The Big Picture in 2020

What Did We Learn During the Crisis?

COVID-19 Cratered 2020 Economic Growth – But Hit Some Nations Harder than Others

At the start of 2020 the IMF expected global growth to be a steady-but-unspectacular 3.3%. Within weeks that was history as the biggest global public health crisis in a century locked down society and business – and jolted economies into reverse gear.

The global economy will shrink by 4.4% this year, with some countries having fared better than others.

- **China** (87,000 COVID-19 cases*) is the only major economy expected to deliver growth in 2020 (+1.9%), reflecting its success in suppressing COVID-19 during the first wave and the resilience of its industrial sector.
- **The US** (16 million cases) will suffer a 4.3% drop although sectors such as housing and retail have been relatively robust. More broadly in the Americas, **Canada** (440,000 cases) has seen a 7% hit, **Brazil** is down 6% and **Mexico’s economy** will fall by 9%.
- **Europe** has suffered two major waves of the pandemic, with COVID-19 restrictions paused for only a brief few months over the summer. **France** (2.3 million cases), the **UK** (1.8 million) and **Italy** (1.8 million) have all been particularly hard-hit, with a likely 10% drop in GDP. Germany (1.3 million) experienced a milder first wave that was less dire than in many EU nations, but the second wave has been more serious – and the economy is expected to drop by 6%.
- **India** (9.8 million cases) has been one of the worst affected in both health and economic terms. GDP is expected to shrink by over 10% following deep recession in Q2-Q3.

Global Financial Markets Held Strong – And Ended on a High

One of the positive legacies from the Great Financial Crisis has been a strongly-capitalised banking sector. As a result, no serious ‘credit crunch’ liquidity risks arose even at peak uncertainty in early 2020.

Most central banks and national Governments have adopted a ‘whatever it takes’ mantra to steer economies and markets through the pandemic – through jobs and business support packages, ultra-low interest rates and large-scale asset purchases / quantitative easing. The bill is still being totted up, and runs to $ trillions globally, but the decisive action calmed markets and stemmed short-term employment losses.

Global equities were shaken in the early stages of the pandemic – with sectors such as aviation, travel and hospitality suffering big hits to share prices this year – but stock markets have proved an unlikely success story with a 10%+ annual gain expected.

One factor has been buoyant valuations for tech and telecoms stocks which (including Amazon) now account for 45% of the S&P 500. In November, market optimism following **Joe Biden’s success in the US election** and vaccine breakthroughs added further fuel to the market rally.

**M&A** also surged from mid-2020 onwards – with nearly $500 billion of deal value in Q3 alone according to Refinitiv data – more than double Q3 last year – with private equity playing an ever-larger role.

Relations with China Dominated Geopolitics

Tensions were already running high between Western nations and China even before the emergence of the novel coronavirus COVID-19 in Wuhan. Business is increasingly caught in the crossfire of rising political, trade and security tensions. 2020 saw:

- **US-led opposition to Huawei 5G technology.** The UK, Australia and Sweden followed the US in phasing out the company from its core 5G networks.
- **A trade (and diplomatic) row between China and Australia –** China’s largest trade partner was on the receiving end of tariffs on wine and other products.
- **Clashes on the India-China border.** A series of border skirmishes raised concerns of a more serious conflict taking hold. India also took aim at China’s tech during 2020 – banning 200 Chinese apps.
- **A controversial new Chinese National Security law in Hong Kong.** After several years of pro-democracy protests in Hong Kong, China implemented broadly-drafted security laws regarded by the international community as having reneged on the ‘one country, two systems’ commitment given when the UK returned Hong Kong to Chinese rule in 1997.

* Source: Worldometer – cases as at 11 December 2020
BIG PICTURE... 2020
THE SHAPE OF GROWTH – WHAT A DIFFERENCE A QUARTER MAKES

Q2 COLLAPSE...
Global growth slumped by 11% in Q2 as almost all major economies suffered their worst downturns in a century. The exception was China – which was ‘first in and first out’, with its economic shock falling in Q1 (6.8% drop) followed by a 12% rebound in Q2.

