



QUARTERLY INTERNATIONAL TRADE OUTLOOK **Q1 2019**

BRITISH CHAMBERS OF COMMERCE
IN PARTNERSHIP WITH DHL





FOREWORD: **BCC & DHL**



Hannah Essex - Co-Executive Director, British Chambers of Commerce

This edition of the British Chambers of Commerce Quarterly International Trade Outlook, published in partnership with DHL, shows an increasing number of UK exporters are reporting a decrease in orders in the opening quarter of the year, with cashflow and confidence dipping too.

It's been a trying time for many exporters with uncertainty in the run up to the Brexit deadlines and continued trade tensions combining to flatten orders and confidence.

The future relationship with Europe remains unresolved, but so too do the future terms of trade with many other important trading partners. Until the status of free trade agreements with third countries are clarified, UK firms don't know how their operations in all corners of the world will be affected when the UK leaves the EU in any transition period and beyond.

Businesses are resilient, but they urgently need parliament to overcome the current impasse and end the uncertainty. Leaving firms in limbo and allowing the political dramas to play out again at the last minute in October will only serve to diminish sales and confidence further.



Shannon Diett - VP of Marketing, DHL Express UK

This quarter's report shows a small decline in the Trade Confidence Index of 1.02% on the previous quarter and 2.03% on Q1 2018, alongside a decline in export orders, cash flow and a fall in confidence regarding future exports. This paints a fairly bleak picture when the results are taken in isolation, however we're all aware that uncertainty surrounding the Brexit negotiations was at its peak in Q1 2019.

These results highlight how critical it is for businesses trading internationally to have information and clarity in advance of the 31 October deadline.

Every day we witness the drive and creativity of UK businesses who prevail whatever the circumstances, and more than this, seize every opportunity for growth and global expansion. Exporting internationally can be challenging, but the rewards are clear, with those businesses exporting to a high number of countries outperforming the market. The UK has so many strong and inspirational companies that are succeeding and we must ensure that their growth is supported.





BCC/DHL TRADE CONFIDENCE INDEX

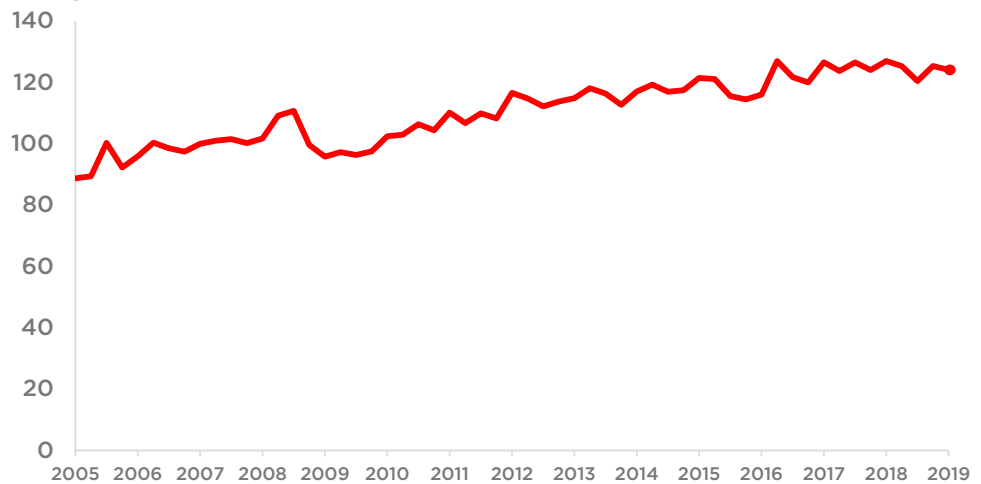
BCC/DHL Trade Confidence Index

The BCC/DHL Trade Confidence Index (TCI)* is a measure of the UK's exporting health. By analysing trends in the volume of trade documentation issued by Accredited Chambers of Commerce, the TCI provides insight into the UK's trade with countries outside of the European Union, particularly high growth markets such as Asia and Africa.



