



# MAXIMISING THE OPPORTUNITIES OF TRADING INTERNATIONALLY VIA E-COMMERCE

**BCC-AMAZON SMALL BUSINESS ACCELERATOR UK  
ROUNDTABLES**

  
Small Business Accelerator

 British  
Chambers of  
Commerce  
GLOBAL BRITAIN

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amazon

Small Business Accelerator



British  
Chambers of  
Commerce  
GLOBAL BRITAIN

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# FOREWORD

BRITISH CHAMBERS OF COMMERCE



**WILLIAM BAIN**  
HEAD OF TRADE POLICY

**This report summarises the findings from a series of roundtables with small and medium-sized businesses (SMEs) across England, held in late 2022/2023 and jointly hosted by Amazon Small Business Accelerator in partnership with the British Chambers of Commerce (BCC) network.**

The subject was exporting through e-commerce, both to the EU and other overseas markets.

Helping SMEs export is in the DNA of Britain's network of accredited Chambers of Commerce. Chambers provide a full range of services around export support and issuance of key export documentation, providing 500 hours of trade guidance every week through 350 qualified trade specialists, supporting 30,000 firms.

The roundtables offered valuable insights into the barriers and opportunities for SMEs around international trade, and what support and advice would help them to overcome these barriers.



# FOREWORD

AMAZON



**JOHN BOUMPHREY**  
UK COUNTRY MANAGER

**Recent challenges in the UK economy only underline the importance of maximising the opportunities of trading internationally via e-commerce.**

Amazon has a twenty-year relationship with British small businesses who export, providing us with unique insights into the challenges and opportunities that many firms face. We have more than 100,000 independent selling partners on our online store, with many small and medium-sized enterprises. More than half of those businesses sell their products to customers around the world, recording more than £3.3 billion in export sales in 2022 alone. But we want to do more.

The UK is already one of the leading countries in the adoption of digital marketplaces, therefore utilising our existing strengths when it comes to e-commerce exports is fundamental to maximising e-commerce exporting.

We are delighted to have partnered with the British Chambers of Commerce to deliver this report. And we call for greater collaboration across industry and government to both develop, then signpost, more bespoke resources for small businesses which showcase how e-commerce exporting offers huge growth opportunities and also simplifies many of the burdens they would otherwise face when looking to access international markets.

The goal of the Amazon Small Business Accelerator, which offers free education delivered in collaboration with partners, is to prioritise small business cohorts that are underserved by existing support. When it comes to exporting a key challenge remains how SMEs can engage with the challenges they face and how government can better support UK businesses of all sizes.

This report details first-hand barriers and reflections, as well as opportunities for policy makers to provide more relevant and valuable support to SMEs, who often lack the highly specific expertise when engaging with such a dynamic and ever-changing topic.

With so much unrealised potential, it's both fundamental to the success of the UK economy and the SME community that we act on the feedback included in this report and provide greater and more tailored support to help British business flourish internationally.

# EXECUTIVE SUMMARY

**Exporting is a fundamental growth engine for SMEs. Previous research by the British Chambers of Commerce has shown that exporters are also more likely to undertake innovation, create new products, production methods and services. This innovation and growth potential can provide significant value to the SME community and the wider UK economy.**

However, most SMEs surveyed by the BCC report no improvement to export sales. The BCC's Trade Confidence Outlook for Q4 2022 showed that only 26% of SME exporters reported increased sales, while 47% reported no change, and 27% reported a decrease. At the same time, the last decade has also seen e-commerce rapidly simplify many of the burdens that SMEs have historically faced when looking to internationalise. And it is an activity that is growing substantially.

That said, there remains significant untapped international e-commerce growth potential for both SMEs and the UK economy. In order to realise this opportunity, the Amazon Small Business Accelerator partnered with the British Chambers of Commerce (BCC) in late 2022/ early 2023 to run a series of roundtables with BCC members. The objective was to understand how businesses up and down the UK perceived e-commerce exporting; why some of them were participating in relevant activities and why others had not, as well as what further advice and support they required on the topic.

The roundtables revealed that SMEs can successfully expand internationally online by e-commerce, through taking a bespoke approach to each external market they are looking at trading in. This approach is necessary as each export destination has unique characteristics both from a tax, regulatory and shipment perspective, requiring careful planning. These unique characteristics have led to a variety of barriers which were raised by participants as hindering their ability to successfully export internationally. These included:

- finding cost-effective ways to deal with import VAT requirements;
- adapting supply chains to accommodate different product labelling requirements between the UK and the EU; and
- more broadly, adapting to different regulations in different markets.

