

A survey examining business attitudes
towards the European Union

EU Business Survey

2015



1. Introduction



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The Government is renegotiating the terms of the UK's membership of the European Union (EU) ahead of a referendum by the end of 2017.

Whatever the result of the referendum the outcome will have a significant impact on the UK's business relationship with the EU.

It's important we know how the Lancashire business community views this relationship and how it sees it developing going forward. This report, the first of its kind for the Chamber, takes a detailed look at how local businesses view this relationship and how they want to see it going forward. The report also measures the impact the EU is having on their operations, including the issue of migrant workers.

The survey was undertaken in conjunction with Europe Direct and we thank our colleagues there for their help and support.

We hope you find the report both interesting and informative.



Jacqueline Minor
Head of Representation,
European Commission
Representation in the UK

We are pleased to see the results of this survey, which was launched by North & Western Lancashire Chamber of Commerce as part of their Europe Direct centre action programme. The results offer a fascinating insight into the views of local businesses.

The Europe Direct Information Centre (EDIC) network, of which the Chamber is a part, stretches over the 28 EU Member States, providing outreach points for all the EU institutions, complementing and supporting the work of the European Commission Representation and the European Parliament Information Office at local and regional level.

Each Europe Direct centre plays an important part in providing information, promoting participatory citizenship, stimulating debate and encouraging feedback.

This survey, directed at businesses in the North West, is a valuable tool for gauging views in the region. With the focus of the new Commission on jobs and growth, the concerns and interests of the business community are of real importance to policy makers. That is why, for example, Vice-President Timmermans, in launching his recent Better Regulation initiative, has created more opportunities for companies of all sizes to provide input on new and existing European rules. But it is particularly helpful for those of us working in the UK to get a real flavour of British business opinion.

Although the results highlight points on which local businesses would welcome reform, it is clear from this survey that the European Union is considered of significant value.

2. About the North & Western Lancashire Chamber of Commerce

North & Western Lancashire Chamber of Commerce is the largest financially and politically independent business support organisation in Lancashire. It has a membership base of more than 1,600 local companies who own, manage, and finance its business support services.

It is a fully accredited member of the British Chambers of Commerce (BCC). The BCC represents, through a quality assured, UK network of accredited chambers of commerce, more than 135,000 businesses in all sectors of the economy and of all sizes. Accredited chambers seek to represent the interests and support the competitiveness and growth of all businesses in their communities and regions.

3. About Europe Direct

Europe Direct is an information network of approximately 480 centres across Europe, designed to answer all enquiries relating to the European Union.

The Lancashire Europe Direct Information Centre is based at the North & Western Lancashire Chamber of Commerce. In addition to providing advice to the wider community, the Centre also increases the depth of the Chamber's international and inward investment services. The service is available to all regional businesses and their employees.

4. Summary of key findings:

43% agreed that the UK has benefited significantly from being a member of the European Union.

33% agreed that membership of the EU has done more good than harm.

8% agreed with the statement that the UK had been damaged by EU membership.

57% were in favour of the UK remaining a member of the EU but wanted to see fewer decisions taken by the EU as a whole. 22% were in favour of maintaining the UK's existing relationship with the EU. 13% were opposed to the UK staying in membership of the EU.

When asked which scenario would have the most **positive impact** on their business;

47% said remain in the EU but transfer powers back to the UK

24% said no change

18% said integrate further

11% said withdrawing from the EU

When asked which scenario would have the most **negative impact** on their business;

59% said withdrawing from the EU

18% said further integration

15% said no change

8% said remain in the EU but transfer powers back to the UK

On the importance of creating a common European policy on key issues, creating a deeper and fairer single market was viewed as the top priority. Establishing a balanced free trade agreement with the US was the second most important policy area, followed by a common security and defence policy in third.

Which of the EU's four basic 'freedoms' is there the greatest need for further action and reform?

- 37% said free movement of persons
- 35% said free movement of goods
- 20% said free movement of services
- 8% said free movement of capital

Of those involved in exporting, 81% said the EU was a key market for their business, well ahead of the Middle East in second (44%).

