



**Backing Britain's Global Champions:**  
The role of trade missions in supporting  
future exports

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**About Civitas:** Civitas: *Institute for the Study of Civil Society* is an independent, cross-party think tank which seeks to facilitate informed public debate. We search for solutions to social and economic problems unconstrained by the short-term priorities of political parties or conventional wisdom.

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## Contents

Introduction .....	3
UK exports can deliver a growth-led recovery.....	7
Trade support for exports.....	8
Exports and trade support compared.....	17
Outbound trade missions – do they help us gain export deals? .....	19
Germany.....	20
Sweden.....	23
France.....	24
United Kingdom .....	26
Lessons learned: how to better deploy delegations.....	36
<b>1. Redoubling our support for quality trade missions which need to be formed around a legitimate and long-term sales narrative .....</b>	<b>36</b>
<b>2. Bring the ‘Exports and UK Trade’ section inside the DIT under private ownership to reflect a half-share interest from government coordination and a half-share interest from the private export trade associations .....</b>	<b>38</b>
<b>3. Create a ‘Team Britain Export’ to coordinate a country-wide, pro-business, export policy .....</b>	<b>39</b>
<b>4. To have ‘automatic’ follow-up trade missions associated with big contract wins.....</b>	<b>40</b>
<b>5. Government should seek to encourage, fund and support the doubling of the British Chambers of Commerce abroad from 70 to 140 offices, to be located in every current and emerging market and directly linked to UK-based Chambers of Commerce.....</b>	<b>41</b>
<b>6. Expand our flourishing Trade Envoys network from 40 Prime Minister Trade Envoys covering 80 markets to match the 60 Envoys required for the much wider 120 markets the DIT currently intends to operate in .....</b>	<b>41</b>
<b>7. Cementing the role of the Royal Family in supporting ‘Global Britain’ .....</b>	<b>43</b>
<b>8. To separate trade agreements’ metrics and outcomes from separate trade mission business outcomes and metrics.....</b>	<b>44</b>
<b>9. Encourage trade missions founded on peer-to-peer support for accessing new markets.....</b>	<b>45</b>
<b>10. Creation of trade offices for major long-term export markets for 2035-2040.....</b>	<b>45</b>

## Introduction

The future of Global Britain rests on the UK having the opportunity to pursue its own independent trade policy for the first time in over 40 years. It is one of the major opportunities offered by Brexit.<sup>1</sup> If properly coordinated, it could enable the UK to focus more on fast-growing markets outside the EU. That not only covers the opportunities to strike new trade agreements but considering our position on tariffs and quotas, regulation of product standards, trade defence against imports sold at unfairly low prices, help for developing countries and re-establishing the UK's position at the World Trade Organization (WTO).

The transfer of powers under Brexit means the UK's trade policy now rests with our own national (and devolved) powers rather than largely being determined by Brussels. Outside the EU, the UK needs to step up to focus exclusively on its own priorities, such as a workable exports policy. Trade agreements are but one part of this complex picture since they can remove barriers to trade and help exporters improve access to other countries' markets, thereby benefiting UK exporters.<sup>2</sup> The Global Britain focus suggests we re-found our own economic identity brand as a nation to restore the entrepreneurial ethos and enthusiasm previously only paralleled by the programmes of the Thatcher government in the 1980s.<sup>3</sup>

Britain already has a policy framework for a 'Global Britain', combined with a global network of companies – our 'Export Champions' – giving us a platform in major export markets in Asia, Africa, the Americas and beyond. The Global Britain framework is about resetting our voice as an independent trading nation with the aim of boosting prosperity for all parts of the UK with a trade policy to open up markets and, where necessary, update international trading rules.<sup>4</sup> The global 'Export Champions' are businesses from around the UK who are already successfully selling overseas, forming a network of British companies which act as ambassadors for exporting, leading by example. However, the government needs to identify ways to use the exporting champion network, which is at the forefront of Global Britain, to drive growth and economic recovery, without placing the long-term burden of the public finances on taxpayers.

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<sup>1</sup> Dominic Webb, 'The UK's independent trade policy: Global Britain?', <https://commonslibrary.parliament.uk/the-uks-independent-trade-policy-global-britain/>

<sup>2</sup> Dominic Webb, 'The UK's independent trade policy: Global Britain?', <https://commonslibrary.parliament.uk/the-uks-independent-trade-policy-global-britain/>

<sup>3</sup> See Howard Shore, Chairman of Shore Capital comments upon the release of the Centre for Policy Studies report, 'Why Choose Britain?', [Why Choose Britain? - The Centre for Policy Studies \(cps.org.uk\)](https://www.cps.org.uk/why-choose-britain/)

<sup>4</sup> Gov.uk, Global Britain in a Competitive Age: the Integrated Review of Security, Defence, Development and Foreign Policy', <https://www.gov.uk/government/publications/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy>

Britain is superbly placed to take advantage of newfound Brexit opportunities which will enable its firms to capitalise on growth in an increasingly competitive landscape for trade. As other countries move from public health crisis to the Ukraine conflict fall-out to economic recovery, this competition will only increase.

In a broader economic context, Britain led the charge in emerging from the Covid-19 pandemic, regaining its pre-pandemic levels of growth long before Germany, Italy and Spain, and shortly before the eurozone as a whole.<sup>5</sup> Notably, our world-beating vaccination programme sped up an early economic recovery. Britain's ambition for growth nonetheless remains hampered by the economic fall-out from the pandemic, including a £350 billion-plus budget deficit, a surge in inflation and clogged up global supply chains, combined with Russia's invasion of Ukraine this year – meaning the pressure is now on to maximise the country's growth potential. Despite those criss-crossing challenges and given the renewed ability to trade on our own terms, Britain is presented with a unique opportunity. Government can back British exporters and champion them in strategic markets across the different sectors.

The UK government looks to be stuck between a rock and a hard place: borrow, or raise taxes, or austerity-lite by cutting spending, or focus on boosting growth – or a combination of each of these.<sup>6</sup> There are no easy choices, but austerity and continually rising taxes seem problematic. The most likely way to reduce the deficit is to boost economic growth, allowing debt to come down steadily over the period.

A strategy of accelerated economic growth to manage the country's financial position is a credible one. The forecast that Britain is facing the weakest growth of any economy in the G7 next year – with the International Monetary Fund (IMF) predicting UK growth to fall to 1.2 per cent in 2023<sup>7</sup> – suggests we are in need of a broader vision of what is needed to turn the UK into a more competitive, high-growth economy. During 2020, exporters had become increasingly passive, reacting to orders coming in rather than actively seeking overseas business.<sup>8</sup> Now, we can turn this position around. There is much to build upon with our

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<sup>5</sup> Ambrose Evans-Pritchard, 'Britain's remarkable recovery from Covid – and the lesson of Dante's Paradiso', <https://www.telegraph.co.uk/business/2022/01/14/britains-remarkable-recovery-covid-lesson-dantes-paradiso/>

<sup>6</sup> See: Gerry Lyons, 'The Treasury should focus on going for growth as well as balancing the budget', <https://www.conservativehome.com/thecolumnists/2022/01/gerry-lyons-the-treasury-should-focus-on-going-for-growth-as-well-as-balancing-the-balance.html>

<sup>7</sup> Tom Rees, 'Britain to suffer weakest growth in G7 as Sunak's tax raid bites', <https://www.telegraph.co.uk/business/2022/04/19/britain-suffer-weakest-growth-g7-sunaks-tax-raid-bites/>

<sup>8</sup> Department for International Trade, 'DIT National Survey of UK Registered Businesses 2020', [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/994098/dit-national-survey-of-registered-businesses-exporting-behaviours-attitudes-and-needs-2020-wave-5-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994098/dit-national-survey-of-registered-businesses-exporting-behaviours-attitudes-and-needs-2020-wave-5-report.pdf)

regained ability to trade independently on our own terms following Brexit and to become a more competitive, less-regulated economy.

When it comes to winning bids, securing exporting agreements and accessing opportunities across fast-growing economies such as India, Brazil, Indonesia, Mexico and Turkey, we are being beaten to the punch by several other countries, including Germany and France. In an environment of fierce economic competition, these EU countries put serious national political weight behind their national exporting champions in their trade missions, but Britain's own champions seemingly do not receive the same level of support – this is giving other companies the competitive advantage over our global champions in key markets. Parliamentarians have previously expressed concerns that the Department for International Trade (DIT) was not doing enough to help small businesses overcome the challenges of exporting, citing the DIT's claims of supporting only 230,000 of the UK's estimated 5.9 million businesses.<sup>9</sup> The relatively recent Department is now at the centre of how the UK might reset its export policy.

The Prime Minister and current government have advocated 'Global Britain' at several key moments, and it is therefore important to consider what it means and how the UK government can achieve this ambition.<sup>10</sup> This research paper therefore sets out to identify what the UK does differently from France, Germany and Sweden, notably through their outward trade missions and delegations. What are public authorities doing to increase our own national champions' access to relevant markets? We are seeking to identify areas where the UK government could lend more support to our global champions to give them a competitive advantage.

We proceed with an analysis of a representative number of foreign delegations combining senior officials and trade/business delegates over a 10-year period for each of the four countries. Have they helped drive exports and investment, and if so, how? We develop a comparison of how our arrangements have benefitted them and how they could generate advantages for the UK in the immediate future.

By looking at a representative sample of outbound trade missions from the UK, France, Germany and Sweden over a 10-year period (from 03/2012 - 03/2022) we attempt to identify those that have had some impact, mainly on exports and inward investment. The results suggest UK trade missions face fierce competition from our near-neighbouring European partners for deals to be made in new and emerging markets – and there are lessons to be learned. In particular, with the UK's annual growth for exports (good and services) falling by 1.3% in 2021, versus positive growth of 9.3% for France, 9.9% for

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<sup>9</sup> House of Commons Public Accounts Committee, 'Government support for UK exporters: Twenty-First Report of Session 2019–21', <https://committees.parliament.uk/publications/3195/documents/29615/default/>

<sup>10</sup> Competere Ltd, 'What Does Global Britain Look Like?', <https://committees.parliament.uk/writtenevidence/106216/html/>

Germany and 7.5% for Sweden,<sup>11</sup> it is thought we are lagging behind when we compare our export potential to other nearby European countries.

### Comparing four countries in their approaches towards trade support

**Germany:** Having exported an estimated \$1.6 trillion-worth of goods and services in 2020, Germany is the world's third largest exporter. As a model exporter, Germany is the third of three countries to have exports exceeding \$1 trillion, behind only China and the United States.<sup>12</sup>

**Sweden:** With exports worth an estimated \$241.1 billion of goods and services in 2020, Sweden is an export-oriented market economy. For example, timber, hydropower and iron ore form the foundation of a national economy heavily focused on foreign trade. Engineering accounts for 50 per cent of Sweden's output and exports. Its main export partners include Germany, the United States and Norway.<sup>13</sup>

**France:** With exports worth an estimated \$733.1 billion of goods and services in 2020, France's five biggest export products by value were medication mixes in dosage, aircraft (including spacecraft and turbojets, cars, and automotive parts or accessories) and wine.<sup>14</sup>

**UK:** In 2020, the UK's exports of goods and services totalled \$776 billion. The top UK exports are cars, packaged medicaments, gas turbines, gold and crude petroleum.<sup>15</sup> Since the UK generally imports more than it exports, it runs an overall trade deficit, amounting to £29 billion in 2021.<sup>16</sup> In terms of trade in goods and services, our exports over the 12 months to April 2022 amount to £336.5bn in goods, £313.1bn in services – that is, £649.5bn overall.<sup>17</sup>

One recent study by the Centre for Policy Studies highlighted the challenge, namely, the marked contrast in trade promotion which can be seen between the approach taken by the UK Government and that of other countries. As one global investor told them, 'the French and Germans relentlessly sell and they're unapologetic about it'. 'The French pull out all the stops,' complained one of the UK's trade envoys. 'The Elysée Palace gets involved.' Many UK

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<sup>11</sup> Exports of goods and services (annual % growth) - United Kingdom, France, Germany, Sweden (2021), [https://data.worldbank.org/indicator/NE.EXP.GNFS.KD.ZG?end=2021&locations=GB-FR-DE-SE&name\\_desc=true&start=2021&view=bar](https://data.worldbank.org/indicator/NE.EXP.GNFS.KD.ZG?end=2021&locations=GB-FR-DE-SE&name_desc=true&start=2021&view=bar)

<sup>12</sup> World Population Review, 'Exports by Country 2022', <https://worldpopulationreview.com/country-rankings/exports-by-country>

<sup>13</sup> Trading Economics, 'Sweden Exports', <https://tradingeconomics.com/sweden/exports>

<sup>14</sup> World's Top Exports, 'France's Top 10 Exports', <https://www.worldstopexports.com/frances-top-10-exports/>

<sup>15</sup> OEC, 'United Kingdom', <https://oec.world/en/profile/country/gbr>

<sup>16</sup> House of Commons Library, 'Trade: Key Economic Indicators', <https://commonslibrary.parliament.uk/research-briefings/sn02815/>

<sup>17</sup> Trade and Investment Core Statistics Book – Latest statistics on trade, investment and the economy (2022), [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1083406/dit-trade-and-investment-core-statistics-book.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1083406/dit-trade-and-investment-core-statistics-book.pdf) Although I draw no deliberate distinction between the different benefits in this current paper, many of the case studies used in the samples instinctively tend towards citing government-referenced benefits to goods, rather than service exports.

ambassadors, he lamented, neither understand business nor want to promote trade relationships.<sup>18</sup>

### **UK exports can deliver a growth-led recovery**

Exports are essential to the UK's economic recovery. When considering the impact of the pandemic and Ukraine conflict, exporting is increasingly seen as vital for businesses and economic growth. Exporting businesses are generally more productive, more profitable and more innovative than non-exporting ones.<sup>19</sup> If Government is therefore able to promote the precisely best kind of trade support to our global exporters (both current and prospective) it can back the UK's trend towards growth and recovery. Given that fewer than 10 per cent of UK smaller companies export abroad, we are domestically missing out on improved productivity, profits, employment and higher wages. Later research highlights that of those businesses with a turnover of £500,000 or higher, four in 10 businesses were exporters. A further 15 per cent report the potential to export.<sup>20</sup> For the business, however, the choice of strategy is stark: by choosing to diversify their markets beyond the purely domestic and open up themselves to the international markets, their business is more likely to survive.

