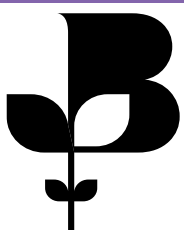
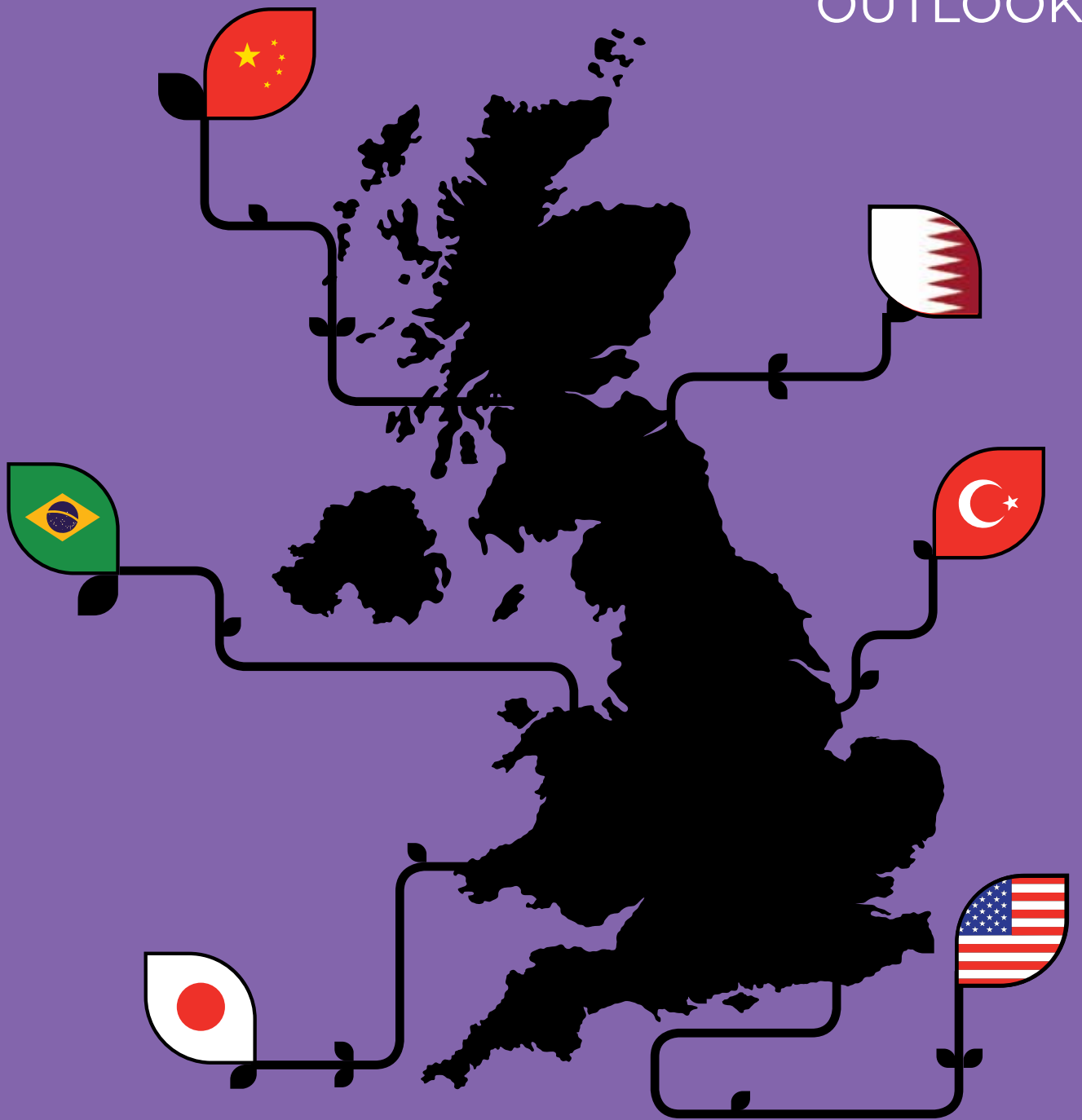


1ST QUARTER 2015

BRITISH CHAMBERS OF COMMERCE
IN PARTNERSHIP WITH DHL
QUARTERLY
INTERNATIONAL
TRADE
OUTLOOK



British
Chambers of
Commerce



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.

Written and researched by:
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DHL – THE LOGISTICS COMPANY FOR THE WORLD

DHL is the global market leader in the logistics industry and “The Logistics company for the world”. DHL commits its expertise in international express, air and ocean freight, road and rail transportation, contract logistics and international mail services to its customers. A global network composed of more than 220 countries and territories and about 275,000 employees worldwide offers customers superior service quality and local knowledge to satisfy their supply chain requirements. DHL accepts its social responsibility by supporting climate protection, disaster management and education.

DHL is part of Deutsche Post DHL.

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About this outlook

The BCC/DHL Quarterly International Trade Outlook sets out the opportunities and risks facing British companies as they trade with the world – with a particular focus on timely information on dynamic new markets. It features the DHL/BCC Trade Confidence Index (TCI) which is a measure of the UK’s exporting health. It builds on the role of accredited Chambers of Commerce – the UK’s premier private-sector providers of international trade support to business – and the modelling expertise of Oxford Economics, who have provided all the economic and trade forecasts presented in this publication.

Foreword

by John Longworth

Director General, British Chambers of Commerce



There has never been a better time for British businesses to broaden out their horizons and explore international markets. Improvements in trade finance, online connectivity, and trade agreements have dramatically increased access to markets worldwide. The results of the Quarterly International Trade Outlook (QITO) for Q1 2015 are a testament to this point. Manufacturers are turning to export markets abroad to fuel their growth ambitions as weak industrial growth persists in the UK.

This is a credit to the strength and expertise of the UK’s manufacturing sector. Furthermore, almost half of the manufacturing firms we surveyed added new staff to their labour force – with the vast majority of these new roles being full-time positions.

While the recent strong performance in the economy has continued to build momentum, this has not been accompanied by a corresponding increase in exports. To address this imbalance, we need a clear focus from the government to implement ambitious plans that will help Britain recapture its reputation as a premier trading nation.

Chambers of Commerce are doing their bit to support businesses interested in accessing markets around the

world. Whatever the size or nature of your business, international expansion can be daunting with many hurdles to be negotiated. To take the fear out of exporting, we’re building an international business network of overseas British Chambers and business groups that provide British companies with practical advice each and every day when they start to do business in markets around the world.

By building trusted and proven international networks and removing barriers to trade, we will encourage more British businesses to look beyond our shores. The world is alive with business opportunities, so let’s get behind our British exporters and help them trade the world and shine on the global stage.

Foreword

by Phil Couchman

CEO, DHL Express UK & Ireland



This quarter’s DHL/BCC Trade Confidence Index (TCI) findings are very positive with confidence levels amongst UK exporters reaching a record high. With the volume of trade documents issued also increasing 3.41% on Q4 2014, the findings demonstrate that British businesses are really capitalising on international opportunities.

Manufacturing exporters were particularly confident, with a large proportion of businesses surveyed planning to hire new staff. With much discussion and analysis on the transformation of UK manufacturing, it is a very positive sign that UK manufacturers are considering overseas markets for growth. There is a global demand for high quality British products and we hope to see this continue so the sector can once again establish itself as a leader on the world stage.

The regional findings do however highlight some uncertainty and I urge businesses in these areas particularly

to seek guidance and advice from their local Chambers, UKTI or DHL itself.

At DHL we are confident in the future of the UK export market and we know from our customers that businesses can reap the rewards through export success. We must continue to support UK businesses so that they can realise their potential ambitions and lead the world in international trade.”

The DHL/BCC Trade Confidence Index (TCI) is a measure of the UK's exporting health. By analysing trends in trading activity and key factors of exporting firms' performance, the TCI gives a truly comprehensive picture of the UK's internationally-trading business community. The TCI is generated from two data sources: the BCC's Quarterly Economic Survey (**Confidence Indicator**) and Chamber documentation services (**Volume of Export Documentation**).

EXPORT INDEX OVER THE PAST YEAR (2007 = 100)				
Q1 14	Q2 14	Q3 14	Q4 14	Q1 15
117.03	119.27	116.93	117.43	121.43

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. (Further details can be found in the methodology on page 26).

CONFIDENCE INDICATOR

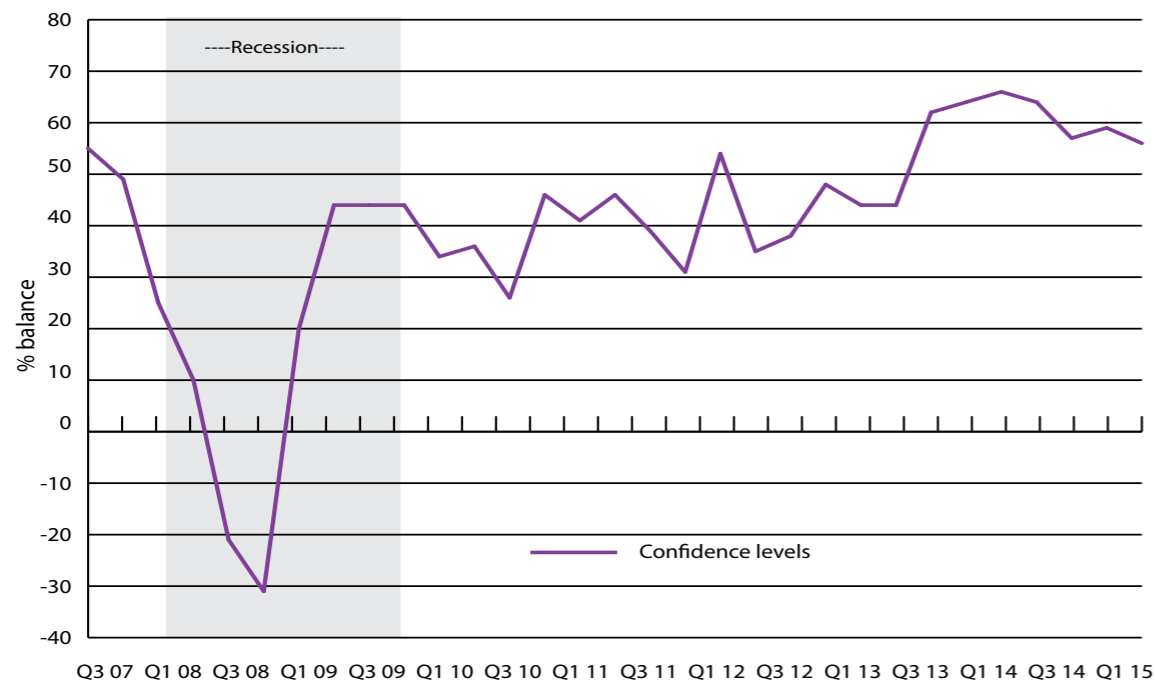


Figure one: Balance of firms who are confident that turnover will improve over the next 12 months

Balance figures are determined by subtracting the percentage of companies reporting decreases in a factor from the percentage of companies reporting increases.