75% of businesses welcomed people from EU member states coming to work in the United Kingdom, while 16% were opposed.

Only 18% of those responding had recruited from overseas in the past year. A shortage of candidates with relevant experience was the most common reason businesses employed migrant workers (75%).

5. **Methodology**

The results from this survey are drawn from a joint Chamber and Europe Direct research project undertaken during April and May 2015.

6. **Breakdown of respondents by number of employees**

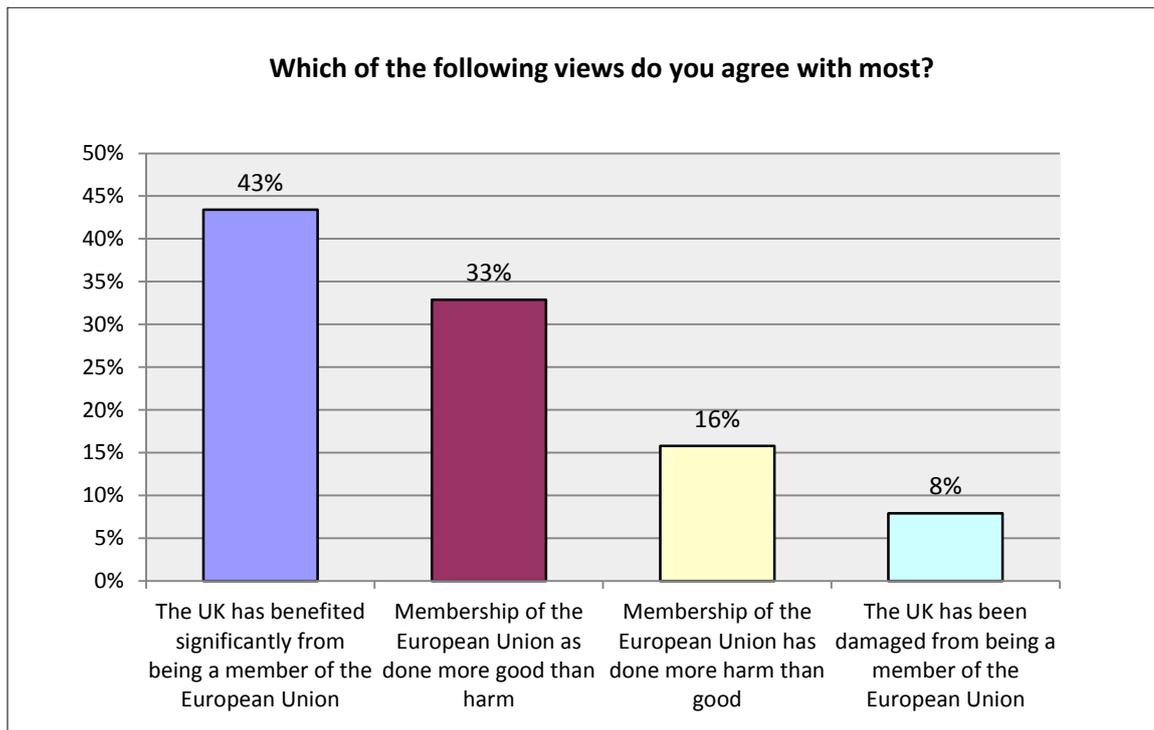
A total of 77 businesses responded to the survey. These have been broken down into the following size categories.

11 – 50 employees	25%
51 – 250 employees	42%
250 + employees	33%

Half the respondents were from the manufacturing sector. The remaining 50% were from the transport and communications sectors (20%), business and professional services (10%), industrial services (10%), and public administration (10%).

7. Survey results

Question 1 asked respondents for their overall view of the UK's membership of the EU.



43% of respondents considered that the UK has benefited significantly from being a member of the EU with a further 33% believing that membership has done more good than harm.

16% of respondents considered that membership of the EU had done more harm than good while a further 8% believed the UK had been damaged by being a member.

