



## Department for International Trade

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Dear Angus,

### **Developing Countries Trading Scheme**

I am writing to inform you and the Committee that tomorrow I will launch the Developing Countries Trading Scheme.

The scheme offers preferential market access to 65 developing countries and will replace the UK Generalised Scheme of Preferences. The Developing Countries Trading Scheme offers developing countries one of the most generous sets of trading preferences of any country in the world and demonstrates the UK's commitment to building long term, mutually beneficial relationships with emerging economies that are home to more than 3.3 billion people.

The Developing Countries Trading Scheme demonstrates how we are using our independent trading status to improve UK market access for developing countries, supporting their integration into the global economy and creating stronger trade and investment partners for the future. The Developing Countries Trading Scheme also delivers on commitments in the Integrated Review and [International Development Strategy](#) to harness the power of trade to support long lasting development.

The new scheme reduces tariffs, simplifies rules of origin and streamlines the conditions of the scheme to increase trade with developing countries. It reduces import costs by £750m per year, helping to reduce prices and increase choice for UK consumers and businesses, particularly for clothes and food. For the detail on all aspects of the Developing Countries Trading Scheme and how it differs from current preferential trading arrangements, I have included alongside this letter an embargoed copy of the comprehensive government policy document. From tomorrow, this will be available at the following link: [www.gov.uk/government/publications/developing-countries-trading-scheme-dcts-new-policy-report](http://www.gov.uk/government/publications/developing-countries-trading-scheme-dcts-new-policy-report).

The Developing Countries Trading Scheme improves on current preferential trading arrangements for developing countries under the UK Generalised Scheme of Preferences. Key changes will be:

- Simplified rules of origin for Least Developed Countries by making product specific rules and rules on cumulation more generous and easier to follow.
- Removal of tariffs on over 150 additional products of strategic interest to developing countries and simplification of the tariff schedule by getting rid of nuisance tariffs and some seasonal tariffs.
- Access granted to enhanced preferences based purely on economic vulnerability for low income and lower-middle income countries and not on the ratification of international conventions.
- Narrower basis for goods graduation, ensuring that goods which are genuinely competitive in the UK market from India and Indonesia do not get preferential tariffs.
- Powers to suspend a country's preferences for serious and systematic violations relating to anti-corruption, climate change and environment conventions, as well as human rights and labour rights.

Care has been taken to consult widely on the design of the scheme. Respondents to a Developing Countries Trading Scheme public consultation held between July- September 2021 broadly supported simplifying the scheme and making it more generous. Responses came from a range of sources including the public and private sector and civil society. Please find an embargoed summary of responses to the Developing Countries Trading Scheme public consultation attached to this letter. The summary will be published tomorrow at this link: <https://www.gov.uk/government/consultations/designing-the-uk-trade-preferences-scheme-for-developing-nations>.

We are keen to ensure that businesses utilise the new scheme. In addition to the comprehensive policy detail on the new scheme that will be published tomorrow, officials have prepared a range of explanatory materials for interested groups to increase awareness. I would be happy to share these resources with the Committee if this would be of interest.

The Taxation (Cross-border Trade) Act 2018 provides the power to make regulations for the UK's unilateral trade preference scheme with developing countries. Over the coming months, Regulations will be prepared to reflect policy changes. The Regulations will be made using the negative procedure and laid in Parliament to enable colleagues to scrutinise the Regulations before they take effect.

I hope this update will provide a useful contribution to the Committee's ongoing inquiries.

I am placing a copy of this letter in the Libraries of both Houses.

Yours sincerely,



**THE RT HON ANNE-MARIE TREVELYAN MP**  
Secretary of State for International Trade  
& President of the Board of Trade