

**A WORKSHOP
WITH LOCAL
BUSINESS
SUPPORT AND
INTERNATIONAL
TRADE ADVISORS**

WEDNESDAY
MARCH 31 2021
10:00 – 11:15

**BUILDING ON
THE UK-EU
TRADE
AGREEMENT**

REGISTER FOR
YOUR FREE TICKET
HERE

FOR ADVISORS
BASED IN
WEST YORKSHIRE
OR YORK AND
NORTH
YORKSHIRE



Department for
International Trade

York & North Yorkshire
**LOCAL ENTERPRISE
PARTNERSHIP**

LEP Leeds City Region
Enterprise
Partnership

31st March, 2021

Karl Dalglish, Director Kada Research



PART 1: **Introductions**

Introduction:

5 minutes

Speaker 1:

**Jennie Holdstock/
Amanda Potter,
West Yorkshire
Combined Authority**

Overview of our work and workshop contents

15 minutes

Speaker 2:

**Karl Dalgleish, Director,
Kada Research**

Research highlights

PART 2: **EU Exit and Global Trade**

Speaker 3:

Mike Stokes

EU Exit: What just happened! What must businesses consider?

What support is there?

15 minutes

Speaker 4:

Mark Beresford

Global market contexts, EU-UK T&CA Implications and Impacts, Opportunities and Considerations

The emerging shape of FTAs

20 minutes

PART 3: **Discussion**

Discussion:

Questions for panel

**Share your lessons
from businesses
about how they are
adjusting to the EU
Exit**

**Tell us what more
business support
community can
do to meet these
needs**

20 minutes

All plus

**Emma Thomson
Kada Associate**

Overview of our work

Commissioned in November to assess the outcomes from the UK's departure from the EU and maximise international opportunities.

EU exporter survey

Trade and inward
investment statistics
for WY and Y&NY

Follow-on
interviews,
case studies
and EU exit
video diaries

Purpose: share and discuss emerging priorities of relevance to those involved in trading with the EU and beyond and inform the business support.

EU Exit Business Surveys: Headlines prior to the EU-UK T&CA and now*

---- Preparations, Support and Concerns ----

Level of preparation

PRIOR

49% 'totally' or 'mostly prepared', 35% 'somewhat', 13% 'not prepared', 3% 'totally unprepared'

NOW

48% 'totally' or 'mostly prepared', 20% 'somewhat', 16% 'not prepared' or 16% 'totally unprepared'

Ability to find information

PRIOR

44% could not find the information needed to prepare, 37% found 'some' or 'all'

NOW

22% could not find the information needed, 71% found 'some' or 'all'

Hot topics of support

PRIOR

Leaving the EU tariff and customs regime (43%), sector specific support (37%), understanding what it means to be outside EU (36%)

NOW

Customs, import and export procedures (38%), understanding the new EU-UK trade agreement (31%), trade in goods (30%)

Contingency Plan in place

PRIOR

42% had viable EU Exit contingency plan.

NOW

46% currently have a viable Operational Plan. BAME and Female led businesses less likely to have plan than others.



Top 3 business impacts

PRIOR

Maintaining customers and suppliers (83%), managing taxes, tariffs and VAT (80%), new customs duties or regulations affecting sales (76%)

NOW

New requirements for importing or exporting goods/services e.g. changes to INCOTERMS, RoO (46%), maintaining customers and suppliers (35%), transporting goods (34%)



Top 3 EU Exit worries

PRIOR

Lack of clarity about new EU relationship (77%), impacts on costs and revenues (62%), backlogs and delays at border crossings for EU imports (56%)

