



Can business trade tomorrow on today's strategies?

International trade capability in 2021

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Foreword



Many businesses have struggled to navigate the increasing complexities of international trade in recent years. Supply chain shocks related to the COVID-19 pandemic, rising geopolitical tensions, emerging technologies, or the urgent need to make operations sustainable – all bring disruption. C-suites have international trade issues firmly in mind and have moved trade up their board agendas.

Business leaders looking to overcome trade barriers, access new markets, or develop stakeholder engagement can readily understand *why* trade issues have developed the way that they have but, up until now, there has been little research which considers *how* businesses should address these trade challenges. How do they develop their trade strategies and evolve them to remain fit for purpose? How should they execute their trade strategy? How do they structure their internal trade function? How do they attract the talent and skills needed to address changing and future trade issues? How should success be evaluated?

The need for a dynamic trade strategy which delivers long term value is not in doubt. But having the ambition is not enough. Ambition must be coupled with appropriately skilled talent, positioned in a well-considered management structure that gives them the right leverage to meet strategic trade objectives.

It is my pleasure to present this report shedding light on the main challenges and possible solutions for businesses seeking to build international trade strategic capability and capacity.

A handwritten signature in black ink that reads "Sally Jones". The signature is fluid and cursive.

Sally Jones
Partner, Trade Strategy, EY

Executive summary

In an increasingly complex and turbulent international environment – and one that is still in the process of dealing with and working out how to recover from a global pandemic – businesses recognise that they need to be more focussed than ever on how they engage in international trade.

Whilst the majority of businesses have the 'basics' of a trade strategy and capabilities in place, this report scratches the surface to explore the gaps in confidence and skills. For example, only half of businesses feel they are skilled in important areas such as intellectual property and digital regulation. In relation to government affairs, businesses lack confidence and feel ill-equipped to embrace the opportunities that come with having a closer understanding of – and involvement in – national trade policies and decisions.

Existing trade strategies tend to focus on more operational elements such as compliance, as opposed to more strategic areas such as identifying new market opportunities and – as mentioned above – engaging in government policy. Businesses are setting themselves up to have a trade function that are well run but lacking in the impact it has on overall business goals and objectives.

More can be done here, but a primary focus should be on consolidating expertise that exists across business functions. Often skills may exist in a company, but key decision makers are unaware of them, and different stakeholders rarely come together to form a coherent picture of trade objectives that can be communicated to the c-suite and external partners.

Difficulty in finding individuals with relevant trade expertise is holding businesses back from expanding their functions, even though they claim it is a more important area than ever. If this is a barrier that businesses feel unable to overcome, alternative approaches are needed.

This is a particular issue in the UK – where trade expertise is even more difficult to find. The importance is greater in the UK too – as Brexit has led to a landscape where many businesses are on the defensive and the issue of an overly operational mindset is even more pronounced. Businesses that are able to step out and take proactive steps to generate value from their trade strategies are likely to see significant advantages compared to the majority of those around them.

Continuing to do the basics and tick off operational boxes will not be enough as international trade becomes increasingly important and complex. Businesses need to take a step back and assess the trade strategies they have in place; are there deficiencies that are leading to missed opportunities and can more be done to ensure the strategy is helping deliver actual business growth.

Report survey methodology

This research was carried out in June 2021 by specialist research, data and insights agency Savanta. Online interviews were conducted with over 400 decision makers in companies with over 250 employees. The companies were located in the UK (250 companies) and the rest split evenly across Europe, North America and Asia Pacific (150 companies).

A number of in-depth interviews were also held with senior UK trade specialists at FTSE100 or equivalent organisations across a range of industries and the UK's major trade bodies, to add their views and opinions to the report. These have been included as specific quotes throughout the report.

Businesses have trade strategies – but are they fit for purpose?

In 2021, businesses are facing an increasingly complex international trading environment, including rising protectionism, rapid shifts in technology and the urgent drive to become more sustainable. The COVID-19 pandemic has brought its own challenges and tested the resiliency of global supply chains.



The majority of businesses have the 'basics' of international trade in place

Defining an international trade strategy

A defined and flexible plan of action to achieve long term trade goals (e.g., entering new markets), to respond to disruption under conditions of uncertainty and deliver long term value.

An international trade strategy supports a business plan for geopolitical tensions, new technologies, regulatory change, consumer behaviour and changing supply chains amongst other potential disruptions.

Differences by audience

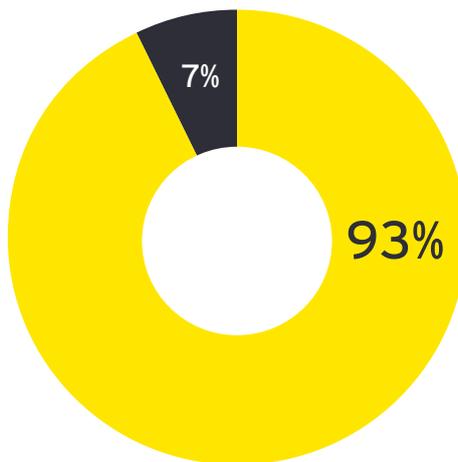
Certain businesses are particularly likely to have the 'basics' of trade in place. For example, trade strategies and capabilities appear in almost all businesses with over 1,000 employees (100% and 98% respectively) and are extremely common within the advanced manufacturing and mobility sector (99% and 95% respectively).

