**IOE&IT Export survey shows high level of optimism for global trade**

Despite a myriad of political risks - fears of a growing protectionist agenda in the United States, whether national elections across Europe upset the status quo and Britain’s potentially fractious divorce proceedings from the European Union - the Institute’s recent Export Optimism survey showed a strong energy for growth, with 97% of respondents expressing optimism for Global Trade opportunities.

Greatest optimism was for global trade and trade with the EU - with 93% of respondents saying they are still optimistic for export opportunities in the EU.

Despite the protectionist rhetoric from the White House since President Trump took office, respondents expressed a moderate level of optimism for trade opportunities in the US.

Respondents showed caution for trade opportunities with India and China, whilst 21% indicated that they saw no optimism for opportunities in Russia – a view no doubt affected by the economic and financial sanctions imposed by the EU, the US and a number of other countries, punishing Russia for its aggression in Ukraine.

David Cant, from IOE&IT corporate member Albion Overseas, said: “Despite what you may read in the press, Russia and the UK enjoy excellent business relations. Very recently, Russia was the UK’s fastest growing export market and with Sterling weaker, we anticipate strong growth again.”
The Institute has teamed up with Albion to offer Making Russia Easy workshops and Russian Cultural training courses; helping companies and individuals interested in Russia discover the tools and information needed to successfully trade with such a large market.

Results showed that 87% of respondents thought there would be a loss of trade when we leave the EU Trading Bloc, but the majority thought it would be less than 20%.

13% of respondents expressed confidence that we would not lose any trade.

Despite these assertions, uncertainty surrounding Brexit remains, with early indications of relocation to maintain a competitive edge. One respondent commented:

“Relocation to mainland Europe will allow us to maintain and grow our business with our nearest trading partners which is vital to our business going forward.”
In terms of plans for 2017, 30% of respondents are looking to extend their markets overseas. Indeed, 54% of respondents stated that extension of their markets overseas was seen as the single biggest opportunity for their company in 2017.

This optimism also extends into respondents’ investment plans, with 19% planning to invest in marketing and 15% looking at developing new products. A further 12% plan to invest in plant and/or machinery or extend their premises.

When looking at further opportunities for 2017, 12% recognise the value of extending their offer to include services, indicating that manufacturing companies are considering this option for generating an additional revenue stream.

Two thirds (61%) of respondents have contingency plans in place for Foreign Exchange risk, and just over half (52%) have a plan for credit risk. Whilst half of respondents have a
contingency plan for cyberattacks, only 30% have any plans to avoid the risks involved with customs compliance.

Kevin Shakespeare, director of education for the IOE&IT said: “The importance of businesses managing currency risk is a fundamental part of ensuring profitability when trading in international markets. The survey results indicate that 60% of businesses have plans in place to manage currency risk, this level is significant but all businesses should have a plan in place to manage currency risk. In practice, use of forward foreign exchange contracts and matching of currency payables and receivables are the most frequently used methods of managing this risk.”

Results are based on responses from 203 participants across international trade.