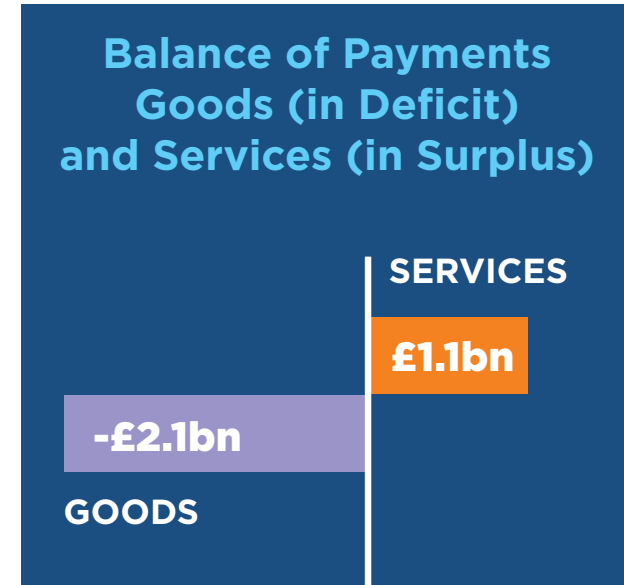
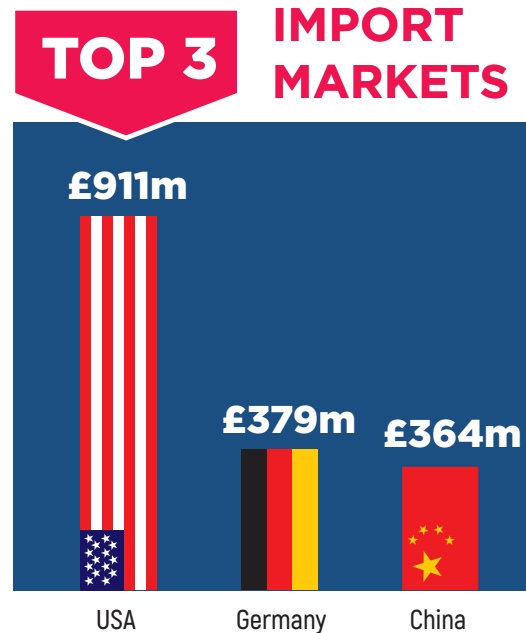
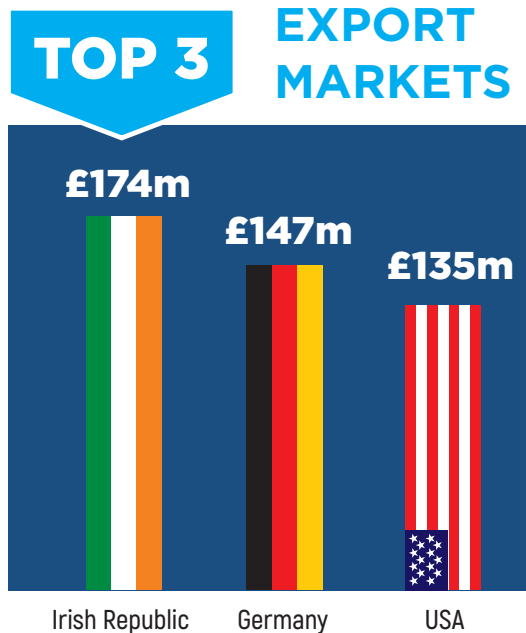
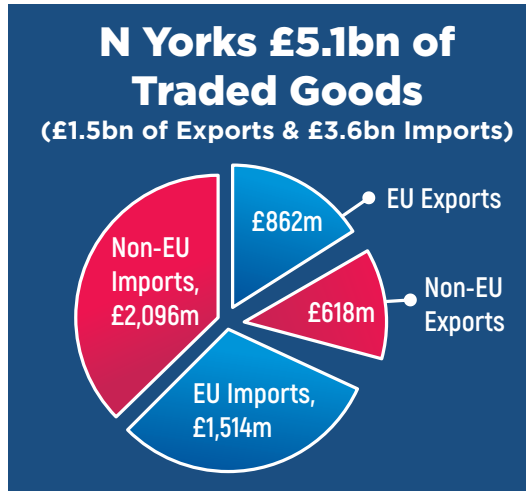
NOW

Increased shipping, courier and logistics costs (48%), backlogs and delays at border crossings for EU supplies (46%), impacts on costs and revenues (42%)

