CBI submission to call for evidence on the exports national indicator
The CBI is the UK’s leading business organisation, speaking for some 190,000 businesses operating across the UK. With offices across the country as well as representation in Brussels, Washington, Beijing and Delhi, the CBI communicates the British business voice around the world. The CBI welcomes the opportunity to submit written evidence to the ‘increase exports’ national indicator. This response makes the following points:

- Our growing economy must be supported by a significant rebalancing towards business investment and trade
- CBI members welcome the Scottish Government’s focus on exports and progress in supporting new and existing exporters
- We urge the Scottish Government to maintain momentum and look beyond the provision of advice to support exporters

Our growing economy must be supported by a significant rebalancing towards business investment and trade
The Scottish economy is emerging strongly from the shadow of the global economic crisis. Its growth rate has been almost exactly the same as the equivalent figure for the UK over the past 40 years.¹ The strength of Scotland’s economy relative to its size is reflected by strong employment figures, which at 73.4% is higher than both the UK overall and London, alongside a strong performance in labour productivity, which is ranked 3rd in the UK behind only London and the South East for output per hour worked.² Scotland’s economy is supported by being home to a range of world-beating sectors including defence, financial services, energy, higher education and the food & drink sector.

In order to maintain and deliver economic growth over the medium term, the CBI believes that we need to rebalance the UK economy by resurrecting business investment and net trade as the key drivers of growth while household and government debt stabilise.

Looking at Scotland’s export statistics it is clear that there is some way to go fully to rebalance the economy by boosting trade. The rest of the UK accounts for 68% of Scottish exports by destination, with an additional 16% of exports going to EU countries. This means that only 16% of Scottish exports are beyond the ‘safety’ of the single market of the UK and EU.³ In addition, Scotland’s value of exports as a % of GDP when looking at international exports is significantly lower than other similarly sized nations such as Denmark, Norway and Ireland.⁴

¹ HM Treasury, Scotland Analysis: Macroeconomic and Fiscal performance, 2013
² CBI, Analysis of Scottish Government White Paper, 2014
³ Ibid
⁴ Scottish Parliament, Financial Scrutiny Unit Briefing ‘Scotland’s economy: recent developments’, 2014
Further, across the UK only 1 in 5 small and medium-sized businesses currently export, compared to 1 in 4 businesses in the EU.\textsuperscript{5} In Scotland, these problems are more pronounced, just 13% of Scotland’s small and medium-sized businesses exported in 2012, down from 16% in 2007.\textsuperscript{6}

\textbf{CBI members welcome the Scottish Government’s focus on exports and progress in supporting new and existing exporters}

Given the importance of rebalancing the economy and the unique challenges that Scotland’s economy faces in boosting trade, CBI members welcome the Scottish Government’s focus on increasing Scotland’s export base and the ambitious 2010 target to increase exports by 50% by 2017.

Ambitious targets which have been accompanied by increased support and advice for new and existing exporters have been well received by CBI members. Members who use the services provided by Scottish Development International, Scottish Enterprise and others are positive about their experiences and the impact on their business and exports opportunities. In addition, members report noticeable improvements in the range of support available and the quality of commercial focussed service provided.

Although there is a good level of awareness of Scottish Development International in the business community, we must go beyond boosting awareness of the organisation. Businesses are less likely to be aware of the specific support that is available. The CBI believes that the range of services and support available must be targeted and marketed effectively and efficiently to ensure that support reaches businesses with high-growth export potential. The CBI also has a role to play in working with SDI to assist in boosting our members’ understanding of the available support.

\textbf{We urge the Scottish Government to maintain momentum and look beyond the provision of advice to support exporters}

In order to maintain momentum the Scottish Government must go further than the provision of effective advice and support. Our exporting members, particularly small and medium-sized businesses report particular difficulties obtaining export finance. This includes both businesses working and patient capital needs, and export insurance. UK Export Finance is a valuable resource for businesses across the UK and we urge the Scottish Government and its support agencies to develop closer links with UKEF to ensure that Scottish businesses also benefit from available finance support.

In addition, connectivity from Scotland to the South-East and onto international markets is consistently raised by members as a key barrier to increasing their export base. Our members’ experiences show that conducting business face-to-face is often the most productive and beneficial means to build strong, working relationships and therefore frequent flights to the widest range of markets is crucial for supporting Scottish businesses to export their goods and services across the world.

\textsuperscript{5} CBI, Increasing Exports, 2011
\textsuperscript{6} Scottish Government, Scotland Small Business Survey, 2012