In total, 76% of respondents believed the UK had benefited from membership, while 24% considered that it had not.

Question 2 asked respondents to describe their attitudes towards future membership of the EU.

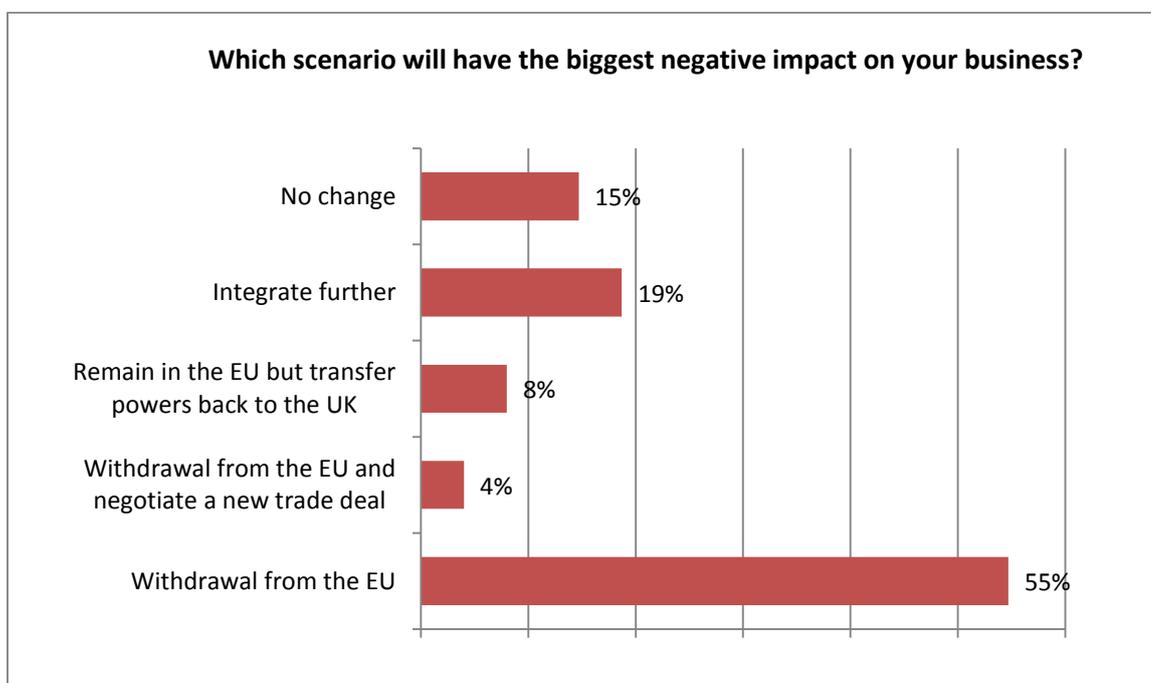
Answer options	Response per cent
I am in favour of the UK remaining a member of the EU and would like to see more decisions taken by the EU as a whole	8%
I am in favour of the UK remaining a member of the EU and would like it to remain as it is	22%
I am in favour of the UK remaining a member of the EU but would like to see fewer decisions taken by the EU as a whole	57%
I am against the UK's membership of the EU	13%
Don't know	0%

The majority of respondents (57%) were in favour of the UK remaining a member of the EU but would like to see fewer decisions taken by the EU as a whole. 22% wanted to maintain the existing relationship, while 13% of respondents were against the UK's membership of the EU.

Question 3 asked respondents to indicate their preferred option for the EU going forward.

