

Business and Trade Committee

Oral evidence: Export-led growth, HC 289

Tuesday 5 March 2024

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Members present: Liam Byrne (Chair); Anthony Mangnall; Andy McDonald; Mark Pawsey.

Questions 1-39

Witnesses

I: William Bain, Head of Trade Policy, British Chambers of Commerce, Kate Foster, Head of International Affairs, Federation of Small Businesses, John Cooke, Chairman, Liberalisation of Trade in Services Committee, TheCityUK, and Nick von Westenholz, Director of Trade and Business Strategy, National Farmers Union.

Examination of witnesses

Witnesses: William Bain, Head of Trade Policy, British Chambers of Commerce, Kate Foster, Head of International Affairs, Federation of Small Businesses, John Cooke, Chairman, Liberalisation of Trade in Services Committee, TheCityUK and Nick von Westenholz, Director of Trade and Business Strategy, National Farmers Union.

Q1 Chair: Welcome to this morning's sitting of the House of Commons Select Committee on Business and Trade, for our first evidence session in our inquiry on export-led growth. First, let me say that I am delighted that this morning, during private business, the Committee agreed its report on the Post Office. That will be published, without embargo, on Thursday morning.

We can now begin our evidence session. I thank our witnesses for joining us this morning. William, perhaps I could start with you. We have had a number of targets over the last eight to nine years to hit £1 trillion in exports by 2030. The Secretary of State is not 100% in the same place as the OBR, but that's the business we're in. What is your view on whether having the £1 trillion export target is useful and whether it is achievable?

William Bain: It is useful for the UK to have clear targets for exports and how those will link with other key policies—for example, industrial policy, foreign policy, and increasingly security and defence. I think the danger of simply having one target is that it does not reflect the panoply of areas in which we are trading. For example, there is no target for services, even though compared with 10 years ago our services growth is expanding at a good rate—5.3% last year, in terms of chained volumes, so that is a real success story—and the £1 trillion target has no category within it for increasing green trade either. So I think it is useful to have the target, but it is not sufficient to reflect the panoply of activity that businesses are seeking to engage in to increase their export capacity.

Q2 Chair: On current trends or current information, how confident are you that we will reach that target?

William Bain: It doesn't look like we will reach it by the end of the decade. It is going to be well into the next decade—

Chair: "Well" into the next decade?

William Bain: Yes. Obviously, in looking at whether Government and business have met that target, it depends on where inflation goes and whether you take out the effects of inflation. Clearly, extra efforts will be needed if we to bring forward the date by which we get to the £1 trillion level.

Q3 Chair: I see. Kate Foster, what is your view? Is it useful to have that target, and how do you feel about us actually hitting the number?

Kate Foster: I agree that it is useful to have a target, but like William, I think that the current target does not reflect accurately the nuances, particularly when you are looking at trade and exporting within the UK small business community. We know from speaking to our members that small business exports are generally relatively low value and low volume. HMRC data reported that, in 2020, businesses with over 250 employees were approximately 2.5% of the number of UK exporters but represented over half the value of goods exported. So when we have an overall value target, I think we risk not sufficiently looking at increasing the number of small businesses that might be curious about exporting but do not quite know how to start, or do not have sufficient resources to be able to take that first step. We are also missing an opportunity to increase the proportion of an SME's sales that comes from exports. Our data shows that about two thirds of exporting businesses with FSB membership say that exports account for less than 25% of their total sales, so there is a real opportunity to increase that.

Q4 **Chair:** Would you prefer to include a target for small business exports?

Kate Foster: I think that would be useful, yes.

Q5 **Chair:** Would that be an easy thing to establish?

Kate Foster: Previous FSB data—pre-EU exit—suggested that there was the potential to double the number of UK exporter SMEs. The number is perhaps lower now, given the struggles with cost pressures from all sides, but I think a target to increase by a certain percentage the number of SMEs that are exporting would be useful.

Q6 **Chair:** What is the value to SMEs of exporting? Obviously, it is extra sales, but does it do anything for their general strength and competitiveness?

Kate Foster: It does. SMEs that export are generally more likely to grow quicker, and they are more likely to be resilient in the face of economic disruption as well.