- Confidence levels amongst exporters from both the manufacturing and service sectors continued to increase on the quarter and remain high by historical standards. Exporters are more confident that their turnover and profitability will increase over the next 12 months.

- The volume of trade documents issued continues to increase and this quarter's volume is the highest on record.
- The index number used to calculate the volume of trade documents issued by Chambers of Commerce across the UK now stands at 121.43 in Q1 2015.

National

The volume of trade documents issued increased over the quarter. The index now stands at 121.43 in Q1 2015. This represents an increase of 3.4% on Q4 2014, and an increase of 3.8% on the same quarter in 2014. This quarter's index is the highest outturn on record.

	Index number 2007=100	Percentage Change (%)	
		Recent quarter compared to last year	Recent quarter compared to previous quarter
Volume index of export documentation	121.43	3.8%	3.4%

Regions and Nations

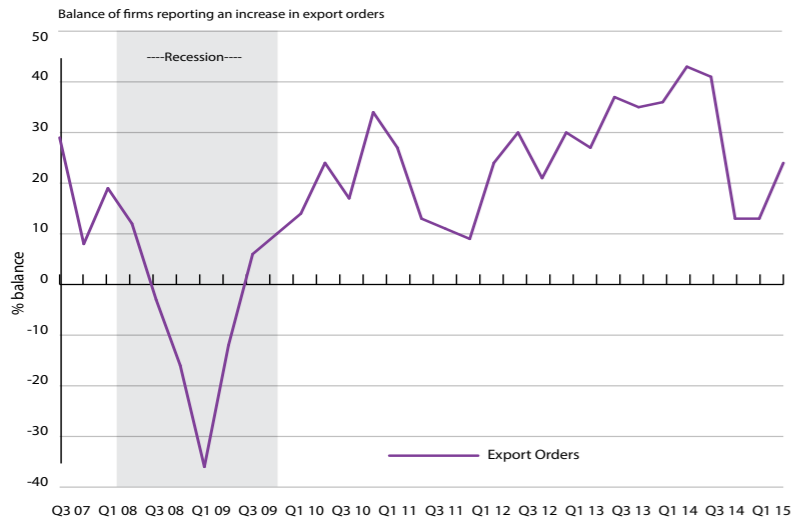
There was a mixed picture across the regions and nations of the UK. The largest quarterly increase was recorded in the East Midlands (+21.38%). This was followed by the West Midlands (+15.94%) and the South West (+11.07%). The biggest declines were in Scotland (-13.31%), Wales (-8.04%), and London (-0.61%).



Export and confidence balances

Balance figures are determined by subtracting the percentage of companies reporting decreases in a factor from the percentage of companies reporting increases.

Export orders

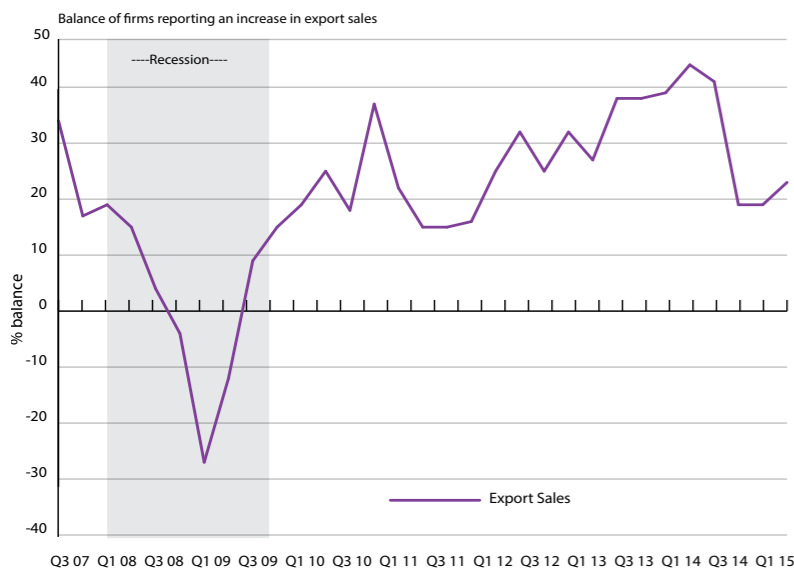


Export orders balance strengthens

The export orders balance grew in Q1 2015 to +24% from +13% in the previous quarter. The lowest figure on record was -36% in Q1 2009.

Further breakdown of the export orders balance shows that 38% of exporters reported that their export orders had increased in Q1 2015, while 14% of respondents stated they decreased, and 46% stated that orders remained constant.

Export sales

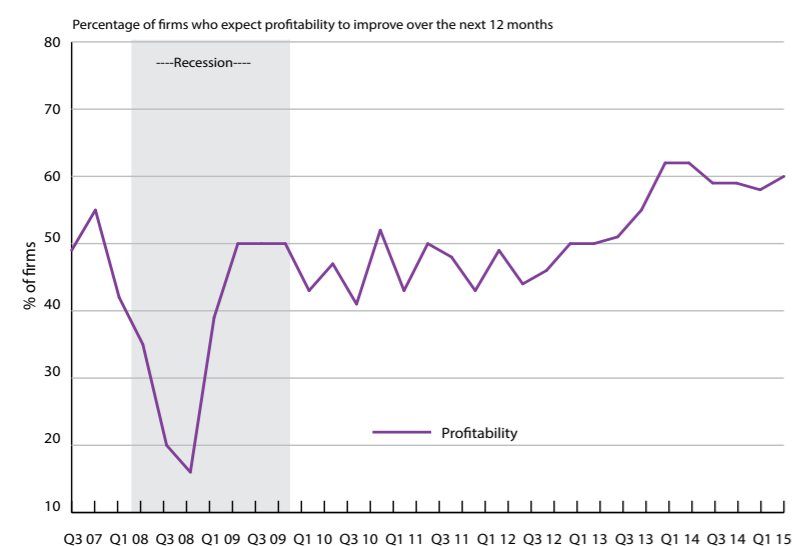


Export sales indicator shows improvement

The export sales balance increased to +23% in the first quarter of 2015, up from +19% in the previous quarter.

Further breakdown of the export sales balance shows that 38% of exporters reported that their export orders increased in Q1 2015, with 15% reporting that export sales had decreased and 47% reporting that they had remained constant.

Profitability confidence



Profitability confidence improves on the previous quarter

Exporters' confidence that their profitability will improve over the next twelve months increased to +50% from +44% from the previous quarter, and remains high by historical standards.

Further breakdown reveals that 60% of exporters expect profitability to increase, with a further 29% expecting no change, and 11% expecting profitability to worsen.

Recent performance

Q1 2015

Economy

Global

The US economy grew at an annualised rate of 0.2% over Q1 2015, down from growth of 2.2% in Q4 2014. China grew at an annual rate of 7.0% in the first three months of 2015, its slowest rate in six years. Japan came out of recession in the fourth quarter of 2014 with the economy expanding by an annualised 1.5% in the last three months of 2014. This comes after the economy contracted for the two previous quarters. The eurozone edged out of deflation in April after four months of falling prices. The inflation rate in the eurozone stood at an estimated 0% in April, up from -0.1% in March.

UK

The UK economy grew by 0.3% in the first quarter of 2015, the slowest rate of growth since Q4 2012 and lower than the 0.6% recorded in the fourth quarter. In annual terms, the UK economy grew by 2.4% in Q1 2015 compared to 3.0% in Q4 2014. The service sector remains the key driver of economic growth in the UK.

Trade

Global

Global trade grew by 2.8% in 2014, far less than an original forecast of 4.7% and also below the revised forecast of 3.1% that the World Trade Organisation predicted last September.

UK

The UK's trade deficit nearly doubled in March, rising £2.9 billion from £1.5 billion in February. There was a deficit of £10.3 billion on goods, which was partly offset by a surplus of £7.5 billion on services. Exports of goods fell by £0.9 billion to £23.2 billion in February 2015, the lowest level since September 2010. Imports of goods rose by £0.3 billion over the same period.

Outlook

Economy

The outlook for the global economy remains moderate with the growth prospects of individual countries likely to remain mixed. While the outlook for advanced economies such as the UK and US is improving - despite weak growth in Q1, growth in emerging market and developing economies is likely to be lower, particularly among oil-exporting countries. Elsewhere growth in the Eurozone remains weak and the Chinese economy is expected to continue to slow.

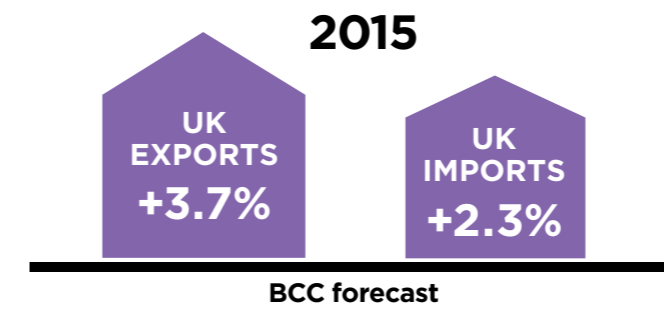
Trade

Global

The World Trade Organisation has reduced its forecast for world trade growth in 2015 to 3.3%. The downgrade comes in response to weaker-than-expected GDP growth and muted import demand in the first half of 2014.