'Infrastructure' businesses were the least likely to have the 'basics' in place; with only 83% saying they had a trade strategy and just 76% saying they had dedicated capabilities.

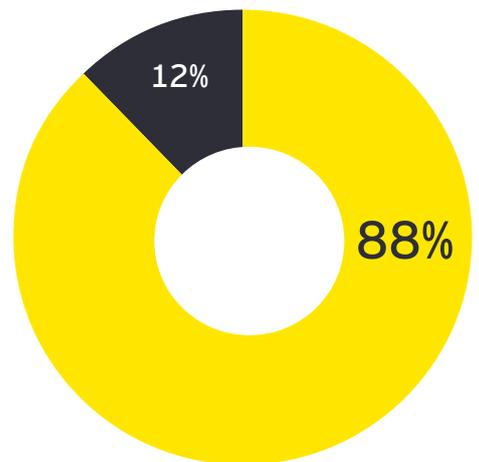
The research behind this report involved speaking to over 400 trade strategy decision makers in international businesses, to understand how they approach international trade. At first glance, businesses appear to be well positioned.

Almost all said they had an 'international trade strategy' in place (93%) and that they had dedicated capabilities in-house (88%). These elements are the 'basics' of being successful as a business trading internationally, and their ubiquity looks initially promising.

Does your business have a clearly defined international trade strategy in place?



Does your business have a dedicated international trade capability in-house?



■ Yes ■ No

Given most business do have these 'basics', any without them should make creating an international trade strategy a top priority. As 80% of businesses believe that those without a strategy in place will be at a competitive disadvantage, this is integral to overall business performance.

At the very least, adopting these 'basics' will lead to greater confidence in key trade areas. Of those without a dedicated function, only 4% feel they have a proven ability to respond quickly to changing trade policy and only 6% say the same of their ability to make use of Free Trade Agreements (FTAs). The corresponding figures for those with dedicated functions are 24% and 27% respectively.

But are the 'basics' enough – are existing trade functions fit for purpose?

While it is positive that most businesses have these elements in place, having the 'basics' is only the start. Simply having a strategy and some dedicated trade capability does not necessitate that these functions are acting effectively and being best utilised across the business. These initially positive figures may be masking gaps in skillsets and ability to manage key trade barriers.

In fact, the research suggests that what businesses are typically defining as an 'international trade strategy' may still be relatively simplistic and not take into account emerging trade issues. While some companies have genuine strategies that deliver business benefit – many may simply be referring to loose international sales plans.

The research shows that on average, businesses aren't even measuring half of the nine key trade KPIs explored in the research, suggesting a much greater focus is needed. The next section of this report focuses on this idea in more detail; that while businesses have basic strategies in place, there still exist significant weaknesses that need to be worked on.

What does the typical international trade function look like?

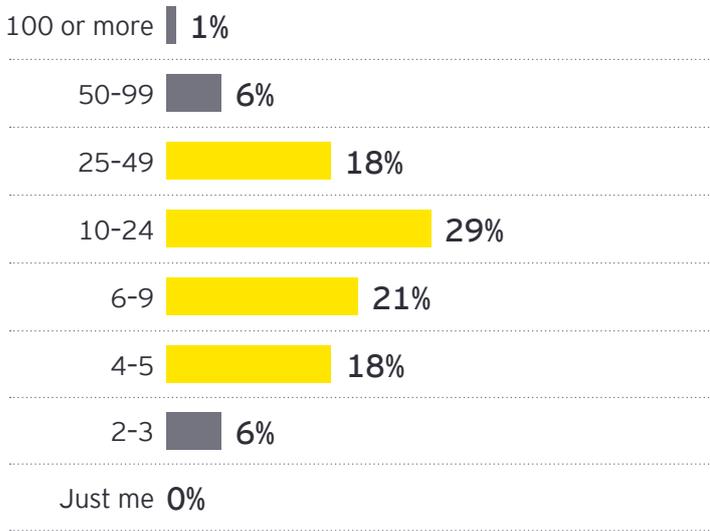
The average number of staff involved in trade strategies is 20, with 45% of businesses saying that less than 10 staff are involved. In terms of where they sit in the organisation, the primary areas other than Management are Tax, Finance and Legal. This suggests the more operational elements of international trade are the focus for most organisations, as opposed to strategic areas such as Government or Public Affairs.

Of nine key trade KPIs explored, the average business was measuring fewer than half.



But are the 'basics' enough – are existing trade functions fit for purpose? (cont'd)