The UK should be looking to boost export growth to reignite our economic recovery after the pandemic. There is a general sense that exporters are working hard to increase exports but need more substantive measures from government. In one survey of over 2,700 UK exporters, it was reported export sales growth had been effectively stagnant for the past year. The British Chambers of Commerce quarterly outlook confirmed a 'broadly flat picture for UK exports' in contrast to the performance of our near European neighbours, with Germany's exports both within and outside the Single Market steaming ahead by double digit margins and with trade losses from the pandemic already effectively recovered.<sup>21</sup>

The current government is attentive to the role of exporters in catching up with our European competitors. In November 2021, the DIT set out a 12-point export strategy as part of its 'Made in the UK, Sold to the World' programme, the aim of which is to double UK exports via new international free trade deals and make the UK a 'nation of exporters' with 'hand-in-hand' support from the government. As part of this programme, the government has also set up an online Export Support Service for businesses, a UK Tradeshow Programme targeted at promoting British products (especially from small and medium-sized enterprises

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<sup>18</sup> Tom Clougherty, Robert Colville, Nick King and Gerard B. Lyons, 'Why Choose Britain?', <https://cps.org.uk/research/why-choose-britain/>

<sup>19</sup> 'Exports will be vital for the UK's economic recovery', <https://home.barclays/news/2021/05/Exports-will-be-vital-for-the-UKs-economic-recovery/>

<sup>20</sup> Department for International Trade, 'DIT National Survey of UK Registered Businesses 2020', [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/994098/dit-national-survey-of-registered-businesses-exporting-behaviours-attitudes-and-needs-2020-wave-5-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994098/dit-national-survey-of-registered-businesses-exporting-behaviours-attitudes-and-needs-2020-wave-5-report.pdf)

<sup>21</sup> British Chambers of Commerce, 'Export Growth Now Stagnant For 1 Year As BCC Sounds Warning On Trade', <https://www.britishchambers.org.uk/news/2022/04/export-growth-now-stagnant-for-1-year-as-bcc-sounds-warning-on-trade>



(SMEs)) in tradeshows abroad, and an Export Academy for companies (mostly SMEs) looking to branch into exporting for the first time. Furthermore, the export credit agency, UK Export Finance (UKEF), will help create points of contact for businesses abroad, while an Internationalisation Fund for SMEs will provide millions of pounds for travel to Trade Fairs.<sup>22</sup>

In order to win the ‘Race to a Trillion’, the DIT is hoping to build on the £600 billion in UK exports recorded in 2020 by encouraging the roughly nine in 10 British businesses that do not export to export, and to catch up with the export value of European nations like Germany and the Netherlands. It is hoped this will have an impact on the economy via increases in employment opportunities and productivity. The new programme also seeks to aid the domestic agenda of ‘levelling up’ – with a specific focus on aiding businesses in areas of the country beyond London and the South East.<sup>23</sup>

The need to put a long-term strategy of export success before short-term deals is an issue often addressed in the literature. In one 2016 report by the think-tank the Legatum Institute, Emily Redding found that many businesses seeking to expand into international markets were dissatisfied with the previous government’s focus on short-term political/economic goals with regards to export markets, and expressed a desire for longer-term initiatives that would help secure deals over the long run. The report recommends that the government approaches the winning of trade deals as ‘the start of a long-term relationship’ rather than an end goal, in the hopes of achieving more beneficial transactions in future.<sup>24</sup>

### **Trade support for exports**

An essential feature of trade support across many advanced industrialised countries has often been the role of trade missions. The DIT states that missions are services related to events (trade fairs and market research) with a notable and specific focus on face-to-face deal-making. The focus in this paper is on outward missions where groups from inside the UK are taken overseas for events or meetings.<sup>25</sup> Early and separate independent analysis found that UK Trade and Investment (UKTI) ‘Outward Missions’ services accounted for only

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<sup>22</sup> Gov.uk, ‘Made in the UK, Sold to the World: New strategy to boost exports to £1 trillion’, <https://www.gov.uk/government/news/made-in-the-uk-sold-to-the-world-new-strategy-to-boost-exports-to-1-trillion>

<sup>23</sup> Gov.uk, ‘Made in the UK, Sold to the World: New strategy to boost exports to £1 trillion’, <https://www.gov.uk/government/news/made-in-the-uk-sold-to-the-world-new-strategy-to-boost-exports-to-1-trillion>

<sup>24</sup> Emily Redding, ‘Trading Up: New Ideas for UK Exports’, [https://img1.wsimg.com/blobby/go/bf4d316c-4c0b-4e87-8edb-350f819ee031/downloads/1cstfocee\\_269852.pdf?ver=1611652548073](https://img1.wsimg.com/blobby/go/bf4d316c-4c0b-4e87-8edb-350f819ee031/downloads/1cstfocee_269852.pdf?ver=1611652548073)

<sup>25</sup> Department for International Trade, ‘Export Client Quality Survey for Businesses Supported April 2018 to March 2019’, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf)

2.2 per cent of business participation in UKTI support services as a whole between 2005-2010.<sup>26</sup>

Trade missions are best understood as international visits made by representatives of a national government and businesses and/or non-profit organisations from that nation. According to one scholar, the aims of these missions are multiple and can include ‘investigating, establishing, or expanding’ economic opportunities in the host country, as well as establishing economic networks.<sup>27</sup>

The kind of trade engagement that entrepreneurial firms pursue has a bearing on the likely outcomes for their business. For example, research has found that small firms who take part in state-sponsored trade missions have experienced positive impacts, such as increased exports over the long run.<sup>28</sup> In the case of SMEs, trade missions have been demonstrably beneficial to export performance, particularly in the context of US international trade programs.<sup>29</sup>

In terms of producing demonstrable export benefits, research has shown that not only do trade missions increase the profits of participating businesses, they also promote non-exporting companies to engage in export activities. In the case of the Australian state of Victoria, for example, export values of companies involved in trade missions between 2010 and 2013 increased by over 170 per cent, while non-exporting companies were ‘26 percentage points more likely to become exporters’ after participating.<sup>30</sup> However, it should be noted that the study found ‘evidence for diminishing returns for repeat participants’ – which is unsurprising when considering that trade missions are often intended to implement new trade connections.

In a 2017 study of data from Flanders in Belgium, researchers found that small businesses who received government support were more likely to begin exporting internationally (beyond the EU). The study’s authors argued that the demonstrable marginal increase in the region’s exports would lead to a large accumulated impact in the long run as ‘new exporters gain experience’. This, they argued, adds a third benefit of what they call ‘export promotion

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<sup>26</sup> Ana Rincón-Aznar, Rebecca Riley and Anna Rosso, “Evaluating the impact of UKTI trade services on the performance of supported firms”: Report to UK Trade and Investment’, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/473359/UKTI\\_NIESR\\_20\\_09\\_15\\_FINAL\\_REPORT.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/473359/UKTI_NIESR_20_09_15_FINAL_REPORT.pdf)

<sup>27</sup> Huub Ruël, ‘Making Trade Missions Work: A Best Practice Guide to International Business and Commercial Diplomacy’. P.25 on explanation and definition of a trade mission.

<sup>28</sup> Timothy J. Wilkinson, Lance Eliot Brouters, Dalila Salazar and Mary McNally, ‘The Strategic Impact of International Trade Shows and Trade Missions for Entrepreneurial Firms’, *Journal For Global Business Advancement* Vol. 2 No. 3 (2010).

<sup>29</sup> See, for example, Timothy Wilkinson and Lance Eliot Brouters, ‘Trade Promotion and SME Export Performance’ in *International Business Review* Vol. 15, Issue 3 (2006), pp. 233-252, <https://www.sciencedirect.com/science/article/abs/pii/S0969593106000394>

<sup>30</sup> Alfons Palangkaraya and Elizabeth Webster, ‘Entering the Export Markets: Do Trade Missions Help?’, ERIA Discussion Paper Series, Swinburne University of Technology, Australia (2019), <https://www.eria.org/uploads/media/ERIA-DP-2018-15.pdf>

programs’, alongside an increased export value for businesses already exporting and providing financial support to allow such companies to continue exporting internationally.<sup>31</sup>

In the past, UK trade support has been attached to positive outcomes for business – at least with those that have engaged with the support on offer. A study on the impact of UKTI export promotion on businesses from 2015 found that most firms who engaged with UKTI services in this area were ‘larger, older, more productive’ and more internationally-focused than those who were not. The majority were located in London and the South East. The findings of this study do suggest however that UKTI programmes had a demonstrably positive effect on businesses who engaged with them, especially in turnover growth and productivity. There is some evidence to suggest that multiple engagements with UKTI increased profits and longevity for businesses; UKTI involvement has also had a probable impact on the aggregate economy as a result of these factors.<sup>32</sup>

### *United Kingdom*

For over 13 years, UK Trade and Investment (UKTI) was a joint, non-ministerial Government department reporting to the Secretaries of State for the Department for Business, Energy & Industrial Strategy (BEIS) and the Foreign Commonwealth Office (FCO). The body was focused on helping businesses export and grow into global markets. They also helped overseas companies locate and grow in the UK. Since July 2016, UKTI now forms part of the new Department for International Trade (DIT) alongside an expanded Trade Policy Group.<sup>33</sup> Additionally, the DIT works with the UK’s export credit agency, UK Export Finance (UKEF), to provide financial support for exporters, and facilitate inward and outward investment.

On a day-to-day level, the DIT’s schedule is updated regularly with both UK and overseas events as well as overseas missions. The DIT has a network of support for first-time or potential UK exporters, with over a thousand ‘Export Advocates’ and hundreds of ‘Regional Export Champions’ to give advice to UK businesses as well as aid with visits abroad to promote potential trade links.<sup>34</sup> Trade missions can be initiated by either private or public sector organisations.<sup>35</sup> The DIT, along with the British Chambers of Commerce – in addition

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<sup>31</sup> Annette Broocks and Johannes Van Biesebroeck, ‘The impact of export promotion on export market entry’, *Journal of International Economics* Volume 107 (July 2017), pp. 19-33, <https://www.sciencedirect.com/science/article/abs/pii/S0022199617300351>

<sup>32</sup> Ana Rincón-Aznar, Rebecca Riley and Anna Rosso, ‘“Evaluating the impact of UKTI trade services on the performance of supported firms”: Report to UK Trade and Investment’, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/473359/UKTI\\_NIESR\\_20\\_09\\_15\\_FINAL\\_REPORT.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/473359/UKTI_NIESR_20_09_15_FINAL_REPORT.pdf)

<sup>33</sup> UK Trade and Investment, ‘UK Trade & Investment Annual Report and Accounts 2015-16’, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/559536/UKTI\\_annual\\_report\\_and\\_accounts\\_2016.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/559536/UKTI_annual_report_and_accounts_2016.pdf)

<sup>34</sup> House of Commons Public Accounts Committee, ‘Government support for UK exporters: Twenty-First Report of Session 2019–21’, <https://committees.parliament.uk/publications/3195/documents/29615/default/>

<sup>35</sup> Surrey Chambers of Commerce, ‘International Trade: Trade Missions’, <https://www.surrey-chambers.co.uk/international-trade/trade-missions/>

to specialist trade mission companies – organise both official government trade missions and independent trade missions to international markets, covering attendance at trade shows, scheduled meeting programmes, private tours, and networking opportunities with representatives from the industry and overseas governments. In particular, travelling and coordinating with a government-backed delegation is thought to be able to broaden networking opportunities, particularly in terms of government officials and industry professionals.<sup>36</sup>

As indicated above, the DIT unveiled its latest export plan at the end of 2021. It focused on expanding UK export markets in the Indo-Pacific in response to the rapid growth of economies in that region and set out its goal of reaching £1 trillion in annual exports earlier than the currently-predicted timeframe of the mid-2030s.<sup>37</sup> One component of the DIT's 12-point programme set out its commitment to using government staff abroad in more than 180 markets 'to provide sector and market specific support to innovative, high growth companies to help them grow internationally'.

In addition to putting the DIT on a sounder policy footing, the Prime Minister launched the Office for Investment (OFI) in November 2020 to unlock significant strategic investments aligned to the Government's priorities and to enable the UK to appeal to global investors.<sup>38</sup> That is to ensure high value investments receive the strongest possible cross-government support to realise their UK investment.

The Government had previously launched its Export Champions programme in 2019. Export Champions are UK businesses that have already established export links in overseas markets who will provide targeted practical advice to companies looking to follow suit. These individuals and companies, known as Export Advocates, are intended to 'promote the government's message' on increasing UK exports by getting 'businesses thinking globally'.<sup>39</sup>

On top of this, the Prime Minister has his own Trade Envoys, who are members of the two Houses of parliament from various parties and who work to engage with markets overseas that the government has identified as containing 'substantial trade and investment opportunities'. Envoys work primarily to build economic relations abroad, both inward and

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<sup>36</sup> Surrey Chambers of Commerce, 'International Trade: Trade Missions', <https://www.surrey-chambers.co.uk/international-trade/trade-missions/>

<sup>37</sup> Gov.uk, 'Made in the UK, Sold to the World: New strategy to boost exports to £1 trillion', <https://www.gov.uk/government/news/made-in-the-uk-sold-to-the-world-new-strategy-to-boost-exports-to-1-trillion>

<sup>38</sup> Department for International Trade, 'The Office for Investment', <https://www.great.gov.uk/international/content/investment/how-we-can-help/the-office-for-investment/>

<sup>39</sup> For paragraph on government's Export Champions programme: Gov.uk, 'Liam Fox launches new export champion community', <https://www.gov.uk/government/news/liam-fox-launches-new-export-champion-community>

outward facing. At present, there are 40 PM Trade Envoys who cover 80 national markets. The programme was established in 2012.<sup>40</sup>

Moreover, councils often play a localised role in supporting exporters by working with a range of organisations, often conducting their own trade missions and providing advice and business support through regional growth hubs. Councils build on existing connections, for example in Germany and China, and help to build connections between the domestic and international markets.<sup>41</sup> So too do the devolved governments have their own exporting programmes.

### *France*

Export promotion is perceptibly more government-wide in France. The organisation Business France is responsible for aiding export growth by French businesses and facilitating international investment in France. It promotes France's companies and the nation as an investment location.<sup>42</sup> The French Export Recovery Plan in 2020 responded to the needs of SMEs and mid-caps wishing to bolster their international strength. The plan is based on structuring foundations that will allow companies to calibrate their exports with a comprehensive strategy. The plan encompassed 13 measures to leverage their companies in taking full advantage of their €100 billion recovery plan to access foreign markets.

