ARBUTHNOT BANKING GROUP PLC

PERSPECTIVES

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Another lockdown and more Government support

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Introduction: *another lockdown…*

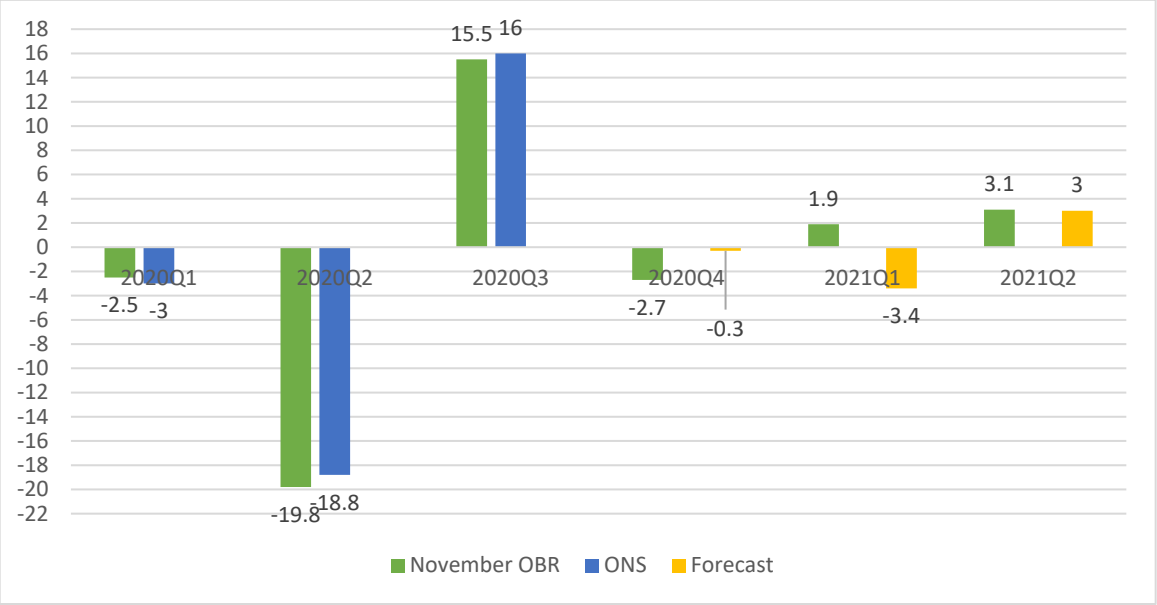
The Prime Minister announced on 4 January a third lockdown for England, which was implemented on 6 January (see annex table 1).[1-2] The country was under "alert level 5", meaning that "…if action was not taken NHS capacity may be overwhelmed within 21 days". The Commons voted for the new regulations overwhelmingly (524/16) on 6 January.[3-4] The Prime Minister implied the new lockdown restrictions would last until mid-February (at the least), but note the regulations allow the lockdown to be in place until the end of March.

…and the economic implications

Under lockdown rules people cannot leave their homes except for certain specified reasons, like the first lockdown in 2020, and schools and colleges are closed to most pupils. In addition, as under tier 4 rules, non-essential shops, hospitality venues (though takeaway allowed), accommodation, leisure and sports facilities (indoor), entertainment venues, indoor attractions, personal care facilities, and community centres must be closed. Suffice to say, economic activity will surely be hit in 2021Q1 and possibly into 2021Q2, depending on how long, and to what degree, the restrictions will continue.[5]

Chart 1 shows an illustrative scenario for GDP, based on the GDP data so far available up to October and extrapolations into the first half of next year, alongside the OBR's November forecast. Our assumptions behind the forecast are, firstly for 2020Q4, following the 0.4% (MOM) increase in October (observed), GDP falls back by about 4% (MOM) in November and then recovers about 1% (MOM) in December, as restrictions were eased. This would give a modest overall fall in 2020Q4 (0.3% (QOQ)), rather less than the fall projected by the OBR in November. It is assumed the economic impact of the second lockdown in November was less devastating than in Spring, not least of all because manufacturing and construction were still operating fairly normally (and see the Markit survey results below). Moreover, the very depressed state of the hospitality and recreation sectors, within services, means there is simply less scope for further decline in these sectors. Many businesses, too, have probably adapted to the changed circumstances. For 2021Q1, we assume 3% (MOM) fall in January, a flat February, and a 1% recovery in March, which implies a fall of nearly 3½ % (QOQ) for 2021Q1.

