



Northern Ireland  
Chamber of Commerce  
and Industry

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NI CHAMBER & INVEST NI

# Trade Survey

DECEMBER 2022

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## Summary

There is still a strong appetite for trading internationally, despite the challenges that NI based businesses face. The 2022 Trade Survey suggests that 3 in 5 NI Chamber members have seen exports (ex. UK sales) increase over the last year, compared to 1 in 5 where exports have fallen.

Only 6% state that nothing would encourage their business to trade internationally at present. This figure was 19% in 2021, suggesting that there is a greater appetite to trade now compared to this time last year, perhaps reflecting the fact that businesses are adapting to new trading arrangements post EU Exit and the COVID recovery.

However, the challenges are significant in light of major upheavals faced in the last

few years with EU exit, COVID, geopolitical turmoil including the Ukraine war and now the potential for a global and national downturn/recession. Members are finding exchange rate fluctuations particularly challenging, much more so than respondents to a similar survey of British Chamber members. This perhaps reflects the fact that NI businesses are more likely to be exporting because of proximity to the Republic of Ireland.

Other big issues include problems with accessing supply chains and the fact that UK products and services are so expensive, reflecting the huge inflationary pressures at work. There are also challenges with the Protocol for around half of respondents and political instability in the UK is not helping

businesses here trade internationally. Rising costs are causing real challenges for members. This includes raw material costs which has been a persistent issue in recent years. There is also a particular focus on transport costs. Members highlight the challenges of passing costs on through prices. It is becoming increasingly difficult to make profits and difficult to be competitive.

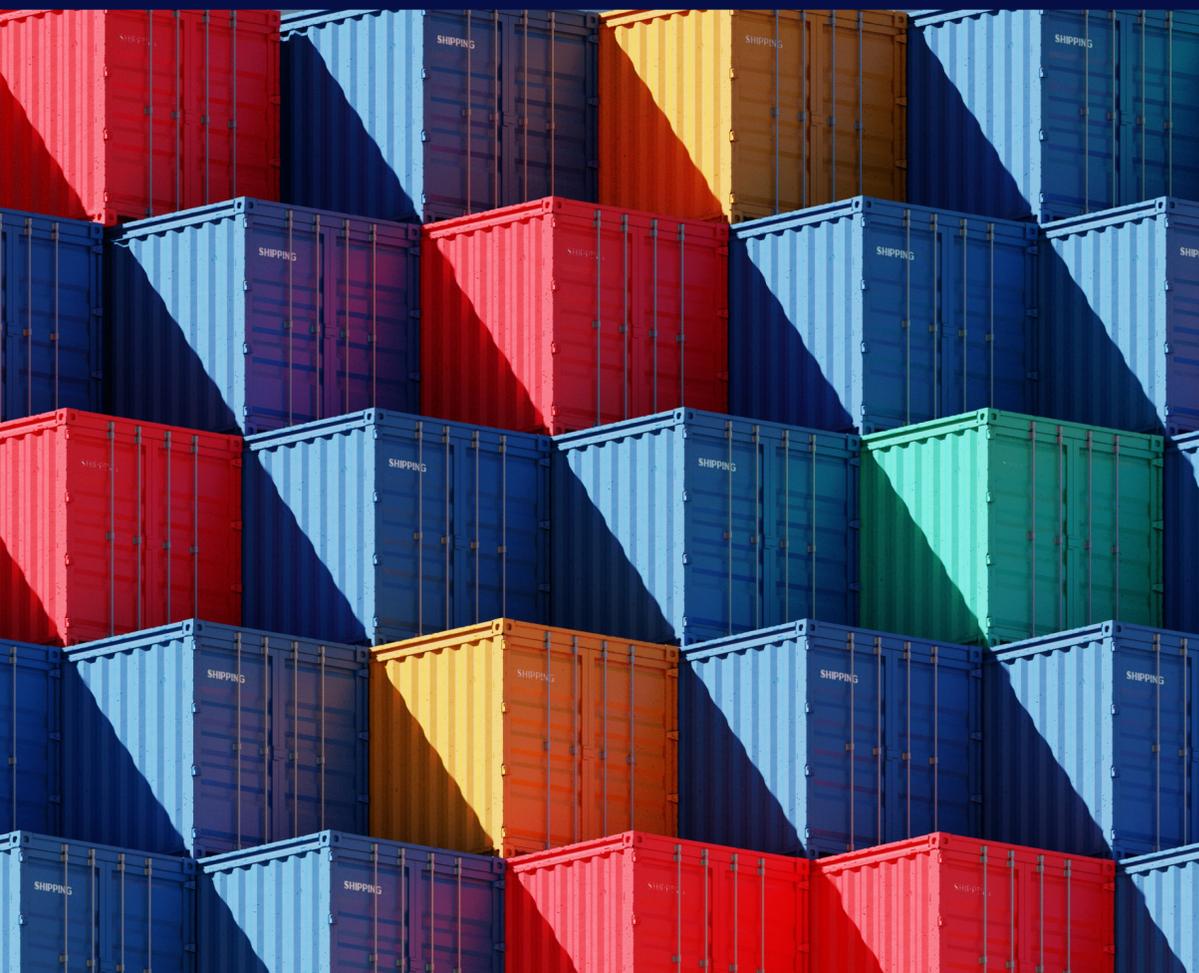
On the Protocol specifically, there is a general sense that while there are some material hurdles, there are opportunities for business growth that we should be exploiting. Just over half of members believe the Protocol is supporting business growth compared to 29% who do not see any boost. Most businesses are finding selling to GB and the EU straightforward. However, there remain issues with making purchases from GB for some firms. Around 1 in 3 members are finding this difficult and this year some 30% of members have purchased less from Great Britain (although 36% have purchased more). More members have increased purchases from outside the UK (54%).

