BCC comments on Prime Minister's Florence speech

Commenting on the Prime Minister's Brexit speech in Florence, Dr Adam Marshall, Director General at the British Chambers of Commerce (BCC), said:

"In the world of business, the PM's Florence speech will be judged not on its rhetoric or delivery, but on whether it begins to break the stalemate that has left companies across the UK, Europe and around the world counting the cost of uncertainty.

"The Prime Minister's constructive tone and clearer offers, particularly on guarantees on EU citizens' rights and UK contributions to the EU budget, represent an important and welcome effort to break the impasse of recent months, which has preoccupied many in the world of business.

"The absolute priorities for business are to get trade talks moving, and to ensure a comprehensive transition period is in place that gives the certainty that companies need to take immediate investment and hiring decisions. It is our hope that the Prime Minister's offer will jump-start the process, and that the two sides can agree to move on to the critical issues of transition and trade as quickly as possible – and in all cases before the end of 2017.

"Given the complexity of the changes ahead, a significant majority of businesses want a transition that is longer than the two years being proposed by the Prime Minister. We will challenge both the UK government and the European Commission over the coming months to agree a transition that lasts at least three years from the date of our formal exit from the EU, giving businesses enough time to prepare for a final deal."

Ends

Notes to editors:

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[British and Finnish Chambers in joint call to minimise potential Brexit trade barriers]

On the occasion of the visit of a high-level Finnish business delegation to London, the British Chambers of Commerce (BCC), and the Finnish Chambers of Commerce (Kauppakamari) are today (14 September 2017) jointly calling for UK and EU negotiators to minimise trade barriers – and prioritise shared economic ties beyond Brexit.

There are strong commercial links between the UK and Finland: the UK imports £2.6bn of goods and services from Finland, and exports £2.7bn of goods and services to the country.

Science and Innovation are areas of very active cooperation between the two countries, with the UK and Finland working closely together on life sciences, digital, and low carbon technologies. There are a number of partnerships between the two countries, many of which are facilitated by the EU Horizon 2020 strategy.

The future of these projects, the long-term ease of trading between the UK and Finland, as well as the future status of Finnish nationals in Britain and British nationals in Finland, are all questions where British and Finnish businesses want negotiators to deliver clarity as soon as possible.

Dr Adam Marshall, Director General of the British Chambers of Commerce, said:

“As we welcome our Finnish colleagues to London, the vibrant trade links between our countries are yet another reminder of the importance of reducing any possible future trade barriers between the UK and the EU.

“Businesses want to minimise the risk to free-flowing trade with partners like Finland, and to avoid the creation of artificial new barriers that stop companies collaborating across boundaries. The on-going Brexit negotiations must seek to provide businesses with clear answers on practical issues including customs procedures, health and safety checks, and tax rules – and guarantee the status of nationals resident on either side.

“The links between innovative British and Finnish businesses are an important reminder that the Brexit negotiations must also deliver a framework for future collaboration between the UK and the EU on science and innovation.”

Dr Risto Penttilä, CEO of Finland Chamber of Commerce, said:

“The UK has been one of Finland’s strongest allies in promoting free trade and pragmatic reforms in the EU. The objective of the Brexit negotiations must be a European wide market that includes the UK, Switzerland and the EEA countries.

“Brexit must not lead to new obstacles or increased costs for companies from the UK, Finland or other EU countries. The UK is one of our most important trading partners, and a strong British economy will benefit both Europe and Finland.

“The Brexit process has reached a point where committed political leadership is needed both in the UK and the EU. Businesses, as well as citizens, need a clear roadmap for the years to come to ensure a smooth transition.”

ENDS

The **British Chambers of Commerce** (BCC) sits at the heart of a powerful network of 52 Accredited Chambers of Commerce across the UK, representing 75,000 businesses of all sizes and within all sectors, who employ 5 million people around the UK. Our Global Business Network connects exporters with nearly 40 markets around the world. For more information, visit: www.britishchambers.org.uk

The **Finland Chamber of Commerce** promotes the interests of businesses at a national level and coordinates the operations of the 19 independent regional Chambers of Commerce in Finland. The Chambers of Commerce bring together over 20,000 companies from across the country. For more information, visit: www.chamber.fi

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BCC: UK labour market resilient but challenges remain

Commenting on the labour market statistics for September 2017, released today by the Office for National Statistics, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

“The continued rise in employment, coupled with falling unemployment, is further evidence that the UK jobs market remains resilient, with firms continuing to recruit despite a softening economic picture.

“That said, the labour market continues to face a number of major challenges. With pay growth unchanged, inflation continues to comfortably outpace earnings growth, which is putting the brakes on consumer spending, a major determinant of UK economic growth. However, the continued weakness in real wage growth should give the MPC sufficient leeway to keep interest rates on hold, despite the pick-up in inflation.

