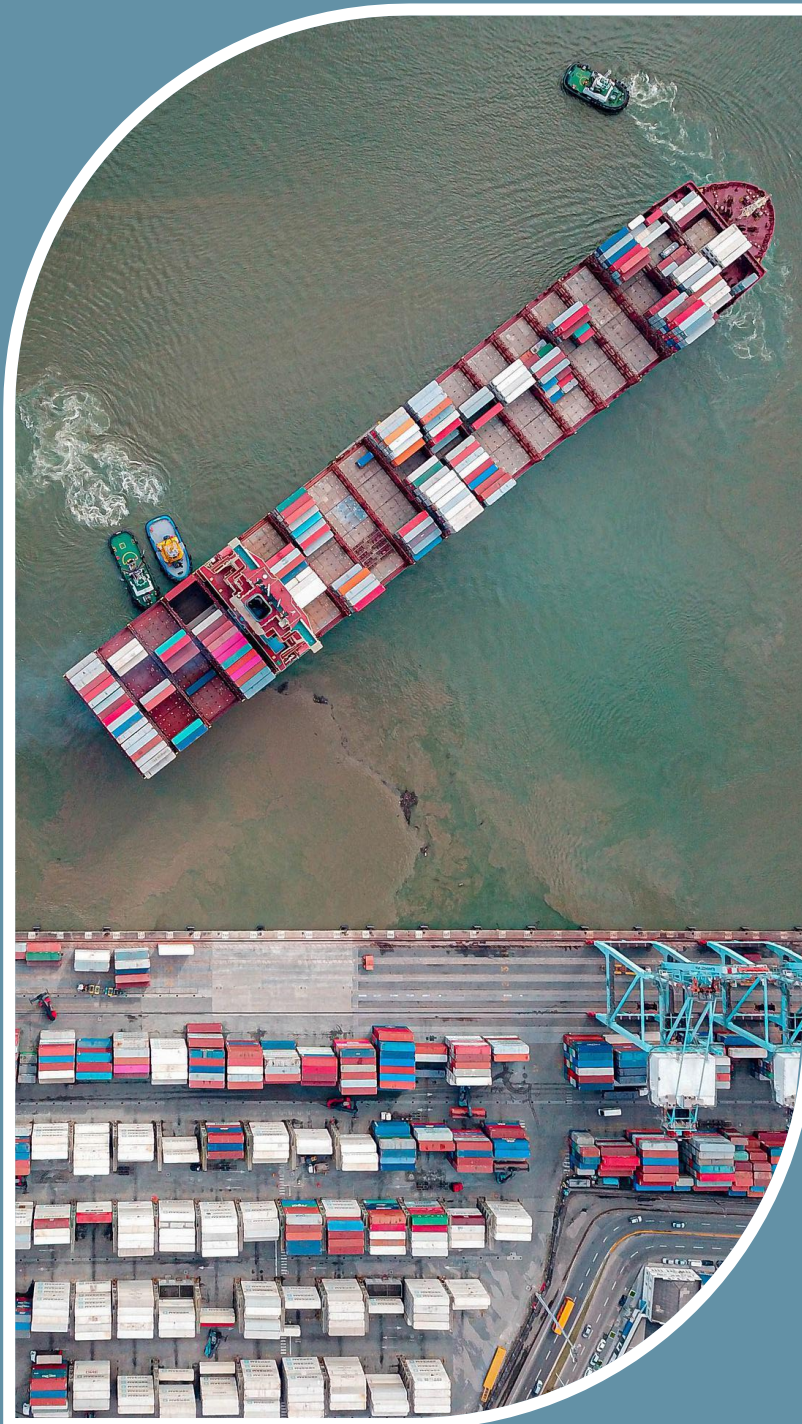


International Trade Index

2022



Connect. Support. Grow.



Henrietta Brealey
Chief Executive Officer, Greater Birmingham Chambers of Commerce

The Greater Birmingham Chambers of Commerce's (GBCC) 2022 International Trade Index paints a mixed picture of the current trading landscape for businesses across Greater Birmingham.

Though the regional export market has not fully recovered from the twin events of Covid-19 and Brexit, with recovery slower in the West Midlands than elsewhere in the country, there are some positive signs of improvement. Business sentiment is growing increasingly optimistic in our Quarterly Business Reports and regional trade data is starting to show an upturn in activity.

However, international trade data from Q2 indicates we are not out of the woods just yet, a sentiment echoed in our Q2 Quarterly Business Report: firms shared that ongoing recruitment difficulties and increasing price pressures were affecting their output and productivity. Despite this, we are continuing to see businesses of all sectors and sizes show interest in our international services.