Q3 BOUNCE...
Relaxation of social and business restrictions, helped by warmer summer weather, allowed most economies to claw back some of the economic lifeblood lost in Q2. India was a notable exception, with big drops in both Q2 and Q3.

Q4 HARD SLOG...?
A major second wave of COVID-19 infections – notably across Europe and the US but excluding much of China and Asia – has driven renewed lockdowns and business restrictions in late 2020. Many countries are expected to post GDP falls in Q4 and potentially into Q1 2021 – but more modest than the plunges seen in Q2.

Source: OECD. Data rounded to nearest whole number.
COVID-19 dominated the media 24/7, but should not obscure a year of other significant economic, political and corporate developments.

**IN OTHER NEWS…**

- **January**
  - US-China ‘Phase 1’ trade agreement
  - Much of the 2019 ‘trade war’ tariffs remained in place but the deal halted further escalation
  - WHO officially declares COVID-19 a global pandemic
  - Jeff Bezos net worth grows to over US$150 billion
  - China-India border clashes
- **February**
  - US leaves the EU
  - US interest rates cut to near-zero
  - George Floyd death sparks global Black Lives Matter protests
- **March**
  - US-Mexico-Canada Trade Agreement ("NAFTA 2.0") comes into force
  - New China National Security law enacted in Hong Kong
- **April**
  - Apple $2 trillion valuation
- **May**
  - €750 billion EU Recovery Fund
  - For the first time the EU will issue bonds collectively as a single bloc with pooled risk across the EU-27
  - China/Asia trade deal
  - The Regional Comprehensive Economic Partnership (RCEP) comprises ten Southeast Asian countries, alongside China, South Korea, Japan, Australia and New Zealand
- **June**
  - Suga Yoshihide becomes Japan’s Prime Minister
- **July**
  - Joe Biden wins US Election
  - China halts Ant Group IPO – which had been expected to be the world’s largest ever IPO
- **August**
  - Tesla hits $500 billion
  - The electric vehicle pioneer is now worth more than five times the combined value of GM and Ford
- **September**
  - Apple $2 trillion valuation
  - Suga Yoshihide becomes Japan’s Prime Minister
- **October**
  - China/Asia trade deal
  - The Regional Comprehensive Economic Partnership (RCEP) comprises ten Southeast Asian countries, alongside China, South Korea, Japan, Australia and New Zealand
- **November**
  - UK-EU Brexit transition ends
- **December**
  - Joe Biden wins US Election

**THE BIG PICTURE FOR BUSINESS • IN OTHER NEWS**
Although the overall shape of economic growth this year looks likely to be a "W" (essentially a double-dip downturn tracking the two major waves of COVID-19) the impact across different industry sectors has been "K"-shaped.

Sectors reliant on social contact or mobility have been hit to the point of near destruction; other sectors have thrived as life has re-focused around technology and the ‘home economy’.

Tourism and travel

The UN World Tourism Organisation estimates a loss of US$1 trillion in export revenues from tourism in 2020, with 1 billion fewer tourist arrivals and up to 100 million jobs at risk.

Housing

Mass homeworking helped drive a rise in housing transactions, with commuter belts expanding as people judged that they were unlikely to return to the office full-time. UK housing activity/prices boomed in Q3 and Q4 – fuelled by stamp duty relief to March 2021.

Logistics and distribution

Amazon hired 100,000s of additional workers to deal with the leap in online retail demand – and there was strong growth in logistics and warehousing.

The Home Economy

Netflix signed up double the forecast number of new members in Q1 2020 – with other lockdown winners including home exercise retailers such as Peloton, DIY, home furnishing and (home) office IT.

Life sciences

Cutting-edge science has crunched what usually takes a decade into 10 months, with highly successful COVID-19 vaccines securing approval and billions of doses on order.

