

Constitution, Europe, External Affairs and Culture Committee – National Outcomes, promoting culture & trade

Call for Views

Response from Scottish Chambers of Commerce Network, June 2023

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INTRODUCTION

The Scottish Chambers of Commerce (SCC) Network welcome the Constitution, Europe, External Affairs and Culture Committee inquiry which contains the specific focus on how culture and trade are promoted and subsequently measured by the Scottish Government and how this can be improved.

The SCC Network is the only private sector organisation recognised as an internationally leading business-to-business network, and member of the International Chambers of Commerce which represents 40 million companies across 100 countries. Our network exists in every continent, acting as an agile, trusted and reliable business partner.

The SCC Network has achieved significant wins for Scottish businesses as part of our international trade mission work. Since 2017, this has included onboarding around 1,000 businesses in Scotland to the world of exporting, securing new sales and orders worth over £30million and establishing over 40 global international Chamber-to-Chamber relationships providing direct entry points for Scottish businesses to new markets.

From a government support perspective, there is a disparity between promoting Scotland internationally among the Scottish Government and UK Government and their associated bodies with no central approach focussed on selling Scotland. For example, despite the UK Government having broad powers to provide financial assistance to all parts of the UK for the purposes of promoting economic development / trade support, this hasn't always filtered down to business networks like the SCC who exist at the coal face of promoting Scotland products and services in a global market through the network and filtering down to business.

Both governments operate departments in silo – business and trade, external affairs & culture, promoting Scotland for example. A stronger profile for Scotland could be attained by bringing together these teams to avoid duplication (or conflict of messaging) and linking all international activities with policies that will provide a stable environment for business.

Political stability is carefully assessed by multinational companies when selecting an FDI destination and links to the financial and economic features of a country. The UK and Scottish Governments are responsible for the rule-setting of many factors that encourage, or discourage, FDI. Great potential doesn't always equate to success when policy development, business regulation, and decision-making is not conducive to investment.

UK Government Ministers have a planned itinerary of international business visits and there should be an automatic inclusion of businesses from Scotland to represent and attend these, working in cohesion with the Scottish Government to reach out to partner organisations to select the most ambitious and passionate businesses. As more markets open, the increase for global demand for products and services from Scotland is obvious and we should be able to showcase what Scotland has to offer the world both in terms of exports of goods and services and generating FDI.

The Scottish Government has developed a clearer method of working with the private sector which is aligned with their strategies to boost exports including collaborations and partnerships with business networks including an International Trade Partnership with the Scottish Chambers of Commerce. This allows us to provide the business-to-business connections which are critical enablers to companies new to exporting or expanding into new markets as well as advice, training, support, and documentation. This partnership continues to serve as a globally leading initiative.

However, we still believe this can be improved, particularly when it comes to engaging start-ups, entrepreneurs and earlier stage businesses as well as tapping into the potential of emerging markets, allowing Scotland to get ahead of its competitors.

This submission will discuss the potential of greater engagement from the Scottish Government with the business community, on how promoting Scotland business and trade internationally is being done and could be enhanced. It will also highlight ways to build upon the exporting potential of Scottish businesses.

It will primarily focus on how the promotion of trade can be improved but there will also be reference to cultural elements as well along with references to inward investment, particularly after Scotland has recently reaffirmed its standing as the top UK destination for financial services foreign direct investment outside London.¹

SCC is happy to discuss this response in greater detail with the Committee.

Economic Insight & Impact on Businesses:

Research shows that exporters are facing a wide range of unique issues, from unprecedented inflationary pressures and global supply chain crises to a raft of new requirements flowing from the UK-EU trade deal. The combination of supply chain disruption, soaring prices, and the impact of Brexit red tape and compliance costs has had a significant effect on exports, especially for smaller firms already scarred by the pandemic. Our own Quarterly Economic Indicator also highlights inflation concerns, cost pressures remaining high and a cautious labour market.²

These are huge challenges being faced by exporters - often the most dynamic, innovative, and forward-thinking businesses in the UK economy.

Many are facing immediate consequences, such as the massive shortage of shipping containers, impacting on those businesses who export smaller quantities, all contributing towards transport and shipping costs, which in some cases have increased by more than 300%.

Government must help businesses to harness the opportunities provided by existing Free Trade Agreements and those coming on stream. Far too many firms are either unaware of the possibilities or are uncertain how to take advantage or have meaningful input and even when these are in place, many businesses are unsure of the real impact it will have on their business trading globally.

