European business leaders get a taste of Kent

Thom Morris

Kent has welcomed a delegation of European business leaders to help develop trade links.

The delegation consisted of Chambers of Commerce and regional development agencies from France, Spain, Italy, Poland, Germany and the Czech Republic.

As part of the trip, funded by Interreg, a programme to stimulate cooperation between regions in the European Union, delegates visited the county to learn about how Kent County Council and its partners help businesses with exporting.

The two-day trip saw them visit the Kent Science Park in Sittingbourne where they met with AbBallis, a company that supplies blood plasma to disease-testing firms overseas.

It won a Queen's Award for Enterprise for International Trade in 2015.

Like many other companies in Kent, AbBaltis was able to benefit from support to attend an international trade fair as part of a Kent stand.

Whilst in the town, delegates heard from Richard Bond, an international trade adviser from UK Trade and Investment (UKTI) South East about the challenges faced by Kent exporters.

KCC's Trade Development Manager Steve Samson then explained how the Kent International Businesses programme brings together a range of support services to help them.

The first day was rounded off with a visit to Shepherd Neame in Faversham where the company explained how its award-winning products are sold to over 35 countries.

The second day was filled with presentations from Rob Lewtas, Strategic Partnership Manager at UKTI on UK Government support for exports and Valérie Pondaven, a business partnership consultant from Enterprise Europe Network on how Kent companies can find business contacts across Europe and beyond.

Head of business development at Kent Invicta Chamber of Commerce Tudor Price spoke on the role of British chambers in helping with export documentation.

Kent County Council officers explained the role of securing external funding for trade development using the 'GREAT Food from Kent' project alongside '2 Seas Trade', 'Innovative Sector Exchange' and 'Boost4Health' as examples.

Global relationship director at HSBC Corporate Banking Iain Hawthorn rounded the afternoon off with a presentation on the importance of public/private sector co-operation to support exporters.

A final visit to Scarab Sweepers in Marden showcased another of Kent's flagship international businesses which won a KEiBA award back in 2013 in recognition of its export success.

Return visits by Kent representatives will be made to the delegates' regions later in the project to see how they support companies and how we can improve what we do in Kent.

Britain is open for business as international payments double after Brexit

Total business overseas payments for existing clients who had traded in both the lead up to and post Brexit increased by 102%

- Foreign exchange deals were up 106% in the eight weeks following the EU Referendum from the same period in 2015
- Internationally trading companies haven't been fazed by Brexit as EU payments increased by 100% in the eight weeks following the EU Referendum compared to the eight weeks before for clients that traded in both periods
- There's been an even bigger boost outside of Europe, as non-euro transactions increased by 211% in the eight weeks following the EU Referendum compared to the eight weeks before for clients that traded in both periods

Internationally trading businesses appear to be bouncing back after the EU Referendum, according to new data from the foreign exchange and international payments specialist, moneycorp. In the two months after the EU Referendum, corporate clients more than doubled (102%) the volume of their overseas payments transacted in the two months prior to the landmark vote on June 23rd.

Moneycorp data of corporate clients that traded in both the eight weeks preceding and the eight weeks following the EU Referendum vote suggests that UK business confidence is high with international trade booming compared to the same period last year. Total foreign exchange deals were up by 106% in the eight weeks following the Referendum from the same period in 2015.

Despite the Brexit result, appetite for British business within the Eurozone still appears to be strong, with EU currency transactions increasing 100% in the eight weeks following the EU Referendum compared to the eight weeks before the vote.

The figures are even more encouraging for non-euro deals, as trading businesses in both the two months pre and post-EU Referendum increased non-euro transactions by 211% in the eight weeks following the EU Referendum compared to the eight weeks before, as well as an 89% increase on the same period in 2015.

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Post Referendum talk is all about Trade Agreements. But what are they?

A trade agreement is any contractual arrangement between states concerning their trade relationships.

Trade agreements may be bilateral or multilateral - that is, between two states or more than two states.

For most countries international trade is regulated by unilateral barriers of several types, including tariffs, nontariff barriers, and outright prohibitions. Trade agreements are one way to reduce these barriers, thereby opening all parties to the benefits of increased trade.

In most modern economies the possible coalitions of interested groups are numerous, and the variety of possible unilateral barriers is great. Further, some trade barriers are created for other, noneconomic reasons, such as national security or the desire to preserve or insulate local culture from foreign influences. Thus, it is not surprising that successful trade agreements are very complicated. Some common features of trade agreements are (1) reciprocity, (2) a most-favoured-nation (MFN) clause, and (3) national treatment of nontariff barriers.

1. Reciprocity is a necessary feature of any agreement. If each required party does not gain by the agreement as a whole, there is no incentive to agree to it. If agreement takes place, it may be assumed that each party to the agreement expects to gain at least as much as it loses. Thus, for example, Country A, in exchange for reducing barriers to Country B's products, which thereby benefit A's consumers and B's producers, will insist that Country B reduce barriers to Country A's products, thereby benefiting Country A's producers and perhaps B's consumers.
2. The most-favoured-nation clause prevents one of the parties to the current agreement from further lowering barriers to another country. For example, Country A might agree to reduce tariffs on some goods from Country B in exchange for reciprocal concessions. Without a most-favoured-nation clause, Country A could then further reduce tariffs for the same goods from Country C in exchange for other concessions. As a result, Country A's consumers would be able to purchase the goods in question more cheaply from Country C because of the tariff difference, while Country B would get nothing for its concessions. Most-favoured-nation status means that A is required to extend the lowest existing tariff on specified goods to all its trading partners having such status. Thus, if A agrees to a lower tariff later with C, B automatically gets the same lower tariff.
3. A "national treatment of nontariff restrictions" clause is necessary because most of the properties of tariffs can be easily duplicated with an appropriately designed set of nontariff restrictions. These can include discriminatory regulations, selective excise or sales taxes, special "health" requirements, quotas, "voluntary" restraints on importing, special licensing requirements, etc., not to mention outright prohibitions. Instead of trying to list and disallow all of the possible types of nontariff restrictions, signatories to an agreement demand treatment similar to that given to domestically produced goods of the same type (for example, steel).

Even without the constraints imposed by most-favoured-nation and national treatment clauses, sometimes general multilateral agreements are easier to reach than separate bilateral agreements. In many cases the possible loss from a concession to one country is almost as great as that which would result from a similar concession to many countries.

The gains that the most efficient producers realize from worldwide tariff reductions are large enough to warrant substantial concessions. Since the institution of the General Agreement on Tariffs and Trade (GATT, implemented in 1948) and its successor, the World Trade Organization (WTO, created in 1995), world tariff levels have dropped substantially and world trade has expanded. The WTO includes provisions for reciprocity, most-favoured-nation status, and national treatment of nontariff restrictions. It has had a hand in the architecture of the most comprehensive and important multilateral trade agreements in modern times.

Examples of these trade agreements and their representative institutions include the North American Free Trade Agreement (1993) and the European Free Trade Association (1995).

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