Chart 1 OBR, central forecast, quarterly GDP growth profile (%)



Sources: (i) *OBR*, "Economic and fiscal outlook", CP318, November 2020; (ii) *ONS*, "GDP quarterly national accounts, UK: 2020Q3", 22 December 2020; (iii) *ONS*, "GDP monthly estimate: October 2020", 10 December 2020.

More Government support...

The Chancellor announced more support for businesses in the retail, hospitality and leisure sectors on 5 January (see annex table 2), after the Prime Minister's announcement of the third lockdown.[6] All in all, the new package amounts to £4.6bn. The new package comprises:

- New grants, that will be available for any business which is legally required to close, and which cannot operate effectively remotely. The one-off top-ups will be granted to closed businesses as follows: £4,000 for businesses with a rateable value of £15,000 or under; £6,000 for businesses with a rateable value between £15,000 and £51,000; and £9,000 for businesses with a rateable value of over £51,000. The cash will be provided on a per-property basis to support businesses through the latest restrictions, and is expected to benefit over 600,000 business properties, and be worth £4bn in total across all nations of the UK.
- A £594mn discretionary fund, that will support other impacted businesses. This fund will be available for Local Authorities and the Devolved Administrations to support businesses that might be affected by the restrictions but are not eligible for other grants.

...and speculation about higher Government borrowing

The Chancellor's latest package, and the probability of more Government support to come as the third lockdown continues, along with renewed recession, has led to speculation that borrowing in FY2020 and FY2021 could exceed the OBR's November projections – and by substantial margins.[7] There clearly has to be a good chance that borrowing forecasts could be revised up significantly in the 3 March Budget.

But it is worth noting at this stage that the OBR's borrowing forecasts for FY2020 and FY2021 in November's *Spending Review 2020 (SR20)* were substantial, as shown in table 1 below.[8-9] Note also that *SR20* estimated that spending in response to the coronavirus pandemic would total a huge £280bn in

FY2020 (the latest cost updates of key government support schemes are shown in annex tables 3a and 3b). Moreover, as the pandemic was not over, *SR20* confirmed an additional £55bn of pandemic support for FY2021, including programmes for testing and vaccines.

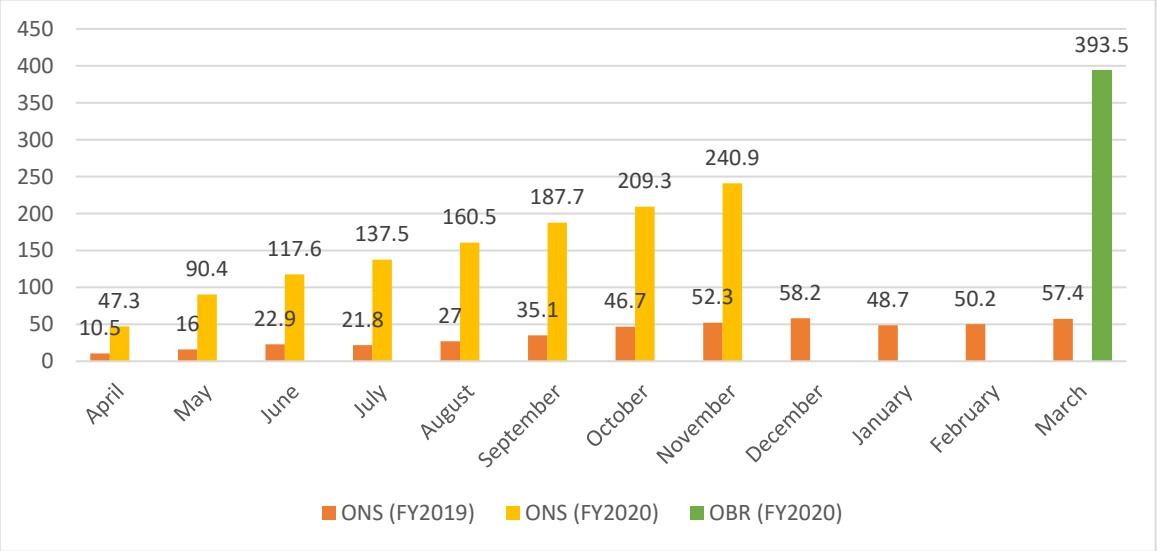
It is also worth noting that there is still leeway in the borrowing figures for FY2020. Chart 2 includes the OBR's latest forecast for FY2020 (£394bn), compared with the cumulative total for the first 8 months of FY2020 (£241bn) implying that there could still be huge £153bn of borrowing in the remaining four months of FY2020 (£394bn - £241bn).[10]

