

BCC/DHL: UK exporters impeded by labour shortages

The British Chambers of Commerce, in partnership with DHL, today (Friday) publishes its latest Quarterly International Trade Outlook, based on survey and documentation data from UK exporters. The Outlook shows exporters are being hampered by widespread labour shortages, particularly in manufacturing, where two-thirds of firms struggled to recruit in the first quarter of 2018.

Both sectors are being severely hampered by the prevalence of skills shortages. Of those recruiting, 66% of manufacturers and 57% of services exporters are struggling to find the right staff, according to the survey of **over 3,300 exporters**. In the manufacturing sector, the greatest difficulty was in finding skilled manual and technical labour (66%) and in the services sector, it was professional and managerial level positions (53%).

Addressing the growing skills gap is a joint responsibility for business, government and the education sector. Companies themselves must do more to invest in training, but to do that they need to be confident that the apprenticeship and training system is fit for purpose – particularly with regard to the apprenticeship levy and the implementation of new frameworks, where businesses have raised significant issues to government in recent months.

The continued lack of clarity over future immigration rules – and business access to skills from overseas – is also a key issue where urgent action is required.

The survey also shows that in the manufacturing sector, growth in export sales and orders remain stable, while they slowed slightly for the services sector in the first quarter of 2018.

Elsewhere, the BCC/DHL Trade Confidence Index, which measures the volume of trade documents issued by accredited Chambers of Commerce for goods shipments, increased by 2.24% on the quarter, and stands at the second highest level on record.

Key findings from the report:

- 68% of exporting manufacturers and 53% of services had attempted to recruit in the last three months, of those, nearly two-thirds reported difficulty finding staff (66% and 57% respectively)
- 42% of exporting manufacturers and 28% of exporting service firms reported increased export sales in Q1. 42% of exporting manufacturers and 25% of exporting service firms reported increased export orders
- 45% of exporting manufacturers expect their prices to rise. Of these firms, 82% cited raw materials as a cost pressure. 37% of services expect prices to rise

- 56% of exporting manufacturers cite exchange rates as a concern to their business (compared to 66% in the previous quarter), and 42% in the services sector (down from 47%)
- The BCC/DHL Trade Confidence Index, a measure of the volume of trade documentation issued nationally, rose by 2.24% on the quarter. The Index now stands at 126.82 – the second highest level since records began in 2004

Commenting on the findings, Dr Adam Marshall, Director General of the British Chambers of Commerce (BCC), said:

“At a time of significant uncertainty and change, it’s pleasing to be able to report that many UK exporters are doing well. Yet many tell us that their future prospects are being constrained because it’s becoming harder and harder to recruit the people they need to grow.

“Businesses with global ambitions are facing critical skills gaps at just about every level. The combination of decades of constant change in the training system, declines in immigration, and tight local labour markets are stopping many firms from making key investments. A stable training system, a reformed apprenticeship levy, answers to practical questions around Brexit and clarity on the UK’s future immigration regime are urgently needed. Get these right, and exporters all across the UK will take risks, invest and grow.

“Price pressures continue to weigh on business, with manufacturers particularly feeling the pinch from costs at the factory gate. While the fall in the pound has provided a boost for some exporters, it’s been a drag for others, who report rising costs for inputs and components. While politicians exhort firms to do their purchasing closer to home, our evidence suggests that for many firms, import substitution isn’t currently a viable option – as many companies simply can’t find or afford the inputs they need on the UK market.”

Ian Wilson, CEO DHL Express UK and Ireland, said:

“The positive Trade Confidence Index, increasing by 2.24% on the previous quarter to be the second highest on record, resonates with the success we’re seeing from UK businesses trading internationally.

“There are of course still many challenges for UK businesses, as this report highlights. The skills shortage is a significant concern, which is why it’s more important than ever to consider your retention strategies and people development programmes. Brexit is also driving considerable uncertainty, and businesses should broaden their portfolio of international markets to spread risk in these changing times. We join the BCC in pushing for decisions to be made to allow UK exporters to continue trading with confidence, as seamlessly as possible.”

Ends

Notes to editors:

The Trade Confidence Index is a measure of trade documents issued by Accredited Chambers of Commerce for goods to overseas markets where documentation is required.

Spokespeople are available for interview and a full QITO report is available from the press office.

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 53 Accredited Chambers of Commerce across the UK, representing thousands of businesses of all sizes and within all sectors. Our Global Business Network connects exporters with nearly 40 markets around the world. For more information, visit: www.britishchambers.org.uk

Media contacts:

Allan Williams – Head of Press and Communications

020 7654 5812 / 07920583381

Orla Hennessy – Press and Communications Officer

020 7654 5813 / 07825746812