The lack of a functioning Executive is a negative and creating a poor image of the region for customers. Some members note that customers have explicitly mentioned this instability as unhelpful context when trying to do business internationally. This is on top of the poor reputation of the UK currently which is noted by members as a particular concern.

A consistent message among NI businesses in the last couple of years is that their views are not being considered in UK government negotiations around trade deals and particularly the practical implications of what these deals mean for business.

Smoother customs procedures are the top priority for future trade deals including the digitalisation of trade paperwork. Other important supports include focused support for SMEs to take advantage of reduced tariffs and reducing technical barriers such as incompatible product regulations. Two in 5 members want greater labour mobility and a similar share want lower tariffs.





## Context

Each year NI Chamber, along with the British Chamber of Commerce, surveys members about the opportunities and challenges members face in trading internationally. The picture as regards EU Exit related disruption was clearly set out in our “Brexite One Year On” report (published with Invest NI in December 2021).

Most members were experiencing increased costs (84%) and nine in ten were experiencing supply chain issues including rising shipping costs (77%), delivery delays (77%) and problems with product availability (72%). Two in three were having to deal with increased paperwork and at that point some were dealing with HGV driver shortages. Northern Ireland businesses also reported higher shipping container costs compared to other UK based

traders. Despite this, most businesses had growth plans that included trade outside the UK. While most NI-based businesses were aware of the Protocol, this was much more limited among GB based companies where just over one in three GB firms had either only heard of the NI Protocol by name or had never heard of it before.

The latest British Chamber survey (2022), representing the views of almost 1,200 members, highlights that the environment for exporting remains far more difficult compared to the pre-Covid, pre-Brexit period.

## Key findings include:

# 1.

Inflation continues to be the top issue affecting business performance and growth. Firms expect prices to rise even higher, on average by 10% over the next year.

# 2.

General trade performance is challenged with issues relating to inflation, transportation, problems with global supply chains and trade barriers impacting negatively.

# 3.

Firms are disconnected with Govt policy on trade. Most are not assessing FTA requirements.

# 4.

New trade barriers flowing from the TCA are still causing problems trading with EU.

# 5.

The findings suggest the need for short-term solutions to key crisis points (e.g., Spiralling inflation, supply chain disruption) as well as structural solutions to fix trade barriers with existing trade partners (e.g., With EU).