UK

The BCC forecasts a real net trade balance of -2.2% of GDP in 2015, before falling slightly to -1.9% of GDP in 2016. The BCC expects the overall UK trade deficit to continue narrowing in the next few years.



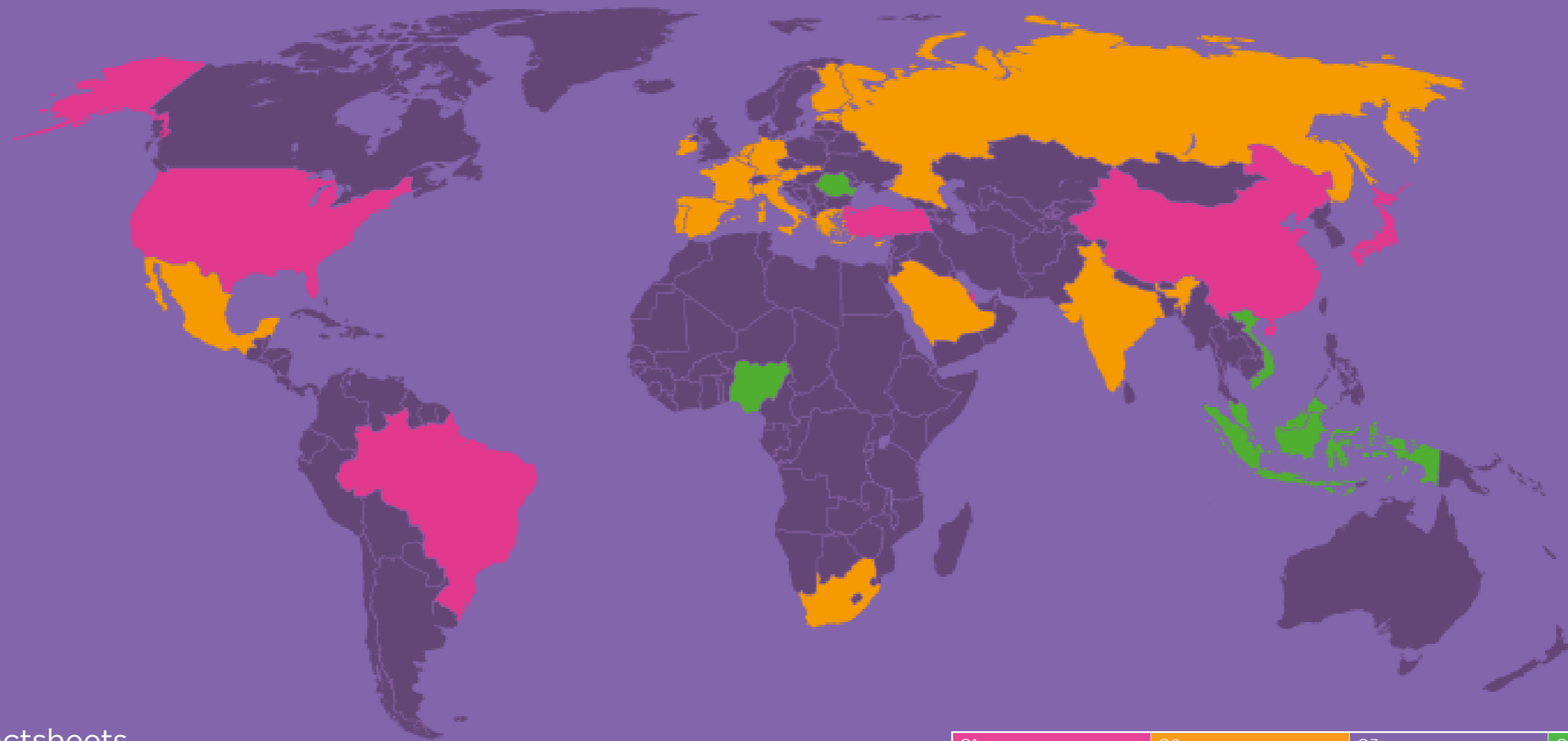
The BCC forecasts that **UK exports will grow by 3.7%** and **imports will grow by 2.3% in 2015**. In 2016, we forecast exports to grow by 2.6% and imports to grow by 1.6%.

The dynamics of the global economy have changed with a new set of fast-growing markets challenging the position of the established advanced economies. The map below outlines 24 priority markets which are becoming more important in terms of their growth potential and global influence. These countries have been identified to have strong growth prospects and strategic importance for business.

This publication series presents facts and figures in an 'at-a-glance' factsheet for each country. These factsheets are a concise resource for businesses seeking to trade, with easy-to-digest information on the economic outlook, sector growth, trade outlook and business opportunities within those markets.

Please visit our dedicated international trade website to access additional information on trade related information and online versions of the factsheets:

www.exportbritain.org.uk



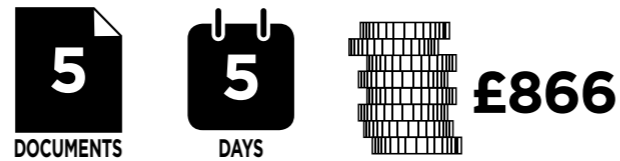
Country factsheets that will feature over the course of 2015 reports:

Q1	Q2	Q3	Q4
USA	Eurozone	Thailand	Malaysia
Japan	India	Hong Kong	Romania
China	South Africa	Poland	Nigeria
Brazil	Russia	UAE	Indonesia
Qatar	Mexico	Colombia	Singapore
Turkey	Saudi Arabia	South Korea	Vietnam

Capital: Washington DC
 Largest city: New York
 Administrative divisions: 50 states
 Currency: United States dollar (\$)
 Area: 9,826,675 km²
 Population: (2014) 320,206,000
 Calling code: +1
 Official language: English

Ease of trading across borders

Importing a standard container of goods to the US requires



Source: The World Bank, Trading Across Borders: Doing Business 2014

The US is Britain's second-largest single export market. The sheer size and vast cultural differences across the regions make the US market a fascinating and diverse place for UK exporters. The US economy is characterised by abundant natural resources, a well-developed infrastructure, and high productivity. According to the International Monetary Fund, the US constitutes 22% of the gross world GDP. The United States is the largest importer of goods and second largest exporter. Although the US is a major producer of manufactured and agricultural goods, the service sector dominates.

Economic snapshot (% annual growth rate)

	2014	2015	2016-19
GDP	2.4	2.7	2.7
Export of goods and services	3.2	3.0	4.9
Import of goods and services	4.0	3.1	4.7
Inflation	1.6	0.1	2.2
Exchange Rate (Per £)	1.44	1.49	1.50
Population	0.8	0.8	0.8

Source: Oxford Economics

Economic outlook

The US economy grew at an annual rate of just 0.2% in the first three months of the year. The growth figure was far lower than expectations. Harsh winter weather for a second year dampened consumer spending, while energy companies struggling with low oil prices cut investment. The strength of the dollar also hurt exports, which fell by 7.2%. Net exports will be a drag on the economy in 2015 as a stronger currency and modest global growth will weigh on US exports. However, as global growth picks up, so will demand for US exports. Given the slow start to the year forecasts for real GDP growth have been downgraded in 2015 to 2.7% (from 3%), and 2.8% growth in 2016.

Trade outlook

Over the medium term, the volume of US goods exports destined for the economies of Asia and North America are forecast to rise. Exports to the Middle East and North Africa, although starting from a much lower base, will also witness solid growth. In contrast, many traditional export markets in Europe are set to decline in importance. India will be the fastest-growing market for US exports in the future, with demand increasingly driven by the country's emerging middle class.

SWOT analysis

Strengths

World's largest consumer market.

Weaknesses

Regional differences between the 50 markets/states.

Opportunities

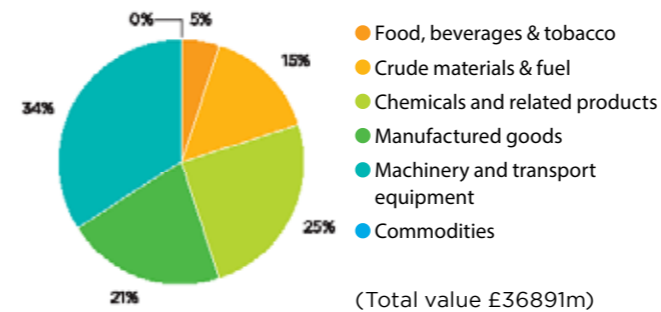
Renewable Energy.

Threats

Strong competition, causing saturation of products or services.

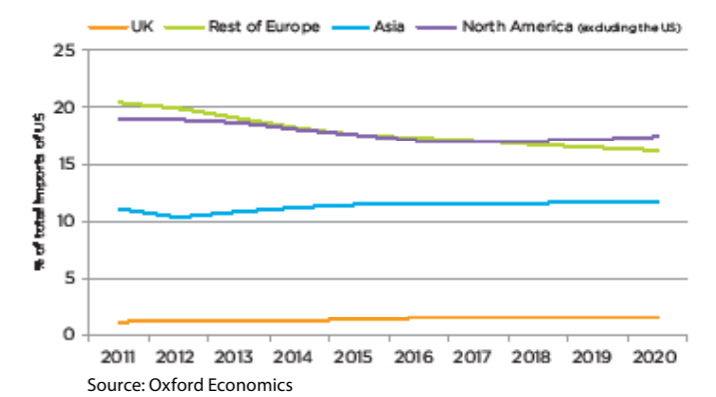
US's trade with the UK

UK exports to US (2014) - by major product groups



Source: Eurostat





How UK exports to US compare in the long term



DHL Express Customs Top Tips:

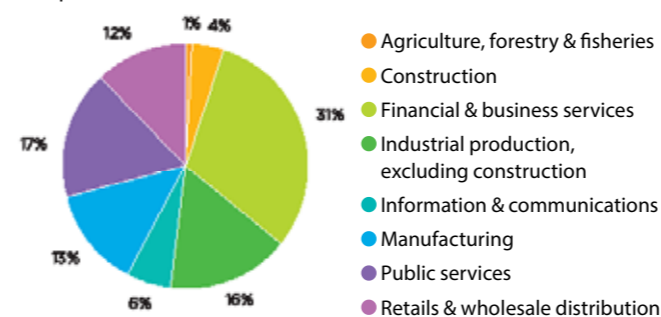


United States

-  De minimus value (duty free allowance) = USD 200
-  Goods which are US export licensed and/or with a value exceeding USD 2,500 require formal clearance (goods from Canada are exempt from this limit) and an Electronic Export Information (EEI) must be filed with US Customs.
-  When exporting to a business, US Customs require the business' IRS number. For shipments to private individuals, their social security number must be provided.
-  Shippers of Foodstuffs are required to register with the FDA and may require US Department of Agriculture, Food & Drug inspection and/or import permit. Meat and meat products are not accepted into the US.

