



Foreign, Commonwealth
& Development Office



Department for
Business & Trade

Guidance DOCUMENT

Preference tiers under the Developing Countries Trading Scheme (DCTS)

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Purpose and contents

This guidance explains the different preference tiers under the DCTS, including benefits for each tier, criteria for moving between tiers and transition periods.

You need to know your preference tier to identify the benefits you can access under the DCTS and how long you can access them for.

This guidance is in 3 sections

01



Find your preference tier - an overview of the 3 categories and their eligibility conditions

02



Understand the benefits under each preference tier

03



Tier graduation criteria and transition periods including the conditions for countries to move between preference tiers

Find out your country preference tier

01

There are 3 country preference tiers under the DCTS:

	Comprehensive Preferences	Enhanced Preferences	Standard Preferences
Country classification	Least Developed Countries (LDCs)	Low Income Countries (LICs) and Lower-Middle Income Countries (LMICs) that are not LDCs	Remaining LICs and LMICs that do not satisfy economic vulnerability criteria
Criteria for determining country classification	The United Nations (UN) classifies LDCs	The World Bank classifies income levels	Economic vulnerability is assessed by export diversification
Number of countries covered	47	16	2

Country classifications under each preference tier change when they are reviewed.

The DCTS does not apply to:

- Countries classified by the World Bank as Upper-Middle Income Countries (UMICs) for 3 consecutive years
- Non-LDCs that have a Free Trade Agreement (FTA) or Economic Partnership Agreement (EPA) with the UK.

The measure for assessing economic vulnerability is currently export diversification. However, the UK government will review this measure within 1 year of launching the Scheme.

Country preference tier list

Comprehensive Preferences

Afghanistan	Comoros	Kiribati	Nepal	Tanzania
Angola	Congo, Dem. Rep.	Laos	Niger	Togo
Bangladesh	Djibouti	Lesotho	Rwanda	Tuvalu
Benin	East Timor	Liberia	Sao Tome & Principe	Uganda
Bhutan	Eritrea	Madagascar	Senegal	Vanuatu
Burkina Faso	Ethiopia	Malawi	Sierra Leone	Yemen
Burundi	Gambia	Mali	Solomon Islands	Zambia
Cambodia	Guinea	Mauritania	Somalia	
Central African Republic	Guinea-Bissau	Mozambique	South Sudan	
Chad	Haiti	Myanmar	Sudan	

Enhanced Preferences

Algeria	Nigeria
Bolivia	Niue
Cape Verde	Pakistan
Congo, Rep.	Philippines
Cook Islands	Sri Lanka
Kyrgyz Republic	Syria
Federated States of Micronesia	Tajikistan
Mongolia	Uzbekistan

Standard Preferences

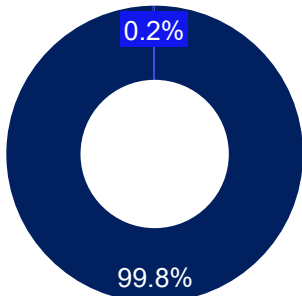
India
Indonesia

Understand the benefits under each preference tier

02

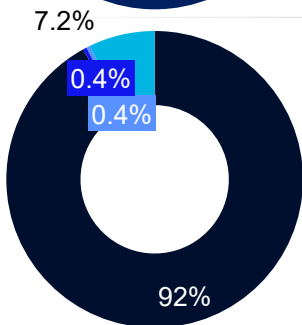
Countries in each preference tier have access to different benefits under the DCTS.

Tariff breakdown across preference tiers under the DCTS and UK Global Tariff (UK GT)



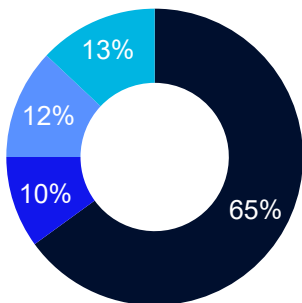
Comprehensive Preferences

Exporters in countries entitled to **Comprehensive Preferences** receive **0% import tariffs on 99.8% of products – all products except arms and ammunition**. These are the most generous preferences under the Scheme to give LDCs the most support in diversifying their exports and growing their economies. Forty-seven countries are eligible for Comprehensive Preferences.



Enhanced Preferences

Enhanced Preferences entitle exporters in eligible countries to **0% import tariffs on 92% of their product lines** under the DCTS. Sixteen countries qualify for Enhanced Preferences because the DCTS includes 8 additional countries compared to the UK Generalised Scheme of Preferences (GSP). Products not covered under Enhanced Preferences are subject to tariff rates under the UK Global Tariff (UK GT).



Standard Preferences

Standard Preferences entitle exporters in eligible countries to **0% import tariffs on 65% of product lines**, while a further 26% of product lines have reduced tariffs. There are 2 countries eligible for Standard Preferences (India and Indonesia). Product lines that Standard Preferences do not cover are subject to rates under the UK GT.

Tier graduation criteria and transition periods

03

Country classifications under preference tiers change because countries may move from one tier to another.

Graduation from Comprehensive Preferences to Enhanced Preferences

A country graduates from Comprehensive to Enhanced Preferences once they move from LDC status as defined by the UN. These countries must also be considered as economically vulnerable. The criterion for economic vulnerability under the DCTS is export diversification.

View the [Full List of Least Developed Countries as classified by the UN](#).

Within 1 year of launching the DCTS, the government intends to review alternative options for assessing economic vulnerability. When a country graduates from LDC status, its transition period before moving to Enhanced Preferences is 3 years.



Graduation from Enhanced Preferences to Standard Preferences

Countries that do not meet the economic vulnerability criteria will graduate from Enhanced Preferences to Standard Preferences.

Transition Period for Countries with FTAs or EPAs

LDCs which enter an FTA or EPA with the UK can continue to use DCTS Comprehensive Preferences.

Non-LDCs within regional groups that sign trade agreements with the UK, can access benefits under the DCTS for 2 years. After 2 years, one-way extended cumulation will apply between the UK-FTA partner and the regional DCTS members.

For example, Vietnam, a group 1 member under the DCTS, recently signed an FTA with the UK and transitioned out of the DCTS effective January 2023. As a result, other DCTS countries can use extended cumulation with Vietnam, but Vietnam cannot cumulate with the DCTS countries.

Upper-Middle Income Country (UMIC) status and the DCTS

A country that moves to UMIC status will transition out of the DCTS if it retains UMIC status for 3 consecutive years.

If a country moves from UMIC to LMIC status, it will get re-admitted to the DCTS.