Following the excitement of the Birmingham 2022 Commonwealth Games, I am pleased to see businesses thinking about building on the legacy of the Games to expand their international reach – whether that is building overseas connections or exploring the potential of new global markets.

Julian Beer
Deputy Vice Chancellor, Birmingham City University



For a region long associated with manufacturing, it's encouraging that this sector continues to be a major contributor to the region's £6.907 billion worth of exports in Q1 of 2022. With a quarterly total uplift in combined regional export value of 3.3% when compared with Q4 2021, there's optimism for growth in sectors perceived to be high value. Nonetheless, any increase is against a 15% decrease in the value of exports from the West Midlands when compared to Q4 of 2019 - prior to the world being afflicted by the pandemic and attendant consequences to every economy in the world.

Equally, that the value of import activity within the West Midlands increased by 24% from £8.1 billion in Q4 of 2019 to £10.9 billion in Q1 of 2022 indicates reliance on procurement from overseas. Indeed, as data produced by GBCC underlines, unsurprisingly, the European Union represents the region's greatest trading partner in terms of value. As such, and though opportunities for expansion in exports are certainly possible outside the EU, the hope must be that our new Prime Minister recognises the urgent need for greater stability and more harmonious relationships with our closest neighbours.

Notably, EU countries, though also having experienced the pandemic and equally exposed to rapid fluctuations in energy prices, are able to rely on a more concerted and coordinated approach to provision of support. The coming months during the autumn and winter are likely to prove as great a challenge to survival for many businesses as experienced during Covid-19. Worryingly, inflation not experienced since the 1970s, combined with declines in consumption across the world, is likely to prove traumatic for a majority of businesses in the West Midlands.

Key Findings

- While the **total value of West Midlands' exports** increased between Q4 2021 and Q1 2022, exports are still below pre-pandemic levels
- In contrast, the **value of West Midlands' imports** has increased since the initial phase of the pandemic
- The **total number of trade documents** processed by GBCC's International Hub **increased between Q4 2021 and Q1 2022**, including documents to EU member states
- Exporters across the region are increasingly concerned about the **impact of inflation and exchange rates** on their business output, and the **pressure to increase their prices** as a result

Key Regional Trade Statistics

Top import markets:

1. China
2. Germany
3. Netherlands
4. France
5. United States



Top export markets:

1. United States
2. Germany
3. China
4. France
5. Ireland



Top imported goods:

1. Machinery and transport
2. Manufactured goods
3. Miscellaneous manufactures



Top exported goods:

1. Machinery and transport
2. Manufactured goods
3. Miscellaneous manufactures



The [Greater Birmingham Transatlantic Chamber of Commerce](#) is a chapter of the BritishAmerican Business Network, the largest transatlantic networking organisation promoting trade and investment between the UK and North America. The Chamber is one of 22 offices across the UK, Canada and the United States, and is committed to helping companies connect and build business on both sides of the Atlantic.

The [Greater Birmingham Commonwealth Chamber of Commerce](#) offers a membership-based international gateway for firms wishing to develop bilateral trade connections in Commonwealth countries. The Chamber offers extensive opportunities for members, including a major events programme focusing on Commonwealth knowledge transfer and market insights.

According to the latest regional export data published by HM Revenue and Customs, the West Midlands is the fifth largest regional exporter, with exports totalling £6.9 billion in Q1 2022. This is a 15% decrease since the quarter preceding the Covid-19 pandemic (Q4 2019) when exports amounted to £8.1 billion.

In contrast, the UK as a whole has only seen a 3% drop in export activity in the same period, from £84 billion to £82 billion. Recovery has been strongest in Yorkshire and the Humber (+15% compared to Q4 2019) and London (+7%).

The value of import activity in the region has increased since Q4 2019, up 24% from £8.1bn to £10.9bn. This is almost in-line with the overall UK increase since 2019 (+27%) and the North West (+31%), and is above the East Midlands (+17%) and London (+4%). The West Midlands was sixth in the UK for import activity in Q1 2022 compared to fifth in Q4 2019.

The value of import activity in the West Midlands has increased since Q4 2019, up 24% from £8.1 billion to £10.9 billion.

West Midlands Exports by SITC Code:

Exports by SITC Code	Q4 2019 (£m)	Q1 2020 (£m)	Q4 2021 (£m)	Q1 2022 (£m)
0 Food and Live Animals	169	159	205	190
1 Beverages and Tobacco	16	16	18	20
2 Crude Materials	176	203	266	286
3 Mineral Fuels	54	38	51	46
4 Animal and Vegetable Oils	6	8	10	11
5 Chemicals	334	340	361	358
6 Manufactured Goods	762	731	807	837
7 Machinery and Transport	5,873	5,248	4,397	4,582
8 Miscellaneous Manufactures	754	656	569	576
9 Other commodities nes	14	14	1	2
TOTAL	8,157	7,413	6,686	6,907

Machinery and transport equipment were the top exported good from the West Midlands to international markets both before and after the Covid-19 pandemic, with machinery accounting for 66% (£4.6 billion) of total exports from this sector and manufactured goods accounting for 12% (£837 million) in Q1 2022.

