



QUARTERLY INTERNATIONAL TRADE OUTLOOK **Q4 2019**

BRITISH CHAMBERS OF COMMERCE
IN PARTNERSHIP WITH DHL





FOREWORD: **BCC & DHL**



Dr Adam Marshall, Director General, British Chambers of Commerce

With the right conditions in place, UK exporters could provide a shot in the arm for the economy over the coming years.

Yet the evidence suggests that exporters are still suffering from the impacts of both Brexit uncertainty and weaker global trade. Our key indicators for export orders and sales, both in manufacturing and services, declined sharply over the course of 2019, and remain significantly lower than the previous year.

We may have greater political certainty at Westminster, but this must now translate into clarity on the future trading relationship with the EU and other partners around the world.

Getting a strong trade deal with the EU, backing our exporters, and taking action to cut the high cost of doing business here in the UK must all be at the top of the agenda over the coming months.



Shannon Diett, VP of Marketing, DHL Express UK

After such a long period of uncertainty it's no surprise that exports continued to languish in the last quarter of the year.

However, with the expectation of new trade deals, businesses can now look to the future and begin to plan their export strategies for 2021 and beyond.

As well as having favourable trade arrangements in place, it is critical that exporters have access to practical logistics advice. At DHL Express, our teams are experts in cross-border trade and can help businesses navigate new waters with confidence.



BCC/DHL TRADE CONFIDENCE INDEX

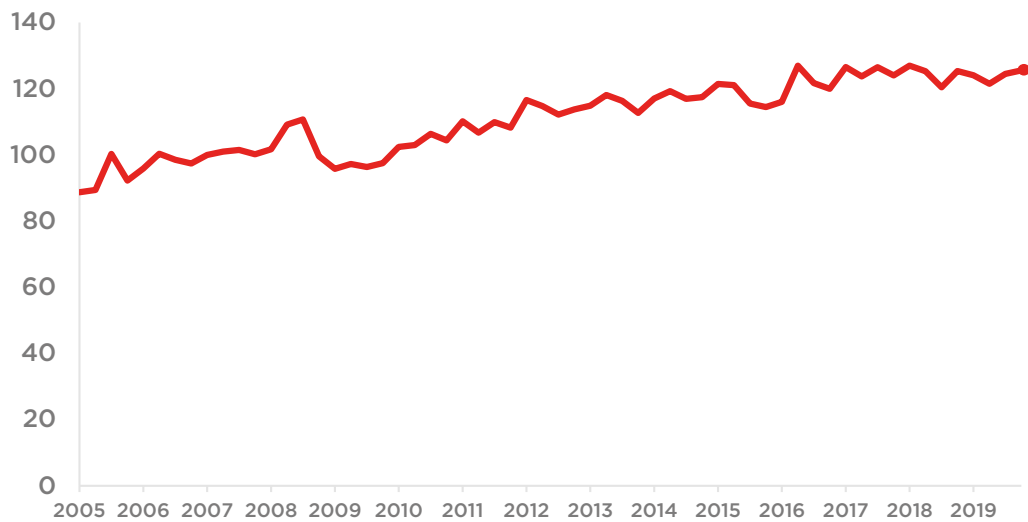
BCC/DHL Trade Confidence Index

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 Time Series

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

UK exporters continued to tread water in the final quarter of 2019...

The Quarterly International Trade Outlook, based on survey responses from over 3,300 exporters, found that the balance of manufacturing exporters reporting improved export orders has now been in negative territory for two consecutive quarters

In Q4 2019, the balance of exporting manufacturers reporting their export sales increased stood at +5%, up from +3% in the same quarter last year. For service exporters, the balance fell to +4%, from +5%.

The balance of exporting manufacturers reporting an increase in export orders remained negative at -2% and among service exporters, was unchanged at 0%.