While the Scottish Government has made clear its position on Brexit, it still has an important role to play in influencing future FTAs and giving Scottish businesses the platform and resources to take advantage of these new opportunities, on top of existing target markets identified via Scotland: A Trading Nation.

The SCC Network has the expertise and business connectivity to help Government shift the dial. By working together, we can build an end-to-end support service for exporters and importers and investors which could truly make a difference to the economy, attracting more business, investment, and people to Scotland, while also increasing our global footprint.

¹ [Attractiveness Survey for Financial Services 2023 – EY](#)

² [Latest](#) SCC Quarterly Survey Results – Scottish Chambers of Commerce

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RECOMMENDATIONS FOR SCOTTISH GOVERNMENT:

1. While most current funding streams and Scotland: A Trading Nation focus on expansion into 'priority' markets, more consideration must be given to how Scottish exporters can be helped to tap into emerging markets, so they are not left behind when these developing economies become major ones.
2. Utilise the Scottish Connections Framework to highlight our success stories and develop our international focus, taking advantage of global initiatives like the International Chambers of Commerce Network which the Framework has already acknowledged.
3. Re-focus Scottish Government work on leveraging UK Government support for Scottish companies to ensure it complements existing trade support options for these companies, as well as increasing those options as more FTAs are agreed and come online.
4. Work with the Chamber of Commerce Network and the business community in partnership to target major global moments, both internally and externally, to showcase Scotland's offering, for example at the upcoming COP28 and Expo 2025.
5. Ensure that exporters are aware of increasing net zero opportunities for Scotland to help meet Net Zero targets and to attract business and inward investment in this area.

Growth in exports drives job creation, boosts productivity and strengthens business resilience.

The growth of world markets, the rapid adoption of e-commerce, increasing logistics options, and Free Trade Agreements have made exporting more viable than ever before, even for the smallest of companies.

That's why the national economic strategies of both the UK and Scotland need to keep pace with the realities of how globalisation is changing and the implications for our ability to trade, attract talent to work and study here and attract investment flows. We should play to our strengths and play to them globally.

International Trade:

Since 2019, SCC Network has delivered almost 100 international trade missions to markets across the world which had around 1,000 Scottish businesses participating. Even at the height of the COVID-19 pandemic, SCC continued to operate our international trade services and in 2020 – 2021, our Network delivered 25 virtual trade missions, securing £3.3 million worth of sales to date and £8 million worth of sales in the pipeline. Note: part-funded by Scottish Government's collaboration with the private sector.

Exporting Scotland's goods, services, and produce to the world is a vital part of growing Scotland's economy as recognised by the Scottish Government through Scotland: A Trading Nation and its support in recent years for the Scottish Chambers of Commerce International Network in delivering and providing support for business to connect and expand internationally.³

Recommendation: While we welcome that this support is set to continue, we would urge the Scottish Government to consider how Scottish exporters can be helped to tap into emerging markets, so they are not left behind when these developing economies become major ones. We are ready to support engagement with these markets and establish new connections and trade and attracting inward investment.

Rapid exploration of the opportunities that exist through Free Trading Agreements / Economic Agreements with markets including Japan, South Korea, Australia, Mexico, and Turkey will become increasingly important and the Scottish Government should monitor carefully where further export opportunities develop for these parts of the world. While partner organisations such as Scottish Enterprise and Scottish Development International focus on getting the most out of existing markets, the SCC network can help the Scottish Government get ahead of competitors and tap into the new and emerging markets whilst influencing the quality of jobs, application of fair work and inclusive employment practices and adhering to the trade vision set out by the Scottish Government for inclusive growth, wellbeing, sustainability, net zero and good governance.

It is welcome that the Scottish Government have began steps to do this by committing to 'Refining and defining our approach to engagement with emerging markets in our 2nd tier of ATN priority markets' in the 2022 progress review of Scotland: A Trading Nation.⁴

Recommendation: We also recommend the utilisation of the Chambers Network and global experts in these markets to provide insight, intelligence, and contacts to the Scottish Government on where the opportunities exist and how to "win" them for Scottish businesses.

We have already urged the UK Government to prioritise support for international trade over the next 4 years, particularly as businesses seek out new and emerging markets and make the most of new Free Trade Agreements and international trade deals following the UK exit from the EU.

Recommendation: The Scottish Government has a role to play in this, through leveraging UK Government support for Scottish companies to ensure it complements existing trade support options for these companies, as well as increasing those options as more FTAs are agreed and come online.

