

# Global Britain Briefing Note

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## Customs Duties: an EU tax on UK consumers

*The EU Customs Union is a relic from the 1950s. It is redundant.*

*There are no significant customs unions  
anywhere else in the developed world*

- Global Britain Briefing Notes No 70, *EU Customs Duties*, 7th January 2011; No. 81, *UK Customs Duties: very low on average & reducing*, 28<sup>th</sup> November 2012, & No 88: *Rules of Origin: a peripheral low-ranking matter*, 7<sup>th</sup> January 2013, discuss customs duties and the mechanisms that enable them to be collected. The current Briefing Note, No 101, incorporates official data for calendar year 2013.
- As part of the EU Customs Union (which also includes a non-EU member, Turkey), the UK does not “own” the customs duties (also known as “tariffs”) it charges on imports of goods into the UK originating outside the Customs Union. The UK merely collects the customs duties on behalf of the EU and hands them over to “Brussels”, less a “handling fee” of 25% of the amounts collected. EU customs duties are a tax on British manufacturers and consumers.
- Although the monetary amounts of customs duties raised are declining in real terms, a cumbersome UK/EU bureaucracy, including the application of EU “rules of origin”, is still involved in assessing & collecting them.
- Eighty-two per cent by value of all UK imports of goods from outside the EU bore zero customs duties in 2013. *Table 1*
- The overall real average UK percentage rate of duty on imports of goods from outside the EU shrank by 26% between 2002 & 2013. *Table 2*
- The average rate of duty on imports of industrial goods from outside the EU was 1.28 % in 2013. The average rate of duty on imports of agricultural & fish products from outside the EU in 2013 was 6.77%. *Table 3*
- In 2013 the only significant categories of goods imports from outside the EU that bore average rates of customs duty in excess of 5% were footwear & clothing. *Table 4*

<b>Table 1: UK Customs Duties in 2013: Positive Tariff v. Zero Tariff<sup>1</sup></b>				
<b>Imports of Goods from outside EU</b>	<b>Value £ bn</b>	<b>% value</b>	<b>Gross Duty charged £ bn</b>	<b>Average Rate of Duty %</b>
Bearing a positive duty	34.8	18	2.86	8.22 %
Bearing zero duty	161.2	82	zero	Zero
<i>All imports from non-EU</i>	<i>196.0</i>	<i>100</i>	<i>2.86</i>	<i>1.46 %</i>

1. HoL WA: HL 3679 & HL 3680: Lord Deighton to Lord Pearson, 19 December 2014

<b>Table 2: Real Percentage Rate of UK Customs Duties on Imports of Goods from outside EU</b>			
<b>Year</b>	<b>Customs Duties<sup>1</sup> charged gross £ bn</b>	<b>Imports of Goods<sup>2</sup> from non-EU £ bn</b>	<b>Average Rate of Duty charged %</b>
2002	1.9	97	1.98
2003	1.9	100	1.94
2004	2.1	109	1.97
2005	2.2	122	1.83
2006	2.3	136	1.71
2007	2.4	141	1.71
2008	2.6	164	1.61
2009	2.6	148	1.79
2010	2.9	178	1.65
2011	2.9	197	1.47
<b>2013</b>	<b>2.9</b>	<b>196</b>	<b>1.46</b>

1. Table 7.1.2, The Blue Book 2013, [www.statistics.gov.uk](http://www.statistics.gov.uk) >Economy > National Accounts>The Blue Book 2013  
2. Table 9.1: Imports: The Pink Book 2013, [www.statistics.gov.uk](http://www.statistics.gov.uk) > Balance of Payments > The Pink Book 2013

<b>Table 3: UK Customs Duties In 2013 by Type of Commodity</b>				
<b>Type of Import from outside EU</b>	<b>Value £ bn<sup>1</sup></b>	<b>Gross Duty charged £ bn<sup>1</sup></b>	<b>Average Rate of Duty in 2013 %</b>	<b>Average Rate of Duty in 2002 %</b>
Industrial	189.00	2.41	1.28	1.60
Agr. & Fish	6.65	0.45	6.77	10.9
<i>All types</i>	<i>195.65</i>	<i>2.86</i>	<i>1.46</i>	<i>1.91</i>

1. HoL WA: HL3678: Lord Deighton to Lord Pearson, 19<sup>th</sup> December 2014

**Table 4: UK Imports of Goods from Outside the EU in 2013: Top 20 Categories by Value, Ranked by Average Rate of Customs Duty Paid**

Category	Average Rate of Duty Paid %	Value of Imports £ million <sup>1</sup>	Duty Paid £ million <sup>1</sup>
Footwear, gaiters etc	9.2	2534	235
Apparel/clothing not knitted	7.0	5676	397
Apparel/clothing knitted	5.9	6427	379
Edible fruit/nuts, citron peel	4.1	2172	88
Plastics/articles thereof	3.9	3615	140
Vehicles (inc. cars)	3.3	6396	208
Rubber & articles thereof	2.1	1697	35
Toys, games, sports equip.	2.0	2805	55
Articles of iron or steel	1.4	2622	37
Organic chemicals	1.4	2578	35
Electr. mach, TV/sound rec	1.1	17924	202
Furniture, bedding, lighting	1.0	3447	34
Optical/precision, med. eq.	0.8	5415	42
Nucl.reac, boilers,mech. eq	0.5	25579	136
Pearls, stones, prec. metals	0.1	18954	19
Ores, slag, ash	nil	1858	nil
Pharmaceutical products	nil	4457	nil
Aircraft, spacecraft & parts	0.1	7176	5
Mineral fuels & oils	negligible	41171	1
Works of art, antiques	negligible	3135	negligible

*1. HoL WA: HL 3681: Lord Deighton to Lord Pearson, 19<sup>th</sup> December 2013*

<b>Table 5: UK Current Account by category in 2013: £ bn</b>					
	<b>Goods</b>	<b>Services</b>	<b>Income</b>	<b>Transfers</b>	<b>Total</b>
<b>Exports:-</b>					
To EU-27	155	73	61	7	<b>296</b>
To Rest of World	152	131	101	11	<b>395</b>
<b>Exports to World</b>	<b>307</b>	<b>204</b>	<b>162</b>	<b>18</b>	<b>691</b>
<i>Exports to World by type as percentage</i>	<i>44%</i>	<i>30%</i>	<i>23%</i>	<i>3%</i>	<i>100%</i>
<b>Imports:-</b>					
From EU-27	221	63	81	21	<b>385</b>
From Rest of World	196	63	94	24	<b>378</b>
<b>Imports from World</b>	<b>417</b>	<b>126</b>	<b>175</b>	<b>45</b>	<b>763</b>
<i>Imports from World by type as percentage</i>	<i>55%</i>	<i>17%</i>	<i>23%</i>	<i>6%</i>	<i>100%</i>
<b>Balances:-</b>					
With EU-27	(66)	10	(19)	(13)	<b>(89)</b>
With Rest of World	(44)	68	(7)	(13)	<b>17</b>
<b>With World</b>	<b>(110)</b>	<b>78</b>	<b>(13)</b>	<b>(27)</b>	<b>(72)</b>
<i>Source: The Pink Book 2013, <a href="http://www.statistics.gov.uk">www.statistics.gov.uk</a> &gt; Balance of Payments &gt; The Pink Book 2013</i>					

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