“It is concerning that the number of vacancies remains well above the historical average – a further indication of the continued skills shortage faced by business, which is weighing on productivity and growth prospects. Our latest research found that half of UK firms had faced skills or labour shortages over the past year.

“A key priority for the Autumn Budget must be to support firms looking to recruit and grow their business, including tackling the high up-front taxes and costs of doing business in the UK. As the Brexit process unfolds, a key focus must be on delivering a post Brexit immigration system that reflects the needs of the UK economy.”

Ends

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[BCC: Firms invest in local labour but](#)

[still need foreign skills to plug shortages]

Today BCC and Middlesex University London release the results of our survey looking at how businesses try to plug skills and labour shortages.

13 September 2017

Half of UK businesses have faced skills or labour shortages in the last year, but only a minority are actively looking overseas to fill vacancies, according to a survey released today (Wednesday) by the British Chambers of Commerce (BCC), in partnership with Middlesex University London.

The annual workforce survey, based on the responses of over 1,400 business people, found that 48% of firms had faced skills or labour shortages over the last twelve months. Of these, most sought to address the shortages by increasing investment in recruitment (35%), training (31%) and, pay and benefits (29%). The survey found that only 8% of businesses target recruitment of non-UK nationals overseas.

According to the findings of the survey, two-in-five (40%) UK businesses have employees from other EU countries on their workforce, while 23% have employees from outside the EU. 38% of businesses say future restrictions on the rights of EU nationals to work in the UK would have a negative impact on their business.

The results challenge the myth that UK firms are ignoring local workers in favour of overseas labour. With a softening economy and slowing immigration, the BCC is calling for action to ensure business growth isn’t hampered by labour shortages. Business communities need the government to provide clarity on the process for hiring EU nationals during and after the Brexit process, and to ensure the UK’s future immigration system is economically responsive, so companies have access to the skills they need.

Other key findings of the survey are:

- When trying to fill vacancies, UK companies are most likely to rely on word of mouth (51%) and posting adverts on job search websites (43%)
- 50% of businesses receive job applications from EU nationals and 30% from non-EU nationals
- Firms report that their non-UK workers have diverse skills sets: 42% skilled manual/technical, 37% professional/managerial, 35% un-/semi-skilled and 23% clerical/administrative
- 20% of businesses say they would respond to potential future restrictions on EU nationals to work in the UK by focusing recruitment on UK workers, while 15% don’t know how they would respond

Jane Gratton, Head of Business Environment and Skills at the British Chambers of Commerce (BCC), said:

“Skills and labour shortages are prevalent across the economy, with half of UK businesses struggling to fill vacancies in the last year. Most companies look to fill posts locally, and through their own networks and contacts, but as that becomes increasingly difficult, businesses are now having have to devote more resources to recruit and train the staff they need.

“While companies rarely target workers from outside the UK, the internet allows people from all over the world to see and apply for opportunities here. Many of our businesses benefit from having a diverse workforce with staff members from across the EU and beyond, bringing with them a range of skillsets.

“As the Brexit negotiations unfold, businesses will be paying particular attention to future agreements regarding the movement of EU nationals. A significant minority of UK firms say they will be negatively affected by restrictions to this pool of talent. As the Migration Advisory Committee looks at the UK’s immigration system going forward, it must bear in mind the needs of businesses. Firms are already struggling to fill vacancies, so drawing a line in the sand purely for the sake of it, will only exacerbate the issue and slow economic growth further.”

David Williams, Director of Corporate Engagement at Middlesex University London, added:

“It is essential that we get clarity around the rights of EU nationals and wider immigration policy going forward, but also support for businesses to develop, upskill and retain their workforces through schemes such as apprenticeships, to make sure the UK is able to plan now and compete internationally post-Brexit.

“EU and other international students help to give Middlesex University graduates an international outlook that is vital as they enter a global business environment. International academics and staff add huge value to our local workforce through their diversity of knowledge and skills, and our international students spend over £13m per year in the local economy.”

Ends

Notes to editors:

Spokespeople are available for print and broadcast interviews.

The British Chambers of Commerce (BCC) surveyed 1,461 businesses from all regions of the UK online from 17 July to 1 August 2017. Of the businesses surveyed, 94% were SMEs, 29% operate in the manufacturing sector, and 71% operate in the services sector.

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BCC forecast: Fall in sterling failing to lift UK growth

The British Chambers of Commerce publishes its latest forecast, looking at GDP growth, inflation, exports and other economic indicators for 2017-2019.

The British Chambers of Commerce (BCC) has today (Friday) slightly downgraded its medium-term outlook for the UK economy over the next few years. While the BCC has slightly upgraded its UK growth forecast for 2017 from 1.5% to 1.6%, its growth expectations for 2018 and 2019 have been cut from 1.3% to 1.2%, and 1.5% to 1.4% respectively.

