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Attitudes To Trade
Survey 2024

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Executive Summary

In the year since our last survey, UK trade policy has developed significantly. The Department for International Trade has been replaced by the Department for Business and Trade. New trade agreements have entered into force with Australia and New Zealand and the UK has concluded its negotiations to accede to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Negotiations on enhanced trade agreements are underway with Canada, Mexico and Switzerland and on new FTAs with India and the Gulf Cooperation Council (GCC).

The UK and US governments agreed a roadmap for future trade relations under the Atlantic Declaration and further agreements have been forged with individual US states. The Windsor Framework is helping to resolve issues over the implementation of the Northern Ireland Protocol. Rules of origin on trade in electric vehicles with the EU have been extended and the UK has rejoined the EU's Horizon and Copernicus schemes.

It is therefore perhaps unsurprising that our Attitudes to Trade Survey 2024 finds that business sentiment towards UK trade policy is generally positive and in many areas has improved notably from our last survey in early 2023.

We commissioned professional polling partner Opinium to conduct field research to gauge sentiment towards UK trade policy and to identify key challenges facing UK businesses. The survey exclusively targeted senior decision-makers representing 750 businesses from the UK who are trading internationally.

One hundred respondents were C-suite representatives of small businesses (10-49 employees); 150 respondents were board level representatives of medium-sized businesses (50-249 employees); 250 respondents were at least senior directors or decision makers at large businesses (250-999 employees); and 250 respondents were at least senior directors or decision makers at large corporates (1000+ employees).

Our findings can be split into three broad themes.

1. Businesses are still reporting lost trade with the EU as a result of Brexit, but trade relations with Europe are steadily improving.

- Most survey respondents (59%) reported that their business had lost trade with the EU as a result of Brexit, but responses to this question were noticeably less negative than last year (74%).
- Two thirds of respondents have either not seen their aggregate trade affected by Brexit or have made net gains elsewhere that compensate for Brexit losses. Small businesses were less likely to experience compensating gains.
- The Windsor Framework proved broadly advantageous to respondents, with 43% of businesses trading within or with Northern Ireland stating it had already been beneficial to them after approximately two months in operation. 18% of these respondents reported that the Windsor Framework has been damaging to their business.
- Businesses are positive about the development of the UK-EU trade relationship, with over half of respondents (54%) expecting the relationship to improve over the next five years, compared to 23% who expect it to worsen.
- Almost half of respondents (46%) expect the 2025 TCA review to result in a closer relationship with the EU. A quarter of respondents (25%) expect the review to result in a more distant relationship.

2. Businesses are broadly positive about the UK's trade agreement programme

- A majority (54%) of respondents view the government's FTA programme as beneficial to their business - an increase of 12% on last year's survey.
- Businesses are positive about the major new FTA opportunities, such as with India, the GCC and CPTPP, and consider them more favourably than at the time of our last survey.
- Around half of survey respondents believe that the new FTAs in force with Australia and New Zealand could be beneficial to their businesses.
- Almost three quarters of survey respondents were aware of the MoU programme with US states, with 61% stating they could prove beneficial for their business.
- Over half of respondents (54%) are experiencing or anticipate experiencing greater competition from cheaper imports as a result of the UK's FTA programme.
- Two thirds of businesses represented in the survey ensure they are always claiming the correct rate of duty available under FTAs, with a third of respondents stating that their business does not always ensure they are paying the correct amount and may therefore be overpaying. It is possible that some businesses could be suffering from resource or knowledge scarcity in the mitigation or recovery of duties, or in complying with rules of origin.

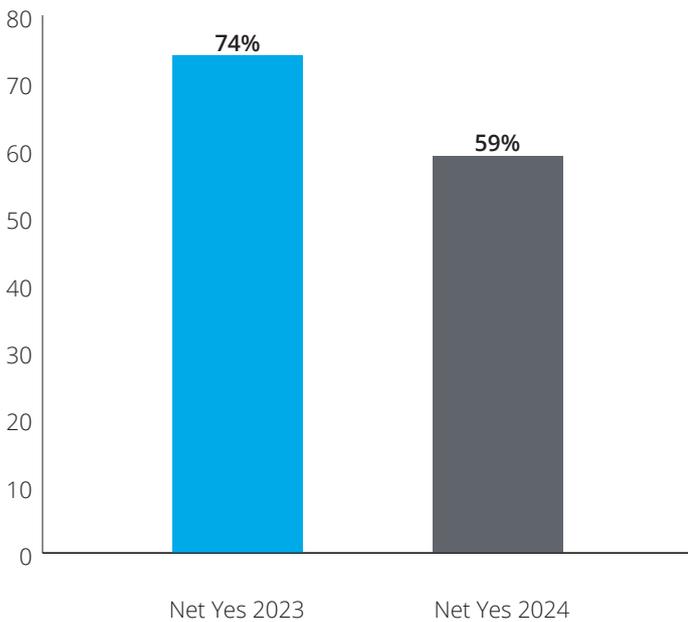
3. Businesses believe that trade policy is delivering in most areas

- Businesses were mostly optimistic about the UK's FTA programme contributing to economic growth, with over half (62%) of respondents expecting FTAs to have a positive impact over the next decade, compared to only 14% expecting a negative impact. Respondents were noticeably more positive this year compared to when we last asked the same question.
- A large number of businesses (62%) think that the government is reflecting their priorities in FTA negotiations; however, the movement and recruitment of staff is the area where respondents felt the government's priorities were most different to their own.
- Businesses represented in the survey are much more positive about how well the government is communicating the benefits of FTAs compared to when we last asked this question. Over half (51%) of respondents stated that government communications have been good compared to just 37% last time.
- A strong ongoing dialogue is taking place between businesses and government over FTA negotiations, on accessing government support and in getting advice on exporting; however small businesses are least likely to engage with government.

Survey Findings

Section 1: Businesses are still reporting lost trade with the EU as a result of Brexit, but trade relations with Europe are steadily improving.

Have you lost any trade with the EU as a result of Brexit?

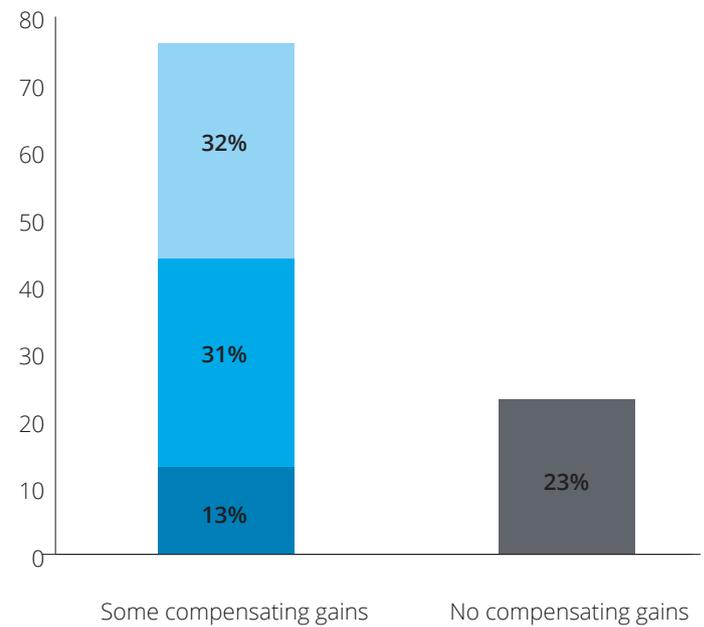


The majority (59%) of businesses represented in this survey experienced some losses to trade with the EU as a result of Brexit. However, sentiment towards this question is noticeably less negative compared to the previous survey (74%), suggesting that participants may now be experiencing fewer negative effects due to Brexit.