Again, it is welcome that this been committed to in the Trading Nation 2022 progress review.

³ [Scotland: A Trading Nation – Scottish Government](#)

⁴ [A Trading Nation: progress review 2022 – Scottish Government](#)

Getting more SMEs into exporting:

The primary agency promoting Scotland internationally is Scottish Development International, a government funded body, however, this is restricted to supporting the top 1,200 businesses, many of which are solid performers, sleeping giants and global by birth, concentrating on specific sectors and with a focus on the transition to net zero.

There are an additional 342,000 businesses in Scotland, although we understand that not all will trade internationally nor require international investment. Nearly 13,000 businesses receive direct support from the SCC Network and others from bodies including Highlands & Islands Enterprise, DIT Scotland, Scottish Enterprise, and South of Scotland Enterprise; all of which are wholly Government-funded, with the exception of the SCC Network, however in reality the Chamber Network supports significantly more businesses in Scotland and across the globe. These companies may start with a 'one to many' approach and resource focus but in reality need much more dedicated 'one to one' support to understand not only the opportunities but the pragmatic details of trading internationally including INCO terms, commodity codes and certificates of origin.

While bodies such as DIT and UK Finance also play a key role in supporting Scottish exporters, the latter having taken significant steps to support SMEs in recent years, SCC believes that more can be done to clearly signpost a go-to place for smaller businesses to get started on their exporting journey, supporting the mid-to-longer term strategy of the Scottish Government.

Recommendation:

Utilise the Scottish Connections Framework to highlight our success stories and develop our international focus, taking advantage of global initiatives like the SCC Chambers of Commerce Network to promote trade which the Framework has already acknowledged.⁵

Developing Scotland's Cultural & Trading Potential:

Whilst, SDI and the Scottish Government have been engaging in sectorally focused exhibitions throughout the world, we feel that COP 28 is one of the largest global moments that we should target for showcasing Scotland and consider the partnership which was designed and implemented at Dubai Expo 2020. This was a great exemplar of Scottish business working with the Scottish Government collectively selling "Scotland". This attracted more than 1,000 participants, both in person and online, engaging with more than 40 Scottish businesses and over 60 organisations from Scotland and the UAE.

While the global pandemic presented significant challenges, the strength of the Team Scotland approach helped all partner organisations, delivering extensive audience recruitment and engage the right business leaders to participate.⁶ The SCC International Network wish to continue this focus.

Recommendations: SCC would propose to increase working with partners to participate in future global exhibitions, conferences, and appropriate events on a greater scale with a particular focus on the Scottish Government's ambitious targets to transition to a net zero emissions Scotland for the benefit of our environment, our people and our prosperity.

This would include working with both the UK and Scottish Government at global events, identifying new ways in which Scotland is represented at these.

⁵ [Scottish Connections Framework – Scottish Government](#)

⁶ [Scotland at Expo 2020 Dubai: evaluation report – Scottish Government](#)

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The Scottish Chambers of Commerce International Network can help highlight Scotland's expertise in initiatives such as Green Hydrogen, other types of Hydrogen, carbon capture, renewable energy, and energy transition, following on from the success of the trade mission to Dubai Expo and COP 26 in Glasgow during these dinners, meetings and briefings.

Scotland punches above its weight on the global stage and has been successful in attracting visitors, talent, students and investment. However, as our competitors step up their game and the uncertain world of migration, business and investment and travel evolves, we need to shift up a gear to grow Scotland's international appeal and success.

7.5% of Scotland's population (397,000) were non-British nationals and Scotland is a country that's viewed as being open, inclusive and outward looking. Inclusion is the guiding principle for everything we do. This provides important social and economic benefits – improved learning, increased tolerance and opportunities to come together with others enhances our own quality of life and increases overall wellbeing for both individuals and communities.

It's important to understand other cultures, essential to have good communication in order to avoid misunderstandings but many businesses struggle to understand how which is why guidance and expertise from organisations such as SCC, as well as attending trade missions, is vitally important.

ENDS

ABOUT SCC: The Scottish Chambers of Commerce Network sits at the heart of local business communities, representing over 12,000 businesses in Scotland. With 30 local Chambers rooted in communities across Scotland, the Chamber Network provides practical advice and support to Scottish companies through unrivalled expert leadership, business-to-business connections, mentoring/coaching, business support services and international trade support.