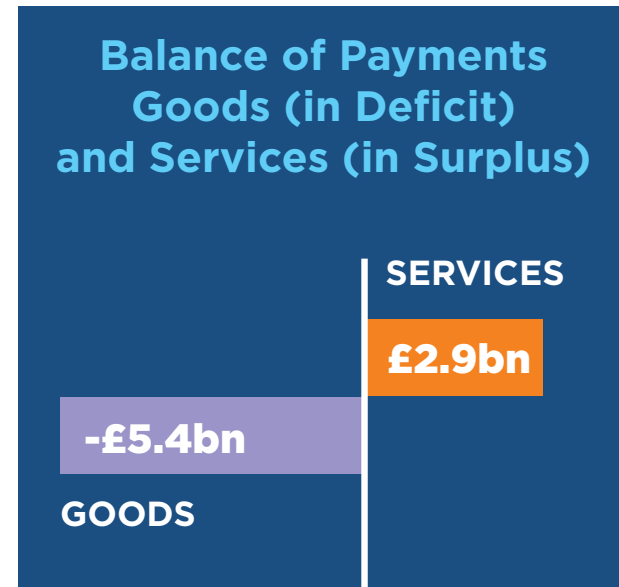
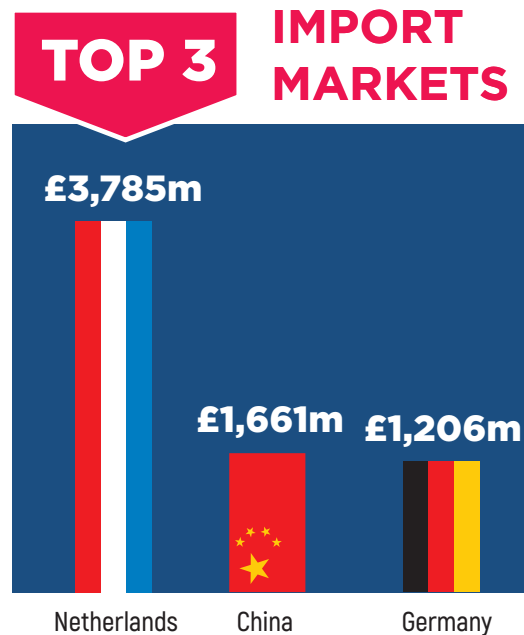
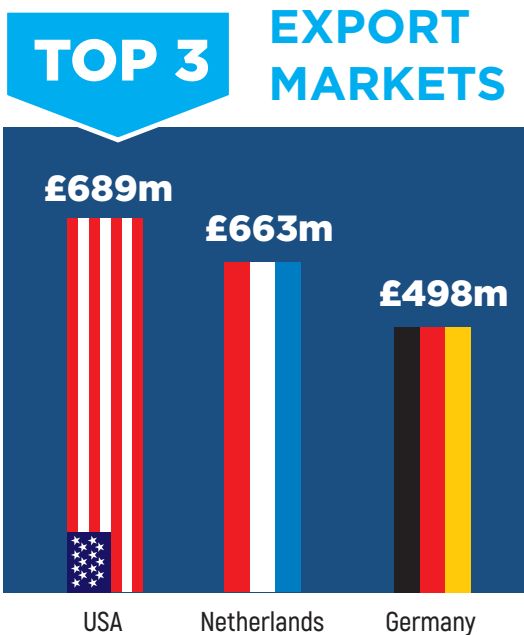
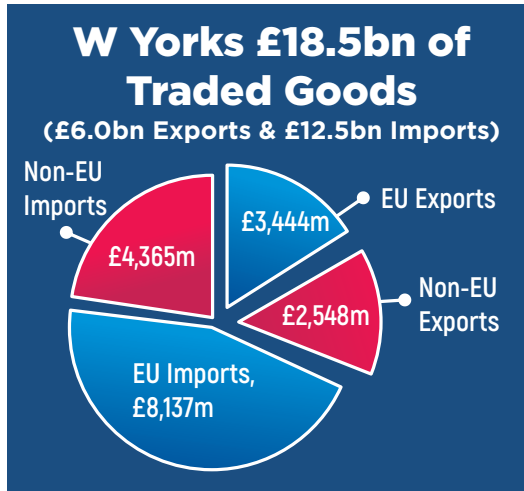


* Data from two business surveys conducted by Kada Research, the first in Dec 2020 (151 exporting SMEs in Leeds City Region and York and North Yorkshire), the second in Feb-March 2021 (80 exporting SMEs in LCR only).

