



# READY TO DISPATCH

Enhancing support for ambitious  
and aspiring small exporters

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Federation of  
Small Businesses

# ACKNOWLEDGEMENTS

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## WHO WE ARE

The Federation of Small Businesses (FSB) is the UK's grassroots business organisation. We are a cross-party non-profit body that represents small business and self-employed members in every nation and region. In 2024, FSB celebrates 50 years of being the authoritative voice on issues affecting the UK's 5.5 million small businesses, microbusinesses and the self-employed.

FSB is the UK's largest business group and leading business campaigner, focused on achieving change which supports smaller businesses to grow and succeed. We also provide our members with a wide range of vital business services, helping them to start, run, and grow successful businesses through high quality protection and support. This includes 24/7 legal support, financial expertise, training and events, debt recovery and employment/HR advice – alongside a powerful voice heard by governments at all levels.

Our local, national and international activism helps shape policy decisions that have a direct impact on the day-to-day running of smaller businesses. We work for their interests through research and engagement with our members and by effective campaigning - influencing those in power through policy analysis, public affairs, media and public relations activity. Our advocacy work starts with our expert external affairs team in Westminster, which focuses on UK and England policy issues, the UK Government, Parliament and media and communications engagement. Further to this, our teams in Glasgow, Cardiff and Belfast work with governments, elected representatives and media in Scotland, Wales and Northern Ireland.

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# FOREWORD

The past few years have seen a huge amount of change in the UK's trade status and policy – from leaving the EU Single Market to establishing a series of forward-looking trade agreements and introducing new border systems and processes. These developments have engendered a huge amount of change for UK firms, the impact of which is felt most strongly by those with the fewest resources to adapt to substantial modifications to their way of doing business.

Against the backdrop of fluctuating business confidence however, the data gathered by FSB for this report shows consistently high appetite and ambitions for growth within the UK's SME community – particularly among microbusinesses and those at the beginning of their business journey. Unlocking the export potential of these firms will accelerate their development and resilience at company level and contribute to the UK's overall economic growth and productivity. The contribution of the smallest firms must not be overlooked or undervalued.

Now, as the new Government develops plans for long-term growth and productivity, is the right time to step up efforts to help small businesses overcome the hurdles that block their route to exporting success. The forthcoming trade strategy and small business command paper, both due in 2025, must be aligned in their commitment to growing and scaling the UK's vibrant small businesses both at home and overseas.

Whilst there is a significant amount of government export support on offer, many SMEs told us that they are not aware of how they could benefit or find existing offerings difficult to navigate. Small businesses are fiercely independent – they neither expect, nor want, government to do everything for them – but targeted support at the right time could make the difference between a small business taking their first step into new markets or turning down overseas sales.

With changes to the way existing resources are communicated and delivered, government could reach many more businesses that have the potential and appetite to grow overseas. Lowering the turnover threshold for bespoke support, for example, or simply better cross-referencing between government's own websites would go a long way towards raising SME awareness of the programmes available. Government resources are complemented by a variety of private sector programmes such as the Heathrow World of Opportunity grant programme which helps exporters across the UK sell their goods and services overseas.

I am greatly encouraged by how many of the smallest businesses express interest in exploring the opportunities of international trade. With the right support these businesses can be enabled to begin exporting for the first time or to increase their reach into overseas markets. There is a golden opportunity to deliver small business growth, with trade at the heart of policy. Building on FSB's constructive engagement with the new Government ministers during their period in Opposition, including through the SME Export Taskforce, I look forward to continuing collaboration to help the UK's SMEs achieve their ambitions.



**Neil Warwick OBE**

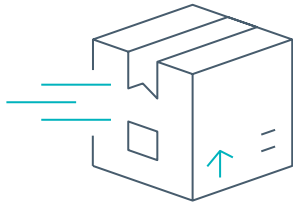
FSB Policy Champion, International and Trade Policy

# KEY FINDINGS



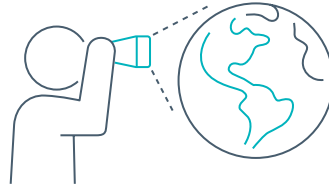
**9 in 10** SMEs believe **exporting is important to the overall economy and growth** in the UK over the next 12 months