Table 1 OBR, Public sector net borrowing central forecast (£bn, % of GDP)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
PSNB (£bn):							
July 2020 (inc. SEU measures)	57	372	154	132	123	116	…
November 2020	56	394	164	105	100	100	102
PSNB (% GDP):							
July 2020 (inc. SEU measures)	2.6%	18.9%	7.0%	5.6%	5.1%	4.6%	…
November 2020	2.5%	19.0%	7.4%	4.4%	4.1%	3.9%	3.9%

Sources: (i) *OBR*, "Fiscal sustainability report, July 2020", 14 July 2020; (ii) *OBR*, "Economic and fiscal outlook", CP318, November 2020.
PSNB=Public sector net borrowing; SEU=Summer economic update (July 2020).

Chart 2 Cumulative borrowing (£bn), FY2019, FY2020: ONS outturns, OBR forecast for FY2020



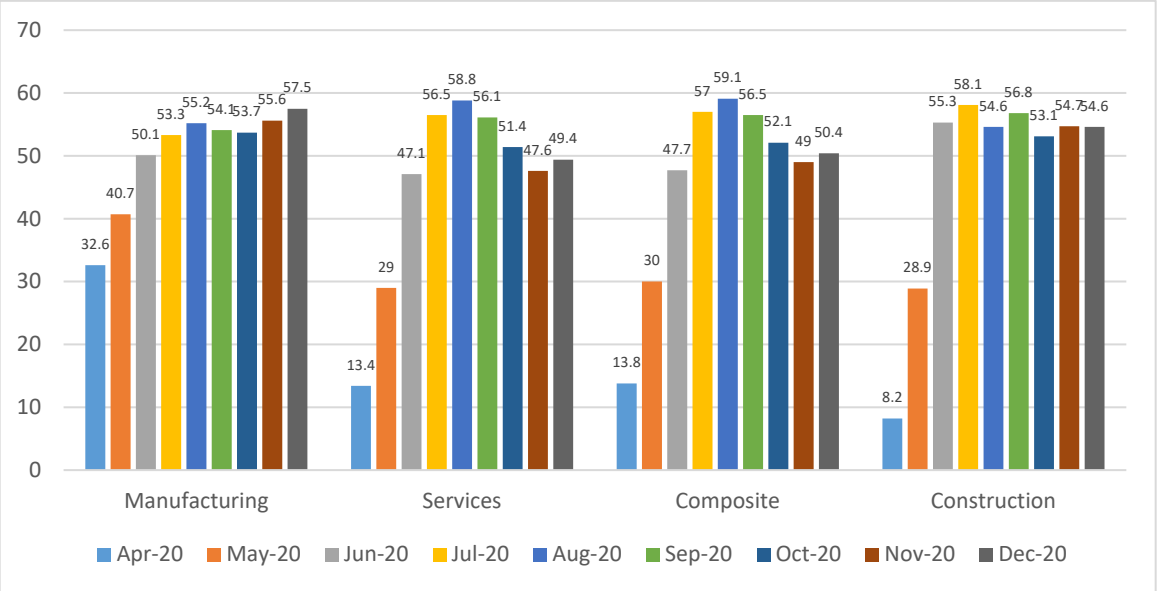
Sources: (i) *ONS*, "Public sector finances: November 2020, 22 December 2020; (ii) *OBR*, Economic and fiscal outlook", CP318, November 2020.

Markit surveys suggested a better December…

Turning to economic indicators, there were signs of some revival in activity in December, reflecting the partial relaxation of Covid-related restrictions at the beginning of the month. Specifically, Markit surveys were firmer, on the whole, in December. Growth firmed in manufacturing and was little changed in construction, whilst the services output decline eased (chart 1).

