



10 THINGS TO KNOW ABOUT **EXPORTING** TO THE UK.

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Ten Things You Need to Know about Exporting to the UK

The UK is a key export destination for US companies, with a relatively affluent population used to purchasing foreign goods and services. The country is a net importer and has a proud history as a trading nation. For US companies the UK is often an immediate choice due to the common language and so-called special relationship. It is a safe-haven and for decades has been seen as the gateway to Europe. This gateway status has been weakened by Brexit, but the opportunities are still considerable.

The table below shows imports into the UK in 2021 by product category. As can be seen, by far and away the largest import is 'Machinery & Transport Equipment'. The range of imports is widespread however, from food to scientific equipment, there is demand for products and services of virtually every kind.

Total Imports to UK £m 2021 by Product

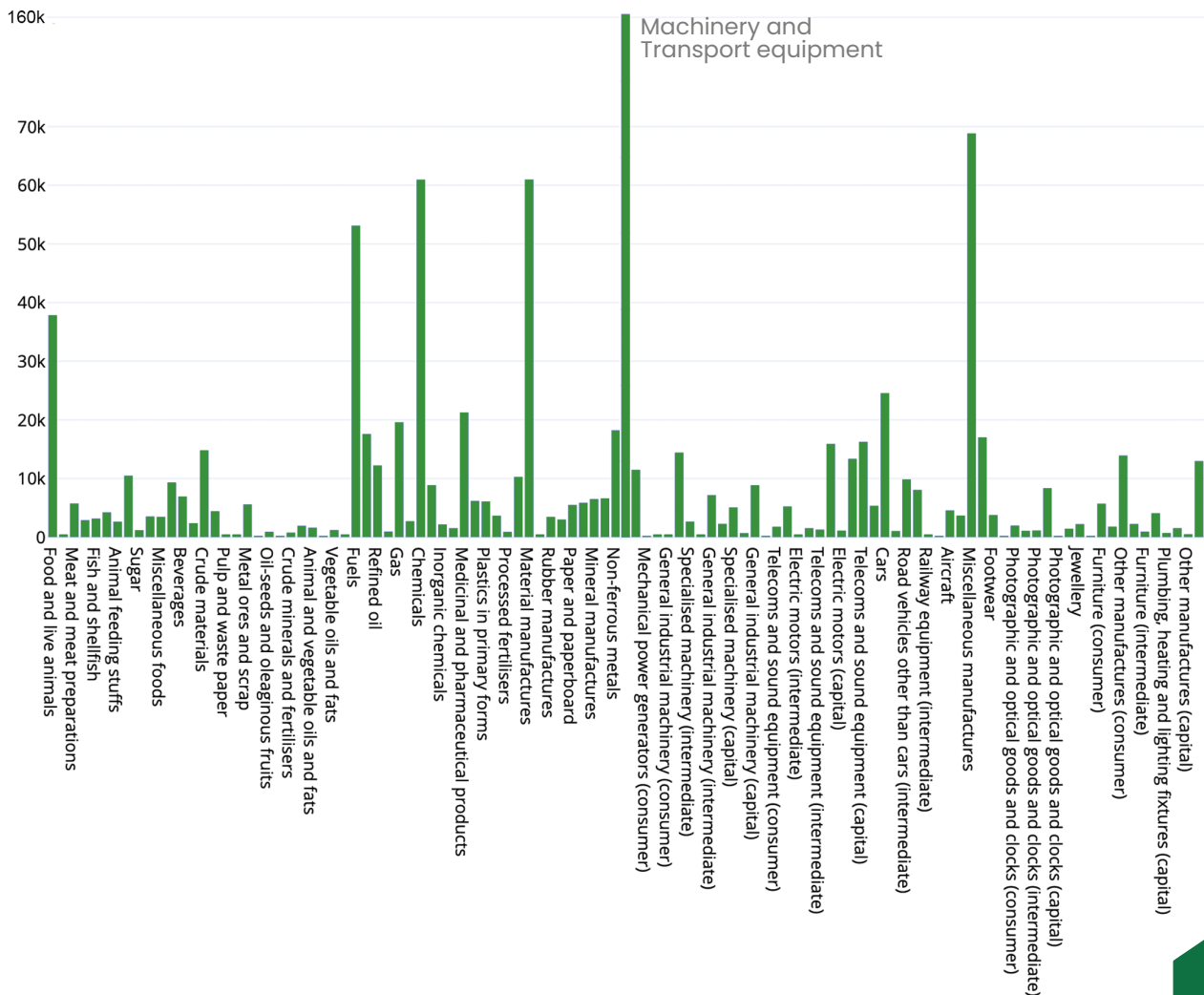


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The UK is Not Europe

For decades the UK has been seen as the gateway into Europe for exporters across the globe. Although logistically this may well still be the case, it is now more complicated than that. The UK voted to leave the EU and consequently is no longer part of the European Single Market. This means that there are now customs rules and regulations that need to be followed to export from the UK to the EU, these apply equally to US goods imported to the UK and then subsequently sold to the EU.