## BOOST SME EXPORTS TO DRIVE ECONOMIC GROWTH



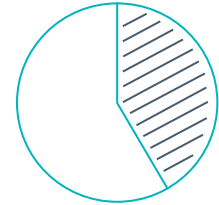
**35%**

of **non-exporters** say they would **consider exporting**



**35%**

of SME exporters actively **pursue overseas opportunities**



**78%**

of exporters say exporting accounts for **less than half of their overall sales**

## INCREASE THE REACH OF EXISTING SUPPORT TO UNLOCK SME EXPORT POTENTIAL



**34%**

of current and former exporters have **accessed some form of external support** to help them export



**19%**

of current and former exporters have **accessed support delivered by UK government**



**10%**

of current and former exporters have **accessed financial support to help meet the costs of trade**

## SMES VALUE SPECIFICITY IN THE SUPPORT THEY SEEK



**49%**

of SMEs that either currently export or would consider exporting said that an **improved understanding of regulatory requirements** in target markets would **increase their competitiveness**



**50%**

of SMEs that either currently export or would consider exporting said that one of the most valuable features of support is **information that is tailored to their sector**



# RECOMMENDATIONS

## **Commit to trade and export support policy that supports SMEs**

### **The Secretary of State for Business and Trade should:**

- Convene a senior Exports Council, chaired by the Secretary of State, of business groups representing all sectors of the economy to give more, long-term strategic planning to SME exporting.

### **The Department for Business and Trade should:**

- Take a 'think small first' approach to export support and set new export targets that focus on SME growth, moving away from an overall value target, including growing the number of SME exporters to 20% by 2030.
- Publish a clear timeline for business consultation when developing the trade strategy. This should include evidence sessions with SMEs, particularly ethnic minority-owned businesses.

### **The Office for National Statistics should:**

- Publish an updated paper outlining progress made against the recommendations in its 2021 report *Exploration of options to source data on the ethnicity of business owners* to better enable policymakers to deliver export support that nurtures and champions the export strength of ethnic minority-owned businesses.

## **Empower more SMEs and start-ups to consider international trade from day one**

### **The Department for Business and Trade should:**

- Work with partners to include references to exporting in early-stage and start-up business resources and deliver better cross-referencing and signposting between government programmes.
- Reduce the turnover threshold for one-to-one support to £400,000 and develop new one-to-one services for early-stage SMEs.

## **Streamline and facilitate SME access to export support:**

### **The Department for Business and Trade should:**

- Integrate GREAT.gov.uk content under the Help to Grow umbrella to create a single business growth support hub.
- Expand the number of in-country attachés for high-growth sectors in priority markets and facilitate business contact with in-market resources.
- Require International Trade Advisors to hold a qualification from an accredited customs training provider or equivalent professional experience and explore restructuring the network to allow SMEs greater choice in working with sector- or market-specialists.

## **Deliver dedicated financial support for SME exporters:**

### **The Exports Minister should:**

- Request an annual public report on progress made by UKEF toward the target of supporting 1,000 small businesses a year by 2029. The report should identify and propose solutions to close gaps in UKEF's provision for SMEs.

### **The Department for Business and Trade should:**

- Deliver an export development grant scheme modelled on Australian and Canadian funding programmes that allows microbusinesses to claim up to £2,000 per year for a defined range of business development activities.
- Set up an Export Support Service Advisory Group comprising relevant business organisations such as FSB that can help promote ESS resources to their members, refine the service and inform ESS development via feedback from businesses.

### **UK Export Finance should:**

- Renew the 2023 Partnership Agreement with DBT to reflect the export targets of the new government and to prioritise cross-departmental working in the development and delivery of export finance to SMEs.
- Establish a working group comprised of SMEs, the banking sector and non-bank financial institutions to report on the development of more suitable products for SMEs dealing in lower-value shipments.

## **Support efforts across the UK's nations and regions to grow SME exports:**

### **England**

#### **The Department for Business and Trade should:**

- At the forthcoming Spending Review in 2025, establish Business England to coordinate business support delivery in England, working with the directly elected Mayors. This would make it easier for SMEs to navigate the support available to them while enabling delivery to remain with local authorities.

### **Northern Ireland**

#### **The Department for Business and Trade should:**

- Step up efforts to promote the unique Dual Market Access that Northern Ireland possesses as a result of the Windsor Framework. DBT should further develop its pitch to international investors to highlight the opportunity that establishing in Northern Ireland can provide, so that these FDI businesses then fast-track growth in UK exports.
- Guarantee equivalence of export support services to Northern Ireland businesses, with sufficient capacity within the local DBT team to implement them.

