

Export expert



**GRAHAM BUCK FINDS OUT
WHAT HELP IS ON OFFER FOR
HARD-PRESSED BRITISH
EXPORTERS.**



Executive summary

- The well-worn slogan “export or die” still holds true and never more so than during a global economic downturn. UK companies can turn to a number of resources, both government and non-government, to help access markets overseas.

Last year's slide in the value of sterling against major currencies such as the dollar and the euro made life even more unpredictable for many companies. However, there are signs that sterling's loss has produced a gain for the UK's trading performance, despite the global downturn. To capitalise on the opportunities offered by a weaker currency, the government has recently been making efforts to step up its support for exporters.

For businesses seeking to expand overseas, the local Business Link is often the first port of call. Business Link is a free business advice and support service that can be accessed online via www.businesslink.gov.uk and through local advisers. The international trade section of the website covers a range of issues from getting started and import/export guidelines to the transportation of goods, relevant payments and available reliefs.

Among the other facilities offered by the site, businesses can apply for Authorised Economic Operator status, which may qualify their consignments for priority at custom control.

Companies will also be directed to UK Trade & Investment (UKTI),

which is the focus of many of the government's initiatives to assist exporters. UKTI comes under the auspices of the Foreign Office and the Department for Business, Enterprise and Regulatory Reform, and provides British firms with market intelligence on their overseas markets, training and contacts, either at subsidised prices or for free.

The government has also been proactive in initiatives to open up the world's major emerging markets, establishing government-to-government forums with Brazil, India and China, as well as Vietnam.

According to independent research, 90% of UKTI's customers are small and medium-sized businesses and the agency provided “significant assistance” to the export efforts of 20,700 UK firms over the 12 months to early 2009. Its assistance helped those firms generate around £3.6bn in additional profit.

UKTI's Overseas Market Introduction Service (OMIS) is the resource for firms seeking detailed information on a particular overseas market and can also provide the names of potential clients while assisting in setting up high-level introductions with the help of the Foreign Office.

The agency also supports exports communications reviews, designed to prevent exporters losing out on potential overseas business because of language and cultural barriers.

JOINT VENTURE In January, UKTI announced a joint venture with HSBC to provide training events, including a series of international trade workshops. The aim is to “help demystify the processes of doing business internationally and advise on the requirements and paperwork needed to successfully trade overseas.” As part of the

initiative, UKTI trade advisers and HSBC managers will offer companies advice and guidance on key issues in financing international trade, such as payment options, contract enforcement and currency risk management.

UKTI also has academic partners such as Coventry University for the Soft Landing Zone programme for knowledge-based businesses. The project offers advice, dedicated space on science parks for a second office abroad, and R&D opportunities or outsourcing agreements with companies in emerging markets such as China, India, Brazil, Malaysia and Romania.

As market visits and trade show participation are among the most successful means for UK companies to establish a presence overseas, UKTI's Tradeshow Access Programme (TAP) provides grants so that small and mid-size enterprises (SMEs) can attend such events. In the year to April 2009, TAP provided grants of up to £1,800 to more than 3,000 firms so they can participate in trade shows abroad, and has doubled the number of grants it can make for this year.

For the 2009/10 financial year TAP grants are available for over 400 trade shows, including the Big Five construction show in Dubai, an offshore oil and gas show in Dubai, a broadcast media show in Beijing and the Medica life sciences show in Dusseldorf this November. In addition, companies in the music and technology industries are well catered for. TAP grants are also available for companies that wish to exhibit independently at trade shows not listed on UKTI's website.

From 1 April, another change to TAP saw the number of grants that UK firms could apply for double from three to six in the company's lifetime, with the proviso that the trade shows are at least two different markets. There was also good news for those that have previously participated in TAP as the slate is now wiped clean.

A further UKTI initiative, called Gateway to Global Growth, also took effect from 1 April and aims to provide specialist financial and legal advice over the next year to more than 1,200 businesses that

are expanding internationally. Companies that register on its website, www.uktradeinvest.gov.uk, can also gain information on other government assistance available to exporters, while information on TAP grants is available at www.uktradeinvest.gov.uk/ukti/tap.

OTHER HELP Sources of assistance outside the government sector include the London-based non-profit training body the Institute of Export (IoE). Established in 1935, the IoE's mission statement is "to enhance the import and export performance of the UK by setting and raising professional standards in international trade management and practice through professional qualifications and short-course training".

The IoE actively promotes careers in international trade and exports and traditionally its membership is primarily made up of individuals. However, it has a growing number of business and corporate members that can access its mentoring programme, a series of six half-hour sessions for smaller companies from experts in specific sectors.

The IoE also runs courses on credit risk management and can offer experts' advice on international credit risk. Lesley Batchelor, the IoE's chair, says treasurers are thinking about overseas business in even broader terms; for example, such as whether the company is going to the right countries.

But she warns that companies should not put too much reliance on a weak pound to export their way out of recession: "Anyone hoping that sterling's fall heralds a new age of British export success may be in for a shock. In the long term, the adjustment of sterling to a lower value will help our export sector. At the very least it will level the playing field when compared with the past decade. However, the broader – and more important – issue is the competitiveness of our economy, which goes far beyond the exchange rate."

