

BioPartner UK response to the International Trade Survey 2013

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The annual International Trade Survey monitors changes in world trade and builds on research conducted over the past 17 years. There were 1600 respondents to the 2013 survey, of whom approximately 5% described their business as 'medical,health,pharma'; an equal number 'food,drink,agriculture'; and 10% 'consultancy,service,financial' (<http://taefl.co.uk/download-2013-report-2/>)

Three report headlines indicate this is a crucial time for UK SMEs to take up membership of a specialist trade organisation: exporters' lack of experience as the most constraining factor, a widening finance and support gap between small and larger companies, and lack of knowledge and training constraining export momentum. UK Trade and Investment (UKTI) support for exporters has increased over the past year, but more traction is required to raise awareness of the schemes available and to increase the take-up. UKTI has joined up with trade organisations such as BioPartner UK as Trade Challenge Partners to raise the profile of its new services, and we offer free advice, registration, and discounts to attend key biopharma conferences.

Key findings in the report indicate that greater support should be provided to companies to increase capacity and improve cash flow, with acknowledgement of Europe as the preferred target market. Risks associated with IP and exchange rates have greatest adverse effect on small to medium companies, yet these are most likely to have insufficient cash flow or insurance. Of the Organisations assisting companies to trade internationally Chambers of Commerce are used by 64% of all respondents, and UKTI was contacted by 50% of businesses. Significantly, only 20% of respondents identified the Internet as a major source of information, a fall from 49% in 2012, and Trade Associations were used by only 10%, yet all three sources were rated at 6/10 or higher for the quality of contact.

Report Headlines include:

- Demand for UK-sourced products is a major factor driving exports. Orders gained are based on UK reliability and skills.
- The Confidence Index still shows that 3 out of 5 companies expect their exports to grow over the next 5 years.
- Less than 50% of exporters believe that continued membership of the EU is critical for their business.
- Exporters' lack of experience in exporting is the single most constraining factor for companies entering overseas markets.
- The gap between micro companies, small and medium sized companies and larger companies is widening, both in the form of finance and the support received from Government Departments.
- UK Government support for exporters provided by UK Trade and Investment (UKTI) and UK Export Finance (UKEF) has increased over the past year.
- Bank Finance is a factor which is holding companies back, with no growth in the use of export finance.
- Lack of knowledge and training is constraining export momentum, especially for small and medium sized companies.

Key findings:

Exporting

Europe is still seen as the UK's main export market followed by: Asia, China, Middle East, Eurasia and North America.

[UKTI key emerging and high growth markets are: Brazil, China, Colombia, Egypt, India, Indonesia, Malaysia, Mexico, Qatar, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Taiwan, Thailand, Turkey, UAE, Vietnam, Hong Kong]

Factors affecting ability to export

- Issues raised include a fear of losing intellectual property and not knowing who to contact overseas.
- Foreign Exchange features highly this year and is due to the volatility of the foreign exchange Markets.
- Companies state that lack of production capacity prevents exports, implying they are running at full production. This hides a key area which is allied to production: companies require both cash flow and investment to grow.
- Finance or lack of confidence in obtaining finance is a constraint on exporters.
- Most companies are satisfied with the services provided by their banks but 78% reported that their banks do not provide advice on imports and exports.

Financing International Trade and Risk management

Companies are still using their own funds to finance exports.

Only 40% of respondents protect their credit risks, a fall of 13% since last year.

Organisations giving export advice

Chambers of Commerce have overtaken UKTI as the organisation most widely used for giving export advice, increasing 20% since 2012. This increase reflects the change in the delivery mechanism in which UKTI's regional services are provided by UKTI international trade advisors based in Chambers of Commerce and jointly badged 'UKTI/Chamber of Commerce'. Companies with a turnover above £5m appear to be most aware of the services available. Respondents with turnover above £25m make greater use of the support on offer, this includes the services of overseas embassies and consulates. The smaller companies are making more use of Passport to Export and OMIS.

Training

Less than one in three small companies train staff in international trade, seeking experience over qualifications with many preferring a business degree.

Organisations assisting companies to trade internationally

Chambers of Commerce are the first port of call for companies seeking export advice, being used by 64% of all respondents. UKTI was contacted by 50% of businesses. Significantly, only 20% of respondents identified the Internet as a major source of information, a fall from 49% in 2012, and Trade Associations were used by only 10%, yet all three were rated at 6/10 or higher for the quality of contact. BIS has responsibility for five channels of information but a plurality of information is reported and suggestion of focus through a limited number of portals to make the task of extracting information less time-consuming. Smaller companies tend to use Chambers of Commerce which deliver UKTI services, and trade missions, while the larger companies use county desks, Embassies and Chambers of Commerce. This group also uses Trade Missions.

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