

End of EU transition: Analysing the Impact on UK Businesses

Emily Hopson

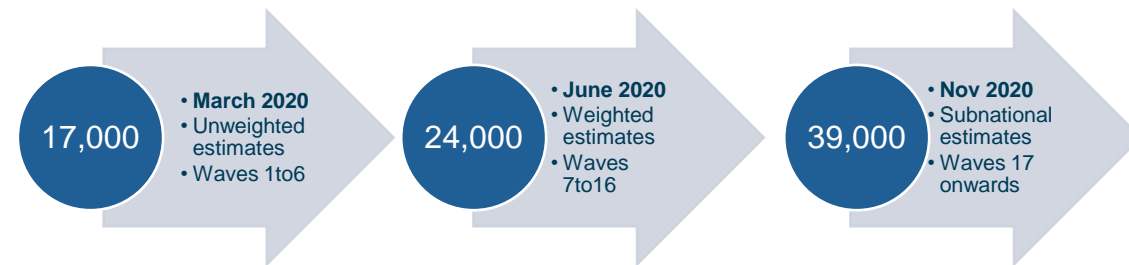
Business Insights and Conditions Survey (BICS) Team
(bics@ons.gov.uk)

End of EU transition: Analysing the Impact on UK Businesses

- In the lead up to the end of the transition period, it became important to understand the difference between the impact of the pandemic and the separate impact as a result of the transition period coming to an end
- ONS' fortnightly Business Insights and Conditions Survey (BICS).
- Themes such as:
 1. End of EU transition preparedness,
 2. Supply chains, stockpiling and external trade and
 3. Recruitment of workers.

Business Insights and Conditions Survey (BICS)

- Started this new online survey quickly and it went live within two weeks. Typically 6+ months.
- The BICS voluntary fortnightly business survey has provided us with a rapid and flexible survey to respond quickly to changing policy needs
- Detailed results are published each fortnight with headline figures published each week in a Faster Indicators bulletin.
- The sample size has increased over the waves to improve the coverage of regions and different businesses sizes, to ensure the sample was more representative of all businesses.



Adapting to Policy Needs

- The BICS team works closely with a wider range of internal and external stakeholders:
 - ONS Trade team
 - Department of International Trade
- Capturing the impact of French border being closed to UK freight, due to concern of the spread of the UK variant.
- Department of International trade continues to use a wide range of BICS data in analysis and dashboards measuring the impact of the UK leaving the EU.