- Increase capacity of the DBT team in Northern Ireland, especially by the addition of International Trade Advisors.

## Scotland

### **Scottish Government should:**

- Publish annual progress towards the Scottish Government's goal of growing exports to twenty-five per cent of GDP by 2029 and identify where further work is needed.
- Deliver the sector export plans for sectors where Scotland has a comparative advantage and potential for high growth working in partnership with business, enterprise agencies and in-market resources such as Scottish Trade and Investment Envoys.

### **The Department for Business and Trade should:**

- Honour the UK Government's commitment to deploy International Trade Advisors network in Scotland.

## Wales

### **Welsh Government should:**

- Deliver an updated International Strategy for Wales to follow directly on from when the current strategy ends in 2025. The new strategy should build on the 2020-2025 strategy, with the objective of growing export readiness of Welsh SMEs and improving SME access to overseas markets. The strategy should take into account the findings of the November 2024 inquiry by the Senedd Culture, Communications, Welsh Language, Sport, and International Relations Committee.
- Establish a new arms-length body International Wales to coordinate and deliver a strong international brand for Wales.
- Deliver a single dashboard for export support to increase transparency and accessibility.



# LOOKING TO NEW HORIZONS

The benefits to SMEs of exporting are clear. Selling in multiple markets contributes to faster growth while diversification of revenue streams affords businesses greater resilience to economic instability. Many SMEs are constrained however by financial, regulatory and logistical barriers to export and feel unable to achieve their exporting ambitions. Nearly 70 per cent of SMEs that currently export or have exported in the past estimate that entering a new market takes up to six months and one in ten (12%) put the average cost of doing so at more than £10,000.<sup>1</sup>

For businesses balancing tight margins, few staff and many demands on their time the cumulative impact of these costs is considerable and often prohibitive – just 12 per cent of UK SMEs currently export.<sup>2</sup> For those that do, exporting tends to constitute a minority of sales. FSB data shows that overseas sales constitute less than five per cent of total sales for a third of exporters (31%) and between five and twenty-five per cent for a further third (33%).<sup>3</sup>

As the UK Government prioritises economic stability and wealth creation, growing the number of SMEs that export and the overall value of this activity will be transformational for SME prosperity and the wider economy. Because the costs and challenges of exporting have a more acute impact on smaller firms relative to large counterparts there is a strong economic case for government support for SMEs. Research by FSB<sup>4</sup> and others including McKinsey<sup>5</sup> and the Enterprise Research Centre<sup>6</sup> demonstrates how government support stimulates much-needed growth and job creation while research commissioned by government shows that export-specific support can be linked to increased turnover, productivity, employment and firm survival.<sup>7</sup>

The strength of UK Government business support lies in the provision of fully or partially subsidised assistance to SMEs at a scale that would otherwise be inaccessible. The Department for Business and Trade (DBT) offers a suite of services to help businesses export, ranging from online tools available to all businesses such as the Export Academy to one-to-one support from an International Trade Advisor for those with high export potential. DBT initiatives are complemented by services provided by other departments such as

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1 FSB Export Support survey 2023

2 Department for Business and Trade, Number of exporting registered businesses in the UK 2016-2022, 2024: <https://www.gov.uk/government/statistics/number-of-exporting-registered-businesses-in-the-uk-2016-to-2022/number-of-exporting-registered-businesses-in-the-uk-2016-to-2022>

3 Similarly DBT finds that exports accounted for less than a quarter of turnover for 63% of SME employers in 2023. Department for Business and Trade, Longitudinal Small Business Survey 2023 – SME employers, 2024: <https://www.gov.uk/government/statistics/small-business-survey-2023-businesses-with-employees/2f483988-6884-4108-a958-01cffca10a9f#exporting-1>

4 Federation of Small Businesses, Open for Business, 2021: <https://www.fsb.org.uk/static/0b9d6f93-f2e4-4470-ba33c8965fe3c454/Open-for-Business-How-business-advice-for-small-firms-affected-the-COVID-19-recovery.pdf>

5 McKinsey & Company, A.Albaz, M.Dondi, T.Rida and J.Schubert, Unlocking growth in small and medium-size enterprises, 2020: <https://www.mckinsey.com/industries/public-sector/our-insights/unlocking-growth-in-small-and-medium-size-enterprises>

6 Enterprise Research Centre, The State of Small Business Britain, 2023: <https://www.enterpriseresearch.ac.uk/wp-content/uploads/2024/02/The-State-of-Small-Business-Britain-2023-V2.pdf>

7 Department for International Trade, The Impact of Publicly Funded Export Promotion Services, 2021, p7: <https://assets.publishing.service.gov.uk/media/6194cf618fa8f5037ffaa0a2/the-impact-of-publicly-funded-export-promotion-services-a-systematic-review-prepared-for-dit.pdf>

HMRC's digital assistant<sup>8</sup> and UK Export Finance products.