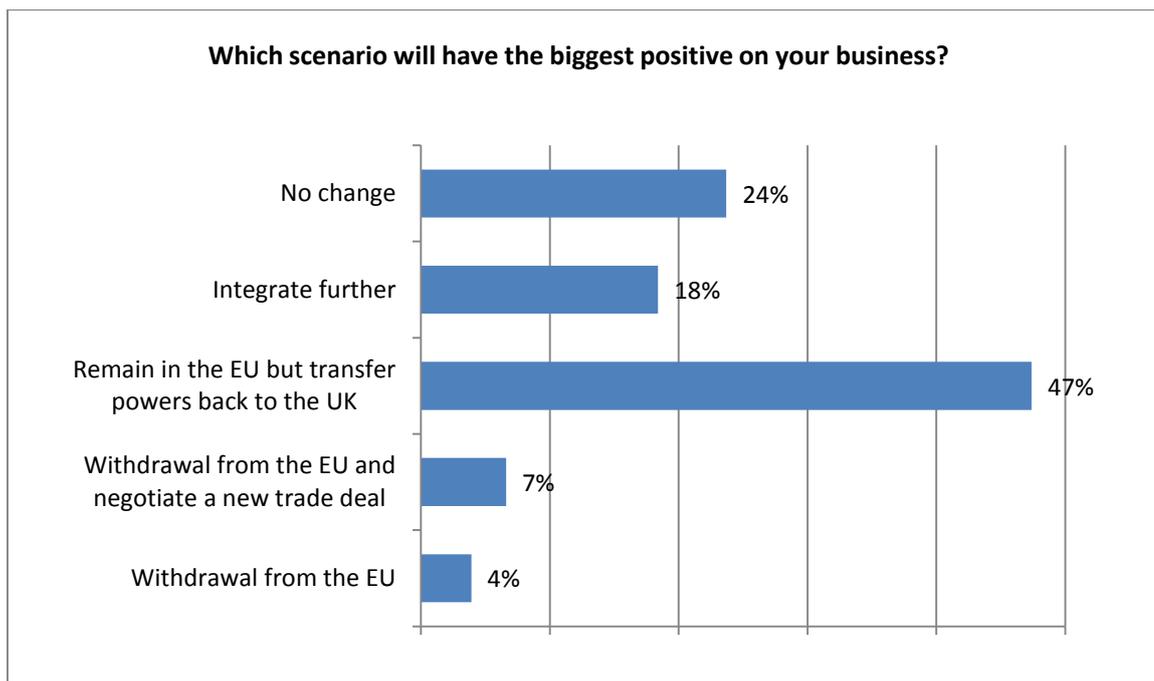
Answer options	Response per cent
An integrated political community working on behalf of both nations and Europe as a whole	21%
An integrated 'United States of Europe' working on behalf of European citizens and businesses	19%
A free trade area such as EFTA	48%
No EU at all but a group of independent nations working together on certain common issues	5%
Don't know	7%

Question four asked respondents which of five scenarios would have the biggest negative impact on their business.



Completely withdrawing from the EU was seen as having the biggest negative impact on business (55% of respondents). Further integration with the EU was seen as the second most negative impact (19%). The least negative scenario presented was withdrawal from the EU and negotiating a new trade deal – only 4% felt this would have a major negative impact on their business.

Question five asked respondents which of the same five scenarios would have the biggest positive impact on their business.



47% of respondents said that ‘remaining in the EU but transfer powers back to the UK’ would have the most positive impact.

18% said further integration would have the biggest positive impact.

Question six considered the importance of creating a common European policy in certain selected areas: namely European and monetary union, energy, digital services, a deeper and fairer internal market, free trade agreement with the US, stricter controls on banks, asylum and migration, defence, and justice and citizen rights.

Respondents were asked to rank each priority as ‘high’, ‘medium’, or ‘low’.

‘Economic and monetary union’ was rated as a high priority by 36% of respondents, 30% rated it a medium priority and 34% as a low priority.

‘Sustainable and secure energy union’ was rated high by 39% of respondents, 50% as medium, and 11% as low.

‘A connected digital single market’ was rated high by 37%, medium by 47% and low by 16%.

‘A deeper and fairer internal market’ was rated high by 64% (the top rating overall), medium 30% and low 6% (the lowest rating overall).

‘A balanced free trade agreement with the United States’ was rated high by 54%, medium 38%, and low 8%.

