

VALUE OF UK EXPORTS TO NON-EU COUNTRIES RISES IN 2019

- The value of UK exports to the EU fell in 2019
- Over the last three years, UK exports to Asia and the US grew faster than sales to the EU
- Over the same period, Whisky and spirits exports grew rapidly, with UK exports to Vietnam and India increased by 204% and 73%

The value of British goods sold to countries outside of the EU increased throughout 2019, according to Lloyds Bank Commercial Bank. The increase helped offset the falling value of UK exports to the continent.

While analysis of the latest trade figures from HMRC revealed that the EU is still the UK's single largest trading partner, the value of British goods exported to the continent fell from £173.3 billion in the year ending Q1 2019 to £168.5 billion in the year ending Q3 2019, according to the Lloyds Bank International Trade Index.

Prior to this, the value of UK goods exported to the EU had grown consistently since 2016.

The Index, compiled in partnership with IHS Markit, showed that the UK sold £177.1 billion of goods to markets outside the EU in the year ending Q3 2019, up from £170.9 billion in the year ending Q1 2019.

Accounting for the trend, the report shows over the last three years, UK exports to Asia and the USA have grown at a compounded rate of 11.3% and 7.7% respectively, while new exports orders to the EU grew by just 6.9% per year.

The value of British exports to the UK's top 10 markets in Asia grew over the same three-year period. Whisky and spirits exports grew rapidly, with sales to Vietnam and India increasing by 204% and 73% respectively.

The Lloyds Bank International Trade Index also found economic contraction in Europe contrasted with the performance of countries outside the EU in the final quarter of 2019, highlighting further opportunities for UK exporters in far-away markets in 2020.

According to IHS Markit PMI data, the economies of Germany and the Netherlands – two of the top five destinations for UK exports – softened for the first time in over six years.

Germany's PMI for Q4 2019 was 49.7, down from 50.3 in Q3, while the Netherlands saw an index of 48.5 in Q4. Weaker economic conditions were also recorded in Italy, Austria, Poland and the Czech Republic (49.8, 46.8, 45.9, 44.8). A reading of above 50 indicates growth, while one below 50 signifies a decrease.

Meanwhile, economic growth was measured in the USA (51.9) and China (52.6), and across Asia (51.1) between October and December.

Gwynne Master, managing director and global head of trade for Lloyds Bank Global Transaction Banking, said: "It's encouraging to see that UK exporters aren't limiting themselves to markets close to home. The fluctuating economic environment could prompt more businesses to take advantage of a diverse range of overseas markets, which in turn will hopefully enable increased sales and revenue for UK exporters."

“Last year, tension between the world’s biggest economies undoubtedly had an impact on global trade. Productive talks and a new deal between China and the US signed last month could represent the start of this tension dissipating, creating further opportunities for UK exporters.”

The Lloyds Bank International Trade Index brings together export growth and supply chain indicators to provide timely insights into the challenges and opportunities for UK exporters.

Lloyds Bank’s International Trade Portal can help current and prospective exporters understand the best market for their products or services, the trading requirements and conditions they face. The International Trade Portal is available at www.lloydsbanktrade.com/

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For more information please contact:

You can download the full report via www.lloydsbank.com/commercialbanking.

Notes to editors

- The Lloyds Bank International Trade Index, written in partnership with IHS Markit, sheds light on international trade conditions to help British businesses trade internationally and navigate export markets. It brings together key export growth and supply chain indicators to provide timely insights into the challenges and opportunities for exporting.
- Methodology: The UK International Trade Index is compiled by IHS Markit and based on the results of surveys covering over 25,000 purchasing executives in over 40 countries. Together these countries account for an estimated 95% of global manufacturing output and more than 75% of global service sector gross value added. Questions are asked about real events and are not opinion based. An index reading above 50.0 indicates an increase in the variable since the previous month and below 50.0 a decrease. All charts and commentary relate to a quarterly rolling average of monthly index readings.
- *The ‘Other manufacturing’ category includes: Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal / Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings / Toys, games and sports equipment; parts and accessories thereof.

The UK Manufacturing PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a representative panel of around 600 manufacturers. The UK Services PMI® is compiled by IHS Markit based on original survey data collected from a representative panel of around 700 companies based in the UK service sector. The panels are stratified by detailed sector and company workforce size, based on contributions to GDP. Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. Data is presented in the form of diffusion indices, where the index is the sum of the percentage of ‘higher’ responses and half the percentage of ‘unchanged’ responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

About Lloyds Bank

- Lloyds Bank Commercial Banking provides comprehensive expert financial services for small businesses, mid-sized businesses and multinational corporations.
- Maintaining a network of relationship teams across the UK, as well as internationally, Lloyds Bank Commercial Banking delivers the mix of local understanding and global expertise necessary to provide long-term support to its clients.
- Lloyds Bank Commercial Banking offers a broad range of finance beyond term lending and this spans import and export trade finance, structured and asset finance, securitisation facilities and capital market

funding. Its product specialists provide bespoke financial services and solutions, including tailored cash management, international trade, treasury and risk management services.