

INTERNATIONAL TRADE

UK businesses are facing the biggest changes in a generation to the way they trade around the world.

WHERE ARE WE NOW?

The UK is facing a large and persistent current account deficit. In other words, we are spending more than we are earning.

In part, the deficit is due to our ongoing trade deficit – we spend far more on imports than we earn from exports.

In the second quarter of 2019, the current account deficit was equivalent to 4.6 per cent of GDP – more than three times its historical average. This leaves us exposed to sudden shifts in global economic conditions.

Concerningly, global economic conditions are weakening and there is a growing trend of protectionism. The World Trade Organisation is forecasting world trade growth of just 1.2 per cent this year, less than half that recorded last year.

Internationally active UK businesses are not only facing these weakening conditions, but also uncertainty around Brexit, with one in two considering it a barrier to export.¹⁶

The decline in the proportion of manufacturers reporting improved export sales and orders is alarming.¹⁷ In the services sector, the picture is also weakening.¹⁸

WHERE DO WE NEED TO BE?

- **Ranking top five in the world for total export value.**
- **Increasing exports beyond 35 per cent of GDP.**
- **Balancing our economy more effectively, with trade accounting for a larger share of growth.**

Growth in exports drives growth in jobs, boosts productivity and raises living standards.

But, to grow overseas sales, exporters need the right conditions.

Trade agreements are important, but so too is investing in trade promotion – helping businesses explore new markets and secure new customers.

When asked how to best encourage trade:

- 34 per cent of internationally active UK businesses said introductions to business partners or distributors overseas,
- 24 per cent said subsidised access to trade shows, and
- 18 per cent said subsidised access to trade missions.¹⁹ >

^{16, 19} BCC Trade Survey 2019. ^{17, 18} BCC Quarterly Economic Survey Q3 2019.

Our current account deficit as a share of GDP is

more than 3 times
its historical average.

The proportion of manufacturers reporting increased export orders is at its

weakest level in 10 years.

1 in 2
internationally active UK businesses consider uncertainty around Brexit a barrier to export.

INTERNATIONAL TRADE CONTINUED

HOW DO WE GET THERE?

Priority actions for the next UK government

- Commit to working with Chambers to link UK businesses to customers and opportunities worldwide, leveraging the BCC's rapidly growing Global Business Network.
- Revitalise trade support programmes, develop an expanded trade mission and trade show programme and fund long-term frontline, practical and face-to-face support for exporters.
- Introduce a tax credit for exporters to help them manage the costs and risks of entering new markets, covering a limited range of activities including research, setup, trade missions and shows.
- Establish a true partnership between government and business for the development of future trade policy, including a 'room-next-door' mechanism in trade negotiations to ensure the immediate inclusion of high-quality business expertise.

On net-zero emissions

- Commit to negotiating tariff reductions for environmental goods and services in future trade agreements.

On devolution

- Commit to keeping trade support regional and not moving towards a one-size-fits-all, national approach in England – and to delivering better coordination between trade support programmes in England, Scotland, Wales and Northern Ireland in markets both here in the UK and around the world.