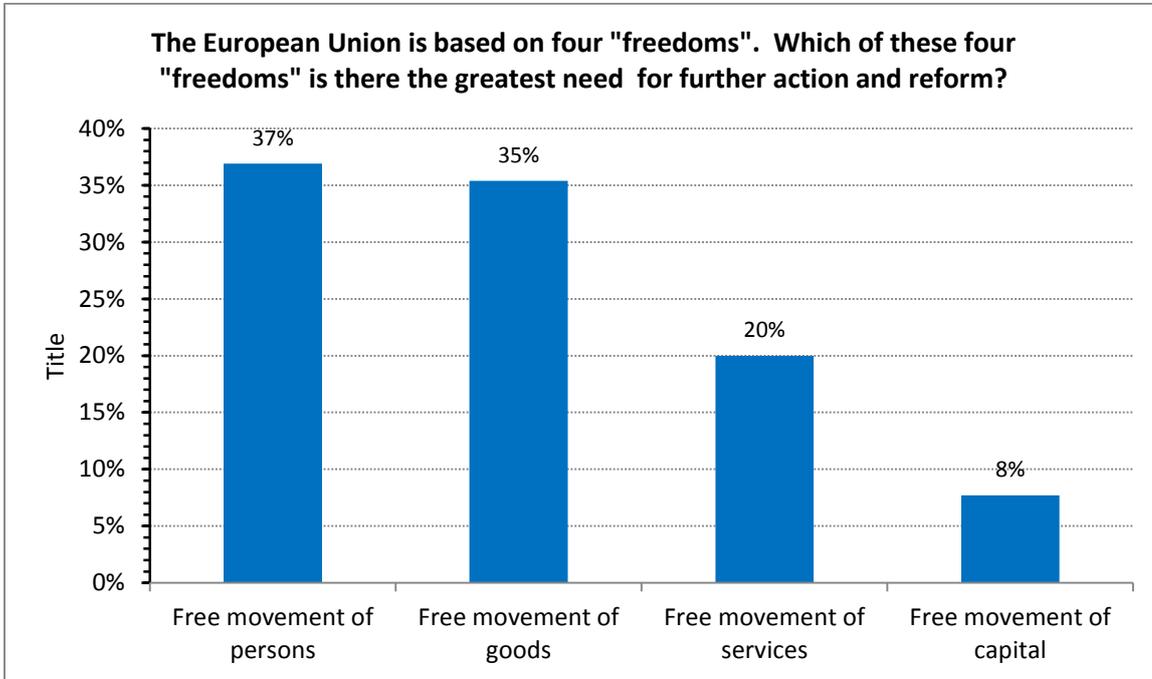
‘Stricter controls on banks’ was rated high by 52%, medium 33%, and low 16%.

‘Asylum and legal migration’ was rated high by 53%, medium 32% and low 11%.

'Security and defence' was rated high by 52%, medium 37% and low 11%.

'Justice and fundamental rights for citizens' was rated high by 48%, medium 28% and low 23%.

Question 7 looked at the EU's four freedoms (free movement of persons, free movement of goods, free movement of services and free movement of capital) and asked respondents which of them was in need of further action and reform.