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two thirds (67%) of respondents have not seen their trade affected by Brexit or have made net gains elsewhere that at least compensate for Brexit losses

Since Brexit, has the trade you have lost with the EU been made up by gains from trading with countries outside of the EU?



- Not made any compensating gains
- Gained more than the value of the lost EU trade
- Gained equivalent to the value of the lost EU trade
- Gained some but less than the value of the lost EU trade

Of the 59% of survey respondents whose businesses experienced some loss in trade with the EU, 76% of these respondents experienced some compensating gains from trade with other countries. Of those businesses that experienced compensating gains, 44% gained an equal or greater amount elsewhere than they had lost with the EU (this 44% representing 26% of all survey respondents). In total, two thirds (67%) of respondents have not seen their aggregate trade affected by Brexit or have made net gains elsewhere that at least compensate for Brexit losses. A third (33%) of respondents have made net losses from Brexit.

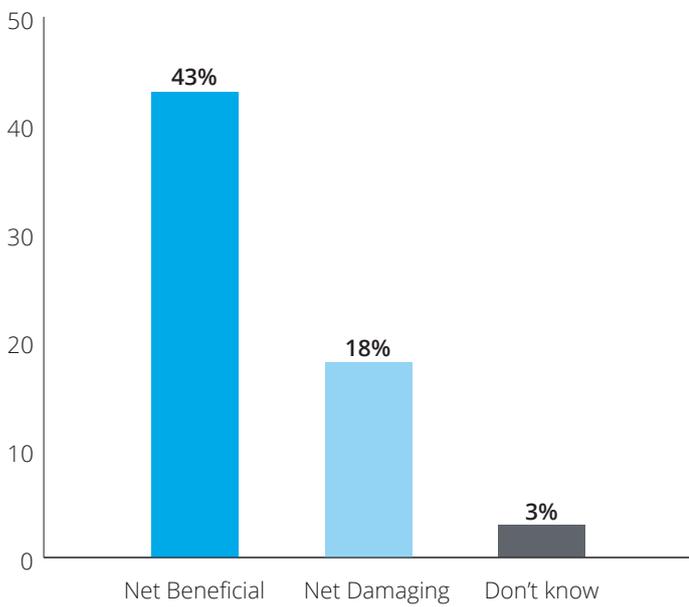
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The results could suggest that many businesses may not have experienced a negative impact to their trade due to Brexit, or may have experienced a surge in demand outside of the EU, or have successfully changed their business strategies to serve a more diverse mix of world markets.

Small businesses (10-49 employees) saw far fewer compensating gains, with 38% of them experiencing no compensating gains. Furthermore, only 25% of small businesses gained an equal or greater amount elsewhere than they had lost with the EU.

Given that small businesses comprise 99% of UK companies and are an important growth engine for exports, these findings underline the need for further progress in supporting SMEs to access world markets beyond Europe.

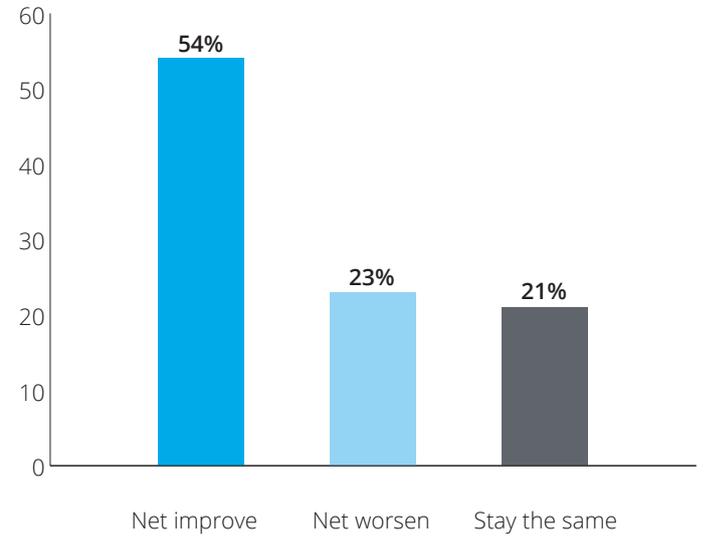
Has the Windsor Framework been beneficial or damaging to how your business trades in/with Northern Ireland?



Perhaps the most significant practical change to the UK-EU trading relationship since the previous Attitudes to Trade Survey was conducted is the agreement and implementation of the Windsor Framework, in respect of trade between Great Britain and Northern Ireland.

We asked respondents representing businesses operating within or trading with Northern Ireland if the Windsor Framework has been beneficial or damaging to their business. A large proportion of respondents (43%) felt that it had been beneficial to their business after only two months in operation, with 18% of respondents stating that it has been damaging (of which only a very small number (<3%) consider it to be very damaging). The results suggest that the negotiation of the Windsor Framework has proved to be a worthwhile venture in improving how UK businesses trade in or with Northern Ireland.

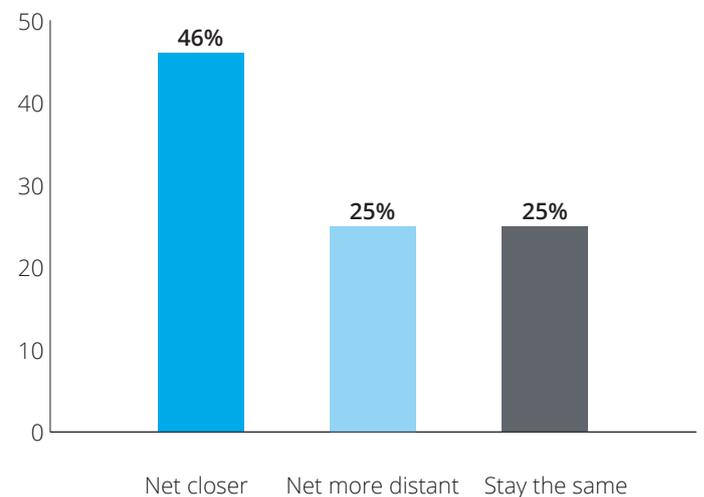
Do you anticipate the UK's trading relationship with Europe to improve or worsen over the next 5 years?



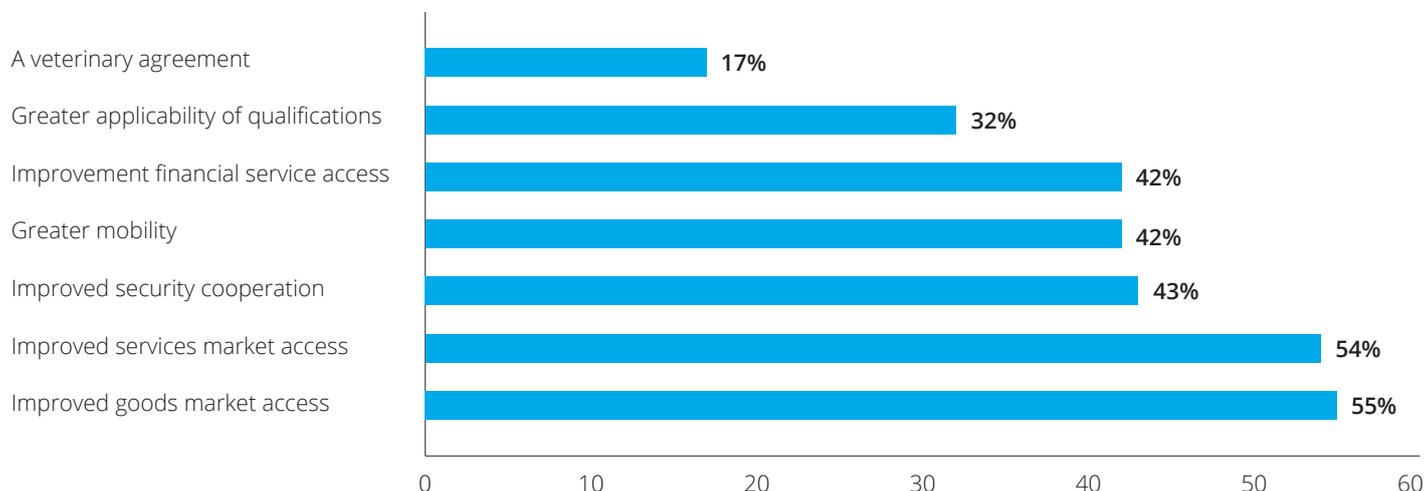
Despite most survey respondents reporting that their businesses experienced some loss in trade with the EU due to Brexit, sentiment towards the future of the UK-EU trade relationship is fairly positive. Over half (54%) of respondents expected the trade relationship with Europe to improve over the next five years, compared to 23% who expect it to worsen.