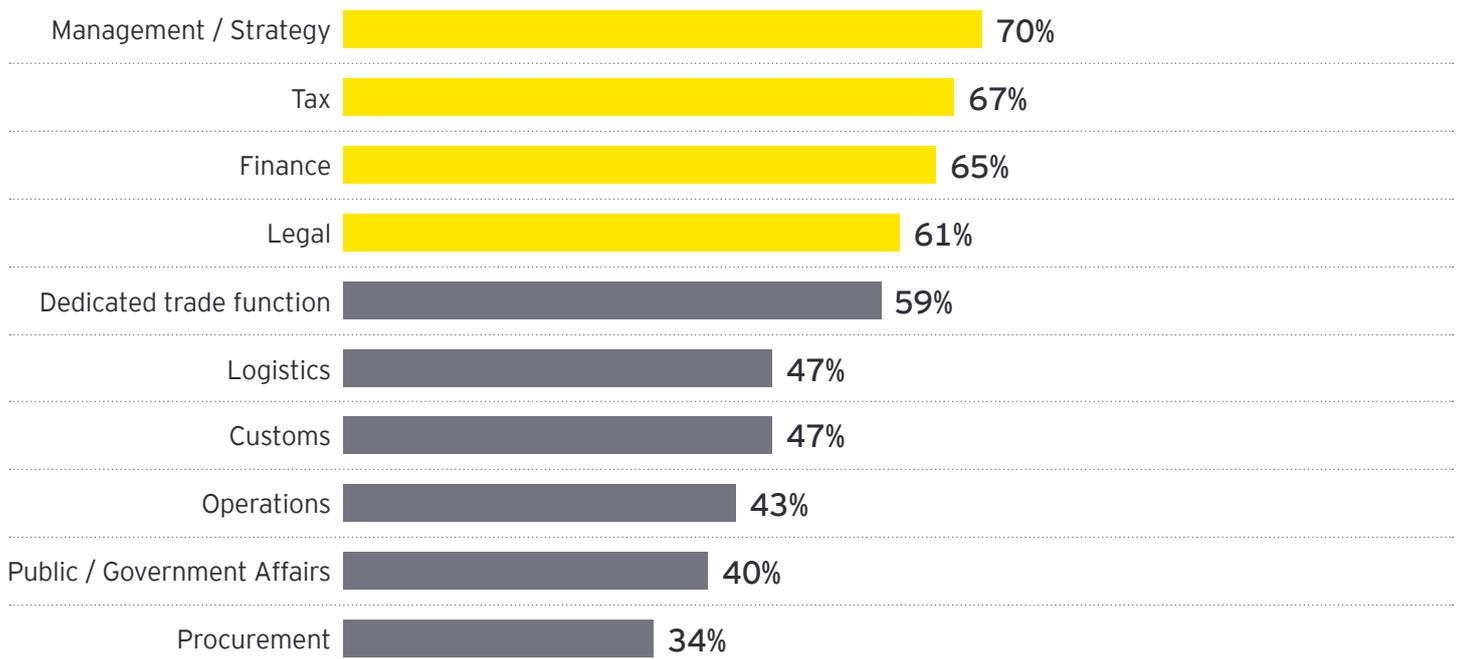
How many staff within your business develop and implement your international trade strategy?



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There are those who have a more strategic view of international trade and have undertaken tasks to support that; be that focusing on specific country markets, exhibiting at trade fairs, dealing with governments. Do I think most businesses have a strategy for selling overseas? Yes. Do I think that there is an understanding of what the skillset and the strategy needs to be to engage fully in international trade? I'd be less sure.

Which of the following business functions do these trade strategy staff sit / work in?



Developing trade strategies: Filling gaps and improving outcomes



Businesses are facing an increasingly complex international trading environment

Defining trade policy

Government policy which sets the direction on how regulations and agreements will be used to control international trade of goods, services and investment. A trade policy defines the objectives and strategy a government will use to achieve their desired international trade outcomes and how they will use a wide range of tools available to them. It usually encompasses negotiating trade agreements, trade promotion activities, domestic regulation and addressing market access issues through regular country-to-country meetings and summits.

Businesses are concerned with multiple factors that are impacting trade, the top concerns include rising protectionism (69%) which is linked to geopolitical instability (50%) and the need to transition to more sustainable production and consumption methods to address climate change.

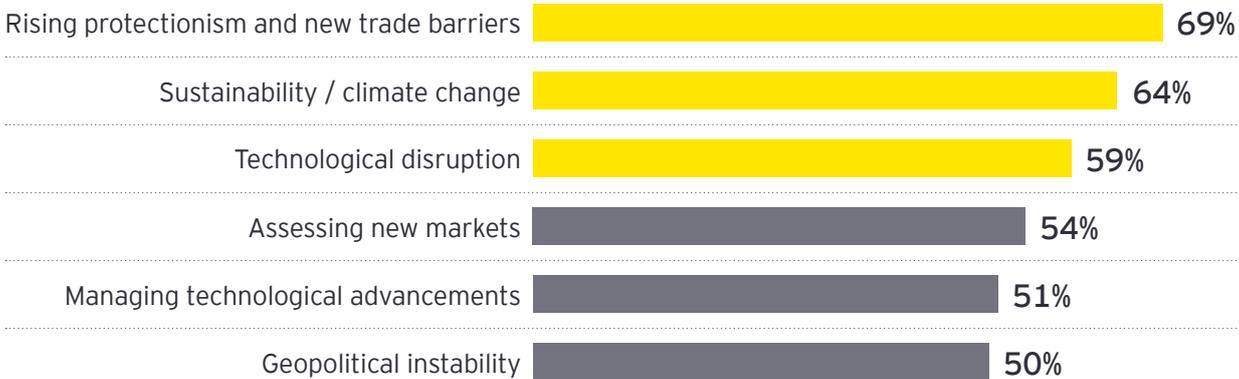
Protectionism is the result of governments using certain policy measures – including tariffs, subsidies or specific regulation – to protect their domestic industries against international competition. This also impacts on the ability for companies to access new markets as the uncertainty of the international trading environment can impact decisions on whether to invest in new trading operations e.g., the expansion of supply chains or movement of staff to provide services.

