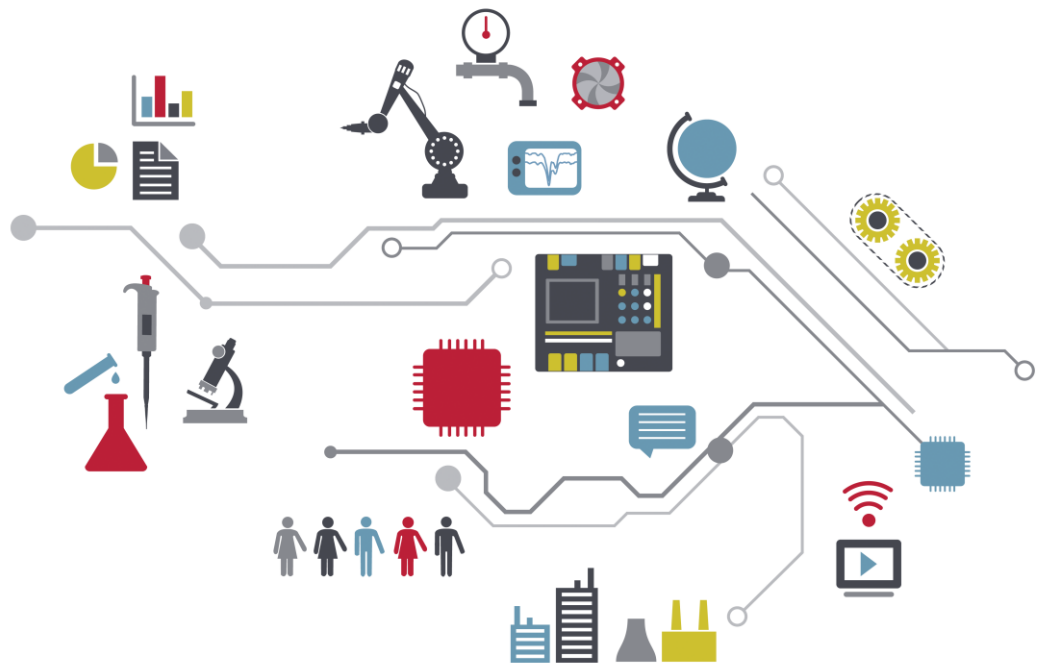


GAMBICA



GAMBICA & BEAMA SURVEY IMPACT OF WTO RULES ON UK INDUSTRY

Survey Report



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1. Summary

During January 2017, GAMBICA and BEAMA ran a survey with member companies to look at the impact if WTO rules were applied for the future trading relationship between the UK and the EU. This report analyses the results of the survey.

Members expressed concern at the negative impacts from moving to WTO rules, including increased tariffs, additional administration and customs delays.

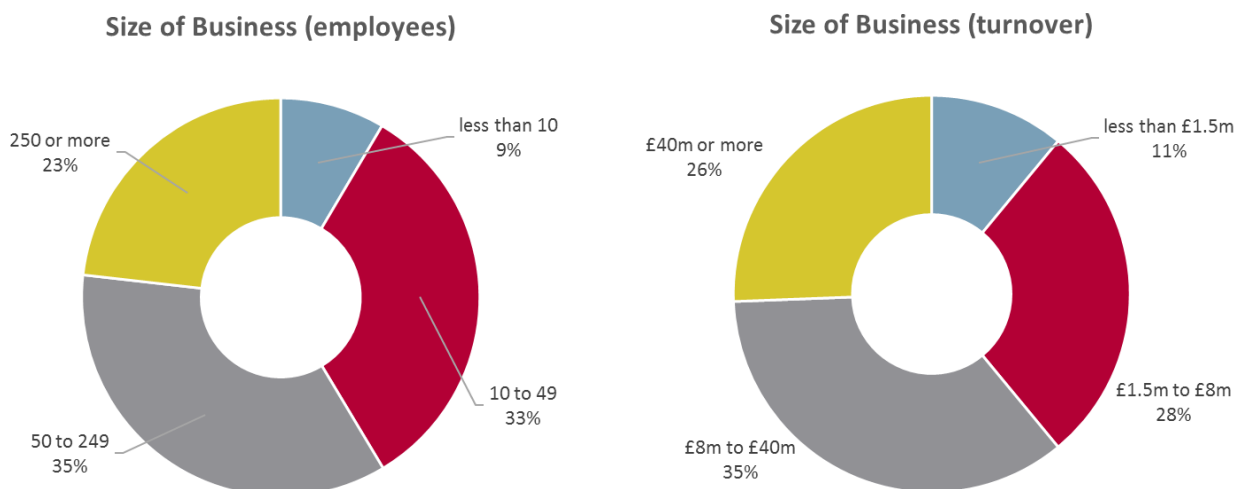
The majority of members have both import and export trade activities, with EU imports being the largest percentage of turnover by a factor of three compared to EU exports, or trade with non-EU countries.