Trade Confidence Index Timeline

BCC/DHL Trade Confidence Index (Q1 2007=100)



*The index is calculated using the volume of trade documents issued by accredited Chambers of Commerce across the UK. Many types of exports require supporting commercial documentation. Chambers of Commerce issue documentation required for exports outside the EU and as a result have amassed significant data on UK goods exports. The TCI uses data collected from this process to show both an index of documentation and regional comparisons of exporting activity.

SURVEY DATA: EXPORT SALES



More UK exporters are reporting a decrease in orders in Q1...

The Quarterly International Trade Outlook survey, based on the responses of over 3,400 exporters, shows a clear weakening of sales and orders in the opening quarter of the year.

One in five manufacturers (23%) and service firms (20%) saw their export order books decline in the first three months of the year - the highest for both since Q2 2017 when records began.

Two-thirds of exporting manufacturers said exchange rates were of greater concern to them than in the previous three months, reflecting sterling volatility ahead of the original Brexit deadline. Exporters continue to report considerable price pressures, which for manufacturers is mainly driven by the cost of raw materials.

23%

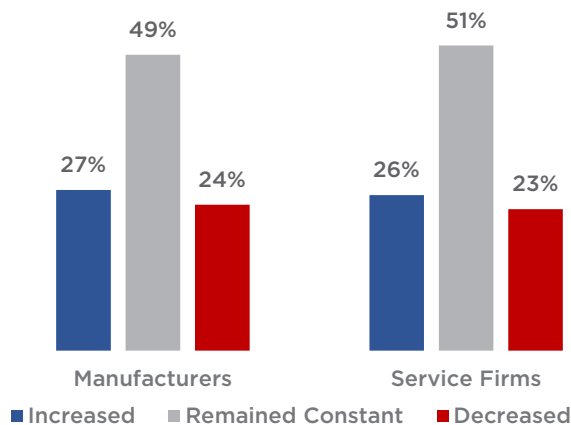
of manufacturers report a decline in export orders in Q1

20%

of service firms report a decline in export orders in Q1

...while exporter cash flow weakens

Percentage of exporters reporting change in cash flow (manu n=1,185, serv n=2,222)



The Quarterly International Trade Outlook survey also shows that exporter cash flow - a key indicator of financial health - is declining.

In Q1 2019, 24% of exporting manufacturers and 23% of exporting services firms saw a decrease in cash flow. This is up from 20% and 19% respectively in Q4 2018 and shows the highest percentage of firms reporting weakened cash flow since records began in Q2 2017.



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TRADE & ECONOMIC OUTLOOK



Trade and economic outlook

The Global Economy

The International Monetary Fund (IMF) has downgraded its growth outlook for the global economy for 2019 to 3.3%, down from its previous forecast of 3.5%.

The Eurozone economy grew by 0.4% in Q1 2019, up from growth of 0.2% recorded in the previous quarter. The US economy grew at an annualised rate of 3.2% in Q1 2019, stronger than the growth of 2.2% recorded in the previous quarter. China's economy grew by 6.4% in Q1 2019, in line with the government's growth target of 6-6.5%.

The UK economy grew by 0.5% in Q1 2019, up from the 0.2% growth recorded in the previous quarter. For 2018 as a whole, the UK economy grew by 1.4%, the weakest growth since 2009.

The BCC currently expects that the UK economy will grow by 1.2% in 2019, by 1.3% in 2020 and by 1.4% in 2021.

International Trade

The World Trade Organisation currently forecasts world trade growth of 2.6% this year and by 3.0% in 2020.

The UK trade deficit (goods and services) widened by a £8.9 billion to £18.3 billion in Q1 2019, as the trade deficit in goods widened by £6.4 billion and the trade surplus in services narrowed by £2.5 billion.

The BCC currently expects that UK exports will grow by 1.8% in 2019 and by 1.7% in 2020.



BCC UK Growth
Forecast for 2019

1.2%



IMF 2019 Global
Growth Forecast

3.3%

UK trade deficit

£18.3bn
in Q1 2019

FACT SHEET: GHANA



According to the World Bank, Ghana is the world's fastest growing economy

Over the last two decades, Ghana has enjoyed increasingly stable and deepening democratic governance. Seven successful elections have strengthened the effectiveness of key national institutions, enhanced investor confidence and anchored the economy in an environment for positive growth.