Sector segmentation growth

US industrial structure (2021) -
 Output, value-added, real, % of GDP



Sectors to watch:

- Utilities
- Electronic components & boards
- Oil and natural gas extraction

Manufacturing

- Other precision equipment,
- Motor vehicle bodies & parts
- Consumer electronics

Opportunities for UK businesses

The US is the world's largest consumer market. It is an attractive destination for exporters in particular emerging markets. The US economy is integrated and largely self-contained, with every major industry represented US manufacturers often source components overseas and UK goods have traditionally enjoyed a good reputation for quality in the US. Key opportunities for UK businesses lie in: advanced engineering, clean technology, creative and media, energy and power and financial and professional services.

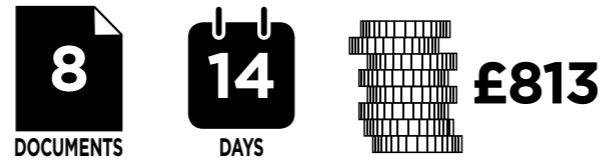


Turkey

Capital: Ankara
 Largest city: Istanbul
 Administrative divisions: 81 provinces
 Currency: Turkish lira (TRY)
 Area: 783,562 km²
 Population: (2014) 77,695,904
 Calling code: +90
 Official language: Turkish

Ease of trading across borders

Importing a standard container of goods to Turkey requires



Source: The World Bank, Trading Across Borders: Doing Business 2014

Turkey is a major trading partner of the UK and has proved to be a very valuable market for many UK businesses. In recent years, Turkey has been one of the most exciting and fastest-growing economies in Europe. The country is among the founding members of the OECD and the G20 major economies. Turkey has gradually opened up its markets through economic reforms by reducing government controls on foreign trade, investment and the privatisation of publicly owned industries. Turkey's economy is becoming more dependent on industry in major cities.

Economic snapshot (% annual growth rate)

	2014	2015	2016-19
GDP	2.9	3.3	4.8
Export of goods and services	6.8	4.3	5.9
Import of goods and services	-0.2	5.5	7.6
Inflation	8.9	6.7	5.6
Exchange Rate (Per £)	3.35	4.08	4.07
Population	1.2	1.1	0.9

Source: Oxford Economics

Economic outlook

Turkey's economic growth slowed last year as increased borrowing costs curtailed domestic demand. GDP expanded 2% in the fourth quarter, bringing 2014 growth to 2.9%, compared with an upwardly revised 4.2% a year earlier. The 2014 GDP growth slowed down from the 4.2% expansion achieved a year earlier. Domestic demand was stronger in the second half of the year than in the first year, but even so the level of investment in Q4 was 1.2% lower than in the same period of 2013. This year the economy has been affected by intensifying uncertainty about the political situation in the run-up to the parliamentary elections in June.

Trade outlook

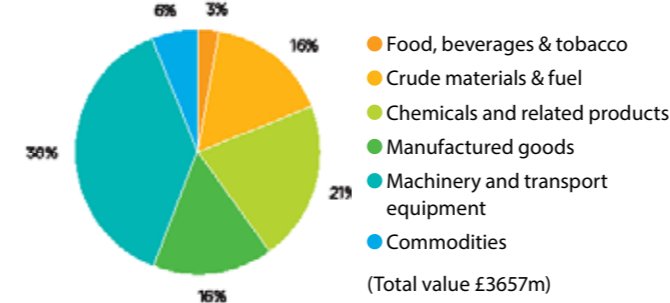
Turkey has recently been diversifying its trading partners; although around half of Turkey's merchandise exports last year went to Europe (excluding Russia), there has been a notable increase in trade with the Middle East, North Africa and Central Asia over the last decade. Germany remains the top market for Turkish exports with the UK close behind in second place. Egypt and Saudi Arabia will be two of Turkey's fastest growing trading routes over this period. Turkey's key import partners in the medium term are Russia, China and Germany, The UK only constitutes 2% of total imports.

SWOT analysis

Strengths	Weaknesses
Structural changes in the banking, retail & telecommunications sectors. Increase in FDI flows from global multinationals.	Low domestic savings. Spillover from the European debt crisis.
Opportunities	Threats
One of the world's 10 largest economies by 2023. EU accession candidate country. Free trade agreement with the EU – without full membership.	Overheating economy. Growth too reliant on capital inflows. Prone to boom-bust cycles.

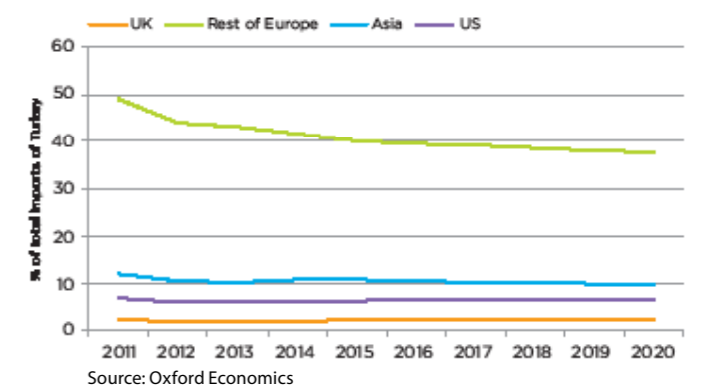
Turkey's trade with the UK

UK exports to Turkey (2011) - by major product groups



Source: Eurostat

How UK exports to Turkey compare in the long term



DHL Express Customs Top Tips:

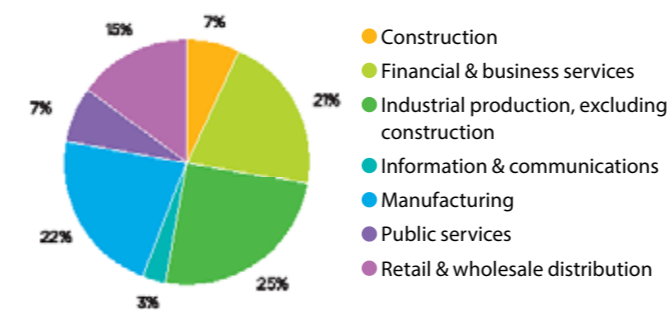


Turkey

- De minimus value (duty free allowance) = EUR 75
- The actual value and weight of the shipment must be written on all shipment paperwork. This value must be consistent with commercial invoice. Write "Free of Charge" on invoices for non-commercial shipments.
- Toys generally require the 'CE' mark. Permission from the Under-Secretariat of Foreign Trade is required.

Sector segmentation growth

Turkey industrial structure (2021) - Output, value-added, real, % of GDP



Source: Oxford Economics

Sectors to watch:

- Coke & refined petroleum products
- Utilities
- Iron & steel

Manufacturing

- Aerospace
- Ships, rolling stock etc.

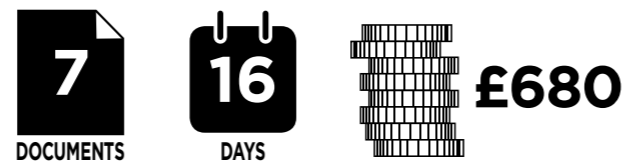
Opportunities for UK businesses

Turkey benefits from a great geographic position, which allows the economy to trade easily with both Europe and Asia, sharing a sizable part of each time zone. The Turkish economy will be the second-fastest growing economy in the world by 2018. The Turkish government has many incentive schemes to encourage inward investment at this time as it considers the second phase of its national plan for tourism which is opening up opportunities for UK businesses. A young, growing population and EU funding mean there are opportunities for UK businesses in a variety of sectors including, airports, environment and water, education and training, financial services and ports.

Capital: Doha
 Largest city: Doha
 Administrative divisions: 7 municipalities
 Currency: Riyal (QAR)
 Area: 11,571 km²
 Population: (2014) 2,155,446
 Calling code: +974
 Official language: Arabic

Ease of trading across borders

Importing a standard container of goods into Qatar requires



Source: The World Bank, Trading Across Borders: Doing Business 2014

The UK enjoys a healthy trading relationship with Qatar and British exports to Qatar have more than doubled in the last few years. The economic growth of Qatar has been almost exclusively based on its petroleum and natural gas industries. A heavy investment and diversification strategy has transformed the economy, enabling a doubling of GDP and exports in five years eliminating a large budget and current account deficits. Qatar is developing into a significant regional financial and educational centre with major opportunities for UK businesses to tap into these sectors.

Economic snapshot (% annual growth rate)

	2014	2015	2016-19
GDP	6.2	6.0	6.4
Export of goods and services	2.5	-17.8	9.7
Import of goods and services	2.0	3.2	3.6
Inflation	3.0	2.1	3.6
Exchange Rate (Per £)	5.23	5.43	5.46
Population	5.7	5.4	1.6

Source: Oxford Economics

Economic outlook

GDP growth accelerated to 6.8% in Q4, its fastest pace since Q3 2013. This was the result of a surprise 1.3% annual increase in oil sector GDP despite oil output falling 6% on the year. In contrast, non-oil GDP slowed a little to 10.3%, its slowest since Q3 2012. In 2014, overall GDP grew by 6.2%, slightly down on 2013. But non-oil GDP growth actually accelerated to a five-year high of 11.5%, reinforcing the economy's rapid diversification. GDP is expected to grow 6% this year and 6.4% in 2016, helped by increasing government spending as Qatar continues the infrastructure investment linked principally to the 2022 football World Cup.

Trade outlook

Qatar is currently diversifying its export partners away from Europe towards Asia and the emerging markets. Japan, South Korea and India are amongst the top export partners for Qatar. This is driven by increased demand for oil, especially in South Korea and Singapore. Italy, UK, and France will climb up the ranks as Europe reduces its dependency on Russia for its oil and gas supplies. Despite this, overall share of exports to Europe will decline in the medium term. Qatar's imports are more diverse and include cars and infrastructural goods as well as agricultural produce. Qatar will continue to receive one fifth of its imports from Europe, followed by the Middle East and North Africa. The UK lags behind Ukraine and Germany to be placed as the 11th largest import partner for Qatar.

