

BIS

Department for Business
Innovation & Skills

**HOW TO TACKLE REGULATORY
BARRIERS WHEN DOING
BUSINESS ABROAD**

MARCH 2010

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INTRODUCTION

The Department for Business, Innovation and Skills (BIS) can help smooth the way for British firms when doing business abroad.

UK Trade & Investment (UKTI) helps UK-based companies succeed in the global economy. It provides business opportunities and expert trade advice and support to UK-based companies wishing to grow their business overseas.

BIS works closely with UKTI providing a range of services to ensure British firms are equipped with the right licences and information to export or import goods.

British firms can face legal and regulatory barriers when operating abroad and BIS will try to help them with

these too. We have the most success when challenging a national rule or regulation which is out of line with the relevant international rules or where a national rule is being applied in a discriminatory way, usually to favour a domestic operator at the expense of a foreign supplier.

This publication explains the services that BIS offers to aid UK exporters and importers and sets out how BIS can help UK firms overcome specific legal and regulatory trade barriers when doing business abroad.

We also want businesses to help us by telling us if they encounter a new barrier to trade.



A man in a white dress shirt and dark tie is looking down at a large rolled-up document or blueprint. He is standing outdoors in front of a modern building with large glass windows. The scene is brightly lit, suggesting daytime. The document he is holding has some blue markings on it.

Doing business in the
European Economic
Area (EEA) – includes
EU countries, Norway,
Iceland and Liechtenstein

EXPORTING GOODS TO THE EEA

UK firms can usually sell their goods elsewhere in the EEA without difficulty. Specifications for many goods have been brought into line at EU level, so goods can cross borders easily. Even where this hasn't happened, other EEA countries should usually accept goods produced according to UK rules.

However, certain national rules in individual countries continue to create obstacles to trade. The Mutual Recognition Regulation aims to address this. Under the Mutual Recognition Regulation, EU Member States have set up **Product Contact Points** to provide clear information about any national rules that might create barriers to the trading of products. National authorities must follow fair and transparent procedures when enforcing such rules, ensuring that firms are given justification, evidence and a right to appeal if their goods

are refused access to the market. The UK's Product Contact Point can be found at: www.businesslink.gov.uk/productcontactpoint

The list of other EU contact points can be found at: www.ec.europa.eu/enterprise/regulation/goods/mutrec_en.htm

PROVIDING SERVICES IN THE EEA

Life has become a whole lot easier for firms in the services sector who want to set up or sell their services anywhere in Europe.

The newly implemented EU Services Directive requires Member States to help business trade across borders by providing an online facility, known as a **Point of Single Contact (PSC)** that enables a service sector business to:

- Find out what rules and regulations apply to their business
- Apply for any necessary permissions, licences or make declarations.

This makes it far easier for service providers to do business in their domestic and wider EU markets. They can obtain all the information they need from one place and deal with all formalities without the need to approach various public bodies one by one. EEA countries have also had to ensure licences for service providers are necessary and proportionate. Most service sectors are covered including accountants, builders, vets, travel agents, hairdressers and business consultants. Point of Single Contact

websites across the EEA can be found at

www.eu-go.eu

All of this will facilitate:

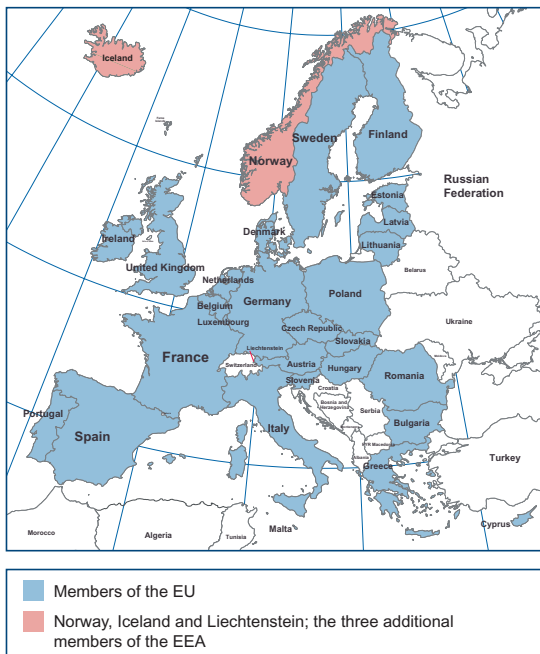
The establishment of businesses in the services sector

Example: An English plumber who wants to establish a business in France.

