

BCC/DHL: Confidence boost for exporters ahead of Article 50 trigger

The British Chambers of Commerce (BCC), in partnership with DHL, today (Thursday) publishes its latest Quarterly International Trade Outlook, which shows that confidence among exporters that their turnover will improve jumped in Q4 2016, ahead of further moves towards Brexit.

Although the number of businesses reporting that their export sales and orders would improve remained largely constant in the last quarter of 2016, businesses in both manufacturing and services are increasingly confident that they will continue to improve turnover, and that profitability will increase or remain steady in the coming 12 months.

The BCC/DHL Trade Confidence Index, which measures the volume of trade documentation issued by accredited Chambers of Commerce, fell by 1.42% on the quarter – but remains nearly 5% up on the last quarter of 2015.

The results serve as a reminder that businesses are continuing to trade in spite of the uncertainty around Brexit. But to maintain this positivity, the government must focus on the fundamentals of the economy – helping exporters recruit to close a growing skills gap, and provide support for those seeking to navigate currency fluctuations.

Key findings from the report:

- The BCC/DHL Trade Confidence Index, a measure of the volume of trade documentation issued nationally, fell by 1.42% on the quarter. The Index now stands at 119.96 – and is up 4.81% on Q4 2015
- The balance of manufacturers reporting improved export sales fell slightly to +16, down one point from the previous quarter. Looking at services, the balance of firms reporting improved export sales remained constant at +8
- The balance of manufacturers reporting improved export orders rose to +13 from +12 in Q3, while in services this rose one point to +6
- Looking at expectations of turnover over the next 12 months, the balance of manufacturers confident of an increase rose nine points to +43 – in services this rose seven points to +35
- Confidence that profitability would improve rose to +21 for services companies – up from the four-year low of +15 seen in Q3 2016. The balance of manufacturers remained constant at +22

Commenting on the findings, Dr Adam Marshall, BCC Director General, said:

“Many exporters remain confident, in spite of uncertainty over our relationship with the EU. Our findings serve as a reminder that it is businesses that trade with other businesses, not governments – but they need support if they are to continue to be positive.

“Our economic forecast suggests that inflation is going to rise above the 2% target this year, which will create pressure on many firms. In addition, the fluctuating currency markets are affecting our exporters and importers – so there are warning signs on the horizon.

“The government cannot give businesses much certainty around either Brexit or currency markets, but it can act closer to home. The Chancellor’s Budget must focus on cutting the up-front costs that government imposes on every business, and promote investment and exports.”

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

“UK exporters continue to be undeterred in their ambition to take their products and services overseas, despite turbulent economic times.

“Whilst this confidence might come as a surprise during these uncertain times, the rapid evolution of e-commerce and technology means that more businesses than ever are realising the opportunity that exporting presents.

“With online technology in overseas markets advancing, UK exporters should remain confident that their products are now more accessible than ever.”

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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