

BRITISH MANUFACTURERS READY FOR LIFE OUTSIDE THE EU

- **Eight in 10 (81%) large manufacturers are prepared for life after the UK's Brexit transition period ends on 31st December**
- **Nearly a third (31%) say leaving the transition period without a deal would be good for business, with less than half (44%) saying it would be bad**
- **The majority (88%) expect revenues to return to pre-Covid-19 levels by 2022**

Britain's largest manufacturers say they are prepared for life outside the European Union as the clock ticks down to the end of the transition period on 31st December, a Lloyds Bank survey has found.

The Business in Britain report of 200 large manufacturers found that 81% of businesses have made the necessary preparations for operating outside the bloc. Of the fifth (18%) still unprepared, 83% said Covid-19 had distracted them from putting in place the measures to protect revenues.

The findings come as the UK approaches the end of the window to negotiate a deal with the EU. The deadline for an agreement – without which the UK will move to World Trade Organisation (WTO) trading rules – is 31st October 2020.

Although most companies surveyed have prepared for life after the transition period ends, a significant proportion (44%) still report that leaving the EU without a trade deal would negatively impact business. This compares to a third (31%) who think leaving without a deal would be positive. The survey suggests that this particular sector is more divided on the issue of Brexit than others.

Of the third (31%) who think no-deal would be good for business, two thirds (61%) cite an expectation of increased demand from homegrown buyers as the main driver for their optimism. Half (52%) say it will allow them to be more competitive with EU rivals on pricing.

Among the 44% who forecast that leaving the EU without a trade deal would negatively affect their business, two-thirds (60%) say that trading on WTO terms would lead to higher tariffs on exports which would hit profits. A similar proportion (59%) say barriers to importing the resources they need for manufacturing would have a detrimental impact.

The report surveyed manufacturers with turnovers above £50m. Over half (53%) turnover more than £500m annually, while nine in ten (88%) employ more than 250 people.

In a show of resilience, 88% of respondents expect their revenues to return to pre-pandemic levels by 2022 and 37% expect to create jobs next year – more than those which expect to cut staffing levels (32%).

Huw Howells, Head of Manufacturing and Industrials at Lloyds Bank, said: “Britain's manufacturers remain world-leading. In the face of huge challenges this year, what's clear is that larger manufacturers have more broadly prepared themselves for whatever the UK's future relationship with the EU becomes. In spite of their preparations, larger manufacturers remain uncertain and concerned with regard to the impact of Brexit which, coupled with ongoing Covid-19 impacts, means that their resilience will continue to be tested in the short term.

“It’s unsurprising that Covid-19 looms large given the impact it’s had in closing borders, disrupting supply chains and forcing factories to temporarily shut down operations. Yet most tell us they forecast a return to pre-pandemic levels by 2022 – and some will create more jobs next year in the process. It’s a reassuring glimmer of light in what’s been a torrid time.”

ENDS

About Lloyds Bank’s Business in Britain reports:

The Lloyds Bank Business in Britain Manufacturing report provides a temperature check of key sections of the economy’s health.

Methodology: To gather representative data, the Lloyds Bank Business in Britain Manufacturing Report surveyed financial decision makers at a cross-section of 200 manufacturing businesses with an annual turnover of £50m+ in England, Scotland, and Wales.

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.

For press information, contact:

Emily Rushgrove, Lloyds Bank
07384 535388
Emily.Rushgrove@lloydsbanking.com

Callum Brown, Citypress
0161 235 0361
Callum.brown@citypress.co.uk