Participating businesses also gave their views on scaling up e-commerce exports, noting that online marketplaces can provide invaluable support for SMEs. Simplifying the compliance procedures and amending advice from both government and industry to be more market-specific could help businesses overcome these complexities allowing them to focus on what they do best: serving their customers.



**The roundtables took place with SMEs in three regions of England: Greater Manchester, South Yorkshire and the East Midlands.**

The events, hosted by Amazon Small Business Accelerator and the BCC were also attended by representatives from the Department for Business & Trade's (DBT) Digital Exporting Team, together with legal, tax, commercial and contractual specialists from the local Chambers.



<sup>1</sup> <https://www.britishchambers.org.uk/news/2023/01/sme-exporters-under-tightening-pressure>



# UK E-COMMERCE EXPORTS: WHERE ARE WE NOW?

The last few years have seen considerable change for firms trading internationally, with Brexit, the COVID-19 pandemic, and the recent war in Ukraine significantly impacting supply chains and business conditions. Since 2020, BCC's own research programme has demonstrated the unprecedented impact of these external factors on UK SMEs.

For example, in the first months of the 2020 Covid-19 lockdown, the BCC's Quarterly Economic Survey showed that 73% of 7,500 businesses we surveyed reported a decline in sales, the biggest drop in the history of the dataset since 1989.<sup>2</sup> Alongside subsequent inflation and supply chain shocks, this impacted on SMEs' cash flow, investment, and their ability to plan for the long-term.

With this context in mind, exporters, particularly SMEs who may not have in-house export capabilities, are looking for the most efficient way to reach overseas markets. This is where e-commerce platforms can play a valuable part, by reducing complexity and facilitating access to international customers.

UK e-commerce export performance has been mixed in recent years. The share of firms engaging in e-commerce trade from orders made via e-commerce channels rose to 35% in 2019.<sup>3</sup>

A 2023 study of more than 31,000 retailers globally shows key trends driving demand for e-commerce such as working from home and omni-channel shopping experiences. 58% of all consumer spending was found by the study to be online this year, with consumer predictions likely to see this rise to 64% over the next decade.<sup>4</sup> These findings provide a top-level view of market conditions facing SME exporters.



<sup>2</sup> BCC Quarterly Economic Survey, Q2 2020 <https://www.britishchambers.org.uk/media/get/QES%20report%20Q2%202020.pdf>

<sup>3</sup> Social Market Foundation "Just a Click Away" (2022), pp 18 <https://www.smf.co.uk/wp-content/uploads/2022/11/Just-a-click-away-Nov-2022.pdf>

<sup>4</sup> Wunderman Thompson "The Future Shopper Report 2023" <https://www.wundermanthompson.com/insight/the-b2b-future-shopper-2023>

# ROUNDTABLE INSIGHTS: REFLECTIONS BY SMES OF THE BENEFITS AND BARRIERS TO E-COMMERCE EXPORTS

**This section of the report summarises discussions at a series of roundtables held by the BCC and the Amazon Small Business Accelerator in late 2022/early 2023, which focused on the opportunities for SMEs to increase their exports and trade through e-commerce.**

## 2.1 Import VAT Processes for GB-EU Sales of Goods

Previous BCC research into post-Brexit trade in goods between GB and the EU has revealed import VAT as one of the key barriers for SME traders who wish to export via e-commerce<sup>5</sup> and this issue was raised consistently at the roundtables. The complexity of import VAT has led some firms to establish commercial entities within the EU (and register for VAT purposes within the EU) to service EU customers.

Exporters of relatively low-value products, who are likely to use e-commerce marketplace solutions to reach their customers, have an alternative to setting up an EU entity, which is to use the EU online import One Stop Shop (iOSS) portal. Using the iOSS enables British SMEs with export orders valued at less than €150 to account for the import VAT on a purchase without it having to be collected by the logistics provider in the country of arrival.

However, while this option has reduced complexity, it does not provide a fully frictionless trade environment. Roundtable participants who have tried this approach reported that they have also had to pay for a fiscal representative within the EU, which creates both additional cost and complexity.<sup>6</sup>

Roundtable participants were unanimous in the fact that import VAT is one of the most significant impediments to e-commerce sales for SMEs. A view that is consistent with previous BCC research on Import VAT changes since January 2021<sup>7</sup>. In some cases, the costs involved with exporting to an EU based customer vastly outweighed the potential worth of the goods sold. For sole traders or SMEs not operating via an online marketplace, this was particularly difficult.