- The Manufacturing PMI rose to a 3-year high of 57.5 in December, up from November's 55.6.[11] The level of the PMI was mainly boosted by a marked lengthening of suppliers' delivery times and a substantial increase in stocks of purchases as part of preparations before the end of the EU transition period. (The manufacturing PMI is a weighted average of new orders, output, employment, suppliers' delivery times, and stocks of purchases.)
- The Services PMI Business Activity Index improved to 49.4 in December, after November's 47.6, but still below the 50-mark, indicating marginal contraction.[12] Companies reporting a decline in business activity almost exclusively cited shrinking client demand and restrictions on trade due to the Covid-19 pandemic. Where growth was reported, this was mostly confined to residential property, business-to-business services (especially e-commerce), and providers of digital consumer services.
- The Composite index improved to 50.4 in December, after November's 49.0, showing a marginal growth.[13] The overall rise in UK private sector output reflected a strong contribution from manufacturing production (index at 55.9 in December). In contrast, service sector activity decreased again in the latest survey period (noted above). Markit commented "With a third national lockdown underway, service providers will be braced for a sustained period of subdued UK economic conditions and deferred client spending in the first quarter of this year." (The Composite Output Index is a weighted average of the UK Manufacturing Output Index (not the PMI) and the UK Services Business Activity Index (PMI).)
- The Construction Total Activity Index was little changed at 54.6 in December, after November's 54.7.[14] Increased construction activity primarily reflected another sharp rise in house building during December (index at 61.9). Commercial activity also expanded (51.2), whilst civil engineering was the weakest-performing category (48.0). Stronger order books helped to drive the recovery across the construction sector, with survey respondents often citing work on projects that had been delayed earlier in 2020.

Chart 1 UK Markit/CIPS PMIs, April-December 2020



Sources: (i) Markit releases for manufacturing, services and construction PMIs for December; (ii) previous releases for April-November.

…but the car sector remained weak

There was more disappointing news from the car sector according to the Society of Motor Manufacturers and Traders (SMMT). After poor data for November, which showed car manufacturing was down 31.0% (YOY, year-to-November) and new car registrations were down 30.7% (YOY, year-to-November),[15] December car registrations were also weak, down 10.9% (YOY) in the month. The SMMT reported that car registrations fell 29.4% (YOY) in the year 2020, to 1.63 million in "the toughest year for market since 1992".[16] The bulk of the lost sales occurred during the first lockdown in Spring, when showrooms were forced to close and factories were shut down.

The housing market remains buoyant…

The mortgage market remained strong in November, according to the Bank.[17] Net mortgage borrowing by households strengthened to £5.7bn in November, after October's £4.7bn. Recent strength in net mortgage borrowing has, however, only partially offset weakness earlier in the year: total borrowing in the year-to-November (£37.6bn) was below the equivalent in 2019 (£44.0bn). The pick-up in borrowing has followed the high levels of mortgage approvals for house purchase seen in recent months. Encouragingly, the number of approvals for house purchase increased further in November, to 105,000, after 98,300 in October. This was the highest number of approvals since August 2007 and the recent strength in approvals has almost fully offset the significant weakness earlier in the year. There were 715,300 house purchase approvals up to November 2020, close to the number during the same period in 2019 (722,000).

The Bank data support an overall picture of a buoyant housing market, as did the recent price data from the Nationwide Building Society, which showed house prices had increased by 0.8% (MOM) in December to be 7.3% higher YOY, a six-year high.[18-19] In addition, the latest Halifax house price index noted that prices were at a record high in December, though the pace of growth had slowed. Prices rose by just 0.2% (MOM) in December to be 6.0% higher YOY, down from the annual increase of 7.6% in November.[21] Moreover, the Halifax was guarded about future developments, commenting "…in the near-term, and with mortgage approvals still sitting at a 13-year high, there may be enough residual strength in the market to sustain prices up to the deadline for the stamp duty holiday and the scaling back of Help to Buy at the end of March. However, with the pace of the UK's economic recovery expected to be constrained by the renewed national lockdown, and unemployment widely predicted to rise in the coming months, downward pressure on house prices remains likely as we move through 2021."

…but consumer credit has been weak

The Bank's latest data showed that households' net consumer credit borrowing remained weak in November, with households making net repayments of £1.5bn.[20] The growth rate was negative 6.7% (YOY), a new low, compared with negative 5.5% (YOY) in October. Net repayment on credit cards was £0.9bn, and on other forms of consumer credit £0.7bn in November (rounding errors). The annual growth rates both fell further, to negative 14.5% for credit cards, a new series low, and negative 3.0% for other forms of credit respectively.