Supermarkets

March was a record month for UK supermarkets as people stockpiled goods. All saw substantial rises in online and click-and-collect services throughout the year - though profits were offset to some degree by the cost of in-store ‘COVID Secure’ measures.

Aviation

The International Air Transport Association estimates that 2020 passenger numbers will be down 60%, with a US$500 billion loss of revenue and operators cutting costs at US$1 billion per day to stem losses.

Leisure and hospitality

Leisure and hospitality venues suffered from ‘on off’ trading conditions as lockdowns were imposed/ eased. There were also significant knock-on impacts throughout the supply chain. Coca Cola saw sales drop by 25% during lockdowns.

Online retail and delivery services

In the US, online spending increased by 25%. Walmart posted a 97% Q2 rise in online shopping revenues and Best Buy delivered a mammoth 242% increase.

Tech

Zoom’s revenues soared by 169% in Q1 and 365% in Q2. Use of Microsoft Teams has quadrupled.

High street retail

A raft of long-standing retail brands fell into administration during 2020 – including the Arcadia Group (owner of Topshop) and Debenhams.
**POST-COVID ... FROM CRISIS TO RECOVERY**

The winter wave of COVID-19 is likely to blight the initial months of 2021 with muted economic growth (or worse). But the expectation is that widespread vaccination programmes in Q1-Q2 will herald a decisive moment of ‘liberation’ and uplift for society and business.

- Global growth is expected to rebound to 5.2%* - more than the 4.4% decline in 2020.
- Increased consumer and business confidence will drive growth in major economies. The bounce in Q3 2020 is seen as a taster for what is expected, on a more sustained basis, as pent-up demand and investment is unleashed during mid-late 2021.
- China’s growth rate is expected to rebound to 8.2% - accounting for an astonishing 1/3rd of all global growth.
- India’s economy is expected to rebound by 8.8% but this reflects only partial recovery from the large declines seen in 2020.
- US growth is expected to be a moderate 3.1%, reflecting a likely difficult winter period impacting Q1. Neighbouring Canada is expected to post 5.1% growth.

- European economies are forecast to be in the range of 4-6% growth – with France and the UK leading the pack (6%) followed by Italy (5.2%) and Germany (4.2%).
- Government and central bank policies are likely to continue to support recovery. Despite eye-watering levels of debt most countries look set to rely on low interest rates (and debt servicing costs) to maintain at least some degree of government investment and business support to bolster recovery. Debates will hot up on the future tax rises and/or spending cuts needed to repair public finances.
- It will be a crunch year for ‘social contact’ sectors. Some of the most battered industries in 2020 will be banking on COVID-19 restrictions being lifted and – crucially – a return of consumer confidence to mix in close contact with others. Aviation, tourism, hotels, events, leisure experiences and public transport systems will be anxiously eyeing the transition from ‘COVID Secure’ to a truly post-COVID environment. There will be business innovation to assure customers that the highest standards of hygiene are in place.

**POST TRUMP ... PRESIDENT BIDEN US POLICY SHIFTS?**

Markets and corporates have responded positively to the election of Joe Biden. At the time of writing, it looks likely that there will be Democratic control of the House of Representatives but a Republican majority in the Senate.

Most predict that:

- Democratic/Republican political gridlock is likely to stall the more radical Democratic Party proposals to overhaul corporate taxation and regulation.
- A financial stimulus package is likely to be agreed between the Democrats and Republicans in late 2020 or early 2021 – boosting markets and the US economy.
- The US will re-commit in key areas of global co-operation – notably the Paris Climate Accord, the World Trade Organisation, NATO, the World Health Organisation and is considering a renewal of the Iran nuclear deal.
- China will be the exception - with a deep US bi-partisan consensus that China is now a strategic rival requiring tough US policy positions on trade, cyber security, technology, intellectual property and South China Sea territorial disputes.
- US-EU tech regulation will remain unfinished business – and could be the main area of tension in otherwise warmer US-EU relations under President Biden, particularly in seeking a united stance on China.