SWOT analysis

Strengths
 Highest per capita GDP in the world.

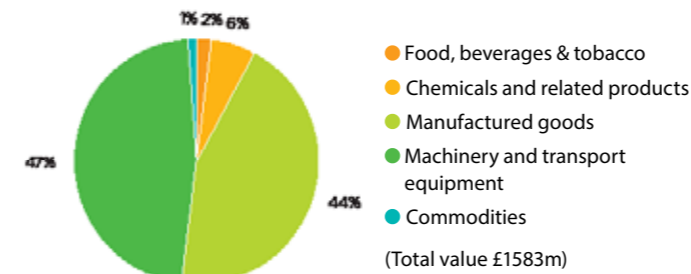
Weaknesses
 Volatile labour force: 94% of its labour is carried out by foreigners.
 External debt.

Opportunities
 2022 World Cup.
 Rising living standards.

Threats
 Heavy reliance on the hydrocarbon sector.
 Geo-political risk.

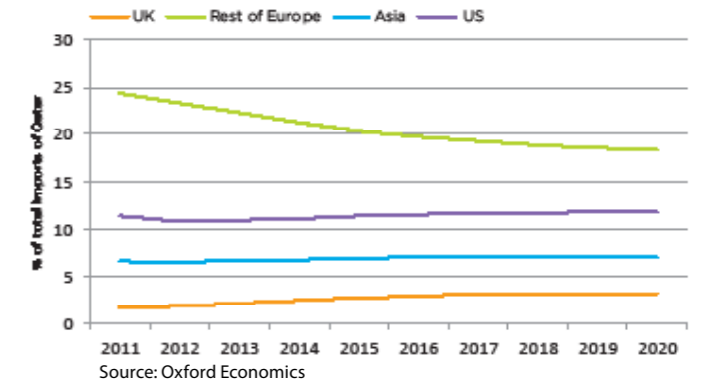
Qatar's trade with the UK

UK exports to Qatar (2011) - by major product groups



Source: Eurostat

How UK exports to Qatar compare in the long term



DHL Express Customs Top Tips:

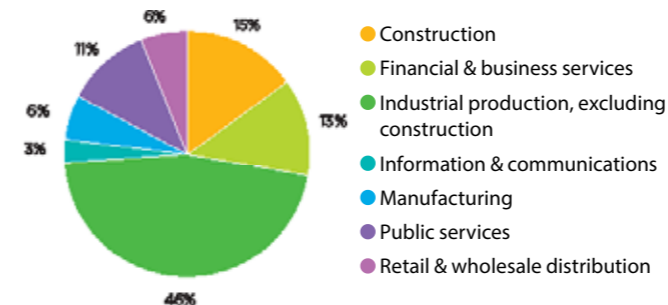


Qatar

- De minimus value (duty free allowance) = 0 - All shipments are subject to duties and taxes.
- Any shipments over the 100kg require formal clearance. Certificate of Origin (COO) and original invoice required for formal clearance.
- All items for commercial purposes must have a "Made in (country)" sticker/label or engraving.
- Hand written invoices are not acceptable.

Sector segmentation growth

Qatar industrial structure (2021) - Output, value-added, real, % of GDP



Source: Oxford Economics

Sectors to watch:

- Garments
- Coke & refined petroleum products
- Basic chemicals & fertilisers

Manufacturing

- Plaster, concrete etc
- Basic chemicals

Opportunities for UK businesses

Qatar has a strong economic position compared to many other countries and fared comparatively well throughout the global economic downturn. The country's low tax rate, codified rule of law, and welcoming policies for foreign investment have led to significant partnerships with a number of the world's leading global enterprises. Qatar is currently experiencing high rates of population growth due mainly to massive urban development, large-scale investment projects and rising government expenditure. Opportunities for UK businesses lie within the service industries, particularly Information Technology, education, health, construction and oil and gas sectors.

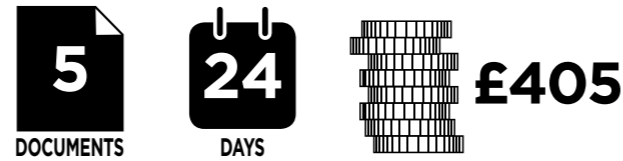


China

Capital: Beijing
 Largest city: Shanghai
 Administrative divisions: 22 provinces
 Currency: Renminbi (yuan) (¥) (CNY)
 Area: 8,514,877 km²
 Population: (2013) 1,357,380,000
 Calling code: +86
 Official language: Mandarin

Ease of trading across borders

Importing a standard container of goods into China requires



Source: The World Bank, Trading Across Borders: Doing Business 2014

The UK is one of Europe's largest investors in China, and among the largest destinations in Europe for China's outward investment. As of 2013, China is the world's second-largest economy. China's success has been primarily due to manufacturing as a low-cost producer. This is attributed to a combination of cheap labour, good infrastructure, relatively high productivity, favourable government policy, and a possibly undervalued exchange rate.

Economic snapshot (% annual growth rate)

	2014	2015	2016-19
GDP	7.4	6.6	5.7
Export of goods and services	5.9	6.8	7.1
Import of goods and services	7.0	4.4	5.5
Inflation	2.0	1.1	2.2
Exchange Rate (Per £)	8.92	9.55	9.28
Population	0.6	0.5	0.5

Source: Oxford Economics

Economic outlook

The Chinese economy expanded 7% year-on-year in the first three months of 2015 according to the National Bureau of Statistics. This was lower than the 7.3% in the final quarter of 2014. China is a key driver of global growth but its economy advanced only 7.4% last year, down from 7.7% in 2013 and its slowest annual rate since 3.8% in 1990. The Chinese economy is expected to expand by 6.6% this year and 6.1% in 2016.

Trade outlook

Growth in Chinese exports is expected to be most rapid to other economies in Asia (excluding Japan) over the medium term. Chinese exporters will begin to target new markets for their products in other emerging economies. Export prospects amongst the developed economies appear far more restrained, with the share of exports to Europe expected to decline. The US economy continues to represent the most important market for Chinese exporters in terms of its absolute size. In terms of imports, the rest of Asia (excluding Japan) remains the largest with a quarter of total Chinese imports.

SWOT analysis

Strengths

World's second largest economy.
 High population.
 World's second-largest trading power.

Weaknesses

Corruption.
 Political risk.
 Property bubble.

Opportunities

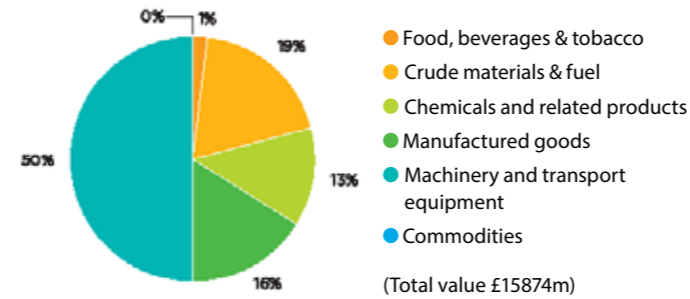
Consumption boom.
 Middle class population growth.
 Government planning to make renewables constitute 30% of China's total energy production by 2050.

Threats

Ageing population.
 Currency manipulation allegations.
 High inflation.

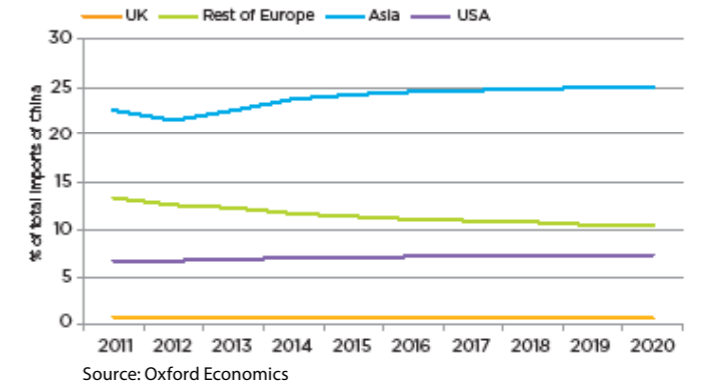
China's trade with the UK

UK exports to China (2014) - by major product groups



Source: Eurostat

How UK exports to China compare in the long term



DHL Express Customs Top Tips:

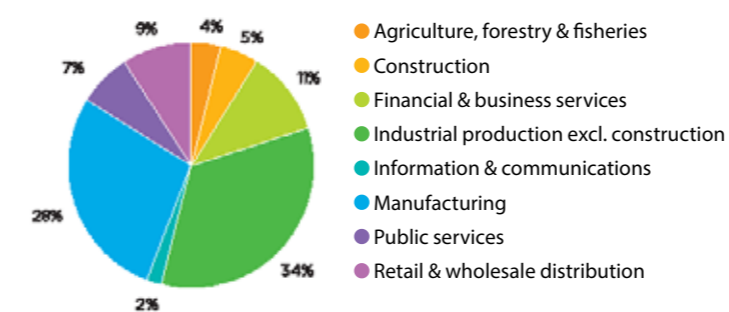


China

- De minimus value (duty free allowance) = CNY 50. If calculated duty/tax is under 50 CNY then the shipment is classed as duty free.
- China only allows commercial shipments to be sent to a business, and the receiver name, postcode and phone number must be provided. All shippers/receivers must be registered with Chinese Customs and are given a Customs Registration (CR) number. Ensure your customer's CR number is stated on your pro-forma/commercial invoice and on any applicable Customs declarations to avoid delays.
- Shipments under 794 USD can clear as informal as long as the paperwork provides a detailed description.

Sector segmentation growth

China industrial structure (2021) - Output, value-added, real, % of GDP



Source: Oxford Economics

Sectors to watch:

- Iron and Steel
- Utilities
- Telecommunications equipment

Manufacturing

- Electronic components
- Boards, paints, varnishes etc.