The cross-border provision of services

Example: An architect established in London who designs a house in Germany.

Web pages: www.bis.gov.uk/servicesdirective



TACKLING BARRIERS IN THE EEA

BIS is keen to help businesses overcome regulatory barriers they face when trying to trade in the EEA. It has set up an EU Market Access Unit which works with authorities across the EEA to seek solutions wherever it can, either through the network of “SOLVIT Centres” or through British Embassies and their contacts in national governments.

SOLVIT

SOLVIT is a network of centres across European governments that work together to try and resolve, without legal proceedings, difficulties caused by the misapplication of Single Market legislation by public authorities in another Member State. The service is free to complainants and is designed to assist anyone having problems exercising their free movement rights in Europe.





BUSINESS DIPLOMACY

In addition to SOLVIT, BIS has a small team that helps to address barriers to trade in the Internal Market which are outside the remit of SOLVIT.

These cases generally target national legislation in another Member State that works against UK business interests, but where it is not clear that the national legislation actually breaches EU law.

In these instances, BIS will work closely with the affected UK businesses to put together a lobbying plan, which often involves representations being made by the relevant British Embassy to the lead ministry in the other EU country. This “soft diplomacy” uses the excellent contacts the UK has in other EU countries, through its embassy network, to enable British firms to be able to put their cases to the relevant authorities in other EU countries.

The BIS team has taken forward cases involving most of the EU countries, covering business areas as diverse as pensions provision, internet gambling, pharmaceuticals, gas equipment and accountancy standards (see case study on the next page).

For further information about either service, interested companies should contact BIS at: solvit@bis.gsi.gov.uk
Tel: 0207 215 2833

Web pages:
www.bis.gov.uk/SOLVIT



Company: Marine Electronics Equipment

A UK-based company that manufactures marine electronic equipment was saved time and money by SOLVIT's intervention when one of their products was not accepted for sale in Germany.

The company was informed by the German licensing authorities that unless their product, a marine VHF radio with Class D Digital Selective Calling (DSC), was re-tested in Germany, customers would not be granted radio station licences to use it.

The VHF radio met the essential requirements of the Radio and Telecommunications Terminal Equipment Directive 1999/5/EC as well as the current standards and should have been accepted in the market.

For over a year the company had tried to get the product into Germany and failed. With SOLVIT's intervention, the product was accepted without further testing which would have cost over €1 million.



Company: William King
Contact: Andrew Worley

BIS worked to open up a debate with the Czech government on behalf of UK firm, William King Ltd, who encountered unexpected accounting problems after they built a factory in the Kolin area of the Czech Republic five years ago.

Andrew Worley, Director of the West Midlands Steel Services firm and Joint MD of the Czech plant, explains: 'Five years ago, in view of the migration of customers to Central & Eastern Europe and the establishment of a car plant outside Prague by Toyota Peugeot Citroen Automobile (TPCA), we decided to set up a joint venture factory with Mitsui of Japan there as well.