The USA: a political update

There were two major developments in US politics last week. Firstly, on 7 January the House of Representatives and the Senate certified the final Electoral College vote, following the Presidential Election

of 3 November 2020, with Democrat Joe Biden receiving 306 votes and Republican Donald Trump receiving 232 votes. Joe Biden's presidential inauguration is on 20 January 2021.[22] Secondly, Democrat candidates were successful in winning both Senate seats for the State of Georgia in the run-off elections on 5 January.[23] Following this Democrat success, the new Senate will comprise 50 seats for the Republicans, 48 seats for the Democrats and two seats for independent senators, Bernie Sanders and Angus King, who are very closely allied with the Democrats. The partisan balance in the Senate will, therefore, be tied (prior to the 3 November, there had been a small Republican majority). In these circumstances, incoming Vice-President Kamala Harris, as Democrat President of the Senate, will have any tie-breaking votes, effectively giving the Democrats a very marginal majority (51/50).

By way of background, the 2020 US Senate elections were held on 3 November, with 33 seats (one third) being contested. Winning Senators were elected for six years from January 2021 to January 2027. The 2020 House of Representatives elections were also held on 3 November 2020, for all 435 voting seats. The current House runs for 2 years from January 2021, with Representatives elected for just 2 years. The Democrats retained the majority of seats, though their majority was decreased.

Incoming President Joe Biden's party will, therefore, have control of both the Senate and the House, and this led to speculation that his Government will significantly raise public spending, and the government deficit.[24] Indeed, Joe Biden recently announced he would be announcing a further pandemic economic relief package on Thursday 14 January.[25] This would be in addition to $900bn package of pandemic aid agreed in December 2020.[25]

Brexit update: financial services

The main Brexit-related policy development last week was the start of UK-EU talks on financial services.[26] As we reported last week, the UK-EU Trade and Cooperation Agreement (TCA) noted "…the Parties will discuss how we move forward on specific equivalence determinations".[27-29] The negotiations will aim to draw up a, non-binding, Memorandum of Understanding (MoU) on future cooperation in financial services by March 2021. It was reported that Treasury spokesperson had confirmed that "…the UK and the EU have agreed, in a joint declaration, to establish structured regulatory cooperation for financial services and to agree a MoU by March 2021 to establish a framework for this cooperation".[30] Separately, Bank of England Governor Andrew Bailey, in evidence to the Treasury Select Committee, said that the UK must not become a "rule-taker" for EU regulations and must maintain open financial markets.[31]

As background to the negotiations, EU officials have so far only granted the UK equivalence status in central clearing (for *Central counterparty clearing* houses (*CCPs*), until June 2022) and securities settlement (for *Central securities depositories* (CSDs), until June 2021). The UK has granted UK firms equivalence in 17 areas, allowing much more open trade.[32-33]

…and trade deals

As of 1 January 2021, EU trade agreements with non-EU countries no longer applied to the UK and, accordingly, the Department of International Trade (DIT) has completed, or is in the process of completing, a very significant number of trade deals with non-EU countries.[34-35] Specifically, the DIT has sought to reproduce the effects of trading agreements that previously applied to the UK, through its membership of the EU's Customs Union, to ensure continuity for UK business. Annex table 4a lists the agreements that took effect from 1 January 2021. The DIT noted that "…where the agreement has not yet been ratified, provisional application or bridging mechanisms have been put in place to ensure continuity of trade". In addition, annex table 4b covers the agreements that have been signed, but not yet fully in effect, and annex table 4c covers agreements still in discussion.

In addition, the UK has signed mutual recognition agreements (MRAs) with Australia, New Zealand and the USA. An MRA is an agreement in which countries recognise the results of one another's conformity assessments, which, in turn, are sets of processes that confirm whether a product meets specified legal requirements (these can include testing, inspection, and certification). Note that the DIT was not directly involved in the negotiation of the UK-EU Trade and Cooperation Agreement (TCA).