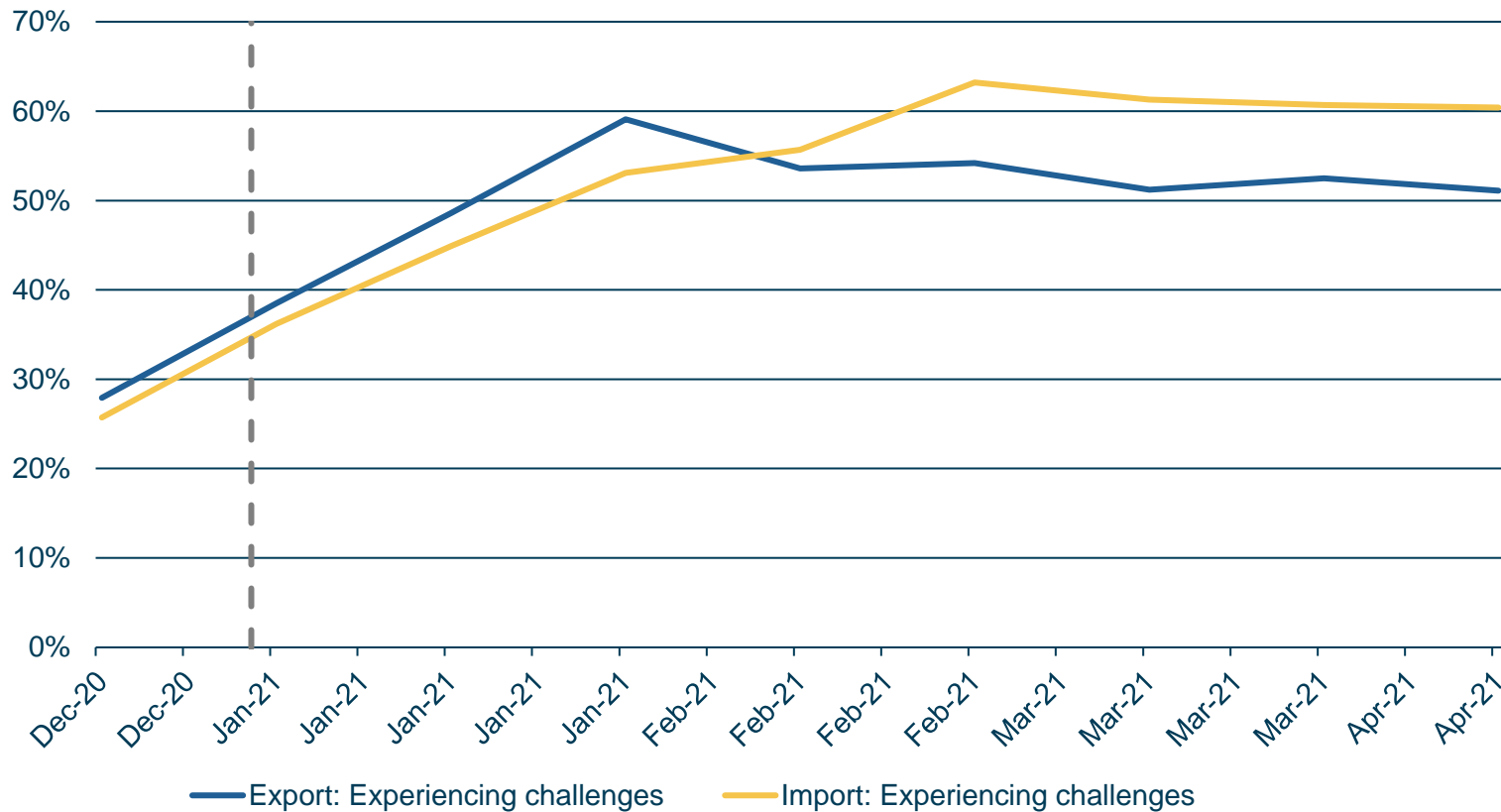
Export and Importing

14 December 2020 - 18 April 2021

Wave 21 – Wave 29

Export and Import Challenges

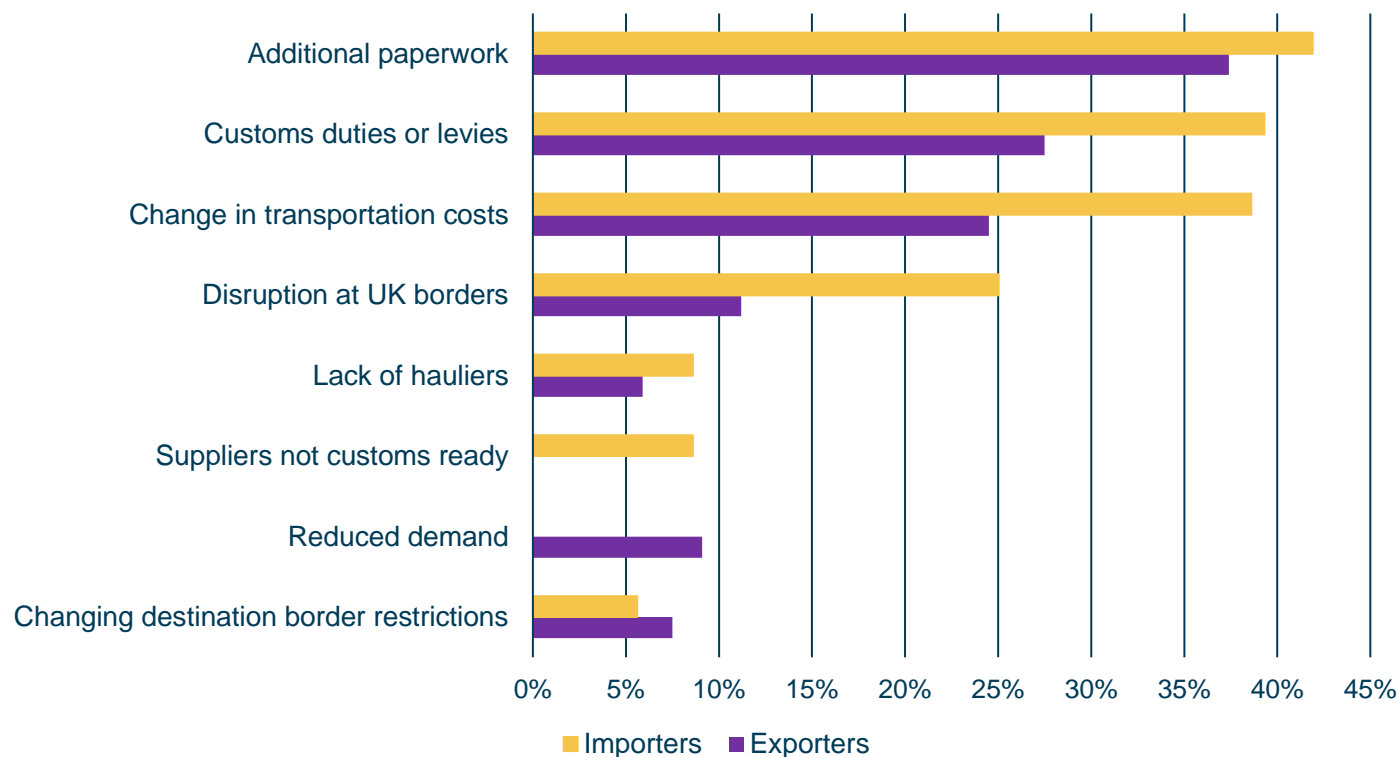
Exporting and importing challenges, businesses currently trading with more than 250 employees, exported or imported in the last 12 months and reported how exports or imports compared with normal expectations, weighted by count, UK, 14 December 2020 to 18 April 2021