*Source: All growth figures from IMF World Economic Outlook, October 2020*
GROWTH MAP 2021
WHERE WILL RECOVERY BE STRONGEST?

Source: IMF World Economic Outlook, October 2020
**HIGH OR RISING**

**Investor ‘dry powder’?**
Investors were understandably cautious in 2020 – but capital-raising continued and 2021 looks set to be a much more active year. Private equity funds alone now hold approximately $1.7 trillion of cash with substantial ‘dry power’ also in real estate focused funds.

**Government debt?**
Across OECD countries, public debt levels are expected to hit 140% of GDP. Political and economic necessity is likely to see spending and debt levels high until the post-COVID-19 recovery is secured – supported by low interest rates.

**Taxes?**
With government debt high and rising, we can expect debate on potential tax rises. In the UK, this is mooted to include capital gains tax and pension relief reforms.

**Corporate distress / insolvency?**
Massive financial support packages protected business and jobs during 2020 but corporate distress is likely to rise as this is phased out in 2021 – also impacting banks exposed to pandemic-related business support loans.

**Interest rates?**
Central banks have held interest rates at ultra-low levels – and the Bank of England has even started to explore the possibility of negative interest rates in the UK.

**International trade?**
The WTO forecasts a 9% drop in global trade volumes in 2020 followed by a 7% bounce-back in 2021. But the overall picture remains of muted global trade growth due to trade tensions and more localised supply chains.

**Household savings – and spending?**
Household savings have surged through natural caution and the practical inability to spend. This ‘pent up’ potential spending in 2021 is estimated at up to 10% of GDP.

**Unemployment?**
The phasing out of Government support packages in 2021 could add to the significant job losses during 2020. UK unemployment is expected to peak at around 7.5%.

**Inflation?**
Higher unemployment and precautionary saving by consumers into 2021 is expected to keep inflation low.

**Growth?**
Global growth is expected to rebound to 5% in 2021.

**HIGH OR RISING**

**LOW OR SLOW**

**HIGHS AND LOWS IN 2021…?**
RISK SNAPSHOT 2021: WHAT COULD GO RIGHT (OR WRONG) IN THE NEXT TWELVE MONTHS?

**Higher Probability**

**Global boom**
Some argue that the release of pent-up demand and productivity gains coming out of the pandemic will drive a much bigger and sustained boom. As Goldman Sachs describes it: “The Roaring 20s Redux.”

**Social distancing continues**
Whether due to ongoing public health rules or a persistent ‘fear factor’ (even post-vaccines) this would hold back a full recovery.

**POSITIVE IMPACT**

**US-China ‘grand bargain’**
A comprehensive deal that brought the two largest nations together on trade, tech, IP and security would re-boot globalisation.

**COVID-19 ‘cure’**
A fully effective treatment in addition to vaccines would effectively eradicate COVID-19 risk.

**LOWER PROBABILITY**

**Social distancing continues**
Whether due to ongoing public health rules or a persistent ‘fear factor’ (even post-vaccines) this would hold back a full recovery.

**NEGATIVE IMPACT**

**Inflation surges**
This would squeeze household and corporate spending power – holding back recovery. On the plus side, it would reduce government debt piles in real terms.

**Equities crash**
Markets remain buoyant but some fear that rocketing valuations (especially in tech) are a bubble ready to burst.

**Vaccine setbacks**
The sheer scale of global mass vaccination means there are still significant manufacturing and distribution hurdles – and even isolated safety concerns could hit vaccination rates.

**Third COVID-19 wave affecting China/Asia**

**Major cyber incident**

**Interest rates soar**
Which would create huge pressure on debt servicing costs and risk damaging defaults.
THE BIG PICTURE 2021

POST TRUMP, POST BREXIT, POST COVID?

POST-BREXIT... CALMER WATERS OR FRESH FLASHPOINTS?

Brexit happened – strictly speaking – in January 2020. In reality, it is a process that will continue to unfold over many years.

