

THE “BEARABLE LIGHTNESS” OF BREXIT ON THE ACP COUNTRIES’ TRADE:
GLOBAL VALUE CHAINS AND RULES OF ORIGIN

UKTPO BRIEFING PAPER 48 – SEPTEMBER 2020

APPENDIX

Table A1 - Domestic content of ACP exports to the UK by sector (% of gross exports)

Sector	SADC	West Africa	Central Africa	East and South Africa	East African Community	Caribbean	Pacific
<i>Agriculture</i>	85.74	96.64	95.82	88.51	93.81	89.82	94.01
<i>Fishing</i>	84.89	90.74	69.02	49.89	85.13	78.84	85.72
<i>Mining and Quarrying</i>	80.66	95.19	89.61	60.78	80.64	95.57	86.41
<i>Food & Beverages</i>	88.08	91.72	87.28	75.30	80.54	77.63	83.38
<i>Textiles and Wearing Apparel</i>	83.49	88.03	81.15	50.91	80.62	83.30	71.09
<i>Wood and Paper</i>	83.12	89.87	89.86	.	76.52	76.36	81.26
<i>Petroleum, Chemical and Non-Metallic Mineral Products</i>	78.41	83.38	83.38	.	70.83	70.21	77.25
<i>Metal Products</i>	83.39	82.43	83.85	.	59.99	73.13	71.79
<i>Electrical and Machinery</i>	82.33	78.42	82.00	.	65.73	73.21	71.49
<i>Transport Equipment</i>	65.71	71.04	75.73	.	47.56	60.04	65.11
<i>Other Manufacturing</i>	81.75	82.44	81.33	36.98	81.16	75.80	67.50
Average	81.60	86.35	83.55	60.40	74.78	77.63	77.73

Source: Authors’ elaboration on EORA data

Table A2 - Domestic Content of ACP exports towards the EU via the UK, by sector (selected countries), 2015

	SADC									ESA		
Only EBA countries	Angola			Lesotho			Mozambique			Djibouti		
Sector	millions \$	% sectoral exp to the UK	% country's GDP	millions \$	% sectoral exp to the UK	% country's GDP	millions \$	% sectoral exp to the UK	% country's GDP	millions \$	% sectoral exp to the UK	% country's GDP
Agriculture	0.01	13.29	0.00001	0.01	11.94	0.00042	0.05	13.67	0.00031	0.01	13.08	0.00055
Fishing	0.01	12.87	0.00001	0.00	4.20	0.00000	0.01	12.70	0.00006	0.00	3.38	0.00000
Mining and Quarrying	0.06	18.67	0.00005	0.01	9.74	0.00042	0.01	12.03	0.00006	0.01	12.71	0.00055
Food & Beverages	0.01	12.39	0.00001	0.01	9.56	0.00042	0.03	6.31	0.00018	0.01	11.34	0.00055
Textiles and Wearing Apparel	0.01	12.17	0.00001	0.02	4.17	0.00085	0.08	16.35	0.00049	0.01	9.36	0.00055
Wood and Paper	0.01	12.46	0.00001	0.01	8.27	0.00042	0.01	12.13	0.00006	0.01	10.37	0.00055
Petroleum, Chemical and Non-Metallic Mineral Products	0.02	10.32	0.00002	0.01	9.16	0.00042	0.01	11.77	0.00006	0.01	10.94	0.00055
Metal Products	0.04	11.92	0.00003	0.01	8.65	0.00042	0.62	19.54	0.00380	0.01	10.01	0.00055
Electrical and Machinery	0.32	7.92	0.00026	0.01	8.83	0.00042	0.01	10.13	0.00006	0.01	10.03	0.00055
Transport Equipment	0.01	11.42	0.00001	0.00	7.18	0.00000	0.01	11.23	0.00006	0.01	8.88	0.00055
Other Manufacturing	0.01	12.25	0.00001	0.00	6.68	0.00000	0.01	11.89	0.00006	0.00	8.77	0.00000
Only EBA countries	Eastern and Southern Africa									EAC		
Only EBA countries	Madagascar			Malawi			Eritrea			Tanzania		
Sector	millions \$	% sectoral exp to the UK	% country's GDP	millions \$	% sectoral exp to the UK	% country's GDP	millions \$	% sectoral exp to the UK	% country's GDP	millions \$	% sectoral exp to the UK	% country's GDP
Agriculture	0.51	10.62	0.00415	1.22	9.89	0.02015	0.02	13.78	0.00057	0.11	8.80	0.00124
Fishing	0.01	12.07	0.00008	0.01	11.48	0.00017	0.01	10.68	0.00029	0.01	10.13	0.00011
Mining and Quarrying	0.33	13.31	0.00269	0.01	12.18	0.00017	0.02	12.97	0.00057	0.01	10.50	0.00011
Food & Beverages	0.09	3.22	0.00073	1.54	9.59	0.02543	0.02	12.94	0.00057	0.17	5.15	0.00192
Textiles and Wearing Apparel	0.33	1.45	0.00269	0.01	10.43	0.00017	0.01	11.73	0.00029	0.13	10.20	0.00147
Wood and Paper	0.02	10.70	0.00016	0.01	10.73	0.00017	0.02	12.51	0.00057	0.02	6.61	0.00023
Petroleum, Chemical and Non-Metallic Mineral Products	0.09	9.33	0.00073	0.01	10.39	0.00017	0.02	12.66	0.00057	0.08	3.37	0.00090