References

1. *HM Government*, "National lockdown: Stay at Home", 4 January 2021.
2. *HM Government*, "Prime Minister's address to the nation": 4 January 2021.
3. *BBC,* "Coronavirus: MPs back in Parliament for England lockdown vote", 6 January 2021.
4. *BBC*, "MPs back England's new Covid lockdown", 6 January 2021.
5. *CityAM*, "UK on course for double-dip recession amid lockdown 'gloom'", 6 January 2021.
6. *HM Government*, "£4.6 billion in new lockdown grants to support businesses and protect jobs", 5 January 2021.
7. *Daily Telegraph*, "Half a trillion in extra debt 'is quite plausible' as lockdown costs mount", 6 January 2021, reported there was speculation that borrowing could rise to £450bn for FY2020 and £250bn for FY2021.
8. *HM Treasury*, "Spending Review 2020", CP330, 25 November 2020.
9. Ruth Lea, "The Spending Review highlights fiscal and economic costs of the coronavirus pandemic, *Arbuthnot Banking Group*, 30 November 2020.
10. Ruth Lea, "January 2021: a new relationship with the EU, as Covid-related restrictions are tightened further, *Arbuthnot Banking Group*, 4 January 2021, discussed the latest borrowing data.
11. *Markit/CIPS manufacturing PMI*, "'Brexit-buying' and port issues lead to stockpiling and supply-chain disruption at UK manufacturers", 4 January 2021.
12. *Markit/CIPS services PMI*, "Service sector activity falls again in December", 6 January 2021.
13. *Markit/CIPS services PMI*, "Service sector activity falls again in December", 6 January 2021.
14. *Markit/CIPS Construction PMI*, "Construction sector recovery continues in December, led by house building", 7 January 2021.
15. *SMMT*, "UK automotive looks to green recovery strategy after 29.4% fall in new car registrations in 2020", 6 January 2020.
16. *BBC*, UK new car registrations in 2020 sink to 30-year low", 6 January 2020.
17. *Bank of England*, "Money and Credit: November 2020", 4 January 2021.
18. *Nationwide House Price Index*, "Annual house price growth accelerates further in December", 30 December 2020
19. Ruth Lea, "January 2021: a new relationship with the EU, as Covid-related restrictions are tightened further", *Arbuthnot Banking Group*, 4 January 2021, discussed the Nationwide data.
20. Halifax, "House prices end 2020 at record high, but pace of growth has slowed", 8 January 2021.
21. *Bank of England*, "Money and Credit: November 2020", 4 January 2021.
22. *CityAM*, "US Congress certifies Biden win as Trump vows orderly transition", 7 January 2021.
23. Georgia's election laws require that candidates win at least 50% of the vote in the general election but, as this was not achieved, runoff elections were required.
24. *Business Today*, "Joe Biden to unveil trillions in US pandemic economic relief spending next week", 9 January 2021.
25. *BBC*, "Covid: US reaches long-awaited deal for coronavirus aid", 21 December 2020. The $900bn package of pandemic aid, including money for businesses and unemployment programmes, accompanied a $1.4tn spending bill to fund government operations over the next nine months.
26. Daily Telegraph, "Crunch talks seek to nail down City's trading relationship with EU", 7 January 2021.
27. Ruth Lea, "January 2021: a new relationship with the EU, as Covid-related restrictions are tightened further, *Arbuthnot Banking Group*, 4 January 2021, discussed the latest borrowing data.
28. HM Government, "UK-EU Trade and Cooperation Agreement: summary", 24 December 2020.

29. Equivalence is a system which can be used to **grant domestic market access to foreign firms in certain areas of financial services**. It is based on the principle that the countries where they are based have regimes which are "equivalent" in outcome.
30. *CityAM*, "City set for bare bones deal in crunch talks on financial services", 6 January 2021.
31. *CityAM*, "Brexit: BoE boss hits out at EU stance on equivalence for UK financial services", 6 January 2021.
32. *Daily Telegraph*, "Britain must not be forced to take EU rules on finance, says Bank Governor", 7 January 2021.
33. *PWC,* "Equivalence in financial services: current status", 16 December 2020.
34. *HM Government,* "UK trade agreements with non-EU countries", 31 December 2020.
35. *BBC*, "Brexit: what trade deals has the UK done so far?", 31 December 2020.