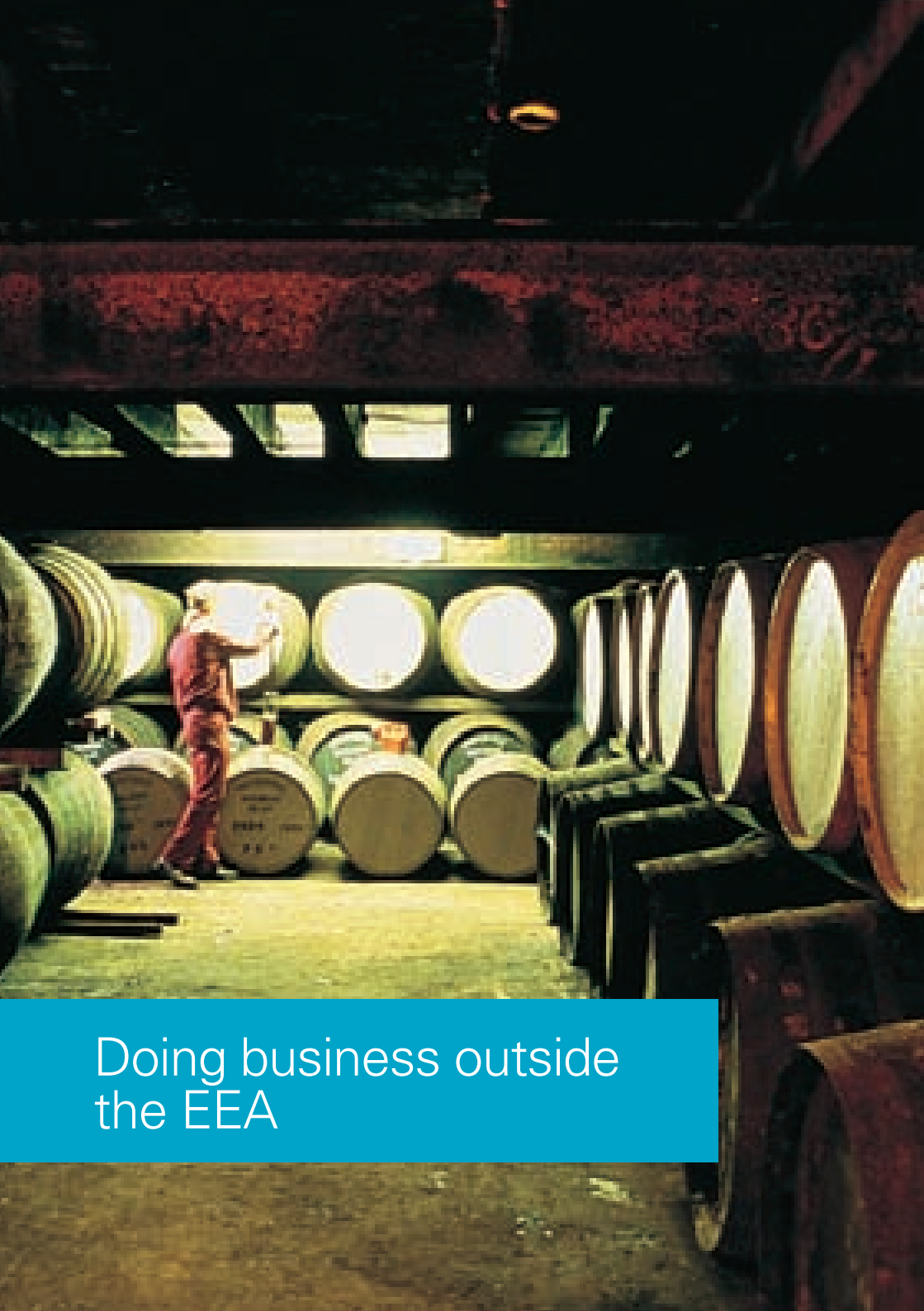
'It's going very well overall but the difficulty we have is that the Czech government stipulates that you can only hold your financial records in Czech crowns. We buy our steel in Euros and then need to record it in Czech crowns for accountancy purposes. That steel could be in stock

for three months before we sell it again in Euros. In the interim we've held it in Czech crowns, which is a reasonably volatile currency, so there can be quite a big difference in the financial accounting value before and after.