Metal Products	0.01	10.67	0.00008	0.01	10.28	0.00017	0.01	12.17	0.00029	0.00	6.17	0.00000
Electrical and Machinery	0.02	9.42	0.00016	0-01	8.39	0.00017	0.01	12.30	0.00029	0.02	2.88	0.00023
Transport Equipment	0.01	9.06	0.00008	0.01	8.97	0.00017	0.01	11.66	0.00029	0.03	2.35	0.00034
Other Manufacturing	0.02	1.25	0.00016	0.01	10.17	0.00017	0.01	11.62	0.00029	0.01	2.19	0.00011
	East African Community											
Only EBA countries	Uganda			Burundi			Rwanda			Kenya (GSP)		
Sector	millions \$	% sectoral exp to the UK	% country's GDP	millions \$	% sectoral exp to the UK	% country's GDP	millions \$	% sectoral exp to the UK	% country's GDP	millions \$	% sectoral exp to the UK	% country's GDP
Agriculture	0.33	10.27	0.00143	0.05	13.25	0.00176	0.03	13.11	0.0004524	28.56	9.81	0.05943
Fishing	0.01	12.48	0.00004	0.00	7.00	0.00000	0.01	8.48	0.0001508	0.06	12.32	0.00012
Mining and Quarrying	0.01	12.69	0.00004	0.00	9.13	0.00000	0.01	11.31	0.0001508	0.02	15.07	0.00004
Food & Beverages	0.02	5.10	0.00009	0.01	12.69	0.00035	0.01	12.04	0.0001508	2.52	2.96	0.00524
Textiles and Wearing Apparel	0.01	10.51	0.00004	0.01	9.87	0.00035	0.01	9.05	0.0001508	1.58	15.54	0.00329
Wood and Paper	0.01	11.05	0.00004	0.01	11.81	0.00035	0.01	10.84	0.0001508	0.10	9.13	0.00037
Petroleum, Chemical and Non-Metallic Mineral Products	0.01	10.17	0.00004	0.01	11.92	0.00035	0.01	10.66	0.0001508	0.34	7.01	0.00071
Metal Products	0.01	11.05	0.00004	0.01	11.22	0.00035	0.01	9.66	0.0001508	0.45	7.62	0.00094
Electrical and Machinery	0.35	4.60	0.00151	0.01	11.93	0.00035	0.01	5.90	0.0001508	0.84	7.62	0.00175
Transport Equipment	0.00	9.65	0.00000	0.01	10.99	0.00035	0.01	8.99	0.0001508	0.09	7.62	0.00019
Other Manufacturing	0.01	10.50	0.00004	0.01	10.13	0.00035	0.01	8.99	0.0001508	0.18	1.41	0.00037

Table A3 - ACP Domestic Content in exports towards the UK via the EU, by sector (% of their sectoral gross export to the EU), 2015