Digitalisation changes the way goods and services are traded cross-border, increasing the reach of companies and the speed at which they can operate. However, it has also been complicated by the development of different regimes across jurisdictions which address issues like consumer protection and the regulation of cross-border data flows and privacy. 59% of businesses reported being concerned about technological disruptions while 51% reported that managing technological advancements were a concern.

These protectionist trends have been complicated by the intersection between technology and national security. For technology in particular, boundaries between civil and military technology use are steadily blurring, with digital solutions and software increasingly seen through the lens of national security in many countries.

Other concerns raised were barriers to the movement of people (43%) and labour concerns through their supply chain (38%).

Which of the following broad concerns do you have about international trade and the impact on your business?



Existing trade strategies aren't giving businesses confidence

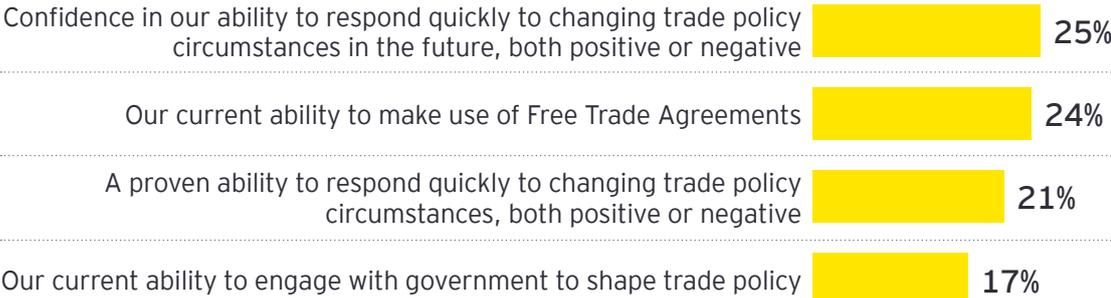
First and foremost, an effective trade strategy should make businesses confident in areas such as trade policy, FTAs and government engagement. However, few businesses self-select as being 'very strong' at each of these. When asked to rate themselves on a scale of 1-5 (5 being the strongest), only 20-25% of businesses scored themselves at the highest level.

Despite almost all businesses saying they have trade strategies and dedicated trade capabilities, three quarters aren't fully confident in their ability to react to changing trade policies; similar numbers say the same about their ability to make use of FTAs; and over 80% say likewise about their ability to engage with governments to shape trade policy.

In the UK particularly, this lack of confidence in responding to ongoing trade policy developments, with both the EU and rest of the world, will have severe implications for the effectiveness of overall strategies. Businesses are liable to miss out on opportunities if not engaging with government to shape – or at least have close knowledge of – trade policy discussions, but currently this doesn't seem to be happening.

Thinking about your business's trade capabilities, how would you rate your business?

% shows those rating themselves 'very strong'



Businesses feel under-equipped in key areas

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I think these are developing issues and it is really only the tip of the iceberg in terms of digital innovation, privacy, and intellectual property. All those areas are key, but it doesn't surprise me that the broader consensus feel they don't feel equipped to handle them.

The limitations of existing trade strategies become even more apparent when realising the number of businesses that are not equipped to deal with more complex and rapidly evolving trade barriers as their impacts extend across different functions within the business. Four areas in particular stand out:

Digital regulation

48%
not equipped

Intellectual property

49%
not equipped

Trade remedies

50%
not equipped

Government subsidies and procurement practices

56%
not equipped

These are areas relevant to businesses of all sizes, markets and industries with international operations. The fact that half don't feel equipped to deal with issues regarding – for example – intellectual property – shows that there are significant gaps that need to be addressed.

Public and government engagement are being neglected

Nearly half of organisations (44%) say they don't have the skills to 'engage with government stakeholders' on international trade issues. This, combined with the data showing that very few trade staff sit within 'public/government affairs' roles (40%), suggests that government engagement is a neglected aspect of businesses' trade strategy.

It seems businesses are likely to be missing out on the benefits that can come from engaging with politicians and government officials – even at a local level. This can include engaging on the specifics of ongoing trade negotiations to raising market access issues up the political agenda.

It may be that this gap exists because filling it requires dedicated individuals or teams who understand the various operational trade requirements of the different parts of their business – working together with the c-suite to proactively develop and activate an engagement strategy. This requires a high degree of coordination and cooperation among the c-suite, various business functions and the Government Affairs Team.

Defining market access

The ability to export goods and services to a specific market. Businesses ability to access foreign markets is subject to tariff and non-tariff barriers and determined by FTAs and a county's commitments at the World Trade Organization.



“

I think there is a degree of understanding of how government can help when it comes to trade and, on occasion, firms have used that assistance. But I wouldn't say it's a thorough and complete picture.