Since January 2019, as part of the reform of the state support system for exports, Business France gave its private partners responsibility for supporting French SMEs in some of its major markets, including: Belgium, Hungary, Morocco, Norway, the Philippines and Singapore.

To improve export performance, the Government began pursuing its reform strategy of 2018 in three areas,<sup>43</sup> including: giving companies access to human resources staff who are internationally trained on the assumption that long-term success of an export business is largely determined by the level of skills of the human resources staff; turning regions into launch pads for international business, with the central government and regions working together and in conjunction with all the public and private Team France Export partners; and reforming export financing to ensure a greater local presence to access public financing opportunities abroad.

Team France Export are an essential component of the French export strategy. It consists of a regional network of one-stop service providers managed by regions, by bringing together

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<sup>40</sup> Paragraph on PM's trade envoys and what they do abroad: Gov.uk, 'Prime Minister's Trade Envoys', <https://www.gov.uk/government/groups/trade-envoys>

<sup>41</sup> Local Government Association, 'Councils' role in supporting the exports industry', <https://www.local.gov.uk/publications/councils-role-supporting-exports-industry>

<sup>42</sup> Business France, <https://www.businessfrance.fr/en/home>

<sup>43</sup> French Ministry for Europe and Foreign Affairs, 'France's roadmap for exports', <https://www.diplomatie.gouv.fr/en/french-foreign-policy/economic-diplomacy-foreign-trade/supporting-french-businesses-abroad/france-s-roadmap-for-exports/>

all public and private partners working for Business France offices and chambers of commerce and industry to prepare and support a larger number of SMEs and intermediate-sized companies.<sup>44</sup> Team France Export packages itself as the combined force of all the solutions proposed by the regions, state services, Business France, the Chambers of Commerce and Industry and Bpifrance (a French public investment bank) to help produce wins for French companies internationally.

As mentioned above, export businesses were able to look to France Relance, the French economic recovery plan to tackle the Covid-19 crisis. As activity resumed, the France Relance plan provided financial support of €247 million to companies for 2020-2022, particularly SMEs and mid-caps, as they worked to develop their export business. Although by that point French exports had been winning back markets for the previous two years and growing faster than global trade, the pandemic had halted this progress.<sup>45</sup> The emergency support plan looked to subsequently improve the economic competitiveness of French companies.

### *Germany*

Germany's system of external economic promotion is supported by both Government and business. Germany's missions abroad, its Chambers of Commerce Abroad and Germany Trade and Invest (GTAI) form the three pillars of external economic promotion. Often in the German context, 'missions' abroad do not refer to trade missions specifically but embassies and consulates.<sup>46</sup>

The Federal Foreign Office is host to Germany's missions abroad, and promoting foreign trade and investment is one of the Foreign Service's main tasks. The most important function of Germany's nearly 230 missions abroad is to represent German interests in the host country – including in the economic sphere.<sup>47</sup> <sup>48</sup> The missions abroad advise German

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<sup>44</sup> Ministry for Europe and Foreign Affairs, 'France's roadmap for exports', <https://www.diplomatie.gouv.fr/en/french-foreign-policy/economic-diplomacy-foreign-trade/supporting-french-businesses-abroad/france-s-roadmap-for-exports/#:~:text=Team%20France%20Export%20consists%20of,SMEs%20and%20intermediate%2Dized%20companies>.

<sup>45</sup> French Ministry for Europe and Foreign Affairs, 'France's roadmap for exports', <https://www.diplomatie.gouv.fr/en/french-foreign-policy/economic-diplomacy-foreign-trade/supporting-french-businesses-abroad/france-s-roadmap-for-exports/>

<sup>46</sup> German Embassy, 'Economy', <https://kampala.diplo.de/ug-en/themen/wirtschaft/-/1784092>; <https://www.bmwk.de/Redaktion/EN/Dossier/promotion-of-foreign-trade-and-investment.html>

<sup>47</sup> Federal Foreign Office, 'The Ministry', <https://www.auswaertiges-amt.de/en/about-us/ministry/229734>

<sup>48</sup> GospoStrategie, 'Stronger trading for a stronger partnership – German economic diplomacy in Poland and worldwide', <https://gospostrategie.pl/german-economic-diplomacy-in-poland/#:~:text=The%20German%20Chambers%20of%20Commerce,regional%20offices%20across%20the%20country>.

companies and, where necessary, help them establish contacts and support companies in dealing with government agencies while working to improve market access.<sup>49</sup>

The German Chambers of Commerce Abroad are the official missions of German industry abroad. They are voluntary associations of companies from Germany and from the respective host country. They lobby in the interests of businesses from both Germany and the partner country and promote commercial activity in both directions.<sup>50</sup> German Chambers of Commerce Abroad have a membership of some 50,000 companies.<sup>51</sup> Approximately 80 per cent of these members are outside of Germany. Those German Chambers of Commerce Abroad maintain 130 offices in 90 countries.

Through the service 'DEinternational', the German Chambers of Commerce Abroad offer (for a fee) a variety of standardised services, as well as country-specific specialised services. They support German companies, both in Germany and abroad, with establishing business opportunities. Where there is the necessary demand, the German Chambers of Commerce Abroad bundle services for clients in several countries or regions.

The Germany Trade & Invest (GTAI) body is central to export promotion, providing a vast range of business information with the aim of facilitating German companies' access to international markets. Its activities include promoting foreign trade and facilitating cooperation with the German Chambers of Commerce Abroad. It offers information on requests for tender and on assessments of business sectors, country reports and market analyses, as well as import regulations and business tips.<sup>52</sup> GTAI provides export-oriented enterprises in Germany with the information they need on different markets and sectors, and on calls for tender, laws, and customs regulations.<sup>53</sup>

Across Germany there are the Federation and Länder associations and societies supporting business. The Länder (federal states) have the regional initiatives of German business (Federation of German Industries),<sup>54</sup> the country-specific associations (for example, German

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<sup>49</sup> GospoStrategie, 'Stronger trading for a stronger partnership – German economic diplomacy in Poland and worldwide', <https://gospostrategie.pl/german-economic-diplomacy-in-poland/#:~:text=The%20German%20Chambers%20of%20Commerce,regional%20offices%20across%20the%20country.>

<sup>50</sup> Association of German Chambers of Commerce and Industry, 'The German Chambers of Commerce Abroad', <https://www.dihk.de/en/the-german-chambers-of-commerce-abroad-37736>

<sup>51</sup> GospoStrategie, 'Stronger trading for a stronger partnership – German economic diplomacy in Poland and worldwide', <https://gospostrategie.pl/german-economic-diplomacy-in-poland/#:~:text=The%20German%20Chambers%20of%20Commerce,regional%20offices%20across%20the%20country.>

<sup>52</sup> GospoStrategie, 'Stronger trading for a stronger partnership – German economic diplomacy in Poland and worldwide', <https://gospostrategie.pl/german-economic-diplomacy-in-poland/#:~:text=The%20German%20Chambers%20of%20Commerce,regional%20offices%20across%20the%20country.>

<sup>53</sup> Germany Trade & Investment, 'Export Promotion', <https://www.gtai.de/en/meta/about-us/what-we-do/export-promotion>

<sup>54</sup> BDI, [www.bdi.de](http://www.bdi.de)

Near and Middle East Association), and the German Centres for Industry and Trade in, for example, New Delhi, Mexico City, Moscow, Beijing, Shanghai and Singapore.

Many small to medium-sized German enterprises export goods and services to foreign markets and aim to keep up to date with the latest information. The *Mittelstand* are central to Germany's economy since its mid-sized firms account for the largest share of the country's economic output.<sup>55</sup> On questions of data about foreign markets and sectors, the details of tariff regulations or notifications of public tender, GTAI provides German businesses with information relating to more than 120 countries. Moreover, interested companies can make use of services such as the Market Development Program (MEP) or the Health Care Business Export Initiative. German companies can also gain an overview of opportunities from more than 70 international business promotional institutions via a specific (iXPOS) portal.<sup>56</sup>

### *Sweden*

Sweden has several levels of trade support, including a National Board of Trade – which is a government agency for international trade, the EU Internal Market and trade policy. The agency's primary task is to improve the opportunities for international trade. They also have the Swedish Agency for Economic and Regional Growth, Tillväxtverket, a government agency under the Ministry of Enterprise and Innovation. The Swedish Agency for Economic and Regional Growth promotes economic growth in Sweden by increasing the competitiveness of companies.<sup>57</sup>

The organisation Business Sweden are an essential institutional mechanism of exporting for businesses, with a defined mandate to help Swedish companies grow global sales and international companies invest and expand in Sweden. Business Sweden is jointly owned by the Swedish state and the Swedish business sector, with a mission to help global companies gain access to the Swedish market and help domestic companies benefit from it as a platform for expansion. The organisation's clients range from start-ups via SMEs to multinational enterprises – with tailor-made services catering to all of these segments.<sup>58</sup>

The body has a 'holistic approach', offering both hands-on support, practical expertise and a desire to create access where it is difficult, both in Sweden and through their 44 offices across Europe, the Americas, the Middle East and Africa and the Asia Pacific. Their expertise, presence and exclusive access to networks in both the public and private sectors in these

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<sup>55</sup> BDI, <https://english.bdi.eu/topics/germany/german-mittelstand/>

<sup>56</sup> Federal Ministry for Economic Affairs and Climate Action, 'Institutions that Promote Foreign Trade and Investment', <https://www.bmwk.de/Redaktion/EN/Artikel/Foreign-Trade/germany-trade-and-invest.html>

<sup>57</sup> Embassy of Sweden, 'Swedish Trade and Investment Promotion', <https://www.swedenabroad.se/en/about-sweden-non-swedish-citizens/business-and-trade-with-sweden/doing-business-with-sweden/trade-promotion/>

<sup>58</sup> Business Sweden, 'About Us', <https://www.business-sweden.com/about-us/>



markets gives them the skillset to help clients navigate regional business structures in order to expand their business.<sup>59</sup>

Business Sweden is owned in equal shares by the state of Sweden and the Swedish business sector. The state is represented by the Ministry of Foreign Affairs (Utrikesdepartementet (UD)) and the business sector by the Swedish Foreign Trade Association (Sveriges Allmänna Utrikeshandelsförening (SAU)). They consult with the Ministry of Foreign Affairs on all relevant issues, including on foreign administration and Sweden's official presence abroad. The underlying make-up is of interest since the Board of Directors has a minimum of eight members; half of these are appointed by the government and half by the foreign trade association.<sup>60</sup>

Furthermore, 'Team Sweden' is a network of public organisations, agencies and companies that specifically promote Swedish exports and investments in Sweden. The network was set up on the basis that many Swedish companies wanted the support to help in their internationalisation process. (Other public sector agencies offer similar services, but on slightly different terms.) The organisations in Team Sweden can point companies in the most relevant direction with the intention of making the process of export market entry easier and more efficient.<sup>61</sup>

Business Sweden collaborates closely within Team Sweden, as well as a host of other organisations such as EKN, the Swedish Export Credit Agency, promoting Swedish exports by insuring the risk of non-payment in export transactions; the Swedish Export Credit Corporation (SEK) to ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms; Swedfund as the Development Finance Institution of the Swedish state; Almi, owned by the Swedish state, offers loans to companies with growth potential and supports their business development; the Swedish Agency for Economic and Regional Growth (Tillväxtverket) and several other bodies.<sup>62</sup>

Alongside the creation of Team Sweden, the Swedish government also initiated the development of regional export centres with the over-arching goal to support companies in all parts of Sweden to get in touch with the right promotional contact within 24 hours. The work of the regional export centres focuses on common activities such as joint customer interactions, seminars and conferences. Business Sweden is a key institution in supporting the export centres.<sup>63</sup>

Unlike the UK, the other European countries discussed in this paper – namely Germany, France and Sweden – are also EU members and as such look to pan-EU trade missions to

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<sup>59</sup> Business Sweden, 'About Us', <https://www.business-sweden.com/about-us/>

<sup>60</sup> Business Sweden, 'Organisation and Governance', <https://www.business-sweden.com/about-us/organisation--governance/>

<sup>61</sup> Business Sweden, 'Team Sweden', <https://www.business-sweden.com/about-us/team-sweden/>

<sup>62</sup> Business Sweden, 'Team Sweden', <https://www.business-sweden.com/about-us/team-sweden/>

<sup>63</sup> Business Sweden, 'Team Sweden', <https://www.business-sweden.com/about-us/team-sweden/>

engage with other countries. That is, within the EU trade policy, they absorb themselves into EU diplomatic and economic structures which attempt to promote trade and exports. As one example, European Commission officials led a technical mission for Growth to Chengdu from 21 to 23 October 2014.<sup>64</sup> The mission took place in conjunction with the IX EU-China Business and Technology Cooperation Fair. The event has been held over ‘eight editions’, attracting 3,255 Chinese companies and 1,572 European companies. More than 10,000 bilateral meetings reportedly took place, with one third of them apparently leading to successful matches. The IX fair in 2014, when advertised, was expected to gather 800 to 1000 representatives of SMEs, clusters, business associations, research and development (R&D) institutions and government bodies. The EU-China Business & Technology Cooperation Fair IX had been organised by the EU Project Innovation Centre (EUPIC), a member of the Enterprise Europe Network responsible for West China.<sup>65</sup> As such, irrespective of their overall effectiveness, it should not be forgotten that companies from EU member states can look to take advantage of this machinery in promoting trade and their wider export strategy.

### Exports and trade support compared

	UK	France	Germany	Sweden
Exports of goods and services (current US\$, 2020) <sup>66</sup>	\$776 billion	\$733.1 billion	\$1.6 trillion	\$241.1 billion
Exports as a proportion of GDP (2021) <sup>67</sup>	28.1%	27.9%	43.4%	44.6%
Number of export partners	228	226	232	224

<sup>64</sup> European Commission, ‘Mission for Growth to China’, [https://ec.europa.eu/growth/events/mission-growth-china\\_en](https://ec.europa.eu/growth/events/mission-growth-china_en)

<sup>65</sup> European Commission, ‘Mission for Growth to China’, [https://ec.europa.eu/growth/events/mission-growth-china\\_en](https://ec.europa.eu/growth/events/mission-growth-china_en)

<sup>66</sup> The World Bank, ‘World Bank Open Data’, <https://data.worldbank.org/>

<sup>67</sup> World Development Indicators, Exports of goods and services (% of GDP), 2021, Accessed 31/05/22 via <https://api.worldbank.org/v2/en/topic/21?downloadformat=excel>. All numbers to 3.s.f.

