

Chapter 3

Business opportunities for the UK

Our objective:

- enhanced competitiveness of companies in the UK through overseas sales and investments and a continuing high level of quality foreign direct investment.



UK Trade & Investment helps to build business opportunities for companies in the UK through its network of teams based in 200 countries. Every year UK Trade & Investment helps thousands of companies to take their first steps in the world of international trade, move further up the ladder of international business experience and, for overseas customers, benefit from the strengths of the UK economy.

Last year UK Trade & Investment recorded over 700 investment projects from overseas which generated over 34,000 new jobs in the UK. UK Trade & Investment aims to become a model of this Government's approach to public services: high quality, flexible, innovative and putting its customers first, at home and abroad.

Mike O'Brien, Minister for Trade, Investment and Foreign Affairs



UK Trade & Investment has specific corporate targets for the number of companies it helps into overseas markets, and agreed PSA indicators for the percentage of these that improve their business performance within two years. We measure these through an annual sample of the firms who use UK Trade & Investment's services. The 2003 survey showed that we are hitting these targets. But the full impact of the new services that we are introducing will take time to be felt. The latest data from the United Nations Conference on Trade and Development (UNCTAD) shows that we have also achieved the inward investment target. Further details of UK Trade & Investment's progress against targets and objectives is contained in UK Trade & Investment's own Spring 2004 Departmental Report.

Stephen Brown, Chief Executive, UK Trade & Investment

Our PSA target:

- Deliver a measurable improvement in the business performance of UK Trade & Investment's (previously Trade Partners UK and Invest UK) international customers and maintain the UK as the prime location in the EU for foreign direct investment.

Trade: overseas opportunities for the UK

UK Trade & Investment launched its new identity in October 2003. It replaces British Trade International and brings together its trade and investment sides.

On the trade side it has moved more of its resources to units in the UK dealing with small and medium sized enterprises (SMEs) that are seeking to develop their international trade, and also industry sectors seeking global commercial opportunities. To help us meet the different needs of businesses in different regions, and to make the most effective use of our resources, UK Trade & Investment has been meeting each of the Regional Development Agencies (RDAs) to discuss how we can work with them as their international trade arm. We have already concluded agreements with three RDAs and we aim to complete the rest during spring 2004.



Mike O'Brien with the headmaster and pupils of a primary school in Jakarta

In terms of trade development, this has meant strengthening our international trade teams in the English regions. International trade advisers, recruited mainly from the private sector, help new customers develop the business skills they need to trade effectively overseas. Our flagship trade development programme 'Your Passport to Export Success' has had a powerful impact on company behaviour and has increased knowledge of global markets. About 450 companies have completed the programme, over 2,500 plan to, and we are recruiting all the time. Firms are learning how to adapt their business plans to serve international customers, acquire the skills necessary to operate in different business cultures, design websites that can be used internationally, and improve their performance in many other areas. Increased export sales lead not just to job creation but to improvement across all of a company's activities.

Companies who graduate from 'Passport' are exploring the possibility of doing business in a wide range of overseas markets. Trade development includes finding niche opportunities (for specialist services) worldwide for UK companies in a very broad range of industries. UK Trade & Investment's UK regional operation, working with UK Trade & Investment officers in overseas posts, enables companies to exploit these. Here are some examples.

Identifying markets overseas

One of the most important services for companies looking at overseas markets is information on potential customers and agents. UK Trade & Investment staff overseas use their local contacts to prepare a service package. The packages are designed to assist

Cheshire company anticipates rapid sales growth in China

Tithebarn Ltd, manufacturer of Rockies mineralised salt blocks for cattle, sheep, horses and deer, is rapidly expanding its business in China with help from UK Trade & Investment. The company, whose exports to 50 countries worldwide are valued at over £2 million, hopes to increase its sales to China tenfold in the next three years.

In 2001 the company met a potential distributor from Inner Mongolia at a UK Trade & Investment China Road Show in Bolton. From there business developed rapidly. Rockies are now sold in eight Chinese cities.

Tithebarn's export sales executive, Denis Sowler, said that the company was seriously considering forming a joint venture with a local partner in China, building on their current success in the region. 'UK Trade & Investment's China Desk and the British Embassy have been very supportive in our market research and in providing contacts with potential clients... I strongly urge future exporters to use the services on offer.'