# Background to survey respondents

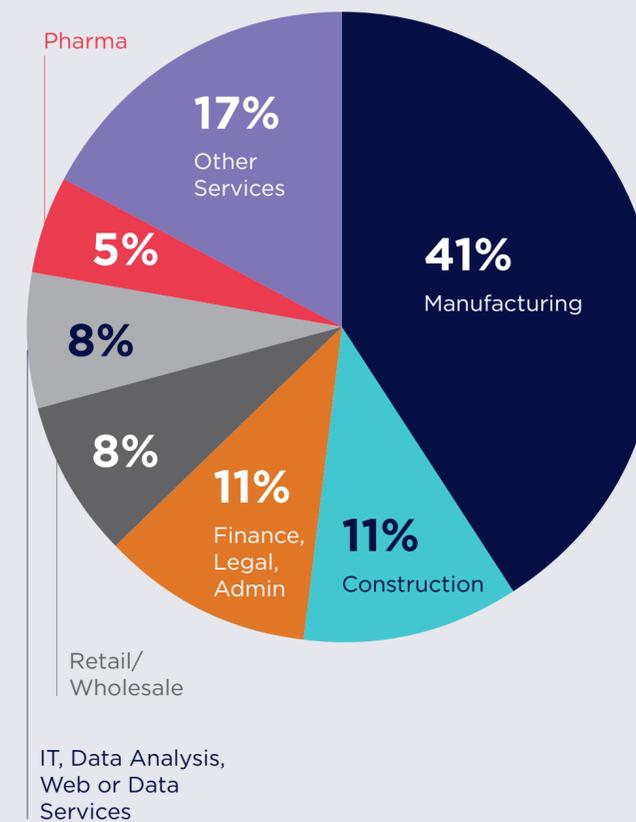
# 109

In total, 109 companies responded to the 2022 NI Chamber and Invest NI Trade Survey. Fieldwork took place in September-October 2022.

Respondents represent a good spread of businesses in terms of size, sector and ownership. Their profile is as follows:

27% are micro-enterprises (less than 10 employees), 29% have 10 to 49 employees, 23% are medium sized with 50 to 249 employees and 21% with 250+ employees

## Sectoral orientation of respondents to the 2022 trade survey



# 2 in 5

2 in 5 are manufacturers and 11% construction with the remaining in various parts of the services sector

# 72%

72% are locally owned and for 28% ownership lies outside NI

# Trade Orientation

Distance is a reflection of the extent of trade engagement for NI Chamber members, with the majority of members trading with near market customers in Great Britain and the Republic of Ireland. The rest of the European Union is also a key sales market for around 7 in 10 members, followed by North America in terms of sales. Asia is a key market for purchases with 41% of members buying goods from this market.

- Trade patterns are largely near market with the main markets for both selling to and buying from being within NI, Great Britain and Republic of Ireland.
- Great Britain is most important external market closely followed by the Republic of Ireland
- The Rest of the EU is also a key market for 7 in 10 members
- Asia is particularly important in terms of purchases with 2 in 5 members buying from Asia

## Trade Orientation of survey respondents

	<b>% Selling To</b>	<b>% Buying From</b>
Northern Ireland	89%	87%
Great Britain	89%	90%
Republic of Ireland	87%	78%
Rest of the European Union	73%	70%
North America	51%	29%
Rest of America	31%	8%
Asia	37%	41%
Middle East	44%	9%
Africa	34%	6%
Oceania (Australasia, New Zealand etc)	38%	9%

# Trade Orientation

Trade orientation in terms of size of business shows that there is a strong external trade orientation, even amongst the smallest firms. The importance of the European Union and particularly the Republic of Ireland is clear regardless of size. North America is also an important market. Although numbers are small, it is notable that the Middle East is an important destination for sales regardless of size also.