Existing initiatives are shown to have a “statistically significantly positive impact” on supported firms.<sup>9</sup> Notwithstanding, FSB research suggests that there is a gap in the UK Government's approach to export support that risks leaving the smallest businesses, many of which will have huge growth potential, behind. Our data suggests further that there are substantial information gaps in SMEs' knowledge of the opportunities of exporting as well as the resources available. This report sets out recommendations to improve the **content**, **targeting** and **communication** of export support initiatives to increase their reach, uptake and impact.

The Government has committed to publishing a new trade strategy. This presents a clear opportunity to commit to targeted interventions to overcome the barriers to export for SMEs. The strategy should include a review of the reach and success of current export support programmes and should assess how government resources can most effectively be deployed to deliver the greatest impact. The review should also take into account the role played by other bodies in delivering support to SMEs such as the administrations and business support agencies in the devolved nations, local authorities and the private sector as well as business representative organisations such as FSB.

In addition to effective export support, SMEs need an overall trade policy and regulatory framework that allows them to flourish. Our proposals on how the Government can tackle regulatory and technical barriers to export may be found in FSB's recent *SME Exports Taskforce (2024)* as well as the reports *Customs Clearance (2023)*, *The Representation of SME Interests in Free Trade Agreements (2020)*, *Destination Digital (2019)* and *Destination Export (2016)*.

Open and robust communication between government and the SME community is fundamental to effective shaping and delivery of business support. In developing the trade strategy the Government should consult extensively with SMEs and business representative organisations such as FSB. The Government should also establish a senior level Exports Council comprising business associations across all sectors of the UK economy. The remit of the Council should include advising Ministers and officials on the development and communication of export support. A revamped Board of Trade with new membership could fulfil this function.

The UK's relative inexperience in trading as an independent nation is an opportunity to take inspiration from countries with similar-sized economies. A 2018 comparative review of Trade Promotion Organisations around the world for the former Department for International Trade shows that many other countries place SMEs at the heart of their activities. Although the review suggests government take a different approach by targeting export-ready firms and

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8 HM Revenue & Customs, Imports and exports general enquiries page, accessed October 2024: <https://www.gov.uk/government/organisations/hm-revenue-customs/contact/customs-international-trade-and-excise-enquiries>

9 Department for International Trade, The impact of export promotion activities on firm outcomes, 2023, p8: <https://assets.publishing.service.gov.uk/media/651d64df6a6955001278b2ee/impact-of-export-promotion-activities-on-firm-outcomes.pdf>

the “superstar exporters” that account for the majority of export values,<sup>10</sup> research finds that in fact “the positive effect of DBT support on export value is mainly driven by small firms.”<sup>11</sup> FSB suggests that the Department for Business and Trade should take a ‘think small first’ approach to export support, looking to the example of successful initiatives established in other countries.

While SMEs across all sectors and regions of the UK will benefit from improved export resources, a one-size-fits-all solution is not always suitable. We encourage the Government to address in greater depth the characteristics and needs of groups that have the highest export appetite and potential for long-term growth. These groups include:

- **Early-stage businesses and prospective entrepreneurs:** FSB data shows that 14 per cent of entrepreneurs in the UK plan to export products or services outside of the UK or Ireland in the next three years. This is much higher among those about to start a business or make their first hire, with 22 per cent of these entrepreneurs planning to export in the next three years. There is evidence to suggest that firm age is negatively related to exporting behaviour; that starting to export may be more challenging when firms are older and more established.<sup>12</sup> Research carried out for DBT found that small firms “consistently see bigger and more significant impacts” from export support than medium and large firms.<sup>13</sup> This presents a clear rationale to nurture early-stage SMEs with export ambitions and/or potential through both the forthcoming Trade Strategy and full Industrial Strategy.
- **Ethnic minority-owned businesses (EMBs):** FSB data shows that 20 per cent of EMBs intend to export goods or services in the next three years compared to 13 per cent of non-EMBs. This trend carries through into practice: the 2020 FSB report *Unlocking Opportunity: the value of ethnic minority firms to UK economic activity and enterprise*, authored in conjunction with the Centre for Research in Ethnic Minority Entrepreneurship (CREME) and Enterprise Research Centre (ERC), found that EMBs are also more likely to export than non-EMBs. Empowering more EMBs to achieve their export ambitions has an important role to play in boosting overall export growth but the significant lack of comprehensive data available on UK ethnic minority-owned businesses limits the effective development and delivery of support that meets EMB needs.