- Data from February suggests larger businesses are experiencing more challenges importing than exporting.
- Most businesses attribute this change to the end of the EU transition period.

Challenges Experienced

Exporting and importing challenges, businesses currently trading, exported or imported in the last 12 months and reported how exports or imports compared with normal expectations, weighted by count, UK, 5 to 18 April 2021

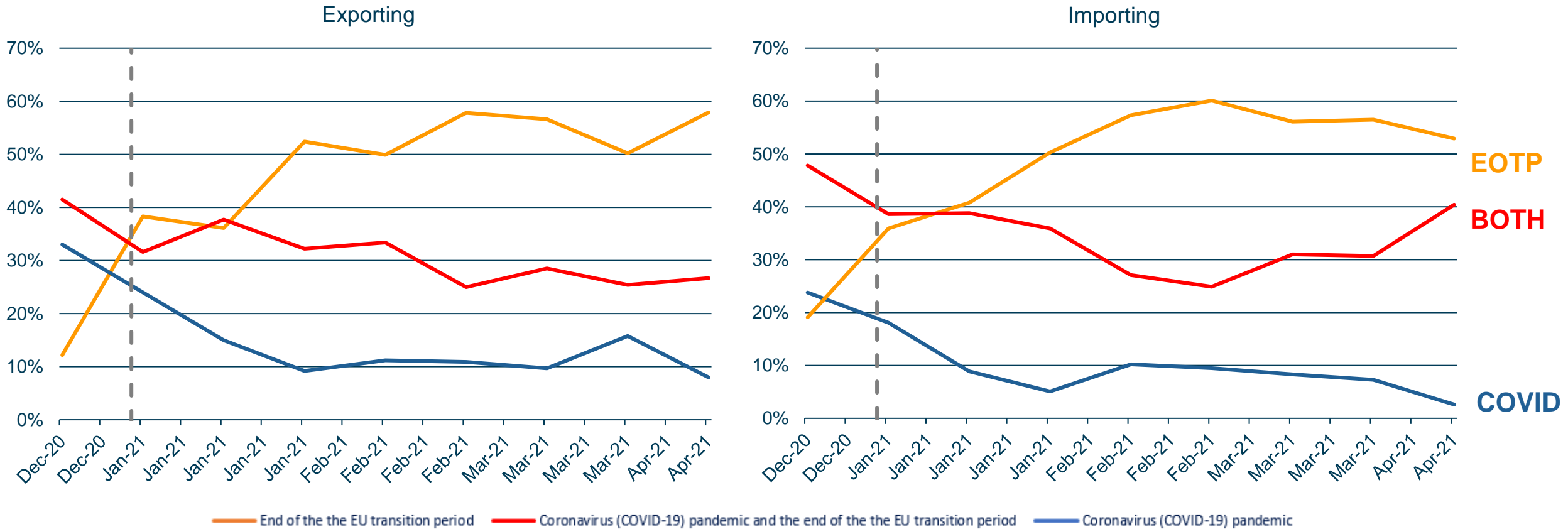


- Additional paper is consistently reported as challenge for internally trading businesses.
- A much larger proportion of businesses reported change in transportation costs and custom duties or levies as challenges after the 31 December 2020.

“Suppliers not customs ready” and “reduced demand” were not response options for export and import challenges, respectively.

Cause of Challenges

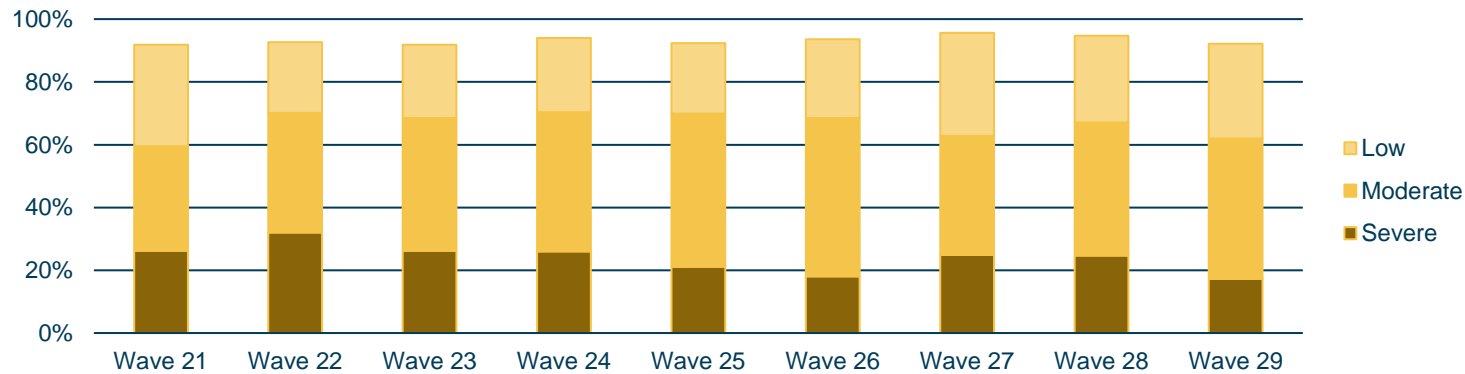
Cause of challenges, businesses currently trading, export or imported in the last year and experienced challenges, weighted by count, UK, 14 December 2020 to 18 April 2021



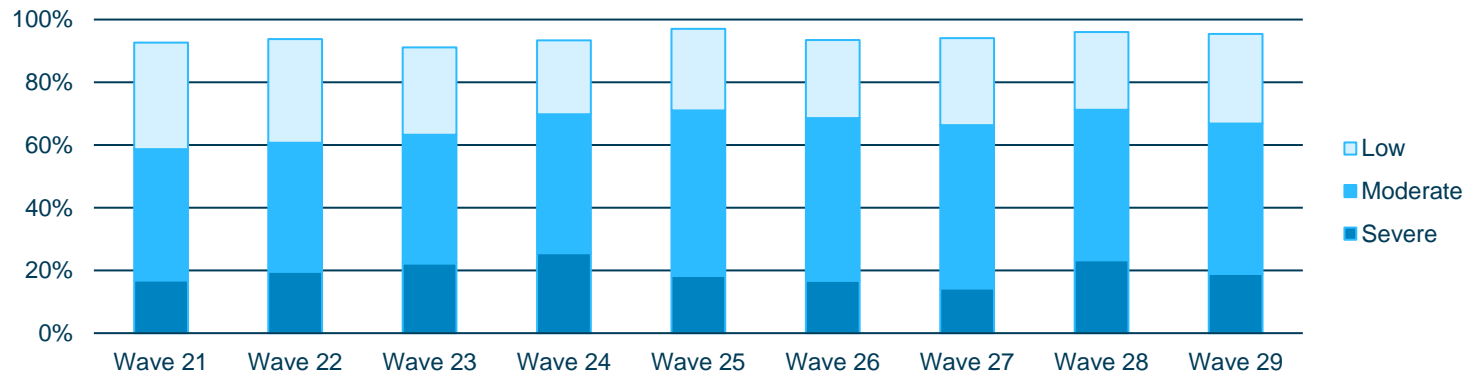
Severity of disruption

Severity of disruption, businesses currently trading, exported or imported in the last 12 months and reported export or import challenges, weighted by count, UK, 14 December 2020 to 18 April 2021

