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08 July 2009

Mr Bryan Carnes  
Chief Executive  
North Staffordshire Chamber of Commerce & Industry  
Commerce House  
Festival Park  
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RECEIVED  
9 - JUL 2009

Dear Bryan

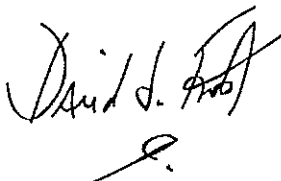
### Trade Survey 2009 "Exporting Britain"

In the coming years, as the recession ends, international trade will have to make a greater contribution to the economy. It is vital that British businesses develop innovative goods and services that the rest of the world wants to buy. Both Government and the British Chambers of Commerce have an important role to play in trade promotion and advice.

Over the past month, the British Chambers of Commerce have surveyed over 3,000 of our members in an effort to understand what the key drivers for exporting companies are, as well as investigating problems that they face. The survey also looks at what stops businesses from exporting as well as looking at awareness of key developments in trade facilitation such as the Services Directive. I have great pleasure in enclosing the results.

The conclusion that we have drawn from the results is that British business needs to rediscover its mercantile spirit and search for the trading opportunities throughout the world as the global economy begins to recover. We believe that The British Chambers of Commerce will be a key partner in that journey and will be producing further qualitative research focusing in particular on the exporting experience of our businesses compared with their main competitors.

Yours sincerely



David Frost  
Director General

## 1.1. EXPORTING

- 31% of Chamber members participating in the Trade Survey have exported goods or services from the UK in the last 12 months; 14% of those not currently exporting have previously done so and 11% are considering doing so in the future.

### 1.1.1. Exporters

- 58% of exporters suggest that one of the reasons they export is because they were approached by a customer. 49% say they have established connections with the market place they export to, 45% identify the return on investment that exporting generates and 41% are exporting to build their market share.
- 87% of Chamber members are exporting to Europe; 73% export to the near neighbours of Western and Central Europe. Asia is served by 56% of businesses; 39% export to the Middle and Near East, 23% to China, 21% to India and 20% to South East Asia. 49% are exporting to the Americas; 40% to the USA, 22% to Canada and 16% to South America.
- 52% of businesses are exporting to Ireland, 48% to Germany, 48% to France, 42% to the Netherlands and 38% to Spain.
- 29% of those that do not export to EU member countries claim that one of the reasons for this is because they have the wrong product for these markets. 28% cite difficulties finding customers.
- 42% of exporters to EU member countries have faced non-tariff barriers; 18% have faced bureaucratic requirements as a barrier, 13% complex VAT rules and excise duties and 11% strong nationalist or protectionist attitudes - France and Germany pose particular challenges for UK exporters in these regards.

### 1.1.2. Non-exporting businesses

- The unsuitability of their product or service offering is the principal reason why Chamber members do not export from the UK; 59% cite this as the reason for not exporting and 43% say exporting is not part of their business plan.

- Europe offers potential export markets to 67% of those who are not currently exporting but who are actively considering it. This is followed by Asia at 47% and the Americas for 38%.
- Low cost or free assistance with finding clients would encourage 21% of those who are not currently exporting their goods or services overseas to consider doing so. 16% would consider exporting if they were given access to market research, legal advice, fiscal advice, etc, from a 'one stop shop' and 15% given training on how to do business abroad. 68%, however, claim none of the listed measures would encourage them to start exporting.

## 1.2. EU ISSUES, SERVICES DIRECTIVE AND SOLVIT

- 25% of those exporting and those considering exporting feel that harmonisation of the corporate tax rules across the EU would be beneficial to their business. A similar proportion (24%) feels that joining the Euro now would help their business. A further 10% feel joining the Euro in the next five to ten years may help.
- Views on the UK's membership to the Euro have not changed in the last five years for half of businesses. The remainder are equally divided between being more positive or more negative. 55% of those who say they are more positive also believe the UK should join the Euro now; 59% of those who are more negative feel the UK should never join the Euro.
- Some four in every ten exporters claim not to have used UKTI, their local Chamber of Commerce, a trade or professional body or any other source of information to explore exporting opportunities.
- 40% have sought information on export opportunities from UKTI, 38% from their local Chambers, 23% from a trade body or professional association and just 4% from the Enterprise Europe Network.
- Just 10% of all businesses are aware of the Services directive designed to make it easier for businesses to provide services across borders or to set up in other member states of the EU.