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10 Department for International Trade, Comparative review of trade promotion organisations, 2022: <https://assets.publishing.service.gov.uk/media/6304df45e90e0729dd8bb3c5/comparative-review-of-trade-promotion-organisations-phase-1-report.pdf>

11 Department for International Trade, The impact of export promotion activities on firm outcomes, 2023, p9: <https://assets.publishing.service.gov.uk/media/651d64df6a6955001278b2ee/impact-of-export-promotion-activities-on-firm-outcomes.pdf>

12 Enterprise Research Centre, J.H.Love, S.Rober, Y.Zhou, Experience, age and exporting performance in UK SMEs, p9: [https://www.enterpriseresearch.ac.uk/wp-content/uploads/2015/03/ERC-ResPap28\\_Love\\_Roper\\_Zhou.pdf](https://www.enterpriseresearch.ac.uk/wp-content/uploads/2015/03/ERC-ResPap28_Love_Roper_Zhou.pdf)

13 Department for International Trade, The impact of export promotion activities on firm outcomes, 2023, p62: <https://assets.publishing.service.gov.uk/media/651d64df6a6955001278b2ee/impact-of-export-promotion-activities-on-firm-outcomes.pdf>

- **Microbusinesses:** FSB data shows that the smallest businesses tend to have a real appetite to export. Although businesses with more than 10 employees are more likely to currently export, a larger proportion of businesses with fewer than 10 employees say they would consider exporting in future than those with 10-49 employees (Figure 1).<sup>14</sup> Microbusinesses and sole traders have the fewest resources at their disposal to navigate the complexities and costs of exporting. They are therefore disproportionately affected by the barriers to trade but are unlikely to meet the criteria for bespoke support from DBT.

Where FSB data allows this report makes specific recommendations in relation to these groups. To address the serious lack of data relating to EMBs we call on the Office for National Statistics to continue efforts to improve data gathering on business ethnicity as committed to in its 2021 report *Exploration of options to source data on the ethnicity of business owners*.<sup>15</sup> Government must also commit to consulting EMB exporters when developing the trade strategy through engaging directly with BAME business leaders and business groups as well as DBT offices in regions with strong BAME communities.

