



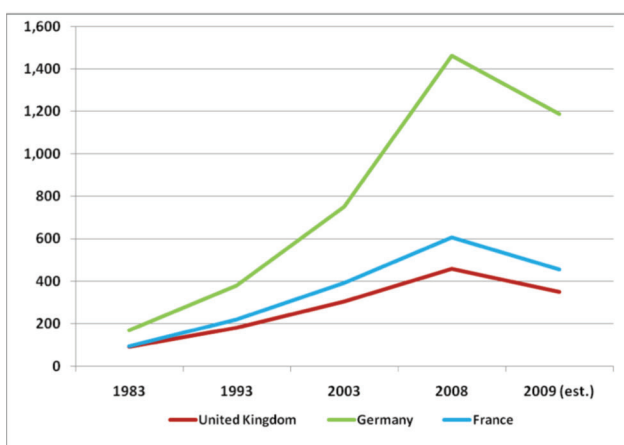
## British Exporters Association

### MANIFESTO FOR EXPORTING

Launch Date 22nd February 2010

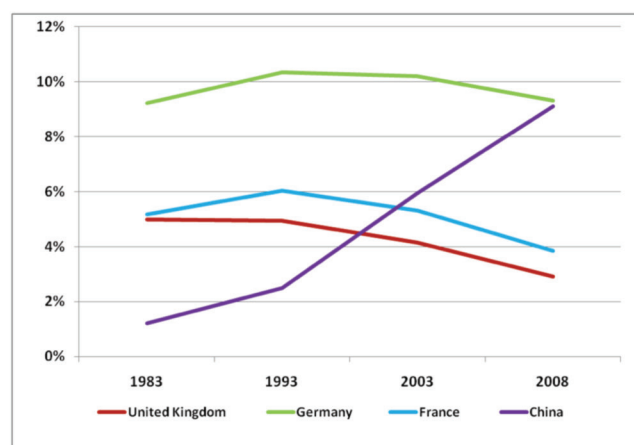
BExA has produced this Manifesto for Government in 2010 because exporting is key to the UK's emergence from recession and its entrepreneurial diversity going forward. Exports are vital for our balance of payments; they generate advances in design and, through increased scale, exports reduce the unit cost of manufactured goods for the domestic market. At \$351bn in 2009, our share of world trade is less than 3% and declining, while Germany has retained a level 9-10% share through the same period.

**Evolution of exports by value (USD millions)**



Source: CIA World Factbook

**UK share of world trade**



Source: CIA World Factbook

## 1. Support trade

The Government's strategy has been to encourage wealth through consumer spending, with insufficient focus on wealth generation by manufacturing and trading businesses. The primary strategy post-recession must be to assist companies to grow and trade within the UK and to export markets. Healthy exporters will be able to take on more long-term staff and consumer spending will naturally follow. Taxpayers' money should be spent on researched, targeted and practical support that will be wealth-generating for UK plc, not just to make good headlines.

## 2. Trade as a stepping stone for diplomacy

Embassies should have a dedicated trade focus in order to encourage strong commercial ties that will also provide a good foundation for diplomacy.

- Exporters need a strong Foreign and Commonwealth Office whose budget is not dependent on exchange rate fluctuations.
- Overseas embassies should continue to provide practical support, provide lists of potential customers and encourage meetings between exporters and their local contacts. Embassy buildings should showcase British business and be used regularly for trade-related receptions.
- All businesses benefit from high level trade promoters leading delegations to customers' countries. Passport to Export and Trade mission support are valued by SMEs: these are investments.
- Overseas Regional Development Agency posts, which have a reputation for competing with each other for investment into their regions, should be streamlined. They should report to the Department for Trade and should concentrate on assisting exports from UK plc and promote the UK as being an excellent place in which to do business.

## 3. Speak to exporters

Government must speak regularly with exporters and their trade associations. Discussion within government or with service providers, such as banks and export credit insurers, will not provide a full insight into what **exporters** need.

Relevant Government staff should be sponsored to have temporary secondment into exporting companies.

## 4. UKTI should be the Department for Trade

Current Government support for trade assumes that companies are born domestic – for which BIS supplies assistance with UK strategy, marketing and trade - and then graduate to export - for which UKTI has separate lines of support for strategy, marketing and trade. Globalisation blurs this distinction. We therefore need support for trade as a whole, not categorised as to “domestic” and “export”.

The trade-related activity of BIS should be merged into UKTI's export support as a general support for all trade. This would allow BIS to concentrate on its role supporting innovation and skills, and regulatory reform, and leave UKTI as the department responsible for all trade matters, from negotiating trade agreements to support for individual companies.

The Department for Trade should be headed by a Minister from the House of Lords who will be unencumbered with constituency and party-political responsibilities and have time to devote to promotional overseas visits.