The leading business group has slightly upgraded its forecast for 2017, driven by a moderately stronger outlook for consumer spending growth in 2017. While inflation remains elevated, it is expected to peak at 3% by the final quarter of 2017. However, inflation is still forecast to outpace average earnings until 2019, eroding real wages and weighing on consumer spending, a key driver of economic growth, in future years.

A weaker contribution from net trade and more subdued consumer spending growth were the main reasons for the slight downgrade to the BCC’s growth forecast for 2018. While the outlook for export growth remains unchanged, the rate of import growth is expected to increase, with little evidence that customers are switching from imported goods despite their rising cost. Falling real wages, and a slight weakening in labour market conditions, will see consumers rein in their spending in 2018. The slight downgrade for growth in 2019 reflects a lower contribution from net trade and weaker investment compared to our Q2 forecast.

The UK economy is expected to remain on a slow-growth trajectory for the forecast period, which reinforces the need for decisive action to boost the domestic business environment. The government must use the Autumn Budget to alleviate the burden of upfront costs facing companies, incentivise investment, and improve infrastructure.

Key points in the forecast:

- UK GDP growth forecast for 2017 is upgraded to 1.6% from 1.5%, and is expected to slow to 1.2% in 2018 (downgraded from 1.3%), before rising to 1.4% in 2019 (downgraded from 1.5%)
- Inflation of 2.7% is forecast for this year, and 2.9% and 2.5% in 2018 and 2019 respectively. The previous forecasts were for 2.9%, 2.8% and 2.5% respectively. Inflation is expected to peak at 3% in the last quarter of 2017, lower than our previous forecast of 3.4%, due to the slowing growth in input costs
- Export growth of 3.1% is forecast this year, and is expected to slow to 2.9% in 2018 and 2.8% in 2019. This is unchanged from our previous forecast
- Import growth forecasts have been upgraded to 2.9% in 2017, 1.5% in 2018 and 2.0% in 2019, from 2.5%, 1.3% and 1.8% respectively.
- Consumer spending growth has been upgraded for 2017 from 1.3% to 1.5% but is expected to slow to 0.8% and 1.3% in 2018 and 2019
- Business investment growth has been revised slightly upward for 2017 and 2018, to 0.4% and 0.8% respectively, but has been downgraded for 2019 from 1.2% to 0.9%,with some firms expected to bring some investment decisions forward
- Our new forecast is that the first increase in UK official interest rates, to 0.5%, will occur in Q3 2018. This is two quarters later than predicted in our Q2 forecast
- Looking at sectors, manufacturing has been upgraded from 1.2% to 1.4% in 2017 and is expected to grow at 0.7% and 1.1% in 2018 and 2019. Construction has been revised upwards for 2017, from 1.1% to 1.3% and is expected to grow at 0.7% and 1.0% thereafter. The services sector has been upgraded from 1.7% to 1.8% in 2017, and is forecasts to grow at 1.2% and 1.6% in the following years

Dr Adam Marshall, Director General of the British Chambers of Commerce, said:

“While some businesses report strong trading conditions, the UK economy as a whole is treading water, and there is no sign on the horizon of a return to healthier levels of growth.

“Our forecast suggests that the hoped-for rebalancing of the UK economy towards investment and export is unlikely to materialize in the medium term. The rising upfront cost of doing business in the UK, the uncertainty around Brexit, and the constraints created by skills gaps and shoddy infrastructure collectively outweigh any benefit arising from the recent depreciation of sterling. A cheaper currency does not automatically mean an export boom, no matter how some politicians and commentators will it to happen.

“Business communities across the UK need to see action to boost confidence on two fronts: Brexit and the business environment here at home. A comprehensive Brexit transition deal, and a swift shift to focus on the future UK-EU trade relationship, are needed this autumn. The UK also needs an Autumn Budget that pulls out the stops to support business growth, at a time of significant uncertainty and change.”

Suren Thiru, Head of Economics at the BCC, said:

"The changes to our growth forecast suggest that the UK economy is likely to remain on a low-growth trajectory, and will be marginally smaller at the end of the forecast period than we predicted in the second quarter.

"It is increasingly clear that the post-EU referendum slide in the value of sterling has done more harm than good. Inflation is being driven by the sizable increases in the cost of imported raw materials over the past year, and is expected to remain a drag on consumer spending over the near term, with pay growth not expected to outpace price growth until 2019.

"The contribution of net trade to UK GDP growth is not expected to be as strong as we previously predicted, as we see little evidence that the depreciation of the pound is materially boosting the UK's external position. While the outlook for UK exporters is for modest growth, imports are expected to grow at a faster rate than we previously forecast, with little evidence that consumers or firms are switching away from imports towards domestic alternatives despite their rising cost.

"Although there remains considerable uncertainty over UK's growth prospects, the risks to our current outlook are to the downside. On Brexit, our forecast implicitly assumes a relatively smooth exit from the EU. A more sudden departure would be likely to trigger a far more marked weakening in economic conditions."

Ends

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