

21 March 2018

INDIAN FIRMS MOST CONCERNED ABOUT RISING PROTECTIONISM: HSBC SURVEY

HSBC's global survey '*Navigator: Now, next and how for business*', covering 6000 companies in 26 markets, has found that firms in India are most concerned about rising protectionism across the world.

The survey data shows that almost nine in ten businesses in India feel that governments are turning increasingly protectionist, leading to a rise in the cost of doing international business, altering trade routes and raising hurdles to obtaining trade finance.

This is significantly higher than the global average where, of the 6,000 firms surveyed, three in five (61%) think governments are becoming more protective of their domestic economies. Other regions where the sentiment is strongest among companies are 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.

Rajat Verma, Head of Commercial Banking, HSBC India said, "An increase in protectionist sentiment is causing concern about the cost of doing cross-border trade and international business. Companies are 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."

Trade initiatives that are likely to lower trade barriers are viewed positively in India, as a consequence of the especially-high concern about protectionism. Indian firms are most united in the positive impact of ASEAN 2025 and SAFTA on their businesses.

Globally, 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.

Firms around the world are very 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.

ends/more

Media enquiries to:

Arundathi Abyshekar

+91 22 22681344

arundathi.abyshekar@hsbc.co.in

Note 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.

HSBC India

The Hongkong and Shanghai Banking Corporation Limited in India offers a full range of banking and financial services through 26 branches across 14 cities.

HSBC is one of India's leading financial services groups, with over 36,000 employees in its banking, investment banking and capital markets, asset management, insurance, software development and global resourcing operations in the country. It is a leading custodian in India. Nearly 6% of India's trade passes through HSBC. The Bank is at the forefront in arranging deals for Indian companies investing overseas and foreign investments into the country.

ends/all