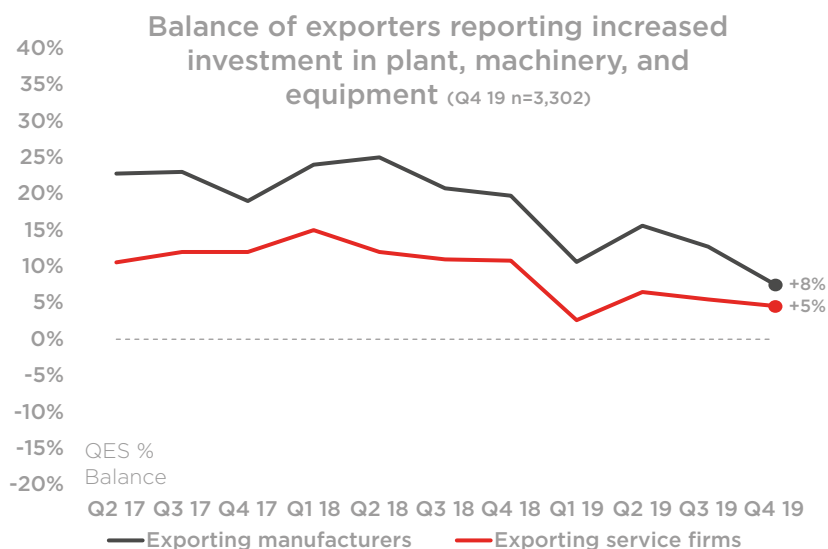
-2%

of manufacturers report increased export orders in Q4

0%

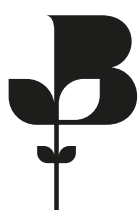
of service firms report increased export orders in Q4

...while investment indicators remain weak



The Quarterly International Trade Outlook also found that the balance of manufacturing exporters investing in plant and machinery also dropped five points in Q4 to +8, continuing a longer term downward trend.

Exchange rates also remains the top external factor of concern for 64% manufacturing exporters surveyed, reflecting uncertainty regarding future trading arrangements.



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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 2020 to 2.9%, from 3.0% and for 2021 to 3.4%, from 3.6%.

The Eurozone economy grew by 0.1% in Q4 2019, down from growth of 0.3% in the previous quarter. The US economy grew at an annualised rate of 2.1% in Q4 2019, unchanged from the previous quarter. China's economy, the world's second largest, grew at an annual rate of 6.0% in Q4 2019, also unchanged from the previous quarter.

The UK economy recorded zero growth in Q4 2019, down from growth of 0.5% recorded in the third quarter.

The BCC currently expects that the UK economy will grow by 1.0% in 2020 and by 1.3% in 2021.

International Trade

The World Trade Organisation currently forecasts world trade growth of 2.7% in 2020. The UK's trade deficit (goods and services) widened by £4 billion to £6.5 billion in Q4 2019, largely due to a fall in services exports.

The BCC currently expects that UK exports will grow by 1.1% in 2020 and by 1.4% in 2021.



BCC UK Growth Forecast for 2020

1.0%



IMF 2020 Global Growth Forecast

2.9%

UK trade deficit
£6.5bn
in Q4 2019

FACT SHEET: GHANA



Ghana is one of the fastest growing economies in the world

Ghana remains a key market destination within Sub-Saharan Africa. Trade between Ghana and the UK continues to increase; with total trade in both goods and services reaching £1.31 billion in 2018 – representing a year-on-year increase of 21.2%.