## 5. Practical support for domestic and export trade

- All trade aspects of the Business Link portal should be run by the new Department for Trade and be the sole entry point for advice on trade. It should be promoted amongst trade associations and in commercially run seminars and sector-briefings. Duplication and overlaps should be stopped – such as between UKTI, BIS, Northern Ireland and Scottish Development International websites – releasing funds to support more trade. Regional Development Agency websites should have easily accessible links to Business Link and concentrate on specific regional topics and on showcasing the advantages of doing business in the region.
- The UK's 4.7m SMEs are the backbone of our economy, and by definition do not have large numbers of staff and need in-depth, experienced advice supplied by an impartial government. A good web presence supported by staffed country desks – even for Europe and America – is needed for practical help and advice. These desks should be well-versed in promoting alternative commercial solutions such as trading houses who can take control of the detail of exporting.
- The role of the UK-based Trade Advisors should be as on-the-ground practical support and advice for trade. Inward investment support for strategic developments can be achieved through targeted marketing, and capital allowances.

## 6. Make use of the UK's sovereign credit rating

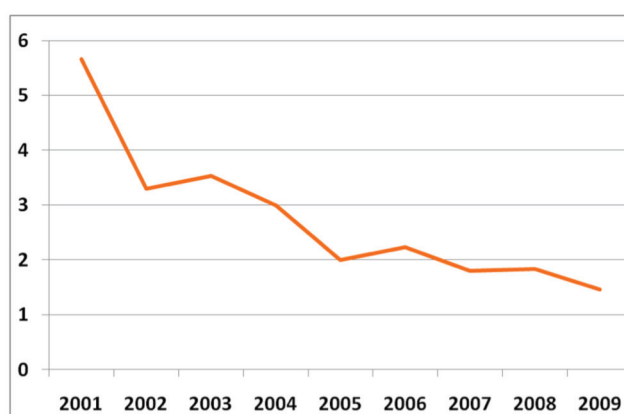
- Most exports are on open (30 or 60 day) terms, and during the recent recession, commercial insurers did not supply sufficient capacity. A Government-backed insurer should be created – such as is in operation in France - to be activated, if necessary at short notice, at times of market distress to cover domestic trade credit risks in a recession. This new flexible vehicle would be available to provide protection for recurrent flood risk and terrorism.
- A key service to be supplied by this government insurer would be to support the issuance of bonds thus enabling UK companies to raise on-demand contract guarantees that are necessary for domestic and export contracts. This support is widely available from other EU governments. At a time when company finances are stretched and banks are restricting borrowings generally, not having bond issue support puts UK exporters at a real disadvantage.

## 7. Re-engineer the Export Credits Guarantee Department (ECGD)

ECGD needs to be part of Government trade policy. Under the present Government, operating until recently in a benign economic environment, ECGD has been reviewed, cut and tied in regulation. We need it to be robustly supported and reinvigorated, to encourage exports while banks and credit insurers' appetites recover. Sustainable exports will lead to the creation of long term jobs.

BExA hopes that the Government will use the Business Principles consultation as a springboard for the re-invention of ECGD.

**ECGD business volume (GBP billions)**



Source: ECGD Resource Accounts

### **a) Innovation**

- ECGD must widen its product range from only supporting capital and semi-capital goods/services – which is particularly valued by the aerospace sector - to all types of exported goods and services including those sold on short terms of payment.
- Government should obtain authorisation from the EU to write short term export credit insurance and lobby to allow short term support to be continued after the end of the current allowance for underwriting “non-marketable risk” at the end of 2010.

### **b) Outsourcing of ECGD administration**

- ECGD should free-up front-line staff by outsourcing first-stage information gathering and credit analysis to commercial organisations.
- ECGD should reach out to SMEs, who neither have the knowledge of ECGD nor expertise in placing credit insurance cover for themselves, by enlisting the thriving (and FSA-regulated) UK commercial credit insurance broking network as a marketing arm to distribute its products and ensure that the cover is operating correctly.
- Consideration should also be given to combining ECGD with a commercial entity in order to make administrative savings. Such outsourcing is common amongst other EU ECAs.

## **8. Accountability**

University research has demonstrated the value of exports to the UK economy. The activities of the Department for Trade, and all other business support operations should be measured by reference to their cost and the impact on the companies they help. The staff numbers and administration costs should be measured alongside the value of new turnover generated by client companies, and, where appropriate, the fees (in the case of ECGD, the premium income) paid to the Government. Growth should be charted and measured overall against the UK's GDP and share of world trade.

### **Contacts**

*Susan Ross, Chairman Tel.: 020 7882 0365*

*Hugh Bailey, Director Tel.: 020 7222 5419*

### **British Exporters Association**

**Broadway House**

**Tothill Street**

**London SW1H 9NQ**

*Email: [hughbailey@bexa.co.uk](mailto:hughbailey@bexa.co.uk)*

*[www.bexa.co.uk](http://www.bexa.co.uk)*