What might Brexit mean for cross border or international shopping?

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Online cross border or international shopping is popular in Britain with 36% of shoppers saying they have shopped from online shops in other countries in 2015, according to a recent PayPal survey. Alibaba, Amazon, eBay and Etsy being among the more popular.

International shopping is only set to increase in the UK with rising numbers of ecommerce websites in India and China and shoppers with a penchant for USA and European products, and with international consumers increasingly important for UK based retailers' sales figures, how might Brexit affect cross border shoppers' wallets?

MyInternationalShopping.com (http://www.myinternationalshopping.com), a website which helps people to buy online internationally has investigated and found that there are potentially three things that may be affected by Brexit.

Firstly, exchange rates. In February Goldman Sachs claimed that GBP could fall by 20% if we leave the EU to levels not seen since 1985. This weakening of the pound will mean that shopping bought from overseas will be more expensive as you effectively get less for your money.

Anyone who shops online from shops and websites in other countries will see a steep rise in the cost of their shopping if Sterling does depreciate.

It would mean, though, that products sold in the UK would be cheaper to overseas shoppers. Something that would be good for UK shops selling to customers overseas, such as ASOS and Boohoo who have growing international operations and many loyal shoppers in countries as far afield as Australia.

Secondly, import duty and VAT. Currently if we buy goods and services from countries within the EU there is no import duty or VAT to pay because the EU is a free trade area. This would likely change as import tariffs are introduced and renegotiated post Brexit.

If you shop at websites outside the EU you have to pay import duty on anything with a value, including the shipping and packaging costs, of over GBP £135, if the item is a gift then 2.5% is charged for values between GBP £135-£630.

For values over GBP £630, import duty is charged according to the product's trade tariff commodity code. Goods are classified according to things like what they are made of and what they are used for, and import duty is applied to each product as a percentage of that good's value.

VAT is charged at standard UK VAT rates, usually 20% on purchases from outside the EU if they are worth over GBP £15 or gifts worth over GBP £34.

Trade tariffs are likely to be negotiated on a country by country basis, so it is impossible to know at this stage what the net effect would be, some will go up and some down.

But, some argue that independent UK's lack of scale compared with the economies of scale when combined with the rest of EU means we may have to accept higher trade tariffs than we currently have.

Peter Mandelson has warned that the UK would be forced to push up import tariffs in retaliation, increasing the cost of imports, and the price of international shopping, while new trade tariffs are negotiated.

And it will take time to negotiate a deal, it took Canada 10 years to negotiate and implement a deal with the EU called The Comprehensive Economic and Trade Agreement (CETA).

The last area is consumer protection. When you buy goods or services from abroad, you are covered by the legislation of the country where the seller is based. So if we buy something from the EU we are covered by EU wide consumer protection directives.

This will not change, but EU directives are designed to protect consumers within the EU. Once the UK is outside the EU there will be no guarantee that EU shops will abide by them for shoppers in the UK and it may be more difficult to get redress should a purchase from an EU country go wrong.

Whilst it is difficult to know exactly what will happen for international shopping should Brexit occur, it is likely that in the short term at least cross border shopping will be more uncertain, expensive and onerous for consumers.

Nick Beeny founder or MyInternationalShopping.com says "many shops from the UK, and all over the world, are growing their international sales and it is clear that Brexit could have a large impact on these, at least in the short term"

Brexit Summary for international shopping
Sterling could depreciate 20% making international shopping more expensive.
Potential loss of free trade area with EU could mean increased import duty.
20% VAT applied to EU purchases.
Loss of EU consumer protection directives.

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Canada and EU trade deal, CETA.
http://ec.europa.eu/trade/policy/in-focus/ceta/

MyInternationalShopping.com is a community started by Nick Beeny when living as an ex-pat in NZ. Its aim is to try and help other shoppers, from all over the world, buy goods online from other countries.

Realizing it can be a minefield we help shoppers to identify the best and safest stores to shop at or package forwarders to use, providing advice and aiding shoppers with their shipping and importing questions.

There is a popular forum and shoppers can leave unbiased reviews and comments about their shopping experiences.

Contact email@myinternationalshopping.com for more information or questions.

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