In seeking any potential benefits, three quarters of membership thought there would be no advantage from fewer EU regulations. Most members would still need to adhere to EU regulations, particularly for products and systems.

The results of the survey will help to form an industry position as part of a new EURIS task force (EU relationship & Industrial Strategy) that BEAMA and GAMBICA have established.

2. Survey Responses

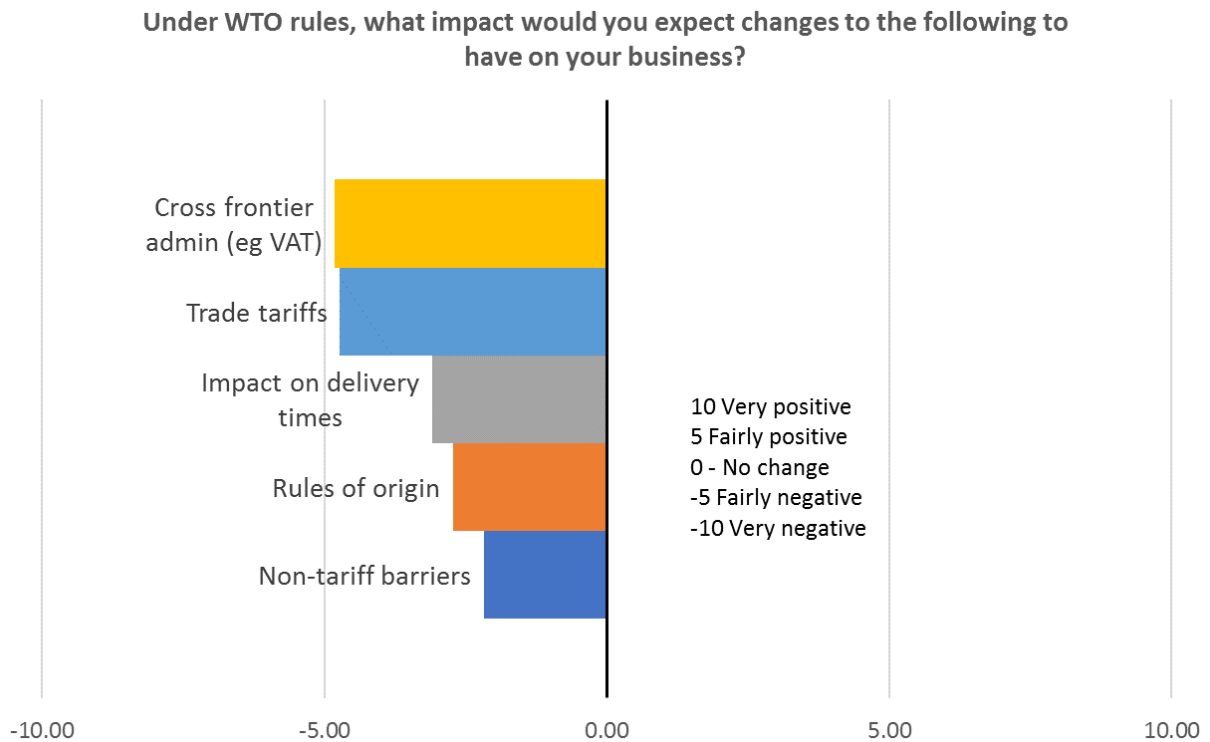
83 member companies responded in total, representing a diverse representation of micro, small, medium and large companies. We believe the survey results to be an accurate depiction of the wider membership and industries represented by GAMBICA and BEAMA.



3. Survey Analysis

Impact of WTO Rules

Participants ranked five aspects of trade according to the impact that WTO rules would have on their business. In the analysis below, each option was given a score from -10 to +10 and averaged across all responses.



All five aspects were ranked negatively with Cross Frontier Admin and Trade Tariffs have the greatest negative impact. Concerns raised by members include;

- Increased export and import tariffs, adding to the cost of business
- Increased administration for VAT processing, adding to the cost of business
- Increased administration for order processing, adding to the cost of business
- Increased customs delay to delivery time, reducing level of service

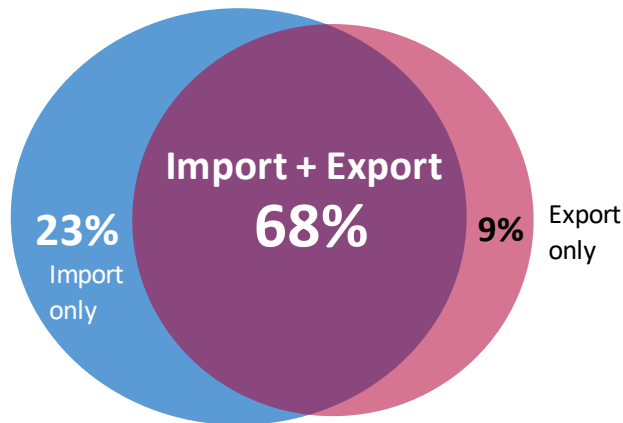
As a whole, the impact of WTO rules is to reduce the competitiveness of UK businesses within the European market. As well as additional costs, any delay at customs adds risk of losing customers, particularly for urgent spares and products with a short shelf-life.

