

Brexit tariffs will not help the poorest nations, new study finds

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Exports from the world's poorest nations to the UK will be lower as a result of Brexit, a [joint analysis](#) of the UK's new tariff plans by the UK Trade Policy Observatory (UKTPO), the Overseas Development Institute (ODI) and the Center for Global Development (CGD) reveals.

While the UK has announced plans to reduce tariffs below EU levels for wealthier nations once the transition period ends this year, trade experts are warning that many tariffs for developing countries are set to be retained at current levels, leaving the poorest countries at an economic disadvantage.

The researchers warn that traders from lower income countries would also be hit by additional costs of customs checks when exporting to the UK via the EU; and that existing trade deals with Cameroon, Côte D'Ivoire, Ghana and Kenya, which would give them duty-free access to the UK, are yet to be rolled-over.

The report's authors say the proposed tariff changes do nothing to advance the Government's long-standing pledge to use Brexit to improve market access for the world's poorest countries.

Mattia Di Ubaldo, research fellow in the University of Sussex Business School and a fellow of the UK Trade Policy Observatory said: "At the moment the poorest countries are exempted from tariffs on exports to the UK, which gives them a competitive advantage relative to other countries. Lowering the tariffs which these other countries face reduces this advantage and so reduces the poorest nations' exports."

Overall, the research found that while higher income and some middle-

income countries will see higher exports to the UK as a result of the changes, most lower income countries will have lower exports.

Lower middle-income countries will also be squeezed on around the two-thirds of their exports which receive similar preferences—but will benefit from the new lower UK tariff rates on the exports where they currently pay the full tariff.

Specifically, the world's 41 poorest countries would see the value of their exports to the UK fall by more \$3 million a year while 33 lower income countries that have Economic Partnership Agreements (EPAs) with the EU, and with which the UK is trying to sign agreements, would be hit by increased competition and stand to lose around \$19 million in exports, the researchers found.

By comparison, the higher-income and middle-income countries facing the lowered UK Global Tariff will see their imports increase by some \$1.9 billion.

L. Alan Winters, professor of economics at the University of Sussex Business School and founding director of the UK Trade Policy Observatory, said: "The UK government has tailored its new tariff to try to avoid harming [lower income countries](#)' exports, but it cannot achieve this perfectly if it wants to lower tariffs in general. Countries that pay no tariffs at present have nothing to gain from tariff reforms, so to help them you need to look at other dimensions."

Ian Mitchell, senior policy fellow at the Center for Global Development, said: "Trade is crucial to development, as China and South Korea have shown to the benefit of UK consumers. Despite the UK Government's three-year-old pledge to improve trade access for the poorest countries post-Brexit, those countries will instead face additional challenges from January. The UK is not keeping its promise."

The researchers recommend cutting the tariffs lower [middle-income countries](#) pay on goods which are not supplied at all by the [poorest countries](#).

The analysis identifies scores of such tariff lines in excess of 10% on products such as tuna, pineapple and beans which could be reduced without harming UK producers or the UK's negotiating position in future trade deals.

The study also calls for longer-term reforms that simplify trade with the world's poorest nations, leveling the playing field by reducing the substantial support for UK agriculture and proposes the UK pursues a strategy that encourages mutually beneficial trade and development.

More information: www.cgdev.org/sites/default/files/2020-10/20201015_brexit_tariffs_poorest_nations.pdf

Provided by University of Sussex

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