



**NEW ZEALAND**  
**FOREIGN AFFAIRS & TRADE**  
Manatū Aorere

**AUGUST 2023**

# **UK Goods Market Overview**

**MARKET INTELLIGENCE REPORT**

# Summary

*Prepared by the New Zealand High Commission in London, with New Zealand Trade & Enterprise*

- With the New Zealand-United Kingdom FTA's entry into force on 31 May 2023 New Zealand businesses can now export to the UK on a level playing field. 99.5% of New Zealand goods can now enter the UK tariff-free.
- High inflation, the exit from the EU, and the aftermath of COVID-19 have created economic head-winds for the UK, but it nevertheless remains a large globalised market economy and a major importer of food products with few barriers to entry for businesses.
- The rising cost of living has made UK consumers more price sensitive, but sustainability and quality continue to play an important role in their purchasing habits. UK retailers are driving a shift toward sustainability. Increasingly, the ability of producers to demonstrate their sustainability credentials will determine the success of their products in market.
- There are some similarities between operating in New Zealand and the UK – but there are notable differences too. It is important that businesses interested in expanding into the UK understand the regulations and legal obligations that will apply to their activities and products.

# Report

With entry into force of the NZ-UK free trade agreement as of 31 May 2023, 99.5% of current New Zealand goods trade can now enter the UK duty-free through a combination of tariff elimination and duty-free quotas (you can [search MFAT's Tariff Finder](#) to find tariff and quota information). At full implementation, tariffs will be eliminated on 100% of New Zealand exports to the UK. Exporters are expected to save an estimated \$37 million per year in tariff elimination, increasing the competitiveness of New Zealand exports and creating new opportunities to expand trade relationships with the UK.

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## The New Zealand – United Kingdom trading relationship

The goods trading relationship between the UK and New Zealand is worth NZD3.31 billion. There is also a substantial services trade worth NZD2.02 billion (year ending December 2022).

Food and beverage comprise the largest share of New Zealand's goods exports to the UK with long-held strong positions for lamb and wine sitting alongside growth in honey, and emerging markets for speciality foods and health and wellness products. Wine is the largest food and beverage export category at \$472 million, followed by red meat at \$454 million (year ending December 2022). New Zealand products are often packaged for home brand or other local labels.

NZ-UK goods trade is highly complementary, and each benefits from strengths in different sectors, with the UK a leading supplier of vehicles, turbines and engines, and pharmaceutical products to New Zealand. The UK benefits from New Zealand's counter-seasonal production of produce and protein.

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## The UK market

The UK is a liberal market economy with few barriers to entry for companies looking to establish operations there. Many New Zealand companies view the UK as a springboard into the European market – even following its exit from the EU. Successive UK governments have pursued generally pro-business policy agendas, and the current UK government has made [attracting foreign investment a priority](#).

The UK is one of the biggest global importers of food products (£45.9 billion in 2021) and it has a mature food and beverage market (total consumer expenditure in the sector was £240 billion in 2021). The retail sector has undergone significant structural changes related to e-commerce and digital technology – this trend accelerated during the COVID-19 pandemic.

The UK's exit from the EU in January 2020 has impacted upon its market and businesses operating within it, although it is too soon to fully assess the long-term economic impact. Businesses are [reporting](#) difficulties adapting to the new customs border and trading rules and have faced difficulties obtaining visas for their staff. While this might result in more difficulties trading into Europe (including for New Zealand businesses), this has also encouraged UK importers and exporters to look beyond the European market.

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## Consumer Preferences

Negative perceptions of the UK's economic trajectory are shaping consumer behaviour. Inflation is beginning to drop (the consumer price index, a measure of inflation, was 8.7% for May and April 2023, down from 10.1% in March) but high prices remain the top concern for UK consumers. More than half of UK consumers reduced their discretionary spending in the first quarter of 2023, and a third shifted to buying from cheaper retailers according to [KPMG](#). Specific products are affected more than others – for example, red meat sales have contracted as consumers seek out more affordable protein options.

New Zealand products retain their premium association in the UK and consumers there are more likely to see New Zealand as a producer of premium quality food and drink than other countries. For food and beverage exporters targeting the premium market in the UK, taste; safety; buying local; and product origin are the key attributes consumers [are looking for](#).

UK consumers and retailers are increasingly aware of the environmental impact of goods and services and many consumers are actively look for ways to reduce their impact. Nearly 90% have become 'greener' in their purchasing behaviour and sustainability is increasingly expected as part of the norm, rather than as a differentiator. Retailers are publicly committing to net zero emissions targets, and some are offering incentives to sustainable producers. This presents an opportunity for New Zealand's primary sector as it undertakes its own sustainability transformation.

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## Operating in the UK

Setting up a business or expanding into the UK is straightforward and there are no separate rules for foreign nationals wanting to do so. Detailed information can be found in the [UK Market Guide](#). An overseas company needs to be registered only when it has a physical presence in the UK through which it carries out business. [Companies House](#) provides services to companies looking to incorporate in the UK.

Common business models include:

- UK establishment (UK branch of an overseas company);
- Private limited liability company (subsidiary); and
- Sole trader (sole liability for company debts) or partnership (shared liability between business partners).

Setting up a business bank account in the UK can take up to six months, so businesses looking to set up a presence there should start the process as soon as they are able to.

The United Kingdom (like New Zealand) has a common law system – but this doesn't mean that a business's legal obligations in the UK will be the same as they are in New Zealand. Different parts of the UK can also have different rules and regulations, so a business's specific legal obligations will vary depending on its location. England and Wales share a legal system, but Scotland and Northern Ireland both have their own systems. More information on legal considerations for businesses looking to export to the UK can be found [here](#).

It is important that companies looking to operate in the United Kingdom or export there register for intellectual property protections with the [UK Intellectual Property Office \(IPO\)](#). More information on how intellectual property protections function in the UK can be found [here](#) and [here](#).

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## Importing into the UK

The UK Government provides a [step-by-step guide](#) to the import process. His Majesty's Revenue and Customs (HMRC) is responsible for customs regulations in the UK. Importers wanting to bring goods into England, Wales or Scotland must obtain a [GB Economic Operators Registration and Identification \(EORI\) number](#). Companies wishing to import goods into Northern Ireland must obtain an [XI EORI number](#). Import licenses are not required to import most goods into the UK, but certain categories of goods may be [subject to certificate or licence requirements](#) including animal and plant products; high-risk food; medicines; and hazardous chemicals.

New Zealand exporters will need to comply with the rule of origin provisions stipulated in the NZ-UK FTA. More information on these provisions (including a template for origin declaration) is provided by the New Zealand Customs Service [here](#).

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# External links

The following links may provide useful information to businesses:

- New Zealand Ministry of Foreign Affairs and Trade:
    - [New Zealand - United Kingdom Free Trade Agreement](#)
    - [Tariff Finder](#)
  - New Zealand Trade and Enterprise:
    - [UK Market Guide](#)
    - [What the NZ-UK FTA means for exporters](#)
    - [How NZ's premium food and beverage is perceived in 6 key markets](#)
  - UK Government:
    - [UK-New Zealand Free Trade Agreement](#)
    - [Import goods into the UK: step by step](#)
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# More info

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