

Trading Places

Despite the current political turmoil, businesses will find a way to export.

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THE direction the UK is set to take in 2020 is still unconfirmed, and given how the last two and a half years have unfolded, certainty about Brexit is not something you should gamble on, whatever happens in the election.

The new government will be heading into 2020 with a divided nation and a complicated self-extraction from the European Union still on its plate – at least initially. Beyond Brexit, they will also be leading the UK into a global trade landscape that is enduring a period of uncertainty and change.

Trade tensions between the USA and China remain, European growth is slowing down, trade flows are moving, and consumer trends are rapidly changing too – particularly towards endorsing more sustainable business practices.

Economist Ana Boata, a speaker at our London World Trade Summit in October, told us that the outlook for the global economy is not positive as we enter the new year:

“There is no reason to believe that the global trade landscape will be positive in the year ahead,” said Ana, “especially given the lack of major fiscal stimulus in the USA, China and Europe – monetary policy will not be able to substantially boost growth. At best we see global trade volume growths as being around 1.5 percent this year and 1.7 percent next year, which is the lowest since 2009.”

This broadly corresponds with pessimism from the World Trade Organisation (WTO). The WTO’s growth

forecast in October for world merchandise trade volume in 2019 was 1.2 percent – substantially below the 2.6 percent growth it had projected in April. The WTO did predict an acceleration to 2.7 percent growth in 2020, with GDP growth holding steady at 2.3 percent, but this was dependant on an easing of trade tensions.

Even without Brexit 2020 looks set to be a challenging year for traders around the world.

A PIVOTAL YEAR

The impact of the seminal events of 2016 are now really starting to impact – particularly the UK’s referendum decision and President Trump’s election. Next year could prove to be another pivotal year with the UK’s relationship with the EU hopefully set to become clearer – whichever way it goes after the election – and President Trump standing for re-election (possible impeachment notwithstanding).

By this time next year, we could be beginning post-Brexit talks with a Trump-led USA about a substantial new trade deal. Alternatively, we could be reflecting on another year in which a seismic referendum and shock US election result changed the rules of the game. With western democracies so divided and a year of continued economic slowdown predicted, it’s difficult to be optimistic about the immediate prospects for global trade.

CHALLENGING TIMES

In times of uncertainty the one certainty you can count on is that there will always be opportunities for businesses somewhere. There will always be customers out there for products or services that have value. Emerging markets continue to grow, with HSBC predicting that 70 percent of future world growth will come from outside the firmly established trading powerhouses. Furthermore, technological

advancements continue to make it generally easier for businesses to do trade and to communicate over borders.

The key ingredient for businesses looking to succeed in international markets in 2020 and beyond is knowledge. The businesses which take the time to learn how global customs procedures work, to properly research the markets where growth opportunities lie, and to continually assess their value to customers and the efficiency in delivering it – these are the businesses that can thrive, whatever the broader geopolitical circumstances.

GLOBAL TRADE

Fundamentally, global trade is fuelled by people and people need to be given the skills and knowledge they need to operate efficiently and confidently. Understanding your compliance requirements gives you peace of mind. Appreciating how international supply chains interconnect gives you context. Knowing your customer gives you purpose and clarity about what you need to be doing.

Fortunately, as we enter this pivotal year, there is an abundance of support and training out there for companies and individuals to gain the skills they need in challenging times.

The Institute of Export and International Trade is of course on hand to support through our training, qualifications, technical helpline and events, while the recently launched UK Customs Academy also provides a broad range of online qualifications for customs professionals to ensure they’re ready for whatever comes next.

Samantha Pilleggi is Interim Director General of the Institute of Export & International Trade.

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