More information on the IoE, including the recent revamp of its business membership package for SMEs, can be found on its website at www.export.org.uk. A new facility on the site is an international trade television channel, which groups all the various delivery agents together and permits users to ask specific questions.

But not all news on the export front is good. Food from Britain (FfB), a government-backed consultancy set up to help promote British food and drink manufacturers to develop international markets, closed its doors in April after 25 years. It has left behind a page on the Food and Drink Federation's website at www.fdf.org.uk/exports giving links to other bodies such as UKTI that will continue to provide support to exporters in the sector.

EXPORT CREDITS Any review of export support for British exporters must also mention the 90-year-old Export Credits Guarantee Department (ECGD), the UK's official export credit agency, which provides guarantees to banks as suppliers of the finance that enables overseas buyers to purchase goods and services from UK exporters.

As The Treasurer reported in October 2008, the role of the ECGD reached a zenith in the 1970s and has steadily eroded since, although the credit crunch could reverse that decline.

Export credit guarantees are particularly important to companies in the energy and defence sectors as well as manufacturers that operate in countries where private sector insurance is not easily available, such as Iran.

The government has recently acted to boost this form of taxpayer-backed insurance. The Industry and Exports (Financial Support) Bill, which has just passed through the Commons, increases the amount of cover available to companies that apply from £3.7bn to £12bn and enables those investing in overseas projects to apply for insurance

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Box 1: Upcoming TAP grant events

9-12 June: The League of American Orchestras, Chicago
16-18 September: Popkomm 2009, Berlin
9-12 October: 127th Audio Engineering Society Convention, New York
13-16 October: Music China, Shanghai
14-17 January 2010: NAMM International Music Market, Anaheim, California
24-27 January 2010: MIDEM Music Festival, Cannes
24-27 March 2010: Musikmesse/ProLight & Sound 2010, Frankfurt

Box 2: Carpe diem

"When the outlook is uncertain, visionary business leaders expand their horizons to exploit new opportunities. Turning inwards to ride out the storm is simply not an option," says the acting chief executive of UKTI, Dominic Jermy.

"The UK is filled with enterprising minds. That is why we have to make sure all companies with vision are equipped to meet the challenges of the global economy and to take advantage of the opportunities abroad.

"UKTI is dedicated to helping companies take their business to the next level internationally. Our mission is to ensure the UK economy and UK business gain the greatest possible benefit from international business opportunities.

"Growing internationally is a challenge. Every market presents its own practical, legal, logistical and cultural hurdles. In the current downturn, good market information and intelligence is more important than ever.

"Fortunately, UKTI has a deep mine of resources for support and advice, working with experienced advisers and export experts in almost 100 countries around the world.

"Even experienced exporters can benefit from the expert support UKTI offers. Our services are tailored to a company's individual needs. There is no set package – only an intention to identify and provide the support and advice that will be most helpful to the company concerned."

retrospectively once work has begun. More controversially, there have been accusations that the new legislation will weaken current stringent guidelines on ethical and environmental standards in order to further encourage business.

The ECGD counters the criticism by arguing that the proposed changes will create a more level playing field for UK exporters. It points out that export credit agencies in countries such as Germany and Italy are not bound by similar restrictions. However, support will still be subject to due diligence first being carried out.

Lastly, the British Chambers of Commerce – its website is www.britishchambers.org.uk – and its local chambers network offer a range of training for exporters. The BCC also manages UKTI's export marketing research scheme. Bilateral chambers or councils link UK businesses with those in other countries, such as the China-Britain Business Council whose UK offices are shown on www.cbbc.org.

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ACT training courses

Treasurers are playing a critical role in facilitating business survival and recovery during the downturn. By implementing best practice, enhancing funding relationships and looking at the long term view you can stay at the forefront of dealing with the 'new normal'.

Use the ACT's tried and tested training courses to ensure you have the right skills to stay ahead.

Financial Modelling courses

The financial modelling courses combine the application of modelling best practice with an understanding of the relationships being modelled. We have developed two practical, hands-on courses to demystify the maths and allow participants to build clear, robust models which enable valuations and sensitivities to be reliably explored.

Book both courses on consecutive days and receive a 10% discount.

Financial Modelling: Modelling Financial Instruments

24 June 2009

This course looks at modelling techniques for yield curves, financial instruments and VaR analysis, enabling a better understanding of risk sensitivities and instrument valuations.

Financial Modelling: Corporate Performance and Acquisitions

25 June 2009

This course provides modelling techniques for corporate cash flow projection and corporate valuation, enabling reliable forecasting of corporate performance.

Treasury Operations and Controls The Essential Guide to Treasury Security and Controls

16 and 17 June 2009

Focusing on operational risk, this interactive two-day course takes participants through the process of building a secure treasury environment, from the creation of a framework of policy and delegated authority through to how treasury should be organised to ensure maximum control of its activities.

Cash and Liquidity Management Payment Services Directive

30 June 2009

The Payment Services Directive (PSD) comes into force in November 2009, and with it the likelihood of wholesale changes in Banks' terms and conditions. This course will enable you to understand and prepare for the impact of this change in legislation on your business and on your bank relationships. The course provides an overview of what PSD means to corporates, the opportunities it offers for efficiencies and greater transparency, and the threats to realising those opportunities.

For all ACT training courses contact Maggi McDonnell at training@treasurers.org, phone +44 (0)20 7847 2559 or visit www.treasurers.org/training