These levels are consistent with pre-pandemic figures, though the real value has fallen by £1.2 billion in this time. Miscellaneous manufactured articles has also fallen in real terms (-£178 million), though the SITC code as a proportion of total exports has increased from 9% in Q4 2019 to 12% in Q1 2022. The region is a significant centre for automotive manufacturing which has faced specific supply chain issues including a global semi-conductor shortage. This has hampered production and therefore exports during this period.

Total export levels saw an increase of £221 million (+3%) between Q4 2021 and Q1 2022. Much of this was predicated on a £185 million increase in machinery and transport exports. This trend was also replicated amongst continental trade flows.

Transport and machinery equipment exports in Q1 2022 were comprised of £2.2 billion of road vehicles, £580 million of general industrial machinery and equip. and £449 million of machinery specialised for industries

West Midlands Exports by Country Group

Exports by Country Group	Q4 2019 (£m)	Q1 2020 (£m)	Q4 2021 (£m)	Q1 2022 (£m)
Asia & Oceania	1,419	1,008	1,259	1,113
Eastern Europe (excl EU)	157	187	220	137
European Union	3,461	3,337	3,094	3,293
Latin America and Caribbean	97	94	86	165
Middle East and North Africa (excl EU)	406	331	236	318
North America	2,252	2,091	1,468	1,462
Sub-Saharan Africa	91	79	87	88
Western Europe (excl. EU)	274	156	235	329
Undefined Country Group	1	0	1	1
TOTAL	8,157	7,413	6,686	6,907

Both prior to and following the Covid-19 outbreak, the primary destination for West Midlands goods was the European Union, with the bloc comprising 42% of export destinations in Q4 2019. This proportion has increased since the period directly preceding the pandemic, with 48% of exports distributed to European Union member states in Q1 2022. The United States was the largest destination country for West Midlands exports in 2021.

The top destinations for transport and machinery equipment exports in Q1 2022 were the United States, Germany, and China

However, the total value of exports to the European Union has fallen from £3.5 billion in Q4 2019 – just prior to the end of the transition period – to £3.3 billion in Q1 2022. More recently, the flow of exports to the bloc improved by £199 million (+6%) between Q4 2021 and Q1 2022, a potential indication that organisations are adapting to the new Brexit regulations and feel more confident in returning to trade with the European Union.

In contrast, the proportion of exports sent to North America has fallen since the onset of the pandemic to 21% (-6%) of total exports in Q1 2022. Only 2.6% of the West Midlands' exports in Q1 2022 were shipped to Latin America and the Caribbean and Sub-Saharan Africa, once again demonstrating the clear opportunity that exists for Greater Birmingham businesses to expand into and explore these markets.

Exports to Latin America almost doubled between Q4 2021 and Q1 2022, with an increase of £79 million. Exports to Western Europe also experienced a 40% increase between these two quarters.

Snapshot of the United States – West Midlands' Largest Value Export Market

- Total trade in goods and services between the UK and United States was £223.4 billion in the four quarters to the end of Q1 2022
- In 2021, the West Midlands was the joint second largest regional exporter of goods to the United States, comprising 11.4% of the UK's total goods exported to the country
- Exports to the United States supported more than 1.04 million jobs in the UK in 2018
- The UK's top services exports to the United States were Business Services (£40.7 billion), Financial (£19.2 billion), and Insurance and Pension (£9.0 billion)

Trade Documentation

The Greater Birmingham Chambers of Commerce's International Hub has assisted exporters for over 50 years, helping them expand their intentional reach and issuing a wide range of trade documentation.

6,407 documents were issued by the Chamber's Documentation team in Q1 2022, compared to 5,711 Q4 2021

Q4 2021

Over 5,500 customs documents were issued in Q4 2021, including ATA Carnets, Certificates of Origin, letters of credit, and EUR1 certificates.

411 businesses in the region utilised the Chamber's International Services for trade with 112 countries around the world. 13% of documents were sent to United Arab Emirates, 12% for trade with Qatar, and 12% for Saudi Arabia.

Following the UK's departure from the European Union, businesses must comply with significantly more documentation requirements than before. As such, documentation services provided to businesses trading with the bloc accounted for 12% of services in this period. Within the member states, the most popular destinations were Italy (226 documents) and Germany (188 documents).