Main trade supporting bodies	UK Trade & Investment (UKTI), now the Department for International Trade (DIT), and UK Export Finance (UKEF)	Team France Export (TFE), Business France and the Foreign Affairs Ministry	The Economic Affairs Ministry, the German missions abroad, Germany Trade and Invest (GTAI) and the German chambers of commerce	The Ministry for Foreign Affairs, Team Sweden & Business Sweden, formerly 'Invest Sweden' and 'Swedish Trade Council'
No. export-focused employees in bodies	DIT: 275 home <sup>68</sup> / 1560 abroad <sup>69</sup>	Business France: 1,500 <sup>70</sup> Team France Export: 1,000 <sup>71</sup>	GTAI: 412 employees (325 home / 87 abroad) <sup>72</sup>	Business Sweden: 550 <sup>73</sup>
Number of markets operating in	120 markets <sup>74</sup>	124 markets <sup>75</sup>	92 <sup>76</sup> - 120 markets <sup>77</sup>	40+ markets <sup>78</sup>

Although Germany's export performance is unparalleled, the broad brush of comparative export and trade support only tells us so much. Even though there do not seem to be any significant differences in the way that the UK performs in relation to this this set of countries (with figures for number of export partners being similar across the group), we can do better. Certainly, our ambition should be raised to match that of Germany and

<sup>68</sup> Department for International Trade, UK Export Finance, 'Department for International Trade and UK Export Finance: Support for exports', <https://www.nao.org.uk/wp-content/uploads/2020/07/Department-for-International-Trade-and-UK-Export-Finance-Support-for-exports.pdf>

<sup>69</sup> Department for International Trade, 'DIT's headcount and payroll data for February 2021', [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1012462/DIT-headcount-and-payroll-data-for-February-2021.csv/preview](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1012462/DIT-headcount-and-payroll-data-for-February-2021.csv/preview)

<sup>70</sup> Business France, 'About Us', <https://www.businessfrance.fr/en/about-us>

<sup>71</sup> Trade and Investment Promotion, 'Christophe Lecourtier, CEO of Business France, Explains how Team France Export and Team France Invest operate', <https://tradeandinvestmentpromotion.com/christophe-lecourtier-ceo-of-business-france-explains-how-team-france-export-and-team-france-invest-operate/>

<sup>72</sup> GTAI, 'Who We Are', <https://www.gtai.de/en/meta/about-us/who-we-are>

<sup>73</sup> Business Sweden, 'About Us', <https://www.business-sweden.com/about-us/#:~:text=73%20Our%20staff%20force%20consists,international%20companies%20succeed%20in%20Sweden>

<sup>74</sup> Department for International Trade, 'Annual Report and Accounts 2020-21', [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1002839/DIT-annual-report-2020-to-2021.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1002839/DIT-annual-report-2020-to-2021.pdf)

<sup>75</sup> Business France, 'About Us', <https://www.businessfrance.fr/en/about-us>

<sup>76</sup> Federal Ministry for Economic Affairs and Climate Action, 'Facts and figures on Germany's foreign trade and investment', <https://www.bmwk.de/Redaktion/EN/Infografiken/Aussenwirtschaft/facts-and-figures-on-germanys-foreign-trade-and-investment.html>

<sup>77</sup> Federal Ministry for Economic Affairs and Climate Action, 'Institutions that Promote Foreign Trade and Investment', <https://www.bmwk.de/Redaktion/EN/Artikel/Foreign-Trade/germany-trade-and-invest.html>

<sup>78</sup> Business Sweden, 'Markets', <https://www.business-sweden.com/markets/>

Sweden, who, despite employing far fewer staff in their trade supporting bodies, perform particularly well (with their exports amounting to in excess of 40 per cent of GDP). But that doesn't tell us how to get there. It is just a target. One actionable proposal is to configure UK trade support to increase its impact and generate additional exports. But, at the centre of any reconfiguration, how do we staff and resource our trade mission support to enable UK Plc to win deals abroad?

### **Outbound trade missions – do they help us gain export deals?**

*Does trade mission support make a difference? UK, France, Germany and Sweden compared*

An analysis of the main government-referenced foreign delegations that combined senior ministers and trade/business delegates over a 10-year period for each of the four countries is revealing. Certainly, some countries and companies may be more likely to boast of their successes than others. But, we ought to be able to know whether they have they helped drive exports and investment. How many of our UKTI, now DIT, arrangements benefitted our leading exporters and how could they generate advantages for the UK in the future?

By looking at a representative sample of outbound trade missions from the UK, France, Germany and Sweden over a 10-year period (from 03/2012 - 03/2022) we identify below those that have had some impact, with findings indicating that:

- For Germany's outbound trade missions, 12 per cent (eight out of 67) had a known impact on exports, investment, or other material impact.
- For Sweden's outbound trade missions, seven per cent (two out of 30) had a known impact on exports, investment, or other material impact.
- For France's outbound trade missions, nine per cent (five out of 54) had a known impact on exports, investment, or other material impact.
- For the UK's outbound trade missions, 14 per cent (42 out of 293) had a known impact on exports, investment, or other material impact.

In a competitive situation faced by UK companies in which only one in seven exporting trade missions eventually report a material benefit to a business, steps should be taken to secure a more refined exports strategy. Certainly, a search of the records does show that there is strong competition. It is also an approximate exercise. And while the UK appeared to marginally have the most impactful trade missions – at least in terms of the public visibility – with 14 per cent having a noted export or investment impact, it might be considered a negligible difference when considering the smaller representative samples available for non-

UK trade delegations. By no means is it suggested that the deals discussed below are purely the result of trade missions since many high-profile missions are often undertaken to celebrate deals that have already been signed. The commercial terms of a deal will have often been agreed before the mission. Neither is it indicated in the examples below as to whether the deals themselves have eventually generated the intended commercial success, or indeed that the deals or agreements were completed.

It also shows that despite growing government awareness of a changing global landscape, many of the trade missions of the past 10 years (discussed below) preceded those concerns, scepticism or changes in policy. With the developing knowledge of Russia's hostile and militaristic interests in Europe and a strategic economic dependency on Chinese investment in our economic infrastructure, much more is now known about those countries that British companies previously secured deals with. And although there are some disparities – but not hugely substantial differences – between the different countries' known impact on exports, our near neighbours' success offers some suggestion for better trade missions.

## **Germany**

While we could only find 12 per cent of German trade delegations with a known export or investment impact, a qualitative assessment of that sample illustrates the effective deployment of those delegations:

- Trade missions can be an exercise in both cultural and high-profile economic diplomacy, to the extent that the trade deal or trade win is part of a broader ethos for closer bilateral cooperation/integration. For example, even though the international community has now reassessed its approach to Russia in 2022 following the Ukraine conflict, the then German Chancellor Angela Merkel visited Russia in November 2012 alongside eight other German ministers – including the then Foreign Minister Guido Westerwelle and the then Finance Minister Wolfgang Schäuble – and a high-level business delegation.<sup>79</sup> The biggest deal that came from the delegation involved Siemens CEO Peter Löscher obtaining a declaration of intent to deliver 695 electric locomotives for €2.5 billion to Russian Railways – a state-owned company with 950,000 employees<sup>80</sup> – though a number of other economic agreements were signed, as well as five government agreements, such as the Foreign Minister and his Russian opposite agreeing to ease up visa regulations with the aim of fostering youth exchange.<sup>81</sup>

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<sup>79</sup> Douglas Busvine and Timothy Heritage, 'Germany's Merkel set for frosty talks with Putin', <https://www.reuters.com/article/uk-russia-germany-idUKBRE8AF0120121116>

<sup>80</sup> Wolf Richter, 'Merkel Treads A Fine Line In Moscow', <https://www.businessinsider.com/putin-and-merkel-tango-in-moscow-gazprom-stirs-up-old-ghosts-but-deals-are-signed-2012-11?r=US&IR=T>

<sup>81</sup> Cabinet of Germany, 'Dialogue with Russia strengthened', <https://www.bundesregierung.de/breg-en/service/dialogue-with-russia-strengthened-605490>

- The idea in other European trade missions that multiple wins or agreements – for car producers to stock exchanges to airlines – would be made on one mission seemed unexceptional, particularly among the German delegations. In one case study, then-Chancellor Angela Merkel visited China in July 2014 with a large business delegation to promote trade between Germany and China.<sup>82</sup> According to German media outlets, representatives from Siemens, Volkswagen, Airbus, Lufthansa, and Deutsche Bank were all present.<sup>83</sup>

A number of investment deals were agreed during Merkel's visit, including the announcement that Volkswagen would team with the Chinese state-owned FAW Group Corp. to build a manufacturing plant in Qingdao and Tianjin. (China has been a large market for Volkswagen – accounting for over one-third of its total car sales in the first quarter of 2014 – and so Volkswagen and its Chinese partners then planned to invest \$24.8 billion through 2018 to increase its annual production capacity in China.)<sup>84</sup> There was also the announcement that China enabled Germany to invest up to \$12.9 billion in its domestic stock exchanges – something which analysts said would boost China's stock market and further internationalise the Chinese yuan.<sup>85</sup> As well as the announcement of the German flagship airline Lufthansa signing an agreement to establish a new joint venture with its Star Alliance partner Air China.<sup>86</sup>

- The purchase of jets by China in one German trade mission emphasises not only the significant wins that can be signed through delegations – and there can be multiple wins – but the boost provided by additional benefits in the deals brought forward. For example, Angela Merkel, Germany's then-Chancellor, visited China in October 2015, accompanied by nearly 20 executives from the machinery, electrical and telecommunications sectors, as well as the boss of Volkswagen.<sup>87</sup> Following a meeting between Merkel and China's Premier Li Keqiang, China and Germany signed a deal for Chinese airlines to buy 130 jets manufactured by Airbus Group SE AIR.PA –

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<sup>82</sup> Catherine Maticic, 'China Inks Aviation, Auto Deals During Merkel Visit',

<https://www.chinabusinessreview.com/china-inks-aviation-auto-deals-during-merkel-visit/>

<sup>83</sup> DW, 'Merkel emphasizes business ties during China trip', <https://www.dw.com/en/merkel-emphasizes-business-ties-during-china-trip/a-17762009>

<sup>84</sup> Catherine Maticic, 'China Inks Aviation, Auto Deals During Merkel Visit',

<https://www.chinabusinessreview.com/china-inks-aviation-auto-deals-during-merkel-visit/>

<sup>85</sup> Catherine Maticic, 'China Inks Aviation, Auto Deals During Merkel Visit',

<https://www.chinabusinessreview.com/china-inks-aviation-auto-deals-during-merkel-visit/>

<sup>86</sup> DW, 'Merkel hails Germany-China ties as major business deals are signed', <https://www.dw.com/en/merkel-hails-germany-china-ties-as-major-business-deals-are-signed/a-17762116>

<sup>87</sup> Gwyn Topham, 'VW chief to accompany Angela Merkel on trade visit to China',

<https://www.theguardian.com/world/2015/oct/27/volkswagen-vw-angela-merkel-trade-mission-exports-china>

an order valued at \$17 billion.<sup>88</sup> Twelve other deals were also witnessed following their meeting.<sup>89</sup>

At that time, Airbus was competing with the US for dominance in the Chinese Market (which Boeing estimated to be worth \$1 trillion over the next two decades) and Air China Ltd 0753.HK and other Chinese carriers were expanding fleets as the number of passengers travelling within China and overseas was expected to triple over the next two decades. To help secure more orders in China, Airbus agreed in July of that year to build a €150 million completion centre for A330 wide-body jets in Tianjin, where it had previously been assembling A320 narrow-body planes sold mostly to Chinese airlines.<sup>90</sup> The deal also included an order of 30 A330 jets, on which China had already taken an option in June 2015.<sup>91</sup> In competition between the US and Germany for the supply of jets to China, it is evidence that the earlier pledge to build a site in China helped secure new orders.

- The attempt to win deals by developing a long-term objective for exports and investment by German trade missions can rest on developing a longer-term strategy for economic diplomacy – that is, a strategy which may not see a ‘pay off’ for many years from a developing nation. For example, Sigmar Gabriel, Germany’s former Federal Minister for Economic Affairs and Energy, travelled to Cuba in January 2016 with a 60-strong business delegation in an effort to boost economic cooperation between Germany and Cuba.<sup>92</sup> The visit led to an agreement between the two countries to open a trade office in Havana which would help German businesses seeking to invest in Cuba.

As Cuba was seeking foreign investment and attempting to re-join the international financial community, German business leaders claimed that German-Cuban trade could increase from €225 million to €1 billion in the following years, particularly as Germany had traditionally lagged behind other European countries when it comes to trade with Cuba. The opening of a trade office can therefore be viewed as a building block for later export opportunities.

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<sup>88</sup> Andreas Rinke, ‘China signs deal with Germany for 130 Airbus jets’, <https://www.reuters.com/article/cbusiness-us-china-germany-airplane-idCAKCN0SN09C20151029>

<sup>89</sup> Zhao Yinan and Li Xiaokun, China to buy Airbus jets in \$17b deal’, [http://www.chinadaily.com.cn/world/2015-10/30/content\\_22313198.htm](http://www.chinadaily.com.cn/world/2015-10/30/content_22313198.htm)

<sup>90</sup> Andreas Rinke, ‘China signs deal with Germany for 130 Airbus jets’, <https://www.reuters.com/article/cbusiness-us-china-germany-airplane-idCAKCN0SN09C20151029>

<sup>91</sup> Andreas Rinke, ‘China signs deal with Germany for 130 Airbus jets’, <https://www.reuters.com/article/cbusiness-us-china-germany-airplane-idCAKCN0SN09C20151029>

<sup>92</sup> Federal Ministry for Economic Affairs and Climate Action, ‘Gabriel taking German firms to Cuba’, <https://www.bmwk.de/Redaktion/EN/Pressemitteilungen/2016/20160106-gabriel-bringt-deutsche-unternehmen-nach-kuba.html>

- The composition of German trade missions with their own global champions, combined with the targeted approach to the sectors requiring development in the host country, yields some significant results for German firms. In April 2017, the then German Chancellor Angela Merkel travelled with a German business delegation to Saudi Arabia. According to company officials, Saudi Arabia wants German companies Siemens SIEGn.DE and SAP SAPG.DE to play an important role in furthering the kingdom's 'digital transformation'. Consequently, top executives at the engineering conglomerate and the business software company who were on the mission with Merkel signed declarations of intent to work with the Saudi authorities.