Opportunities for UK businesses

There are several key sectors with opportunities for UK businesses including oil and gas, financial services, infrastructure, agriculture, health, and education.

Key strength of the Ghanaian market

Ghana has developed into an established business destination for investors seeking a conducive business environment, committed and progressive government-private sector participation, political stability, transparent regulations and a dynamic private sector open to collaborate with foreigners.

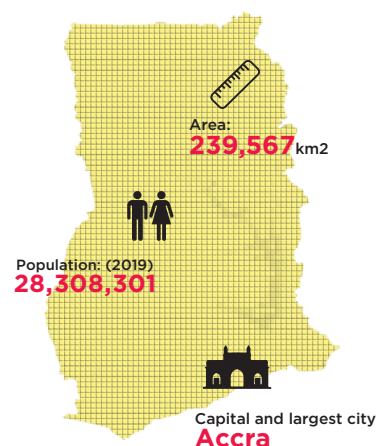
Cultural tip

Ghanaians are noted to be hospitable and will usually strike a hearty conversation immediately. Punctuality is essential for business in Ghana.

Customs information

When exporting any electronic equipment to Ghana, it will need to be inspected and certified by Ghana Standard Authority, as well as being accompanied by a Certificate of Analysis/Conformance.

De Minimis: 5 USD.



+233

English

16 regions

Ghanaian cedi (GHC)

Economic snapshot % annual growth rate (IMF)	2019	2020	2021
GDP	8.8	5.8	4.4
Export of goods and services	10.0	3.9	0.9
Import of goods and services	1.5	5.8	7.2
Inflation	9.1	8.4	7.5
Current account balance (% of GDP)	-3.0	-3.5	-3.3

Source: International Monetary Fund, World Economic Outlook Database

Ghana

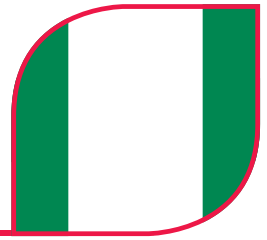
UK - Ghana Chamber of Commerce (UKGCC)

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FACT SHEET: NIGERIA

Nigeria is Africa's largest economy with a GDP of \$1.12tn

The UK is one of Nigeria's largest sources of investment with assets worth over \$1.4 billion. This creates myriad opportunities for UK businesses in various sectors, particularly infrastructure, agriculture, tourism & hospitality, education, health, construction, solid minerals, and energy.

Opportunities for UK businesses

The Nigerian Investment Promotion Commission (NIPC) has allowed for nearly all sectors to be opened up for 100 per cent foreign ownership (with the exception of the petroleum sector, where FDI is limited to joint ventures or production sharing contracts) to encourage and assist investment in Nigeria.

Energy is also a major opportunity for UK businesses. According to Mr. Akin Olawore, President, Nigerian-British Chamber of Commerce, "Poverty in Nigeria cannot be eliminated without reliable energy supply."

Key strength of the Nigerian market

Government policy of economic liberalisation, promoting public-private partnerships and strategic alliances with foreign companies, including British businesses.

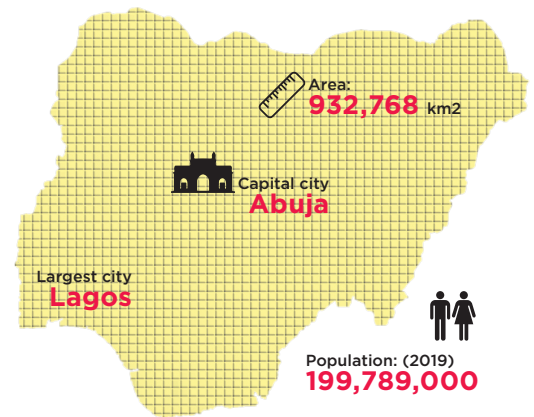
Cultural tip

There is an emphasis on respect, flexibility and a strong work ethic strengthened by diverse cultural values and resilience.

Customs information

All leather and plastic footwear is prohibited; as are handbags, bags, belts, wallets, purses and suitcases made of leather or plastic.