32% of participants saw significant differences between their current export processes to the EU and non-EU countries. Members found export to non-EU countries to be more complex with additional costs, administrative burden, customs delays and tariffs.

Balance of Imports and Exports

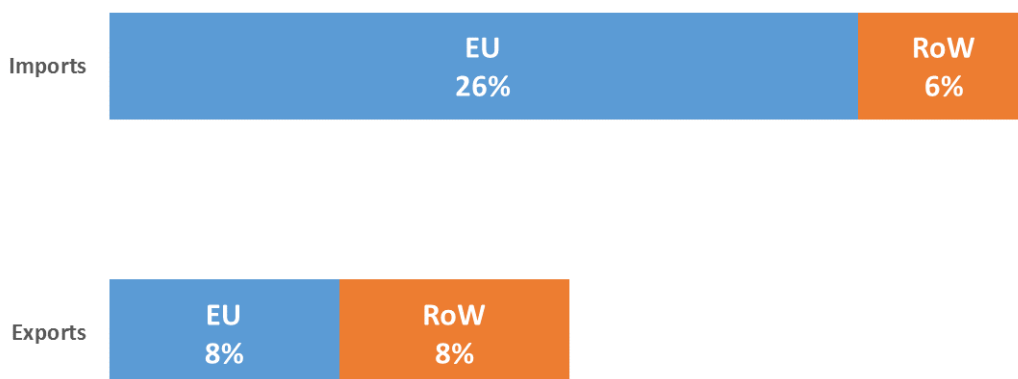
The survey asked several questions to quantify the amount of import and export trade within membership.

Percentage of Members that import and/or export



As shown in the diagram above, most members (68%) have both import and export activity, with 91% importing and 77% exporting.

Import/Export value as a percentage of Turnover



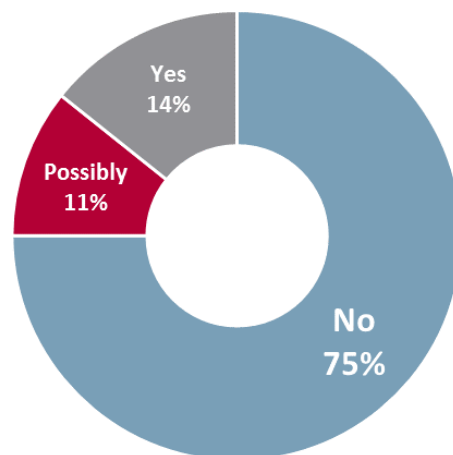
Import value is double the export value for our members, representing 32% of turnover on imports, with 16% on exports. EU imports are over 3 times the value of EU exports.

Over 80% of imports are from the EU, with 19% from the RoW (Rest of World). Exports are split 50/50 between EU and RoW.

Potential Benefits

Members were asked if there were any potential benefits from leaving the EU resulting from fewer regulations. Three quarters of participants felt there was no benefit for their business.

Are there areas where you will benefit from fewer regulations?



In some cases, participants indicated a risk of further risk if the UK has differing regulations from the EU, in that they would now need to meet two sets of legal requirements. This risk continues after leaving the EU as the potential for regulatory divergence is a long term issue.

Of the responses that there could be a benefit, there were differing viewpoints including;

- Increased export to South America
- Less Red Tape
- Choice to implement EU regulation
- Simpler to employ non-EU labour

4. Next steps

GAMBICA and BEAMA have launched a EURIS task force (EU relationship & Industrial Strategy) in order to define members positions and have an effective two-way dialogue with government, in particular the Department for Exit from the EU (DExEU). The results of this survey will help to form part of our industry position on trade.

This survey was also part of a wider survey being carried out by EAMA (Engineering and Machinery Alliance), of which GAMBICA is a member. EAMA members will share their anonymized data from their own surveys to create a broader picture of the engineering and machinery industries.

Further information on EAMA can be found at www.eama.info

About GAMBICA

GAMBICA is the Trade Association for Instrumentation, Control, Automation and Laboratory Technology in the UK, with over 200 members representing an industry turnover of £6.9 billion and 40,000 employees.

The Association's primary objectives are to further the successful development of the industry and to promote the competitiveness and profitability of member companies.

The scope of the Association covers four sectors of industry:

- Industrial automation products and systems
- Process instrumentation and control
- Laboratory technology
- Test and measurement equipment for electrical and electronics industries

About BEAMA

BEAMA has been established for over 100 years, covering a range of industries in the electrical, energy, water and power related sectors.

BEAMA exists to support its members in ensuring that the UK has a strong electrotechnical industry which is recognised as an essential part of modern society and brings invaluable economic, social and environmental benefits. It represents directly some 300 companies in the UK electrotechnical and allied manufacturing industries advising its members on relevant technology and market developments, particularly relating to the areas of product safety and sustainability.

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