Given that the statutory UK-EU Trade and Cooperation Agreement (TCA) review is due to take place next year, we asked survey participants how they expect it to affect the relationship. Almost half of respondents (46%) expect the review to result in a closer relationship with the EU. A quarter of respondents (25%) expect the review to result in a more distant relationship and a further quarter (25%) expect the review to have no effect.

Do you think that the Trade and Co-operation Agreement (TCA) review in 2025 will result in a closer or more distant relationship with the European Union?



In what way do you think the TCA review will result in a closer relationship with the EU?



We asked those respondents who expect the TCA review to result in a closer relationship to state how they anticipate the relationship becoming closer. Over half of respondents expect the review to result in closer goods (55%) and services (54%) market access. A large minority of respondents expect the review to result in improved financial services access (42%), greater business mobility (42%) and improved security cooperation (43%).

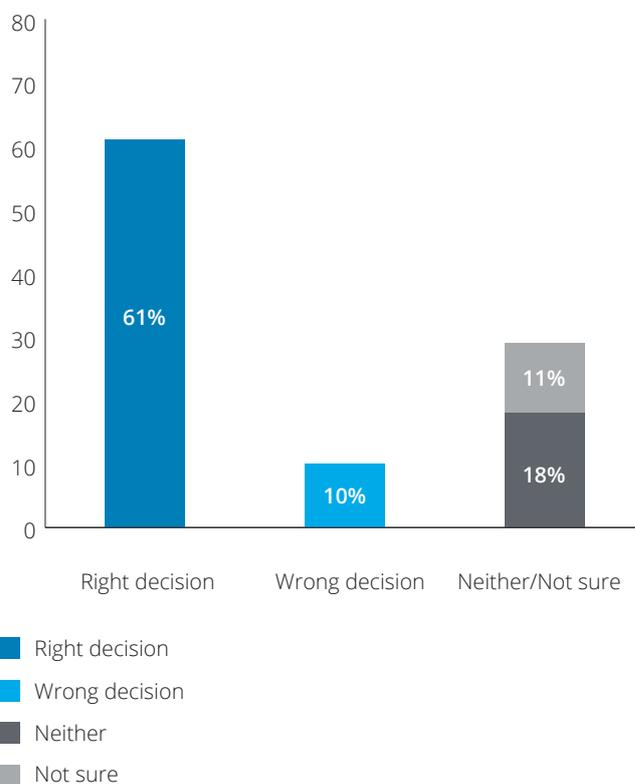
The survey results suggest that respondents expect the TCA review to provide an opportunity for considerable change to the UK-EU relationship. In particular, respondents expect the review to result in closer market access for goods and services, which would likely require a substantive renegotiation of the treaty text – a move which hitherto the EU Commission has signalled it is not willing to contemplate.¹

The UK enjoys significantly greater regulatory latitude post-Brexit than was previously possible in some areas as an EU member state. In 2023 we saw the government begin to diverge from EU approaches in several areas, including on a new UK REACH programme, on incoming VAT changes and in the UK subsidy control regime. Conversely, the government opted to slow the process of abandoning retained EU law and chose to introduce a significant easement to the timetable for divergence away from the EU’s health, safety and environmental regulations by granting an indefinite extension to the recognition of CE marking in the UK.

We asked respondents what they thought about the impact of the government’s decision in respect of CE marking on British businesses. 61% said it is the right decision compared to just 10% that thought it was the wrong move.

The decision enables businesses to have the flexibility to use either the UKCA or CE mark approach, which could result in greater competitiveness for UK manufacturers and cost savings from negating the need to align to a new regime.

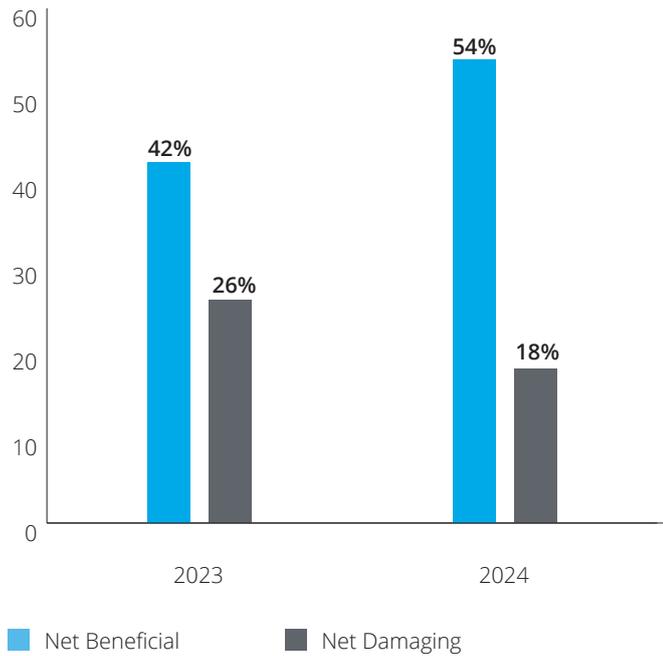
Do you find the government decision to allow continued use of the CE mark to be the right or wrong decision for British businesses?



1. For instance, Maroš Šefčovič, vice-president of the EU Commission stated in June that the TCA re “does not constitute a commitment to reopen the TCA or to renegotiate the supplementary agreements” (“Barriers to post-Brexit trade likely to ‘deepen’ further, warns EU”, Financial Times, 12 June 2023).

Section 2: Businesses are broadly positive about the UK's trade agreement programme

How beneficial or damaging do you anticipate the UK's FTA programme being to your business?



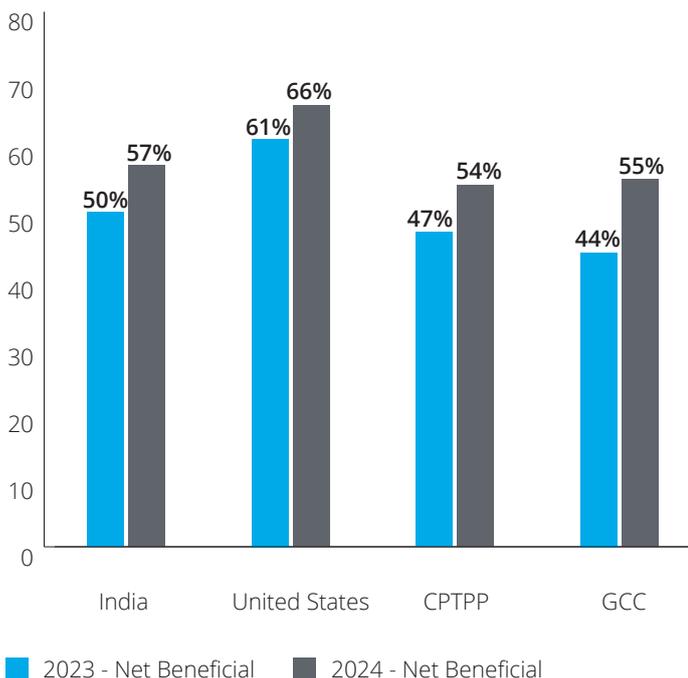
Survey respondents were generally optimistic about the UK's trade agreement programme and notably more so than when we asked the same question at the time of the 2023 survey.

