



The UK export figures were driven by services – but there are ways the goods sector could catch up.  
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## The UK has become the world's fourth largest exporter, but can it maintain this momentum?

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UK business is beaming with pride with the recent news of the country's emergence as the fourth largest exporter in the world based on the United Nations Conference on Trade and Development report. The UK jumped three places in 2022, surpassing France, the Netherlands and Japan.

This pride is justified, as there have been many challenges along the way, especially in the wake of Brexit, when the UK found itself redefining its economic landscape. With the dust settling from its EU departure, combined with COVID disruption, the UK was embarking on an uncertain journey.

But with the newfound autonomy, the UK decided to chart its own course in the international space. The break from the EU trading bloc meant a departure from established trade agreements and regulations, leading to a reevaluation of economic policies and partnerships.

So how did the UK get from a place of uncertainty to the fourth largest exporter in the world? Untangling what export means is a good way to start. In simple terms, export means taking goods or services made in one country and sending them to another country to be sold or traded.

This description fits well with the two main categories into which the UK export portfolio is split: products and services. Exporting is a fundamental aspect of international trade, and it allows countries to exchange goods and services that they specialise in producing for those that they do not. Global economic growth, employment creation and access to a larger variety of goods and resources are all eased by export.

Right now, the UK government is trying to drive expansion in exports in response to global economic opportunities, and challenges like navigating new trade barriers and customs procedures, increased bureaucracy and logistical issues. Yet, the country has remained resilient, negotiating with old and new trading partners.

The government has signed strategic partnerships, for instance joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, a free trade pact with 11 countries, which allows the UK to develop its economic connections with Asia, among other regions. It also signed a agreement with Texas, boosting trading opportunities with the second-largest US state.

Perhaps because of deals like these, the government is promoting an export plan that aims to achieve a value of £1 trillion by 2030. It's an ambitious figure but, based on the UK's rising position, it aligns with business and trade secretary Kemi Badenoch's comment that the UK is "punching above its weight". Figures show that UK exports were worth £861.6 billion in the 12 months to the end of February this year.

UK seals trade co-operation agreement with Texas in 'exciting m...



Business and trade Secretary Kemi Badenoch and Texas governor Greg Abbott sign the trade agreement in London in March.

But we should sound a note of caution here. The growth is evident in the services sector, while the goods sector lags, especially compared to this time last year. This concern was highlighted by the Bank of England (BoE) at its March 2024 meeting, when the bank also noted that demand for UK goods remained strong in the US, while weakening in China and the EU.

The export of vehicles and aerospace equipment from brands like Land Rover and Rolls-Royce have contributed extensively to the UK's export figures. But the dominance of the service category is evident in the tourism and professional sectors such as higher education, architecture and insurance, and particularly in financial services. In the same March meeting, the BoE noted that service exports grew in value due primarily to prices, as volumes grew only slightly.

## **The post-Brexit export landscape**

Since leaving the EU, the UK has negotiated trade agreements with several countries, allowing organisations to increase their reach through global supply chains. And there are ongoing discussions with Turkey on a modernised trade deal targeting the services sector.

Brexit happened in January 2020 and the UK's export figures saw a decline that year, with figures dropping from £706.7 billion in 2019 to £624.8 billion. But there has been a steady rise since, with exports reaching £864.5 billion in 2023.

It's hard to say whether the UK can sustain this trajectory. The rate of exported goods declined in 2023 compared to 2022, and some trading agreements are expiring. And there is also the perennial threat of cheaper goods flooding export locations.

However, there are ways the UK can attempt to maintain its exporting momentum. It could diversify the country's export portfolio, drawing on its reputation for creativity, research and development, and resilience.

Data from the Office for National Statistics from 2021 suggest that only 11.4% of UK businesses were exporting. This has been largely attributed to the lack of awareness of the opportunity, knowledge of the process and skills.

But there is good news for UK businesses if exporting is something they'd like to explore. The first thing they should remember is that they are not alone on this journey – many have gone before that they can learn from, and there is help and support out there.

Businesses looking to move into exports can seek information from the Chamber of Commerce's international trade department and the Department for Business and Trade. The opportunities are vast but it's not without risk, so knowledge of the process is critical. But as the UN figures show, UK goods – and especially services – are in demand by the rest of the world. It could be a great time for businesses to capitalise.