2021 will see the first tests of how effectively the UK and EU can adapt to a new political and legal relationship and how quickly they can provide certainty and confidence to business – particularly sectors such as automotive, manufacturing, food and beverage, financial services and life sciences – as the UK becomes a ‘third country’ in EU terms.

• The UK focus will be on securing fresh trade deals and re-booting its domestic investment agenda. The UK Government has committed to major investments in green energy, infrastructure, regional regeneration, defence, health and the tech sector. The symbolic and economic prize of securing a US trade deal will be high on the agenda.

• The EU-27 will embark on its €750bn recovery programme to repair the fallout from COVID-19. It will also push ahead with its Green Deal – setting tougher targets to reduce CO2 emissions by 55% by 2030 (compared to 1990 levels).

• The European Central Bank (ECB) announced nearly €3 trillion in asset purchasing focused on green recovery objectives.

• US climate policy will shift under President Biden. The US will re-join the Paris Climate Accord and Biden has appointed John Kerry, one of the architects of the Paris deal, as the US envoy on climate. The aim is for the US to be carbon net-zero by 2050 – backed by up to US$2 trillion of investment.

FROM COVID-19 TO CLIMATE?

COVID-19 kicked back the set-piece COP26 climate conference into 2021 but also brought home the urgency of global co-operation to tackle existential threats – with climate change top of the post-COVID-19 agenda.

The 2020s are seen as a pivotal decade to deliver tangible global agreement and action. 2020 saw a number of notable developments in that direction:

• China committed to become carbon neutral before 2060.

• The UK committed to net zero by 2050 and announced a ‘Green Industrial Revolution’ package. Its proposed ban on new diesel, hybrid and petrol vehicles was accelerated from 2040 to 2030.

• The European Commission launched its Green Deal – setting tougher targets to reduce CO2 emissions by 55% by 2030 (compared to 1990 levels).

• Investors and energy majors are increasingly shifting towards low carbon energy. For example:
  — In 2020 the market cap of the world’s largest solar and wind power company – NextEra Energy – exceeded that of ExxonMobil.
  — The world’s largest fund manager, Blackrock, announced that climate change and sustainability would be at the heart of its future strategy and doubled its investments in green funds.
  — BP will reduce production in oil and gas by 40% before 2030 and ramp up investment in renewables. Royal Dutch Shell committed to cut carbon emissions to net zero by 2050.
  — Unilever committed to non-fossil fuel sources for its cleaning and laundry products by 2030.

Lockdown conditions saw global emissions fall by 7% in 2020. Something close to that feat will need to be replicated on a sustained annual basis to deliver net zero targets. 2021 will be a key year to refresh the global framework to make big steps forward – and for business to assess its own climate and sustainability stance and new opportunities coming out of the wave of ‘green recovery’ investment.
WHAT NEXT FROM CHINA?

In relative terms (given a global pandemic) 2020 was a success for China and it will look to deepen its political and economic influence further in 2021. Its next Five Year Plan will be finalised in March 2021 and will focus on:

- Technology self-reliance.
- A ‘dual circulation’ strategy to boost domestic demand alongside exports.
- ‘High quality’ rather than ‘high quantity’ growth - including low carbon development.
- Further ‘Belt and Road’ global infrastructure investment.
- A renewed commitment to international collaboration in trade, investment and governance.

There is no suggestion that rising friction with the international community will fundamentally change China’s assertive approach on the global stage. This suggests an ongoing risk of further trade wars and/or sanctions for corporates to navigate when operating across North American, EU and Asian markets.

AND FINALLY … DEFERRED FUN IN THE 2020 REPLAY

Provided that public health risks dissipate during 2021, the calendar will be crammed with events that suffered the painful agonies of uncertainty followed by grim cancellation in 2020.

- The Olympics will take place in Japan - starting in July.
- The Euro 2020 football championships will kick off in June.
- On the business front, the Dubai Expo 2020 takes place – spanning several months from October onwards.

