



Department for
International Trade

Export Strategy

BUSINESS REPRESENTATIVES & TRADE ASSOCIATIONS FEEDBACK

This survey is intended to gather your views on the UK Government's approach to promoting UK exporters and driving the UK's export performance. Your input is greatly appreciated and will be valuable to us in helping to inform the development of the new Export Strategy.

The future of trade has changed. The impact of COVID-19 has demonstrated the vulnerability and importance of the international trading system. The crisis has shown the practical barriers to exporting are complex. In response we are developing a new Export Strategy that will form an integral part of the Government's economic response to COVID-19 and will increase exports in every region of the UK.

This Strategy will build on the successes of the 2018 Strategy with new practical measures to support businesses. The strategy will seek to promote exporters to realise the benefits of new trade deals and support businesses to adjust to new trading arrangements up to and after the transition period.

When you have completed the survey please send your response to export.strategy@trade.gov.uk. **We would be grateful for responses by 12 June 2020.**

Your responses will be analysed and used by the Export Strategy team to inform the shape of the new strategy. Although we cannot offer full confidentiality, your responses will be stored securely and only accessed by the project team. We will not name you in any outputs from this consultation or attribute any quotations directly to you unless you say you are happy for us to do so in your response.

If you have any questions about the survey or how your response will be used please contact export.strategy@trade.gov.uk.



QUESTIONS

- 1 Given the COVID-19's impact, what response would you expect to see from HMG with regards to providing support for UK exporters?

Businesses need an export strategy that recognises that companies will be on a recovery journey - where short term interventions will be required to kick start plans to export or to complete outstanding export obligations and mid and longer-term interventions to develop and subsequently maintain and sustain growth will be necessary. There needs to be a recognition that different sectors and markets are experiencing different opportunities and challenges. We need HMG to provide a coherent and joined-up approach to support for UK exports. This means an approach that integrates trade policy, trade facilitation and trade promotion and doesn't confuse and complicate the existing landscape.

Businesses report that they are diversifying their supply chains and may need additional support in sourcing alternatives, including increased levels of free introductory market research. DIT overseas posts could offer more direct services to UK exporters, especially those in the supply chain hardest hit by the impact of COVID-19.

There needs to be a focus on sectors where the country is underperforming in terms of exports. We also need to ensure we are encouraging not just exports alone but global collaborations which help the UK to maintain its position as a market leader as well as driving sustainable growth.

There are still many SMEs, particularly those which have been primarily trading with the EU, who report that they require information and support over the detail of the new arrangements, including those announced recently to ease potential problems with border flows. These are some of the areas that Government could assist with preparation, including supporting training on Brexit practicalities which include general knowledge on exports technicalities with more complex customs related issues and compliance services.

While international travel is limited, support should be put in place to facilitate introductions, make connections and carry out virtual trade missions throughout this trying time. When business travel does recover there could be grants to support businesses to visit suppliers and customers in order to restore trust. Offer financial support to companies attending key Trade Fairs/Exhibitions. DIT should also look at a central hub for sectors whereby they can access the support they need including other organisations.



Work with key stakeholders to ensure that many more nations accept electronic stamping of certificates of origin and related export documentation and embed these modern processes permanently. Create and promote simplified processes for exporting low value goods. Continuing to support businesses to understand Customs Declarations after the transition. This could include promoting tried and tested BCC courses on understanding the new rules and regulations – we are happy to discuss this option with colleagues.

2 What are the key supply chain issues (highlighted by COVID-19) for your members and how do they impact exports?

The huge Increase in transportation and in particular air freight costs has impacted the volume of exports and profit margins. If organisations cannot deliver time-sensitive products at an affordable cost, then they will lose competitiveness.

Many importers are reporting concerns relating to import duties and VAT. Whilst goods related to fighting COVID19 have had their VAT waived for the time being, and HMRC has given Duty Deferment accounts holders as well as registered importers the chance to request for an extended period to pay partial or in full, this remains an area of concern.

As above, the continued requirements for paper-based documents, reduced hours and longer waiting times at borders have all had an impact. Delays in the supply of raw materials is impacting on order fulfilment which is further frustrated by slow delivery times due to limited availability in the logistics network.