As well as a paperwork and procedural burden, there is also the impact of import duties to consider. US goods entering the UK may be subject to import duties at varying rates depending on their commodity code. These duties are laid down in the **UK Global Tariff**. Click the link to check the duties applicable to your goods.

But it does not end there. Should these goods subsequently be exported from the UK to the EU, they will still be considered US origin and duty will be applied by the EU according to their **Harmonised External Tariff**. The fact duty has already been paid in the UK is not considered, only the origin of the products matters. In effect then, double duty could have been incurred. There are ways to mitigate this issue such as the use of customs warehouses. For further information email **info@goexporting.com**.



Approvals

Some products require a formal approval to be allowed into the UK market. If you have UL Listing in the USA for example, probably you will need similar for the UK. If you already have CE Marking from the European Union, then that will cease to be recognised in the UK from 31st December 2024. From that date it will be necessary to hold a UK Conformity Assessed (UKCA) marking for your product. This is another consequence of Brexit.

The UKCA marking will replace EU labelling such as the CE mark. The CE marking is a manufacturer's claim that its product meets all the specified essential safety requirements set out in certain EU directives. Relevant categories of product must bear the CE marking if they are put on the market in the EU (or EEA).



However, from 1 January 2021, the UKCA marking has been the conformity assessment marking for goods placed on the market in Great Britain. Northern Ireland will continue to recognise the CE marking for goods placed on the market in Northern Ireland and businesses will need to use the UKNI marking if they use a UKCA body to test their products.

UKCA is currently not recognised by the EU as a CE equivalent, meaning that to sell your products in both markets, both UKCA and CE will be required.

Sales Tax

Value Added Tax

An important consideration when importing into the UK is that Value Added Tax (VAT), a form of sales tax, is charged at the point of entry into the country, currently at a rate of 20% of the CIF value of the goods.

If you are selling to a business, a distributor for example, this should not be an issue as they should be VAT registered and can reclaim or defer this amount on their next VAT Return. A non-VAT registered business or consumer cannot reclaim the import VAT, however, so it becomes an additional cost.

It is important when agreeing a sale in the UK to be clear on the Incoterms that apply as this will determine who is liable for the import VAT. If you have been asked to supply on a Delivered Duty Paid (DDP) basis, for example, you will become responsible for the VAT on import to the UK. Unless you have a UK VAT registration in your name, you will not be able to reclaim this amount, which as we have seen is currently 20% of the value, so can be substantial

Agreeing the correct terms of sale in advance are very important in minimising your costs



E-commerce Sales are Strong

As in the USA consumers in the UK are increasingly using e-commerce to purchase a wide range of goods and services. In 2020, e-commerce sales reached a 32.5 percent share of all retail sales in the UK. It is forecast this will reach close to 40% by 2025.

Choosing the right e-marketplace to sell on is critical. Amazon and eBay are huge but there are many others to consider, especially those which target specialist market sectors such as fashion. Check out sites such as ASOS (fashion), ZelOra (Asian fashion), Etsy (crafts), OnBuy.com (UK's Amazon), Wayfair (furniture & home goods), Mano Mano (gardening, DIT & homewares), Fruugo, Not on the High Street (gifts).

But it is not just consumers that are turning to online marketplaces, businesses too are increasingly buying online, or at least researching potential purchases online before committing. A strong online presence is therefore key for all businesses looking to sell into the UK, ideally with local contact points and anglicised content.



Evaluate the Best Route to Market

There is not one size fits all when it comes to deciding on the best route to market for your products. Different market sectors will have different supply chain routes, and these may well be different in the UK compared to North America. We have already seen the strength of e-commerce, but this will rely on you also having an effective storage and logistics set up, particularly if you are selling through multiple marketplaces. There are many companies that specialise in helping importers with flexible storage facilities, pick and send services etc. Choosing the one which is the best fit for your business is critical for your success. Many companies choose to sell through a distributor, or multiple distributors. This can appear an easy and low-cost route to market, but the costs of choosing the wrong local partner can be high. Not every distributor will be a good fit for your products, they may not quite be in the right market sector, or they have competing products. Do they have the capacity to add another product to their range? Will they place enough emphasis on your product?