Source: Tricia Francis, International Trade Adviser, Business Link Cheshire and Warrington, September 2003

Weighing in to new European and Mediterranean markets

Reading-based Applied Weighing Ltd has begun to export overseas, with help from UK Trade & Investment. The company manufactures load cells to use for highly accurate weighing in a variety of circumstances, from road vehicles to components going into the manufacturing processes.

Applied Weighing has been in business for 13 years, but until recently mainly focused on its domestic market. The company joined UK Trade & Investment's 'Your Passport to Export Success' programme in late November 2002. Since then, managing director Julian Glasspole, together with a distributor based in Belgium, has generated sales in nine European countries. These early sales have a current value of just below £400,000, but the company's forecast for 2004 is £1 million.

Mr Glasspole said, 'The Passport programme certainly gave us a steer in the right direction. Before, we had never focused on our potential export markets, but with Trade Partners UK's help we have managed to get our sales and technical literature translated into the appropriate languages.'

Source: Paul Brown, International Trade Adviser, Business Link Berkshire and Wiltshire, September 2003

UK companies in achieving their goals and in many cases this will include research and advice for companies before they visit, and materials which will support them during a market visit. This information service is now moving online. Over the last two years it has been introduced successfully in 23 countries and has received over 2,000 orders for services. Customers can order directly and pay online. Customer feedback shows that these packages provide good value for money and are easy to use, not least as they enable companies to communicate directly with commercial officers overseas and international trade advisers at home. We plan to make them available worldwide in 2004.

UK Trade & Investment also provides information to UK companies wanting to do business overseas through its website www.uktradeinvest.gov.uk. Over 24,000 UK businesses have registered to receive email notifications of opportunities identified by posts overseas. This will form part of a customer-relationship management system which we will put in place in 2004. The new system will provide a high standard of electronic service delivery and share information throughout our UK and overseas network on specific customers' capabilities and needs.

UK Trade & Investment plans to simplify the trade support it offers. We have already begun the process of targeting our support where it adds most value, particularly for SMEs.

Trade fairs overseas remain an important trade opportunity for thousands of companies. In 2003 UK Trade & Investment

changed its 'Support for Exhibitions and Seminars Abroad' scheme, to ensure that the events chosen support industries' strategies to target global sectors, and offer greater flexibility to companies that want to travel to particular events. We spent over £20 million on this, supporting 409 exhibitions in 45 countries, involving approximately 6,000 companies. Further changes from 1 April 2004 concentrate financial assistance on SMEs which are new to exporting.

UK Trade & Investment has seconded sector specialists from industry to overseas posts to make it easier for UK companies to take part in overseas projects.

We have stopped more general activity to promote individual overseas markets to UK companies, and concentrated on countries where there are opportunities in particular sectors of interest to UK firms. With UK industry we draw up and implement sectoral strategies that identify priorities for government support. We aim to ensure that our UK customers are effectively supported by their trade and industry associations so that where there are particular niches, they are well equipped to exploit them.

Investment in the UK

Despite a difficult year for the global economy UK Trade & Investment recorded 709 decisions to invest in the UK in 2002-3. These projects had a beneficial effect on the supply chain in the UK and helped spread best practice and innovation.

Investment from the UK's largest markets, the USA and Canada, stood up well despite the business uncertainty exacerbated by tensions

New jobs in Wrexham with the UK subsidiary of a Japanese company

Sharp Electronics (UK), a sales and marketing subsidiary of the Japanese Sharp Corporation, is to establish a manufacturing facility for solar energy products at its site in Wrexham, North Wales. This will create 90 new jobs by the end of 2005. The new facility will assemble photovoltaic products, which convert light into electricity, for markets in the UK and Europe, beginning in spring 2004.

UK Trade & Investment's Osaka team kept in close contact with Sharp about this project for almost two years to ensure that it came to the UK. The British Ambassador in Tokyo called on the company and the then Energy Minister, Brian Wilson, visited the company while on an official visit to Japan. DTI officials from the Renewables Division called on the company while in Japan at a solar energy conference. Mr Fujiwara, Sharp's Corporate Director, and his photovoltaic project team visited the UK and were briefed on the UK's plans for renewable energy. The Welsh Development Agency and Welsh Assembly put together a package of assistance, which swayed the project in favour of Wrexham.



