

Global Trade Masterclass Manufacturing



- Current state of play
- Addressing challenges through a global lens:
 - Downward pressure on prices
 - Accessing top labour and talent
 - Shortage of lending
 - Sustainability of supply chains
 - Sustainability linked legislation
 - Increasing costs
 - Currency volatility
 - EU trading barriers
 - Obtaining investment for growth
 - Boosting customer demand for products and service
- ***Empowering SMEs in International Trade*** programme
- Follow on support



“British manufacturers are starting 2023 on the back foot, after they reported one of their sharpest falls in activity since the 2008-09 recession in January, reflecting a sharp fall in new orders and ongoing job cuts.”

Reuters, January 2023

- ❑ 71% of manufacturers expect economic conditions in the UK to either significantly or moderately deteriorate (PwC)
- ❑ Industry is forecast to contract by -3.3% in 2023, and experience 0.8% growth in 2024 (BDO)
- ❑ Future of accessible labour problematic in an aging industry i.e. significant proportion of technical know-how resides with employees of 55+ years (Kreston Reeves)
- ❑ Manufacturers facing cost pressures: energy, transport, inflation, employee costs, etc.
- ❑ Trend in reshoring and nearshoring of suppliers continues as supply chain volatility becomes permanent and overseas companies turn their back on supplying the UK
- ❑ 81% of manufacturers have diversified their supply chains
- ❑ Foreign direct investment in UK drops
- ❑ Major challenges as cited by manufacturers (source: Make UK survey):
 - Raw material prices - 71%
 - Higher transportation costs – 69%
 - Higher energy costs – 68%



Addressing the challenge of *'downward pressure on prices'*:

- ❑ Determine and communicate 'value' from the customer's perspective
- ❑ Move from features and benefits to articulating differential value
- ❑ Move objection away from cost i.e. focus on quality, company values, sustainability, customer experience
- ❑ Consider alternative overseas markets for supply
- ❑ Consider more than cost when sourcing overseas suppliers (think ESG and traceability of supply)
- ❑ Map supply chains for efficiency gains and cost savings
- ❑ Look to export markets that:
 - ❑ present opportunities for prolonged product lifecycle
 - ❑ are forecast to be high growth
 - ❑ have a less price conscious customer base
 - ❑ have preferential trade established with UK

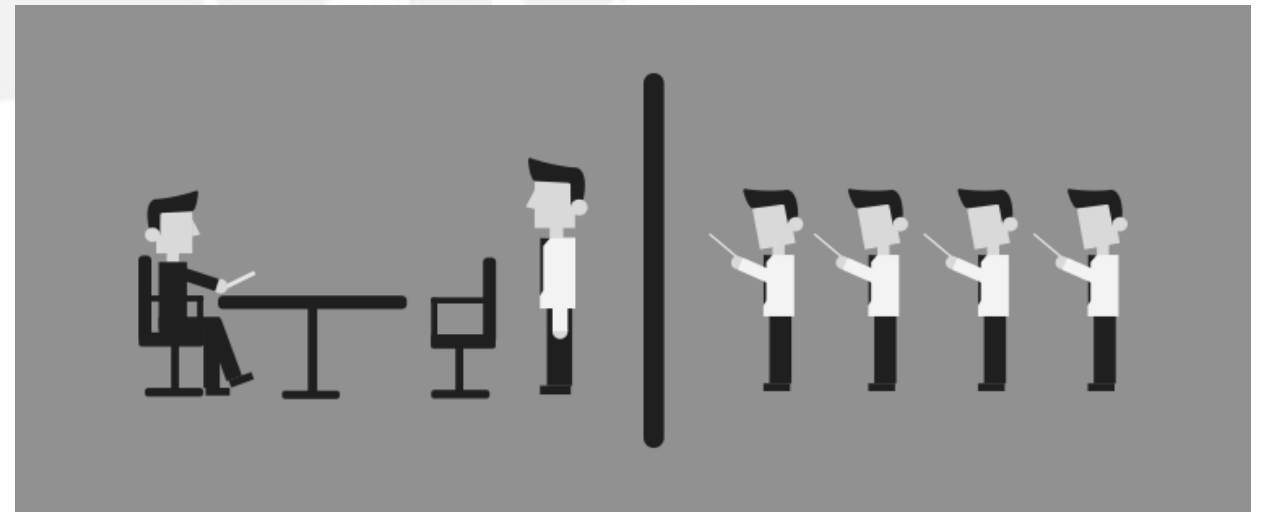


Addressing the challenge of ***‘accessing top labour and talent’***; treat recruitment like customer acquisition i.e. treat talent as you would a customer you are looking to attract