54% of respondents felt that the FTA programme is beneficial to their business compared to 42% of respondents last year. Similarly, fewer respondents deemed the FTA programme to be damaging to their business, down from 26% last year to just 18% this year.

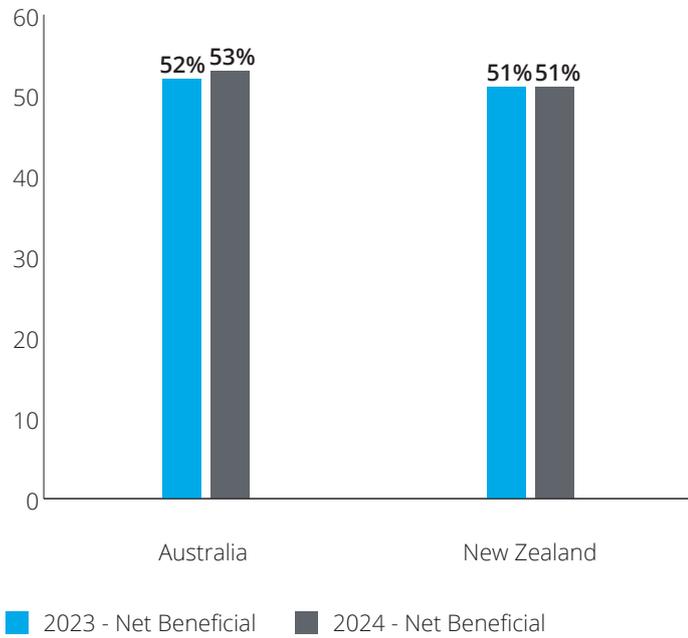
A similarly optimistic picture can be seen consistently with respect to the major potential FTA opportunities we asked about. Survey respondents demonstrated that FTAs with India and the Gulf Cooperation Council (under negotiation), membership of CPTPP (secured) and an FTA with the United States (not currently under negotiation) are each considered more beneficial opportunities than at the time of the last survey. The results are between 5-11% higher than when we asked the same question last year.

It is worth noting that with the passage of an additional year, respondents may have consumed more information about FTA contents and the potential impact of the various opportunities.

How beneficial would the following FTAs be for your business?



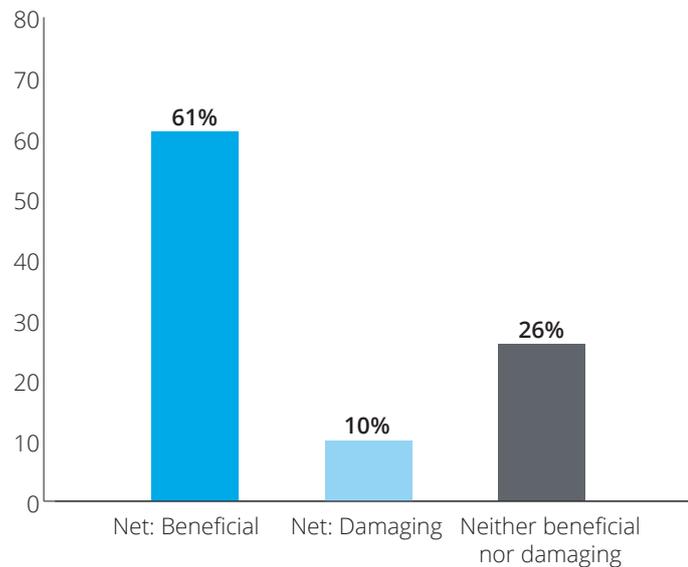
How beneficial have the following trade arrangements been / anticipated to be for your business?



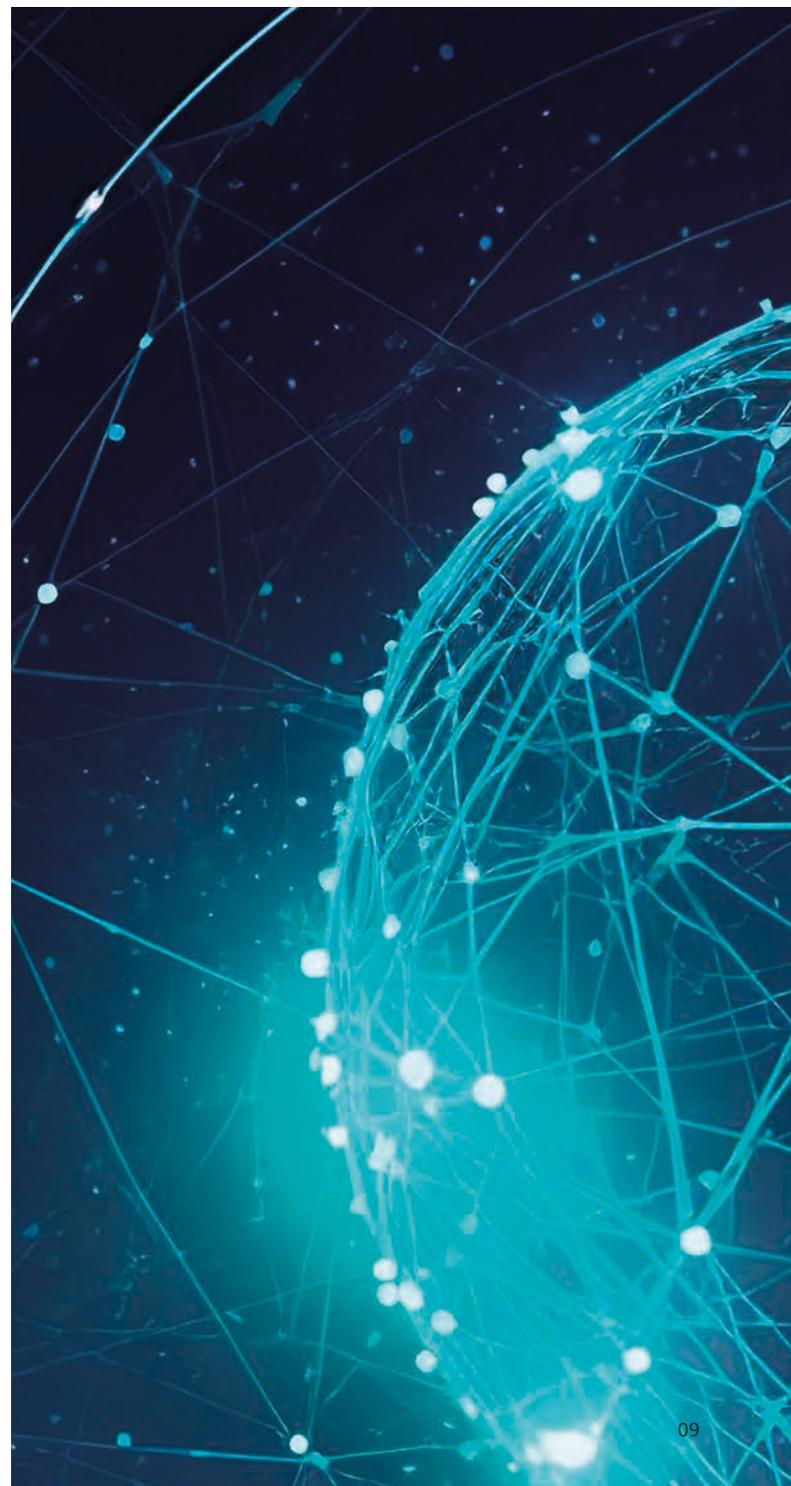
Additionally during this time the first new FTAs struck since EU exit entered into force (with Australia and New Zealand), potentially giving businesspeople greater confidence in and understanding of the UK's FTA programme.