UK Special Representative for UK Trade & Investment, HRH The Duke of York, meets children from the International School in Prague

in the Middle East, while investment from markets in Asia Pacific and Europe has also increased. The increase has come in areas where we have raised the number of staff in the field or where we have increased the number of countries in which we have actively marketed UK business opportunities.

The UK continues to attract knowledge-based investments and is the leading location in Europe for software investments as well as investments in the automotive industry, computers, electronics, financial services and telecommunications. The UK also continues to be one of the world's major centres for pharmaceuticals and biotechnology investment as well as for creative industries.

Global Partnerships

The UK's Global Partnerships service was set up to meet the growing demand from companies looking for partners in the UK market. Since it started in March 2003 we have helped 92 clients in their search for UK partners and highlighted an array of technologies and skills available in the UK. So far we have had nine successes, including:

- a US company seeking to identify a partner to work with on proteomics – the study of proteins for the early detection of cancer
- an Israeli company seeking a partner to help develop its prototype to clean up pollutants.

Global Entrepreneurs Programme

The Global Entrepreneurs Programme went live in January 2003. It aims to attract entrepreneurs in high-tech sectors to invest in

the UK. It is initially focused on the USA and is unique in providing access to the UK business and finance community through successful UK entrepreneurs who act as deal-makers within their areas of expertise, such as life sciences and technology, and who bring credibility, experience and networks of contacts to their US clients. There have been six successful introductions including the matching of a US entrepreneur, venture capital and a UK company that has a rich patent portfolio but was facing closure and the loss of its valuable intellectual property and 110 staff.

Examples of investment in the UK

Tables 3, 4 and 5 show the UK Trade & Investment's programme expenditure and investment successes by country and region in recent years.



The Prime Minister talks to business people in Hong Kong about globalisation

Staff profile



Bernie Green from the embassy in Mexico receives an Investment Award from UK Trade & Investment

UK Trade & Investment staff are drawn from many backgrounds in the public and private sector. They include local commercial experts overseas, people seconded from the UK private sector and staff from the FCO, the DTI and the Government Office network. We value the diversity of our staff and the varied skills, experience and knowledge they bring to the services they provide to a wide range of customers. In 2003 UK Trade & Investment launched its Board Award for Outstanding Achievement designed to acknowledge and reward the achievements of staff across the organisation – whether at the UK Trade & Investment's headquarters in London, in the UK regions or overseas. The awards were presented at a reception in Lancaster House in November 2003. There were 18 awards in three categories – outstanding achievement by an individual, a team and a manager. Staff based overseas won five of these awards and another four FCO staff working in UK Trade & Investment headquarters were recognised. The Award, which was highlighted in UK Trade & Investment's Investment in People assessment as an extremely worthwhile initiative, served not just to recognise the achievement of individuals but also the varied contribution of staff throughout the organisation.

Meridian Technologies Inc.

Meridian Technologies Inc., a Canadian manufacturer of magnesium die-cast automotive components and assemblies, contacted the UK Trade & Investment office in Toronto in 2001 and explained its plans to establish a £5 million production facility in Europe. UK Trade & Investment provided regional presentations and property options, plus a contact in the British Midlands. After several visits, Meridian announced plans in October 2003 to set up a 32,000 square foot facility in Nottinghamshire, which will eventually employ about 100 people.

The investment is crucial to Meridian's expansion plans. The facility will help European automotive manufacturers such as BMW, Mini, Jaguar and Land-Rover to produce more environmentally friendly products through increased fuel efficiency and improved vehicle recycling.

Meridian's Vice President, Patrick Rooke, said 'Nottinghamshire was chosen mainly for its attractive strategic and operational benefits, its skilled labour force, existing industry infrastructure and good communications. We were very impressed with the dedication and professional approach that the East Midlands Development Agency [EMDA] showed towards both Meridian and the automotive sector in general. Our mission to be the world's top ranked automotive supplier of innovatively designed and engineered magnesium products closely matches EMDA's aims and objectives for the region.'