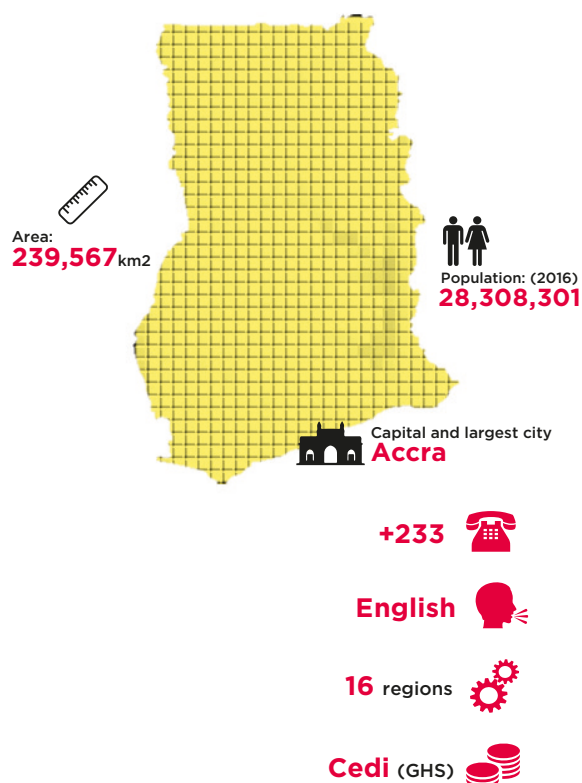
Opportunities for UK businesses

Key sectors for opportunity include financial services, agri-business, garments & textiles, extractives, digital, and pharmaceuticals. A number of these sectors also form part of the Government of Ghana's economic industrialisation strategy.

Message from the UK Ghana Chamber of Commerce

Ms. Adjoba Kyiamah, Executive Director at the UKGCC: "Ghana is rapidly becoming the country of choice for investors due to a number of factors including a favourable and improving business environment and suitable geographical advantage creating an ease of access to other key markets across the sub-region and beyond.

The UK Ghana Chamber of Commerce, with our innovative catalogue of client services, is keen to support UK businesses derive the full benefits of doing business in Ghana."



Economic snapshot (% annual growth rate)	2020	2021	2022
GDP	5.6	4.2	4.6
Export of goods and services	6.7	1.9	3.2
Import of goods and services	7.5	7.3	6.3
Inflation	9.2	8.8	8.4
Current account balance (% of GDP)	-3.8	-3.8	-2.7

Source: International Monetary Fund, World Economic Outlook Database

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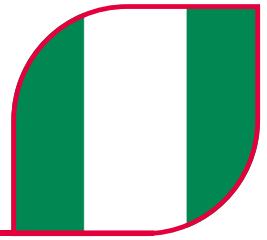


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FACT SHEET: NIGERIA

Nigeria is the largest economy in Africa with a GDP of more than \$490bn

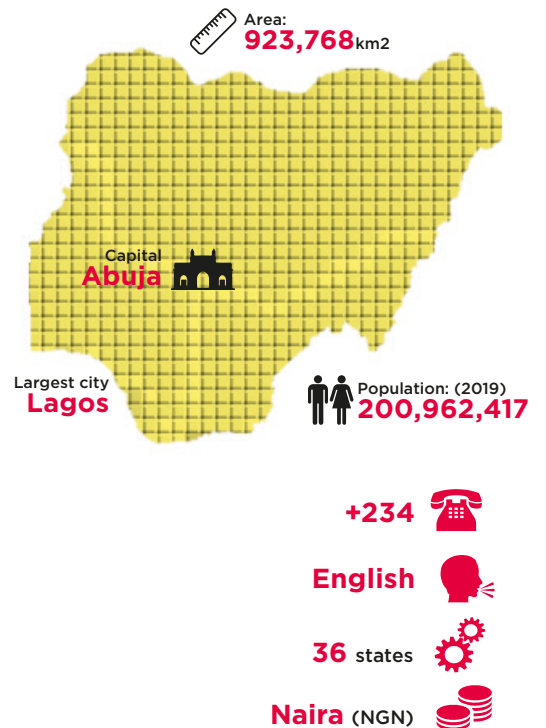
Nigeria is ranked the 26th largest economy in the world by the IMF in terms of nominal GDP. Nigeria’s largest imports from the UK were mineral fuels and oils, which accounted for 45% of British exports to the country in 2018. The country has a trade surplus with its largest trading partners and has strong potential to grow its relationship with other partners.

Opportunities for UK businesses

Nigeria’s size, demography and legal system (based on the English Common Law) make it an attractive business and investment case for the UK especially in the post-Brexit era. A pipeline of public private partnership opportunities includes hydropower generation facilities, solar power off-grid rural electrification and more. Other opportunities exist in infrastructure, agriculture, information & communications technology, real estate development, and aviation.