Typically, Chambers of Commerce provide documentation and certification services for exporters. Service delivery capacity has been affected due to the pandemic in a number of ways. Teams faced some challenges with slow WIFI connections, patchy postal deliveries and limitations on services from key partners such as embassies and the FCO.

Many companies import products for re-export either alone or in tandem with other goods, and the pandemic affected their supply chains badly. In some instances, existing supply chains have crumbled or are under strain from the pandemic/ lockdown in one country or another. The pandemic has shown that just-in-time supply chains have had benefits from a cost point of view but leave companies vulnerable when disruption takes place.



- 3 What are the key barriers to exporting your members face and what new export support, supplied by HMG, would help them overcome these barriers?

Barriers:

- Lack of knowledge of requirements and local conditions, and commercial confidence, particularly for those who have never exported before. An understanding of how to research, what's important, the documentation, conformity, compliance requirements and cultural differences are all required. In addition, finding overseas clients and connections can be difficult.
- Uncertainty over tariffs, increased need to make customs declarations, and the perception that there is not enough support on the ground from Government.
- Access to affordable International Trade Training ('ITA').
- Access to ITAs - some businesses do not fit into the criteria and are "left on the shelf" in terms of support and funding.
- Access to finance - Issues with UK banks to obtain loans quickly to support their cash flow and manage risk.
- Adapting a product or service for an overseas market
- Insufficient practical export support - e.g. to attend exhibitions and to have an overseas presence as soon as it is possible.

Export support:

- In our view the best route to export success has four key ingredients:
 - The best possible **business environment** at home – where dynamic companies have incentive to invest and grow.
 - **Products and services** that are second to none – where quality and reputation underpins competitiveness.
 - Consistent efforts to **promote** the best of British around the world, and
 - A strong **trade policy** that helps UK companies and sectors build on their competitive advantages.

Specifically, this could include:

- Continuing to run and support programmes to help exporters locate right local partners – trade missions, bilateral CCI, ITAs, Embassy services
- More in-market services to facilitate client introductions and business development would be beneficial to new exporters, which some chambers of commerce will be able to assist with. Continuing the tailored support provided by International Trade Advisers is also vital
- Export training activity that will significantly boost companies' export- readiness. More emphasis on export training would raise the standards of international trade processes



and practises in the UK – leading to increased exports, as well as more cost-effective import procedures

- Sector specific initiatives - new platforms established for certain sectors e.g. food and drink, where companies can register their profile. Opportunity to focus on 'non-traditional sectors post crisis
- Match regional sector strengths with the most relevant markets and developing a long-term strategy to maximise these opportunities
- More access to hands-on support to help identify and develop the seed of opportunity and inspire confidence in investment in export. The Welsh Government have a scheme where they offer funded expertise to research/develop markets in the form of project-based activity over a number of days
- Access to detailed in market knowledge of how Covid19 has impacted and where opportunities are emerging
- Clear and timely guidance about trade deals and practical implications for business (e.g. customs, documentation, preferences, quotas, finance)
- Expand UKEF capability to support UK exporters, particularly SMEs
- Financial support, including in recognition of the likely impacts of Covid on cashflow, including reducing the cost of registering products for new standards, VAT costs and freight charges.

4 Do you have any suggestions as to how to improve HMG's offer to UK businesses in all regions of the UK that would support the levelling up agenda?

In general, we see the three key barriers to levelling up as infrastructure, human capital and investment.

In order to unlock latent export potential from all parts of the UK, Government must work with organisations that have connectivity with, as well as access to, local and regional businesses – and have a presence on both a local and a regional level.

Regions have their own specialisations and product and service base which can will have a greater chance of succeeding in certain markets. Therefore, delivering bespoke regional support that fits the opportunity and demand of each regions is important

A uniform national approach does not typically work for new and growing exporters. Face-to-face (even if this is done virtually for the short term) conversations result in meaningful trade support and tangible international business deals and orders – and are only possible when



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there are deep local links, as well as long-established, trusted relationships with business communities. Providing support to local sectoral groups must also be a key consideration.

There is also a need for better connectivity between DIT England and trade support in devolved nations – as businesses do not understand the lack of join-up across Home Nations.

The ITA regional network could be empowered to become more responsive to its local clients rather than nationally set targets.