A focus on the operational over the strategic

Defining trade barriers

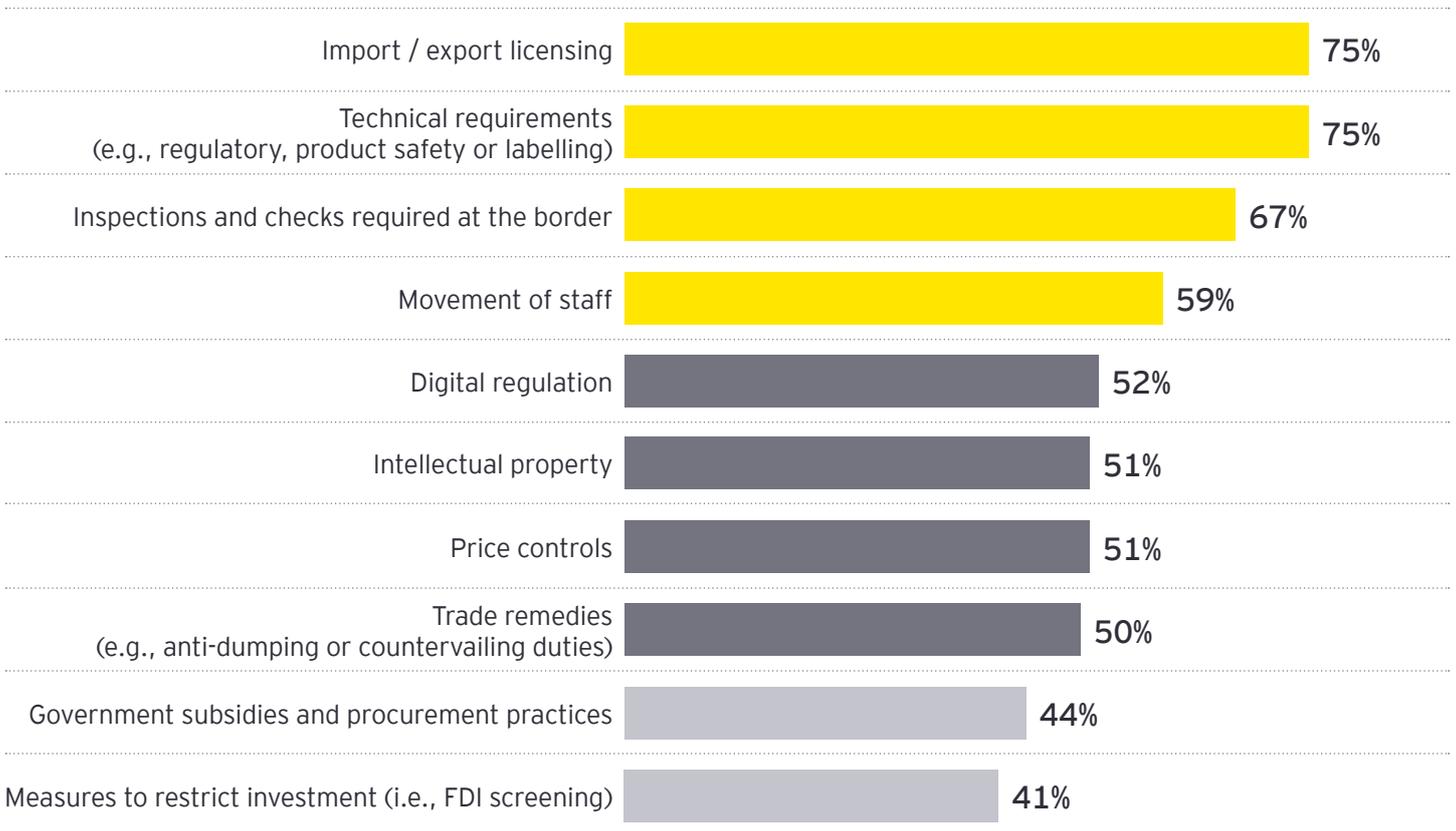
Restrictions on the trade in goods and services between two or more countries, implemented by governments. Trade barriers are typically used to protect domestic industry from international competition and can include: tariffs, quotas, technical regulations such as labelling or food standards, licensing, price controls and prohibitions.

Overall, businesses appear to be more focussed on the operational as opposed to the strategic aspects of international trade. The areas where they feel most comfortable in their skills are more operational in nature (customs and regulatory compliance), whereas more strategic areas such as 'geopolitical risk' and 'engagement with government' are seen to be weaker. Even 'new market opportunity identification' – a fundamental area for any business with international growth plans, is within the skillset of less than two thirds.

When looking at the barriers that businesses feel they are or aren't equipped to manage, operational issues such as 'technical requirements' score highly. Whereas, more strategic ones like 'government subsidies' and 'measures to restrict investment' are ones where businesses feel less confident.

Ultimately, a picture emerges of businesses having trade strategies in place, but ones that focus on operational, ad-hoc aspects of trade as opposed to strategic and big-picture strategies that may be more likely to drive overall growth. One potential contributing factor to this is strategies being developed in response to individual customer or stakeholder enquiries as opposed to in line with wider business goals and objectives.

Which of the following trade barriers are your trade staff equipped to manage?