Businesses will start to assess how and when to resurrect face-to-face meetings and larger scale conferences. After the isolation and frustrations of 2020, the yearning for social contact – for business and pleasure – is likely to sky-rocket. Here’s to a safer, healthier and more pleasurable year ahead.
HOT TOPICS FOR BUSINESS 2021

POST BREXIT BRITAIN

The UK left the EU on 31 January 2020 but the crunch point for business will be 31 December 2020 when the transitional period ends – and a new era of UK-EU relations begins. Business will face significant change and new requirements from 2021 – and the UK’s legal landscape will continue to evolve as domestic laws start to diverge from the EU.

Four key areas to consider will be:

1. **The new UK-EU customs border**
   - UK-EU traders will need to comply with customs formalities when importing and exporting goods including:
     - Completing and submitting customs declarations
     - Obtaining applicable import and/or export licences
     - Paying applicable import VAT and excise duties
     - Unless an FTA is struck – paying applicable tariffs

2. **Supply chains**
   - The new UK-EU customs border will add risk and complexity to cross-border supply chains with a need to:
     - Map and understand key suppliers
     - Build contingency plans for potential delays
     - Review supply contracts in areas such as delivery, delay, pricing, tariffs and currency exchange risk
     - Consider diversifying suppliers to add resilience

3. **Workforce**
   - UK employment law derived from EU-law will initially remain in full force, but workforce issues could include:
     - Immigration issues and Settled Status applications for employees/new recruits
     - Work visas for business travel
     - The operation of European Works Councils

4. **Regulation / non-tariff barriers**
   - The UK will be a ‘third country’ in EU regulatory terms and UK/EU regulations will start to diverge. Potential requirements for business include:
     - Opening new offices in the UK and/or EU
     - Additional rules/costs for EU-based distributors of UK goods – as they will be ‘importers’ from 2021
     - Additional product registrations or certifications from within the EU to add to pre-2021 UK equivalents

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**MORE ON BREXIT ISSUES?**

Gowling WLG’s Brexit Unit team are helping our clients navigate this period of flux and ensure successful cross-border operations for the future.

Our full range of resources are here:

www.gowlingwlg.com/brexit
The pandemic led to an overnight mass home-working experiment. 2021 will pose fundamental questions for employers in terms of the right balance between continued home working and bringing people back into the workplace. Government furlough support is also due to be phased out, crystallising for some businesses difficult redundancy or restructuring decisions, potentially exacerbated by Brexit.

Jane Fielding, Partner, Head of Employment

Hot topics for our clients in 2021:
- New home working policies and contracts (e.g. insuring information security)
- Health and safety challenges of homeworking/retuming to the workplace
- Managing longer term COVID-19 risk, e.g. corporate vaccination and/or testing policies
- Transitioning from Government furlough support – redundancy and restructuring issues
- Planning for retention and business protection when job market opportunities improve

RISK AND RESILIENCE

Specialist insurance extensions that clients believed would cover them for business interruption during government-ordered ‘lockdowns’ had never been tested on a large scale or with a pandemic in mind. Claims and litigation are likely to continue well into 2021 and it is prompting many to start a more fundamental review of long-term business risk and resilience.

Sam Holland, Partner

Hot topics for our clients in 2021:
- Claims for COVID-19 losses during 2020/21
- Reviewing insurance terms and renewals – and potential pandemic-related exclusions
- Directors and officers liability policies – given the particularly difficult decisions facing corporate boards during/after the pandemic
- Auditing future business risks, crisis scenarios and insurance options

DIGITAL TRANSFORMATION

When crisis struck in 2020, everyone turned to tech – it has dominated our waking hours whether for business or leisure. We expect a further acceleration of digital investment in 2021 as more organisations shift business models towards tech, whether through internal innovation or partnering/M&A across the tech ecosystem.