5 Do you have any suggestions as to how HMG could best support and encourage UK SMEs who are looking to export?

A first-time exporter support package, delivered by ITAs and trusted third parties, including some local chambers of commerce, to entice and encourage potential first-time exporters, including support to manage the initial costs that an SME would have to undergo in order to begin to promote, market and represent themselves overseas, including providing market research free of charge, support for education and training (e.g. for staff in destination market processes and requirements and website optimisation for the new market) and funding for the first exploratory visit to a new market.

Greater support for UK Pavilions at International exhibitions and virtual trade missions in the short term.

More linkage and signposting to partner organizations who also provide support including some Chambers of Commerce, both UK and Global.

Interventions to support company-level capacity building and to support DIT and British Chamber's overseas presence within key markets would greatly enhance the ability to stimulate the export led recovery.

Access to a peer network of Export Champions and other examples of this form of networks, such as the Chamber's International Trade Forums that offer vital support, knowledge and advice for traders. Engage specialists who know how to export to go into individual businesses to work on specific projects.

Build upon the strong established brand and reputation of DIT and Chambers as the access point and fulfilment provider for companies trading Internationally. This could be linked with third party providers for implementation and specialist services.



Don't confuse the established landscape by creating another tranche of International Trade advice within Growth Hubs. Build on the Growth Hubs competencies by sign posting to DIT and Chambers. We need much better promotion of the assistance available for SME's through UKEF.

- 6 Would you say that your members currently have sufficient access to finance enabling them to internationalise their businesses? If not, do you have any suggestions on how to improve this?

We know that there are insufficient sources of help to smaller companies to start their exporting journey.

We often hear that UK Export Finance (UKEF) is too narrow in its criteria for accessing funds and has a cumbersome application process with too many hoops to jump through, particularly for SMEs. We are aware of companies using alternative lenders or taking the risk on themselves, rather than apply for UKEF. Some banks whilst promoting that they offer support to exporters, they still look at narrow criteria for the type of businesses they are willing to support.

Access to finance can be particularly challenging for those preparing to export for their first time. High risk finance is still an issue for many companies, even with UKEF support some challenges remain with the banks' appetite to risk. The impact of COVID will be evident in company balance sheets placing increased pressure on some businesses to pull back when we need them to push forward.

A refocussing of UKEF's purpose so that it is more supportive. This should include providing partial guarantees to lenders to cover the risks associated with export working capital facilities and relaxing eligibility criteria and a further expansion of UKEF's direct lending facility. We need UKEF to offer a faster application and decision-making process. More also needs to be done to improve awareness of UKEF and the support they can provide.

Members have also accessed funding through European Regional Development Fund (ERDF) schemes, which have had a huge impact on getting businesses exporting. In the future, it is vital that any and all trade support finance that is currently being administered through the ERDF is replaced within the UK Shared Prosperity Fund, so that businesses that want the relevant support don't miss out.



- 7 Thinking about HMG's current trade advice, support, and guidance that is available to your members online: what do you think is working well now? Where would you like to see the government make further developments?

The country guides generally work well. The GOV.uk, HMRC and DIT websites offer a lot of current information and advice and guidance readily available when accessed. This needs to be updated regularly and key information on each market's current position should be added.

Businesses have, however, more generally in told us they often feel that they are going around in circles, with lots of reading and signposting when what they want is to talk directly to an online specialist for their specific enquiry. Making it easier for business to navigate this process would be useful. For example, providing simple, practical, one pager information sheets – infographics; offering topic and market focused webinars.

An analysis of each market economy should be available online prior to an exporter requiring DIT Overseas Posts to prepare an introductory market entry report.

Government must ensure that the services offered by DIT are complementary to private sector offerings and do not diminish the possibility to strengthen private sector capabilities, on the contrary, services should be complementary.

Government should ensure sufficient human resource is available to supplement the digital offer and online resources should work in tandem with the role of ITA's in order to conduct in- depth work with businesses either by phone or face to face meetings.

The number of trainers from HMRC that can explain Customs Procedures, Export Licenses, EU exit, Customs Declarations seem to have been reduced and it is often not possible to get them to come to the regions. We have also heard from members that when they have needed to talk to advisers about the technicalities of exporting (e.g. HS codes, VAT, import duties, export controls, etc.), they have found it very frustrating as sometimes a specialist isn't available and they are referred back to the website.