To address these barriers, roundtable participants mentioned two workable solutions. First, medium-sized businesses from the retail sector told us they were planning to establish a legal entity such as a distribution outlet in the EU to avoid import VAT complications. Downsides to this option included cost and administrative burdens related to establishing a legal entity in the EU, and arranging EU-based distribution and onward retail channels.

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*“Customers wouldn’t buy from the UK because of cashflow VAT implications on purchasing goods. They have to pay VAT on import and claim it back. This reduced their cash flow and working capital. We now have an EU company and manage the UK-EU transaction internally, and ship goods to our EU customers from our EU company, even though goods are packaged in the UK as they always were.”*

**Medium-sized electronics wholesaler in the West Midlands**

<sup>5</sup> For more information on import VAT see the BCC “TCA 2 Years On” report <https://www.britishchambers.org.uk/media/get/The%20Trade%20and%20Cooperation%20Agreement%20-%20Two%20Years%20On.pdf>

<sup>6</sup> For further details on the Import One Stop Shop (iOSS) [https://vat-one-stop-shop.ec.europa.eu/index\\_en](https://vat-one-stop-shop.ec.europa.eu/index_en)

<sup>7</sup> Trade and Brexit survey 2021, TCA: One Year On (BCC, December 2021) pages 15-16 <https://www.britishchambers.org.uk/media/get/The%20Trade%20and%20Cooperation%20Agreement%20One%20Year%20On%20FINAL.pdf>



Another suggested solution was selling to EU customers via e-commerce companies. This was seen as an attractive alternative particularly for smaller SMEs because online marketplaces assume responsibility for collection and payment of import VAT on any applicable transactions.

Finally, another barrier related to import VAT was raised by a subset of British manufacturing companies who have established an entity in the EU to service the EU single market, but who also wish to service clients outside of the EU, taking advantage of trade deals the EU has struck with third countries. To do this they have to register for VAT in more than one EU Member State, which is costly and time-consuming.

### 2.2 Changing rules and trade compliance

Trade compliance issues were raised by roundtable participants, either as general problems affecting all exports, or more specific issues related to their sector.

For example, participants in the chemicals and cosmetics sectors raised new post-Brexit labelling requirements for goods manufactured in the UK as a cost and administrative burden. Participants in these two sectors also referenced the need to have a legal entity in the EU to demonstrate compliance with EU chemicals regulations. This was also cited as a significant cost and administrative barrier.

In the cosmetics sector specifically, roundtable participants reported that the effects of regulatory separation between the EU and GB are creating complications.

In the chemicals sector there are now two forms of regulation to comply with, requiring businesses to maintain separate databases.

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To help mitigate these challenges, some participants said they have begun to operate separate fulfilment centres in the UK and EU to meet customer orders, and ensure they comply with the correct regulatory requirements. Prior to Brexit, this would not have been necessary; these companies would have operated a single distribution centre for the EU.

Participants in sectors such as clothing, and textiles, reported that the loss of mutual recognition (between the UK and EU) from January 2021 on non-highly regulated EU Single Market goods had resulted in additional regulatory compliance requirements for UK exporters – with new compliance asks applying in Italy, Spain, and elsewhere.

Businesses from across various goods sectors also mentioned additional costs derived from packaging and recycling rules giving effect to EU commitments, including the German and French packaging legislation introducing licensing and declaration requirements<sup>8</sup>.



<sup>8</sup> Known as REACH, EU chemicals regulation applies to all chemical substances e.g., industrial processes, cleaning products, articles, clothes, and consumer electronics. For more information see <https://echa.europa.eu/regulations/reach/understanding-reach>

<sup>9</sup> For more information on French packaging rules see <https://www.amazonsellers.co.uk/packaging-act-france/> and for German rules see <https://www.amazonsellers.co.uk/packaging-act-germany/>

### 2.3 Accessing new markets outside the EU

The roundtables revealed important insights on the experience of SMEs seeking to trade beyond the EU, including several recommendations for policies and support that would improve their business conditions.

Participants noted that SMEs can be constrained by limited human resources and limited capacity to deal with customs declarations, import VAT, marketing, and regulatory compliance processes where they have not previously exported. Several participants cited the US and the Indo-Pacific regions as places they were looking at exporting to, but struggling to work out the practicalities of doing so.

Roundtable participants also provided insights about what would help them to successfully access new markets. For example, a company engaged in exporting fuels and plastic products told us that an in-market presence in individual US States would be helpful, to help reach a wider set of businesses.

Building on this point, a legal professional at the East Midlands roundtable advised other participants that a tailored approach for individual markets was critical, including messaging, advertising, delivery, and payments methods, because each market has differing regulations. Branding should also be market-appropriate.

