

Scotland: A Trading Nation

Discussion Paper - Building global ambition in Scottish based businesses

Host: Derek Mackay MSP, Cabinet Secretary for Economy, Jobs and Fair Work

Facilitators: Steve Dunlop, Chief Executive, Scottish Enterprise

Scribe: Scott Strain

Discussion Group Overview

Pursuing international opportunities is one of the key ways in which businesses in Scotland can achieve their growth ambitions, delivering benefits to individual businesses and the wider economy. Integral to this is improving our export performance, building on Scotland's well established trading history. We are committed to showcasing Scotland as an innovative, entrepreneurial, inclusive and dynamic global citizen. To do this we want to encourage and support Scottish businesses to achieve their global ambitions. This session will provide the opportunity for businesses and the public sector to discuss the support that is currently available; consider the barriers to international expansion; and, to agree collective action to realise our shared international ambitions.

Background

Although Scotland's international exports (excluding oil and gas) have increased in value over the last 20 years, our data suggests that they have remained the same as a proportion of (GDP). However similar sized competitor nations have increased exports as a proportion of their economy. This suggests that despite efforts in this area, Scotland's economy has not really been internationalising. This session will explore the actions required to encourage Scottish business to seize the available export opportunity.

Ambitions

So how can we achieve this ambition? Like many other medium sized economies, a relatively small number of businesses are responsible for the bulk of Scotland's exports with 500 companies generating 80% of our exports. With this in mind, we will boost support to those companies whose growth can disproportionately benefit their business as well as Scotland's export performance and wider economy. This does not mean just providing support to large businesses, 65% of these 500 businesses are small or medium sized enterprises.

If we increased exports from those businesses who already have internationally competitive products and services, by 50% it would bring a dividend of £13bn to the Scottish economy. We will also seek to build ambition in businesses outside of this group to export more and enter new markets.

Through our Smart Segmentation strategy, we build resilience by encouraging and supporting more businesses to export, in particular through targeted support for those businesses who have products and services for which there is international

demand but who do not currently export a significant amount as a proportion of their turnover. As well as providing focused one-to-one support, we will make best use of technology to ensure that all businesses can access the advice they need.

Our analysis shows that around 70% of growth opportunities are in established markets where we already have a presence. This provides a strong base from which to build. We also want to encourage those who are already exporting successfully to consider the role they can play as advocates, mentors and peers to other businesses in their sector and supply chain. We recognise that there is still a need to grow our base of exporting companies to drive further resilience within the economy.

Examples of the type of support currently available

There is already a wealth of support available to Scottish business, we would like to maximise access to this support to help businesses to reach their full potential.

First Ministers Export Challenge- *A business to business mentorship programme with investment of £2 million over 3 years to support 50 existing exporters per year to ramp-up overseas activity and create 100 business to business peer mentorships per year for new exporters.*

Scotland is Now (business pillar)- *Increase awareness in key markets of Scotland as a place for business focussing on our values, our talent, research, innovation, creativity and high quality exports. By opening doors for Scottish businesses overseas its aim is to ultimately increase buying of goods and services from Scotland.*

Enterprise Agencies- *Highland & Islands Enterprise and Scottish Enterprise spend around £300mn every year on business support. Of this around £85mn supports international trade and investment promotion.*

'One Scotland' Approach – *An International footprint which includes thirty SDI offices in twenty countries and Scottish Government offices in eight countries. This network gives us a range of diplomatic relationships and trade and investment specialists across the globe.*

Beyond these government networks we can call on the wider support of the Scottish diaspora including Alumni, GlobalScots, Trade Envoys, and the extensive networks of the Department for International Trade, Foreign and Commonwealth Office, and Chambers of Commerce.

Suggested Discussion Questions

What actions can businesses and the Scottish Government take together to increase global ambition and deliver export growth?

'On what initiatives do you think resources should be best targeted to provide the most useful support for your business to export?

What should be included in to the next version of *A Trading Nation* to drive further export growth?