Additionally, as Saudi Arabi was pushing for a long-term transformation (known as 'Vision 2030') to reduce their reliance on oil and attract investment, Siemens signed a framework agreement with the Saudi National Industrial Clusters Development Program. Siemens claimed the agreement could lead to equipping infrastructure projects worth at least €1 billion. Officials also said the company wants to provide vocational training in Saudi Arabia, while SAP agreed with the Saudi Ministry of Planning to cooperate on the country's digitisation efforts.<sup>93</sup>

## Sweden

Against a background of seven per cent of Sweden's outward missions having a reported impact on exports/investment, a closer inspection of the case studies reveals the careful coordination of missions:

- The presence of Business Sweden and Team Sweden can be linked to delegations reporting commercial successes. For example, in February 2017, Sweden's then-Minister for EU Affairs and Trade, Ann Linde, led a business delegation to Iran whilst Sweden's Prime Minister was also visiting the country. The delegation included representatives of a large number of Swedish companies and government agencies, such as Business Sweden, and was part of the Government's Team Sweden initiative and export strategy to promote a greater Swedish presence in growth markets.<sup>94</sup> During the visit, a number of bilateral agreements were also signed in areas like higher education and research, technology and innovation, and strengthening women's participation in the labour force and entrepreneurship. Fundamentally, several commercial agreements were signed between Swedish and Iranian companies.<sup>95</sup>

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<sup>93</sup> Reuters, 'Siemens, SAP sign cooperation deals with Saudi Arabia: officials',

<https://www.reuters.com/article/us-saudi-germany-merkel-business-idUSKBN17WOKL>

<sup>94</sup> Prime Minister's Office and Ministry for Foreign Affairs, 'Prime Minister Stefan Löfven to visit Iran',

<https://government.se/press-releases/2017/01/prime-minister-stefan-lofven-to-visit-iran/>

<sup>95</sup> Prime Minister's Office, 'Prime Minister Stefan Löfven visited Iran',

<https://government.se/articles/2017/02/prime-minister-stefan-lofven-visited-iran/>



- There are examples of government-led Team Sweden export initiatives supporting delegations to China, which in turn provide inward investment to support key areas of export promotion, namely, in green innovation. Sweden's then-Prime Minister, Stefan Löfven, visited China in June 2017 along with ministers Mikael Damberg, Ann Linde and Karolina Skog, and a business delegation. The visit was conducted within the framework of the Government's Team Sweden initiative and focused on an area which Sweden leads globally: green innovation and sustainability. As a result of the visit, numerous agreements were signed to promote bilateral trade and continued cooperation between China and Sweden.<sup>96</sup> Notably, Geely Auto Group and the City of Gothenburg signed a Letter of Intent to develop a 70,000 square metre Innovation Centre in Gothenburg.<sup>97</sup>

## France

While nine per cent of France's outward trade missions resulted in apparent exports/investment, the delegations show some thoughtful and productive engagement through trade missions:

- A trade mission from France to India may remind UK trade bodies of the long game being developed by other European countries in accessing some of the fastest-growing major economies. In February 2013, France's then-President, Francois Hollande, visited India with a delegation of ministers and business leaders. The French business leaders reflected the range of firms interested in export opportunities in the Indian market, from luxury goods maker LVMH to aerospace giant EADS, which owned plane-manufacturer Airbus. According to a French official, the aim of the trip was to build on the 'strategic Indo-French partnership launched 15 years ago' – and both French and Indian officials said the mission underscored the importance which France attaches to having ties with one of the world's fastest-growing major economies.<sup>98</sup>

After talks between the Indian Prime Minister and Hollande, a range of pacts were signed. Both countries agreed to strengthen cooperation in upgrading railway stations, high-speed corridors and the modernisation of the rail network. Additionally, agreements signed separately during the visit included the Credit

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<sup>96</sup> Prime Minister's Office, 'Greater focus on the link between innovation and globalisation', <https://government.se/articles/2017/08/greater-focus-on-the-link-between-innovation-and-globalisation/>

<sup>97</sup> Geely, 'Zhejiang Geely Holding Group Affirms Commitment to Sweden with New Geely Innovation Centre in Gothenburg', [http://zgh.com/media-center/news/20170627\\_1/?lang=en](http://zgh.com/media-center/news/20170627_1/?lang=en)

<sup>98</sup> Aljazeera, 'French president in India to push trade deals', <https://www.aljazeera.com/news/2013/2/14/french-president-in-india-to-push-trade-deals>

Facility Agreement for the Bangalore Metro Rail Project, Phase I<sup>99</sup> – where the Agence Française de Développement committed to providing €110 million.<sup>100</sup>

- As with Germany's visit to Cuba, so with France's large delegation to Iran – the creation of a trade office can sow the seeds for later trade cooperation. In September 2015, France's then-agriculture and trade ministers, Stephane Le Foll and Matthias Fekl, visited Iran with a delegation of French politicians and representatives from over 100 firms in an effort to rebuild trade ties. France's largest business lobby group, the Medef, sent a delegation which included most CAC 40 companies, including the car manufacturer Peugeot and the oil major Total, as well as SMEs from a wide range of sectors such as agriculture and pharmaceuticals.<sup>101</sup>

During the visit, the two ministers opened a Business France business development office in Tehran, seeking to renew the strong economic ties it previously had with Iran. Fekl said the opening of the office in Tehran was 'a strong signal' of their desire to work with Iran in the long-term.<sup>102</sup>

- The model of the French trade mission, combining significant trade support with strong ministerial coordination and a political system which enables ministers to devote considerable time and energy to a mission, produces high-level results for French exporters. In January 2016, France's president and a delegation of French companies and ministers visited India,<sup>103</sup> including the ministers of defence, foreign affairs, economy and culture.<sup>104</sup> On the second day of his visit, Francois Hollande and his team of ministers and business leaders witnessed over one dozen agreements being made – including the inter-governmental pact for the French-built Rafale jets, which was part of a €138 billion overhaul of India's military. France's Alstom also signed a pact with Indian Railways to make 800 locomotives in India, and an agreement for France's Areva to build six nuclear reactors in India was under

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<sup>99</sup> The Economic Times, 'India, France firm up pacts to further intensify cooperation', <https://economictimes.indiatimes.com/news/economy/foreign-trade/india-france-firm-up-pacts-to-further-intensify-cooperation/articleshow/18500414.cms>

<sup>100</sup> Deccan Herald, 'India, France ink metro rail pact', <https://www.deccanherald.com/content/312243/india-france-ink-metro-rail.html>

<sup>101</sup> RFI, 'Huge French delegation heads to Iran', <https://www.rfi.fr/en/france/20150919-huge-french-delegation-heads-iran>

<sup>102</sup> The Local, 'France enters battle to win business in Iran', <https://www.thelocal.fr/20150921/france-opens-business-iran-tehran-trade/>

<sup>103</sup> Business France, 'India/France: Business France is positioned as a key player in Franco-Indian relations', <https://www.businessfrance.fr/inde-france-business-france-se-positionne-comme-un-acteur-incontournable-dans-les-relations-franco-indiennes>

<sup>104</sup> Sarath Kumara, 'India to boost military ties, investment', <https://www.wsws.org/en/articles/2016/02/03/indi-f03.html>

discussion,<sup>105</sup> with a preliminary deal being signed.<sup>106</sup> Overall, the French delegation announced it would invest \$1 billion a year in India in the coming period.<sup>107</sup> (As with many other deals discussed in this paper, it is not the case that the deals result from the trade mission in a direct sense but ongoing negotiations over a long period.)

It is notable the UK government had faced initial criticism on the Dassault deal for Rafale jets previously in 2012 for failing to support UK manufacturing after the Indian government declared France the preferred bidder to build 126 fighter jets in a deal worth £7 billion. India claimed the French company Dassault, producer of the Rafale fighter, as the main frontrunner for the contract, beating off Eurofighter's Typhoon with one of its most important export orders to date.<sup>108</sup> BAE Systems, Britain's biggest manufacturer, owns 33 per cent of Eurofighter.

## United Kingdom

In our assessment of records from the past 10 years, we could find only 14 per cent of UK trade delegations with a known export or investment impact. However, a qualitative assessment of that UK sample illustrates some of the effective deployment of those delegations:

- In March 2015, the then Foreign Secretary Philip Hammond led a British delegation to Sharm el-Sheikh for the 'Egypt the Future' conference. A large range of British investors were represented, including Vodafone, Barclays, BG Group and BP. At the conference it was announced that BP would sign a \$12 billion investment deal in the West Nile Delta – the largest investment deal in Egypt's history.<sup>109</sup> The deal was signed the day after the conference and included a West Nile Delta project, exploration and resource appraisal activities, East Nile Delta operations and operations in the Gulf of Suez.<sup>110</sup>
- On 27 July 2015, the then Prime Minister David Cameron began a four-day trade mission to Southeast Asia – the first 'one nation' trade delegation, with 31 business

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<sup>105</sup> DW, 'France and India agree on Rafale fighter jet pact but debate price', <https://www.dw.com/en/france-and-india-agree-on-rafale-fighter-jet-pact-but-debate-price/a-19003097>

<sup>106</sup> Reuters, 'EDF signs preliminary deal to build six nuclear plants in India', <https://www.reuters.com/article/edf-india-nuclear-idUSKCN0V41Q0>

<sup>107</sup> Sarath Kumara, 'India to boost military ties, investment', <https://www.wsws.org/en/articles/2016/02/03/indi-f03.html>

<sup>108</sup> Richard Wachman and Patrick Wintour, 'Job fears after BAE loses out in £7bn Indian fighter jet deal', <https://www.theguardian.com/business/2012/feb/01/fighter-jet-contract-british-manufacturing>

<sup>109</sup> Gov.uk, 'Foreign Secretary attends Egypt Economic Development conference in Sharm el-Sheikh', <https://www.gov.uk/government/news/foreign-secretary-attends-egypt-economic-development-conference-in-sharm-el-sheikh>

<sup>110</sup> Reuters, 'BP signs \$12 billion energy deal in Egypt', <https://www.reuters.com/article/us-egypt-economy-investment-bp-idUSKBN0MA0EK20150314>

representatives from every region. It was announced that deals worth over £750 million would be signed during the visit.<sup>111</sup>

As part of his trade mission to Southeast Asia, Cameron led the first Northern Powerhouse trade mission to Singapore and Malaysia with Sajid Javid, the then Business Secretary. Sixty-two northern companies went to Singapore and Malaysia, and the 'Northern Powerhouse' had success during the mission, including the announcement that the University of Sheffield would receive a £4 million investment from the Engineering and Physical Sciences Research Council to build one of the largest dynamic test facilities in the UK. There was also the announcement that Manchester-based FutureEverything had won a contract from the Singapore Government worth £500,000, which would see it develop a 'Smart Nation' Innovation Lab and conference.<sup>112</sup>

- On 6 November 2016, the then Prime Minister Theresa May led her first trade mission with a business delegation made up of 33 business representatives drawn from regions across the UK to India. The then Secretary of State for International Trade, Liam Fox, and the then Trade Minister, Greg Hands, also joined the visit.<sup>113 114</sup>

The result of the trade mission was £1.2 billion-worth of deals between UK and Indian companies. Some of the deals made included King's College Hospital, Ernst and Young UK and Pricewaterhouse Coopers, along with other leading UK health providers, signing a range of commercial and financial partnerships with the Indo-UK Institute of Health worth £300 million; and Dynamatic and Airbus announced the commercial production of flap track beams. Dynamatic signed a deal worth £205 million – of which £120 million will benefit the UK economy and reportedly create 60 new jobs across Dynamatic's two UK sites.<sup>115</sup>

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<sup>111</sup> Gov.uk, 'PM sets sights on south-east Asia with £750m business deals and new EU trade deal', <https://www.gov.uk/government/news/pm-sets-sights-on-south-east-asia-with-750m-business-deals-and-new-eu-trade-deal>

<sup>112</sup> Gov.uk, 'New foreign investments boost Northern Powerhouse', <https://www.gov.uk/government/news/new-foreign-investments-boost-northern-powerhouse>

<sup>113</sup> Gov.uk, 'UK and India: Prime Minister's trade mission and bilateral visit', <https://www.gov.uk/government/news/uk-and-india-prime-ministers-trade-mission-and-bilateral-visit>

<sup>114</sup> Gov.uk, 'PM leads trade mission to India to 'reboot an age-old relationship in this age of opportunity'', <https://www.gov.uk/government/news/pm-leads-trade-mission-to-india-to-reboot-an-age-old-relationship-in-this-age-of-opportunity>

<sup>115</sup> Gov.uk, '£1 billion in deals from PM's trade mission to India', <https://www.gov.uk/government/news/1-billion-in-deals-from-pms-trade-mission-to-india>

- When the then Prime Minister and the International Trade Secretary, Liam Fox, led a delegation comprising 50 business leaders to China in 2018, deals worth £9.3 billion were made in a range of sectors.<sup>116</sup>

Within advanced manufacturing, deals valued at £325 million were made. One such deal was the creation of a new £50 million research centre in Birmingham by Times Electric, which it was proposed would develop new technology in relation to electric vehicles in the UK by 2023.

In the UK financial services industry, £1.27 billion-worth of deals and market access were secured. For instance, the Shanghai International Group signed a deal to invest £340 million in South Molton Street Capital's European mergers and acquisitions fund. To support the deal, South Molton Street Capital would set up an office in Shanghai.

Deals within the consumer sector worth over £2 billion were also agreed – with JD.com signing an agreement and the DIT committing to sales of £2 billion of British retail goods, food and drink by 2021. Additionally, JD.com announced a 'Super Brand Day' dedicated to British products. This was expected to be worth up to £25 million.

The energy and infrastructure sectors saw deals worth £1.36 billion secured – such as the agreement between BP and the Shandong Dongming Petrochemical Group which would see over 500 petrol stations open in China over a 10-year period.

In the education sector, agreements valued at over £550 million were agreed. Deals included Xi'an Jiaotong-Liverpool University – a joint venture university with the University of Liverpool – building a new campus in Taicang to develop links with industry to develop leading graduates in science and technology.

Within the life sciences and healthcare sectors, announcements valued at over half a billion pounds were secured. For example, it was announced that Cambridge Science Park was to receive a £200 million investment from Tsinghua University Holdings to build a state-of-the-art biohub, providing labs and offices for UK and Chinese biotech and med-tech companies.

Deals in the creative sector valued at £287 million were also secured. This included the announcement that Silvergate Media and CCTV Animation would jointly produce the fifth season of the British children's animation Octonauts – broadcasting the show globally.

