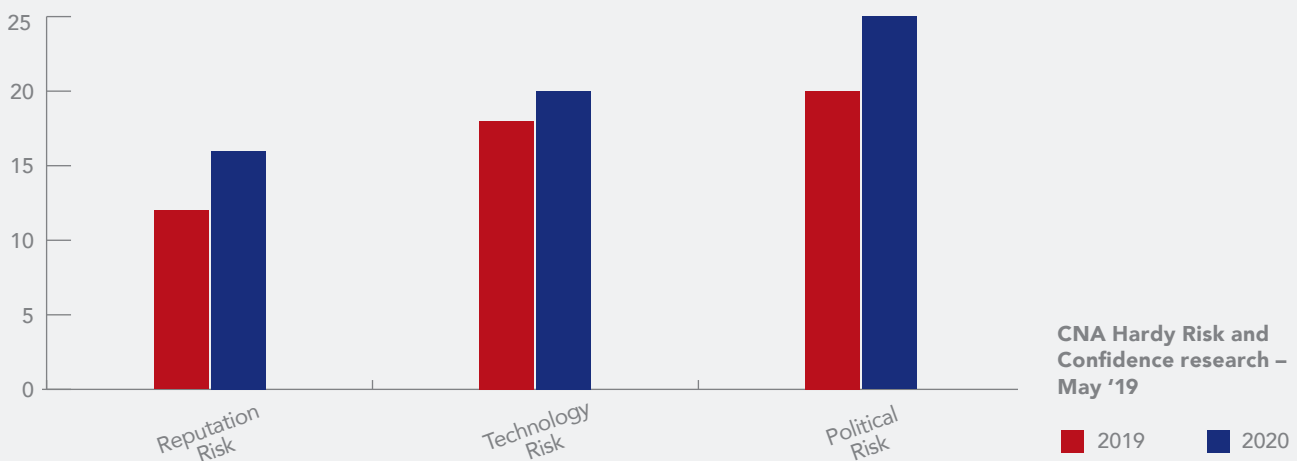




2020 Prediction: Brexit puts a dampener on transport & logistics firms' confidence

Fewer than a third (30%) of UK transport and logistics businesses expect to feel confident in their ability to grow and prosper in 2020, a substantial drop on 2019 confidence levels. Meanwhile, 87% continue to believe they will be operating in a moderate to high risk environment. For these UK firms, reduced confidence in 2020 is primarily about political risk – this is the top risk for 25% of business leaders – followed by technology and reputation risk¹.

UK transport & logistics firms' predicted top risks



The key risk for UK businesses right now is political – Brexit – and it affects transport & logistics businesses directly. While Brexit remains an un-done deal, uncertainty rules, confidence is low and few business leaders are inclined to put capital at risk.

Fewer than half expect to be actively proceeding with investment to support topline sales in 2020 and even less plan to invest in technology (43%) and equipment (41%) on which their future operating models outside the UK are likely to depend. Support for other investment priorities including hiring of staff and R&D is also set to wane.



2020 Prediction: Brexit puts a dampener on transport & logistics firms' confidence

As Mervyn Griffiths, Director, Strategic Shipping, commented to us when we conducted our research in May 2019:



The government has been generous and pragmatic regarding easements in a no-deal situation. But many companies have no expertise in moving goods through Customs. They don't have the people to interpret the information or know how it will impact their business. Government in turn lacks trained staff at the right level – it's no deal plans and training have been too little too late and the wrong people are doing it. So significant regulatory uncertainty remains. It is a big reputation risk for companies and for the UK.

Insurers will need to be on notice to support companies to manage their enhanced risk profile during this difficult transition.

¹CNA Hardy Risk and Confidence research was undertaken between February and March '19, via an online survey of 1,500 business leaders of multinational firms with operations in Europe. Qualitative research was undertaken in May '19. In the UK 450 business leaders from 9 different business sectors, with a turnover ranging from £5m to £1bn+ were surveyed.

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