Indeed, the survey results demonstrate that around half of respondents continue to believe the FTA opportunities with Australia and New Zealand are beneficial for their business. Additionally, there is only a 1% variance between years in the number of respondents deeming the FTAs either beneficial or damaging. It could therefore be said that the FTAs have succeeded in meeting businesses' expectations.

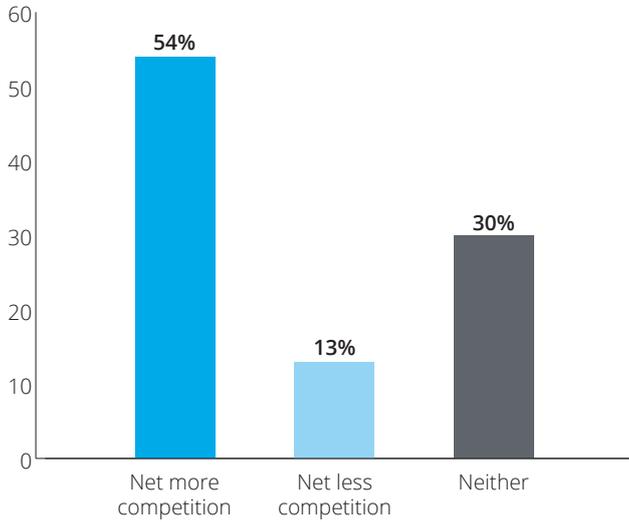
The UK has signed several agreements with individual US states designed to facilitate greater trade and co-operation between the UK and the US. Do you anticipate these agreements being beneficial or damaging to your business?



One further aspect of UK trade policy that has developed significantly over the past year is the UK- US memoranda of understanding (MoU) programme. We found fairly high levels of awareness of the MoUs, with 74% of respondents having heard of them. Furthermore, when asked about the impact of the MoUs on their business, 61% of respondents stated that they would prove beneficial (scoring favourably against a full FTA with the United States which received only slightly more support at 66%). However, the results show that most respondents only heard a little about them (54%), suggesting that while general awareness is high there is more to be done in communicating their benefits.



Have you experienced, or do you anticipate experiencing, more or less competition from cheaper imports as a result of the UK's free trade agreements (FTAs)?

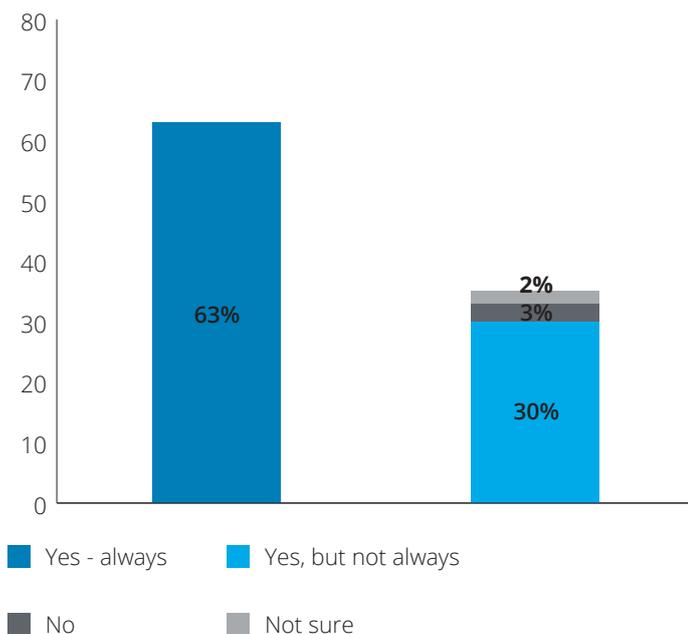


While businesses represented in the survey are generally more positive about the UK's trade agreement programme compared to last year, respondents demonstrated that they are mindful of the potential impact of FTAs on domestic competition due to cheaper imports, with 54% of respondents experiencing or anticipating more competition.

We think it is unlikely that the effect of the new FTAs with Australia and New Zealand could have affected the competitiveness of the domestic market, given that both countries account for a very small proportion of UK total imports. This sentiment is more likely to be driven by the wider economy, for instance because of the effect of rising inflation (albeit rising on a slower path than a year ago).



When importing goods does your business always ensure you are paying the correct rate of duty, utilising free trade agreements (FTAs) that might be in place?



It is worth noting that, despite respondents appearing mindful of competitiveness due to trade liberalisation, less than two thirds (63%) of those surveyed stated that their business always ensures they are claiming the correct rate of import duty. Indeed, a third (33%) of respondents told us that their business does not always ensure they are paying the correct duties available under FTAs and therefore may be incurring higher costs on imported goods than may be necessary. The true figure is possibly higher given that some businesses may not know that they are paying the incorrect rate of duty.

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a third (33%) of respondents told us that their business does not always ensure they are paying the correct duties available under FTAs

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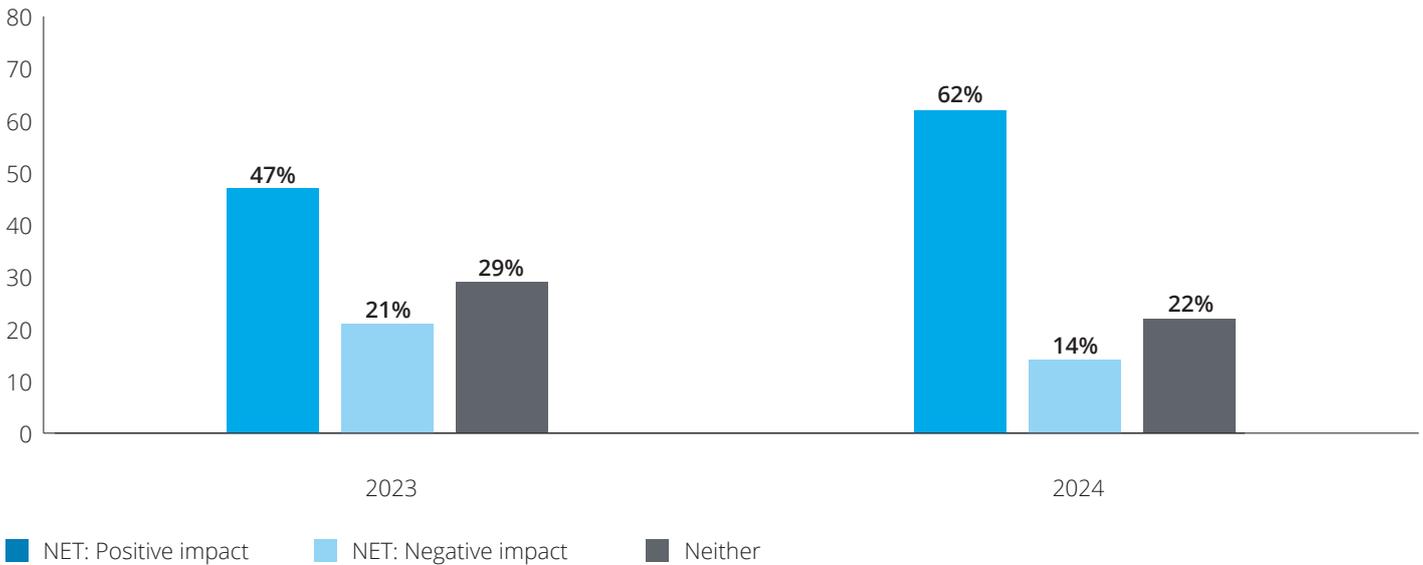
This observation may help to explain why public receipts from customs duties have been increasing significantly since Brexit² (while rates of duty themselves have not increased), as revealed in HMRC's annual report published in July 2023.³ One possible explanation for the increase is that the figures reflect inefficiencies or lack of knowledge in the post-Brexit period of how to mitigate or recover duties, for example through trade preference, relief, suspension or quota programmes. It may also point to businesses struggling to understand the application of rules of origin.