Agreements worth £137 million were also secured in the food and drink and agri-food sectors. For instance, Bulkpowders (a leading UK producer of sports nutrition

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<sup>116</sup> Gov.uk, 'Prime Minister and Dr Liam Fox's China visit boosts trade and jobs', <https://www.gov.uk/government/news/prime-minister-and-dr-liam-foxs-china-visit-boosts-trade-and-jobs>

products) agreed an exclusive import and distribution deal with Shanghai Happydo International for its range of nutrition powder and snack products.

Furthermore, market access deals with the potential to open up markets worth more than £530 million were also made – such as the approval of market entry for dairy products, valued at £280 million in the first five years, and a commitment to lift BSE restrictions by summer 2018.<sup>117</sup> (This commitment to lift BSE restrictions was announced on 27 June 2018 – meaning beef exports from the UK to China were no longer banned – a deal estimated to be worth £250 million in its first five years.)<sup>118</sup>

- In November 2018, the then International Trade Secretary Liam Fox accompanied a 50-strong UK business delegation to China.<sup>119</sup> During the visit, the delegation helped to secure more than £2 billion-worth of commercial deals across a variety of sectors, including creative industries, healthcare, education, energy, mining and aviation.

Some of the deals made included a £30 million partnership between Clipper Media Capital and Arca Pictures on film co-production; an agreement between TPP and Shanghai Kunfu Bio Technology to roll-out an artificial intelligence-led health management app in Shanghai; and a deal signed by Rolls Royce worth over £850 million.<sup>120</sup>

These case studies can not only help trade missions to adapt to a Global Britain in emerging markets outside of Europe but ongoing DIT research illustrates the type and extent of trade missions support currently deployed. Even on a conservative estimate of the sample of export and investment gains studied in this paper, over a ten-year period, trade delegations led by business and ministers have helped to generate at least a £55.6bn benefit to the UK economy – including £45 million in 2019, £11.4bn in 2018, some £3.2bn in 2016, £11.3bn in 2015, £2.3bn in 2014, £25.8bn in 2013, and £1.4bn in 2012.

### *The extent of UK trade mission support*

The ambition is that trade missions will help British exporters obtain deals for export orders or investment. In one DIT (2020) analysis, an export client quality survey on services supported between April 2018 and March 2019, the total number of businesses supported by UKTI/DIT missions was 1,146.<sup>121</sup> It is therefore not clear that we are supporting enough

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<sup>117</sup> Gov.uk, 'Prime Minister and Dr Liam Fox's China visit boosts trade and jobs',

<https://www.gov.uk/government/news/prime-minister-and-dr-liam-foxs-china-visit-boosts-trade-and-jobs>

<sup>118</sup> Gov.uk, 'China lifts ban on exports of British beef', <https://www.gov.uk/government/news/china-lifts-ban-on-exports-of-british-beef>

<sup>119</sup> Gov.uk, 'UK leading Europe for FDI as Fox hunts future investors in China',

<https://www.gov.uk/government/news/uk-leading-europe-for-fdi-as-fox-hunts-future-investors-in-china>

<sup>120</sup> Gov.uk, 'British firms secure £2 billion of deals at Expo in Shanghai',

<https://www.gov.uk/government/news/british-firms-secure-2-billion-of-deals-at-expo-in-shanghai>

<sup>121</sup> Department for International Trade, 'Export Client Quality Survey for Businesses Supported April 2018 to March 2019',

trade missions or, indeed, enough of Britain's global champions to compete with the champions of our near-neighbour European competitors.

Of those businesses seeking trade support through missions:

- The largest category is those whose annual turnover is between £500,000-£2 million.
- Eighty per cent were SMEs or had fewer than 250 employees. Only 18 per cent were from larger firms.
- Most were from the manufacturing sector (26 per cent), with other organisations operating in education (14 per cent), health (13 per cent), or construction (11 per cent).<sup>122</sup>

Even though government may wish to avoid the debate of 'picking winners' (as some see it), the focus on trade missions should be on the kinds of companies that are tomorrow's global champions. For example, research has focused on the importance of including medium-sized businesses (MSBs) alongside SMEs in international trade initiatives, particularly as MSBs tend to profit the most from international expansion.<sup>123</sup> DIT acknowledge in their research that MSBs (with 50 to 249 employees) have become more likely than other sized businesses to have exported goods.<sup>124</sup>

Another consideration is that it can be easier to spot national champions in some sectors rather than others. In fintech, for example, small companies can go global very fast indeed. With major automobile manufacturers, however, their technology can take decades to develop, so they have an enormous competitive advantage, which is hard for other companies to replicate. There are some areas of other industries where governments could more easily spot national champions and where championing them on a trade mission would be very powerful.

Trade missions are but one tool in promoting British exports. It is notable that DIT (2020) figures suggest that a far greater number of businesses were supported through independent trade advisors (7,896), posts (4,612), the export opportunities initiative (4,315) and sector teams (3,277) than through trade missions (1,146).<sup>125</sup> Neither is it always the

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf)

<sup>122</sup> Department for International Trade, 'Export Client Quality Survey for Businesses Supported April 2018 to March 2019',

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf)

<sup>123</sup> Emily Redding, 'Trading Up: New Ideas for UK Exports', [https://img1.wsimg.com/blobby/go/bf4d316c-4c0b-4e87-8edb-350f819ee031/downloads/1cstfocee\\_269852.pdf?ver=1611652548073](https://img1.wsimg.com/blobby/go/bf4d316c-4c0b-4e87-8edb-350f819ee031/downloads/1cstfocee_269852.pdf?ver=1611652548073)

<sup>124</sup> Department for International Trade, 'DIT National Survey of UK Registered Businesses 2020', [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/994098/dit-national-survey-of-registered-businesses-exporting-behaviours-attitudes-and-needs-2020-wave-5-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994098/dit-national-survey-of-registered-businesses-exporting-behaviours-attitudes-and-needs-2020-wave-5-report.pdf)

<sup>125</sup> Department for International Trade, 'Export Client Quality Survey for Businesses Supported April 2018 to March 2019',

case that major government-led marketing campaigns are necessary or effective: the Exporting is GREAT campaign ran for several years as the main export promotion campaign – now replaced with a new campaign – but final surveys show that only approximately three in 10 businesses were aware of it.<sup>126</sup>

A major institution involved in our exporting enterprise is UK Export Finance (UKEF), a separate ministerial department of the government which ‘helps UK companies to win contracts by providing finance and insurance to exporters and their overseas buyers’ and is a credit agency for exporters that works alongside the DIT. The Public Accounts Committee (PAC) noted in October 2020, however, that despite this connection, the two have a significant ‘lack of strategic alignment’ that has resulted in a number of opportunities for exporters in the UK being missed. It also found that the DIT and UKEF were largely failing to identify emerging markets where new export links might be forged by focusing instead on current UK exporters. These current exporters tended to be larger or high-value businesses, while the PAC argued that smaller innovative businesses should be supported as they have great future potential.

The Committee also found that UKEF was not living up to its target of supporting 500 customers in 2019-2020, with direct support of only 199 – UKEF also did not measure customers’ opinions so was unable to assess in what ways it might be falling short. The PAC recommended that the DIT and UKEF work towards greater integration in aims and in practice, as well as collaborate more with other departments such as UK Research and Innovation and the Department for Business, Energy and Industrial Strategy (BEIS) in exploring growing markets. To an extent, some of this challenge has been addressed through a new Memorandum of Understanding (MoU) between the DIT and UKEF, as of December 2021.<sup>127</sup>

The extent of trade support available therefore depends not only on the DIT’s initiatives but on its integration with UKEF. Over time, the fullest integration of the DIT with UKEF is necessary, particularly to overcome any exporter fears of not being paid since UKEF can insure UK businesses against the risk of non-payment when selling internationally. Although the desire is already present, the department’s export insurance scheme should be extended to all major markets and government-backed insurance for UK exports to these markets will

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf)

<sup>126</sup> Department for International Trade, ‘DIT National Survey of UK Registered Businesses 2020’, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/994098/dit-national-survey-of-registered-businesses-exporting-behaviours-attitudes-and-needs-2020-wave-5-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994098/dit-national-survey-of-registered-businesses-exporting-behaviours-attitudes-and-needs-2020-wave-5-report.pdf)

<sup>127</sup> Gov.uk, ‘Memorandum of Understanding between the Department for International Trade and UK Export Finance’, <https://www.gov.uk/government/publications/memorandum-of-understanding-between-the-department-for-international-trade-and-uk-export-finance/memorandum-of-understanding-between-the-department-for-international-trade-and-uk-export-finance>



need to be available immediately.<sup>128</sup> The DIT may further wish to consider state involvement in any currency hedging service, since this can address an exporters' fear of losing out because of exchange rate fluctuations and becomes an effective way to protect against currency volatility and minimise losses from any adverse movement in currency. That is, to argue, there may be some facets of DIT-UKEF integration that will be of deep significance in supporting exporters, even though that falls outside the technical scope of supporting trade missions.

*What trade support is being delivered? A new business contact or help getting the deal over the line?*

There is clearly something of value in trade missions – including projecting a brand, establishing new contacts, customers and access to the right networks. One difficulty in the current measurement of outcomes, metrics and performance however suggests that the main focus is on the effectiveness of type of support offered, or in making a new business contact, rather than the concrete national outcomes – x volumes of export, y businesses supported as a result of intervention z, or the value of deals done as a result of a DIT programme.

There are some helpful evaluations which show that of businesses that received support from the missions' service, many were likely to say that they attended a trade event (87 per cent), were provided with new business contacts or export opportunities (81 per cent), or attended a one-to-one meeting or received one-to-one advice over the phone (74 per cent).<sup>129</sup> Again, those evaluations tend not to focus on the value of a deal which result from a DIT programme.

The types of support a business receives can be of general support or, less likely, tailored advocacy. When asked which specific types of support businesses received as part of their trade mission:

- A third (33 per cent) said they received tailored 'route to market' information or received an off-the-shelf overview for existing markets.
- Seventeen per cent said they received support in advocacy for a bid.
- Fifteen per cent said they received market information specific to their products or services.<sup>130</sup>

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<sup>128</sup> Gov.uk, 'UKEF expands protection against non-payment for UK exporters',

<https://www.gov.uk/government/news/ukef-expands-protection-against-non-payment-for-uk-exporters>

<sup>129</sup> Department for International Trade, 'Export Client Quality Survey for Businesses Supported April 2018 to March 2019',

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf)

<sup>130</sup> Department for International Trade, 'Export Client Quality Survey for Businesses Supported April 2018 to March 2019',

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf)

Looking at the actions taken as the result of surface interaction with missions, businesses were most likely to say they had identified new export opportunities or made new contacts (83 per cent), researched the paperwork and regulations needed to export (37 per cent), or made investments to support exporting (32 per cent). Almost one-third (31 per cent) of businesses said they started or increased exporting.<sup>131</sup> Although it is of value to know a third of those from trade missions say they started or increased exports, it does not tell us precisely about the influence of trade missions on real-world outcomes in winning export contract x or inward investment project y.

We do know that new business contacts, or sometimes a new/expanded business plan, often results from a mission. When businesses on missions were asked what type of opportunities had been identified, businesses were most likely to say they had identified new business contacts (92 per cent), almost half (48 per cent) had made or expanded a business plan, whilst over one in three made a new or expanded business contract (37 per cent) or sold directly to consumers in overseas markets (34 per cent).<sup>132</sup>

We also know that those new business contacts could sometimes lead to contacting a buyer or agent after the mission. Those businesses that had identified a new business contact when attending a trade mission were most likely to say that they had made a contact with a buyer (54 per cent), while 32 per cent had made contact with a distributor and 22 per cent with an agent.<sup>133</sup>

Access to contacts is of course a significant barrier for smaller companies on missions. When businesses were asked potential barriers to their business in relation to exporting, those attending trade missions said access to contacts, customers and the right networks was the largest barrier (47 per cent). They also acknowledged that lack of knowledge, cost, and capacity were not barriers.<sup>134</sup> But whether the addressing of that barrier then enables the company to secure the export contract or investment deal seems less explored. The question remains, even with all those helpful metrics, what does a trade mission need to do to secure an export deal?

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<sup>131</sup> Department for International Trade, 'Export Client Quality Survey for Businesses Supported April 2018 to March 2019', [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf)

<sup>132</sup> Department for International Trade, 'Export Client Quality Survey for Businesses Supported April 2018 to March 2019', [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf)

<sup>133</sup> Department for International Trade, 'Export Client Quality Survey for Businesses Supported April 2018 to March 2019', [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf)

<sup>134</sup> Department for International Trade, 'Export Client Quality Survey for Businesses Supported April 2018 to March 2019', [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf)

### *Continued reasons for scepticism*

It is not altogether clear whether those on business missions were wholly positive about their experience. When exporting businesses were asked how likely it was that they would recommend trade missions to a colleague or business associate, just under half of businesses (47 per cent) were promoters of missions, while around one in five (22 per cent) were 'detractors' and three in 10 (30 per cent) were neutral, although this differed from generally positive experiences reported on missions. Interestingly, both detractors and those who were neutral towards missions amount to 52 per cent of businesses who experienced missions.<sup>135</sup>

A significant point made in the literature has been that more trade missions does not necessarily lead to an increase in trade. For example, in an analysis of Canadian trade missions made since 1994, researchers found that while billions of dollars were generated as a result of trade deals with other countries, trade did not seem to have significantly increased as a result.<sup>136</sup> It is not universally accepted that trade delegations are the best tool to achieve export promotion. As we have described above for the delegations from the UK, Germany, Sweden and France, inward foreign investment is also recognised as central to this aim.<sup>137</sup>

As one researcher noted, the lack of quantitative research on trade missions' impact can be partially explained by the 'difficulties of linking cause and effect' in this area; this is particularly true when the diverse objectives of trade missions and the national specificities of the origin and host countries are taken into account. The complex interplay between the 'facilitators' (diplomats) and 'actors' (companies) involved in trade missions also needs to be taken into account.<sup>138</sup>

The problem of linking UK overseas trade missions to an increase in exports and investment is a notoriously difficult one that has remained unanswered for many years. During the pandemic, when Meg Hillier MP, as chair of the Public Accounts Committee, raised the problem of linking overseas trade missions to an increase in exports and investment, Catherine Vaughan, the Director General at the Department for International Trade, made a telling observation.<sup>139</sup> When the chair asked about 'the difficulty in pinning down how your