No De Minimis.



+234

English

36 states

Naira (NGN)

Economic snapshot % annual growth rate (IMF)	2019	2020	2021
GDP	2.1	2.5	2.4
Export of goods and services	5.0	6.2	3.7
Import of goods and services	12.5	2.5	1.0
Inflation	11.7	11.7	11.3
Current account balance (% of GDP)	-0.4	-0.2	-0.1

Source: International Monetary Fund, World Economic Outlook Database

Nigeria

Nigerian-British Chamber of Commerce

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FACT SHEET: SOUTH AFRICA



South Africa is the UK's biggest trading partner in the region

South Africa is a sophisticated and promising market. It has well-developed economic infrastructure and opportunities across many markets. Ranked as the second largest economy in Africa in 2017, the UK has over £9 billion of annual trade with South Africa.

Opportunities for UK businesses

One of South Africa's top 10 investment opportunities, the Dube Tradeport, a designated Special Economic Zone (SEZ), is a world-class development offering globally integrated logistics and manufacturing infrastructure, and support for a range of airport-related activities.

Message from the British Chamber of Business in Southern Africa

Leon Ayo, President and Board Advisor at the British Chamber of Business in Southern Africa: "The Special Economic Zone is a wonderful concept that will greatly ease market entry and provide access to this growing and dynamic market. Due to the favourable climate, the agri-sector has huge potential and is critical to the overall economic growth of the Southern African region."

Cultural tip

South Africans tend to be warm, friendly, outgoing people, and conversations can get personal after a relatively brief period of time. It's not unusual to be invited to someone's home for a business dinner.

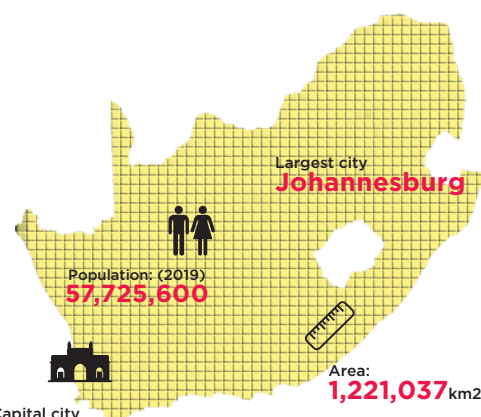
Customs information

When shipping to South Africa only commercial invoices are allowed, all proforma invoices will be stopped by customs and the shipment held until a commercial invoice is provided.

No De Minimis

Economic snapshot % annual growth rate (IMF)	2019	2020	2021
GDP	1.2	1.5	1.8
Export of goods and services	2.4	3.3	3.5
Import of goods and services	3.0	3.3	3.3
Inflation	5.0	5.4	5.5
Current account balance (% of GDP)	-3.4	-3.7	-3.8

Source: International Monetary Fund, World Economic Outlook Database



Pretoria (executive)
Bloemfontein (judicial)
Cape Town (legislative)

+27

English, Afrikaans, Zulu,
plus 8 other official
languages

9 provinces

South African rand
(ZAR)

South Africa

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BRITISH CHAMBER
OF BUSINESS IN SOUTHERN AFRICA

GET IN TOUCH



About the British Chambers of Commerce

The British Chambers of Commerce (BCC) is a dynamic and independent business network with accredited Chambers in every nation and region of the UK, and in key markets around the world.

Accredited Chambers are at the heart of local business communities, helping thousands of companies - of every size and sector - to grow and thrive. Together with our fast-growing global network, Chambers provide practical advice and support to British companies trading around the world.

Chambers help businesses connect, belong, and succeed. For over 150 years, our business has been helping UK business grow.

For more information about this report, contact:

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About DHL Express

DHL Express is the global market leader in the international express business, specialising in time and day critical shipments to all corners of the world. The DHL Express network is composed of more than 220 countries and territories and has a global workforce of approximately 100,000 Certified International Specialists.

DHL Express UK works closely with the SME market to help businesses grow internationally through export. DHL provides advice to businesses that are new to international trade and continues to support businesses throughout their export journey.

For further information, visit: www.dhl.co.uk

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