *inter alia* to data and methodology, and to engage actively with WTO Members on these.

In Schedule XIX-United Kingdom, the TRQ amounts in Part I, Section I-B and Part I, Section II-B have been rectified to reflect the UK’s share of the TRQs expressed in Schedule CLXXV (EU-28). The TRQ amounts have been calculated by using the ratio of UK imports to EU-28 imports, within the TRQ, during a representative three-year period. The UK share of any underfill (unused TRQ) is calculated using the same ratio.

- The UK and EU have implemented a fair and transparent common approach when it comes to sharing the TRQ amounts of the EU-28 TRQs which upholds members’ rights and existing market access.

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<sup>4</sup> Differences between draft EU Schedule CLXXV (EU-28) and EU Schedule CLXXIII (EU-25) are detailed in WTO document G/MA/TAR/RS/506

- This has been achieved by apportioning the EU-28 TRQs, in full, based on the average imports to the UK and EU27 within the quota during the representative period of 2013 to 2015.
- To apportion the TRQs, the UK and EU have used licence data for those TRQs managed by licences and EU-level customs authority data for first-come first-served TRQs. This data provides the best available picture of TRQ use and trade flows.
- Unused TRQs are apportioned based on an alternative usage ratio identified in comparable trade. If a WTO TRQ exists for the same products, or the unused TRQ is a sub-allocated quota then the usage data of the comparable TRQ is applied to the unused (sub-allocated) TRQ.
- Where the unused quota is a standalone quota, the UK share of overall EU28 imports in the tariff lines of the TRQ is used to apportion the TRQ. For the specific case of the ACP sugar quota the usage share is based on import licenses for the overall TRQ.
- This approach is in line with accepted WTO practices and rules. It will maintain existing levels of concessions and maintain market access at the same level into the UK and EU27.

**Part IV, Section 1, Domestic Support Total Aggregate Measurement of Support ("AMS")**

**Commitments:** The UK's AMS amount is bound in Schedule XIX-United Kingdom at 5,914.1 million Euros. The amount has been calculated by rerunning the original calculation undertaken in the Uruguay Round for the UK only, including the 20% reduction and apportionment for credit for reform measures already taken at the time. This equates to what the UK's entitlement would have been if the EC12 AMS was disaggregated by Member State. The original calculation can be seen in the Supporting Tables that accompany Schedule LXXX (EC-12).<sup>5</sup> In accordance with the intention stated in the joint letter from the Permanent Representatives of the UK and the EU of 11 October 2017, that the EU's current annual and final bound commitment level for domestic agricultural support be apportioned between the future EU and the UK on the basis of an objective methodology, it is our understanding that the EU will reduce their AMS commitment by a reciprocal amount.

**Memorandum of understanding on oilseeds:** Part IV, Section 1 of Schedule CLXXV (EU-28) contains, in addition to the AMS commitments, an undertaking "to grant support for oilseeds in accordance with the Memorandum of Understanding in the Annex". Schedule CLXXV (EU-28) also contains two annexes with regard to oilseeds: the text of the Memorandum of Understanding on oilseeds; and a sheet detailing the EU28 oilseed separate base area system which shows the total number of hectares for which crop specific oilseeds payments may be made. The main Annex refers to a specific piece of EU legislation, which sets the support scheme for certain types of oilseeds in terms of set aside payments and 'compensatory payment' (direct payments for each hectare planted). However, this has since been repealed and is no longer in force, meaning the limits will not be set in UK legislation. After the UK exits the EU, consistent with the current position, payments to UK oilseed producers will not be coupled to production. In Schedule XIX-United Kingdom both oilseed annexes have been removed. In order to maintain the UK's commitment to the spirit of the Memorandum of Understanding on Oilseeds Part IV Section 1 contains the following commitment: "In addition to the commitments based on total AMS, the United Kingdom undertakes to grant support for oilseeds (rape and colza seeds, sunflower seeds and soybeans) in accordance with paragraphs 1 to 7 of the Memorandum of Understanding between the European Economic Community and the United States of America on oilseeds under GATT dated 3 December 1992 in so far as they relate to the United Kingdom. In respect of paragraph 5, the maximum oilseed base area for the United Kingdom is 385,000 hectares."

**Part IV, Section 2, Export Subsidies:** Schedule XIX-United Kingdom simply sets export subsidies at "Nil" following the agreement at the 10<sup>th</sup> Ministerial Conference in Nairobi, which abolished the use of export subsidies for developed countries, whereas in Schedule CLXXV (EU-28) the corresponding sheet shows the situation before and after the Nairobi Decision of 19 December 2015 for products that were subsidised previously and also has an associated annex showing the HS code for those products.

<sup>5</sup> WTO document L/6292/Add.1

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