

BCC/DHL: British exporters keep calm and carry on

The British Chambers of Commerce, in partnership with DHL, today (Thursday) publishes its latest Quarterly International Trade Outlook, based on survey and documentation data from UK exporters.

The Outlook shows considerable price pressures amongst exporting businesses – but exporters are absorbing the impact for the moment thanks to stronger sales and orders.

The BCC/DHL Trade Confidence Index, which measures the volume of trade documentation issued by accredited Chambers of Commerce for goods shipments, rose by 2.25% on the quarter, and stands at the third highest level on record.

The survey, based on the responses of over 3,300 exporters, shows that in the manufacturing sector, exporters are enjoying strong sales and orders in foreign markets, and are also reporting improvements in domestic sales and orders.

The results of the survey indicate the price pressure from the cost of raw materials is high across the board for exporters (86% in manufacturing, 42% in services). 68% of exporting manufacturers consider exchange rates as a concern to their business.

Exporters are also more likely to have tried recruiting in the last three months. However, firms across the UK economy are struggling to find the right skills, with 70% of manufacturers and 57% of services firms reporting recruitment difficulties.

The findings suggest that the fall in sterling is increasing price pressure for businesses across the economy, but particularly in manufacturing. However, many of those businesses that export have been able to offset the fall in sterling thanks to timely improvements in sales and orders, both overseas and at home.

Key findings from the report:

- The BCC/DHL Trade Confidence Index, a measure of the volume of trade documentation issued nationally, rose by 2.25% on the quarter. The Index now stands at 126.51 – up 4% on Q3 2016 – and stands at the third highest level since records began in 2004
- 44% of exporting manufacturers and 30% of exporting service firms reported increased export sales in Q3. 41% of exporting manufacturers and 26% of exporting service firms reported increased export orders
- 41% of exporting manufacturers reported that domestic sales had increased, and 38% domestic orders increased in Q3 2017
- 39% of exporting manufacturers expect their prices to rise. Of these

firms, 86% cited raw materials as a cost pressure

- 68% of exporting manufacturers cite exchange rates as a concern to their business, and 49% in the services sector
- 33% of exporting manufacturers and 31% of exporting services firms view inflation as a concern to their business

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

“While it’s encouraging to see many exporters reporting improved performance on the back of rising demand in key markets, including the Eurozone, price pressures remain a real cloud on the horizon for UK firms.

“The depreciation of sterling has undoubtedly benefited some firms, but has ratcheted costs up significantly for others. Taken together with higher domestic costs facing businesses, a tipping point may soon be reached for some firms – with consequences for investment, recruitment and trade.

“Many exporters are also being hampered by issues in the domestic business environment, most notably the widening gap between business skills needs and the pool of available labour. Trading businesses in some areas now say that there is a generalised labour shortage in their area, which could put a brake on their overseas activity if it is not addressed. This is a sobering reminder that the focus needs to be on the fundamentals here at home, as well as the high politics of Brexit and global trade policy.”

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

“Now is an interesting time to be part of the UK’s export industry. Whilst it remains shrouded in uncertainty about what Brexit will look like and the implications for UK businesses large and small, those businesses are demonstrating a defiantly positive export performance.

“The world is now more connected than it ever has been, and this report shows that UK businesses are embracing this connectivity, despite the lack of clarity about what lies ahead. We must ensure that businesses remain able to meet international demand and, in doing so, keep the UK at the forefront of buyers’ minds when shopping cross border.”

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.

Balance figures are the percentage of firms that reported an increase minus the percentage that reported a decrease. If the figure is a plus it indicates expansion of activity and if the figure is a minus it indicates contraction

of activity. A figure above 0 indicates growth, while a figure below 0 indicates contraction.

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 52 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

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