A more general view expressed by companies from different sectors across the roundtables was that website registration, whether for the UK or for international markets, was an area of unmet additional support needed for businesses.

In general participants said support would be valued including brand positioning, marketing, and consumer spending insights.

This implies that a more in-depth support service taking account of the unique circumstances of export markets could unlock significant growth potential. There was also strong support for a greater role for e-commerce in future iterations of DBT's Export Strategy.



<sup>9</sup>Known as REACH, EU chemicals regulation applies to all chemical substances e.g., industrial processes, cleaning products, articles, clothes, and consumer electronics. For more information see <https://echa.europa.eu/regulations/reach/understanding-reach>

<sup>9</sup>For more information on French packaging rules see <https://www.amazonsellers.co.uk/packaging-act-france/> and for German rules see <https://www.amazonsellers.co.uk/packaging-act-germany/>



### 2.4 Awareness of sources of external advice and support

When asked about what sources of e-commerce export advice were available and useful, roundtable participants mentioned various sources.

These included DBT's advice on market access and usage of trade preferences, as well as private sector support from specialist freight forwarders, and fiscal and legal professionals.

Support provided by Amazon via its global stores was mentioned, as was the positive role of Chambers of Commerce in boosting exports (around half of Chamber members firms are exporters).

### 2.5 Logistics and transport challenges and support

A recurring theme at all three locations was that margins on exports were tight, and so reducing costs of doing trade was a key priority.

Firms mentioned costs of international shipping and a lack of capacity on deep-sea container ships during the COVID-19 pandemic as specific challenges, although they noted that both problems have eased since September 2022.

This point is reflected in industry data: market analysts Drewry's reported in June 2023 that transpacific and Asia-Europe spot markets in container shipping have returned to December 2019, pre-pandemic levels.<sup>10</sup>

An additional point related to international logistics was the importance of relationships with international couriers.

Roundtable participants across different sectors noted that couriers are useful to help navigate the export journey for GB-based online exporting firms. Finally, SMEs were advised by a legal professional participant to have appropriate insurance in place, in case goods are delayed, lost, or stolen.

### 2.6 Competing national and international rules

The interplay between national rules on e-commerce, together with developments by World Trade Organisation (WTO) on a multilateral e-commerce deal to liberalise trade, were also discussed.

Roundtable participants agreed that enhanced agreements at WTO level on e-commerce would be helpful, to supplement effective regulation in the UK, and regulatory co-operation with our key trading partners.



<sup>10</sup> For insight into container shipping trends please see Drewry's website <https://www.drewry.co.uk/maritime-research-opinion-browser>

## CONCLUSIONS: WHAT CAN HELP MORE SMES PARTICIPATE IN E-COMMERCE TRADE?

The roundtables revealed that there is a strong desire among exporting SMEs to increase international sales by using e-commerce routes. However, SMEs raised several areas where more support could be useful to help them unlock this opportunity.



Small businesses continue to face challenges finding advice and support on e-commerce exporting and don't know where to turn. To address this, government should work with business to deliver more accessible and integrated e-commerce guidance. In addition, DBT's new FTA Utilisation Unit, which aims to increase the number of British firms taking advantage of trade deals, can help SMEs overcome barriers to export, by providing practical advice on specific overseas markets.



A longer-term way in which the UK government can help SMEs is for e-commerce to be prioritised in trade agreements and multilateral agendas at the WTO, including concluding an agreement between likeminded states to facilitate data and customs policies to maximise e-commerce sales. Having the right support from UK Export Finance and levelling-up funding are also crucial for new and potential e-commerce exporters.



On e-commerce trade with the EU specifically, the UK government can support SMEs by working with the EU to address the requirement to account for import VAT on online sales. This was raised as a barrier, albeit one that can be mitigated by greater usage of the e-commerce model. SMEs were also concerned about costs stemming from barriers to EU goods trade which had arisen in the last two years and supported the removal or reduction of barriers where achievable.



On trade beyond the EU, SMEs supported effective guidance and support from DBT and the Chamber Network on entering new markets. They also proposed maximising the services which Amazon and others can bring in reaching new business customers and consumers in fast-growing markets for goods and services.



**In summary, the key insights were a need for enhanced export growth through e-commerce alongside the barriers which may yet hold this back.**

Greater dialogue between policymakers and the business community needs to take place.

E-commerce should be a far stronger priority in government strategy around exports; future trade negotiations, in the implementation of these, and in actions in international organisations such as the WTO.