Q7 **Chair:** That is very useful. Nick, what is your view?

Nick von Westenholz: I agree that a target is a good thing—better than not having a target. It provides a basis for ambition to grow exports. I agree with Kate's point about the benefits of that for domestic businesses. A lot of agrifood businesses are small businesses, and we see the benefit in growing exports in particular where there is a very competitive domestic retail sector, as there is in the UK, just to add a bit more competition to that.

Echoing what Kate said, one of the challenges of having a target is that it is quite simplistic. We see in agrifood, for example, quite a variation in export performance and potential across different sectors. If you look at export growth in agrifood prior to 2019, before the pandemic and other factors, it was over 6% a year. I sit on the Food and Drink Export Council as well as representing NFU and we have looked at how agrifood contributes to that race to £1 trillion—



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Q8 **Chair:** Within a £1 trillion export target, would you prefer to have a supplementary target around agribusinesses, for example?

Nick von Westenholtz: Yes, I think so. I mean, why not? Perhaps even look at it more granularly than that, because there are differences between sectors. Also, there is the potential for large businesses in commodities to grow quite quickly, whereas what we see as beneficial domestically is focusing also and perhaps even more on smaller businesses in more specialised high-value products—not solely, but there is a benefit there. Getting growth and hitting that target is going to be more difficult if that is where your focus is, but there is a benefit in focusing on those parts of the economy.

Q9 **Chair:** Brilliant. John, do you want to just round out the panel? Is it a good idea?

John Cooke: I agree pretty much with the other speakers. In any policy, it is useful to have targets and outcomes that are expected from the policy, but of course a simple global figure doesn't really mean much by itself. If the Government are to give form to the strategy for this, one would need to look for instance at how specific subsectors among UK exports can be increased.

For instance, last year—2023—UK exports of services exceeded UK exports of goods for almost the first time, I think. They represented 54% of exports. I ought to have the figure for how much within that is accounted for by financial and related professional services, which is my area, but I don't. I can send it to you.

Clearly, if the strategy is to lead to a particular figure, the strategy has to be reflected in subsidiary targets and subsidiary activities by individual parts of Government, including regulators, have to be attuned to achieving that export target.

Q10 **Chair:** Do you have a feeling about whether that £1 trillion export target will be met?

John Cooke: No, I don't. I confess I have not looked at that.

Q11 **Chair:** Nick, do you have a sense of whether the target will be met?

Nick von Westenholtz: Not that total. As I say, on the food and drink aspect of it, I think it would need to be a growth of a little bit under 5% a year. That is certainly possible in food and drink, but that is 5% of total exports of goods and services, so whether that gets us near to £1 trillion is—

Q12 **Chair:** William and Kate, your view is that we are probably not going to hit that target as things stand?

Both witnesses indicated assent.

Chair: Okay, perfect. Thank you very much.

Q13 **Andy McDonald:** I will first ask William and then perhaps John about



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this. The Department for International Trade published a report of research that it commissioned on barriers to exporting by UK businesses. It listed a few things: attitudinal barriers, trade costs, lack of knowledge, perceived or real lack of capacity, and limited access to contacts or the right networks. Therefore the opening question, William, is, given that framing, what are the key steps that a business has to take to become a successful exporter?

William Bain: The first thing is that you have to have a sense that you want to export—companies have to feel that exporting is for them. That can often be the first hurdle for small and micro businesses to get over, so you need really effective peer-to-peer support locally. I see some brilliant examples across the country. Lincolnshire chamber, for example, has a magnificent scheme that brings together companies that have not exported before, gets them interested in it, takes them through that journey together, and also looks at the markets that they might want to take their goods into. That is a really great scheme, and there are others across the country as well.

I think there is a recognition that you can have a national priority—that we want to get more micro, small and medium-sized businesses exporting—but the delivery of that is best done at a local level. It is organisations such as chambers of commerce that have the knowledge of companies in their area and the expertise, and can form the networks. The Government could make much more use of that in terms of delivery of some of the points within the overall export strategy.

Q14 **Andy McDonald:** But those models surely would have to change from region to region and sector to sector. Lincolnshire would not be reflective of my area, so how do you tap into those sorts of expertise to ensure that you have something that is relevant and applicable? From my own evidence as a constituency MP, that has sometimes been a little bit lacking, to say the least.