Businesses need a proactive, rather than a defensive approach

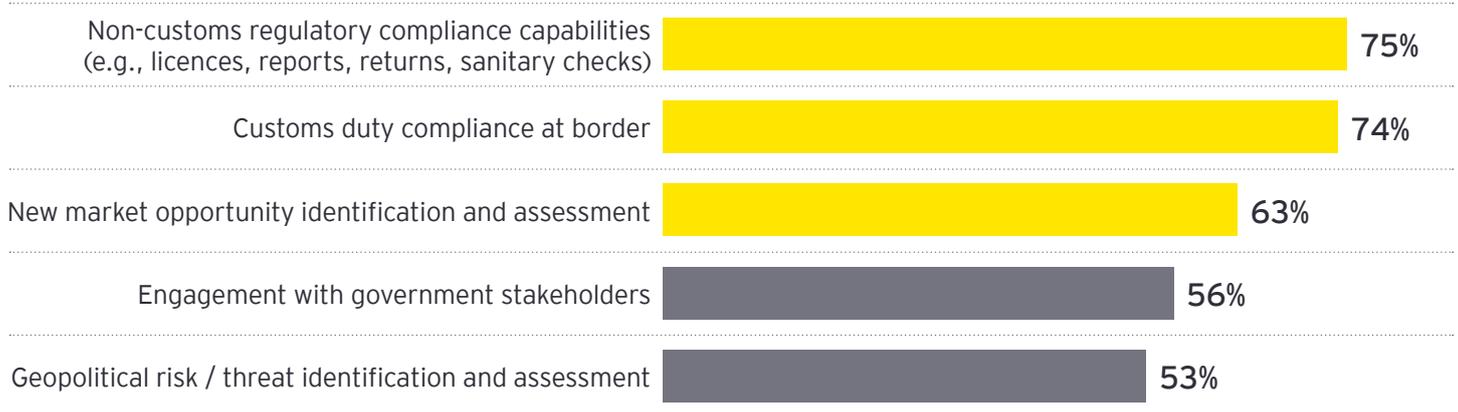
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For a lot of businesses, their first foray into exporting is customer-led. They are approached by a customer who's interested in their solution and with that customer being in another country, they need to understand the requirements of exporting there, which leads to the development of a trade relationship and strategy.

This leaning towards the operational over the strategic may have its root in the underlying priorities that are driving trade strategies. In short, current priorities appear to be far more defensive than they are proactive.

The most widely cited priority in driving trade strategy is 'improving the cost effectiveness of insourcing products and services' (63% say this is a high priority). Whilst this is something businesses should be doing, it is evidence of a less proactive and strategic mindset that only just over half the number of businesses (37%) prioritise 'increasing global reach'.

Which of the following trade skills and capabilities do you have in the business?



“

This defensive, operational approach may be effective in the day-to-day running of operations, but the only way that trade will feed into wider business growth objectives is if a more proactive, strategic approach is taken. Liaising with government, focussing on global reach or identifying geopolitical threats are not by any means simple, but they are essential if businesses want to progress from having the ‘basics’ to a ‘best in class’ trade function.

Sally Jones, EY

Building a better trade strategy: Consolidation and development



Trade is more important to boards than ever before

The deficiencies in trade strategies described in previous sections is of particular concern at a time when the vast majority (81%) of businesses say that these strategies are more important than ever – this is broadly echoed by the c-suite (67% of businesses say that their c-suite currently viewed their international trade strategy as a higher priority than ever).

What practical steps can businesses rapidly take to plug these gaps in a world of increasingly important international trade?

“

We've gone from just briefing our vice president to now briefing our CEO on trade issues, so there really is an increasing awareness of its importance and the need for high-level stakeholders to be able to pick up a brief and prosecute it with the right people.

Avoiding fragmentation: Ensuring expertise is joined-up

Most businesses do have skills across their organisation that could feed into a trade strategy. The challenge is that these skillsets are often highly fragmented, with many being underutilised or unknown by key decision makers.

MakeUK's ['How-to guide for exporting'](#) emphasises the importance of these internal networks – saying the first step businesses should take is assigning board-level responsibility for the development of a strategy and creating champions in all parts of the business.

Building these strong networks across the business is vital, and yet of all the priorities driving trade strategy, 'ensuring staff with trade responsibilities across the organisation are more joined-up' was the least commonly cited – with only 29% of businesses mentioning it. To maximise the trade skills and expertise already available in-house, avoiding fragmentation must become a priority.

“

We've got 120,000 employees worldwide, so the expertise we have in our business is enormous. The challenge is finding that expertise and deciding whether it is directly relevant to your situation... You have to build an internal network just as much as you do an external one. That can be a challenge.

“

We have subject matter experts, but they've always said; 'We only work on regulatory or we only work on quality or we only work on movement of stuff,' there's no connecting dialogue across the three areas.

Creating a dedicated team

When asked where trade strategy staff sit, decision makers refer to more than five departments on average, with less than two thirds (59%) saying they have a specific dedicated trade team.

The value of a dedicated team becomes clear when looking at the trade skills explored earlier. On average, those without dedicated teams say they have 2.8 of the five broad skills areas identified, whereas those with a dedicated trade team have 3.4. This is particularly pronounced in strategic areas such as 'new market opportunity identification' (68% of those with a team, 55% without) and 'engagement with government stakeholders' (61% vs 48%).

A similar picture emerges when looking at the trade barriers that businesses feel equipped to manage:

Which of the following trade barriers are your trade staff equipped to manage?	With a dedicated trade team	Without a dedicated trade team
Measures to restrict investment (i.e., FDI screening)	50%	28%
Intellectual property	63%	34%
Government subsidies and procurement practices	51%	35%

Having a dedicated trade team has a significant positive impact on an organisation's skillset and ability to deal with challenges in a wide variety of areas; from government relations, to intellectual property, to exploring new markets. For those lacking abilities in any of these areas, the ideal first step may be a skills audit across the business. It's very possible that the relevant expertise exists but is simply too disjointed to be delivering value.