North Yorkshire International Trade Headlines including EU Exposure

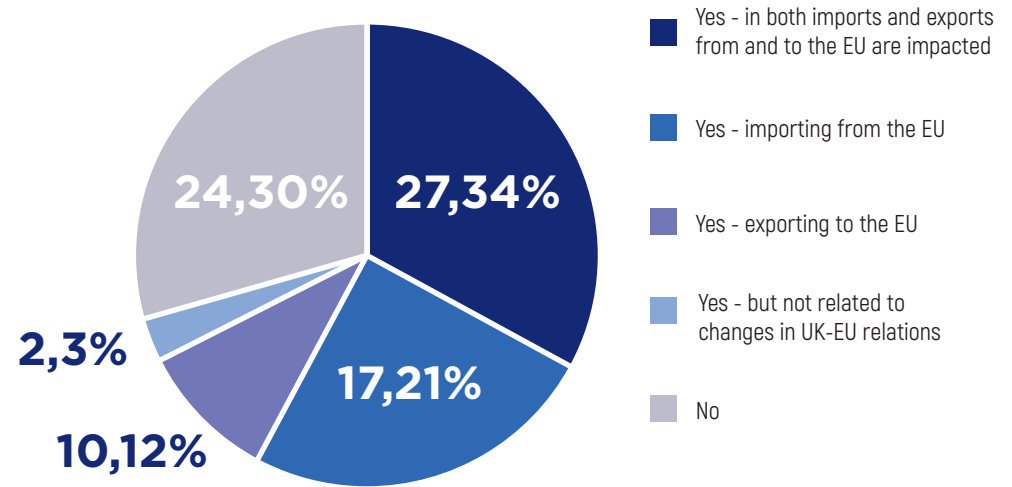


Leeds City Region International Trade Headline including EU Exposure

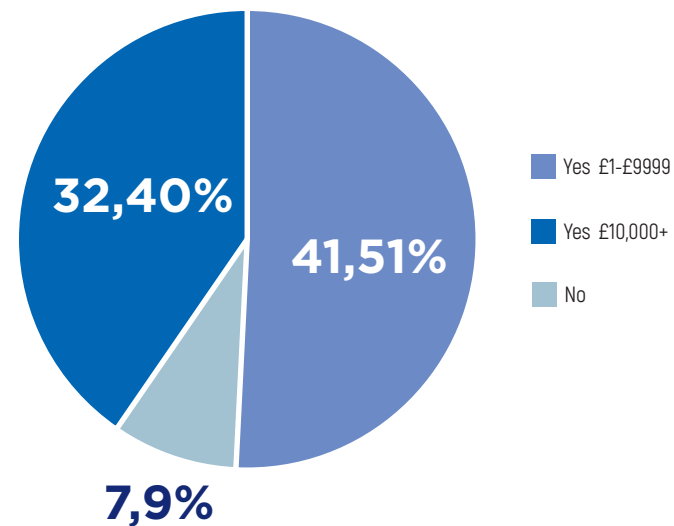


N.B. Data shown from March 2021 survey in LCR only.

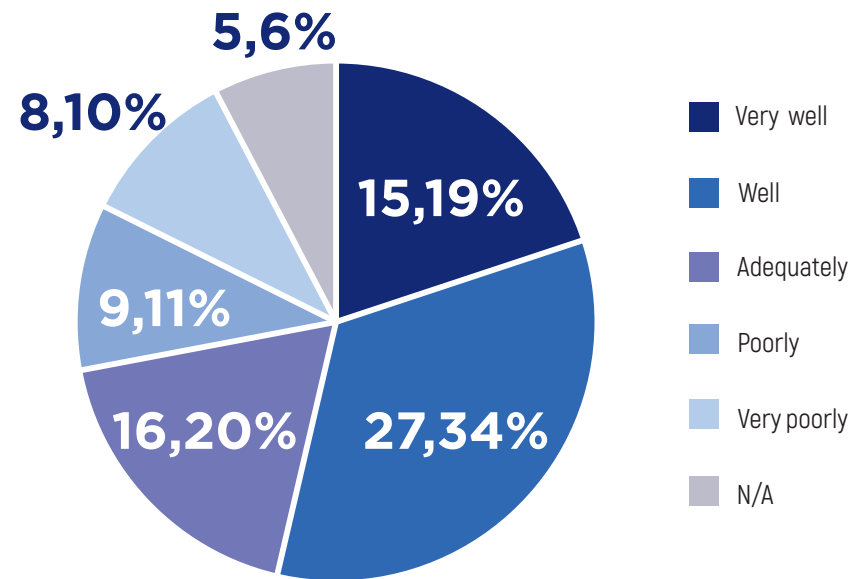
Have you experienced any supply chain disruptions since January?



Have you incurred costs with the new arrangements?



How well are you managing the new relationship?



Actions taken since the UK's Exit from the EU



EU Exit barrier relevance size and industry

Increased costs of exporting or importing goods/services were most relevant for:

- Larger (+£5m turnover) and smaller (<£50k, between £50-£100k) businesses;
- Health and Life Science, Agri-Tech, Advanced Manufacturing sectors.

Loss of frictionless trade was most relevant for:

- Larger (+£5m) and smaller (<£50k, between £50-£100k) businesses;
- Health and Life Sciences, Agri-Tech and Food and Drink.

Access to markets was most relevant for:

- Smaller businesses, and least relevant for larger businesses;
- Agri-Tech, Finance and Professional Services.

Understanding changes to UK manufactured product marking rules:

- Relatively similar across all business sizes;
- Health and Life Sciences, Advanced Manufacturing and Food and Drink.

What are businesses telling us about the effects?

Businesses with high volumes of trade across the EU are finding it challenging to meet separate nation's requirements.

