

FIRMS TURN 'HOME' AS PROTECTIONISM BITES

Businesses are concerned about the cost of rising protectionism, yet are optimistic about their international business prospects, according to a new report from HSBC, 'Navigator: Now, next and how for business.'

Of the 6,000 firms surveyed globally, three in five (61%) think governments are becoming more protective of their domestic economies. This sentiment is strongest among companies in MENA (70%), and Asia-Pacific (68%). In the USA, 61% believe protectionism is on the rise, while in Europe, half (50%) are seeing a rise in protectionist tendencies.

The majority of firms are looking to regional partners to develop trade opportunities, with almost three quarters (74%) of overseas trade in Europe and Asia-Pacific being conducted within their 'home' region. This trend is set to continue with regional ties being prioritised in firms' expansion plans for the next three to five years. Focussing on the impact of government policies, those designed to strengthen regional ties such as China's 'Belt and Road Initiative' (40%) and ASEAN's 2025 strategy (37%) were cited most frequently as having a positive impact on international business.

Firms are focused on growth, with more than three in four (77%) businesses optimistic about their international business prospects, and expect the volume of trade to increase over the next 12 months. Reasons behind this confidence include an increase in demand for their products from consumers and businesses (33%), favourable economic conditions (31%) and the greater use of technology (22%) in driving growth.

Noel Quinn, Chief Executive, Global Commercial Banking, HSBC, said: *"Overall, companies are showing remarkable agility in navigating the changing trade policy landscape. They are getting on with adapting business plans, and relationships, to participate in shifting supply chains. Strategies include increasing regional trade, establishing joint ventures or local subsidiaries in more markets, and capitalising on trends in consumer demands and digital technologies. An increase in protectionist sentiment hasn't hampered the optimism of firms globally, but is causing concern about the cost of doing cross-border trade and international business."*

"By taking time to understand the emerging drivers and impediments to trade, business leaders can identify risks and opportunities, and make informed decisions for future growth."

Economic analysis supports the strength of business confidence, pointing to a 7% growth for trade values in 2018 (goods and services combined). Forecasts by Oxford Economics on behalf of HSBC show the economic indicators underpinning this estimate include an upturn in both investment and consumer demand, a weaker US dollar and recovery in the Eurozone.

Eleni Vrettou, Managing Director, Head of Wholesale Banking, HSBC Greece, commented: *"The survey reveals that businesses around the world remain optimistic around the prospects of international trade, despite the recent rise of protectionism. For Greek companies expanding beyond the borders of their home country is imperative and as such, they need to adapt to the changing trends internationally. Our research reveals one of the key areas of focus for businesses trading internationally is the efficient application of new technology, not only in the production process but also managing the supply chain. Greek companies need to embrace this new trend and digital revolution if they wish to remain competitive in the current environment."*

Notes to editors:

HSBC Navigator: Now, next and how for business

HSBC Navigator is the most comprehensive report of global trade and business confidence. It combines an economic forecast of medium to long-term bilateral trade for exports/imports of goods and services across 25 markets (by Oxford Economics), and a global survey gauging business sentiment and expectations on trade activity and business growth by Kantar TNS.

HSBC's Navigator helps businesses capitalise on new opportunities and make informed decisions for the future by understanding the outlook for international trade.

The full report can be accessed here: www.business.hsbc.com/trade-navigator

We can also supply additional data and insight on the following topics:

1. **Trade in Services:** The share of services in world trade has been increasing and this growth is set to continue. Three in five (61%) businesses are optimistic about the growth of their services business in the short-term and say that expanding into new markets (32%) and service areas (24%) as well as using e-commerce (24%) will drive this growth. The bundling of goods and services is also progressing, and this distinction could blur even further.
2. **Trade policy – The business view:** Firms are potentially missing out on key opportunities by focusing on growth and trade policies in their region, and lacking awareness when it comes to the broader global trade policy environment. China's Belt and Road, and ASEAN 2025 are the two policies getting the greatest vote of confidence from business leaders.
3. **The economic trade forecast:** The economic trends below the headlines on global trade reveal an optimistic outlook for growth. Global trade growth rebounded last year - with the volume of trade in goods growing 1.4 times faster than global GDP. This momentum is projected to continue, with growth of 7% by value in 2018 (1.2 x GDP by volume) for both goods and services. Governments should take advantage of the global economy's current sweet spot to pursue policies that will promote trade.

HSBC Commercial Banking

For over 150 years we have been where the growth is, connecting customers to opportunities. Today, HSBC Commercial Banking serves around 1.7 million customers across 53 markets, ranging from small enterprises focused primarily on their home markets through to corporates operating across borders. Whether it is working capital, term loans, trade finance or payments and cash management solutions, we provide the tools and expertise that businesses need to thrive. As the cornerstone of the HSBC Group, we give businesses access to a geographic network covering more than 90% of global trade and capital flows. For more information visit: <http://www.hsbc.com/about-hsbc/structure-and-network/commercial-banking>.

HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 3,900 offices in 67 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,522bn at 31 December 2017, HSBC is one of the world's largest banking and financial services organisations. In Greece, HSBC operates since 1981 with presence in Athens and Thessaloniki. HSBC offers banking services to individuals as well as to corporate and institutional clients.

The issuance of and details contained in this document, does not constitute an offer or solicitation for, or advice that you should enter into, the purchase or sale of any deposit, security, commodity or other investment product or investment agreement, HSBC France, Athens Branch is not advising you in respect hereof; does not undertake any obligation or responsibility towards the recipient whose decision has been based on this document

ends/all