A distributor becomes your biggest customer. They need motivating to put significant effort into selling your products. It's not good if they just add them to a brochure or website and don't put in the marketing effort. Go Exporting has helped many companies to find their ideal UK distributor through our **PartnerTrack service**.

Commercial agents are not as common in the UK as they are in North America, though some do exist in specialist market sectors. These tend to be one or two person organisations with good contacts in a particular industry. Larger agents with multiple salespeople are rare in the UK.

Research the Market

Before deciding to enter the UK it is highly recommended to research the market to assess the size of the opportunity for your particular products. What is the market size? What are the growth projections? What are the barriers to entry? This research will help you to decide the level of resources to allocate to the market and may well influence your route to market decision.

Trends or common usage may be different to North America. Understanding the level of interest on social media or in search terms are becoming ever more important indicators of the level of demand for a particular product or sector.



Competition will be different and there are likely to be local companies already with a strong foothold in the market. Research will help you understand their strengths and weaknesses, how they sell, their USPs and Value Proposition. Are there features or local requirements which your product does not offer? Can these be incorporated? Research helps you make informed choices and can save thousands in going down blind alleys and reaching dead ends. It is an investment well worth making before taking the big decisions.

Customs & Compliance

Now outside the EU, the UK has its own set of customs and compliance rules relating to importing products into the country. It is important before starting to export therefore that US companies are fully aware of the rules and regulations surrounding their products.

There are strict rules, for example, on animal products which may require an Export Health Certificate from an approved body in the US and will require the shipment to be pre-notified on the IPAFFS (Imports of Products, Animals, Foods & Feed System). Such products need to enter the country through an approved Border Control Post.

Other products may be deemed to be Dual Use or Controlled. Dual Use means that as well their usual use as a computer system, for example, they could be diverted for a military or controlled use. In this case a licence is required to enter the UK market.

For health or medical related products there are rules on labelling, medical claims you can and cannot make, banned ingredients etc. The origin of your product is also important as it may affect the duty that is charged on import.



*We recommend anyone contemplating exporting to the UK carries out a **Customs and Compliance** check so that they fully understand the processes and procedures they need to follow to meet both legal requirements and the goal of 'least hassle' for them and their customers.*

Watch your Language



British	American
Torch	Flashlight



British	American
Mobile	Cell



British	American
Rubbish	Garbage



British	American
Bin	Trash Can



British	American
Trainers	Sneakers



British	American
Jumper	Sweater



British	American
Waistcoat	Vest



British	American
Braces	Suspenders



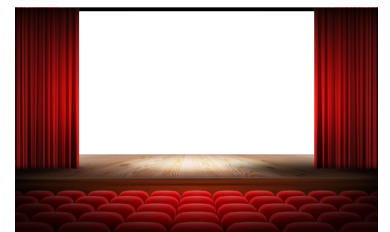
British	American
Colour	Color



British	American
Aeroplane	Airplane



British	American
Cheque	Check



British	American
Theatre	Theater

International Marketing

Effective international marketing has a big impact on how successfully your business can take advantage of export opportunities in the UK and elsewhere. Simply repeating or expecting your USA marketing to attract buyers in the UK will not bring success. That goes for traditional marketing and especially for digital marketing.



As we have seen e-commerce is growing fast in the UK in the B2C but also the B2B sphere. The challenge is standing out from the crowd to buyers. Driving traffic to your website and marketplaces is critical. The digital marketing you do for the USA will not attract visitors from the UK. A targeted international marketing strategy is required.



*Download our **FREE**
International Marketing
**Whitepaper for some useful
tips and strategies to get
your marketing on track.***

Be Patient

You may have a great product, great price and excellent service, yet it will still take time to enter the UK market. Buyers tend to be initially cautious and look to see track record or a brand they recognise and trust.

There is a natural affinity with the USA which will help but you will still need to build that trust. Being 'America's Favourite' doesn't mean buyers will flock to your door. This applies equally to B2B and B2C products. If you offer something unique, a new technology, an advancement, enhancement or improvement then these will all help with gaining market share.

Be patient, be consistent in your approach, have a well-researched strategy for entering the market with clearly defined goals and milestones. Review progress against your plan often and change tack if necessary, but always bear in mind it does take time.



Overnight successes have often been working for years for that breakthrough!



Summary

There is a natural bond and affinity between the UK and the USA which makes it an obvious market choice for many USA exporters. The markets, language and culture are not the same, however, and you need to take these into account when preparing your export strategy.

Be aware of the rules, customs and compliance regulations, approvals, procedures and processes which may apply to your product or service. Plan your marketing and take note of language differences.

The UK offers a strong market with an educated, relatively affluent population which provides great opportunities for USA companies. Find the right route to market and the success will come..... but be patient.



For help and support
with your export journey

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