2. from £3.2bn in y/e 31 March 2021 to £4.9 bn in y/e 31 March 2022 and to £5.8bn in y/e 31 March 2023

3. Annual Report and Accounts 2022 to 2023, HMRC, 17 July 2023.

Section 3: Businesses believe that trade policy is delivering in most areas

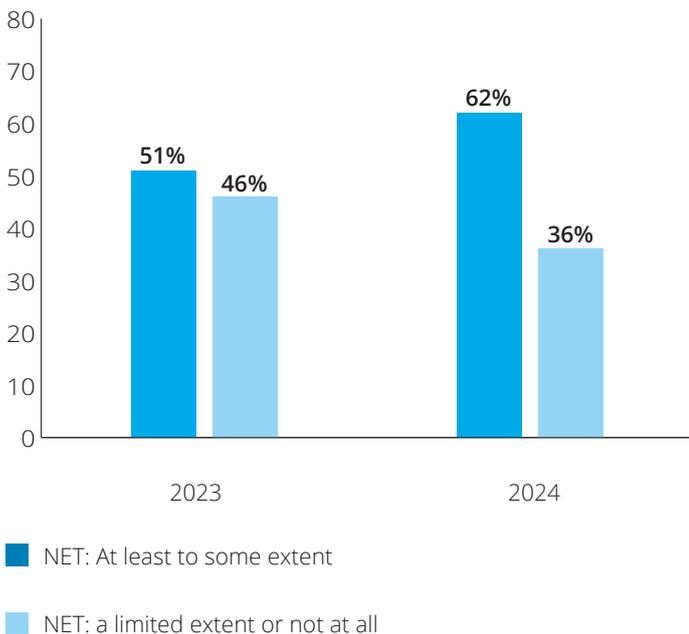
Thinking about the next decade do you think the free trade agreements negotiated by the UK government will have a positive or negative impact on growth?



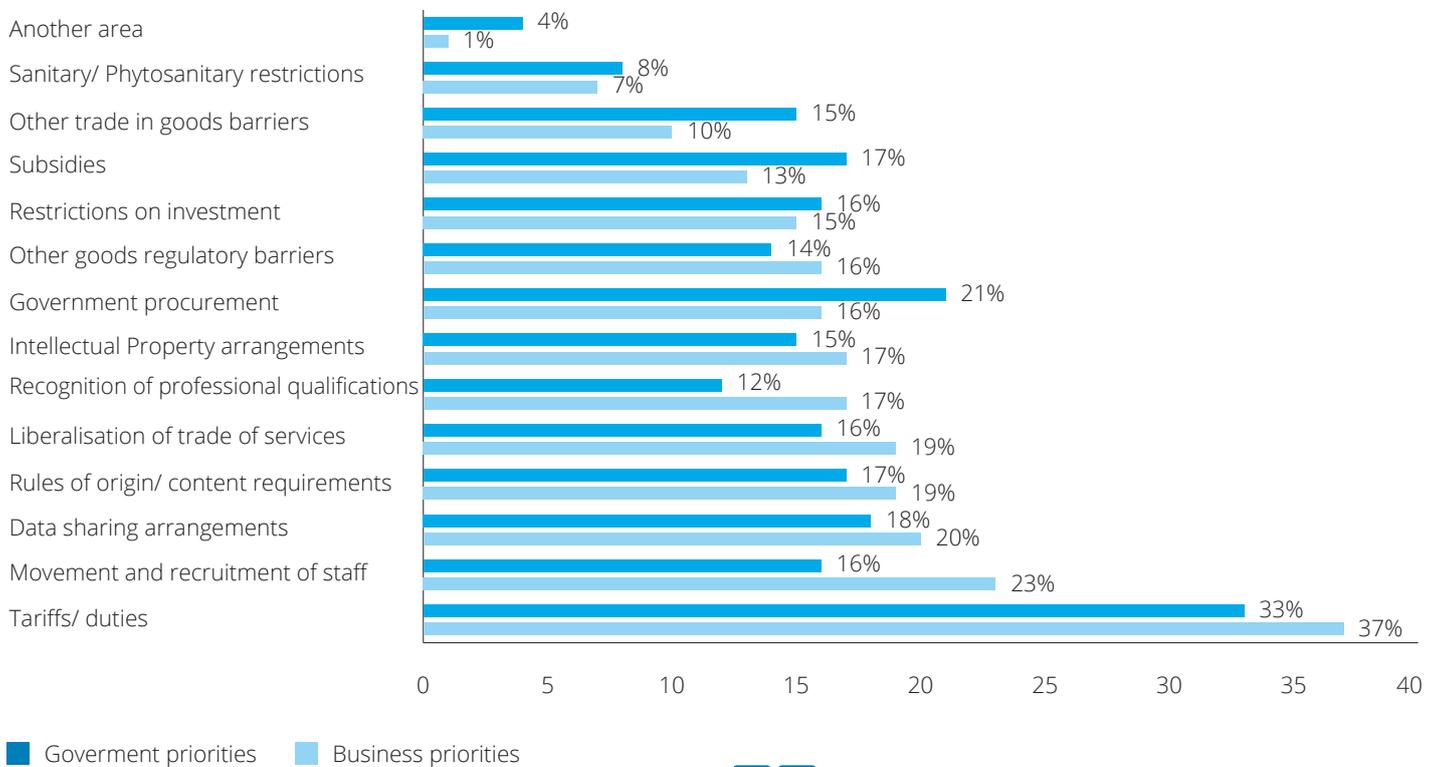
Businesses represented in this survey were mostly optimistic about the impact of the UK's FTA programme on economic growth. Over half (62%) of respondents expected FTAs to have a positive impact over the next decade, with only 14% expecting a negative impact, a pattern that corroborates government forecasts, which suggest a modest positive long run benefit to the UK economy.

Respondents were noticeably more positive this year compared to when we last asked the same question. In the 2023 survey, just under half of respondents (47%) expected a positive impact with a greater number (21%) of respondents expecting a negative impact. The results suggest that optimism about the long-term impact of trade agreements is growing.

Thinking about the areas that you would like to see prioritised in UK government trade negotiations, to what extent do you think the government is matching these priorities?



Thinking about these FTA negotiations, is this a priority for you, and do you believe it is a priority for government?



Given that businesses are generally positive about the impact of the FTA programme on their business and the wider economy, we asked if businesses felt that the government’s priorities in trade negotiations matched those of businesses. Respondents were mostly positive about the government’s priorities, with 62% of respondents believing the government is matching their own priorities – a noticeable increase on last year’s result when we asked the same question.

In each major trade negotiation area, survey responses indicated a strong alignment between their priorities and their perceived priorities of the government, with a 3% average gap between the two sets of responses. However, businesses tended to give greater priority to the movement and recruitment of staff and recognition of professional qualifications compared to the perceived priorities of government.