## Destination of sales by size of business

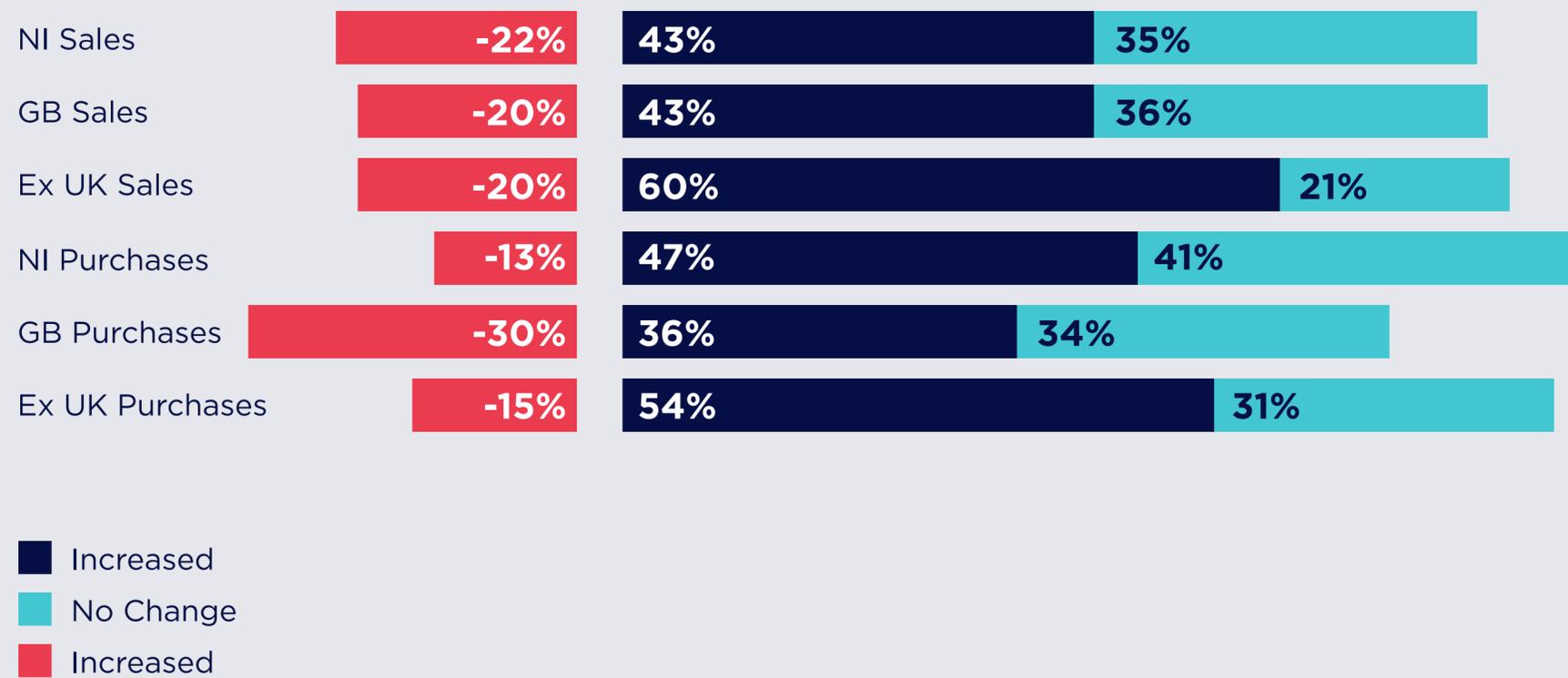
	<b>Large</b>	<b>Medium</b>	<b>Small</b>	<b>Micro</b>
Northern Ireland	91%	69%	88%	90%
Great Britain	87%	75%	88%	86%
Republic of Ireland	83%	72%	91%	83%
Rest of the European Union	78%	66%	66%	69%
North America	52%	41%	53%	45%
Rest of America	35%	22%	28%	31%
Asia	48%	22%	34%	38%
Middle East	39%	41%	41%	45%
Africa	48%	22%	34%	28%
Oceania (Australasia, New Zealand etc)	39%	38%	38%	28%

# Current Trading Conditions

In the last year in overall terms, more firms have experienced increases in sales to destinations than any fall. The strongest increase has been in sales outside the UK (or exports) with 60% of firms experiencing an increase in exports compared to 20% a decline.

The narrowest difference is noted in terms of purchases from Great Britain. Over the year 36% have purchased more from GB while 30% have purchased less. This in contrast to 54% purchasing more from outside the UK compared to 15% purchasing less.

## Change over the last year



# Current Trading Conditions

The most significant concern for members is exchange rate fluctuations, an issue for 71% of respondents. Around half of respondents have issues with accessing supply chains and the fact that UK products and services are expensive. Almost half (47%) are experiencing challenges with the Protocol. Political stability in the UK is also an issue.

## Current Concerns

	<b>% With Concern</b>
Exchange rate changes	71%
Problems with accessing supply chains	53%
UK products and services are expensive	52%
Challenges with the Northern Ireland Protocol	47%
Political instability in the UK	45%
The reputation of the UK	27%
General tariff uncertainty	24%
Increased difficulty with the process of exporting goods	20%
Increased competition from other countries	17%
Political instability in importing country	12%
Overseas buyers prefer local supply chains	9%

# Current Trading Conditions

Other issues raised by members include the following:

- Misunderstanding within UK and EU companies, as to how exactly the Northern Ireland Protocol works, and what it means for trade between Northern Ireland and the UK/EU.
- Retention of staff
- Labour and skills availability
- Customers are overstocked since Covid 19
- Unreliability and high cost of ocean freight
- Political instability in Northern Ireland
- Intransigent planning system

Key barriers to exporting focus on exchange rate volatility (64%), transportation costs/disruption and regulatory barriers such as product certification (50%). For 45% of respondents uncertainty, whether political, social, economic or environmental is a concern. Lack of skilled labour is an issue for 1 in 4 members.

