

# **BCC/DHL: Exporters concerned economic conditions will dampen performance**

Today the BCC and DHL release the results of our Quarterly International Trade Outlook.

17 August 2017

**The British Chambers of Commerce (BCC), in partnership with DHL, today (Thursday) publishes its latest Quarterly International Trade Outlook, which shows that while many exporters continue to put in a solid performance, wider economic factors are a cause of concern.**

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

The survey, based on the responses of over 3,500 exporting businesses, shows that while export sales remained steady during Q2 2017, there are a number of economic factors that are giving businesses cause for concern.

As the pound continues to fluctuate, the findings of the survey show that 68% of manufacturers who export consider exchange rates as a concern to their business.

Recruitment difficulties are high for exporters in both sectors, with 67% in manufacturing and 51% in services reporting problems finding the right people. Access to skilled manual or technical labour was a particular issue for exporters in the manufacturing sector (69%).

Just over a third of exporters are concerned about inflation (36% in manufacturing and 33% in services). The results also show that 39% of exporting manufacturers expect the price of their products to increase over the next three months. Of these, 81% say this is due to the pressure from the cost of raw materials.

## ***Key findings from the report:***

- The balance of manufacturers reporting improved export sales rose to +27% from +26% in Q1, the highest level since Q4 2014. In services, the balance of firms reporting improved export sales rose to +13% from +10% in Q1, which remains below the historical average of the sector
- The balance of manufacturers reporting improved export orders fell to +20% from +22% in Q1, while in services it rose to +9% from +5%
- The balance of exporting manufacturers who expect their prices to rise stands at +39%, and raw materials were the cause of price pressures for 81%
- 68% of exporting manufacturers cite exchange rates as a concern to their

business, and 49% in the services sector

- 36% of manufacturers and 33% of services firms view inflation as a concern
- The BCC/DHL Trade Confidence Index, a measure of the volume of trade documentation issued nationally, fell by 2.25% on the quarter. The Index now stands at 123.72 – down 2.54% on Q2 2016 – but stands at the third highest level since records began in 2004

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

“Exporters continue to put in a solid performance but are keeping a watchful eye on volatile exchange rates, rising inflation, and ongoing skills shortages.

“Many manufacturers are capitalising on the advantages the fall in sterling has brought to overseas sellers since the EU referendum. That said, exporters also tend to import raw materials and product components, and are concerned that the sustained depreciation of the pound may erode their margins.

“The recruitment difficulties facing firms reaffirms the need for action on the domestic agenda. Tackling skills shortages, and ensuring the UK’s future immigration system is responsive to economic need, will help boost the growth potential of our all-important exporting businesses. At the same time, a real push to provide firms with practical exporting advice and on-the-ground support, will put the UK in a better position to take advantage of post-Brexit trading opportunities.”

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

“Whilst UK businesses continue to deliver a strong export performance, they are increasingly concerned about what lies on the economic horizon.

“68% of manufacturers report exchange rates as a concern, and over a third of exporters are concerned about inflation and rising costs of raw materials. Access to the right talent is also an issue and, combined, these concerns serve as a stark reminder that more needs to be done to secure the future of UK exporters.

“As we begin negotiations for our departure from the EU, the UK government must ensure that the concerns of businesses are acknowledged and that the necessary infrastructure is put in place to ensure Britain continues to be truly global – maintaining and further developing our country’s international trading links.”

**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](http://www.britishchambers.org.uk)

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## **[BCC comments on inflation statistics for July 2017](#)**

Suren Thiru, Head of Economics at the BCC, comments on the release of the statistics which show inflation holding at 2.6% in July.

15 August 2017

“Inflation was unchanged in July, as falling fuel prices continue to put a check on price growth.

“Inflation is likely to resume its upward trend in the short term, as the sizable increases in the cost of imported raw materials over the past year continue to pass through supply chains. That said, it remains likely that inflation is close to peaking, with input prices slowing for the sixth successive month – an indication that inflationary pressures further down the supply chain are starting to ease. There also remains little evidence that higher inflation is becoming embedded in higher pay settlements, with a weakening in economic conditions over the first half of the year helping to keep a lid on inflation expectations.