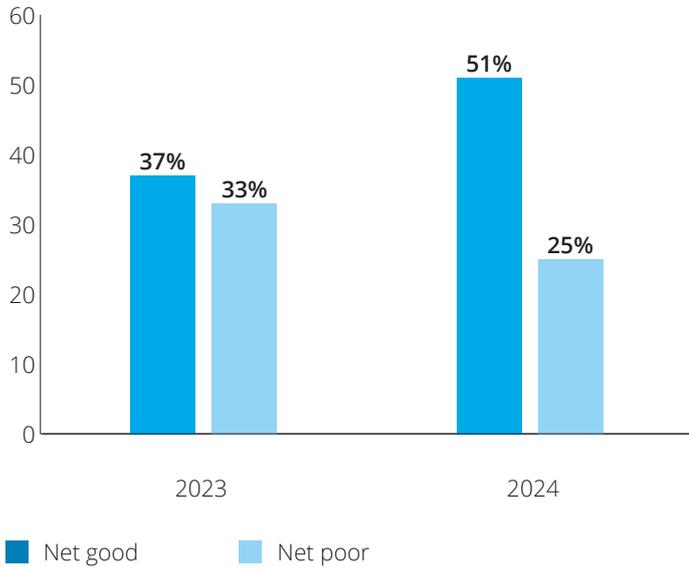
Last year’s survey also identified the movement and recruitment of staff as the area of greatest discrepancy and there does not appear to have been a substantial change this year. The very largest businesses represented in this survey (1000+ employees) demonstrate the biggest discrepancy (of 9%) between their priorities and their perception of the government’s priorities in this respect. This finding may be due to businesses experiencing difficulty in recruitment due to labour shortages or due to the UK’s immigration system. Alternatively, respondents may believe the government is not sufficiently prioritising business mobility in trade negotiations. It could well be explained by a combination of these factors.

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Businesses tended to give greater priority to the movement and recruitment of staff and recognition of professional qualifications compared to the perceived priorities of government.

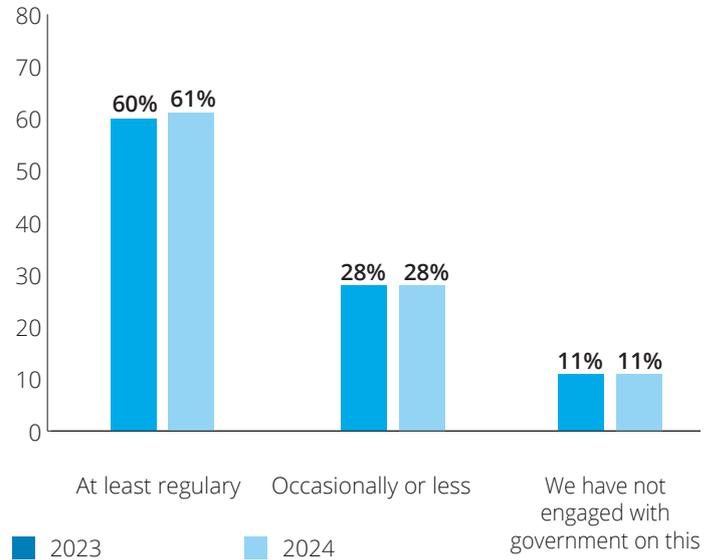
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How well have the government communicated the benefits of FTAs?

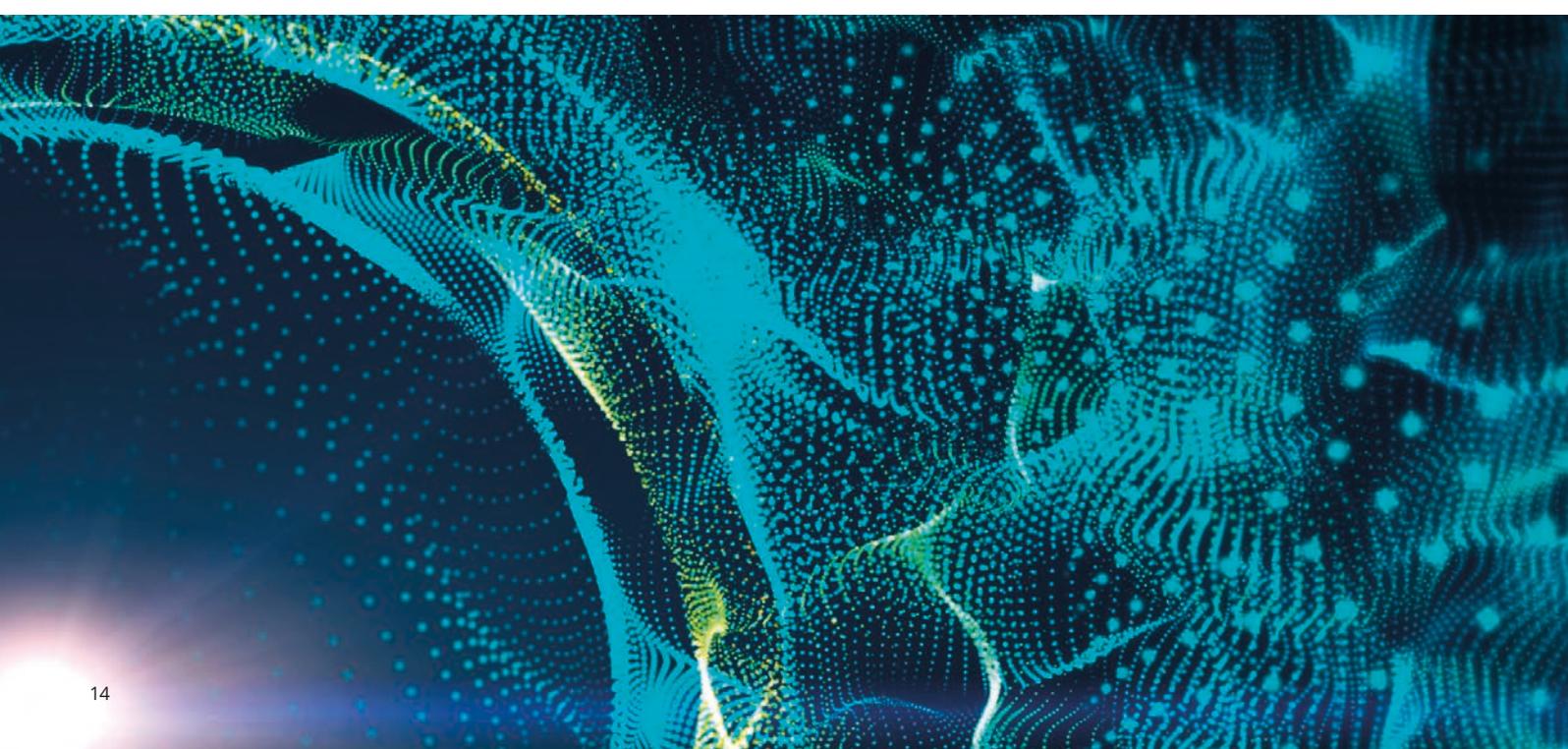


The survey found that respondents were noticeably more positive this year about how well the government has communicated the benefits of FTAs compared to when we last asked this question. Over half (51%) of respondents stated that government communications have been good compared to just 37% in 2023 – demonstrating an increase of 32% on sentiment last year. There were also fewer survey respondents indicating that government communications have been poor. It may be that businesses have noticed an improvement in the quality of communications, or that specific developments in the last year have landed particularly well with business (for example, the Windsor Framework or the announcement of accession to CPTPP).