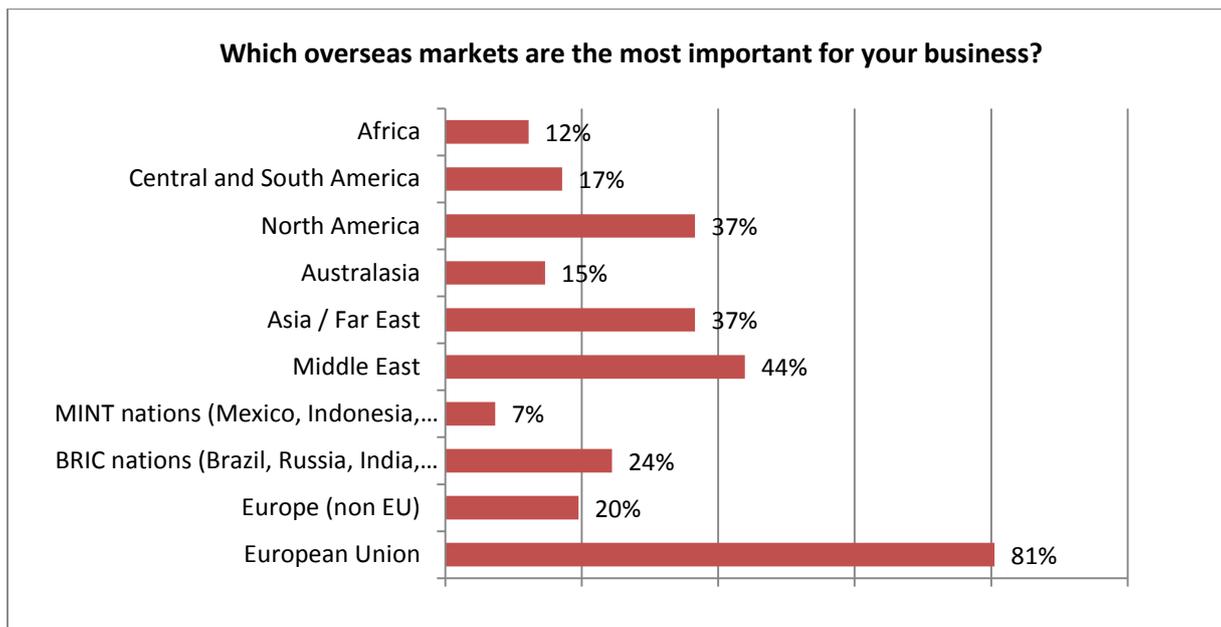
37% of respondents stated that the free movement of persons was in greater need of reform. This was followed by free movement of goods (35%), free movement of services (20%) and finally free movement of capital (8%).

Questions 8 and 9 asked how well informed respondents were about the potential impact of EU legislation and policy measures on their business and where they would go to access the necessary information.

66% of respondents considered themselves as 'fairly well informed', 22% as 'not at all informed' and 12% 'very informed'.

When asked about accessing information, 58% of respondents would use the EU website followed by the Chamber of Commerce (55%). 15% of respondents would use Europe Direct, 8% their local authority, and 3% their library.

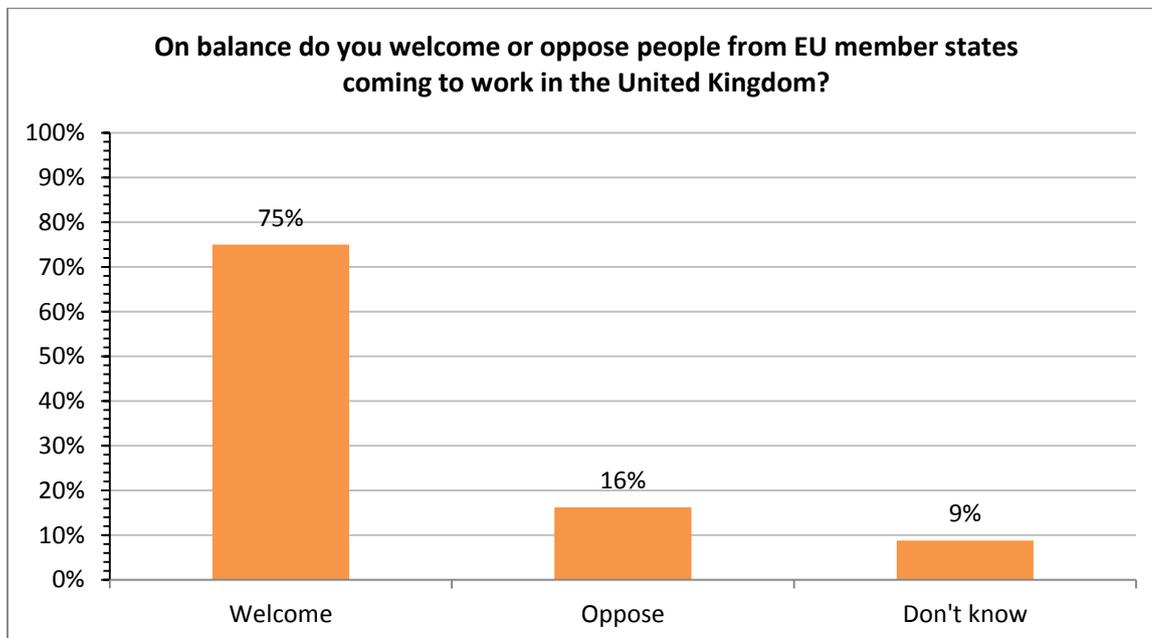
Questions 10 and 11 asked respondents if they were currently exporting and, if so, to which countries.