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- 8 Do you have any suggestions as to how HMG could help your members best support the UK's net zero emissions agenda?

Incentives to use and invest in new green technology (e.g. through tax credits), a national programme investing in ensuring all homes and business premises across the UK have a high standard of energy efficiency funds. Bring forward promised investment in green infrastructure including electric vehicle charging points, with the necessary easements made to the planning system. Direct incentives to companies developing manufacturing, including wind turbines, or installing net zero products.

Establish a 'scrappage' scheme to support upgrading plant and machinery to more sustainable models. This could also include introducing a vehicle scrappage scheme for businesses to help jump-start the economy and replace older, more polluting models.

Government should ensure that national infrastructure is at a level which allows industry to contribute towards reducing carbon emissions.

Helping firms to offset carbon footprint abroad by helping domestic transition to net zero e.g. greening of workplaces in the UK, onshoring.

HMG should explore how good practice can be implemented into UK business with investment in creating material and dedicated content which enables organisations to adapt carbon-reduction activity within their practices. Such investment could include subsidised training and consultancy provision to improve carbon footprint.

- 9 Do you have any suggestions as to how HMG could help your members to best support and promote clean and sustainable growth now and in the future?

Promote examples of clean sustainable growth in overseas markets, reward those that have the best ideas – regionally and nationally. Encourage a wider range of international collaboration which is not limited to universities but also involves the private sector with Government support.

Support for companies within the Blue Economy – from entrepreneurs to experienced companies ensuring that they can quickly scale up locally and globally. Funding via Innovate UK is funding research on the above, but there should be more emphasis on the commercialization.

A sustainable growth fund post-COVID. This could offer financial support for businesses to train new staff, invest in new technology and for those looking to progress their net-zero strategies



but lack adequate funding. This would help ensure a long-term economic recovery from COVID and support cleaner growth.

- 10 When exporting overseas, what are the main barriers your members face at the border (e.g. documentation, tariffs, visas, or visa issues)? What measure would help them overcome these challenges?

In response to the announcement on 12th June, our members were pleased to see that the Government have recognised the impact of the Covid crisis on 'national border industries' and sensible approach. The need to take a 'lighter touch' with a period of implementation to the full border model. We have long campaigned for the UK government to prioritise flow across the border, not revenue or bureaucracy, when the transition period comes to an end. The very last thing ministers should seek to do is to pile new compliance costs on trading firms, who are already dealing with higher costs and lower revenues due to the coronavirus crisis.

Government must now seek out reciprocal provisions from our key affected trading partners to deliver the full benefit for trade and commerce.

Documentation

For many, there is a lack of understanding of the process, so documentation can seem complex and getting the basics wrong can be costly. Many companies issue things like preference documentation without actually understanding the legal implications and record keeping requirements. Often incoterms rules have not been understood so additional charges are incurred, or goods get stuck in customs. Complex rules in some markets are difficult to navigate – e.g. around pre-shipment requirements, technical standards.

Companies not doing their due diligence and research before sending goods overseas and then finding out their local partner needed certain documents. This can be addressed where there is close integration between DIT and Chambers of Commerce Export Documentation Teams, aligned with support services for letters of credit, goods certification, customs entries and ATA Carnets.

Increasing issues around Certificates of Origin for both preferential and non-preferential purposes as some companies find it difficult to access the evidence for the origin of the goods. We see this as an area of concern, especially once we leave the Customs Union. Many



companies rely on pan-European supply chains and may face challenges meeting the origin thresholds.

It is also vital to acknowledge that when the transition period ends, thousands of businesses who exclusively trade in European markets will have to deal with customs declaration and certification and potential checks and tariffs at the border, something they have never had to do before. Support should be made available for these businesses so that they are as prepared as possible and capable to carry out any new procedures demanded of them.

Greater emphasis needs to be placed on service exports and e-commerce and businesses need to understand global and domestic market standards and regulations.

Tariffs

The publication of the UK Global Tariff provided welcome clarity for businesses as they prepare for life outside of the EU.

While the new tariff regime will provide the government with some leverage in future trade talks, it also demonstrates the importance of reaching a UK-EU agreement to avoid substantial increases in costs for businesses on both sides of the Channel.