Explore schemes like apprenticeships

Consider hiring non-UK nationals:

- ❑ Sponsor licenses
- ❑ Job suitability
- ❑ Business eligibility
- ❑ Certificates of sponsorship
- ❑ Advantages
- ❑ Scheme costs



Addressing the challenge of ***‘lending shortages’***; consider alternative means of boosting working capital and cashflow:

- ❑ Review and/or renegotiate creditor and debtor payment terms
- ❑ Optimise tax breaks i.e. R&D credit, etc.
- ❑ Purchase order finance
- ❑ Invoice finance



Addressing the challenge of ***'supply chain sustainability'***; consider **all** aspects of sustainability when sourcing, vetting, and appointing suppliers:

- ❑ Determine which aspects of ESG your company will prioritise (Materiality Assessment)
- ❑ Look at overseas market regulators governing social and environmental measures and compliance in-country
- ❑ Confirm overseas market regulation aligns with UK
- ❑ Request policies, metrics, and documentation from suppliers to demonstrate compliance



Addressing the challenge of *‘sustainability linked legislation’*; consider global legislation, particularly EU, when planning future sustainability compliance:

IMPORTANT: EU Commission still impacts the direction of travel for UK regulation (Retained EU law)

- ❑ Biodiversity Net Gain (BNG) to come into effect in November 2023
- ❑ ESG and sustainability reporting
- ❑ New EU Corporate Sustainability Reporting Directive (CSRD)
- ❑ Extended Producer Responsibility
- ❑ Banning of polluting single-use plastics in England from October 2023
- ❑ Anticipated UK’s chemicals strategy expected in 2023
- ❑ UK best available techniques (BAT) for environmental permitting of industrial installations

Addressing the challenge of **‘increasing costs’**; ensure that all opportunities to reduce or eradicate unnecessary costs are explored:

- ❑ Ensure cost efficiencies in transport are being realised
- ❑ Consider sourcing from alternative overseas markets
- ❑ Look at duty deferment on imports (DDAs, Postponed VAT Accounting, etc.)
- ❑ Explore Customs Special Procedures and facilitations to reduce administration and duty/VAT costs
- ❑ Explore multi-currency accounts
- ❑ Review product positioning and consider whether elasticity exists in UK and export market pricing



Addressing the challenge of ***'currency volatility'***; work smart with foreign currencies:

- ❑ Pass on the risk to suppliers and customers by operating in GBP only or increase pricing
- ❑ Identify forecasts for the year ahead
- ❑ Set budget rates
- ❑ Hedge against currency fluctuations
 - Forward contracts
 - Market orders
- ❑ Operate through a US\$, Euro, etc. account
- ❑ Seek professional advice from a currency specialist



Addressing the challenge of ***‘EU trading barriers’***; knowledge of new trading requirements and practices is key:

- ❑ Understand obligations as an IOR and/or EOR
- ❑ Use Incoterms correctly
- ❑ Become familiar with import and export declarations (C88 / SAD)
- ❑ Consult UK Trade Tariff and EU Common External Tariff (import/export controls, documentation requirements, etc.)
- ❑ Understand process for importing/exporting your goods (consult Border Operating Model)
- ❑ Capitalise on all HMRC special procedures and simplifications that apply to your business
- ❑ Frame product value from the customer’s perspective, move dialogue away from cost and trading complexity



Addressing the challenge of '**obtaining investment for growth**'; de-risk your venture and understand what investors are looking for:

- ❑ Be clear in your expectations of an investor
- ❑ Obtain SEIS / EIS approval
- ❑ Correctly value your business
- ❑ Be clear about investment spend
- ❑ Look at global trade to spread risk, diversify, extend product lifetime value, and flatten seasonality of sales – **ultimately optimise investor return**
- ❑ Be aware of sustainability regulation and prioritise compliance
- ❑ Produce solid financial projections
- ❑ Look for local investment-readiness support