“Trading across Europe has required different processes. It doesn't feel like we are trading with one entity”

“It is very time consuming to meet the requirements of every individual EU country”

VAT is causing confusion.

Problems with courier capacity, paperwork and customs duties is causing delays. This creates risks for customer confidence.

“We send parcels to the EU and they arrive late. A two-day delivery is taking four weeks, which can damage relationships with customers”

“With the nature of our products and their shelf-lives, I can't have deliveries arriving late.”

Many anticipate initial issues in deliveries and customs checks will settle down.

It is difficult to differentiate whether issues are caused by Covid or Brexit. It is more difficult to get imports from Europe via a short-notice 'one-off transportation'.

Increased freight and shipment costs.

Those with a strong client base continuing to see orders. “If you make the right product at the right price, people will continue to buy it.”

“We seem to be shouldering more duties costs than our EU counterparts”

What are businesses telling us about the support on offer?

Consistent advice is needed.

“When little things go wrong, we haven’t been able to access enough specific support that we need”

“The Government website and HMRC have been the most useful tools so far”

Businesses are demanding on-line tools that provide easy to access, up-to-date information. 1-2-1 direct support is also required for complex issues.

“We get 1-2-1 expert advice from an exporting agency”

“Online is ok, but we also want to be able to interact and have someone that we can talk to for expert advice”

Businesses accessed support from a range of sources, with freight forwarders often being most useful.

“We have received some good practical advice from our forwarders, as they are handling the transport process on the ground. We also take advice from accountants on finance topics”

Preparations (Business insights)

- “There are so many Government departments putting their views forward, it can be overwhelming. We are looking for an advisory service that provides bespoke advice for our business.”
- “We found it difficult to prepare but tried our best. There really was no certainty up until the deal was announced!”
- “Lack of capacity is a key issue for us, as we are a micobusiness.”
- “We did stockpile before the UK’s Exit from the EU.”
- “The company had a dedicated team of staff that focuses on preparing for and addressing upcoming export issues”
- “Part of our group is based in Europe with warehouse facilities. We moved a lot of our goods to these warehouses and this cut costs on small volume orders.”
- “Without Covid-19, we would have been able to communicate more efficiently with suppliers, and sort the problems needed to prepare better.”
- “Now the deal has been announced, we need updated support.”
- “We have a strong customer-base overseas, and whatever happened with the EU exit we were going to make it work.”

EU Exit Business Surveys: Headlines prior to the EU-UK T&CA and now*

---- Implications for international activity ----

Barriers to working with EU businesses

PRIOR

Increased costs of exporting/importing goods and services (75%), keeping abreast of changes to rules and regulations (62%), loss of frictionless trade (62%)

NOW

Increased costs of exporting/importing goods and services (56%), loss of frictionless trade (46%), keeping abreast of changes to rules and regulations (43%)

Top 5 barriers for exporting to new international markets

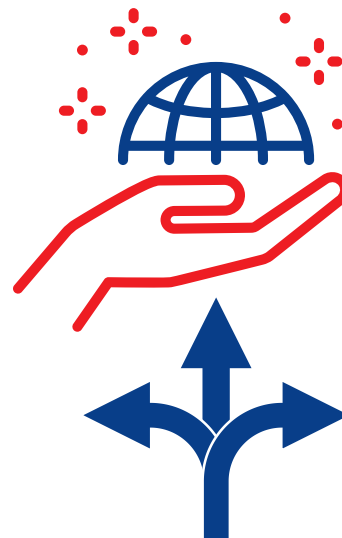
- Covid-19 restrictions
- Limited international customer base
- Lack of knowledge and contacts
- Financial and cost barriers
- Limited demand and awareness

Change in EU trade over the next year

14% think EU trade will increase significantly or 'a little'. 36% think EU trade will remain the same. 25% think trade will decrease 'a little' and 14% think EU trade will decrease 'a lot'.

Free Trade Agreements

44% unaware of benefits of FTAs, 28% think FTAs may have a negative affect on business. 9% confident FTAs will have positive affect, 16% see potential.



Exploration of new international markets

PRIOR

22% exploring new international markets as a result of the EU Exit (North America, Asia, Africa)

NOW

57% already or considering exploring new international markets (North America, South America, Australia/New Zealand)

Characteristics of businesses most likely to consider trading outside EU

Female-led with existing non-EU partners

BAME-led with new international markets

Smaller firms (<100k p.a.) with new international markets

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Discussion

What are advisors picking up from businesses about how they are adjusting to the new arrangements and future opportunities?

What more can the business support community do to meet these emerging needs?