

British exports essay

[Business](#), [Marketing](#)



British Exports

Even before the world wars that have struck around the globe, the United Kingdom has always maintained a self-sufficient and stable economy as they kick started the beginning of the Industrial Revolution. Through the world wars, it has managed to sustain the damages and still continuously support itself through exports they have presented around the globe. Since the inception of the European Communities and to its evolution as the European Union, the UK remains to be a strong force in the group. Upon the entrance of the new currency, the Euro; the UK did not incorporate it to their system as their own currency, the Sterling Pound, was strongest at that time. However, different events and crisis have struck the globe and caused economies to crash, this did not except the British economy especially its currency. Despite this weakened economy, Britain has maintained its ground thanks to the export trading it has done around the globe. How has Britain managed to be successful abroad with their exported goods and services? Are they experiencing threats to the existing cross-border opportunities they have been getting?

According to a course outline by the University of London (2005, pp. 27-36), the UK was the first industrial economy that has emerged, around the same time as the United States. However, the UK did not choose to concentrate on just producing their products meant for domestic use but instead concentrated on becoming one of the world's biggest trading countries and exported most of its products abroad. This became one of the major reasons why it became very popular in other countries in terms of exports. It was in

the nineteenth century where the UK secured its popularity in the international market by investing outside the country through their exports and business ventures with other great economies such as in the US. Before they can even pull off this venture, they became the first biggest capital-exporting country ahead of its competitors, with high end industry sector and machinery. The country practically owns most of the foreign investments in the globe with 40% shares in each business upon 1913. The country was also able to invest \$50 billion in different businesses to sustain its already growing economy.

But where did the money come from? Considering UK's condition back in the pre-industrialization and post war period, Britain would not be able to sustain this big venture. However, one may see that Britain has been able to balance their export and imports which is why their exported goods became widely successful abroad. In one part of the chapter, it explains that if Britain is lending overseas, it is raking foreign currency in each investment it makes. For the country to gain this much capital, it must be exporting more goods and services than importing them to the country. One can then use this as a conclusion that this was the same step Britain used in the nineteenth century to create a foundation for their export market since the century presented a great opportunity for international trade and business. This same step has also enabled imports to enter the country and the demand for it increased.

Fieldhouse (1999, pp. 88-113) noted that the reason why British exports have been widely accepted and popular abroad is because of the other markets such as British neighbours in Europe and even in the US has been

attracted by these goods. Fieldhouse also notes that even in countries that are familiar with Western cultures and former colonies of Western countries are also attracted by these goods. He notes that the reason for these markets to find good interest with British goods is because there are factors that make people understand the products and services better if they came from UK. These factors stretch from the language they all share which is English, the vast culture and history each Western country shares, the preference to buy Western made goods and services and even the ease of communication with British merchants and exporters which is not a common trait between other exports. These factors also stretch to the receiving country's preference in buying British exports first than other exports and their notion of the strength and capability of British investments over their country as it allows them to develop. All these particular factors enabled exporters from Britain to have a very unique and special advantage in markets in Europe and its neighbouring countries.

In Hennigan's analysis (2011) the British export market continues to improve despite each economic crisis would befall into its sterling pound and this is what it gives the goods and services exported an edge over its competition. The weak pound gives British exports an advantage through low cost competition against goods from Germany, US and the developing markets. Hennigan also stressed that the weak economy would also give exports an edge as demand would grow for cheaper but high quality goods from other countries. Britain has maintained this particular criterion on their goods which makes them lovable by consumers. The analysis also noted that exports to rival economies such as in the BRIC would increase by 11.8% by

2020. He also noted that UK exports such as electronics, services and even minerals have already made a mark in markets and businesses due to their quality which makes their exports for these said items watched out for no matter what the situation is.

This particular reason of UK exports taking advantage of the current economic crisis and its growing competitor markets for them to fully improve their export goods and services is also proven by the team from Ernst & Young ITEM Club (2011). The group believes that with the UK exports aiding these growing economies, it would not only allow them to create a market in these economies but they can also set a ground for competition between economies; getting more ideas on how to improve their products to fit the preferences of consumers from these countries. With the help of the government, the exports sector of the UK would be able to understand the variables affecting these governments and may be able to help in improving goods and services.

Martin and Garnett (1997, pp 91-92) cites that diplomacy helps British exporters and businesses to be able to work overseas to expand their businesses and make them more fitting to local consumers in their respective base countries. Both have noted that companies run and owned by British exporters would have a bigger chance in creating more jobs, capital and profit is one reason why they are very successful abroad. Despite the earlier notion on the problem in capital as it were regulated before, today, exporters can claim their profits through the use of electronic means. In turn, the exporters can transfer products and services through the same

means. With UK as one of the leading technological exporters in the globe, they are able to do these transfers efficiently and fitting the standards they have originally set when it comes to exporting. Some companies have even turned over to British ownership, allowing these companies to freely apply each other's techniques and strategies in creating new export products and share supplies and workforce.