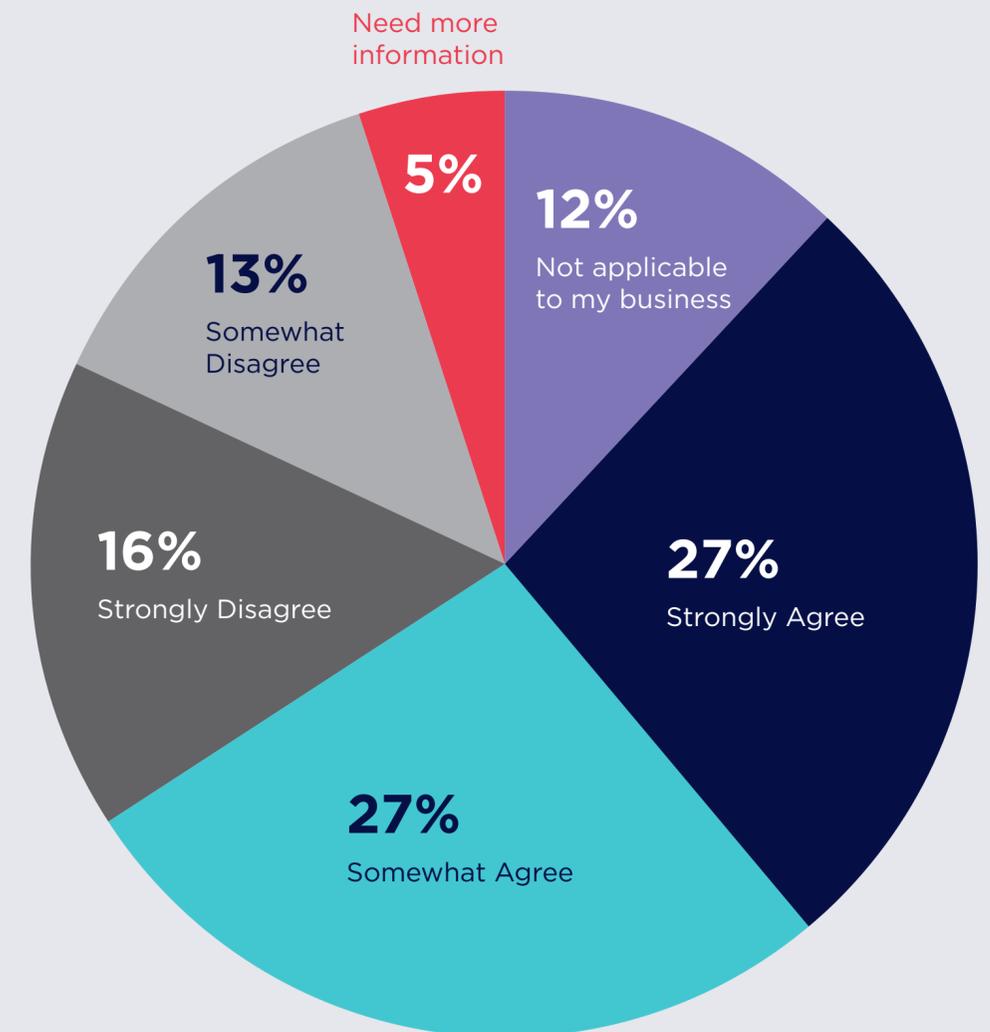
## Key Barriers to Exporting

	<b>% Respondents</b>
Exchange rate volatility	64%
Transportation costs or disruption	57%
Regulatory barriers (e.g., product certification)	50%
Political, social, economic, or environmental uncertainty	45%
Tariffs (taxes/duties on import/exports)	40%
Customs procedures (checks, declarations)	38%
Lack of skilled labour	28%
Rules of origin requirements	22%
Language barriers	17%
Non-tariff taxation (e.g., VAT)	14%
Lack of demand from customers	13%
Travel or mobility rules	11%
Lack of finance	10%
My business doesn't face any barriers	10%
My goods/services are not suitable for export	7%
Treatment of intellectual property	7%
Other	4%
Don't know how to start or increase exports	3%

# Current Trading Conditions

A majority of members believe the Protocol is supporting business growth. More than 1 in 2 members (54%) believe that the Protocol is helping their business grow compared to 29% who do not believe the Protocol is contributing to increased sales.