William Bain: Well, we had an excellent trade facilitation forum of the whole network in Birmingham last week. Again, you can see common approaches. It is about using that local knowledge and know-how and tailoring it to companies within the boundaries of each chamber, but also looking to make the most of the opportunities, whether that is from the key trade deals that we have or exports to the States.

On training, we are seeing options developed by the chambers of commerce network on some of the key regulatory barriers, such as the carbon border adjustment mechanism. Those are quite innovative and better than anything else that has been provided on the market. I therefore think that Government leaning a bit more into seeing that initiative and delivery being done best at a local level, instead of trying to nationalise the delivery, is going to have a better outcome. It is really about getting companies that perhaps have a low capacity to start their export journey—that maybe do not have the staffing levels—that support, training and advice, and, most importantly, the market for their goods and services. That is the key thing.



- Q15 Andy McDonald:** John, could I ask you to comment on this—whether you think that that summarises the position? We talk about attitudinal barriers, but is there anything else that we can do, not just in that respect but in terms of the lack of knowledge that companies may have about actually breaking into markets and exporting?

John Cooke: I think that the answer varies very much with the scale of the business one is talking about and whether it is a newcomer to the whole idea of exporting, as William has said. At that level, there is an attitudinal problem to be taken into account, and also, I think, a kind of market-gap problem. There may simply be, as he has said, a lack of knowledge of what opportunities there might be abroad and of what the market might be for a business's goods or services.

For TheCityUK, in my area of financial and professional services, we are probably in a rather different place, to be frank. These are large businesses that are either in London or in some other major business capital across the UK, such as Edinburgh, Manchester or Leeds. I do not think that they need any training in attitudes or the wish to export because they are already in a highly internationally competitive sector.

On what they may need, one looks, for instance, at some of the Government's particular areas, such as fintech bridges with particular markets. If, say, you have a small fintech that is eager to export, do the fintech bridge arrangements provide enough to enable that business to scale up, or could more be done in those areas? Therefore I do not think it is a question of attitude, but it may be a question about quite specific areas where these big companies, which could already comply with all the regulatory requirements, may need help.

- Q16 Andy McDonald:** Nick or Kate, do you want to add anything on that?

Nick von Westenholz: Yes, briefly. As I mentioned, lots of actors in the agrifood sector are small businesses, and capability and barriers—those sorts of issues—are big issues when it comes to improving our export performance. You can look at two aspects of that.

First, there are companies that are already doing some exporting. What are the barriers to them increasing the amount of exporting that they are doing? Often those are regulatory. There are issues with entering new markets; they may be familiar with what they have to do for some markets, but the requirements in others will be very different, and obviously agrifood is very regulated. There may also just be tariff barriers in those markets, or they may not have market intelligence on the potential opportunities. All of that can be improved.

Then, there are companies that are not exporting at all. Trying to reach out to them to provide the information—William talked about peer-to-peer programmes—is something that we think will be very important in the agrifood sector. There is some ongoing work on improving that at the moment, and some events are being set up by the Food and Drink Export Council. Those are all important as well, but it really is multifaceted; these barriers exist in a number of areas and all of those need to be overcome.



Kate Foster: I would agree with a lot of what has already been said. Attitudinal issues are definitely important. For the vast majority of our members who export, we would describe them as passive exporters. Only a third of Federation of Small Businesses exporters build international trade explicitly into their growth strategy. For most of our members, if they export, it is because somebody has found their product online—they have found their website—and it is in response to a direct approach from a potential customer. Therefore that feeling that William mentioned—of ensuring that businesses, micro and small businesses particularly, feel that exporting is for them—is really important.

The knowledge cost of investing time and resources into understanding how to start exporting, but also of getting to know new markets, is very significant for businesses that do not have teams—often not even a dedicated person—for dealing with exports; they are doing this on top of everything else. Therefore being able to support businesses to find out about new markets, to get into new markets, and to make visits and visit potential customers, is really important, in addition to all of the knowledge that we have spoken about.