Building internal expertise

Alongside fragmentation, a simple lack of resource can also be a key barrier to the success of trade strategies. Given the figures seen previously about trade becoming more important than ever before, one might expect to see most businesses on a recruitment drive for trade roles. However, less than half (48%) are currently looking to increase headcount within their trade function, and even amongst those who are, the majority envisage this being a maximum of three people.

Businesses simply aren't viewing the recruitment of trade roles as an urgent priority. Just 17% of those hiring are looking to do so within the next 6 months, with many in the UK stating this is a 2 year goal.

Not only are businesses slow to react to an increasingly important area, the most common role sought is 'team member' – the most junior level included in the survey – suggesting that hires are being planned at more operational as opposed to strategic levels. Whilst this hiring policy may help the day-to-day running of the trade function, it is unlikely to address the common skills gaps. The rationale may be that the cost of senior hires into a new and potentially untested function is seen as too great. However, it could be argued that the opportunity cost of deferring recruitment is not having a trade function with the skillset able to address the cited challenges.

Whilst

81%

of businesses say that international trade strategies are more important than ever, only

48%

are currently looking to expand their trade teams accordingly.





But finding people with relevant experience is a real challenge

A key factor in this reluctance to build out trade expertise – particularly at a more senior level – is the difficulty of sourcing talent with the right experience. Over half (59%) of businesses thought it would be difficult to find individuals with relevant trade strategy experience, whereas only one in ten (9%) suggested it might be easy (and none thought it would be very easy).

How easy, or difficult, do you expect it will be to find staff with international trade strategy experience



This adds an extra barrier for businesses when developing their in-house trade capabilities and means it may need to be an even greater priority to build the trade skillsets of existing employees.

Another way that businesses can help to expand their knowledge, skillset and experience in international trade is to tap into the expertise offered by external consultancies who have specialist teams in the area. However, this is currently a tool that is under-used and potentially not widely known. Only 4% say they are 'very likely' to call on an external consultancy and only a further 25% say they are 'likely'. This is something that businesses wishing to develop their international trade strategy – but finding it hard to recruit people with relevant expertise – could be considering.

“

Technical knowledge of trade is actually quite tricky. If you're in a digital business, understanding the nuances of data localisation rules etc... can all be quite technical. There's only one guy who I know who really understands digital trade to the nth degree. I think there needs to be a broader conversation, led by government, to encourage businesses to invest in those skills, to make sure that their existing staff have the knowledge they need, if they are not intending on recruiting.

“

No team is an island. In my experience, the most effective trade teams will proactively seek out support from other parts of the business and build coalitions with other organisations experiencing similar issues. Experienced team members will have built this knowledge up over an extended period of time. Again and again in our work, I have seen the importance of building a network of knowledge sources, both internally and externally.

George Riddell, Trade Strategy Director, EY

UK trade strategies: Are we falling behind?



The UK is behind on the 'basics' – but not far behind

Whilst an EU Member State, the UK was automatically included in any trade deal negotiated by the EU with other countries or regional trade blocs. With the end of the Brexit transition period and its departure from the EU, the UK had to replace many of those agreements. The UK Government is now pursuing a new independent trade policy, which among other initiatives includes negotiating new agreements with Australia, New Zealand and joining the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP).

Given Brexit, the UK is in a unique position globally when it comes to international trade – potentially having a requirement to play 'catch-up' given previous reliance on the EU to manage trade relations.

However, when it comes to the 'basics' discussed previously – the UK is not significantly behind their international counterparts. While there are slightly fewer businesses with international trade strategies in the UK versus other markets, and less with specific trade capabilities, UK figures remain robust (92% vs 96% and 85% vs 92% respectively).



The UK appears to be more reactive than proactive

However, there are other areas where UK businesses have the potential to fall further behind. In the immediate aftermath of Brexit in early 2021, UK businesses were forced to deal with new international trade barriers, costs, regulations etc. UK goods exports to the EU fell 41% in January after the Brexit transition period ended, according to the [Office for National Statistics](#), while imports dropped 29%. These were the largest declines since comparable records began in 1997. Though the situation is now improving, this may have led UK businesses to focus on their, often urgent, operational needs to be able to continue trading after leaving the EU.

As the more pressing Brexit-related disruptions are addressed, UK businesses will need to adopt a more proactive trade strategy to future-proof their exports/imports through engagement with government as well as other stakeholders, maximise the use of FTAs and become familiar with the other new trade developments.

Respondents stated that UK businesses should be “opportunity-focused and working with the Government and industry bodies, to effectively build the markets that they are looking to grow into”. The UK has more to do than Europe in this area: “in other markets, government affairs functions that coordinate with trade are more established than here in the UK, simply by virtue of Brexit”.

UK businesses fall significantly behind when it comes to measuring performance in ‘increasing business presence at, and contribution to, trade discussions’ – with only 49% doing so compared to 70% in Europe. Brexit is likely to be the primary cause here, with the UK having less access to the sources of discussions they would have had at an EU-level. Regardless, there is a need for businesses to catch-up when it comes to having a seat at the table of global trade policy developments.

UK goods exports to the EU fell

41%

in January after the Brexit transition period ended, while imports dropped

29%

“

We don't spend money unless we see a return on the money, so why would I have developed trade expertise when I had no need to.

“

A lot of UK companies are primarily focused on the practical side of trade — exporting and simply getting a product from A to B.

“

UK businesses need to be much more proactive in engaging with the UK Government and their counterparts around the world on trade policy issues. There are huge opportunities, but they will not appear if business is silent.