'We approached BIS to ask if there was any way they could influence their Czech counterparts. We pointed out that for example, a neighbouring country, Hungary, allows companies to run their accounting in Euros if more than 80 per cent of their business is done in Euros, so there is a precedent.

'BIS has had an acknowledgement back from the Czech government admitting they understand what the problem is and are willing to discuss it, so the debate is now live in the Czech ministry.'





Doing business outside
the EEA

TACKLING BARRIERS IN THE REST OF THE WORLD

BIS and UKTI can also help businesses overcome trade barriers they may face when trying to do business outside the EEA.

Trade barriers are varied in nature and may include tariffs and taxes imposed to protect or favour local producers (see case study on the next page).

But there are other kinds of trade barriers, such as technical regulations, labelling rules, poor protection of intellectual property rights and geographical indicators, unfair subsidies, onerous customs procedures, barriers on investment and the provision of services, government procurement, sanitary and phytosanitary issues (plant and animal health where we work with Defra) and restrictions on access to raw materials, for example.

For advice on dealing with the business environment in international markets, firms are advised to contact UKTI which offers a range

of services to help promote British goods and services into overseas markets.

www.uktradeinvest.gov.uk

However, if you are facing difficulties overcoming any kind of trade barrier like those mentioned above please contact BIS. Working with UKTI and other Government Departments and British Embassies abroad, we will work closely with you to develop a plan which might include taking the issue to the relevant trade committee in Brussels, the Market Access Advisory Committee, or bringing a complaint under the EU's Trade Barriers Regulation. Further information can be found at www.businesslink.gov.uk/market-access

Or you can contact us if you are encountering a specific barrier to trade at marketaccess@bis.gsi.gov.uk

Scotch Whisky Association

Contact: Martin Bell

BIS worked with the Scotch Whisky Association (SWA) to remove a number of unfair barriers to the sale of Scotch Whisky in Uruguay, worth £18 million in 2008.

Martin Bell, International Affairs Manager of the SWA, explains: 'Uruguay was violating WTO (World Trade Organisation) rules by taxing imported spirits at a higher rate than domestic spirits. As a member of the WTO, Uruguay has to abide by its rules so we made a formal complaint to the European Commission under the EU "Trade Barriers Regulation".

'BIS officials were involved in the process throughout, offering advice on tactics and identifying opportunities to brief visiting officials as well as supporting the industry's case within the relevant Member State committee in the EU. They were extremely helpful in putting our concerns on the agenda. And, in this



instance, successive British Ambassadors in Montevideo were very proactive in making points informally to Uruguayan Ministers and keeping us informed.

'The result was Uruguay reformed its excise tax regime so that all spirits sold in Uruguay are now taxed on the same basis, whether locally produced or imported.'



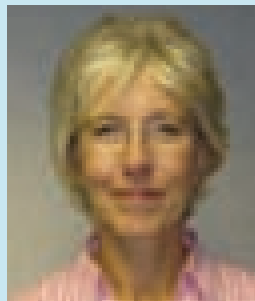
Gin and Vodka Association

Contact: Louise Foxwell

Work by BIS was crucial in preventing Brazil from introducing proposed new quality standards for gin and vodka which would have adversely impacted the UK spirits industry.

Louise Foxwell, Assistant Director of the Gin and Vodka Association (GVA), explains: 'If introduced as proposed in the TBT notification, the regulation would have created significant barriers for European-produced goods and at the same time denied export opportunities of some Brazilian goods to the European Union.

'We contacted BIS, outlining our detailed concerns about the proposed Brazilian regulation, and suggested that the closer alignment of standards in Brazil and the European Union would facilitate trade in both directions.'



BIS advised the European Commission about the GVA's concerns, which BIS fully supported, seeking the Commission's intervention with the Brazilian authorities. Following interventions by the EU and others, Brazil clarified that the new requirements only concerned domestic spirit production and that imported products would be allowed on the Brazilian market.