But, there are also a lot of threats to cross-border opportunities for the United Kingdom and this may spell problems in its already successful export capability. According to Cohen and Pimlott (2010), the UK is at risk for growth as its trading partners may not be able to sustain the supply and demand trading they currently have as their economies are not stable enough and badly damaged due to particular events such as the economic crisis and natural disasters that affect the country's economy. This problem may cause an imbalance between regular commodities and replace them with pure exports. Unless there would be an agreement between the 20 most powerful countries in the world regarding trade imbalances, countries may impose

Another threat to cross-border trading for UK is the growth of other emerging economies such as BRIC or Brazil, Russia, India and China. In the analysis did by the Department for Business Innovation and Skills and the Department of International Development (2010, pp. 3-19), they cite that the growing economies of emerging developing countries is becoming a threat to cross-border opportunities UK has over its growing export market.

Source: (Department of Business Innovation and Skills and Department of International Department, p. 8)

The analysis used this graph to show that growing economies such as China is slowly claiming the same market UK has claimed since the nineteenth century and it is also causing some problems in reducing current UK exports in their own countries. China, for example, has reduced the portion of UK exports to the country due to the increased demand of the country for raw materials which then opened new markets for raw material rich countries such as Australia, Brazil and Saudi Arabia to export in China. Another reason to the decline is that China is now able to develop its own version of particular merchandises famous in the Western hemisphere such as communication and technological devices. This then affected UK exports in a wide sense as it used to be one of the big players in exporting these types of merchandises to the country.

The findings also show that the growing economies of the BRIC countries and other developing countries are slowly incorporating the same strategies UK has used in developing their own export markets which may spell trouble to the empire UK has already developed. But the graph also shows that products from these emerging economies are still of low quality and with the UK already considered a trusted exporter of goods and services, many still select it to be their preliminary choice. The group also notes that despite the big range of possible exports UK can offer, high prices placed on UK goods contributed to the problem on why countries are slowly reducing UK exports in their markets. They speculated that this high price may have been caused by the Sterling's strength before it slowly lost its value due to the economic crisis happening in the country. Speculations on the quality of the UK

exported goods and the amounts they are exporting to the particular country are also considered by the group in their analysis on losing importers.

The group also stressed that the threat UK has bestowed upon itself in terms of trading abroad may also be because of the trading performance it has with its partners. Many companies and businesses prefer to export in markets that are easy to enter and compete in. Some also consider the location of the market and if it has any past or current relation to the country. Exporters select markets that do not have problems in terms of culture and language and less costly. Considering the trade routes that UK has reached upon its beginnings as an exporting nation, the UK has spent more on transporting exports and buying lots for them to set up their businesses in countries that charge more for foreigners. Migration of information may also have caused a slight threat on UK exports and trading opportunities as there are possibilities that newer products and services are based from information that has been transmitted in media and has allowed other markets to utilize this particular concept for their exports.

Morton (1978, pp. 219-222) also supports the analysis did by the DBI and the DID in determining the threat the emerging economies to Britain's cross-border relations with other countries. He cites that although the exports continued to stay in the same numbers, the emerging markets causes the exports from Britain to stay in their current level and not develop their numbers. He noted that exports from the UK have gravely suffered upon the industrialization of India and the growing economic sectors of the country like agriculture, textile and minerals. India slowly produced the same number of goods and services UK used to offer in the sectors of agriculture, textile

and minerals and it did not stop there. Britain also suffered upon the industrialization of Japan which is now considered one of the top technological exporters of the world and China, now considered as one of the cheapest but widely appreciated exporter in the world. Morton also sees the influence of the growing American market over the territories of UK like citing Canada as an example. Despite Canada being one of the Commonwealth countries of the UK, its close distance to the US has influenced it to become an American-based market rather than being a UK-based market.

Grab (2003) cites that one threat in cross-border opportunities for Britain abroad are the significant wars and laws each country upholds in terms of receiving goods and services from other countries. He cites an example of this threat in explaining the Continental Blockade in 1805 which was the French international policy to destroy Britain's control over the other European states and making France as the new hegemony in Europe. Napoleon ordered a complete blockade in important installations such as piers and roads to make sure that the French government would have full control of the economic situation in the region. This spelled trouble for Britain as they heavily depended on exports they send throughout Europe. It also did not bode them well in terms of getting materials needed for their production as some of the European states joined the French blockade and eventually caused their economies to crash. This fine example of wars and laws causing problems to British exports and their cross-border trading opportunities is repeated once more in recent years as Britain takes part of wars stemming in the Middle East, which causes their exports to be declined

in these countries and eventually depriving them with certain commodities such as fossil fuel and minerals.

Despite the rapidly weakening currency and economies around the globe, one cannot deny that the British export market has changed the situation of international economy as all of us know today. Many still highly regard UK exports due to its very reasonable and high-quality offerings to the consuming public. Even if there are sprouting new economies that threatens the position UK has held in the international economy stage, it is still a force to be reckoned with by these economies and they even based their economies from the UK model. Its success overseas may be due to a number of reasons that one can only speculate at present as some instances may not be fully explained by just theories and examples but it is an important fact that it has set standards in the export sector and trading. There are many speculations today on what would happen in the future of British exports in the incoming years, whether it would continue to flourish or plummet down alongside its weakening currency; as the nature of technology, services and commodities continue to change through the passage of time. However, one can be certain that exports from the UK are here to stay and would continue to develop for those in need for their high quality and cheap merchandises.

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