With any tariff changes, there are both winners and losers. Support will be required for the industries, places and people affected by tariff changes at what is already a difficult time. Tariffs do present other issues for members; documentation can be complex, and Government should encourage businesses to access advisory services and engage in training to help gain the knowledge to export successfully.

Visas

Barriers may be faced by foreign companies that want to come to the UK. Extremely expensive and not very friendly visas processes for citizens of certain countries may well be discouraging the development of trade and investment links. Having a user-friendly immigration system that is designed to support export and inward investment growth. The new points system must be able to respond quickly to changing market needs, and the application process must be radically simplified.



- 11 How might the government encourage or support your members to understand and realise the benefits of Free Trade Agreements?

Consult with businesses and make sure the FTA's are the best they can be for our economy prior to signing. Government must establish permanent dialogue with business on future trade deals. [Research by the BCC and LSE](#) recommended that the UK adopt six practices that successful trading powers around the world use to ensure trade negotiations deliver for their country's economic and consumer interests.

Communication is important in helping businesses understand the benefits of FTAs, including utilisation rates. FTAs need to be animated and there are some very good examples from around the globe where countries have worked with business organisations to make this happen.

Clear and concise advice – use intermediaries and share strong messages around 'exporting businesses are more resilient businesses' often because they are more diversified in their products / services and markets.

Demystify key terms and requirements, such as preferences and quotas.

Offer live clinics with suitable people who are involved in the negotiations, share the text, get feedback and get business involved early and well before the deal is signed. Give companies the chance to raise issues and barriers that they are facing so that these can be taken into consideration when in discussion on the agreements.

Some short videos would be good - the CETA in 60 seconds is a good example of simplifying the information. An organized Trade Mission to visit the market and great market research services will also help increase interest. Connecting buyers and sellers is essential.

Organisations that are globally connected such as chambers of commerce can in some instances provide more tailored advice and training support to companies. They could also be commissioned to deliver a series of webinars/seminars on the subject to promote it to both members and non - members so they fully understand from an early stage

Government should also recognise sectoral and regional based strengths. An example for this could be that if a Free Trade Agreement with a certain nation offers a distinct positive impact in a certain sector, then a promotional event for that agreement should be based in a region of the UK in which that sector is a strength in the regional economy. DIT should use business



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organisations who are already embedded within the region to use their established relationships and expertise to run the promotional activity alongside DIT.

Help businesses understand how trade agreements work, and how they impact on the practical delivery of goods and services. It is also important to be realistic about the benefits of Free Trade Agreements and to drive utilisation from the UK to the trading partner. We need to ensure that our trade sectors understand how to maximise any benefits. The focus of Free Trade Agreement advertisements should be about the specific opportunity for that agreement, rather than simply focused on how Free Trade Agreements will be a uniformly good thing for all.

12 How can HMG better enable your members to gain the market assess insight they need to export more successfully?

DIT should work with the Chambers of Commerce in the UK and BCC's Global Business Network in offering support for companies looking to export, identify overseas customers or suppliers and attract foreign direct investment. Government should utilise this by continuing to allow where feasible for the Chamber network to promote trade opportunities, missions and support. Further diversification and change are not helpful at this critical time in our economy, change may confuse and complicate the process.

Businesses need to know where to get the correct information and Chambers along with International Trade Advisers are vital in facilitating this. Some Chambers and regional DIT teams may be able to help develop virtual and real time 'meet the buyer' opportunities which further facilitate trade and client interaction. We are connected to and can engage in more interaction with Embassies and Consulates. Trade mission and insight visit support should continue when the time is right, but in the current situation, support and guidance for 'virtual trade missions' would be valuable. Signpost to Chambers and other relevant bodies that can deliver specific support in specific markets. The British Chambers have more than 60 British-International Chambers in our network.

Market Assess insights are very important when deciding to export and where to export. In some occasions, companies are not really supported on 'identifying' the right market for them. Better accessibility to the Overseas Market Introduction Service would enable companies to move forward without having to fund this exploration, this would really encourage companies to explore the markets.

Much better advice and targeted advice. We see too many cases where small companies have tried to enter markets which are wholly unsuitable for them, often because they are too small,



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too early or the market just isn't right. More awareness of the intelligence at hand, more hand-holding at the early stages of market developments and a more focused DIT, will deliver more market ready businesses.