

What is exporting all about and why is it important?

Top 10 frequently asked question about international trade

1. What is an export or import?

An export is a good or service which is sold to a buyer based in a different market. E.g. UK cheese manufacturer exports cheese to a customer based in France. An import is the same in reverse, in this example a cheese manufacturer based in France selling to a UK company.

2. It seems really complicated so why should I bother?

International trade can be complicated but can also be very rewarding. Selling into international markets can increase your revenue and profits and make your company more competitive, which in turns leads to further growth.

Selling into multiple markets spreads your risk as you are less vulnerable to fluctuations in individual markets. It also helps you optimise your production or supply chain.

On a macro level it also boosts the economy of the country.

3. Am I ready? Can I just start?

Many companies do start trading internationally accidentally; they get interest or even orders from foreign buyers at exhibitions or through the internet, but it is prudent to plan first. There may be a regulation you are unaware of, which can lead to difficulties, or simply you may not have priced your product or service competitively either because you are unaware of everything involved or because you weren't aware of the of market prices elsewhere.

4. What are the risks?

There are some risks to trading internationally and some risks are similar to trading in the UK like credit risk if a buyer can't pay, but more extreme due to the size of the shipments or longer payments terms. As mentioned above, regulations can be different in other markets. There is also currency risk if you sell in local currency. All these can be mitigated, with planning and support.

5. What currency should I use?

What currency to sell in is an individual decision for each company and obviously depends on the market, into which you are selling. Selling in local currency (Euro in EU) can make it more attractive to the buyer and this is something that you should discuss when negotiating as this will also affect the price of the goods or service.

6. How do I get paid?

There are many different mechanisms for payment, from a simple bank transfer to a letter of credit, and extending credit to your customer, which depend on a few things like credit rating of the customer and the country you are exporting to.

A good source of information for both currency costs and getting paid is <https://www.frank-exchange.com/>

7. What are tariffs?

Tariffs are simply a tax on imported goods. For further information on tariff codes see <https://britaininbusiness.com/2022/01/26/6-terms-that-will-help-your-goods-clear-customs/>

8. How will Brexit affect me?

Good question and the answer is it depends on your specific situation. In general Brexit has meant the rules for trading with the EU have changed but it doesn't mean that it is impossible, just that you have to be aware of the changes and what you need to do, such as documentation. Trading with the rest of the world has changed because of Brexit and in some ways has become more favourable with the advent of new trade deals.

9. Where should I export to?

It may be that you get enquiries through your website and your analytics can help you see where that interest is coming from, but if you want to start exporting, then the first part of your plan should be market research which will help you see where there is a market for your product. Your choice of market may also be influenced by your own expertise or contacts you have in certain markets. All this helps.

10. Where can I get help?

The government offer a lot of help on their website:

<https://www.gov.uk/browse/business/exports>

The Department of international trade can offer more local help: <https://www.great.gov.uk/> as do local chambers of commerce (a must for certified documentation)

<https://www.britishchambers.org.uk/page/join-a-chamber>

For bespoke individual help you can book a consultation with me:

<https://www.bridgerconsultancy.co.uk/international-trade/>