Boosting demand for UK products and services

Addressing the challenge of ***‘demand for product and service’***; be bold and look beyond the EU:

- ❑ Shifted consumer preferences post Brexit and COVID (Make it British: 69% of consumers more inclined to buy UK made products and will pay up to a 20% uplift in price)
- ❑ Focus on export markets with attractive UK trade agreements (CPTPP)
- ❑ Become exporting experts:
 - Fully understand the target market and what it values; embrace the culture; ‘market’ and ‘sell’ in the target language
 - Fully understand the process and costs for adapting your goods to comply with market requirements
 - Fully understand the terms, costs, and process involved in shipping your goods
 - Explore in-country training and servicing as product add-ons
 - Look at licensing, joint venture, and fulfilment opportunities
 - Make it EASY to buy from you!
 - Seek support e.g. GTD, Dept Business and Trade, Growth Hubs/LEPs, Local Chambers, etc.

Empowering SMEs in International Trade

Programme of ‘hands on’ import and export support, delivered by the Global Trade Department and **fully funded** by the East Midlands Growth Hub Cluster

| 1:1 support | 1:many support | Intensive, ‘hands on’ support | Peer Group support |
|---|---|---|---|
| <p>Clinics (2 hours)</p> <p>Deep Dive (8 hours)</p> <p>Sustainable Trade Planning (12 hours)</p> <p>Trade Compliance Review (8 hours)</p> | <p>Core webinars:</p> <ul style="list-style-type: none"> ▪ Global Trade Compliance ▪ Exporting for the Service sector ▪ Greening Global Trade ▪ Using Customs Special Procedures ▪ Understanding Logistics ▪ UK export and EU VAT (OSS) ▪ Navigating US nexus <p>Global Trade Masterclasses:</p> <ul style="list-style-type: none"> ▪ Manufacturing ▪ Textiles ▪ Digital Tech ▪ Agri-food ▪ Pharma and Healthcare | <p>Global Trade Manager Programme (30 hours)</p> <p>Export Manager Programme (30 hours)</p> | <p>Global Trader Network for Importers (10 hours i.e. 5 x 2 hour sessions delivered fortnightly)</p> <p>Global Trader Network for Exporters (10 hours i.e. 5 x 2 hour sessions delivered fortnightly)</p> |

Empowering SMEs in International Trade (cont.)

The programme has minimal eligibility criteria:

- ❑ Your company must be an SME based in Lincolnshire, Leicestershire, Nottinghamshire or Derbyshire
- ❑ For Export Manager and Global Trade Manager intensive, hands on support, your company must have turnover of >£250K and be in a position to invest in import and/or export activity

For more information or to book an initial 1:1 discussion to determine the best support option for your business:

- ❑ Email internationalisation@globaltradedept.com
- ❑ Call the Global Trade Department on +44 (0) 345 2570037
- ❑ Book via dedicated programme page at <https://www.globaltradedept.com/empowering-smes-in-international-trade>
- ❑ Visit and book via the programme's Eventbrite page - <https://www.eventbrite.co.uk/o/empowering-smes-in-international-trade-programme-34071854063>

For companies outside of the East Midlands, please do feel free to attend all webinars as advertised on both LinkedIn and Eventbrite:

- ❑ LinkedIn - <https://www.linkedin.com/company/global-trade-department>
- ❑ Eventbrite - <https://www.eventbrite.co.uk/o/empowering-smes-in-international-trade-programme-34071854063>

Take advantage of a FREE 30-minute 1:1 discussion, arranged by:

- ❑ Booking directly at <https://www.globaltradedept.com/global-trade-clinic/>
- ❑ Emailing contact@globaltradedept.com
- ❑ Calling the Global Trade Department on +44 (0) 345 2570037

Thank you for your time!

Contacts:

Name: Andrea Collins
Company: Global Trade Department
Tel: +44 (0) 7500 831800
Email: acollins@globaltradedept.com
Twitter: [@GlobalTradeDept](https://twitter.com/GlobalTradeDept)
LinkedIn: [in/andreacollins-globaltradespecialist](https://www.linkedin.com/in/andreacollins-globaltradespecialist)