Exports



Imports



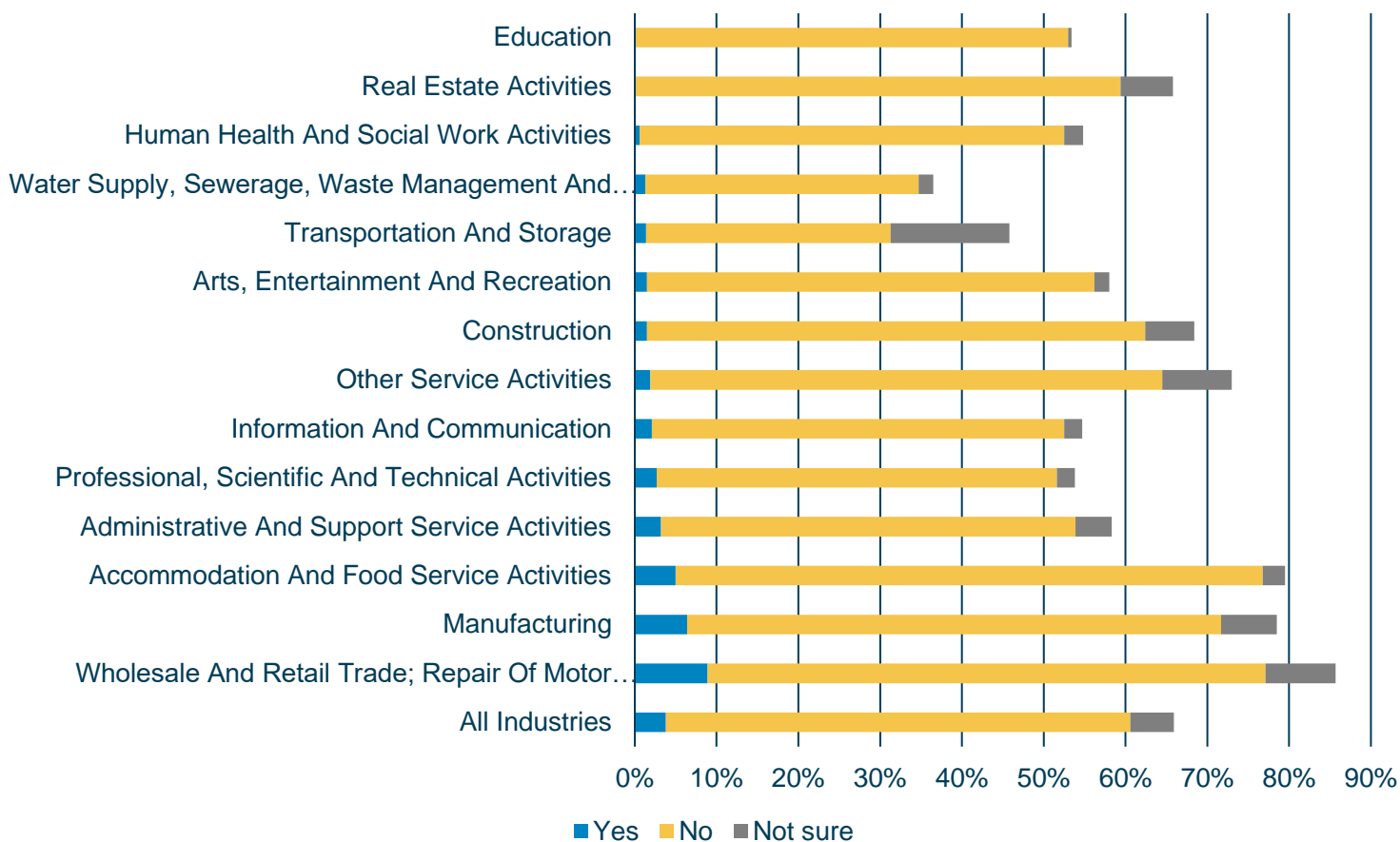
- Overall, 9 in 10 internationally trading businesses who reported export or import challenges experienced some level of disruptions.
- It is now more likely for an importer to experience severe disruption.

