

Importing Goods

A company is always looking to get the best value for money. When a business buys supplies from other businesses, it wants to buy at the lowest products. It also wants goods that are of the right quality and which can be delivered at the right time to satisfy the customers.

Although a British company can provide these goods, a foreign company could offer the best value for money.

Fit-for-Life will need to pay the foreign company upon receiving the delivery.

This becomes an **IMPORT** for the UK. It is an imported good because a British company is buying a physical product from a foreign company.

Exchange Rates

A French business is likely to pay for its supplies in Euros, however a British business is likely to pay for its imports in pounds sterling.

The price of pounds for euros, the **EXCHANGE RATE**, is frequently changing. The changes can have a vital effect on Fit-for-Life.

The exchange rate at present is £1 = 1,909 WON. This means that £1 can be exchanged for 1,909 WON. To import a Carbrini hoodie from South Korea will cost Fit-for-Life 19,090 WON. A fall in the value of the pound will make imports more expensive to British buyers.

A fall from £1 = 1,909 WON to £1 = 1,250 could increase the price of a Carbrini hoodie to Fit-for-Life £10.00 (19,090 WON -- 1,909 WON) to £15.27 (19,090 WON -- 1,250 WON). So imports should fall.

A rise in the value of the pound from £1 = 1,909 WON to £1 = 2,500 WON makes imports cheaper to the British businesses. The price of a 19,090 WON Carbrini hoodie could fall from £10 to £07.63 (19,090 WON -- 2,500 WON). As a result imports should therefore increase.

The Government

The government can help businesses deal with foreign companies by:

- **Subsidising** exports- meaning to give a grant for each export sold, allowing businesses to charge lower prices and win more orders.
- Imposing **tariffs** on imports- tariffs (**Custom Duties**) are taxes on imported goods, making them expensive.
- Impose quotas on imports- a quota is a limit on the number of goods coming into the country over a year.
- Try to push down the value of the pound, which will make the price of imports more expensive and the price of exports to foreigners cheaper

However there is a limit as to what and how much the British government can do. The UK is a member of the [EUROPEAN UNION](#) (E.U.). The E.U. does not allow tariffs or quotas on trade between European countries. The UK is also a member of the [WORLD TRADE ORGANISATION](#), which limits tariffs and quotas.

Many British companies do not want limitations on trade. If the UK keeps out foreign goods through tariffs and quotas there is more chance that other countries will do the same to UK exports.

Procedures

- 1) Application for an **Import Licence**
- 2) Open **Letter of Credit** (an account that is linked to the exporter's bank account it ensures that the products are received in good conditions and that the exporter will receive their money)
- 3) Place the order and agree on the terms of trade- **Incoterms**
- 4) Send full details of the documents to the supplier; those required to effect movement of goods, any preference giving forms- **Certificates of Origin**
- 5) Receive shipping documents: flight details, name of aircraft or number, expected time of arrival, etc. You should determine the route instructions and airport of arrival- **Standard Shipping Note**
- 6) Release – **Air way Bill**
- 7) Pass Customs entry, paying duty where necessary.
- 8) Arrange collection and delivery

By importing goods into the UK it shows that other countries can produce goods of better quality and at lower prices, this can allow a business to keep its expenditure at a small rate.

It also means that a business relies on a foreign company to produce part or all of a product.

More people from abroad are working for the UK, thus meaning that our own domestic workforce is limited, therefore more workers work abroad in foreign countries.

Importing is a necessity for businesses to get the best possible deal and quality. By importing goods a company can make more profits, as the products would have been brought at the lowest price from the suppliers.