# SECTION 1: EXECUTIVE SUMMARY

- 19% of exporters who currently serve one or more EU member countries feel that the directive would encourage them to extend their offering to other member states. Just 9% of those who do not currently export believe they would be more likely to export to the EU as a consequence of this new directive.
- The fact that the UK Points of Single Contact is only available electronically would only deter 6% of businesses from using it, though a further 18% are unsure whether this would be an issue or not.
- Just 2% of businesses are aware of SOLVIT, the free online service that aims to help resolve disputes relating to the misapplication of internal market rules. Only one business has used the service out of more than one thousand.

# EXPORTING BRITAIN

## June 2009

### RECOMMENDATIONS

The British Chambers of Commerce (BCC) believes that British industry needs to recover its mercantile spirit, and become far more proactive when it comes to exporting. While the UK is the sixth largest exporter of goods in the world, and second only to the United States in service exports, we need to work hard even to maintain our position.

We believe that sixth is not good enough. There is much more that the UK produces of value than is exported currently. The potential for innovation and the successful development of ideas through to production phase is too often left unexploited.

Our survey shows that the main reason why businesses export is because they have been approached by their customers (58%), or by an agent/distributor (19%). Nearly half also said they exported because they already had connections in the market into which they were exporting to (49%). This illustrates the unstrategic approach taken by many British businesses to exporting.

#### RECOMMENDATION 1:

We recommend that a campaign is undertaken to promote the importance of exporting.

The European Union Services Directive, which comes into force in January 2010, aims to achieve a genuine Internal Market in services by removing legal and administrative barriers to the development of service activities between Member States. Services are already hugely important to the British economy, and make up an important part of our exports.

The survey revealed that despite the great advantages that the services Directive will give to British service businesses, few had heard of it (10%).

#### RECOMMENDATION 2:

We recommend that the Government, with key stakeholders such as the BCC, undertake a campaign to highlight the benefits that the Services Directive will offer British service providers.

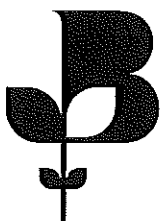
Export promotion services offered by third parties such as UK Trade & Investment (UKTI) and Chambers of Commerce are important to both current and potential exporters.

UKTI in particular provides valuable services and encouragement to exporters through the provision of advice, tradeshow grants and market visits. While a large proportion of exporters have used UKTI to gain information on exporting opportunities (40%), an equal amount used nothing at all (39%). Furthermore, very small proportions used other trade service providers such as the Enterprise Europe Network (used by 4%), a bilateral chamber of commerce (used by 3%) and European Commission Offices abroad (used by 3%).

#### RECOMMENDATION 3:

The survey reveals that trade promotion service providers must publicise themselves to exporters more effectively. They should also ensure that the products that they offer are what exporting businesses need.

The other countries of the European Union are clearly the largest market for British goods and services. The EU is meant to operate upon the principal of the freedom of movement for goods. However, our survey has revealed that two fifths (42%) encounter non-tariff barriers when they attempt to trade in Europe. By far the greatest number have experienced bureaucratic



## RECOMMENDATIONS *continued*

requirements (18%) which have acted as trade barriers, while others cite Complex VAT rules and excise duties (13%), strong nationalist/protectionist sentiment (11%) and differing quality standards (9%). These figures reveal that despite the single market, barriers do remain.

We recognise that the Services directive will do away with many bureaucratic requirements for exporting services, and that BERR is currently conducting an exercise in identifying barriers to export. However, we believe that there is still room for improvement.

### RECOMMENDATION 4:

We recommend that the European Commission take a stronger line on the even implementation and enforcement of single market legislation, including the publication of correlation tables.

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Many stakeholders and trade promotion service providers are already working hard to help British exporting companies. UKTI delivers many good services, such as Passport to Export, which helps SME companies export for the first time. The BCC hosts two UKTI services which help SME companies undertake export marketing research and review export

communications. Likewise, Chambers of Commerce across the country are repositories of knowledge and expertise on trade with many different markets.

However, we still believe that more needs to be done to build on this foundation. Analysis needs to take place to understand what products and services are effective, what needs to be developed, and what needs to be more effectively promoted. For example, SOLVIT is a very important service which aims to assist citizens and businesses to ascertain their EU rights in cases where a dispute has risen between a citizen and an official body of a Member state of the European Union. Despite the important role SOLVIT plays in resolving trade disputes, only 2% of respondents had heard of it, and only one had used it.

### RECOMMENDATION 5:

We recommend that a comprehensive review of the services offered by the UK Government, the European Commission and other stakeholders be undertaken with a view to understanding best practice, what needs to be developed, and what needs to be more effectively promoted.

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