End of the EU Transition Period

19 October 2020 – 2 May 2021

Wave 17 – Wave 29

Supply Chains

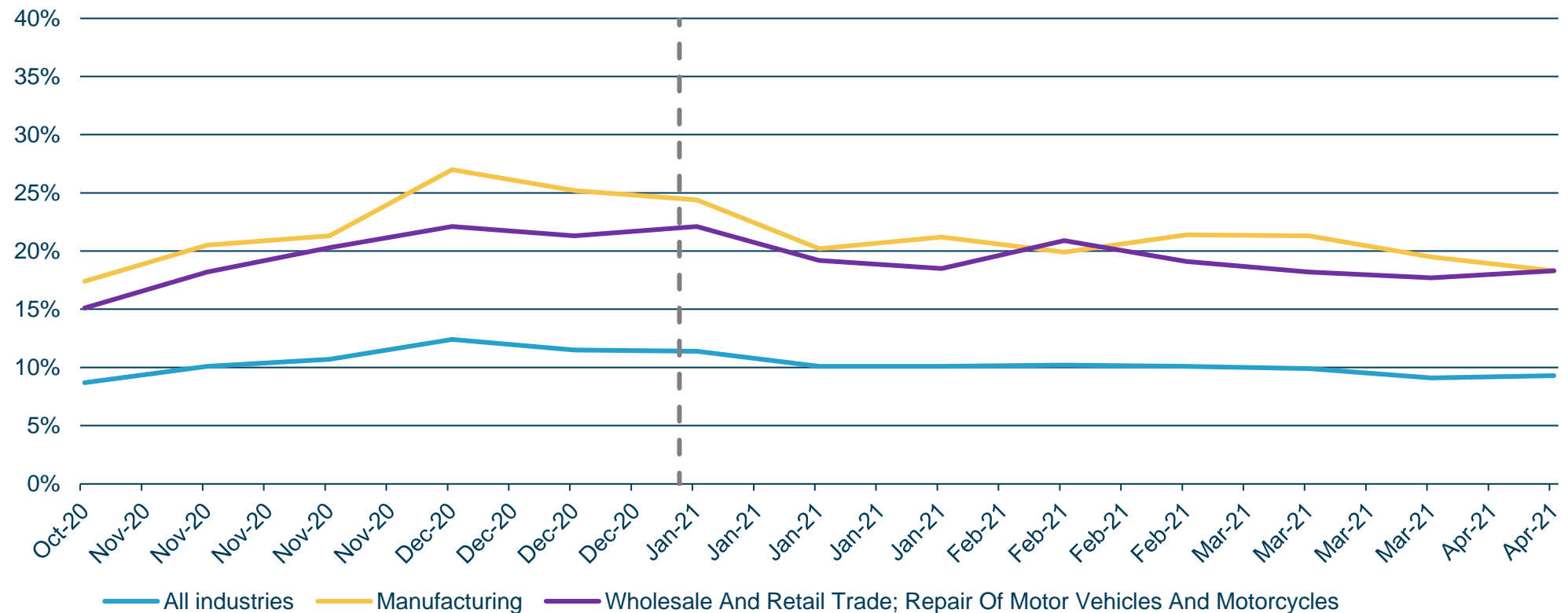


Of businesses not permanently ceased trading and made changes to supply chains due to the end of the EU transition period:

- 68% reported **using more UK suppliers.**
- 23% reported **increasing the diversity in suppliers.**
- 10% reported **using more non-EU suppliers.**

Stock Levels

Stock levels higher than normal expectations for this time of year, businesses currently trading, weighted by turnover, UK, 19 October 2020 to 18 April 2021