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<sup>135</sup> Department for International Trade, 'Export Client Quality Survey for Businesses Supported April 2018 to March 2019', [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf)

<sup>136</sup> Keith Head and John Ries, 'Do Trade Missions Increase Trade?', *Canadian Journal of Economics* Vol. 43, Issue 3 (2010), pp. 754-755, <https://onlinelibrary.wiley.com/doi/10.1111/j.1540-5982.2010.01593.x>

<sup>137</sup> Timothy J. Wilkinson and Lance Eliot Brouters, 'Trade Shows, Trade Missions and State Governments: Increasing FDI and High-Tech Exports' *Journal of International Business Studies* Vol. 31, pp. 725-734 (2010), <https://link.springer.com/article/10.1057/palgrave.jibs.8490932>

<sup>138</sup> Nikolai Oudalov, 'How Trade Missions Work: An Exploratory Study' (MA Thesis, University of Twente, The Netherlands, 2013), [https://essay.utwente.nl/63014/1/Master\\_Thesis\\_BA\\_Nikolai\\_Oudalov.pdf](https://essay.utwente.nl/63014/1/Master_Thesis_BA_Nikolai_Oudalov.pdf)

<sup>139</sup> House of Commons Public Accounts Committee, 'Oral evidence: Government support for UK exporters, HC 574', <https://committees.parliament.uk/oralevidence/867/html/>

actions relate to increasing exports’ and ‘for how many years do you track that, from that first visit to an overseas trade fair ... to then actually achieving success for that business’, the DIT official acknowledges, ‘You rightly suggest that it is genuinely challenging to ensure that we understand the input that we provide and how it impacts on the outcomes for the individual firms’, adding, ‘we recognise, there is work for us to do to improve our overall evidence base, particularly in a longitudinal way, and to make sure that we understand the long-term impacts of some of those interventions.’ Indeed, the DIT has sought to improve its understanding of impacts with the more recent 2021 export strategy. On top of putting the DIT on a sounder footing, the Prime Minister also launched the Office for Investment (OFI) in November 2020 to unlock significant strategic investments aligned to the Government’s priorities and to enable the UK to appeal to global investors.<sup>140</sup> That is to ensure high-value investments receive the strongest possible cross-government support to realise their UK investment.

In the Committee debate in 2020, the DIT were keen to look at a business’ access to ‘a particular tradeshow... and we really want to understand whether that makes a difference to their long-term exporting behaviour and to how much they are able to grow as a result of the exports that they are now delivering.’ One Committee member, Sir Geoffrey Clifton-Brown MP, suggested that ‘given that this was a complaint 15 years ago, shouldn’t you really have that information by now?’ Catherine Vaughan acknowledges that some of the historical information on the impact of some specific interventions by the former UKTI organisation was ‘not good enough’, but that improvements were being made over time. However, neither consultancies nor academics nor government have persuasively correlated overseas UK trade missions across different sectors to a long-term increase in exports and investment.

It should be noted that in the case of newly internationalising businesses – and as we discovered in this short report – trade missions do not frequently lead to immediate contracts being signed. Thus, these events should rather be seen as establishing contacts that can lead to contracts being signed in the future. However, for already-established companies, trade missions can provide the means of renewing contracts. According to the international business and diplomacy expert, Huub Ruël, trade missions should be viewed as one part of the process by which companies look to expand trade internationally, and are often the first exploratory step of this process. He also points out that trade missions can lead to firms deciding *not* to enter an international market based on their experiences.<sup>141</sup>

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<sup>140</sup> Department for International Trade, ‘The Office for Investment’,

<https://www.great.gov.uk/international/content/investment/how-we-can-help/the-office-for-investment/>

<sup>141</sup> Huub Ruël, ‘Making Trade Missions Work: A Best Practice Guide to International Business and Commercial Diplomacy’. p.25 on explanation and definition of a trade mission.

## **Lessons learned: how to better deploy delegations**

There are clear lessons to be learnt. We suggest below a series of short- to medium-term objectives which, if adopted, could lead to a better environment to support a strategy for more greatly expanded trade missions that could arguably lead to more export support and inward investment wins for our own global champions.

### **1. Redoubling our support for quality trade missions which need to be formed around a legitimate and long-term sales narrative**

Our large, quality delegations to new markets should seek to adapt the Merkel-led delegation of 2017: to be formed around the leading global, exporting champions. And we need more of them. Central to our approach should be the long-term narrative we develop for sales – which tells us not only about the types and goods and services we are ready to export but what our prospective buyers are generally interested in buying from us. Chancellor Merkel’s 2017 delegation to Saudi Arabi placed two of the German champions, SIEGn.DE and SAP.DE, central to meeting the Saudi need for digital transformation. The UK requires a similar understanding of placing high-level representation on delegations in addition to a sales narrative inside DIT, not merely the knowledge that we have good exports.

Exporting businesses need the assurance and support provided by a senior presence at the level of Prime Minister and Secretaries of State on trade delegations, as reflected in the several German and French delegations discussed in this report. Although we have already discussed the needs of SMEs and the medium-sized businesses in particular, this presence can often be a significant helping hand that the larger UK businesses feel is lacking in their trade support. In a recent study carrying out 100 in-depth interviews with investors controlling trillions of dollars in capital, researchers found they were ‘near-unanimous’ that the Prime Minister needs to lead from the front as the best advocate for Britain and to become the highest-profile champion for business – as he did when he was Mayor of London.<sup>142</sup> There is a strong sense that exporters see this high-level presence as a winning strategy that other countries are presently better at achieving. It would give them the support of soft power they need in some of the difficult emerging markets they operate in. This is particularly true of those British businesses in sectors such as financial services or retail that may already have an established footprint in other countries.

The long-term sales narrative which protects and promotes the British reputation should be at the core of our export strategy. As recent research suggests, for companies and investors who want to use the UK as a base from which to either reach the global market or the UK

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<sup>142</sup> Tom Clougherty, Robert Colville, Nick King and Gerard B. Lyons, ‘Why Choose Britain?’, <https://cps.org.uk/wp-content/uploads/2022/05/Why-Choose-Britain-CPS.pdf>

itself, our export performance has frequently been disappointing.<sup>143</sup> In terms of the UK's percentage of exporting businesses, it is considerably lower than the Organisation for Economic Co-operation and Development (OECD) average – and the UK's total volume of exports as a percentage of GDP also falls short of the amount we should be aiming for, when compared with neighbouring European countries. In addition, we have also been poorer than other nations at developing home-grown global brands.<sup>144</sup>

Paul Temporal, Associate Fellow at Saïd Business School, University of Oxford indicates there has been less talk of investing in the national brand.<sup>145</sup> UK governments have traditionally not engaged in any serious branding activities – but a post-Brexit 'Global Britain' is needed in order to sell UK products and services, to develop new strategic alliances, to retain the country's soft power (that is, 'the ability to achieve what it wants through influence, reputation and attraction') and to make the country an attractive destination. As Paul Temporal puts it, 'to not attempt to build an all-encompassing national brand would be a major missed opportunity.' It would make attracting talent and investment and ensuring British products are competitive an easier task.

'[T]he nation brand is one of the most important assets of any state', Temporal argues, and any difficulties of managing it would be outweighed by its benefits.<sup>146</sup> Research shows us that when a nation has a positive brand, it in turn leads to economic power, wealth, national confidence and success. Those perceptions of national characteristics and skills become associated with important industries. Take Japan and its consumer electronics, or Germany and automotive engineering, for example. The researcher notes that these 'Made in' brandings bring to mind high-quality and innovative products, and consequently create a strong country-of-origin effect.

The way in which Germany, for example, is branded as a nation is absorbed into the branding of its companies and services, particularly the country's global superstar brands, which when combined with the medium-sized and small enterprises, known as the *Mittelstand*, their innovative enterprises have become world market leaders in their own field and contribute greatly to German's economic prowess.<sup>147</sup>

This is also about long-termism. Previous research at the Legatum Institute has criticised the government's historic focus on high-profile trade missions abroad, which do not usually

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<sup>143</sup> Tom Clougherty, Robert Colvile, Nick King and Gerard B. Lyons, 'Why Choose Britain?', <https://cps.org.uk/wp-content/uploads/2022/05/Why-Choose-Britain-CPS.pdf>

<sup>144</sup> Tom Clougherty, Robert Colvile, Nick King and Gerard B. Lyons, 'Why Choose Britain?', <https://cps.org.uk/wp-content/uploads/2022/05/Why-Choose-Britain-CPS.pdf>

<sup>145</sup> Paul Temporal, 'The UK needs a rebrand – an expert explains how', <https://theconversation.com/the-uk-needs-a-rebrand-an-expert-explains-how-157021>

<sup>146</sup> Paul Temporal, 'The UK needs a rebrand – an expert explains how', <https://theconversation.com/the-uk-needs-a-rebrand-an-expert-explains-how-157021>

<sup>147</sup> Ugesh A. Joseph, 'The 'Made in Germany' Champion Brands', <https://www.taylorfrancis.com/books/mono/10.4324/9781315555904/made-germany-champion-brands-ugesh-joseph>

produce the long-term ties required for economic benefit. It highlights some problems with our short-termism, including the fact that ‘trade no longer follows the flag’, and that businesses are frequently frustrated in their engagements abroad by the tampering of government missions. Even in terms of planning, the think-tank report suggests better/advance planning of trade missions to enable companies and government staff to plan ahead; Germany and France provide far more notice on international trade missions.<sup>148</sup>

The long-game developed by governments for exporters is further made clear by France’s 2013 delegation to India – one of the world’s fastest growing economies – building on an Indo-French partnership 15 years earlier. Do we have a 15-year strategy or even 5-year plan for the same long-term goal? It is notable, for example, that the government disagreed with a previous select committee recommendation of October 2020 which suggested that the DIT should be transparent in its long-term goals and activities so that it could be held to account for its support of exporting companies. Government claimed that it already publicises indicators of export support.<sup>149</sup>

In any case, the Permanent Secretary of the DIT, Antonia Romeo, has more recently outlined the DIT’s forward-looking strategies, highlighting a focus on the need to establish UK exports in the growing markets of the next five to 10 years by coordinating international exports with local initiatives. So, the focus should be on how do we get there by looking at the long-term of the next 10 years and indeed a sales narrative which takes us from production of good x to sale of x during that period?

## **2. Bring the ‘Exports and UK Trade’ section inside the DIT under private ownership to reflect a half-share interest from government coordination and a half-share interest from the private export trade associations**

The ability for a national trade body to be composed of, and capable of, bringing together private and public partners has reassured other European countries of success in their exporting strategy. In the Swedish example, Business Sweden is owned in equal shares by the state of Sweden and the Swedish business sector; that is, through the Ministry of Foreign Affairs (Utrikesdepartementet (UD)) and the Swedish Foreign Trade Association (Sveriges Allmänna Utrikeshandelsförening (SAU)). In the French example, Team France Export uniquely brings together all public and private partners working for Business France offices and chambers of commerce and industry to prepare and support a larger number of SMEs and intermediate-sized companies. The infrastructure works because it forces public and private sector and different levels of government to integrate and work together for a

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<sup>148</sup> Emily Redding, ‘Trading Up: New Ideas for UK Exports’, [https://img1.wsimg.com/blobby/go/bf4d316c-4c0b-4e87-8edb-350f819ee031/downloads/1cstfocee\\_269852.pdf?ver=1611652548073](https://img1.wsimg.com/blobby/go/bf4d316c-4c0b-4e87-8edb-350f819ee031/downloads/1cstfocee_269852.pdf?ver=1611652548073)

<sup>149</sup> House of Commons Public Accounts Committee, ‘Government support for UK exporters: Twenty-First Report of Session 2019–21’, <https://committees.parliament.uk/publications/3195/documents/29615/default/>

common goal, that is, securing export contract x – there does not appear to be a similar desire within the UK system.

Having a trade body which combines integration within government and across different levels of government will mean Britain is more able to tailor government support for different parts of the economy – in which, for example, an SME in the North West has very different needs from a global corporation based in the UK. Equally, MSBs can often have the most to gain, so the focus should arguably be on how champions can act as mentors to those businesses. On a sectoral basis, there is also the need to evaluate what type of mission works best across the different sectors, taking account of emerging routes to market, such as ecommerce platforms.

The Director-Generals of a newly private UK trade body should ideally come from a business background with long-term experience of trade missions and international trade fairs. We can deduce from successes in France and Sweden that public-private trade infrastructure can better oil the export machine and do anything needed to get a trade deal over the line.

The partial privatisation model would in practice follow the path of ‘British International Investment’ company, the development finance institution of the government and for which the Foreign, Commonwealth and Development Office (FCDO) is responsible. The then Commonwealth Development Corporation was converted in 1999 from a statutory corporation to a public limited company, with all shares owned by the government. The privatising of the ‘Exports and UK Trade’ portfolio in the DIT would take the form of enabling that part of the Department to become an ‘Export UK’ organisation as a public limited company, although in this case with a half share from both government and our private exporters.

The bringing together of goals and actors, both public and private, could be seen as instrumental in developing support for trade missions with a common exporting ethos. There is a strong sense that France, for example, will look at anything that country x needs to get a trade deal over the line, using all tools in its arsenal to win over a foreign government to secure a big deal, whether it comes from the areas of defence, intelligence or health. It tends to be expressed that the UK still thinks in ‘silos’ or lacks awareness of sharing knowledge across departments and government-private sector boundaries.

### **3. Create a ‘Team Britain Export’ to coordinate a country-wide, pro-business, export policy**

The export team initiatives in Sweden appear to be highly productive tools. The presence of Business Sweden and Team Sweden initiatives to boost exports in Sweden’s 2017 mission to Iran led to several commercial agreements between Swedish and Iranian companies.



It was also evident that Team France Export encourages greater horizontal integration (across government) and vertical integration (across regions to the international level). It suggests a 'Team Britain Export' team would take the lever off ineffective information campaigns and put all resources into more experience-driven programmes. As one recent study found, across all types of export promotion programmes, SMEs benefited from those which provided 'experiential' and 'informational' aspects. However, only those deemed 'experiential' – that is, those which involved travel and face-to-face meetings with foreign companies – had a demonstrably positive impact on relationships in foreign markets and thus the export value of SMEs.

The study recommended that future government export programmes should focus heavily on encouraging 'international networks' alongside promoting the sharing of knowledge amongst businesses looking to expand their export markets abroad.<sup>150</sup> Those networks may be seen as especially important in the age of ecommerce. Ecommerce might provide a viable route to market for, say, UK food products exporters, but they will still need to establish relationships with importers/distributors and know how local platforms work.