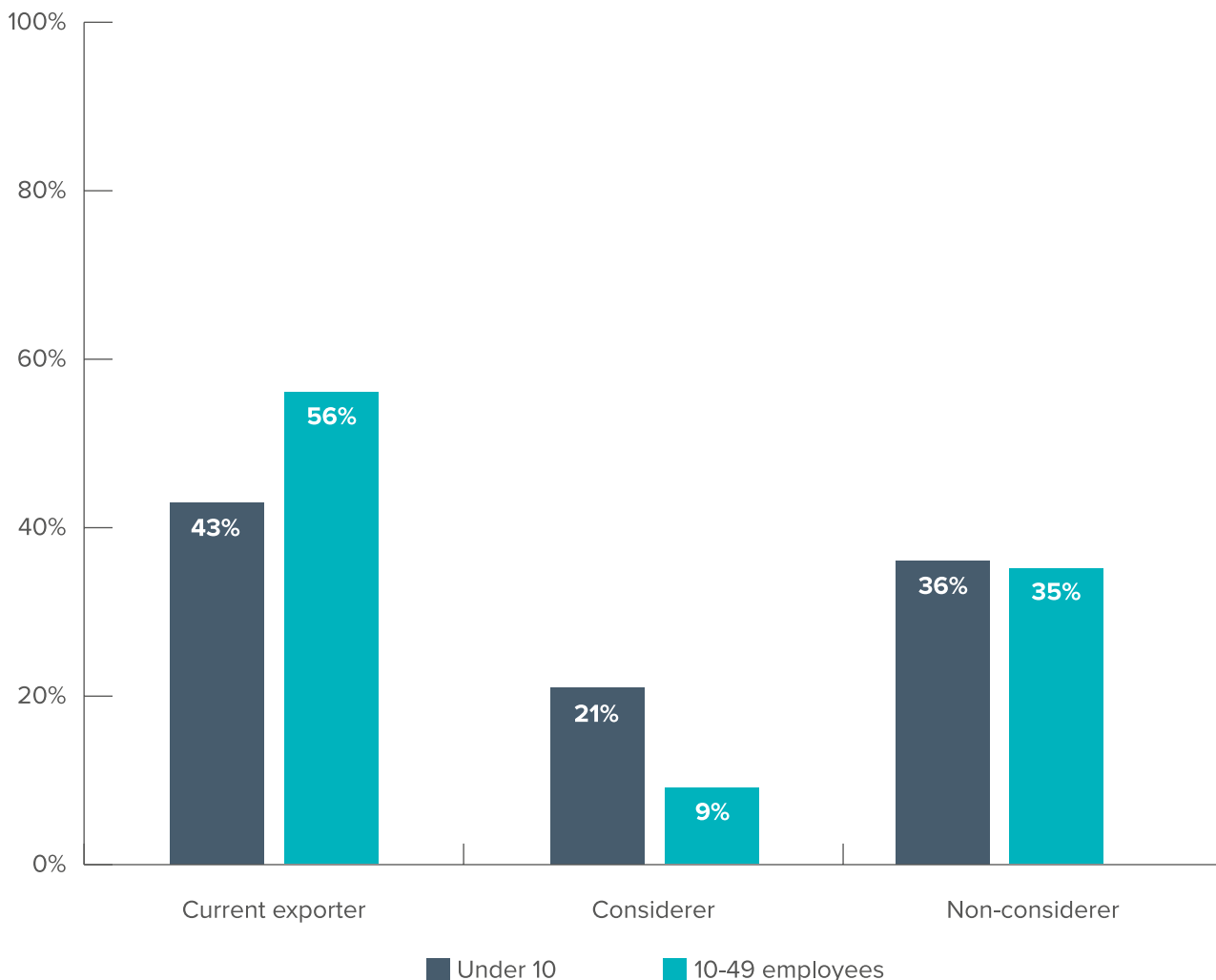
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14 The DBT Small Business Survey shows that as a percentage of all businesses with no employees, 5% did not currently export but planned to in the future, compared to 4% of SME employers. Department for Business and Trade, Longitudinal Small Business Survey 2023 – businesses with no employees, 2024: <https://www.gov.uk/government/statistics/small-business-survey-2023-businesses-with-no-employees/57283a58-149d-40ab-aa2f-65162df3f80b#exporting-1>

15 Office for National Statistics, *Exploration of options to source data on the ethnicity of business owners*, 2021: <https://www.ons.gov.uk/news/statementsandletters/explorationofoptionstosourcedataontheethnicityofbusinessowners>

**Figure 1: Thinking about the goods, products or services exported by your business, which of the following is true during the period between January 2021 and today? (Current exporters, previous exporters, and those who have never exported)**

**Source:** FSB Export Support survey, 2023



**Note:** In contrast to the DBT annual Small Business Survey which covers a broad range of topics, the survey FSB carried out for this report was developed and communicated to members as a subject-specific piece of work on exports, resulting in a comparatively higher proportion of responses from current and prospective exporters. Quarterly FSB Small Business Index figures consistently show that one in five FSB members are exporters.

### Measuring success

The Government should establish a new target to assess SME export success, moving away from a national target for overall UK export values. Such a target is neither an effective measure of SME contribution to export growth nor a driver of SME-friendly trade policy and export support. Since the increase in UK export values between 2021 and 2022 was driven by large businesses, continuing to focus on a single headline figure could result in policy interventions being skewed towards larger businesses. An overall value target is also affected by rising inflation, meaning that static export volumes may still allow the target to be met.

Business growth should instead be viewed as the best measure of success. As set out in the recent SME Export Taskforce report convened by FSB, we call on Government to commit to growing both the proportion of UK SMEs that export and the value of UK exports attributable to SMEs. Upskilling the one third (35%) of non-exporter SMEs that express interest in doing so and enabling them to take their first steps in international trade will increase the UK's overall export values and stimulate much-needed growth and resilience at the level of individual businesses.