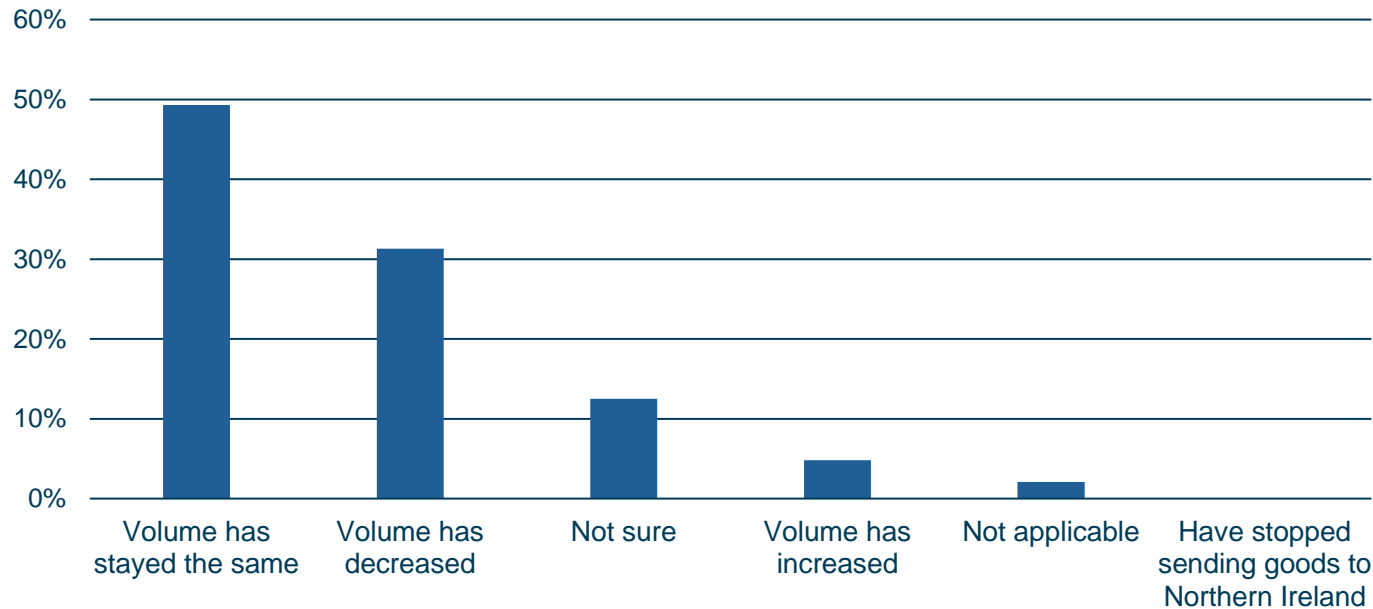
Movements of Goods Between Great Britain and Northern Ireland

22 March to 18 April 2021

Wave 28

Movements of Goods Between Great Britain and Northern Ireland

Of businesses currently trading and who had sent, or intended to send, goods from Great Britain to Northern Ireland, 22 March to 4 April 2021



Of businesses currently trading:

- 48% had **sent, or intended to send, goods** during 22 March to 4 April 2021.
- Of these, 83% reported that the main route they used for sending these goods **was from GB directly to NI.**
- 93% **had not made any changes to their main route** for sending these goods

Linking to Other Sources

Other Source of Trade Data

EU and non-EU goods imports and exports, excluding precious metals, March 2019 to March 2021



Source: Office for National Statistics – UK trade statistics, current prices, seasonally adjusted

- ONS UK Trade figures
- Bank of England's Agents' summary of business conditions – 2021 Q1
 - *Export challenges*
 - *Severe disruption to the flow of goods from Great Britain to Northern Ireland*

Summary

- Export and import challenges continued to rise in the first months of 2021, and both seemed to have levelled off by March.
- The end of the EU transition period as cause of export/import challenges soared throughout January and continued to increase on the import side in February.
- Overall, 9 in 10 are still experiencing some level of disruption.
- An increasing proportion of currently trading businesses which reported making changes to suppliers due to the end of the EU transition period, reported using more UK suppliers, reflecting an adaption by businesses to EU exit.

Future Developments

- BICS will continue informing policymakers identify growing frictions and challenges in crucial cross-border business activities between the UK and the EU.
- Collaboration with DiT.
- Introduction of new questions to:
 - Monitor movements between NI to GB
 - Rules of origin

Questions?