#### **4. To have 'automatic' follow-up trade missions associated with big contract wins**

Today's larger global champions should support smaller SMEs – in effect, the champions of tomorrow – through connected industry supply chains on national trade missions. The newly emerging exporters deserve support. Based on World Bank/International Trade Centre of Geneva data from 2005-2010, researchers have suggested that 'export promotion agencies' in this period tended to focus on SMEs already established in the export market.<sup>151</sup> The opportunity also therefore exists to enable newcomers to be supported by champions.

A report from 2016 found that UKTI did not offer enough programmes to encourage British exports in order to reach its then goal of 'trading out of the deficit'. One of its persuasive policy recommendations to the government at the time was to increase the number of trade missions on the back of successful trade deals made between UK companies and international ones. By doing so, the report argues, the UK would enable different sectors and less-internationally-minded companies a 'soft entry point' for new contracts and markets.

That report found that contemporary government trade missions are often hindered by the retrospective involvement of businesses in the wake of larger government missions, and

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<sup>150</sup> Mohamed Yacine Haddoud, Paul Jones, and Robert Newbery, 'Export promotion programmes and SMEs' performance: Exploring the network promotion role' *Journal of Small Business and Enterprise Development* Vol. 24 No. 1 (2017), pp. 68-87, <https://www.emerald.com/insight/content/doi/10.1108/JSBED-07-2016-0116/full/html?fullSc=1>

<sup>151</sup> Peter A.G. van Bergeijk and Selwyn J.V. Moons (eds.), *Research Handbook in Economic Diplomacy* (2018). Chapter 1: Introduction to the Research Handbook on Economic Diplomacy in: *Research Handbook on Economic Diplomacy* (elgaronline.com)

these ‘automatic’ trade missions associated with big contract wins would change this approach as well as enabling multi-sector trade based around an initial contract.<sup>152</sup> It gives the example of an oil pipeline project and the accompanying sectors of hotels, catering and other professional services. That the British global champions, and indeed some of the smaller exporters, could feed off each other’s success would cement all exporters interests – and particularly those in the supply chains that could benefit ‘automatically’ from the major export deals.

**5. Government should seek to encourage, fund and support the doubling of the British Chambers of Commerce abroad from 70 to 140 offices, to be located in every current and emerging market and directly linked to UK-based Chambers of Commerce**

This goal would begin to match the level of support given to German exporters through the organic and business-fluid Chambers of Commerce infrastructure. Our Chambers could be better integrated with the more recent campaigns of the DIT promoting global champions. German Chambers of Commerce Abroad have a membership of some 50,000 companies, with approximately 80 per cent of these members outside of Germany – maintaining 130 offices in 90 countries.

Their presence can help address some of the export barriers which arise for the smaller ‘large businesses’. Since more long-standing businesses can already have an international presence – thereby requiring less support as they could draw on their internal networks – their slightly smaller counterparts may not have that access because of the cost of having an in-country presence.<sup>153</sup> The DIT research indeed reflects that there is a support gap at the development stage. In short, the UK needs a greater in-country presence in hard to access markets to support those smaller large businesses at this stage. Trade bodies and associations can therefore help fill this gap. With comparatively small amounts of government support, exporters could see concrete results. In return for funding, there could be quantifiable metrics of success and accountabilities, enabling the Chambers the freedom to become players in their sphere.

**6. Expand our flourishing Trade Envoys network from 40 Prime Minister Trade Envoys covering 80 markets to match the 60 Envoys required for the much wider 120 markets the DIT currently intends to operate in**

If we were to expand the number of Trade Envoys in proportion to the number of markets the UK are attempting to operate in, we will clearly need more Trade Envoys than we currently have. That would mean 60 Trade Envoys to be delivered by 2023 – 20 more than we currently have. High profile supporting trade envoys and ministers can lend real weight

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<sup>152</sup> Emily Redding, ‘Trading Up: New Ideas for UK Exports’, [https://img1.wsimg.com/blobby/go/bf4d316c-4c0b-4e87-8edb-350f819ee031/downloads/1cstfocee\\_269852.pdf?ver=1611652548073](https://img1.wsimg.com/blobby/go/bf4d316c-4c0b-4e87-8edb-350f819ee031/downloads/1cstfocee_269852.pdf?ver=1611652548073)

<sup>153</sup> Department for International Trade, ‘Large Business export barriers, support needs and the role of DIT’, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1044976/large-business-export-barriers-support-needs-and-the-role-of-dit-qualitative-research-findings.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1044976/large-business-export-barriers-support-needs-and-the-role-of-dit-qualitative-research-findings.pdf)

to a trade mission. Even though much is agreed on the details of deals before a mission takes place, it is possible to learn from Germany's Siemens deal with Russia for electric locomotives in 2012. The Chancellor, Foreign Minister and Finance Minister all attended with the business delegation as both heavyweight economic and political diplomats. High profile trade 'ministers' can shape and enhance a mission, combining national economic demands with diplomacy.

Economic diplomacy can buttress trade missions. Quantitative evidence compiled and analysed by a researcher in one study revealed that 'commercial diplomats' – whose role is to facilitate, advise, and represent trading opportunities – are perhaps too overburdened with other tasks; on this basis the author recommended governments 'reconfirm trade promotion' as a diplomats' central role.<sup>154</sup> Further still, in the context of a study on Dutch trade with Latin America, researchers found that 'economic diplomacy', such as trade missions and information dissemination, played a large role in expanding local firms' exports to Southern American markets.<sup>155</sup>

In particular, France has the strategy of linking exports to foreign policy concerns.<sup>156</sup> As one independent consultancy memorandum to a select committee stated, the UK does not do this and so loses out on the potential to benefit. France used 'commercial diplomacy' to win over foreign defence department orders of fighter planes from the UK's Typhoon to French Dassault. Germany is open to using its currency and its ability to control EU regulatory choices to favour its exporters in global markets. In response, we should align our trade promotion and trade policy since for UK global champions, trade policy and trade promotion are 'two sides of the same coin and must be aligned'.<sup>157</sup>

Trade envoys are important because UK trade missions need to emulate something akin to the French trade missions to India in 2016 – aiming to secure the Rafale jets, Alstom locomotives, or Areva's (then) nuclear reactors. But this was only possible through significant trade support, a strong ministerial coordination and a French-styled system which enables ministers (unencumbered by an English-style parliamentary schedule) to devote a great amount of time and energy to a major mission.

To deal with the time constraint challenge, one report persuasively suggests that ministers

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<sup>154</sup> Peter A.G. van Bergeijk and Selwyn J.V. Moons (eds.), *Research Handbook in Economic Diplomacy* (2018). Chapter 1: Introduction to the Research Handbook on Economic Diplomacy in: *Research Handbook on Economic Diplomacy* (elgaronline.com)

<sup>155</sup> Peter A.G. van Bergeijk and Selwyn J.V. Moons (eds.), *Research Handbook in Economic Diplomacy* (2018). Chapter 1: Introduction to the Research Handbook on Economic Diplomacy in: *Research Handbook on Economic Diplomacy* (elgaronline.com)

<sup>156</sup> Competere Ltd, 'What Does Global Britain Look Like?', <https://committees.parliament.uk/writtenevidence/106216/html/>

<sup>157</sup> Competere Ltd, 'What Does Global Britain Look Like?', <https://committees.parliament.uk/writtenevidence/106216/html/>

be replaced with junior ministerial staff or ‘cross-bench trade envoys’ to avoid cancellations last-minute due to parliamentary requirements and enable a more thoroughly-planned and engaged visit based on expertise rather than symbolism.<sup>158</sup>

Trade envoys also have the advantage of being ‘national branded’. In an encouraging study, the use of ‘nation branding’ by both nations and companies has been advocated as a means of gaining a ‘competitive advantage’ over other nations in terms of trade and investment (as well as politically). This notion of ‘nation branding’ centres around the ‘projection’ of a national identity that comes to be associated with the international profile of that nation. As noted by the cross-cultural communication expert Brian J. Hurn, trade missions associated with the government fit the bill in this regard, as they ‘act as a focal point’ for international trade relations, and thus can have an impact diplomatically as well.<sup>159</sup>

## **7. Cementing the role of the Royal Family in supporting ‘Global Britain’**

Britain has a unique advantage over many other trading nations: we have an established Royal Family that is admired and respected across the world. The diplomatic presence associated with British royalty is hard to quantify but is replicated by few other countries. As the British Royal Family undergoes significant change in the coming years in both its structure and role, we should be aware of its potential impact on promoting British exports and investment. A member of the Royal Family as a Special Representative for the Department for International Trade (DIT) could be such a solution in enabling the role of Royal Family members in promoting our global export champions and investment. The role of Special Representative could be revived with a member of the family or a wider remit for foreign ‘tours’ to be specifically refocused around trade.

There is an urgent need to rethink the global role of the Royal Family and the purpose of foreign tours. One solution in their remit should be on selling ‘Global Britain’ as well as bringing investment to the UK. Equally, members of the Royal Family could seek to host events in royal palaces for investment summits and to receive foreign trade missions as part of the deal-making process to give them some high-order weight from within our own constitutional system. Compare the advantage we could have in this area with the French example, in which as one study put it, ‘it seems like a positive rarity for a CEO to set foot on French soil without being invited to the Elysée.’<sup>160</sup>

It is understood that the Prince of Wales will review the number and use of royal palaces when he becomes King. Consideration might be given to turning one palace, such as

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<sup>158</sup> Emily Redding, ‘Trading Up: New Ideas for UK Exports’, [https://img1.wsimg.com/blobby/go/bf4d316c-4c0b-4e87-8edb-350f819ee031/downloads/1cstfocee\\_269852.pdf?ver=1611652548073](https://img1.wsimg.com/blobby/go/bf4d316c-4c0b-4e87-8edb-350f819ee031/downloads/1cstfocee_269852.pdf?ver=1611652548073)

<sup>159</sup> Brian J. Hurn, ‘The role of cultural diplomacy in nation branding’ *Industrial and Commercial Training* Vol. 48 No. 2 (2016), pp. 80-85, <https://www.emerald.com/insight/content/doi/10.1108/ICT-06-2015-0043/full/html>

<sup>160</sup> Tom Clougherty, Robert Colville, Nick King and Gerard B. Lyons, ‘Why Choose Britain?’, <https://cps.org.uk/research/why-choose-britain/>

Kensington Palace or St James's Palace, into a dedicated space for promoting UK exports and investment to countries from around the globe. Notably, St. James's Palace remains a thriving, working palace. The State Apartments continue to be used for entertaining during in-coming State Visits. Ambassadors to the UK are appointed to the Court of St James's, and all ambassadors and high commissioners from the UK are accredited by the court, making them representatives of the Crown, not of the country. Why not make this institutional facet an essential part of our national exporting strategy?

When the time comes, the uplifting role of an iconic 'Brexit King' should be to establish a 'King's Business Council' at St James's Palace and invite senior business figures from the UK to become 'export members' of this group. The Council would use the soft convening power of the British monarchy to bring together global business champions and promote British trade and investment. Just as the Commonwealth has been established by the present Queen over many years as an informal network of nations, the King's Business Council would replicate this process and provide a focus of royal efforts to promote exports and inward investment into the UK.

The government has confirmed that a new national flagship will be built to promote trade across the world. This vessel, misleadingly described as a 'new royal yacht' is intended to replace HMY Britannia which was de-commissioned in 1997. It will be the first national flagship since 1997. According to the government the ship 'will be distinct from that of any previous national flagship, reflecting the UK's new status as an independent trading nation and helping us to seize the opportunities that status presents.' Alongside a new role for the monarchy in promoting global trade and investment the new national flagship should allow the British royal family to host important trading partners and trade related functions anywhere in the world. The government should ensure that any design for this new ship should include a grand business and ambassadorial venue, making an invitation to attend a function on board the new national flagship the most desirable invitation in the world.

#### **8. To separate trade agreements' metrics and outcomes from separate trade mission business outcomes and metrics**

While understanding the benefits of new, post-Brexit trade agreements is important, we should be able to determine whether DIT-arranged delegations and all other similar interventions have led to specific export or inward investment wins and deals.

We discussed in this briefing several different types of metrics deployed by the DIT to measure support for exporters. Some were relevant to the Department's understanding of future trade agreements benefits or different practices adopted by businesses, but many did not relate to measuring success for exporters. This should be addressed for the future. It

might also suggest that the government needs to divide overall export targets by sector in order to enhance achievability and accountability.<sup>161</sup>

### **9. Encourage trade missions founded on peer-to-peer support for accessing new markets**

Peer to peer support by private actors remains as important as ever, and the DIT's emphasis on 'Export Champions' acknowledges the role of peer-to-peer interaction in aiding exporters. In the recent past, when businesses from missions were asked how they first heard about the DIT, just as many were to say that the news came from contacts in the private sector (18 per cent) than from contacts in the public sector (15 per cent) or even based on previous company experience (13 per cent).<sup>162</sup> Peer interaction is influential in decision-making. The former UKTI and now current DIT cannot claim to be all things to all businesses – the emphasis on peer-to-peer influence (beyond only government support to business) and role of the private sector in deal-making must be reinvigorated.

### **10. Creation of trade offices for major long-term export markets for 2035-2040**

The creation of trade offices is necessarily a part of success in supporting a long-term exporting framework. Germany's 2016 trade mission with a 60-strong business delegation to Cuba in order to open a trade office in Havana was premised on trade increasing from €225 million to €1 billion. Again, as we learned above, the establishment of a Business France business development office in Tehran in 2015 on a 100-firm delegation was framed around rebuilding trade ties with global champions as well as SMEs from a range of sectors. The planned creation of trade offices in the likely emerging markets of the next 10 to 15 years is therefore one institutional foundation that could be developed to support Britain's global champions.

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<sup>161</sup> Emily Redding, 'Trading Up: New Ideas for UK Exports', [https://img1.wsimg.com/blobby/go/bf4d316c-4c0b-4e87-8edb-350f819ee031/downloads/1cstfocee\\_269852.pdf?ver=1611652548073](https://img1.wsimg.com/blobby/go/bf4d316c-4c0b-4e87-8edb-350f819ee031/downloads/1cstfocee_269852.pdf?ver=1611652548073)

<sup>162</sup> Department for International Trade, 'Export Client Quality Survey for Businesses Supported April 2018 to March 2019', [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/915126/dit-ecs-quality-survey-fy2018-19.pdf)

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