Opportunities for UK businesses

The Chinese Government's 5-Year Plan, vows to continue reforming the economy. Chinese firms are increasingly under pressure to move up the value chain, creating demand for imported manufactured goods in the long term. China will remain an important and viable market for a wide range of products and services. As a result, China offers huge opportunities for British companies, particularly in sectors such as food and drink, renewable energy and financial services.

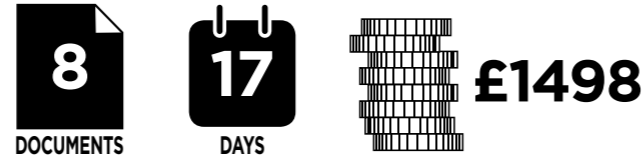


Brazil

Capital: Brasilia
 Largest city: São Paulo
 Administrative divisions: Brazil is a federation composed of 26 States, 1 Federal and Municipalities.
 Currency: Real (R\$) (BRL)
 Area: 8,514,877 km²
 Population: (2014) 202,768,562
 Calling code: +55
 Official language: Portuguese

Ease of trading across borders

Importing a standard container of goods into Brazil requires



Source: The World Bank, Trading Across Borders: Doing Business 2014

The UK is the fourth-largest investor in Brazil. Brazil has a mixed economy with abundant natural resources. The Brazilian economy is predicted to become one of the five largest in the world in the decades to come. In the last 15 years, the country has pursued a strategy of export-led growth and regional integration. The economy is relatively well diversified with a strong manufacturing and agricultural base. But economic activity is still concentrated in the southeast, particularly in the state of São Paulo.

Economic snapshot (% annual growth rate)

	2014	2015	2016-19
GDP	0.1	-1.3	2.4
Export of goods and services	-1.1	-7.3	7.6
Import of goods and services	-1.0	-3.8	4.9
Inflation	6.3	8.0	5.0
Exchange Rate (Per £)	3.82	4.76	5.42
Population	0.8	0.8	0.7

Source: Oxford Economics

Economic outlook

According to Brazil's statistics agency, the economy last year recorded its worst performance under President Rousseff's leadership. Brazil's long slowdown between 2011 and 2014 is expected to turn into a recession in 2015. The impact of tighter fiscal and monetary policy will be compounded by energy rationing, as well as by contractions in the oil & gas sector and infrastructure construction. As a result, GDP forecasts once again have been downgraded; we now expect the economy to shrink 1.1% this year and grow just 0.6% in 2016.

Trade outlook

Latin America, China and Europe are expected to be Brazil's top exporters over the medium term. Trade with Asia (excluding Japan) already accounts for more than a quarter of Brazil's merchandise exports. The continued rapid industrialisation of these Asian economies is expected to drive further demand for raw materials from Brazil in coming years. China and Vietnam will be the fastest-growing export destinations over this period, ensuring that China retains its position as the most important destination for Brazilian exports. 40% of Brazil's imports arrive from Europe, followed by 16% from the US and China. The UK falls behind Germany, India, Mexico, Nigeria and Chile.

SWOT analysis

Strengths

World's sixth largest economy.
 High population.

Opportunities

2016 Olympics.
 Growing middle class.
 Manufacturing.

Weaknesses

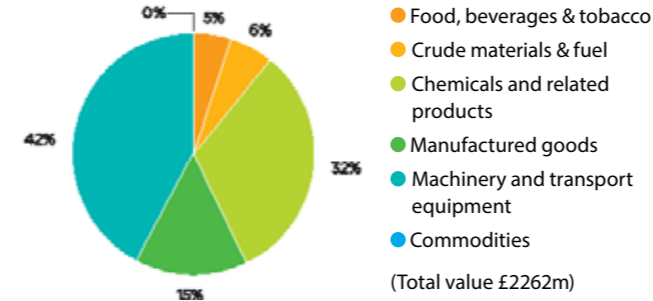
Corruption.
 Political risk.

Threats

Export driven economy.
 Real currency.
 Very high interest rates.

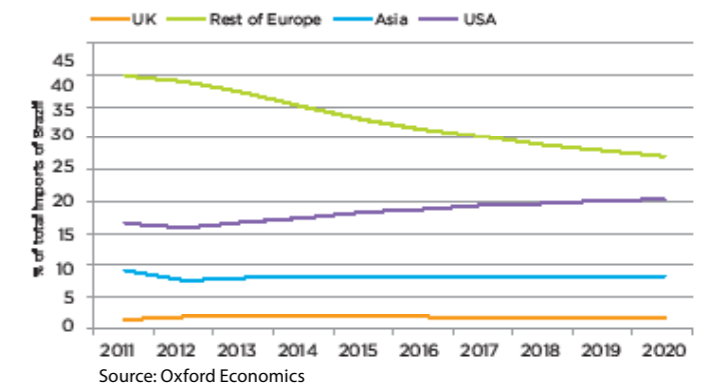
Brazil's trade with the UK

UK exports to Brazil (2014) - by major product groups



Source: Eurostat

How UK exports to Brazil compare in the long term



DHL Express Customs Top Tips:

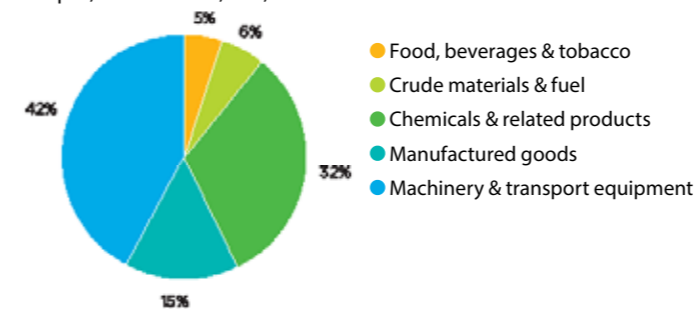


Brazil

- De minimus value (duty free allowance) = 0 - All shipments are subject to duties and taxes.
- A Tax ID is mandatory for all non-document shipments and full consignee information must be included on the Waybill.
- Foodstuffs imported into Brazil require inspection by the Brazilian Health Ministry and paperwork must be provided by the recipient. The import of milk from China is prohibited and salami, cheese, ham, eggs, fish, crustaceans, and lacteal products in general cannot be sent to individuals.

Sector segmentation growth

Brazil industrial structure (2021) - Output, value-added, real, % of GDP



Source: Oxford Economics

Sectors to watch:

- Utilities
- Refined petroleum products
- Other extraction activities

Manufacturing

- Aerospace
- Domestic appliances
- Pesticides & other agrochemicals

Opportunities for UK businesses

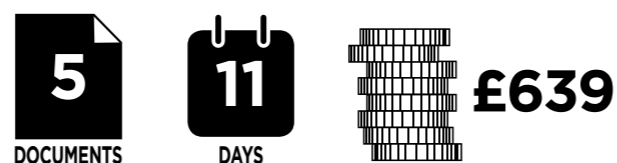
One of the world's most rapidly developing economies with GDP per head greater than either India or China. Certain sectors of the Brazilian market have experienced higher than average growth, such as air transportation, telecoms, oil and gas, and mining. Under the second phase of the growth acceleration programme, the Government of Brazil will spend around US\$470 billion in development of the country's energy generation and infrastructure as well as stadiums as it prepares for the Olympics in 2016. Other promising areas for UK companies include aerospace and aviation, electrical power, safety and security devices, environmental technologies, retail, and transportation.



Capital: Tokyo
 Largest city: Tokyo
 Administrative divisions: Japan consists of 47 administrative divisions.
 Currency: Yen (¥)
 Area: 377,944 km²
 Population: (2014) 126,434,964
 Calling code: +81
 Official language: Japanese

Ease of trading across borders

Importing a standard container of goods to Japan requires



Source: The World Bank, Trading Across Borders: Doing Business 2014

The UK and Japan have enjoyed a strong trade relationship in the past. A major economic power, Japan has the world's third-largest economy by GDP and by purchasing power. It is also the world's fourth-largest exporter and fourth-largest importer. Japan has a large industrial capacity, and is home to some of the largest and most technologically advanced producers of motor vehicles, electronics, machine tools, steel and nonferrous metals.

Economic snapshot (% annual growth rate)

	2014	2015	2016-19
GDP	-0.1	0.8	1.0
Export of goods and services	8.2	4.6	3.8
Import of goods and services	7.2	3.6	3.6
Inflation	2.7	0.3	1.2
Exchange Rate (Per £)	172.21	193.53	205.26
Population	-0.1	-0.1	-0.2

Source: Oxford Economics

Economic outlook

Economic activity in early 2015 still looks subdued. Sentiment captured by business surveys has deteriorated, although official production data is a bit better, and household spending has weakened. GDP growth in Q1 was only 0.4%, indicating a rather anaemic upturn following the recession in the middle of last year. Going forward GDP growth forecast for 2015 as a whole is expected to reach 0.8%.

Trade outlook

Japan's largest trade partners include China, the US and Europe. The US will experience a decline in exports from Japan, as Japan redistributes its supply chain towards emerging Asia and emerging Europe. Emerging trade corridors reflect the fact that Japan is an exporter of high-value products and an importer of commodities and components. Japan is heavily reliant on its global supply; however, many businesses in Japan have relocated their supply chains to take advantage of greater competitiveness. The redistribution of its global supply chain will present opportunities for UK businesses.

SWOT analysis

Strengths

Sophisticated consumers with high purchasing power.
 Japan to set trends and utilise the latest technology.

Weaknesses

Declining birth rate.
 Natural disasters.
 Manufacturing sector reliant on imported raw materials.

Opportunities

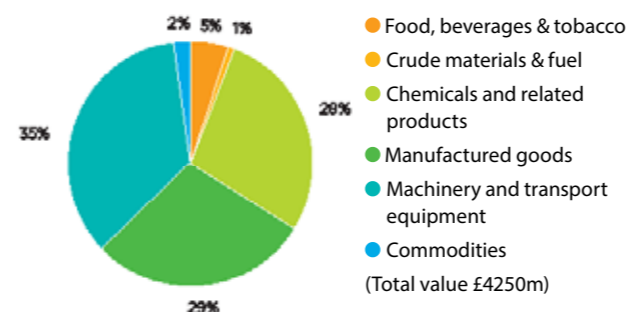
Growth of the Private Equity industry.
 Established home of innovation.