## A1: Details of the Roundtables

Three roundtable discussion events were held in three different English regions:

- 29 November 2022 at Greater Manchester Chamber of Commerce in Manchester with 24 participants.
- 9 December 2022 with Doncaster Chamber of Commerce in Doncaster with 9 participants.
- 28 February 2023 with East Midlands Chamber of Commerce in Chesterfield with 15 participants.

The sector breakdown of attendees from all three roundtables was as follows:

- Retail and wholesale: 55%
- Manufacturing: 12%
- Fashion & textile: 6%
- Financial/legal/data: 21%
- Other: 6%

The size of the businesses at the roundtables collectively was 49% who had between 6 and 20 employees, and 49% of companies in attendance were already merchants on the Amazon.

Most roundtable participants either already, or would like to, export and take their markets beyond the UK: In the Manchester roundtable all participants exported; in the Doncaster roundtable 80% of attendees were exporters; in the East Midlands roundtable 75% either were, or were considering, exporting. Across these roundtables, 35% of businesses rated their experience in exporting as average or above average.

Each of the roundtables were also joined by representatives from the Department for Business and Trade (DBT), together with legal, tax, commercial and contractual specialists from the local Chamber area.

## A2: Agenda for the Roundtables

The three roundtables each lasted for 2 hours, with introductions followed by structured discussion on e-commerce exporting, and concluding with presentations by Amazon and DBT.

Specifically, feedback was sought on challenges to SMEs either participating in, or considering exporting, themed around three inter-linked topics:

- Reflections by SMEs of the benefits and barriers to e-commerce exports, including how Government can help exporters (eg. tax, customs, provision of export finance).
- Highlighting the skills and knowledge gaps which can limit a firm's ability to export via e-commerce.
- Investigating where businesses obtain advice and information on exporting via e-commerce, including from Government and online marketplaces.

### A3: Presentations by Amazon and DBT

As noted above, at each of the roundtables, Amazon and DBT representatives outlined the support they make available for exporting firms. Amazon briefed participants on their 22 online stores in a wide number of exporting markets including the EU, Turkey, the US and Gulf states, among others. In the discussions, practical help and a degree of innovation and greater market access, facilitated by e-commerce marketplaces, were commended and welcomed. Benefits were additional sales revenues and margins.

DBT briefed roundtable participants about the approach of their trade barrier teams to help with market entry and access to key countries such as the US, India, and China, including export guidance and training through the Export Academy.

Overall, participants felt that both contributors provide invaluable means of supporting SMEs on their e-commerce export journeys – in terms of regulatory, supply-chain and payments compliance simplifications, with the knowledge and reach to penetrate new export market opportunities for SME exporters of innovative goods and services.

Participants also mentioned the benefits which online exporting provided for investment, productivity gains, and higher profit levels. Specifically, exporters were appreciative of the support that e-commerce can offer by protecting their intellectual property in markets they seek to export to. There was a good level of knowledge of the services that e-commerce can offer to ease and expand export opportunities for SME exporters based in GB.

### A4: Participant Feedback

#### Evaluation: Feedback from Participants

As well as providing insights for industry and policy makers, the roundtables also provided an opportunity for participants to share solutions with each other; 80% of attendees from the roundtables rated the roundtable as ‘very good’ or ‘good’.

An e-commerce business based in Manchester who rated the roundtable 7 out of 9 indicated that they would attend a future Amazon event, noting they “would have been interested in hearing examples of customers exporting to the EU & the steps (these businesses) took”.

Similarly, an e-commerce business based in Doncaster who also rated the roundtable 7 out of 9 and said they would be interested in attending future events, noted that they would like to hear more on “export resourcing”.





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*“A wide mix of businesses meant the conversation covered a lot of ground, and different aspects, relating to trade could be explored. Well facilitated too which ensured everyone had a chance to contribute. A thoroughly good event!”*

***Translation and interpreting business from Derbyshire***

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*The gathering gave personnel from differing backgrounds the opportunity to exchange views on certain issues caused by Brexit, change in exporting rules etc. I had assistance from people who had been in similar situations previously, offer me advice on how they had overcome the issues I was facing. Backed up by the Department of International Trade.”*

***Product and services business from Derbyshire***

### **Other Barriers and Issues Raised**

For completeness, the following issues were raised briefly at the East Midlands roundtable, but not expanded on in detail:

- Lack of knowledge on accessing new markets via customs.
- Arrangement for payment of indirect taxation such as VAT.
- IP (Intellectual Property) protection and insurance.
- Complying with contractual and regulatory processes in the receiving country.
- Finding skilled staff within the firm to run export-facing sales systems.
- Connecting the services offered by the UK Government, marketplaces, and other business services to enter new markets.

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