

Press Release
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UK firms resist move east, IoD says

The recent expansion of the European Union is not leading to the predicted flow of British business to Eastern Europe, the Institute of Directors (IoD) said today. Despite the low-cost advantages of some of the new member states, 80 per cent of UK companies surveyed by the IoD said they had no intention of outsourcing any of their operations.

Fears that EU enlargement would lead to many companies shutting down their British operations to move east appear to be unfounded, with only 13 per cent of bosses saying they have considered switching business activities to one of the ten new member states.

James Walsh, Head of European and Regulatory Affairs at the IoD, said:

"Although there have been some high-profile examples of companies switching production to the new member states, our survey suggests that these cases are the exception rather than the rule. Britain remains a good place to do business, but there is no room for complacency."

British businesses are keen to trade with the new member states though, the IoD survey suggests. Some 35% of respondents are already doing business with the accession nations, with Poland, Hungary and the Czech Republic the most popular trading partners.

James Walsh, said:

"We can expect the new member states to bring a welcome blast of enterprise to the EU. IoD members are already recognising the potential to open up new business opportunities in these ambitious countries."

However, a note of caution was sounded on the issue of red tape, with almost 70 per cent of businesses saying they expected an increase in the volume of EU-generated regulations on business following Enlargement.

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