Threats

Fiscal debt.
 Government debt mostly serviced by large domestic population of savers.

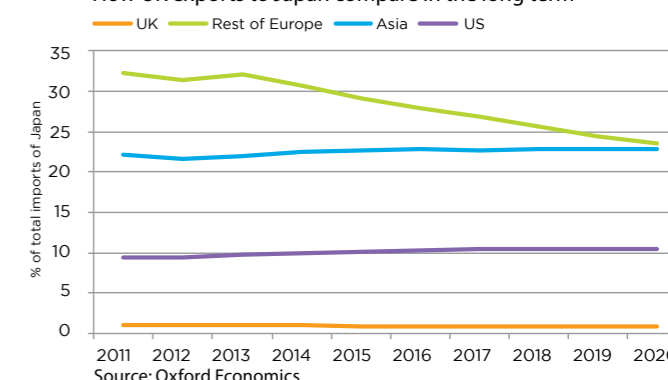
Japan's trade with the UK

UK exports to Japan (2014) - by major product groups



Source: Eurostat

How UK exports to Japan compare in the long term



DHL Express Customs Top Tips:

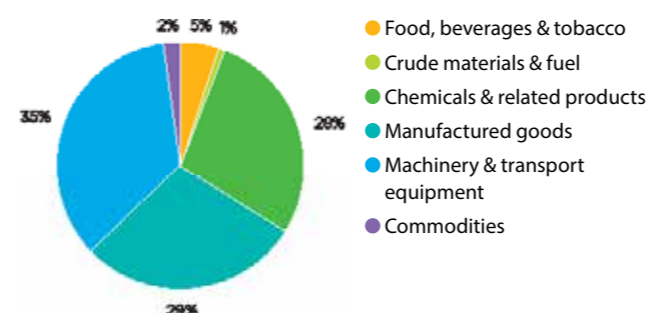


Japan

- De minimus value (duty free allowance) = JPY 10,000
- Private shipments to Japan are inspected by Customs before they can be delivered to the receiver, which may take 24 hours or more.
- Japan Customs will only accept typewritten invoices.
- When sending textile items ensure material and weave (woven or knitted) is described on the Commercial/Pro-forma invoice.

Sector segmentation growth

Japan industrial structure (2021) - Output, value-added, real, % of GDP



Source: Oxford Economics

Sectors to watch:

- Utilities
- Electronic components & boards
- Motor vehicles

Manufacturing

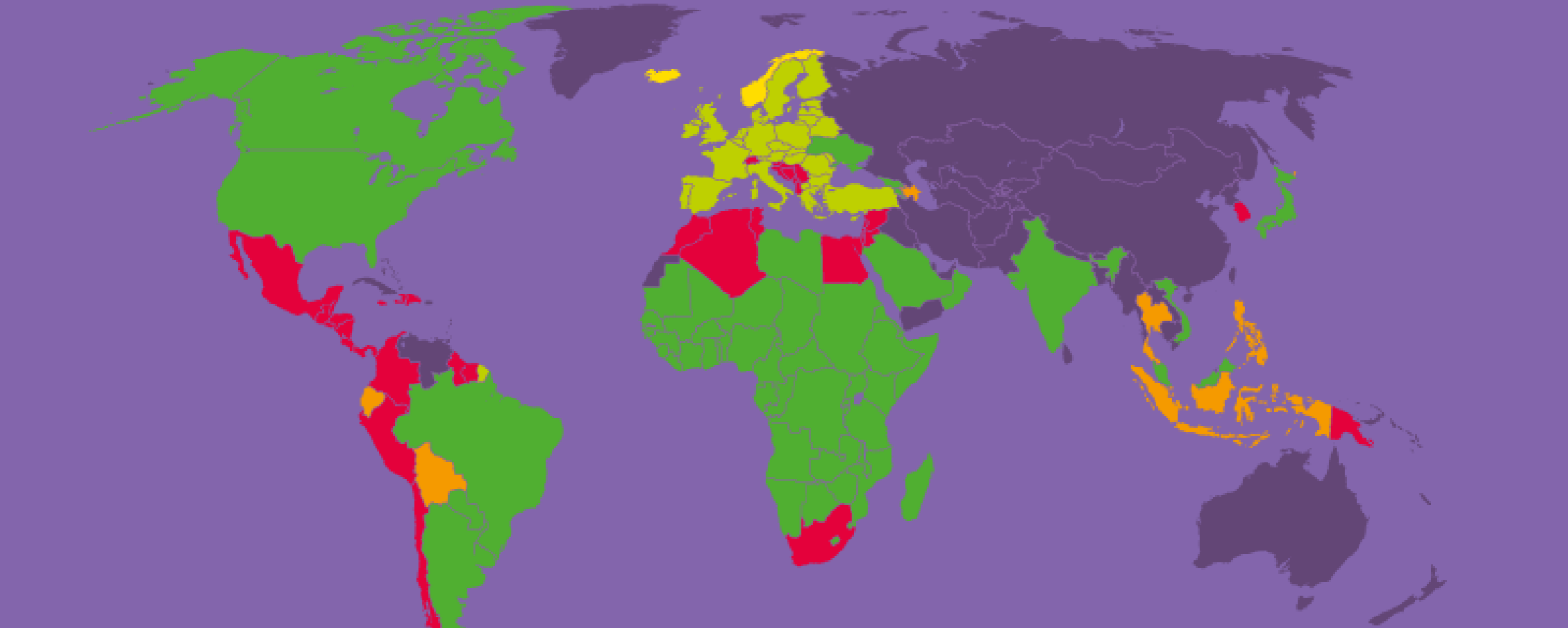
- General purpose machinery
- Machine tools
- Other electrical equipment

Opportunities for UK businesses

Japan remains the high-tech powerhouse economy of Asia, the established home of innovation. This knowledge base is of particular interest to British businesses looking for mature markets. British companies are succeeding in Japan across a wide range of manufacturing, consumer goods, high tech and services sectors. With increasing competition from China and South Korea, manufacturing in Japan today now focuses primarily on high-tech and precision goods, such as optical equipment, hybrid cars, and robotics, creating opportunities for UK businesses to tap into these sectors.

Overview of trade agreements

Source: European Commission



EU and Customs union:

Andorra - Monaco - San Marino - Turkey - French Guiana

European Economic Area:

Norway - Iceland - Liechtenstein

Countries with which the EU has concluded preferential trade agreements:

Mexico - Chile - Colombia - Peru - Costa Rica - El Salvador - Guatemala - Nicaragua - Honduras - Morocco - Algeria - Tunisia - Egypt - Jordan - Israel - Occupied Palestinian Territory - Lebanon - Syria - Macedonia - Albania - Serbia - Montenegro - Bosnia-Herzegovina - Croatia - Switzerland - South Africa - Republic of Korea (South Korea) - Antigua* & Barbuda* - Belize* - Bahamas* - Barbados* - Dominica* - Dominican Republic* - Granada* - Guyana* - Haiti* - Jamaica* - Papua New Guinea* - St Kitts and Nevis* - St Lucia* - St Vincent and the Grenadines* - Seychelles* - Suriname* - Trinidad and Tobago*

Countries with which the EU is currently negotiating preferential trade agreements:

Canada - India - Singapore - Malaysia - Ukraine - Brazil - Argentina - Uruguay - Paraguay - Saudi Arabia - Botswana* - Cameroon* - Côte d'Ivoire* - Kuwait - Qatar - United Arab Emirates - Fiji* - Oman - Bahrain - Libya - Cook Islands* - Kiribati - Lesotho* - Swaziland* - Madagascar* - Mauritius* - Mozambique* - Marshall Islands* - Micronesia* - Nauru* - Samoa* - Solomon Islands* - Timor Leste* - Tonga* - Tuvalu* - Vanuatu* - Angola* - Namibia* - Comoros* - Djibouti* - Eritrea* - Ethiopia* - Malawi* - Sudan* - Zambia* - Burundi* - Kenya* - Rwanda* - Uganda* - Tanzania* - Central African Republic* - Chad* - Congo* - Democratic Republic of Congo* - Equatorial Guinea* - Gabon* - Sao Tome and Principe* - Benin* - Burkina Faso* - Cape Verde* - Gambia* - Ghana* - Guinea* - Guinea-Bissau* - Liberia* - Mali* - Mauritania* - Niger* - Nigeria* - Senegal* - Sierra Leone* - Togo* - Zambia* - Zimbabwe* - Vietnam - Moldova - Armenia - Georgia - United States of America - Japan

Countries with which the EU is considering opening preferential negotiations:

Azerbaijan - Brunei - Indonesia - Philippines - Thailand - Ecuador - Bolivia

*Economic partnership agreements

Case study: 'Our export journey'



Accredited Chambers of Commerce are Britain's export hubs and are the premier source of private sector, business-to-business support for international trade and export. In addition to in-house support, Chambers also partner with government agencies such as UKTI, to ensure companies get the best possible advice and help. And it's working. Amongst Chamber members, 22% were exporting in 2011 - compared to over 38% today.

This section brings together the experiences of businesses who have embarked on their export journey. It gives a snapshot of some of the challenges they faced when trying to expand their business's share of exports or enter new markets.

Quantum Beauty Company

QBC is known for haircare innovation all over the world. The company employs 18 people and currently exports its trademarked brands to over 40 countries including Russia, USA, Australia and South Africa. QBC has made the transition from being a 100% UK sales company, founded in 2001, to over 50% of its sales coming from exports.



Member of Thames Valley Chamber of Commerce Group

Trading internationally

Graeme Riddick, CEO of QBC has been involved in the cosmetics and toiletries industry since 1974. Graeme's business journey from GlaxoSmithKline to CEO of QBC is a fascinating one. It included moving from his native Scotland to the South of England.

In September 2001 the Lee Stafford range was launched with 12 products. "It was tough to start with, going against several professional hair care brands but the momentum started to build. Most of these brands were picked off by multi-nationals and a few independents were left. The contract with Boots is a mutually beneficial arrangement and renewed every three years with the relationship growing ever stronger".