“Against this backdrop, inflation is likely to peak at around 3% by the end of the year, before dropping back in subsequent years. Such a scenario should give the MPC sufficient scope to keep interest rates on hold over the near term, particularly given a slowing economy and heightened political uncertainty.

“With the UK’s economic outlook becoming more uncertain, there needs to be a greater focus on measures to boost confidence and growth, including addressing the escalating burden of up-front taxes and costs associated with doing business in the UK.”

**Ends**

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## **[BCC: Customs clarity a top priority for trading businesses](#)**

Adam Marshall comments ahead of the publication of a customs position paper by the Department for Exiting the EU.

15 August 2017

**Commenting ahead of the customs briefing paper, to be published by the Department for Exiting the EU, Dr Adam Marshall, Director General of the British Chambers of Commerce (BCC), said:**

“For most of the businesses we speak to, clarity on the UK’s future customs

arrangement with the EU is significantly higher on their priority list than the swift negotiation of new free trade agreements.

“For that reason, business needs to see the government’s resources focused on the conclusion of a successful customs deal with the EU. At this stage, it is critically important to keep a number of different options open in order to achieve this goal.

“While we await the detail of the government’s customs position paper, and the reactions of EU negotiators, business is clear that a smooth transition to new arrangements is needed, and multiple adjustment costs must be avoided.

“In the long-term, we should aim to avoid imports and exports being subjected to two sets of customs checks, and to ensuring the smoothest possible future trade relationship between the UK and EU.”

**ENDS**

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## **[BCC: UK’s trade position remains underwhelming](#)**

BCC’s Head of Economics, Suren Thiru, comments on the trade statistics for June 2017.

10 August 2017

**Commenting on the trade statistics for June, released today by the ONS, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:**

“The sharp deterioration in the UK’s net trade position in June was disappointing, and means the trade deficit in the second quarter of this year came in slightly higher than in the previous quarter. Taken together with the recent jump in the current account deficit, signals the continued weakness of the UK’s external position. The widening in the UK trade deficit in June was largely driven by a sharp rise in imports.

“Businesses continue to report that the slump in the value of sterling since the EU referendum remains something of a double-edged sword, as many exporters are also importers, and so face higher input costs due to the weakening currency. While stronger global economic growth may help to boost UK export performance over the second half of the year, it is unlikely to be sufficient to prevent an overall weakening in UK growth.

“As the Brexit negotiations unfold, safeguarding the favourable terms of trade that UK firms currently enjoy with partners and markets in Europe and beyond must be a key priority. More must also be done to provide greater practical and front-line assistance to UK businesses looking to trade in both current and new markets.”

**Ends**

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## **[BCC responds to announcement of Data Protection Bill](#)**

BCC comments on the announcement of a Data Protection Bill by Digital

Minister Matt Hancock.

7 August 2017

**Commenting on the proposed Data Protection Bill, Dr Adam Marshall, Director General of the British Chambers of Commerce (BCC), said:**

“Businesses up and down the country are already preparing for the implementation of the EU General Data Protection Regulation (GDPR) next year. Bringing these measures into domestic law now will give businesses more certainty about the UK’s data protection regime during the Brexit transition, but more communication is needed to ensure that every company is aware of the changes.

“Firms of every sector want to be sure that their trade with suppliers and customers around Europe can continue without interruption, which means that the long-term compatibility of UK and EU data protection rules must be a priority.

“While consumers need assurance from business that any personal data held will not be misused, businesses too need a helping hand from government as these changes come into effect, particularly those at the smaller end of the scale. This is a complex set of changes, so firms must be helped to get them right – and no small- or medium-sized business working hard to adapt to the new regime should be hauled over the coals for unintentional mistakes in the early days. We await further information when the Bill is published later this year on whether the proposals meet these tests.”

**Ends**

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