Q1 2022

The total number of documents issued in Q1 2022 increased by 12% compared to the previous quarter to 6407, as well as an 11% increase in the number of businesses using documentation services.

There was a slight decrease in the total number of countries to which documents were sent. Like the previous quarter, the majority of documents were issued to Saudi Arabia, United Arab Emirates, and Qatar.

There was also a 14% rise in documentation issued to businesses trading with European Union member states during this period, from 709 to 932. This included an increase in Carnets (temporary export documents) which indicates a return of trade shows, filming, tours, vehicle rallies and testing and other activities requiring the temporary export of valuable equipment and items.

Greater Birmingham Chambers of Commerce's International Hub

The Chamber's International Hub provides dedicated support and specialist services for businesses trading internationally, including assistance with [documentation](#) and [overseas market and contact information](#). As well as this, the team facilitates overseas [trade fairs and exhibitions](#), coordinates [trade missions, events and conferences](#), and can provide sector or [market specific information](#) with [detailed reports](#) to prepare businesses for market entry. From [foreign exchange services](#) to [translation services](#), the International Hub team can provide extensive support and knowledge for businesses trading internationally or hoping to expand their reach overseas.

For more information, contact:

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The Greater Birmingham Chambers of Commerce is a membership-led, business support organisation that has acted as the voice of local businesses since 1813. Today, we continue to connect, support and grow local businesses.

We are one of the largest Chambers in the country, with 2,500 member companies covering six geographic areas across the region (Birmingham, Burton, Chase, Lichfield and Tamworth, Solihull and Sutton Coldfield) and four themed divisions (Asian Business Chamber of Commerce, Future Faces, the Transatlantic Chamber of Commerce and the Commonwealth Chamber of Commerce).

Members range from young professionals to SMEs and large, high-profile organisations, including 38 Chamber Patrons comprising companies such as Mondelez International, HS2 and The NEC Group.



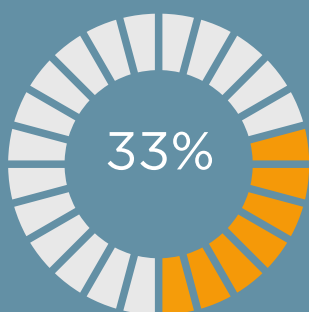
Birmingham City University is a dynamic, business-engaged institution. As a substantial employer with over 2,000 staff and through the provision of graduate talent, research and knowledge transfer, BCU contributes around £532 million to the UK's Gross Domestic Product.

The University is an active supporter of the Transatlantic Chapter and is proud to once again host the annual Transatlantic Conference. Birmingham is a global city, which is reflected in the reach of our partnerships, such as the STEAMhouse innovation centre in India, and the recruitment of overseas students into the city from just under 100 countries.

Exporter Sentiments: Quarterly Business Report

Q1 2022

GBCC survey data for Q1 2022 for firms who identified themselves as undertaking export activities revealed that:



of firms reported an increase in export sales for the quarter, which was higher for services firms (39%) and lower for manufacturers (20%).



An average of:
51%

of organisations reported experiencing pressures to increase their prices during the period. For manufacturers, this rose to 70%, with price pressures mostly being attributed to raw material costs (91%).

In contrast, only

31%

of service firms who export reported facing price pressures, most of which was ascribed to other overheads (38%).

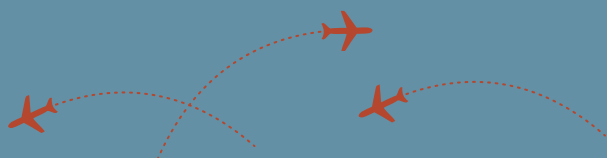


Despite the challenges firms faced during this quarter:

- 30% of manufacturers saw their workforce grow during Q1 and 85% attempted to recruit during this period.
- Of those who attempted recruitment, 53% experienced challenges in doing so.
- For service firms, 50% experienced growth in their workforce during the period and 67% attempted to recruit. 50% of service organisations attempting recruitment encountered difficulties, slightly lower than their manufacturing counterparts.

Q2 2022

The latest survey data from the Q2 Quarterly Business Report revealed that:



46% of service firms reported an increase in export sales in the current quarter – an increase of 7% compared to Q1.

Around a third (33%) of manufacturers surveyed that engage in international activity recorded an increase in export sales (an increase of 13% compared to Q1's figure).

66%

of exporters in both sectors combined attempted to hire staff over the previous three months, and of those, 79% found it challenging to add to their workforce.



Exporters were increasingly concerned about the impact of inflation on their output (79%) and exchange rates (36%). The majority of exporters expect their prices to increase compared to the previous quarter (62% in total).



Of those facing pressure to raise prices, many named labour costs (82%) and raw material prices (65%) as the primary drivers behind the price pressures they were experiencing.