Q17 **Anthony Mangnall:** I am going to come on to support for businesses, so I will park that for the moment. Nick, the NFU said that the key barriers to exporting are tariffs, access to tariff rate quotas, technical barriers to trade, market intelligence and domestic infrastructure. How do we overcome these?

Nick von Westenholz: Unfortunately, money is part of it. The Government have over the last two years brought forward some very welcome measures to improve things. We used to have two agricultural attachés overseas, whereas the Netherlands has 35 and Australia has 25. This is a pretty standard practice for countries that want to do well in agrifood exports. We had two, and we now have 16. Five were announced recently when we had 11, so by the end of this year we should have 16 placed in overseas embassies. That is a really good thing. We have already seen some of the results. We have started exporting lamb to the USA after more than 20 years of being unable to. A lot of that was unlocked by having dedicated support on the ground in the embassies talking to US businesses and the US Government. That sort of resource is really important. If we could have more, even better.

The other aspect is market intelligence and promotion, which I spoke about. Attachés can do the technical, regulatory unlocking, but if you want market intelligence, a lot of that is delivered at the moment by the Agriculture and Horticulture Development Board. All that money is levy-payer money—as in, farmers' money. There is very little Government-matched funding for that at all. I think only about £6 million at the moment—maybe a bit more—of levy-payers' money is spent on that. If the Government match funded that, it would be very useful. If you look at, say, Bord Bia in Ireland, its budget is around €75 million, 80% of which is Government funded. The US has just announced a package of \$200 million towards export support for their agrifood sectors. What we are doing here is still pretty dwarfed by that. I understand that money is tight and there



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are lots of issues, but unfortunately that is what is needed. If we are serious about it, that is what we need to do.

- Q18 **Anthony Mangnall:** You have just given an example of an improvement: the sale of lamb to America. We do not have a free trade agreement with them. I wonder if you want to make a comment on whether free trade agreements are helping to improve the problems you are facing. I will come back to money after that.

Nick von Westenholz: FTAs are not unimportant, but as you have just alluded to, they are not the be-all and end-all by any means. A lot of what is needed to improve exports or even open up exports happens outside of FTAs. FTAs largely reduce tariffs, but you can have an FTA with somebody and still be unable to export because you do not have an export health certificate for an animal product, or there might be other non-tariff barriers. The work that goes on outside or on top of FTAs in terms of the regulatory barriers is crucial. This is a really important point: we must not assume that doing an FTA is the beginning and end of opening up exports.

- Q19 **Anthony Mangnall:** You mentioned a good example of other countries providing more funding, both private and public sector, to support agrifood businesses. I had an interesting conversation with your NFU members in my constituency. I do that on a quarterly basis. They look at these free trade agreements and say, "It's all very well you saying that we will reach new markets and that this is terrific, but we cannot scale up. We are trying to fulfil a domestic market. We are not producing enough, so you saying that we can sell into these areas is not going to make any difference, because we won't be able to meet our own domestic demand let alone the demands of other countries." What is your response to that?

Nick von Westenholz: It is right, and I absolutely understand that sentiment. I do not think it has to be one or the other. If we open up the opportunities for export markets, that can complement what we do in the domestic market, but there are clearly some sectors where we are large-net importers and grabbing a higher proportion of our domestic market is probably the priority. But it really is not one or the other, particularly if you look at something like carcase balance. There are lots of products we produce—say, a pig—where there is a healthy domestic market for certain parts of the animal but not for others—the head or trotters and so on. You need to find export markets for those sorts of products, and that happens across a lot of other sectors as well.

- Q20 **Anthony Mangnall:** John, do you want to come in on any of those barriers that you are seeing from your side and on whether DBT needs to be doing a great deal more to help to overcome them? Or has it got to be the private sector?

John Cooke: I can speak on that. The barriers that the financial and related professional services sector faces include geopolitics generally, which really affects all exporters in one way or another. We have a great many elections this year, including our own, those in the United States, those in the European Union, and others too. There is a great emphasis on



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economic resilience and national security in the way campaigns are run, which tends to have effects: for instance, security of digital trade can be a barrier. We generally face regulatory complexity, which is a behind-the-barrier set of issues that are therefore completely different from those affecting goods in terms of tariffs at the border. We also face the barrier of difficulties over people movement; one can call it migration, but that suggests something much larger than what we are concerned with.