Sally Jones, EY

The UK also falls behind overseas counterparts in strategic trade areas

When comparing the relative trade strengths of UK and European businesses, UK businesses are more likely to say they have trade capabilities in functional areas such as 'regulation' and 'compliance', but are significantly less likely to do so in more strategic skillsets such as 'new market opportunity identification' and 'geopolitical risk / threat identification.'

“

Thinking about free trade agreements and identifying key trade policies for your business — I think the UK is lacking in those skills. Even FTSE 100 companies have told me that they do not have any capability in that space. I think that's a massive issue.

In addition, the UK is significantly less likely to have staff within a dedicated trade function, with only just over half (54%) saying this as opposed to two thirds (68%) in other markets – something already shown to have a significant impact on business confidence and skillsets in strategic trade areas.





Trade skills shortages in the UK

The UK also experiences major challenges in developing internal teams. It is seen to be even more difficult to hire people with trade experience in the UK compared to other markets – with 62% of UK businesses saying they think they will find this difficult, as opposed to 54% in other markets.

Linked to this, the one area of trade concern that is significantly higher for the UK is 'access to talent/immigration'. 49% of UK businesses select this as a concern as opposed to just 33% in other markets.

It is vitally important to hire the right expertise:

“

Expertise gives you a competitive advantage, because someone who's quick, someone who's agile and someone who's early has got a much better chance of climbing the mountain. I think that's where the UK can be.

Ultimately, getting the best talent to be able to deliver on strategic trade objectives needs to be of particularly high priority in the UK. A lack of internal capability is likely a primary reason for the less strategic and more reactive stance of UK companies – particularly when it comes to government relationships.

The UK can be a nation of mountain climbers – but to get there, businesses need to have the right people in place. If UK businesses want to embrace the potential opportunities of Brexit as opposed to being hampered by the potential drawbacks, having trade expertise will be essential. Businesses need to focus on developing this expertise in-house or seek it externally – and with the increasing importance and complexity of global trade, there is no time to drag their feet in doing it.

Glossary

Customs

A duty levied on imported products by a government. Customs are imposed on products when transported across international borders and can take the form of either a percentage of the products total value, or a set figure per unit.

Data localisation

A legal requirement for data to be stored or processed within the territory of the country where it was collected. Data localisation laws either prevent the international transfer of data or add conditions which must be met before data can be transferred internationally.

Foreign Direct Investment (FDI) screening

A government measure to restrict foreign investment in a domestic industry in order to protect strategically important industries or national security. Governments subject foreign investment to increased scrutiny, adding to the complexity of investing, and can intervene to prevent certain investments.

Free Trade Agreement (FTA)

An agreement between two or more countries to facilitate international trade and reduce or eliminate trade barriers. FTAs typically include chapters on trade in goods, trade in services, investment, intellectual property protections and data flows.

Government procurement

The process by which a government purchases goods and services from the private sector. Government procurement is subject to commitments set out in the Government Procurement Agreement at the World Trade Organization. Governments frequently restrict certain areas of procurement to foreign businesses.

Government subsidies

Financial support provided by governments to individual businesses or a sector which confers a benefit to the recipient. Government subsidies are subject to provisions set out in the Subsidies and Countervailing Measures Agreement at the World Trade Organization, which prohibits subsidies that distort international trade.

Intellectual property

Ownership rights over intangible property such as designs, names, images, artistic works and inventions. Intellectual property is protected by law (e.g., copyrights, patents, trademarks) which provide the owner exclusive rights over the use of the intellectual property.

Supply chain shock

An unexpected event that causes significant disruption to supply chains and negatively impacts a businesses' ability to provide business-as-usual levels of a product (e.g., COVID-19).

Price controls

A form of trade barrier, where a government implements a maximum or minimum price for a specific good. Price controls can be used to manage the affordability of a specific good but can also be used to prevent imports being sold at a lower price than a domestically produced product, protecting domestic industries from international competition.

Technical barriers to trade (TBT)

Technical regulations and standards which imported goods and services must comply with. Common examples of TBT include labelling requirements, conformity assessments, product characteristic requirements. Exporters must comply with distinct sets of technical regulations and standards, incurring additional costs and time requirements.

Stakeholder engagement

The process of identifying key individuals and organisations both in government but also wider civil society, business associations and professional bodies who are both policy-makers and influencers of policy and working with them to gain a holistic understanding of the implications of decisions. Stakeholder engagement is vital to get the support of individuals with influence of the implementation of strategy.

Trade remedies

Government measures implemented in response to perceived unfair practices and distortions in international trade. Trade remedies typically take the form of additional duties placed on imports of specific products from specific trading partners and can be categorised into one of the following: anti-dumping, countervailing or safeguard measures.

To discuss any of the issues raised in this report, please speak to usual EY contact or the team below:



Sally Jones

Trade Strategy Leader,
EY UK and Ireland
sally.jones@uk.ey.com



Jeroen Scholten

Global Leader of Global
Trade practice,
EY
jeroen.scholten@nl.ey.com



Douglas Bell

Global Trade Policy Leader,
EY
douglas.m.bell@ey.com



Marc Bunch

Global Trade Leader,
EY UK and Ireland
mbunch@uk.ey.com



George Riddell

Trade Strategy Director,
EY UK and Ireland
george.riddell@uk.ey.com

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