TRADE ALERTS

We can also alert you to proposed technical measures that might put up barriers to trade in your sector if they are implemented.

For example, the Brazilian government proposed the introduction of new quality standards for gin and vodka which would have had a negative impact on the UK spirits industry (see case study on the previous page).

Under the WTO's Agreement on Technical Barriers to Trade (TBT), EU businesses, industries or their trade associations have the right to log a complaint if they believe the measures put up an unnecessary obstacle to trade.

If you would like to sign up for the trade alerts or if you have any concerns on any proposed measures please contact us at:

tbt@bis.gsi.gov.uk

Web pages:

www.businesslink.gov.uk/market-access

OPERATING IN WEAK GOVERNANCE ZONES

If you are doing business in parts of the world with weak governance regimes you may be exposed to certain risks, including the solicitation or extortion of bribes and will need to respond with care. BIS has a range of advice that can help you identify and manage the risks including a risk awareness tool.

Web pages:

www.bis.gov.uk/anticorruption

www.bis.gov.uk/nationalcontactpoint

EXPORTING TO THE REST OF THE WORLD

Export licences

Certain types of goods need an export licence to be legally exported, for example, dual-use goods such as nuclear, chemical or communications goods, radioactive sources and military items such as firearms and ammunition.

In some cases (the majority of dual-use goods), the controls only apply to exports outside the EU but in the case of military goods, an export licence is required for all destinations. Web pages: www.businesslink.gov.uk/exportcontrol

Certificates of Free Sale

Certificates of Free Sale are required by many overseas countries for the importation of various consumer products such as food, cosmetics and medicines. Their purpose is to prove that the goods are sold in the domestic market and, therefore, comply with national standards. The exporter is asked to complete an application form and provide documentary evidence with regard to contents of the

product and availability in the domestic market.

For more information contact: cfs.enquiries@bis.gsi.gov.uk

IMPORTING INTO THE UK FROM OUTSIDE THE EEA

Import licensing

Most goods do not need an import licence. Goods controlled by BIS at import are:

- Iron and steel
- Firearms
- Ammunition
- A small number of textile and clothing products

Goods prohibited at import include:

- Anti-personnel mines
- Torture equipment

For a specific query, please contact the Import Licensing Branch at enquiries.ilb@bis.gsi.gov.uk **Tel 01642 364333**

Web pages:

www.bis.gov.uk/importing

For information on import licence requirements for animals and birds, medicinal products, controlled drugs, plants, wood and dangerous chemicals see

www.businesslink.gov.uk/import-exportlicensing



Save money on duty suspensions

Manufacturers who import raw materials, components or semi-finished products, but are unable to source the materials they need from within the EU, could be eligible to import those materials duty-free.

For more information please contact dutysuspensions@bis.gsi.gov.uk

Web pages:
www.businesslink.gov.uk/duty-suspensions

**Company: Holders
Technology
Contact: Tom Brown**

**Company: J.O. Sims
Contact: Kevin Matchett**

Companies who manufacture in the UK currently save over €30 million annually through the EU Duty Suspensions & Tariff Quotas scheme. But this figure could be even higher if more businesses were aware of the scheme and how easy it is to apply for it.

Tom Brown, Technical Manager of Holders Technology, a distribution company importing materials specifically for the circuit board industry, hopes to save his customers thousands of pounds in import duties, having applied for the scheme on their behalf.

Tom explains: 'I found the process straightforward and was impressed at how smoothly it went. BIS were helpful and kept me updated on the progress of the application. The successful outcome is welcomed and

strengthens the position of the UK circuit board industry within the global market.'

J.O. Sims, a UK fruit supplier, also succeeded in saving money by accessing the scheme. Commercial Director, Kevin Matchett said: 'One of our partners felt the duty we had to pay to import cranberries was unfair and to some extent was hampering the growth of our business.

'Once we were in touch with BIS, they held our hand through the process and having someone help us with the application made it happen much quicker. We've found it so useful that we're now looking at some other products we import to see if there are unfair duty loadings on those imported goods as well.'