In all of those, FTAs can be useful. They can provide certain guarantees of market access. For instance, the recent UK FTA with Australia has an important provision that financial services providers could continue to run their back offices from their home base. This is an important guarantee when you think of the difficulties there are with UK trade with the European Union in financial services at the moment when there is always the threat of how far back-office services can be permitted to be continued in the UK.

The other great thing that FTAs can do is set up and give Government impetus to regulatory co-operation and regulatory dialogues. That is enormously important for resolving those behind-the-border regulatory issues as they arise.

- Q21 **Anthony Mangnall:** Do businesses understand that? I understand what you are saying and I can see why someone in Whitehall who is dealing with another Government across the world will see the benefit of that, but do businesses feel as if there is an opportunity here for them? Are they into the details, or is it actually a failure by us to be able to explain the proper benefits?

John Cooke: Frankly, it is hard to tell at this stage of the very few trade agreements, other than roll-over agreements, that the UK has itself negotiated. Take, for instance, the regulatory co-operation provisions. Yes, it is good that they are there and, yes, it is good if they result in meetings being held regularly on a timetable with a forecast agenda that also includes the possibility of consulting the private sector on both sides on what the issues are, but such regulatory co-operation arrangements need to be going for a few years before one can really evaluate how good they are, and we have not yet had a few years.

- Q22 **Mark Pawsey:** I want to ask some questions about the Government's strategy. We know that the Government set out a strategy in 2018 and that they refreshed it in 2021. I want to get an impression from each of you of the value of that strategy. Is there something useful there? I will come to William first: is it is it just motherhood and apple pie?

William Bain: No, I think the purpose of the strategy is sound. I think the 12 points within the strategy are fine. I think they need to be augmented. There is really no reference in the strategy to digital trade. The British Chambers have set a target that, by the start of the next decade, we should be doing 60% of our exports by digital means, whether that is services being emailed or sent electronically or through digital trade assisting the sending of our goods exports to their destination markets.



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There is nothing in there about that. There need to be distinct points around services. We also need to have clearer commitments on environmentally sound goods and services, and what the UK's strategy is on market access.

As we have just heard from John, the officials in the Department for Business and Trade are doing a great job day in, day out, in knocking out some of these restrictions and doing the legwork, both bilaterally with countries and in the World Trade Organisation, to make things easier for UK businesses to trade. We need to have more recognition of that in the strategy. As we discussed earlier, within having an overall target we need to have more mini-targets, which reflect the sectoral nature of our trade.

- Q23 **Mark Pawsey:** Thank you. The notion that we have got an overall figure without understanding which sectors of our economy and our businesses are going to cumulatively get to where we want to be is a bit odd. Kate, what is your view?

Kate Foster: We welcome the strategy, too; it is a really useful marker of the UK Government's intentions. There is nothing that I would hugely change in the current strategy, but there are a few things missing and a couple of things that need to be refreshed, given that the strategy is a few years old. As William has already touched on, e-commerce and digital trade—paperless trade—are really important, first, to make best use of the Electronic Trade Documents Act, and to make sure that processes become less reliant on wet-ink signatures and physical copies, because that can cause delays. Also, helping small businesses to develop the right skills to be able to navigate these things.

- Q24 **Mark Pawsey:** I was very taken by your saying that only one third of businesses or SMEs incorporate a growth strategy. They seem almost to be exporters by accident rather than design.

Kate Foster: Often that is true.

- Q25 **Mark Pawsey:** Nick, what are your views on the strategy?

Nick von Westenholz: As I have alluded to, I think what is going on with agrifoods has perhaps slightly overtaken the strategy. We have a Food and Drink Export Council, set up in January last year, which is very much focusing on agrifood and drink specifically. There is quite a lot happening there. The term of that council is up during the summer, so there needs to be some view of what happens in the future. It is very important work, which needs to be continued in one form or another. Very interesting discussions and ideas are beginning to emerge from that council. For agrifood, that is where it's at within the export council. I have mentioned some of the measures that have come forward. There is a strategy emerging for agrifood specifically, which we support.

