

BCC comments on Bank of England inflation report

Commenting on the Bank of England inflation report and interest rate decision published on 'Super Thursday', Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

"The Bank of England's latest forecasts paint a much more optimistic picture of the UK's growth prospects compared to their previous post-EU referendum predictions. Although the central bank is slightly less concerned over price growth, inflation is still expected to breach the 2% target for a prolonged period. This means that MPC's attempts to combat rising inflation and support growth is likely to remain a challenging balancing act through the forecast period.

"However, with the Bank of England still expecting below trend growth over the medium term and considerable uncertainty over the impact of Brexit, we predict that the MPC will continue to 'look through' the expected rises in inflation and opt for an extended period of monetary stability. As a consequence, we expect that interest rates will remain on hold through 2017.

"With the monetary policy tools at the MPC's disposal largely exhausted, it is vital that the government uses the upcoming Spring Budget to boost the UK's long-term growth prospects by doing more to support business investment, including action to tackle the escalating burden of upfront business costs."

Ends

Notes to editors:

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 52 Accredited Chambers of Commerce across the UK, representing thousands of businesses of all sizes and within all sectors. Our Global Business Network connects exporters with nearly 40 markets around the world. For more information, visit: www.britishchambers.org.uk

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BCC International Trade Survey: Europe to remain key export market despite Brexit vote

The BCC today releases the results from its International Trade Survey

UK companies remain committed to strong trading relationships with European customers and suppliers despite the UK's vote to leave the EU, according to the results of the British Chambers of Commerce's (BCC) International Trade Survey, released today.

The results of the survey, based on the responses of nearly 1,500 business people, show that the UK companies surveyed continue to regard Europe as an important trading partner. Around three-quarters of respondents currently sell (76%) and source (73%) goods and services in the EU market.

The findings show that over a third (36%) of responding businesses plan on putting more resources into exporting to the European market over the next five years. Europe also remains the market where the higher percentage of businesses (18%) is planning on allocating more resources to sourcing products and services from.

Responding to a question assessing whether the EU referendum has influenced their approach to exporting, nearly a third (31%) of businesses surveyed are looking to export more. The majority (65%) say the EU referendum hasn't changed their strategy for importing, while 15% say that they are interested in sourcing more internationally. However, there are signs of caution, with 13% looking to source less internationally, which may be as a result of the falling value of the pound making imports more expensive.

Thinking about future trade arrangements with Europe, UK companies surveyed consider the issues of tariffs; non-tariff barriers; and product standards, certification and compliance as the three top priorities for resolution in talks on a Brexit deal.

Dr Adam Marshall, Director General of the British Chambers of Commerce, said:

"These results are an important reminder of the fact that it is businesses that trade, not governments. Although the likely outcome of the Brexit negotiations remains unclear, businesses still see Europe as a primary market for both selling and sourcing inputs – even after the UK leaves the EU.

"Looking ahead, businesses want the best possible terms of trade following the Brexit negotiations, whatever the ultimate model adopted. UK firms want tariffs, costly non-tariff barriers, and product standards to be at the top of the government's agenda for a future EU trade deal.

"The best news from this survey is that the EU referendum outcome has sparked

a greater interest in foreign markets for a significant number of firms. For that very reason, UK companies need sustained, tangible and practical export support that helps them get their goods and services out to the world.”

Ends

Notes to editors:

The British Chambers of Commerce surveyed 1,474 businesses online between 1 December and 19 December. The survey sourced respondents from every region and nation of the UK. Around 95% of responding businesses were SMEs, and around one third were manufacturing, with the remaining two thirds operating in the service sector. A vast majority (80%) of responding businesses also sell products or services overseas.

Spokespeople are available for interview.

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BCC: GDP growth shows strong end to 2016 for the UK economy

Commenting on the first estimate of GDP for the fourth quarter of 2016, released today by the Office for National Statistics, Suren Thiru, Head of Economics at the British Chambers of Commerce, said:

“The first estimate of UK GDP growth for the final quarter of 2016 confirms that the UK economy enjoyed a strong end to the year – mirroring our own survey data. While there was a welcome pick-up in output from manufacturing and construction, the UK remains heavily reliant on services and consumer spending as the main drivers of growth. The yearly figure of 2.0% UK GDP growth is broadly in line with historic trends.

“However, outperforming last year’s performance in 2017 will be a challenge for the UK economy. Higher inflation and uncertainty over the implications of Brexit are expected to bear down on the UK’s near-term growth prospects. This is likely to squeeze consumer spending and dampen firm’s investment intentions, resulting in a prolonged period of materially below trend growth.

“A key priority for the UK government must be to support long-term business investment, including addressing the escalating burden of up-front taxes and costs, such as business rates, which are impeding the ability of firms to invest, recruit and grow their business.”

Ends

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[BCC comments on public sector finances for December 2016](#)

Commenting on the public sector finances for December 2016, released today by the Office for National Statistics, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

“The continued, albeit modest, monthly declines in public sector borrowing are encouraging and mean that the government remains on course to meet the OBR’s forecast for 2016/17, as set out in the Autumn Statement.

“The UK’s fiscal position, which was weakened significantly by the financial crisis, is likely to come under increasing pressure in the near-term if UK economic growth weakens as expected. A slowing economy would further restrict the UK’s capacity to collect enough tax revenue to consistently achieve

deficit reduction in the coming years.

“More needs to be done to boost business confidence, to help firms to deliver the sort of growth, investment and job creation needed to achieve a sustainable strengthening of the UK’s tax base.”

Ends

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BCC comments on Supreme Court judgement

Commenting on the judgment of the Supreme Court on the triggering of Article 50, Dr Adam Marshall, Director General of the British Chambers of Commerce (BCC), said:

“The practical impact of this ruling, not the political intricacies, is what interests business communities across the UK. What businesses will want to know is whether this ruling will affect either the terms of the government’s approach, or the timeline that firms across the UK have been told to expect.

“Businesses will also want to see action to ensure that this further political wrinkle does not add further to the volatility of exchange rates.”