Table 3:
Inward investment successes by country 2002-3

	Projects	Associated jobs
USA	283	25,278
Canada	73	4,394
Germany	50	4,040
Japan	49	4,386
France	45	2,636
China	22	242
Irish Republic	20	2,080
India	19	342
Italy	15	1,397
Australia	14	833
Rest of EU	62	6,812
Rest of the world	57	1,871
Total	709	54,311

These figures include projects with and without UK Trade & Investment involvement.

Table 4:
Inward investment successes by UK region 2002-3

	Projects	Associated jobs
East	42	1,545
East Midlands	32	3,189
London	155	2,818
North-east	62	6,751
North-west	59	9,758
Northern Ireland	11	2,627
Scotland	49	5,323
South-east	118	4,633
South-west	33	1,488
UK	1	601
Wales	60	7,779
West Midlands	52	4,524
Yorkshire and Humber	35	3,575
Total	709	54,311

These figures include projects with and without UK Trade & Investment involvement.

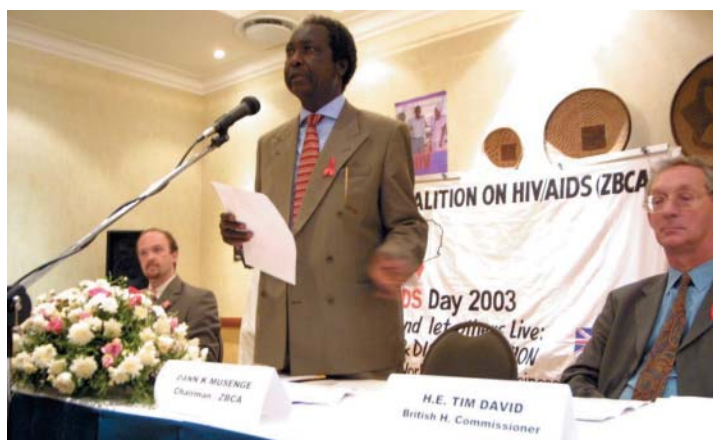
**Table 5:
UK Trade & Investment
programme expenditure:
major programmes (£m)
resource expenditure⁽¹⁾**

	2001–2 Outturn	2002–3 Outturn	2003–4 Working provision	2004–5 Plans ⁽²⁾	2005–6 Plans ⁽²⁾
Trade development and promotion	59.7	74.8	80.0	76.0	78.3
of which:					
Support for exhibitions and seminars abroad	19.5	21.9	21.9	17.9	17.9
Passport	2.1	3.6	5.5	5.0	5.0
International trade advisers	8.5	10.0	11.5	13.0	14.5
Overseas Projects Fund	2.9	2.7	2.5	2.3	0.7
Sector support in markets ⁽³⁾	n/a	14.0	14.0	14.0	14.0
Outward missions	2.1	2.2	2.2	2.2	2.3
Export promoters	3.0	2.6	2.6	2.8	2.9
Sales lead service	1.8	1.7	0.7	0	0
Income	-2.1	0.9	-1.5	-1.1	-1.1
Inward investment	16.7	21.0	22.4	23.0	23.0
of which:					
Grants to regional development agencies	11.8	13	12.9	13.2	13.2
Promotional expenditure	4.9	7.7	9.5	9.8	9.8

(1) This is not a comprehensive list of all UK Trade & Investment-funded programmes, but includes the main areas of spend only. UK Trade & Investment's Inward Investment Group's promotional expenditure includes all spend on promotional services including the Global Partnerships Scheme and Attracting Global Entrepreneurs Scheme.

(2) Indicative only.

(3) Data was not captured on this programme before 2002–3.



Dann K. Musenge, Chairman of the Zambia Business Coalition on AIDS, with British High Commissioner, Tim David

Lessons learned

- UK Trade & Investment is addressing the problem of making the most of information technology and the benefits it can bring to our customers. We will launch a new website in spring 2004 offering new personalised features, and including our business opportunities service.
- Our old BTI brand was confusing customers; it has now been changed. In October 2003 the new identity – UK Trade & Investment – replaced the previous name British Trade International and its two operating arms Trade Partners UK and Invest UK. We took advice from posts, industry and consultants about how best to present ourselves globally in a variety of circumstances.
- UK Trade & Investment offers too many trade services, which also confuses our customers. Simplifying the portfolio of services available will make dealing with UK Trade & Investment easier for our business customers. UK Trade & Investment will move away from being a product-focused organisation, to one that provides flexible customer-focused solutions.



