

Growth in manufacturing

Transcript

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DAN O'SHEA:

Grant Thornton's International Business Report, or IBR, is the world's leading survey of mid-market companies. Launched in 1992, the IBR now provides insight into the views and expectations of around 10,000 businesses across 28 economies. The research takes place twice a year and involves interviews with chief executive officers, managing directors, chairpersons, or other senior executives from all industry sectors. Today we're talking with Kevin Wilson, an associate director in Grant Thornton International's United Kingdom Firm, who specializes in serving manufacturers.

Kevin, first off, it seems like this iteration of the IBR shows a considerable increase in optimism and general business sentiment. What do you attribute that to?

KEVIN WILSON:

I think because we've gone through so much change over the past five years, there is now a feeling, certainly from the clients that I speak to, that we seem to be settling down into a bit of a new normal. Change is going to be constant, I appreciate that, but we are settling down a little now. Now we can focus on, from a UK perspective, where we can drive business forward. I think almost one of the unintentional aspects of Brexit was that a lot of businesses were very Eurocentric in terms of their imports and exports and now, having developed a reasonable amount of knowledge and skill, they can widen that circle to include the states and countries from further afield.

DAN O'SHEA:

How have you seen US firms exploring opportunities with the UK, or the EU, or elsewhere?

KEVIN WILSON:

I would look to exchange rates. Over the past five years, the dollar has been strong, which means that US firms can now go out and procure from countries, some considerable discount.

DAN O'SHEA:

What about UK or European firms looking to do business with

the US? It does seem that the IBR indicates the prospects for the economy are even stronger in the US than they were globally. Optimism was up across the board but seemed to be most up in the US. Are UK or European firms looking to take advantage of market conditions here?

KEVIN WILSON:

I think again we must look at that sort of supply versus demand. If it is a product that is unique to being produced in the States, then people will want that. Also, I've noted a bit of softening, and I don't want to be political in this, but in terms of the administrations, there was a bit of a tit-for-tat going on in one administration and, now with reopened talks, there is a softening there with regard to tariffs. I think that is opening the door and is making it easier for the UK and EU to trade in the United States.

DAN O'SHEA:

Supply chain issues were very much in the news during COVID and in the immediate aftermath, and they do seem to have untangled considerably. To what extent are they still complicating either the supply chain for companies operating domestically or internationally?

KEVIN WILSON:

I would say to this point, just look at those container prices. What we were faced with is, from a UK perspective, bringing containers in from the Far East, there were some very high prices in terms of getting containers through up to the \$20,000 mark. Now those prices have returned and I won't say that they've returned to pre-pandemic levels, but they've certainly gone a long way towards returning to some level of normality. That is indicative of the supply chains easing. We are certainly seeing also, a number of companies being able to reduce the amount of inventory that they hold because they're not trying to cover eventualities in terms of big delays in the supply chain as well.

DAN O'SHEA:

What is your sense of the current attitude among UK and European manufacturers?

KEVIN WILSON:

I would say that the future, whilst it poses challenges, is certainly a lot brighter than what we've been looking at over the past two or three years. People will look further afield. We've seen a degree of nearshoring to stave off some of the problems with receiving stock inventory, but those issues are now releasing as well. As I say, we see decreases in the amount of inventory being held, so much more positive.

DAN O'SHEA:

You think that this will lead to an increased flow of global trade?

KEVIN WILSON:

I believe so, yes



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