Annex

Table 1 Government restrictions in response to COVID-19 pandemic

2020	
March, April	First lockdown was introduced on 23 March 2020. All April was in full lockdown.
May	Minor relaxations of the restrictions, including the housing market, mid-May.
June	Relaxations of restrictions, including opening of car showrooms & outdoor markets (1 June), non-essential shops (15 June). Local lockdown in Leicester (30 June)
July	Further relaxations of restrictions, including pubs, restaurants, hotels & hairdressers (early July), outdoor pools & outdoor theatres and beauticians etc (mid-July); indoor gyms, pools & sports facilities (25 July). Local lockdown in Greater Manchester, parts of West Yorkshire (31 July).
August	Further relaxations including those relating to remaining restrictions on close contact services (mid-August).
September	"Rule of six" restrictions (14 September). PM's statement (22 September): office workers encouraged to work at home; pubs & restaurants table service only; hospitality venues must close at 2200; planned return of spectators to sports venues will not go ahead from 1 October. Further local lockdown restrictions in much of England including Birmingham, North East and North West.
October	PM's statement (12 October), 3-tier system announced for England: "medium" (tier 1), "high" (tier 2) and "very high" (tier 3). PM's announcement of second lockdown, England (31 October).
November	Second lockdown (England, 5 November to 2 December). PM's statement on return to 3-tier system (England), but tougher (24 November). Announcement of areas in tiers (26 November)
December	Return to toughened 3-tier system (England, 2 December). 4-tier system introduced, adding tier 4 ("stay at home", including London), on 19 December. Increased coverage of tier-4 restrictions (announcements on 26 December and 30 December)
2021	
January	Third lockdown (England, announced on 4 January), tier 5, "meaning that, if action is not taken, the NHS capacity may be overwhelmed within 21 days". At least until mid-February, legislated until end-March.

Sources: various. Note the dates mainly refer to England

Table 2 Key Government support policies since September 2020

2020	
Winter Economy Plan, JSS announced, 24 September 2020	Job Support Scheme (JSS) to start on 1 November (2 November); Self-Employment Income Support Scheme (SEISS) Grant Extension; extension of four temporary loan schemes to 30 November 2020 for new applications.
JSS amended, 9 October 2020	The JSS expanded to support businesses across the UK required to close their premises due to coronavirus restrictions. Planned to begin 1 November for 6 months.
JSS updated, 22 October 2020	Measures included updated JSS (employer contribution to the unworked hours is reduced to just 5% and reduces the minimum hours requirements to 20%); grants for the self-employed were doubled to 40% of previous earnings.
Package following announcement of 2nd lockdown, 31 October 2020	Furlough scheme (CJRS) extended a month (to 2 December) (paying 80% of wages); mortgage holiday extended; business premises legally forced to close to receive grants worth up to £3,300 per month; £1.1bn provided to LA's to support businesses.
CJRS extended, start of 2nd lockdown, 5 November 2020	Furlough scheme extended to end-March 2021 (paying 80% of wages), SEISS grant (third tranche) covering November-January made more generous (covering 80% of average monthly trading profits, capped at £7,500).
Support for sport, 19 November 2020	£300mn cash injection, largely composed of loans.
Spending Review 2020 (SR20), 25 November 2020	SR20 confirmed an additional £55bn for FY2021 for coronavirus. New 3-year programme to help those out of work for more than a year (Restart programme).
Measures following announcement of new tier 4, 17 December 2020	• The Coronavirus Job Retention Scheme (CJRS) extended until end-April 2021. Government will continue to pay 80% of salary of employees for hours not worked. Employers will only be required to pay wages, NICS & pensions for hours worked; and NICS & pensions for hours not worked. • Businesses given until end-March 2021 to access the Bounce Back Loan (BBL) Scheme, Coronavirus Business Interruption Loan Scheme (CBILS), & Coronavirus Large Business Interruption Loan Scheme (CLBILS). These had been due to close at the end of January.
2021	
Measures following announcement of 3rd lockdown, 5 January 2021	• Grants for retail, hospitality & leisure businesses worth up to £9,000 per property. It is expected to benefit over 600,000 business properties, worth £4bn in total across the UK. • A further £594mn available for Local Authorities & Devolved Administrations to support other businesses not eligible for the grants, that might be affected by the restrictions.

Sources include HM Government website.