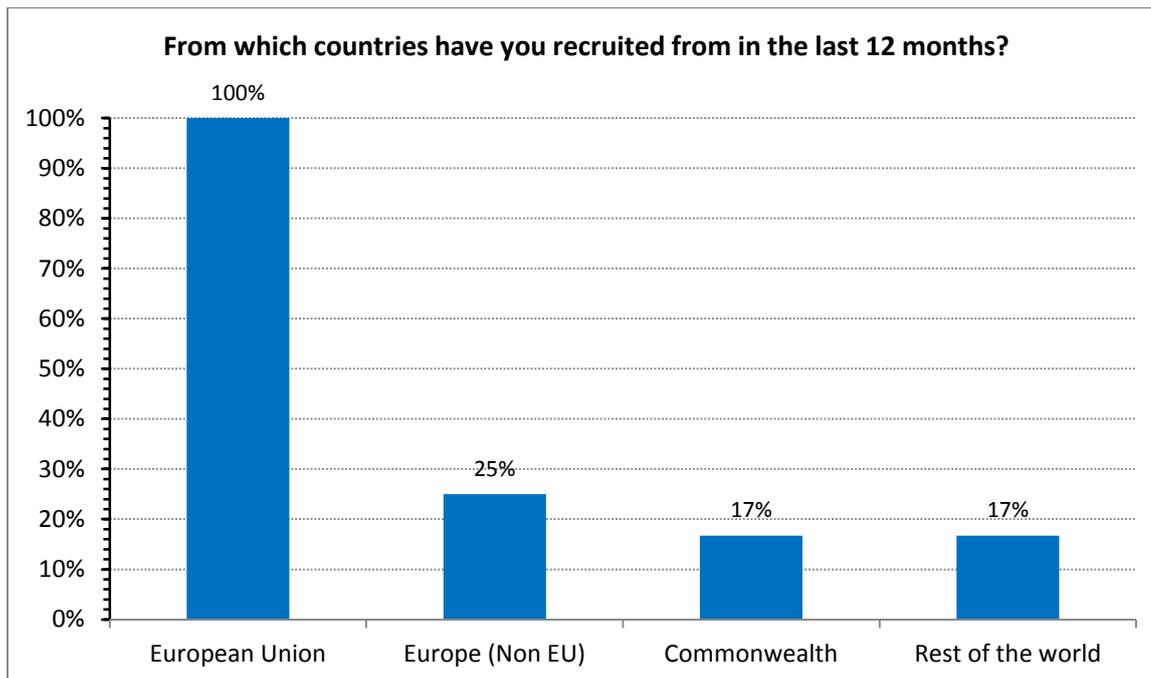
More than 60% of respondents were exporting, of which 80% stated the EU was their most important market, followed by the Middle East (44%) and North America and the Middle East (both 37%). Just under one quarter of respondents (24%) considered the BRIC trading bloc to be one of their most important overseas markets.

Questions 12 to 17 focused on immigration and the use of migrant workers.

Question 12 asked whether businesses welcomed or opposed people from EU member states coming to work in the UK.