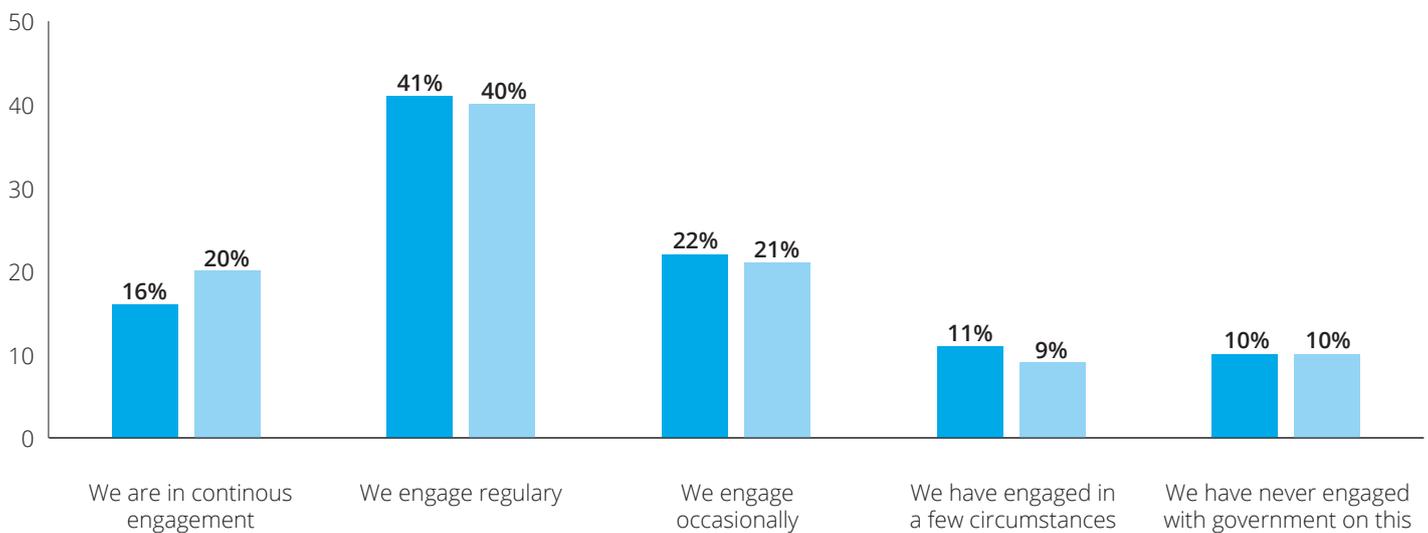
How engaged is your business when it comes to communicating with government about trade negotiations with other countries?



We asked how much direct communication is taking place between business and government. We found that 61% of businesses engage with government at least regularly, which shows no significant change on last year's survey result (60%) but nevertheless demonstrates that a strong dialogue is taking place.



How engaged is your business when it comes to communicating with government about government support programmes / advice on exporting?



We saw similarly positive results when asking businesses about their engagement with government on support programmes or in getting advice on exporting. We found that SMEs engage the least, and there has been a small drop off in SMEs engaging at least regularly from 49% in 2023, to 41% in 2024. This may be a reflection of a more difficult business environment with a higher focus on tackling rising costs rather than seeking help on exporting more.

Conclusions

This year's Attitudes To Trade Survey paints a generally positive picture of the UK's evolving trade policy and demonstrates a substantial improvement in business sentiment on last year's results.

Support for the direction of trade policymaking

Businesses appear to be adopting a positive stance towards the UK's trade agreement programme, with more support among respondents for the programme as a whole than at the time of last year's survey. The positivity extends across the programme, including FTA opportunities with India, the GCC, CPTPP, Australia and New Zealand. It was also notable that 61% of businesses represented saw potential benefits from the MoU programme with US states. There is a note of caution, with over half of the respondents anticipating increased competition from cheaper imports due to FTAs.

An optimistic outlook for UK-EU relations

The survey data suggests a positive shift in sentiment towards the UK-EU trade corridor. Despite 59% of businesses reporting some losses in EU trade, this figure represents a notable improvement on last year's 74% of businesses. Furthermore, two thirds of respondents either have not seen their trade affected by Brexit or have made net gains elsewhere that at least compensate for Brexit losses.

Businesses are optimistic about the future, with over half of all respondents expecting an enhanced UK-EU trade relationship over the next five years. It is still an evolving landscape for businesses, with several post-Brexit policy changes due to be implemented over the coming years which may require businesses to re-evaluate their approaches.

The 2025 TCA review: more clarity needed

Nearly half of the respondents anticipate a closer relationship with the EU as a result of the 2025 TCA review, suggesting a business mindset that the review will serve as a substantial opportunity to rework aspects of the relationship that could be performing better. Indeed, of those respondents who expect the TCA review to result in a closer relationship, a majority of businesses expect greater market access in both goods and services, with some expecting progress in business mobility, financial services and professional qualifications.

Businesses' expectations stand in contrast to the current messaging from the EU Commission on whether the review will provide an opportunity for a re-negotiation of the treaty. Further clarity from the UK government on what the opportunity could provide and how businesses might quantify the potential change might help to better calibrate businesses' expectations and long-term planning.



Growing confidence in the government's approach to trade policy

Over half of survey respondents believe that the UK's FTA programme will contribute positively to economic growth over the next decade, and 62% think that the government's negotiating priorities align with their own. The improvement in the government's communication of the benefits of FTAs is significant and is a crucial factor in driving utilisation of FTAs by businesses on the ground. It is also encouraging that businesses are continuing to maintain a strong dialogue with government in respect of FTA negotiations and support with exporting.

One potential cause for concern is in respect of staff recruitment and mobility, which for two years running has been an outlier when comparing businesses' perceptions of government priorities to their own. It is noteworthy that in 2023 the generous mobility terms contained in the FTAs with Australia and New Zealand entered into force and more broadly the UK's points-based immigration system was praised by the OECD for its ability to attract talent.⁴ However, our survey data suggests businesses continue to believe that government could be prioritising this area in trade policy better. The results may be indicative of continued labour market shortages and high job vacancy rates.

Small businesses need more engagement in trade policy

A recurring theme in our findings is the disparity between the sentiment of small businesses compared to larger counterparts. While overall sentiment is still generally positive, small businesses (under 50 employees) were shown to be significantly less likely to experience compensating gains from non-EU trade and are less engaged with government. Given that SMEs account for 99% of UK businesses and are generally more in need of support in trading internationally, a stronger focus on how policy could deliver for this cohort would be likely to yield positive results for the wider economy.

Utilisation of preferential goods market access could be higher

It is positive that almost two thirds of businesses always ensure they are claiming the correct rate of import duty required under the terms of the UK's FTAs. However, a third of respondents told us they do not always ensure this is the case and may therefore be overpaying, potentially leading to smaller margins and lower competitiveness.

Businesses should be making use of trade preferences, reliefs, suspensions and quota programmes. The results may also partially be explained by businesses being unable to understand or fulfil the requirements of new rules of origin. Corrective action in this area could clearly help to drive up utilisation of the UK's FTAs.

We make the additional observation that public receipts from customs duties have been increasingly significantly in recent years (while rates have not increased) and posit the question as to whether business overpayments could be a driver of this phenomenon. Businesses are able to reclaim duties, but need to act fast because for most claims there is a three-year time limit, so the opportunities may start to diminish. Deloitte's trade analytics tools have already helped clients become aware of opportunities to reclaim duties of over £120 million.

4. The OECD designated the UK as having the largest improvement in its attractiveness ranking for highly qualified workers. See: "What is the best country for global talents in the OECD", OECD, March 2023.

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