Message from Nigerian-British Chamber of Commerce

Kayode Falowo, President and Chair of Council of the NBCC: “Nigeria presents great growth potential with continued improvements in existing structures to ease business processes; from granting visas on arrival to business travellers, to introducing several incentives to attract foreign investors including a favourable company income tax, Pioneer Status Grants, Free Trade Zones and tax relief for research and development. As a bilateral Chamber of Commerce, we look forward to playing our part in assisting UK businesses engage with Nigeria.”



Economic snapshot (% annual growth rate)	2020	2021	2022
GDP	2.5	2.5	2.7
Export of goods and services	9.2	4.8	12.1
Import of goods and services	3.8	3.0	8.1
Inflation	11.7	11.3	11.4
Current account balance (% of GDP)	-0.1	-0.1	-0.2

Source: International Monetary Fund, World Economic Outlook Database

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FACT SHEET: EGYPT



Following major reforms, Egypt's economy has stabilised and grown

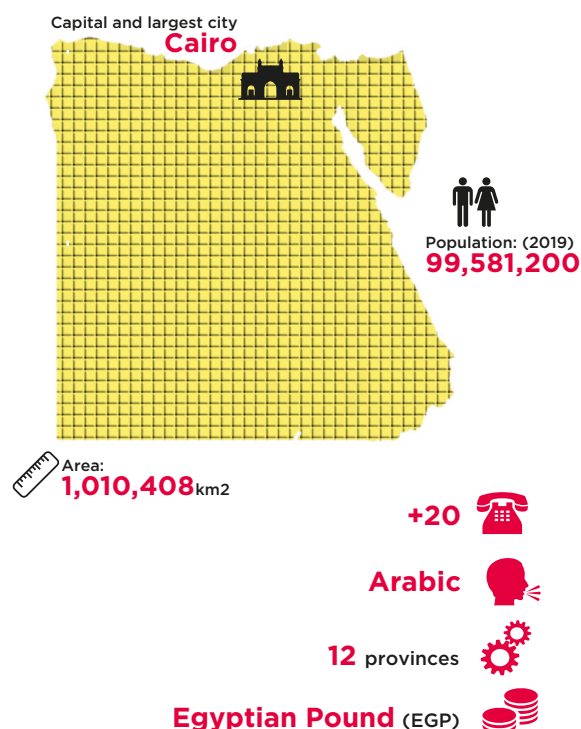
Egypt is uniquely placed to serve as an operations and investment hub in Africa with good infrastructure links, skilled labour, access to investment incentives and free trade agreements with Africa, the Arab Region and the EU. The Harvard Center for International Development expects Egypt to grow 6.8% annually until 2027.

Key opportunity for UK businesses

Egypt's emphasis on private sector involvement in its sustainable development plans means that there are major investment and supply chain opportunities for UK companies in an array of sectors, including in priority sectors such as urban development, transport, energy, agribusiness and health & education. Egypt's government is keen on working with the UK for the development of healthcare and education systems, as well as for training & capacity building in its priority sectors.

Message from the Egyptian-British Chamber of Commerce

Ian Gray OBE, Chair of the EBCC: "Egypt offers a great opportunity as a gateway and hub for commercial exploration across the Middle East and Africa. For British companies looking for somewhere to start developing opportunities in new markets there are few places with the flexibility and return on investment offered in Egypt. The team at the Chamber exists to help find those opportunities including via regular outward trade missions."



Economic snapshot (% annual growth rate)	2020	2021	2022
GDP	5.9	6.0	6.0
Export of goods and services	17.0	8.1	3.4
Import of goods and services	10.3	4.6	3.5
Inflation	10.0	7.2	7.0
Current account balance (% of GDP)	-2.8	-2.3	-2.1

Source: International Monetary Fund, World Economic Outlook Database

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About the British Chambers of Commerce

The British Chambers of Commerce represents and campaigns for business. Our roots are local, but our reach is global.

We're owned by, and work for, a network of Chambers of Commerce that champion and support our members all across the UK and in countries and markets around the world.

Our unique perspective gives us unparalleled insight into British business communities - every sector, every size, everywhere. They trust us to be their advocates, and we're passionate about helping them trade and grow.

Working together with Chambers, we drive change from the ground up - and our bottom line is helping companies, places and people achieve their potential.

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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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