Mike O'Brien presenting British artist Katie Melua with a platinum disc at the MIDEM Music Fair in Cannes

Cost benefit

British Trade Office in Bangalore, India

Details

Following market liberalisation, Indian software companies have grown significantly. By 2002–3 the industry was worth around US\$16 billion, and is forecast to reach \$57 billion by 2008. Bangalore has become India's Silicon Valley and UK Trade & Investment has sought to maximise India–UK relations to the benefit of both countries.

Costs

Two locally recruited employees staffed the Bangalore office in 1997, but Bangalore's expansion merited the addition of a UK-based member of staff. Today, still headed by a single UK-based staff member, the British Trade Office (BTO) in Bangalore has nine local staff members and is an integral part of the UK Trade & Investment operation in India. Apart from its trade team, the BTO has an inward investment section and a science and technology officer. In 2003 total operating costs were £177,575.

Benefits

BTO Bangalore's main role is to provide in-depth market analysis, support and advice to UK companies. In the past 12 months the trade team has co-ordinated or contributed to more than 30 tailored market information reports for UK companies seeking to enter the Indian market as exporters, investors or as partners with local companies. We anticipate that success in just one or two of these will more than outweigh the costs of the team.

Over the last three years, BTO Bangalore has provided logistical and political support for visits by six UK Ministers, including the Prime Minister. It has assisted 14 trade missions mainly in the bio-technology, software and aerospace sectors and has organised the UK presence at trade shows and exhibitions. They also helped to organise a series of lectures by leading UK scientists as part of the DNA 50th Anniversary celebrations in 2003.

In 2002–03, nine inward investment projects resulted directly from the work of the BTO from a total of 19 inward investments from India as a whole. BTO provided advice and assistance on legal, immigration and accountancy issues, and arranged meetings, seminars and functions to promote the benefits of the UK as a location to establish a business.

Progress towards PSA5 targets

Deliver measurable improvement in the business performance of UK Trade & Investment's (formerly Trade Partners UK) customers; and maintain the UK as the prime location in the EU for foreign direct investment. Joint target with DTI.

(a) Deliver a measurable improvement in the business performance of UK Trade & Investment customers

Success criteria:

This element of the PSA target will be measured using three sub-targets:

- at least 30 per cent of new-to-export firms assisted improving their business performance within two years
- at least 50 per cent of established exporters assisted improving their business performance within two years
- at least 70 per cent of firms receiving assistance to win major projects overseas report that UK Trade & Investment's help was a significant factor

(b) Maintaining the UK as the prime location in the EU for Foreign Direct Investment.

Success criteria, data and timing:

This element of the PSA target is measured by 'the UK's share of the stock of EU FDI on a year by year

basis, as recorded in the UNCTAD World Investment Report' in order to determine whether the UK is the prime location for FDI.

Latest data from the 2003 UNCTAD Report shows that the target has been achieved. The Report confirms the UK's ranking as the top investment location in the EU. The UK's market share of accumulated EU stock in 2002 is estimated to be 22.5 per cent, compared with its nearest rival competitor Germany with 16 per cent. However, Belgium and Luxembourg stock figures are not available for 2002, which prevents an exact calculation of EU market shares for that year. The 2002 market share estimates assume an unchanged 2001 Belgium and Luxembourg stock figure. The 2003 Report contains inward investment figures for the calendar year 2002 and revisions to previous years.

Delivery standard	Expected performance	Actual performance 2003-04
At least 30% of new-to-export firms assisted improving their business performance within 2 years	30%	35%
At least 50% of established exporters assisted improving their business performance within 2 years	50%	43%
At least 70% of firms receiving assistance to win major overseas projects reporting that our help was a significant factor	70%	*
* Measurement will not take place until April 2004		

These are SR2002 targets. Appendix L shows how these relate to the SR2000 targets and the strategic priorities from the FCO Strategy.