"Our first foray into exporting came about when we exhibited at a major trade fair in Italy - Cosmoprof. On that occasion we took a corner of the Woods of Windsor's stand and secured the first overseas distributor in Sweden, who still works with us today. This was the status quo for a few years until the brand

became even more well-known through marketing and PR activity which led to receiving enquiries on the website from other countries. During this phase we were being reactive only and developed a system for qualifying opportunities, adding a few countries per year".

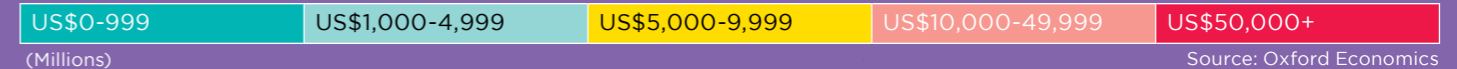
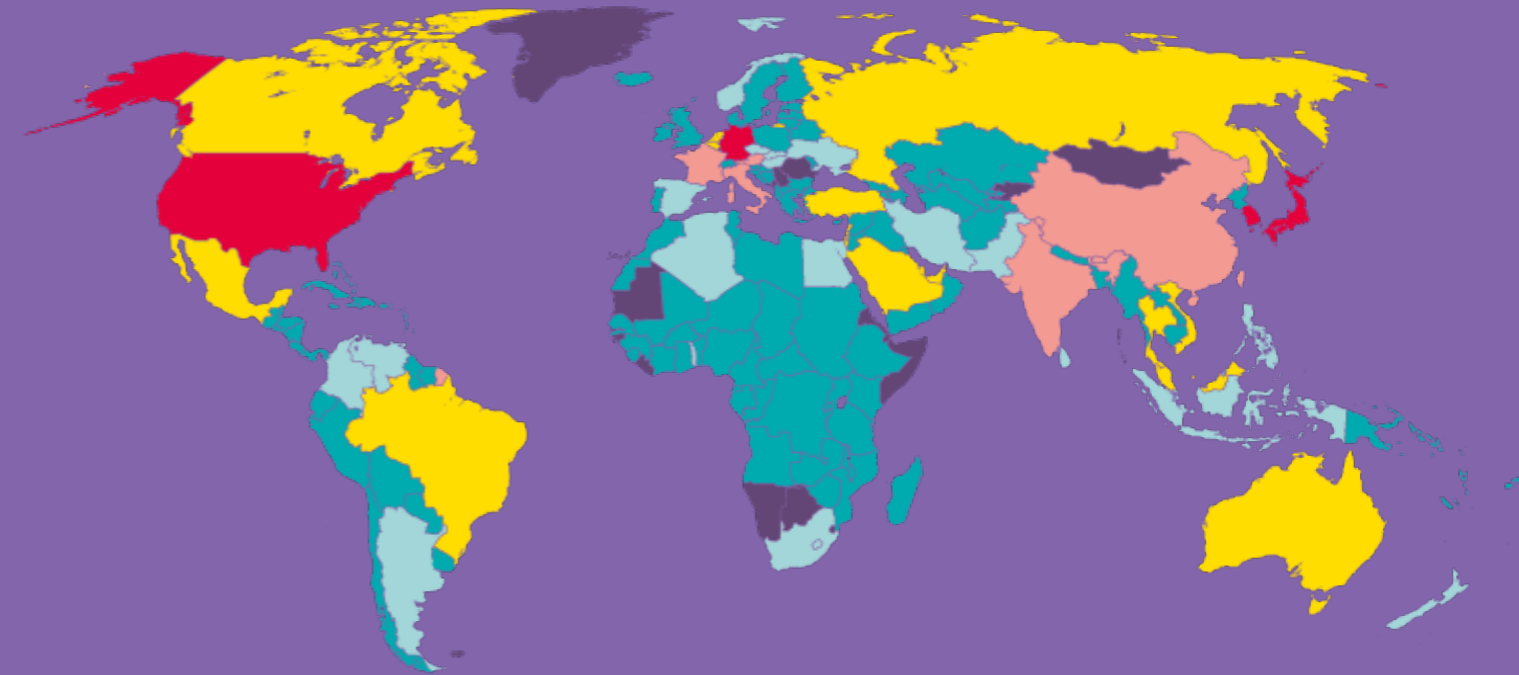
Exporting tip

John Harley, Managing Director:

Everything took off four years ago when 10% of the business was exports, today its 60%, an incredible achievement. How did this happen? Graeme explained: "Firstly we took exporting seriously, we received advice from UKTI and the Chamber; went on trade missions, attended seminars, received some funding and attended Chamber International Trade Workshops. The admin department was expanded and became experts on shipping, certification and legalisation. In the last 15 months we entered Saudi Arabia, Brazil, Chile, Mexico and Colombia. Next on the hit list are India and China - both huge markets".

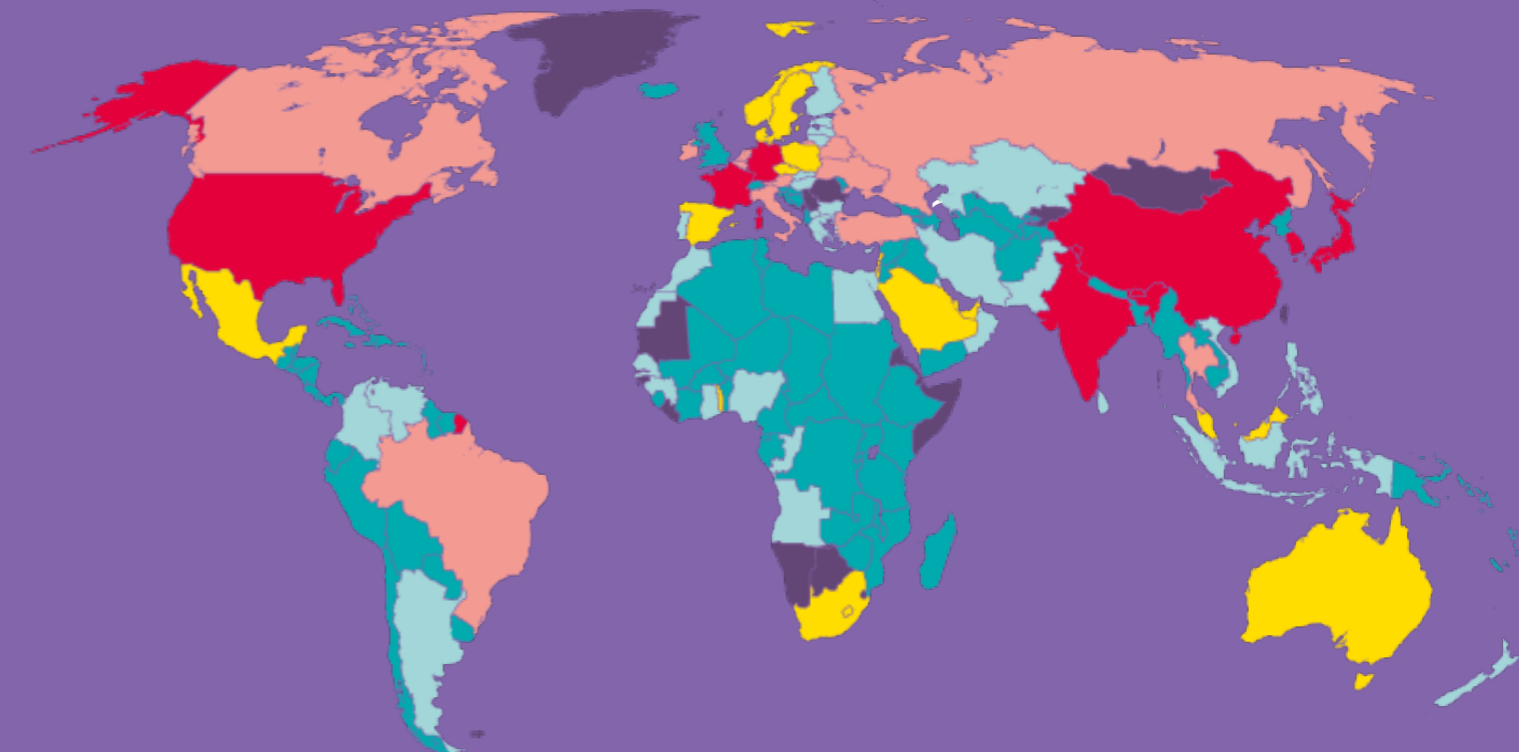
How UK exports to the world will change in the next 10 years

UK exports in 2012



Source: Oxford Economics

UK exports in 2021



TCI Methodology

The TCI generates its results from two data sources:

- Questionnaire responses submitted by over 2,000 exporters, derived from the BCC's Quarterly Economic Survey (QES). The QES is the largest and most representative private sector business survey of its kind.
- Data generated from exporting activity that requires supporting documentation.

Quarterly Economic Survey (QES)

Fieldwork for the survey was conducted between 23 February - 16 March 2015.

Results are split into the following firm size categories:

0-9 employees (micro firms)

10-49 employees (small firms)

50-249 employees (medium firms)

250+ employees (large firms)

Unless otherwise stated, results refer to all exporters responding to the survey. Where results are split between the service and manufacturing sectors, this is stated clearly in the text. Results that are not split by firm size are weighted by the contribution of firm size to total exporting turnover.

Results are represented by either a balance figure or a pure percentage figure. Balance figures are determined by subtracting the percentage of companies reporting decreases in a factor from the percentage of companies reporting increases. Where a balance figure is positive it represents growth; where it is negative, it represents contraction.

Export documentation data

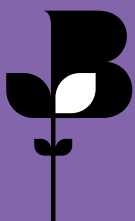
Many types of exports require supporting and commercial documentation to ensure the timely delivery of goods and timely payment. Accredited British Chambers of Commerce administer documentation required for exports outside the EU and have amassed a significant dataset around UK goods exports as a result. The TCI uses data collected from this process to show both an index of documentation and regional comparisons of exporting activity.

Oxford Economics

The Quarterly International Trade Outlook also draws upon the modelling expertise of Oxford Economics, who have provided all the economic and trade forecasts presented in this publication.

Oxford Economics was founded in 1981 to provide independent forecasting and analysis tailored to the needs of economists and planners in government and business. It is now one of the world's leading providers of economic analysis, advice and models, with over 300 clients including international organisations, government departments and central banks around the world, and a large number of multinational blue-chip companies across the whole industrial spectrum.





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