To what extent do you agree or disagree that the Northern Ireland Protocol is enabling your business to grow or increase sales?



## Trade Orientation

In terms of adaptation to the Protocol and TCA for the majority, where relevant, the process has been largely manageable/easy. Selling to both Great Britain and the EU has been good for most. The main area of difficulty, linked to the Protocol, has been in buying goods from GB with 1 in 3 members finding this difficult. One in 10 have had difficulty in transferring data.

How easy or difficult has it been for your business or supply chain to adapt to changes flowing from the Northern Ireland Protocol and the Trade and Co-Operation Agreement?

	Difficult	Manageable	Easy	Too early to say	N/A
Recognition of professional qualifications	6%	27%	17%	10%	40%
Obtaining Visas	9%	23%	9%	11%	48%
Buying goods from GB	33%	38%	15%	4%	11%
Selling goods to GB	11%	35%	32%	4%	18%
Buying from or selling services to the EU	17%	29%	36%	6%	12%
Transferring data	10%	38%	14%	10%	28%

# Future Trading Considerations

The main supports that firms require to trade more include finding a business partner or distributor overseas (41%), trade shows (38%) and overseas market research (35%). One in 3 would like local advice from Invest NI/others on how to develop an export plan. One in 4 would like access to finance to export.

## Supports to encourage greater trade internationally (or trade more)

	<b>% Respondents</b>
Finding a business partner or distributor overseas	41%
Trade shows	38%
Overseas market research	35%
Local advice from Invest NI/Others on developing an export plan	33%
Trade missions	30%
Documentation support	27%
Business, marketing or sales plans	25%
Access to finance	25%
Networking with businesses who already export	24%
A presence overseas by Invest NI/Others	23%
Translation services	14%
My business already trades internationally at its full potential	14%
Don't know	6%
Nothing would encourage our business to trade internationally at present	6%
None of the above	3%
Other support not listed	1%

