[BCC: UK’s weak trade position shows no signs of improving]

Commenting on the trade statistics for September, released today by the ONS, Mike Spicer, Director of Research Economics at the British Chambers of Commerce (BCC), said:

“The deterioration in the UK’s net trade position in September was disappointing, and reinforces the overall weakness of our trade balance and external position. The widening was primarily driven by a sharp rise in imports, particularly in machinery and fuels.

“While the fall in sterling is helping some exporters abroad, it’s also hurting those that import by increasing the cost of raw materials and capital equipment. The trade figures from this quarter, and throughout the year, prove that we are a long way from the rebalancing of our economy.

“The increase in exports to EU countries underlines the importance of agreeing a deal that safeguards favourable terms of trade for UK businesses with their largest overseas market. Firms need clarity on the nature of the UK’s future trading relationship with Europe, so they can plan with confidence, which means Brexit negotiations must progress on to trade talks as soon as possible. The decrease in exports to non-EU countries shows how important it will be in the coming years to support trade with these markets too.

“To boost our overall trade performance, more must also be done in the upcoming Autumn Budget to support UK companies to begin or expand their export journeys.”

Ends

Notes to editors:

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BCC comments on MPC decision

Commenting on today's interest rate decision by the Bank of England's Monetary Policy Committee, Mike Spicer, Director of Economics at the British Chambers of Commerce (BCC), said:

"Our preferred outcome was for a further period of monetary stability, with interest rates steady over the near term. Today's quarter point rise may have little effect on most companies, but many will view this as the first step in a longer policy movement – not as a simple reversal of last year's cut.

"These are challenging times for monetary policymakers. The MPC had the unenviable task of weighing future risks to inflation, from a tight – and tightening – labour market, pass-through from a weaker pound and rising commodity prices. Against this, they needed to consider the future risks to under-shooting the inflation target from weak growth, fragile business confidence, and the effects of uncertainty.

"These are finely-balanced judgements: while interest rates will need to return to historic averages at some point, it should be done slowly and with reference to the ever-changing economic context.

"With the Bank of England's latest forecasts of sluggish growth for the next few years, the government must use the upcoming Autumn Budget to boost business confidence and investment, and reduce the pressure on prices from policy decisions such as the forthcoming hike in business rates."

Ends

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BCC: UK economy locked onto low growth trajectory

Commenting on the preliminary UK GDP figures for Q3 2017, published today by the ONS, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

"While GDP growth in Q3 was a slight uptick on the previous quarter, the UK's combined economic growth performance over the first nine months of 2017 was still the weakest since late 2012, and indicates that the UK economy remains locked onto a low growth trajectory.

"The manufacturing sector was a bright spot for the UK economy in Q3, with output picking-up in the quarter. The construction sector remains an area of concern with confirmation that it has once again slipped back into recession. However, its percentage contribution to GDP means its impact on overall growth in the quarter was limited.

"While the services sector was the largest contributor to GDP growth in Q3, the latest data confirms that activity in the sector remains muted, with growth unchanged from the previous quarter. BCC's own Quarterly Economic Survey confirms that the sector remains under pressure with almost all services indicators below their pre-EU referendum levels, particularly for consumer-focused businesses.

"With the latest GDP data confirming that the UK economy is still in a challenging period, these figures are likely to weigh on whether the MPC will raise interest rates next month. We would urge the MPC to proceed with caution on raising rates, as tightening monetary policy amid the current economic and political uncertainty could weaken growth. Crucially, the focus of next month's budget must be on supporting business growth, including addressing the escalating burden of up-front business costs."

Ends

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BCC Budget Submission: be bold, Chancellor, and ease business rates hardship

Ahead of the Chancellor's Autumn Budget on November 22, the British Chambers of Commerce (BCC) is urging the government to take immediate action to halt the expected 3.9% increase in business rates valuations next year, as part of a bold Budget that seeks to boost the UK's productivity.

The UK's leading business group, which represents almost 75,000 companies employing almost six million people in every region and nation of the UK, calls on the Chancellor to take action now to get the UK economy ready for when the country leaves the European Union.

The BCC proposes pausing the Corporation Tax roadmap, with the tax remaining at 19% until after Brexit – with the resulting revenue ring-fenced to help ease the burden of up-front taxes and costs that hit business cash flow and undermine investment.

The BCC calls on the government to take bold action across three key areas, to help businesses deal with the challenges and opportunities that Brexit provides, kickstart a productivity surge, and ensure that the domestic economy is in the best possible position on day one of leaving the EU:

- **Tackling the upfront cost of doing** business – pledging not to introduce any more input taxes and other significant costs, **abandoning the annual uprating of business rates for the next two years**, and removing plant and machinery from business rates valuations.
- **Incentivise business investment during the Brexit process** – through the introduction of a 'Brexit Special' Annual Investment Allowance, **temporarily increasing the limit to £1 million**.
- **Fixing the fundamentals** – committing to ensuring complete voice coverage on mobiles by 2020, and kickstarting infrastructure projects vital to our economic future, **from Northern Powerhouse rail and Crossrail 2, to bringing forward investment in the road network**.

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

“At a critical moment for the UK economy, the Chancellor must be bold – and deliver a big budget that prioritises economic confidence and investment.

“The best possible Brexit deal won’t be worth the paper it’s written on if conditions for growth aren’t right here at home. The Chancellor has a unique chance to move the dial on growth and productivity now, leaving the UK in a position to succeed over the long term. Action to slash the up-front costs faced by business, to incentivise investment, and to improve mobile coverage and infrastructure would lead to a real boost to productivity, wages and trade.

“A Budget that prioritises goodies and giveaways rather than future-proofing the economy would be a dereliction of duty by the government as a whole.”

On business rates:

“It would be unconscionable for the government to use September’s inflation figures to slam businesses with a huge rise in rates, particularly when they already face spiralling up-front costs. A failure to act would hit the high street, manufacturers and others hard – and undermine the sort of investment we need to boost productivity.”

On investment:

“Too many companies are playing a wait-and-see game at the moment. We need a big, bold incentive to get more firms investing – particularly ahead of the Brexit transition.”

On infrastructure:

“A sugar hit for voters would quickly fade, but the protein boost provided by increased investment in infrastructure and digital connectivity would be felt for decades. Ramping up infrastructure investment across all regions and nations of the UK, and getting long-planned projects off the drawing board, gives a huge boost to business confidence and creates both jobs and business opportunities.”

Ends

Notes to editors:

The full Budget submission is available from the press office.

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BCC comments on inflation figures for September 2017

Commenting on the Consumer Price Index for September 2017, published today by the ONS, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

"Inflation rose for the second successive month, confirming that price growth remains on an upward trajectory. The rise in September mostly reflects increasing prices for food and recreational goods, along with transport costs, which fell by less than they did a year ago.

"Higher inflation remains a concern for business as it increases the pressure on firms cost base and weakens investment intentions.

"The MPC is facing a tricky trade-off between rising inflation and a weakening economy. However, it remains likely that the current spike in inflation is temporary with little evidence that rising consumer prices is driving materially stronger pay growth. The BCC's latest Quarterly Economic Survey confirms that the percentage of firms citing pay settlements as the key driver behind price pressures remains well below the historic average. We expect that inflation is likely to peak shortly, before easing back in 2018 as the impact of the post-EU referendum slide in sterling drops out of the calculation.

"The MPC should resist the temptation to raise interest rates, particularly during this period of heightened political uncertainty. Raising rates before the UK economy is ready risks undermining consumer and business confidence, weakening the UK growth prospects further. Next month's Autumn Budget must also be used 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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