- Q26 **Chair:** John, is there anything you would like to see in the strategy that is not there or would be helpful?

John Cooke: We welcome the overall strategy, but I can echo what Nick von Westenholz just said. In TheCityUK we have alongside it, and continue



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to develop, our own strategy for restoring the UK to being the leading financial centre in the world, which of course involves its export trade as well as its global position.

- Q27 **Chair:** Thank you. May I ask each of you to comment on what I think is missing? As a former salesperson, there is nothing there about sales skills. John, you reminded us that the Government go off and do trade deals. There is a feeling in this place that all we have to do is the trade deal, and the business will automatically follow. We do not focus on the skills of our sales people domestically. Nobody who works in sales set out to be a salesperson while they were going through school. Often people drift into sales and have to be taught sales once they are in post. I do not know of anybody who is putting a particular effort into identifying the separate sales skills that are needed to sell in export markets. Could each of you tell me how you think the Government could do better about making certain that we have people with the relevant skills to get the fantastic products that are often made in this country, and the services we provide, sold better in export markets? William, would you like to deal with my rant on sales?

William Bain: A starter for ten on suggestions. Our view is that there should be a stronger responsibility and set of metrics expected from our embassies and consulates across the world, and that they have a more defined responsibility for promoting and finding new customers and putting together a network or pipeline for our exporters. I think we can get more out of the wonderful networks that we have in each of the countries.

- Q28 **Chair:** Sorry to interrupt. Can I just check whether you think embassies have such targets at the moment?

William Bain: They are not as apparent as they could be.

Chair: Okay. I just wanted to check that. Sorry to interrupt. Please continue.

William Bain: We have certainly not got any sense that there are any targets in place. We also need to knit together things at our end so that we have an integrated end-to-end approach for the UK and the countries that we want to export more into, connecting businesses here with potential customers in those markets. The diplomatic and consular and ambassadorial networks that we have are vital in that, but we also need to reach down more into our communities.

- Q29 **Mark Pawsey:** If I could bring you back to the UK, how do we avoid businesses being accidental exporters? We can tell them that it is going to be easy, but how do we equip them with the right skills to be able to take advantage of the opportunities that exist?

Kate Foster: In addition to making use of the overseas networks, there is a lot of work that can be done—maybe William was about to touch on this—at the local level.

- Q30 **Mark Pawsey:** Who is training these people? It is a skill. We do not have enough people with the skills. How do we get more people with the



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knowledge and expertise to take advantage of those opportunities?

Kate Foster: I think this is a role that the international trade advisers network can play—

Q31 **Mark Pawsey:** They are not trainers. They do not train salespeople. Who will train the salespeople?

Kate Foster: But they can help businesses be proactive about finding opportunities. A lot of the time, small businesses are very resilient, very innovative, and when you make the connections they are able to get to the end themselves. For me, the really important aspect is making those initial connections and putting businesses in the right rooms.

Q32 **Chair:** This is such an important point. I just want to follow up very briefly about the GREAT campaign. Awareness has been reasonably stable. We have taken evidence that includes some criticism about whether gov.uk is the best platform. Can you give us very briefly a view on the virtues of the GREAT campaign and how it needs to be refreshed and improved? John, do you want to start?

John Cooke: It is an important campaign. For my member businesses, it is probably less about having particular instruments or Government programmes at home than having the right skills in posts overseas so that introductions can be made. Above all, it is about a good set of contacts among the ambassadors, heads of posts and senior officials overseas in the corresponding sector overseas and its regulators. It is about having really good relations with them and a clear understanding—this, I think, is really quite difficult—of how the sector works.

Q33 **Chair:** Okay. I am going to stop you there because the clock is against us. Does anybody else want to pick up on GREAT?

Nick von Westenholz: I think the GREAT campaign is valuable. In agrifood, for example, we know that the Union Jack and Britishness—the brands—can be helpful. It is worth reflecting, too, that in the UK, particularly for food, the regional distinctions are important. We have to be careful not to have a one-size-fits-all approach to how we promote and market goods for export. Scotland, for example, has a very strong identity in a lot of its agrifood exports. What is important therefore is that we capitalise on those identities, whether at the national, regional or even down to local levels—they can be really strong for branding and marketing overseas—and that we are more co-ordinated, avoiding duplication in the support or back-office behind that, in some senses. That is key.

