



LLOYDS BANK

BRITAIN'S SUPERSTAR EXPORTERS TO IGNITE THE NEXT GENERATION OF TOP INTERNATIONAL EXPORTERS

Intermittent exporters could boost UK exports by £4.4 billion

Superstar exporters - the top 10% of exporters - account for 90% of UK exports

71% believe businesses trading internationally have more growth opportunities

Britain's superstar exporters could pave the way for their intermittent counterparts and help add an estimated £4.4 billion to UK exports per year¹, according to a new report, *The Contribution of Trade to UK Prosperity*, by Lloyds Bank Commercial Banking and Aston Business School released today.

While Britain asserts its global stance as one of the top trading countries in the world, its ranking heavily relies on the value of the UK's superstar exporters - the top 10% of exporters who account for 90% of all exports².

Superstar exporters tend to be larger, more capital intensive, more skills focused and pay higher wages, with concentration in the UK manufacturing and construction sectors. Examples include automotive manufacturer Ford and jet engine maker Rolls Royce³.

Intermittent exporters are those companies who are inclined to dip in and out of exporting and are likely to swap the products they export and the markets they export to.

The report compiled by Aston Business School investigates the close links between productivity, innovation and international trading. It looks at how an estimated £4.4 billion per year could be added to the value of UK exports if just 10% of intermittent exporters could be encouraged to become continuous exporters.

The value of productivity and growth in international trade goes significantly beyond the contribution to the British economy according to the report. This is well recognised by the business community with additional polling of 1,200 business leaders showing that 55% believe that businesses trading internationally are more productive and 71% say they have more growth opportunities⁴.

Over a third (35%) believe UK businesses are well prepared to capitalise on future international opportunities and 42% of business leaders have gone as far to say that they are expecting new opportunities overseas.

Gwynne Master, Global Head of Trade for Lloyds Bank, said: “Our new global position outside of the EU opens up a whole new world of opportunities for British businesses trading internationally. However, this sits in parallel to the challenges brought about by new trading regulations and an economy that is expected to be in recovery mode for the majority of 2021 as a result of the global pandemic.

“Lloyds Bank has a role to play in bringing these businesses together to not only give them the guidance and capabilities to help them invest in and build their businesses but also so that they can share their lessons for success. We believe more could be done to boost productivity and innovation by helping intermittent exporters re-enter international markets and expand exporting spells for longer, while further enhancing our role in the global value chain.”

Jun Du, Professor of Economics at Aston Business School and Director of the Lloyds Banking Group Centre for Business Prosperity, said: “The significance of the UK’s superstar exporters to global trading is clear, but it’s also important to understand the value of intermittent exporters and how they can learn to further serve and contribute to the value chains. Opportunities exist to increase the number of superstars in the future, but productivity will remain key to performance. Our research outlines these opportunities by identifying the key characteristics that intermittent exporters can learn from in order to improve productivity and enhance innovation. Exporting in global markets offers opportunities to learn, innovate and become more productive.”

British businesses of all sizes will face further challenges in 2021 as a result of the global pandemic - which saw a 17% decrease in exports and 14% decline in imports in 2020 - and our departure from the EU, yet business leader optimism perseveres. Almost three in five (58%) remain highly optimistic about the future of global trading, while 77% believe Britain is a strong exporter and 80% believe it is a strong importer.

More information on the report and Lloyds Bank’s support for British businesses trading internationally can be found [online](#).

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¹ Aston Business School estimates that £4.4bn in export value could be added to UK exports if 10% of intermittent exporters become continuous exporters. This is based on the theory that the UK follows similar trends to other European countries (France, Denmark, Belgium and Hungary) where intermittent exporters equate to 5-10% of all exporters. These exporters export for 2-3 years with non-exporting periods lasting up to three years. Assuming 10% of UK exporters are intermittent, and in the event of 10% of these intermittent exporters becoming continuous exporters, this equates to 2,328 firms that export 50% more

per year in the next six-year period. Figures are based on ONS 2018: 9.6% of 2.4 million UK firms surveyed exported, equating to a total of 232,771 UK exporters. Among 10% of that, intermittent exporters are estimated to be 23,277, 10% of which is 2,328 exporters x £3.8 million (median overseas turnover of all exporters, FAME sample statistics, in the report Table 4.2) x 0.5 = £4.4 billion.

NB: Intermittent exporters have time-out periods - approximately 3 years between exporting episodes. Exporting episodes last around 2-3 years. The £4.4 billion is based on a six-year period.

² Aston Business School analysed the trade activities of over 37,577 British businesses from 2001 - 2018 and compiled multiple sources of data and literature, including its own published and ongoing research. It utilised statistical tools and data analytics to provide a comprehensive and fresh description of the UK trade and productivity current status. The aggregate statistics on the UK economy and trade balances draw on the Official statistics issued by the Office of National Statistics (ONS). The product - and market- level information about the UK trade flows are compiled based on the COMTRADE and Chinese Custom Database. The UK's trade value added statistics draw on the OECD-WTO Trade in Value Added (TiVA) database. Additionally, we use the FAME by Bureau van Dijk compiled from Companies House to build a firm-level exporter database. The report also found that the top 5% of exporters account for over 80% and the top 1% account for 65% of total UK exports.

³ Ford and Rolls Royce were two of the superstar exporters included in the research (Orbis by Bureau van Dijk, <https://www.bvdinfo.com/en-gb/our-products/data/international/orbis>).

⁴ The Business Barometer results provide early signals about UK economic trends. The research is carried out monthly on behalf of Lloyds Bank by BDRG Continental. This survey was conducted with 1,200 companies from 25 November - 10 December covering all sectors and regions of the UK. The results are reweighted to match proportions by size, sector and region of the total business population, as published by the Department for Business, Energy and Industrial Strategy and the Office for National Statistics.

Notes to editors

Lloyds Bank has invested significantly in its trade solutions - building out its network and connectivity, technology, and trade experts - to support ambitious British businesses in building resilience and growth around the world. The bank has built a new tailor-made network providing customers with access to every key trading location in the world. With £3 billion worth of investment in technology across the group since 2018, the bank has launched a one-of-a-kind International Trade Portal – a powerful insight and research tool – connecting business to opportunity; invested in a state-of-the-art Trade Platform to develop and deploy innovative client solutions, supported by its UK based Trade Service centre of excellence and built the Lloyds Trade Tracker - an easy to use app created in-house with customers - to track transactional trade data at the click of a button.