Business is good for Britain

Chambers of Commerce are recognised across the UK and around the world as leading supporters of international trade. Chambers deliver trade support and advice, as well as a range of specialist services, to businesses of all sizes in Britain’s exporting community. Given the need to rebalance the UK economy towards exports to secure recovery and long-term prosperity, the British Chambers of Commerce (BCC) commissioned a major international trade business survey in Q1 2012 – to which 8,073 businesses responded. The survey clearly demonstrates that Exporting is Good for Britain.

Since the BCC last surveyed Chamber members in 2011, the share of responding businesses actively exporting goods and services from the UK rose from just over a fifth (22%) to nearly a third (32%).

Yet the survey also shows that a number of challenges, barriers, and obstacles remain. The BCC and the Chamber Network will be working hard over the coming years to overcome these obstacles, working closely with companies and with Government, and will help to unlock the potential of Britain’s existing and future exporters.

Red tape, be it of domestic or international origin, can act as an unnecessary barrier to export growth. Needless regulation creates uncertainty for companies and can detrimentally affect productivity, with significant time spent on compliance activity rather than innovation and expansion. A quarter of current and previous exporters and those that are considering doing so believe that UK regulations are a barrier to exporting. International regulation also stifles export growth – one in three of those currently exporting, those that have previously exported and those that are considering doing so, suggest that overseas regulations present a barrier to trading globally.

The Government must ensure that hard-working exporters don’t see their products held up by red tape here in the UK – before they even get goods to market. The current stock of UK regulations must be examined to ensure it does not place unnecessary burdens on exporters. The Government must also work with other countries to reduce any unnecessary international regulations that prevent UK firms entering global markets.
UK regulations are perceived to be most burdensome by large firms

- A quarter of current exporters, those that have previously exported and those that are considering doing so, believe that UK regulations are a barrier to export.
- Larger businesses find regulation more burdensome - the figure is 22 per cent for micro-businesses but rises to 31 per cent for businesses employing 250 or more staff.
- This can be explained by the fact that larger firms tend to export more and therefore deal with UK regulations more frequently. It also shows that the Government’s assessment that large firms can more easily handle regulatory compliance is oversimplified.

Current exporters are the most likely to cite UK regulations as a significant or slight barrier to exporting, suggesting that this is not an issue of perception but rather based on experience.

25 per cent of respondents not currently exporting but actively considering it view UK regulation as a significant or slight barrier, demonstrating that a significant percentage of would-be exporters are being deterred from exporting by red tape.

Nonetheless, it should be noted that 63 per cent of respondents overall do not really view UK regulations as a barrier – this figure is 10 per cent higher than for overseas regulations.

**Extent to which UK regulations are a barrier**

- Don't know/Not applicable: 15%
- Not a barrier at all: 43%
- Not really a barrier: 13%
- Slight barrier: 17%
- Significant barrier: 9%

**Base:** 3,592
OVERSEAS REGULATIONS ARE MORE OF A BARRIER TO EXPORTING THAN UK REGULATIONS

Overseas red tape is holding potential exporters back from trading globally, with mid-size businesses most affected by these regulations

- One in three of those currently exporting, those that have previously exported and those that are considering doing so, suggest that overseas regulations present a barrier to trading globally.
- Medium-sized businesses reported that they were most affected by overseas regulations.
- 30 per cent of micro-businesses felt overseas regulations were a barrier to exporting but this figure rose to over 40 per cent for businesses employing 50 or more staff.

As with UK regulations, those currently exporting are most likely to view overseas regulations as a barrier to exporting, inferring that their viewpoint is based on experience rather than perception.

A considerable percentage of potential exporters are being held back by overseas red tape - one in three respondents actively considering exporting view overseas regulation as a barrier to global trade.

Almost one in three respondents likely to consider exporting in the future stated that they were unsure whether overseas regulations were a barrier to exporting, or did not think these regulations were applicable. This demonstrates a lack of knowledge on the part of some potential exporters.

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BCC RECOMMENDATIONS

Ensure that the UK regulatory system does not prevent export growth

Existing regulations: When asked to state which regulations were the largest barrier to international trade, some of the key issues faced by businesses were cited as customs clearance, import regulations, tariffs and random and lengthy hold-ups securing export licences. BCC appreciates that the Government’s Red Tape Challenge initiative has examined regulations such as export control orders, however the review must thoroughly cover all regulations affecting exporters and importers and deliver a real reduction in regulatory burdens on businesses looking to enter the global market.

Future regulations: The domestic regulatory architecture must be strengthened and made more transparent to ensure that new regulations do not have perverse effects on exporters. All new regulations should be based on thorough Impact Assessments which clearly analyse any possible costs and burdens on business.

Open up new markets through free trade agreements

UK businesses must be allowed easier access to new markets through EU-negotiated free trade agreements (FTAs). There is a clear connection between the formal legal agreements that underpin global trade and the volume of UK exports to overseas markets. SMEs in particular, which lack the resources of larger businesses, would benefit from a reduction in the tariffs and bureaucracy of markets that are not currently covered by free trade agreements with the EU. The Government’s European efforts should continue to focus on concluding trade negotiations, including bilateral free trade agreements with India and Japan and further liberalising trade with the United States. UK Trade and Investment and Chambers of Commerce should do more to inform firms when a new FTA comes into effect and in the period immediately preceding its implementation.

FURTHER INFORMATION

The BCC is the national body for an influential network of 52 Accredited Chambers across the UK. Representing 100,000 businesses, who together employ more than 5 million employees, the BCC is the Ultimate Business Network. No other business organisation has the geographic spread or multi-size, multi-sector membership that characterises the Chamber Network. Every Chamber sits at the heart of its local business community, providing representation, services, information and guidance to member businesses and the wider local business community.

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