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UK EXPORTERS SEE MIXED PICTURE AMID GLOBAL UNCERTAINTY

- More than half (54 per cent) of exporters expect their ability to compete in international markets to improve over the next year
- Almost as many (47 per cent) expect their overseas sales to increase over the next six months
- Nearly a quarter (23 per cent) expect trading with the USA to bring the biggest opportunities for their businesses in the next six months
- More than a fifth (22 per cent) of respondents have not reviewed their trading plans two years after the Brexit referendum.

A growing number of UK exporters expect their ability to compete in international markets to improve over the next year, according to the latest Business in Britain report from Lloyds Bank.

More than half (54 per cent) expect their ability to compete in international markets to improve in the next 12 months, four points higher than six months ago.

Almost half of exporters (47 per cent) said they had seen their overseas sales grow over the last six months, compared with just 21 per cent who said they had fallen, with sales to the EU, the USA and China rising by 35 per cent, 32 per cent and 35 per cent respectively during that time.

And despite facing continued uncertainty, almost half (47 per cent) said they expected their overseas sales to increase over the next six months, compared with just 20 per cent who expected international sales to fall.

The good news comes as the latest data from ONS revealed the value of British exports hit a record £621 billion in the 12 months to June 2018, with service exports rising 2.2 per cent to an all-time high of £278 billion and exports of goods climbing 6.3 per cent to £343 billion.

However, more than 22 per cent of respondents have stated that they have not reviewed their trading plans two years after the Brexit referendum. If this is the case across all UK exports this means that potentially as many as 50,000 exporters may not have considered nor factored any changes they may need to make to their trading strategies post March 2019.

Clive Higglesden, head of trade and supply chain product, at Lloyds Bank, said: “We have to recognise that the Brexit negotiations can affect how businesses are feeling and this can change but it’s heartening to see UK exporters demonstrate confidence towards their trade prospects, especially in light of continued domestic and international uncertainty.

“However, while the ongoing negotiations around the UK’s departure from the EU and its potential impact are an important point on most businesses’ agendas, it’s maybe a cause for concern that up to 50,000 exporters may not have reviewed their own strategy since the referendum two years ago.

“It may be difficult to plan whilst there is uncertainty over the nature of the UK’s departure, but there is little doubt that businesses will face some degree of change in the months and years ahead. All exporters should be taking proactive measures in the interim to prepare for that.”

The Business in Britain report, now in its 26th year, gathers the views of more than 1,500 UK companies, predominantly small to medium-sized businesses, on a range of issues facing them.

Top UK export markets

Although nearly one in four (23 per cent) British exporters expect the biggest opportunities for international trade to be with the USA, this figure has fallen from 30 per cent at the end of 2017.

Similarly, 13 per cent expect the biggest opportunities to come from China, down two points from 15 per cent six months ago, while eight per cent cited Germany, down from nine per cent.

The fall in firms identifying these markets was caused by a significant increase in respondents to Lloyds Bank's survey saying they 'did not know,' suggesting that firms are struggling to plan ahead amid such uncertainty.

Some 18 per cent of exporters said they 'did not know' where they saw their biggest overseas opportunities now, compared with six per cent six months ago.

Challenges

Firms state the biggest barrier to exporting is exchange rate uncertainty, which was cited by 42 per cent, the same proportion as six months ago.

Tariffs and quotas were cited by 35 per cent, compared with 29 per cent six months ago, while difficulty finding potential customers was mentioned by 32 per cent, up from 26 per cent.

Although the majority of exporters hold a positive outlook, 26 per cent expect their ability to compete in international markets to deteriorate over the next year.

One in five (21 per cent) said their overseas sales had dropped in the last six months, while almost as many (20 per cent) said they expected their exports to drop over the next half year.

Looking ahead

With negotiations ongoing between UK and EU diplomats over the future relationship between Britain and Europe, exporters most want to see the UK prioritise free trade agreements with USA (24 per cent), China (12 per cent) and the EU (11 per cent) followed by Germany (seven per cent) during discussions.

Clive added: "Exporting for the first time can feel daunting, particularly when the global political and economic landscape is going through a significant period of flux.

"But with the falling value of the pound continuing to make our goods more attractive overseas, I'm certain there are lucrative opportunities out there for firms ambitious enough to pursue them.

"Our International Trade Portal can also help both current and prospective exporters understand the best market for their products or services, the trading requirements and conditions they face and the buyers they may wish to work with."

ENDS

For more information and for a copy of the full report please contact

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You can download the full report [here](#) and can search on Twitter for #Bizinbritain

Notes to editors:

Lloyds Bank has worked with the Department for International Trade and developed an International Trade Portal which provides customers with practical help when exporting overseas- from researching market conditions to accessing live opportunities, in territories all around the world.

The Business in Britain report, now in its 26th year, gathers the views of 1,500 UK companies, predominantly small to medium-sized businesses, and tracks the overall “balance” of opinion on a range of important performance and confidence measures, weighing up the percentage of firms that are positive in outlook against those that are negative.

Responses from 1516 firms were collated in May 2018 by BDRC Continental, 609 of which were UK exporters.

N.B – [According to ONS](#) there are 236,600 exporters in the UK (236,600 x 0.22 = 52,052.)

About Lloyds Banking Group

Lloyds Banking Group is committed to helping businesses of all types and sizes, giving them the funding and support they need to grow at home and abroad. We have set out our pledges in our Helping Britain Prosper Plan.

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