



Northern Ireland
Chamber of Commerce
and Industry

International Update

AUGUST 2022



Pinsent Masons



Grant Thornton



Tackling The Current Challenges Of International Trade

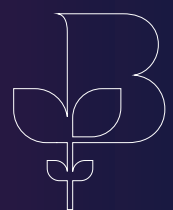
In June 2022, NI Chamber and its International Champions, Grant Thornton, Pinsent Masons and Queen's University Belfast, delivered an event which focused on the current challenges faced by NI businesses when trading internationally. The event hosted a panel of expert speakers, as well as a company showcase from Dale Farm, who shared their perspectives and learnings around managing costs and effective trading relationships. The learnings can be broken down into 3 key themes:

- **Taxation considerations** of international trade
- **Sustainability** in your international supply chain
- Using the **correct business model** – a distributor or agent?

For further information, please contact:

Lynsey Foster

E: Lynsey.Foster@northernirelandchamber.com



The **Key Learnings** from the event are outlined below:

1. TAXATION CONSIDERATIONS

Establishing a Presence

When considering entry into new markets it is important to distinguish between trading with a country and trading in that country. If you are trading in a country, a business will have staff on the ground and other assets that could create a taxable presence. These will require appropriate tax registrations, an obligation to submit tax returns and potentially pay local tax. It is important for businesses to be clear and ensure they have the correct arrangements in place and are aware of their obligations.

Plastic Packaging Tax

Plastic Packaging Tax (PPT) was introduced on 1 April 2022 and is charged at a rate of £200 per metric tonne of chargeable plastic packaging components, either manufactured in the UK or imported into the UK, that contain less than 30% recycled content by weight. It is important that businesses consider their plastic strategy and all manufacturers or importers of plastic packaging check whether they are subject to the tax as the tax will apply to NI businesses who manufacture and import certain finished plastic packaging materials.

VAT Implications for Supply Chains

An important area for businesses to consider when purchasing and/or selling goods internationally is to obtain clarity on the applicable Incoterms. These will determine responsibility for clearing the goods through customs and who pays any customs duty and import VAT. Early identification of any VAT implications is the most effective way of businesses managing any trading implications.

2. HOW TO CREATE A SUSTAINABLE SUPPLY CHAIN

Creating a sustainable business model has become a key priority for NI businesses. Creating a sustainable supply chain is integral to this and certainly not a short term goal but fundamental to a company's long term strategy, from supply sourcing, production and sales, to logistics and the company's return processes. To create a supply chain that is sustainable, a company must begin by outlining a roadmap for its entire sustainability program, from the business case that supports it to the partners and resources needed to achieve it.

There are five key steps for businesses to consider when building a sustainable supply chain;

- Identify sustainability issues within the supply chain
- Adopt a circular supply chain to combine or eliminate unnecessary steps in the chain
- Reduce fuel consumption
- Eliminate dead mileage to ensure hauliers aren't making wasted journey's or returning with empty trailers
- Engage suppliers to ensure sustainability is a key focus and a regular part of the conversation

3. AGENTS AND DISTRIBUTORS

Using agents and distributors is a cost effective way to trade internationally and create an overseas presence. There are benefits to using both an agent and distributor. It's important for businesses to be clear which arrangement suits their expansion plans and business model best. An agent is an intermediary that a business appoints to negotiate and, if required, conclude contracts with customers on the company's behalf so the contract is with the customer and the business. Agents are paid commission on the sales they make, usually on a percentage basis. A distributor is essentially an independent contractor. In distributor agreements, the business sells their products or services to the distributor, who then sells them on to their customer, adding a margin to cover the distributor's own costs and profit.

The distributor has the contract. The key distinction is that in the case of a distributor, the goods are actually owned by the distributor - this is a more simplistic model and allows a company to access international markets whilst avoiding logistic issues and many trade related risks. It would also be easier for a distributor with an established reputation and network to represent and sell your product in their local market. However, using an agent will allow you to have more control over price, marketing and your brand, albeit the NI business remains responsible for the shipping and other trade related logistics. The important thing for an NI business is to be clear on their obligations and choose the most effective model for their business.

25

companies in attendance

100%

of attendees were satisfied or fully satisfied with the event

92%

found the event provided key learnings that would benefit their business

89%

felt that the event helped expand their business network

96%

felt the event provided access to advisory expertise

NI Chamber International Support

Export documentation

Our experienced International team has decades of combined experience supporting the safe passage of goods and produce across the world. We deliver an accurate, trusted service for the issue of certified export documents either through our online processing platform, counter service or via post.

Training and events

NI Chamber provides NI businesses with an extensive range of opportunities to learn, up-skill and connect as they grow internationally. Our support for new and growing exporters includes technical training, target market workshops and forums for peer-to-peer learning.

International trade advice

Our international team is on hand to provide members with technical advice on export documentation as well as bespoke consultancy in regards to the specific international challenges facing your business.

For more information on how NI Chamber's International Division can help your business, get in touch with: Lynsey.Foster@northernirelandchamber.com

NI Chamber International Champions

NI Chamber's International Division is supported by three International Champions, Grant Thornton, Pinsent Masons and Queen's University Belfast. The division provides practical business support, expert guidance and the opportunity for peer learning and connections for NI businesses.

To connect with our International Champions, visit our website. www.northernirelandchamber.com