Sector	SADC	West Africa	Central Africa	East and South Africa	East African Community	Caribbean	Pacific
<i>Agriculture</i>	5.38	5.12	3.93	4.15	7.05	6.54	4.70
<i>Fishing</i>	5.25	1.98	3.42	2.65	3.21	2.98	2.75
<i>Mining and Quarrying</i>	3.99	3.57	3.90	4.15	4.00	4.32	4.78
<i>Food & Beverages</i>	3.28	2.94	3.54	3.20	4.37	3.28	2.97
<i>Textiles and Wearing Apparel</i>	3.18	2.63	2.41	1.63	3.57	2.42	2.28
<i>Wood and Paper</i>	4.26	3.36	3.79	3.01	3.29	3.58	4.07
<i>Petroleum, Chemical and Non-Metallic Mineral Products</i>	5.21	3.30	5.16	4.47	3.43	3.99	2.86
<i>Metal Products</i>	4.60	5.20	4.44	-	4.47	5.20	3.01
<i>Electrical and Machinery</i>	3.34	4.44	3.90	2.39	3.35	3.44	5.89
<i>Transport Equipment</i>	3.50	3.88	3.38	-	3.59	3.37	4.62
<i>Other Manufacturing</i>	1.90	1.86	2.48	1.11	1.54	2.13	2.50
Average	3.99	3.48	3.67	2.97	3.81	3.75	3.67

Source: Authors' elaboration on EORA data

UK sugar imports

The UK imports most of its sugar (HS 17) from the EU. On average over 2012-18, 50% of British sugar imports came from France, Germany, Belgium and the Netherlands. The largest non-EU supplier of sugar is Guyana, accounting for 3.4% of British imports. Sugar is a highly protected sector, and the EU regime assures certain prices for EU producers.¹

Code	Description
1701	Cane or beet sugar and chemically pure sucrose, in solid form
1702	Other sugars, incl. chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or colouring matter; artificial honey, whether or not mixed with natural honey; caramel
1703	Molasses resulting from the extraction or refining of sugar
1704	Sugar confectionery not containing cocoa, incl. white chocolate

Guyana is part of the EU-CARIFORUM EPA and of the UK-CARIFORUM Trade Continuity Agreement. Under the EU EPA, rules of origins allow for bilateral cumulation with the EU and for diagonal and full cumulation with Overseas Countries and Territories and ACP countries.² The UK-CARIFORUM EPA replicates the EU-CARIFORUM EPA with respect to rules of origins and cumulation (see Title II of Protocol I on Rules of Origin), maintaining cumulation processes essentially unchanged.

One potential concern related to cumulation regards UK's imports of sugar from Guyana which are then re-exported to the EU. Under Art. 3.3 paragraph 10 of the draft UK-EU Comprehensive Trade Agreements, it is stated that:

'A product originating in a relevant partner country or a GSP country shall be excluded from the cumulation provided for in paragraph 1(b) or 1(c) (as applicable) where

- a. each Party applies a different preferential tariff rate or GSP rate in relation to the product; and
- b. the product would, through cumulation, be subject to a lower preferential tariff rate or GSP rate than the one to which it would have been subject if it had been directly exported from that relevant partner country or GSP country to the other Party.'

This could be problematic if the UK was to apply a lower tariff on sugar products (HS 17) than the EU one. Annex II in both the EU-CARIFORUM EPA and the UK-CARIFORUM EPA states the EU and the UK will set zero tariffs on all HS products with the exception of HS 93.⁴ The EU agreement also sets some restrictions to tariff liberalisation for sugar, but these were confined to the

¹ See <http://www.fao.org/3/x4988e/x4988e06.htm>

² See <https://trade.ec.europa.eu/tradehelp/economic-partnership-agreements-epas#anchor3>

³ See

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/886010/DRAFT_UK-EU_Comprehensive_Free_Trade_Agreement.pdf

⁴ The EU-CARIFORUM EPA text is available at http://www.sice.oas.org/Trade/CAR_EU_EPA_e/careu_in_e.ASP. The UK-CARIFORUM EPA is available at <https://www.gov.uk/government/publications/ms-no182019-economic-partnership-agreement-between-the-cariforum-states-of-the-one-part-and-the-united-kingdom-of-great-britain-and-northern-ire> (find Annex II on p.84).

period 2008-15. The EU tariff on sugar originating in the CARIFORUM States is now set to zero (TARIC data for 2019) and it shall not increase unless safeguard measures are imposed.

The analysis of the legal text presented above suggests that restrictions on cumulation as stated in the draft UK-EU Comprehensive Trade Agreement could threaten CARIFORUM State's exports of sugar products to the UK which are then exported to the EU.