Q34 **Anthony Mangnall:** I am going to be brief, and will make sure that you give me short answers, so I apologise. Mr Pawsey made the point about the 12-point plan to increase UK exports, but is it working? I will start with you, John. Do businesses understand what the 12 points are? Do they take advantage of what the Government outlined? Is the plan good value for taxpayer money? You may use three words to answer, if you like.



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John Cooke: Yes, I think they do. In my area, not all the points are strictly relevant, because other points—such as gaining a market authorisation to export a financial service to another country—are much more important and will require legal advice to the business concerned.

- Q35 **Anthony Mangnall:** Kate, how effective are the 12 points for SMEs? Are SMEs taking advantage of what is in front of them?

Kate Foster: As I suggested earlier, I think there is more that we could do with the export strategy, whether that is additional funding for trade shows or looking again at the support and guidance available. I would add quickly that value for money is not necessarily the right question to ask, because it is important to dig into it a little and not to make a quick judgment. It is important to think not necessarily, “What are we gaining?” but, “What are we not losing?” by having that support in place.

- Q36 **Anthony Mangnall:** Finally on this bit, Nick, you mentioned agri-attachés and trade commissioners. This Committee, in its previous guise as just the International Trade Committee, took a trip to the Gulf to explore the options with the Gulf Co-operation Council. One of the most striking things is that the trade commissioner in the Gulf—the person with all that expertise—did not sit in the trade negotiations. How well are the in-country teams doing at engaging with the sectors back at home, then helping push the opportunities?

Nick von Westenholz: We have an attaché in the Gulf—that was one of the original two posts—but, as you say, perhaps they are not as integrated as they might be. The Gulf is an interesting example. We are doing a trade negotiation there now, which we hope will reduce some tariff barriers, but once we have done that, whatever the outcome, there are still significant non-tariff barriers to accessing Gulf markets—regulatory barriers primarily. The bloc is six countries, but each has different regulatory requirements on SPS—sanitary and phytosanitary measures—and so on, so it will be the first step in a long journey.

- Q37 **Anthony Mangnall:** Do you think that the trade commissioners and attachés are being effective? From two to 16 is welcome—

Nick von Westenholz: It is very early days on that programme—some of those attachés are not even out in post yet—but, as I said, there have already been examples of successes, wins, in some countries for them. Hopefully, that will continue.

- Q38 **Anthony Mangnall:** This is more of a personal interest, so forgive me for asking, but recently there has been a bit of discussion about the role and value of the Board of Trade. I have my own views on the direction of travel there, but do any of you have views of whether it can be a more effective body for detailing our free trade agreements, their impacts or the effectiveness of the policies that were outlined in the strategy? You do not have to have a view, but if you do, it is welcome.

Nick von Westenholz: I would say that more independent strategic oversight of our trade policy would be a good thing. If that is what a new Board of Trade does, that would be a good thing.



Q39 **Anthony Mangnall:** As if I was leading you to that answer! I am delighted with that. Finally, William, to wrap up this session on my part, how effectively are Government helping business to take advantage of the opportunities opened up by trade agreements?

William Bain: Well, the BCC called for a trade growth office and we are pleased that the Government have set up in the DBT what they call the preference utilisation unit, but it deals just with existing FTAs—Australia, New Zealand and Japan. Our recommendation is that it should be much broader in scope. It should be helping businesses to trade across our key markets, so it should be extended to the EU and US as well. That is one of the techniques we can use to boost exports.

Chair: That concludes our session with you. The clock is against us, so we will have to wrap up there, but thank you so much for your evidence. You have told us that it is useful to have a big, clear target but we need some supplementary targets to go with it, not least to try to get support in the right place. You have given us a clear message about localising export support, not nationalising it. You have underlined the virtue of things like peer-to-peer programmes. You have all talked about the importance of having good attachés abroad, using ambassadors and trade commissioners more effectively and, potentially, having embassy-led targets. You have given us some very useful pointers on the overall strategy, and all of you have underlined the need for some more strategy and targetry around e-commerce and paperless trade. This has been a very useful session for us. Thank you very much.