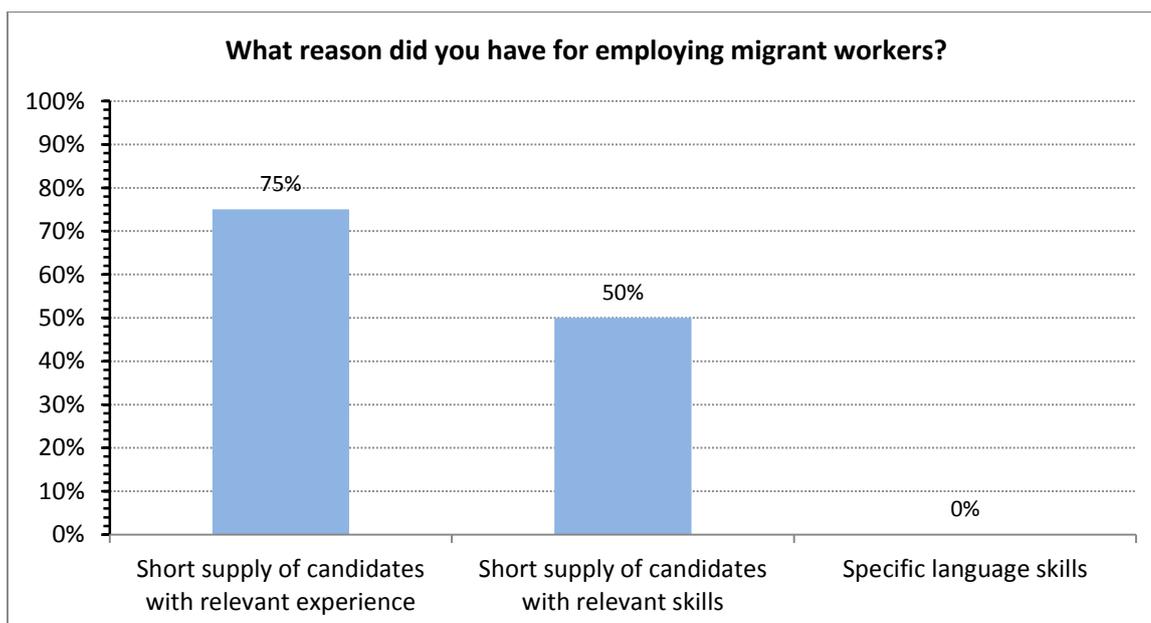


Question 13 and 14 asked whether respondents had recruited staff from overseas in the past 12 months and, if so, from which countries.



Slightly more than 17% said they had recruited staff from overseas in the past 12 months, with all of those recruiting having taken on people from within the EU. 25% of companies recruiting from abroad employed people from non-EU states; while 17% employed people from the Commonwealth and the rest of the world.

Question 15 asked the reasons for employing migrant workers. Three quarters of respondents recruited because of a short supply of candidates with relevant experience and half recruited because of a short supply of candidates with the relevant skills.



Question 16 looked at working hours. More than 83% of jobs offered to migrant workers were for full time jobs. One third were temporary and one quarter were for permanent jobs.

Question 17 looked at the types of jobs offered. Respondents reported that two thirds of all jobs were either professional and managerial (33%) or skilled manual and technical (33%). The remainder were for unskilled or manual labour.

Conclusions

The significant conclusion to be drawn from this survey is that Lancashire firms are pragmatic when it comes to Europe. A majority of businesses have told us they believe the UK has benefited to some degree from being a member of the European Union with a clear majority wanting the UK to remain a member.

Businesses tell us, however, that UK membership needs to be based on a reformed relationship that sees a substantial shift of power from Brussels back to member states.

Fewer than a quarter favoured a continuation of the existing arrangements.

It is also clearly apparent that the EU remains a significant trading bloc for Lancashire businesses. Given that more than three quarters of exporters responding to the survey reported that the EU is their most important trading partner, the clear priority for reform, unsurprisingly, is the creation of a deeper and fairer Single Market. Such reform should run in parallel with pursuing a balanced free trade agreement with the United States.

The EU also remains an important source of labour for Lancashire businesses and the main reasons for this recruitment are because of a shortage of skilled and experienced applicants in the UK.

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