

Chambers of Commerce: Put practicality, certainty at the heart of Brexit negotiations

The British Chambers of Commerce publishes its Brexit Business Priorities report as a guideline for the UK government in its EU negotiations.

As the Chamber Network gathers in Westminster for the BCC Annual Conference, the British Chambers of Commerce has today (Tuesday) published a business blueprint for the UK government ahead of the upcoming Brexit negotiations.

Titled *Business Brexit Priorities*, the report synthesizes feedback from over 400 businesses at 16 Chamber-hosted focus groups, along with nearly 20,000 responses to Chamber surveys. It puts forward priorities for action across seven key areas where business communities want practical solutions and certainty.

BCC evidence confirms that Europe will remain a key market for UK exporters and importers well into the future. As a consequence, it is imperative that the government achieves a pragmatic UK-EU deal that facilitates continued trade.

The key recommendations in the report are:

- On the **Labour Market**, the government should provide certainty for businesses on the residence rights of their existing EU workers, provide clarity on hiring from EU countries during the negotiation period, and avoid expensive and bureaucratic processes for post-Brexit hires from the EU
- On **Trade**, the government should aim to minimise tariffs, seek to avoid costly non-tariff barriers, grandfather existing EU free trade agreements with third countries, and expand the trade mission programme
- On **Customs**, the government should develop future customs procedures at the UK border in partnership with business, seek to maintain the UK's position as an entry point for global businesses to Europe
- On **Tax**, the government should guarantee that HMRC is appropriately resourced to help businesses through the transition process, and provide clarity on whether VAT legislation will continue to mirror current core VAT principles
- On **Regulation**, the government should ensure stability by incorporating existing EU regulations into UK law and maintaining these for a minimum period following Brexit, and ensure that product standards are aligned with, and recognised by, the EU to keep UK products competitive
- On **EU funding**, the government should maintain UK access to the European Investment Bank, and ensure there is no funding 'cliff-edge' for areas in receipt of EU funding
- On **Northern Ireland**, the government must avoid any return to a hard

border, so that businesses can move people and goods as freely as possible.

Commenting on the report, Adam Marshall, BCC Director General, said:

“Business communities across the UK want practical considerations, not ideology or politics, at the heart of the government’s approach to Brexit negotiations.

“What’s debated in Westminster often isn’t what matters for most businesses. Most firms care little about the exact process for triggering Article 50, but they care a lot about an unexpected VAT hit to their cash flow, sudden changes to regulation, the inability to recruit the right people for the job, or if their products are stopped by customs authorities at the border. The everyday nitty-gritty of doing business across borders must be front and centre in the negotiation process.

“What’s also clear is that the eventual Brexit deal is far from the only thing on the minds of the UK’s business communities. An ambitious domestic agenda for business and the economy is also essential so that business can drive our post-Brexit success. Firms across the UK want a clear assurance that Brexit isn’t going to be the only thing on the government’s economic agenda for the next few years.”

Marcus Mason, Head of Business at the BCC, and author of the report, added:

“Since the historic vote on June 23, we have worked with Chamber business communities all across the UK to determine their key priorities for the Brexit transition.

“This report brings those practical priorities together and urges the government to adopt them in the forthcoming negotiations. Chambers of Commerce stand ready to help the government shape a pragmatic and practical approach to the coming transition, so that firms can continue to trade successfully with customers and suppliers across Europe and around the world.”

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Notes to editors:

The full report can be found [here](#).

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BCC: Start construction on HS2 without further delay

Commenting on the granting of Royal Assent to the legislation for the first phase of HS2, Jane Gratton, Infrastructure Fellow at the British Chambers of Commerce (BCC), said:

“Business communities will be glad to see the bill pass its final obstacle in parliament at long last, but want construction on the line to begin without delay.

“HS2 will provide much-needed additional capacity for the UK’s rail network, freeing up space for more local and intercity train services, and better east-west connectivity. This is crucial for supporting trade, exporting, tourism and business investment. It will also make it easier to connect businesses with suppliers, consumers and skilled workers.

“The new route must be properly integrated with the local transport networks, with more investment in local roads and public transport, to ensure that all towns and cities really see the benefits.

“The HS2 project is intended to boost the infrastructure capacity of the UK as a whole, so it’s vitally important that we see action on the other phases as soon as possible.”

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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.”

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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.

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BCC comments on public sector finances for January 2017

Commenting on the public sector finances for January 2017, published today by the Office for National Statistics, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

“The slight improvement to the UK’s fiscal position in January confirms that the government remains on track to meet the Office for Budget Responsibility’s forecast for 2016/17. The public finances in January typically show a surplus, as it tends to be a strong month for tax receipts due to the timing of self-assessment tax returns.

“Stronger than expected growth over recent quarters has boosted UK tax revenue, which means that the Chancellor is likely to report lower short-term borrowing forecasts in next month’s Budget.

“However, over the long-term, the task of restoring public finances remains significant. If UK growth becomes more sluggish, as we expect, the UK will find it increasingly challenging to generate the tax receipts needed to deliver real progress in cutting the deficit.

“The only sustainable way to boost tax receipts is for the government to create the conditions to support long-term business investment. Next month’s Budget should tackle the increasing burden of up-front costs for businesses, including action on business rates. This will help firms to deliver the type of job creation and growth needed to achieve a real strengthening of the UK’s tax base.”

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BCC: UK labour market in good health

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

“Overall, with employment levels rising and unemployment still falling, the latest figures confirm that the UK jobs market is in good health.

“It remains likely that even if economic conditions become more subdued over the near-term, the underlying resilience of the UK’s jobs market will help ensure that we don’t see a marked deterioration in recruitment. Our own survey data suggests that hiring expectations have improved, although firms continue to report considerable difficulties in recruiting the right staff.

“With pay growth slowing slightly, the differential between price increases and wage growth continues to close. If this trend persists earnings in real terms could be squeezed, stifling consumer spending, which is an important determinant of UK growth.

“A key priority for the upcoming Budget must be to support firms looking to recruit and grow their business. This includes tackling the high up-front taxes and costs of doing business in the UK, which weigh heavily on companies regardless of their stage in the economic cycle, performance or ability to pay.”

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