Alex Brodie, Partner, Co-Head of Tech Sector

Hot topics for our clients in 2021:
- Harnessing the benefits of 5G and Internet-of-Things (IoT) technology
- Artificial Intelligence (AI) opportunities and risk management
- Data and analytics regulation
- Intellectual property protection for digital innovations
- Potential regulatory reforms or investigations, particularly in the US and European markets

ESG AND THE ‘GREEN RECOVERY’

Environmental, Social and Governance (ESG) factors have been rising up the corporate and investor agenda for several years – and the 2020s will be a key decade to make progress on climate change, starting with ‘a green recovery’ post-COVID.

Ben Stansfield, Partner

Hot topics for our clients in 2021:
- Increased focus on sustainable development and low carbon infrastructure, housing, commercial property and regeneration schemes.
- Rapidly growing opportunities in green energy and broader sustainability products and services.
- Greater scrutiny of corporate and investor climate commitments in the lead up to the COP26 climate conference.

REAL ESTATE (R)EVOLUTION

The pandemic broke the daily habits of billions around the globe in how they used their homes and commercial/retail real estate. With greater clarity in 2021 on post-COVID valuations and the behavioural changes that will stick for the long term, we see significant market activity and opportunity ahead – with some evolution but also potentially some radical revolution too.

Richard Rats, Partner, Head of Real Estate

Hot topics for our clients in 2021:
- Re-thinking the role of the corporate HQ alongside homeworking
- Capitalising on the e-commerce logistics boom
- Restructuring commercial leases – particularly in retail and offices
- Investing in alternative asset classes such as senior living and student housing
- Multi-use regeneration schemes
- Innovative housing developments

SUPPLY CHAINS AND DE-GLOBALISATION

COVID-19 brought into sharp focus the complex, independent and global nature of critical supply chains for many organisations. Heading into 2021, many are reflecting on how to develop a supply chain with greater resilience and flexibility – knowing that COVID-19 is unlikely to be the last supply chain crisis given trade wars and Brexit.

Sarah Riding, Partner

Hot topics for our clients in 2021:
- Building supply chain resilience
- Considering re-shoring or nearshoring suppliers
- Sustainability in the supply chain
- Innovative ways to monitor supply chain risk
- Brexit - the new UK-EU customs border impact
- Opportunities from new free trade agreements – or risks from trade tensions and tariffs

BACK TO THE OFFICE – OR NOT?

The pandemic led to an overnight mass home-working experiment. 2021 will pose fundamental questions for employers in terms of the right balance between continued home working and bringing people back into the workplace. Government furlough support is also due to be phased out, crystallising for some businesses difficult redundancy or restructuring decisions, potentially exacerbated by Brexit.

Stuart Young, Partner, Head of Corporate, Finance and Tax

Hot topics for our clients in 2021:
- Brexit-related wins to invest in will emerge in 2021 whether a UK-EU trade deal is agreed or not
- The digital revolution has been thrown into top gear, increasing opportunities in everything from banking disruptors to cybersecurity
- Healthcare / life sciences private equity investments will be ripe for the taking, as with tech
- Net zero finance and tapping into the move towards a Green Economy, with a focus on investing in alternative asset classes including sustainable products and services
- Distressed debt and insolvencies will produce an uplift in M&A opportunities
- Increases in global economic activity will cause commodity demands and consequent natural resources activity

OPPORTUNISTIC INVESTING IN 2021

Turning a crisis into an opportunity will be a key focus for investors in 2021. Stock markets will reveal which companies and sectors had the resilience to weather the lockdown storm (or not). Private equity houses with dry powder will be keen to take advantage of fresh investment opportunities. Everybody will press play on plans that have been paused while Brexit and the pandemic have created market uncertainty. It will be an active year for buyers, sellers, borrowers and lenders.

Sam Holland, Partner

Hot topics for our clients in 2021:
- Re-shaping the M&A landscape
- Selecting winners and losers within vulnerable sectors
- Considering innovative real estate structures to unlock value
- Planning for retention and business protection when job market opportunities improve
Gowling WLG, Official Legal Advisers - Birmingham 2022 Commonwealth Games.