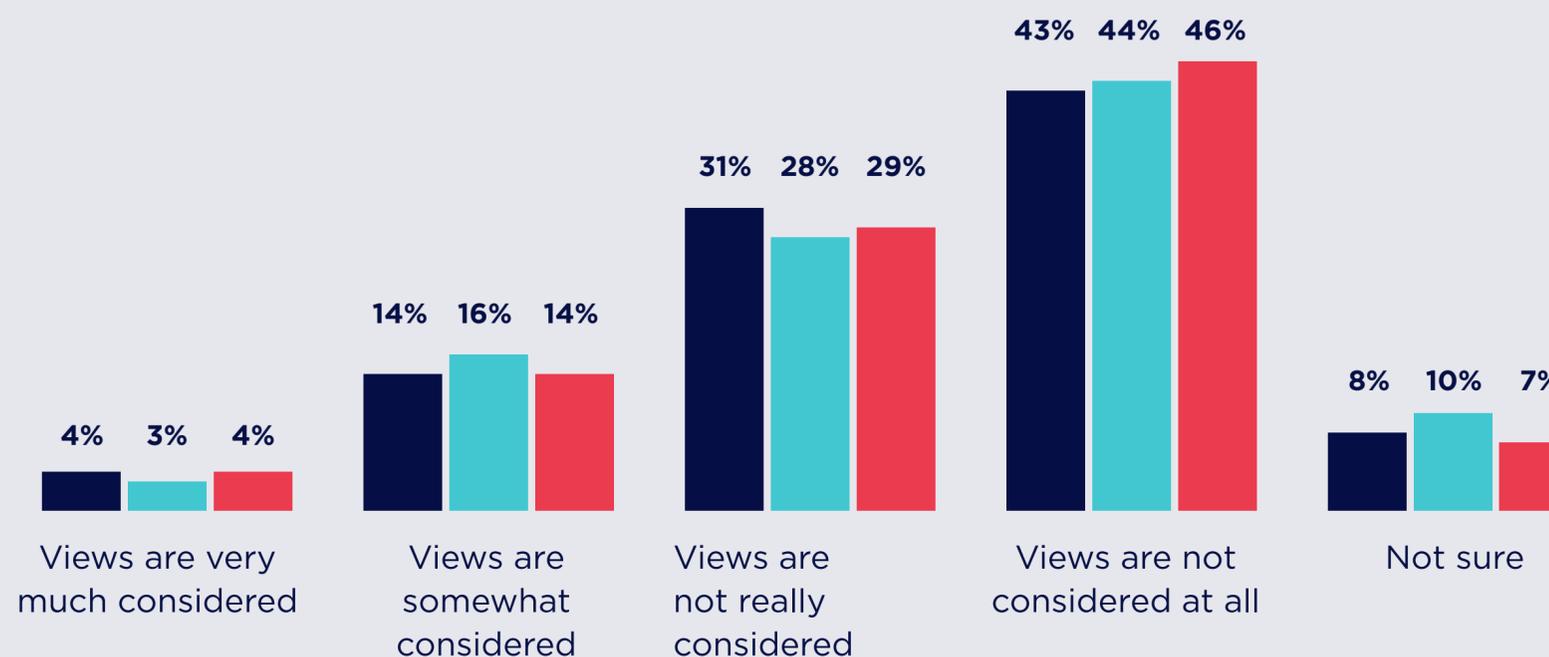
# Future Trading Considerations

It is notable that only 6% state that nothing would encourage their business to trade internationally at present. This figure was 19% in 2021 suggesting that there is a greater appetite to trade now compared to this time last year. This could reflect the fact that businesses are becoming more used to the new trading arrangements.

Members generally state that their views are not taken into consideration in terms of trade deals with around 1 in 2 believing that business views are not considered at all. This includes assessing the practical implementations of deals, deciding the terms of negotiating priorities and deciding the priority markets for future trade deals.

To what extent do you feel that your business views are considered when the following decisions are being made by the UK government about trade deals?

- Deciding the priority markets for future trade deals
- Deciding the terms of negotiating priorities
- Assessing the practical implications of trade deals once implemented



# Future Trading Considerations

The top priority for future trade deals is that there are smoother customs procedures (63%) which could, for example, include digitalisation of trade paperwork. Other important supports include focused support for SMEs to take advantage of reduced tariffs (48%) and reducing technical barriers such as incompatible product regulations (47%). Two in 5 members want greater labour mobility. A similar share want lower tariffs (37%).

## Top priorities for future trade deals

	<b>% Respondents</b>
Smoother customs procedures (e.g., digitalisation of trade paperwork)	63%
Focused support for SMEs to take advantage of reduced tariffs	48%
Reducing technical barriers (e.g., incompatible product regulations)	47%
Lowering tariffs	39%
Sourcing more inputs, raw materials or goods	37%
More labour mobility	37%
Mutual recognition of professional qualifications	22%
Improved data flows	19%
Focus on green trade	17%
Need more information	4%
Other priorities	3%
Future trade deals are not a priority for me or my business	3%

# Future Trading Considerations

Members provided significant open-ended feedback on issues impacting on trade including the Protocol, EU Exit, costs and political instability. A summary is as follows:

- The general sense is that while there are some hurdles with the Protocol, the benefits outweigh the costs and that in ironing out some of the issues Northern Ireland has a significant advantage that it should be exploiting.
- The lack of a functioning Executive is a negative and creating a poor image of the region for customers. This is on top of the poor reputation of the UK currently.
- Costs are a significant concern for members. This includes raw material costs but there is also a particular focus on transport costs. Members highlight the challenges of passing costs on through prices. It is difficult to make profits and difficult to be competitive.





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## About NI Chamber

NI Chamber is a customer-focused, quality assured, business support organisation which enables members to grow both locally and internationally and drive the development of the economy.

It provides unrivaled access to networking, learning and accredited training. The organisation provide members with platforms to raise their profile substantially and act as a powerful voice which influences change for the better.

Accredited by British Chambers of Commerce and a member of Chambers Ireland, NI Chamber it at the centre of a strong global network of champions for business and global trade.

For more information visit  
[www.northernirelandchamber.com](http://www.northernirelandchamber.com)

## About Invest Northern Ireland

As the regional business development agency, Invest NI's role is to grow the local economy.

We do this by helping new and existing businesses to compete internationally, and by attracting new investment to Northern Ireland.

We are part of the Department for the Economy and provide strong government support for business by effectively delivering the Government's economic development strategies.

Visit [www.investni.com](http://www.investni.com)

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