INDUSTRIAL TARIFF RATES

If you need information on Industrial Tariffs and rates of import duty levied by the EU on industrial products you can find it at www.businesslink.gov.uk/UKtradetariff. Information on other countries' import duties can be accessed on the European Commission's Market Access database <http://mkaccdb.eu.int>. We can also advise on the EU's rules of origin for preferential and non-preferential trade purposes and on certificate of origin requirements for imports of certain textiles and clothing products.

For more information please contact industrialtariffs@bis.gsi.gov.uk

ANTI-DUMPING DUTIES

If you are concerned about low-priced imports into the EU or proposals to impose anti-dumping duties on imported goods (see case study opposite), please let BIS know.

For more information or to report a concern please contact tradedefence@bis.gsi.gov.uk



Company: Clarks Shoes
Contact: Martin Salisbury

BIS worked as part of a UK lobbying effort against an EU extension of anti-dumping duties on Chinese and Vietnamese produced shoes.

European retailers and global shoe brands had opposed the extension, on the grounds it would lead to higher prices for consumers. UK footwear company Clarks Shoes was one of the UK companies working with BIS to represent the interests of UK importers and retailers and persuade the EU against the imposition of additional duties.

Martin Salisbury, Group Taxation Manager of Clarks Shoes, explains: 'As a retailer of shoes, we wish to promote free trade in order to offer the consumer best value. The UK was instrumental in helping create a 15-member state coalition which represented the views of the industry in the EU committees and discussions to

resist protectionist trade measures.'

In December 2009, after a year's review and lobbying, the EU decided to extend duties on Chinese and Vietnamese produced shoes for 15 months – rather than five years as originally proposed.

Martin said: 'The danger is that if no-one complains then duties are likely to be imposed indefinitely. As an individual company it's very difficult to have influence and access to the EU Commission. Without someone representing the position of companies like ours, our voice isn't heard. 'We are very pleased with the work BIS has done for us and there will be other trade issues in the future where we will be coming to BIS for help.'



MORE ADVICE ON DOING BUSINESS OUTSIDE THE UK

UK Trade & Investment is the government organisation that helps UK-based companies succeed overseas in the global economy. We also help overseas companies bring their high quality investment to the UK's dynamic economy – acknowledged as Europe's best place from which to succeed in global business.

UKTI offers expertise and contacts through its extensive network of specialists in the UK, and in British embassies and other diplomatic offices around the world. We provide companies with the tools they require to be competitive on the world stage and our unique support services include:

- an export health check to assess your company's trade development needs and help develop a strategy and plan of action,
- access to an experienced International Trade Adviser who can provide support as you grow your business internationally,
- specialist help with tackling cultural and language issues when communicating with overseas customers and partners,
- advice on how to go about market research and the possibility of a grant towards approved market research projects,
- ongoing support to help your business continue to develop overseas trade and investigate dealing with more sophisticated markets, and
- advice on a range of international trade help available from UKTI and partnering organisations.

For further information please visit www.uktradeinvest.gov.uk or **telephone 020 7215 8000**.

BusinessLink helps you navigate your way through international trade – from thinking about starting up, right through to making submissions and declarations, moving your goods and overcoming potential barriers. The website has extensive guidance and interactive tools on how to import, export and trade within the European Union and provides free access to the UK Trade Tariff.

www.businesslink.gov.uk/internationaltrade

SITPRO is the UK's Trade Facilitation Agency and offers a free helpdesk and a range of guides to answer questions about international trade procedures and documentation.

www.sitpro.org.uk

The Enterprise Europe Network offers free support and advice to help businesses, particularly SMEs, to make the most of opportunities in the European Union.

www.enterprise-europe-network.ec.europa.eu

Contact BIS Email: enquiries@bis.gsi.gov.uk

Phone: 020 7215 5000 Web: www.bis.gov.uk