Table 3a CJRS, SEISS and other schemes

	Total number of jobs furloughed (cumulative)	Total number of employers furloughing	Total value of claims made
CJRS (as of 13 Dec)	9.9mn	1.2mn	£46.4bn
	Total number of claims made	…	Total value of claims made
SEISS, tranche 1 (as of 19 July), no further updates	2.7mn	…	£7.8bn
SEISS, tranche 2 (as of 15 Nov), no further updates	2.4mn	…	£5.9bn
SEISS, tranche 3 (as of 13 Dec)	1.7mn	…	£4.8bn
	Registered individual restaurant premises		Total amount claimed
Eat Out to Help Out scheme (as of 31 Aug), no further updates	84,700	…	£522mn
	Payments deferred by businesses		Total/cumulative amount of VAT deferred
VAT payments deferral scheme (as of 7 June), no further updates	113,000	…	£27.5bn

Source: *HM Government*, "HMRC coronavirus (COVID-19) statistics", updated 17 December 2020.

Table 3b Business loan schemes

Scheme (as of 13 Dec)	Value of facilities approved	Number of facilities approved (approval rate in brackets)	Total number of applications
CBILS	£198.64bn	82,618 (44.3%)	186,522
CLBILS	£4.97bn	675 (62.7%)	1,077
BBLS	£43.54bn	1,431,987 (75.8%)	1,887,967
	Value, convertible loans approved	Number, convertible loans approved (approval rate)	Total number of applications
Future Fund (as of 15 Nov)	£975.5mn	971 (67.8%)	1,432

Source: *HM Government*, "HM Treasury coronavirus (COVID-19) business loan scheme statistics", updated 17 December 2020. The Future Fund Scheme (FFS) supports start-ups subject to funding matched from private investors, reported on behalf of the British Business Bank.

Table 4a Trade agreements that took effect from 1 January 2021

Country/bloc	Covering (where a bloc)	Total UK trade, 2019 (£bn), exports & imports
Andean countries	Colombia, Ecuador, Peru	£2.9bn
Cameroon	…	£0.2bn
CARIFORUM (Caribbean Forum, a subgroup of the Organisation of African, Caribbean & Pacific States)	Antigua/Barbuda, Barbados, St Kitts & Nevis, Belize, Bahamas, St Lucia, Dominica, Dominican Republic, Grenada, Jamaica, St Vincent et al, Trinidad & Tobago, Guyana	£3.0bn
Central America	Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama	£1.4bn
Chile	…	£2.2bn
Côte d'Ivoire (Ivory Coast)	…	£0.4bn
Eastern & Southern Africa (ESA) trade bloc	Mauritius, Seychelles, Zimbabwe	£1.6bn
Egypt	…	£3.5bn
Faroe Islands	…	£0.3bn
Georgia	…	£0.2bn
Iceland & Norway	…	£26.7bn
Israel	…	£5.0bn
Japan	…	£14.7bn
Kenya	…	£1.4bn
Kosovo	…	£0.01bn
Lebanon	…	£0.8bn
Liechtenstein	…	£0.2bn
Moldova	…	£0.4bn
North Macedonia	…	£1.8bn
Pacific states	Fiji, Papua New Guinea, Samoa, Solomon Islands	£0.2bn
Palestinian Authority	…	£0.01bn
Singapore	…	£17.6bn
South Korea	…	£11.8bn
Southern African Customs Union & Mozambique (SACUM)	Botswana, Eswatini, Lesotho, Mozambique, Namibia, South Africa	£11.9bn
Switzerland	…	£37.1bn
Tunisia	…	£0.6bn
Turkey	…	£18.6bn
Ukraine	…	£1.6bn
Vietnam	…	£5.7bn

Table 4b Signed trade agreements, not yet fully in effect

Agreement	
Canada	Expected to enter into effect in early 2021
Jordan	Expected to enter into effect in early 2021
Mexico	Expected to enter into effect in early 2021

Table 4c Trade agreements still in discussion

Country/bloc	Status of discussions
Albania	Engagement ongoing
Algeria	Engagement ongoing
Bosnia & Herzegovina	Engagement ongoing
Ghana	Engagement ongoing, agreement expected shortly
Montenegro	Engagement ongoing
Serbia	Engagement ongoing

Source: *HM Government,* "UK trade agreements with non-EU countries", 31 December 2020. There are also special arrangements with San Marino and Andorra, which are part of the EU's Customs Union.