The success of these targets could be measured using the ONS Annual Business Survey together with qualitative and quantitative evidence from FSB and other organisations that undertake trade/sentiment surveys of their membership.

## Recommendations

### Commit to open and robust communication with SMEs in developing policy

#### The Secretary of State for Business and Trade should:

- Convene a senior Exports Council, chaired by the Secretary of State, of business groups representing all sectors of the economy to give more, long-term strategic planning to SME exporting.

#### The Department for Business and Trade should:

- Publish a clear timeline for consultation with stakeholders in developing the trade strategy, including a dedicated evidence session with EMB small business owners.

### Commit to trade and export support policy that supports SMEs

#### The Department for Business and Trade should:

- Take a 'think small first' approach to export support. This should include new targets to grow the number of SMEs that export to 20% by 2030, increase the proportion of exports attributable to SMEs, and grow the number of SMEs helped by DBT resources.

#### The Office for National Statistics should:

- Publish an updated paper outlining progress made against the recommendations in its 2021 report *Exploration of options to source data on the ethnicity of business owners* to better enable policymakers to deliver export support that nurtures and champions the export strength of ethnic minority-owned businesses.



# OPEN TO EXPORT

## Exporting from day one

Most SME exporters (61%) are ‘passive’ exporters – they adopt a reactive approach to international trade, responding to direct queries from prospective overseas customers in contrast to ‘active’ exporters who proactively seek international opportunities or sales (35%).<sup>16</sup> Although early-stage entrepreneurs are more likely to report export intentions, it is SMEs with more years in business that tend to have a strategic (‘active’) approach to trade. This suggests that in practice exporting becomes for many a secondary – and potentially difficult to develop – source of revenue rather than an integral part of business growth from the earliest stages.

Encouraging and empowering more SMEs, particularly early-stage businesses, start-ups and prospective entrepreneurs, to perceive export as an integral part of growing and scaling a business may help greater numbers approach trade more positively, more strategically, and sooner. To that end government should adopt a more holistic approach that places trade at the heart of economic growth policy.

Similarly research conducted for the former Department for International Trade shows that beneficiaries of export support see such services as one strand of overall ‘support to grow the business’.<sup>17</sup> Government should follow the report’s recommendation to reframe ‘export’ support offers as help to drive growth and sales. Integrating trade and export into business growth support will increase visibility and appeal among start-ups and established SMEs, including those not actively seeking advice on overseas trade.

Services designed to help businesses start exporting are generally hosted under the GREAT.gov.uk umbrella, but SME awareness of GREAT.gov.uk guidance and events tends to be lower than of individual programmes such as International Trade Advisors (Figure 2). As the Help to Grow hub is the Government’s primary source of support to start and scale a business DBT should bring the extensive range of information and guidance currently hosted on GREAT.gov.uk under the Help to Grow brand. A single brand and online hub for all UK Government business support will improve awareness among prospective and established business owners of the opportunities and help available as well as making navigation of resources easier.

The integration of export resources into Help to Grow must be managed carefully to avoid perpetuating silos between business growth and export support. Improved cross-referencing and signposting across existing resources is a simple and effective way to deliver a more joined up offering to business and to reduce knowledge gaps. For instance Help to Grow currently signposts to GREAT campaign resources but there are few references to international trade as an avenue to growth across other sections of the Help to Grow site, resulting in lower visibility to those who are not actively seeking export support or opportunities. Incorporating signposts to introductory export resources into the start-up and scale-up sections of Help to Grow would be a light-touch way to position exporting as an intrinsic aspect of growth among early-stage and prospective entrepreneurs. This

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<sup>16</sup> Federation of Small Businesses Export Support survey, 2023

<sup>17</sup> Department for International Trade, Understanding businesses’ use of export promotion support services, 2022, p6: <https://assets.publishing.service.gov.uk/media/6304e60ad3bf7f366522bea6/understanding-businesses-use-of-export-promotion-support-services.pdf>

could include links to introductory Export Academy resources that set out the benefits of exporting and the first steps of an export journey such as creating an export plan<sup>18</sup> or links to UK Export Finance resources.

DBT should complement the single online hub for business support with continued efforts to reach early-stage SMEs and those thinking about starting a business at the national, regional and local level. FSB members have reported positive experiences engaging with DBT experts at local FSB bootcamp events; DBT teams in the nations and regions should therefore continue to work closely with Combined Authorities/ Local Enterprise Partnerships, elected Mayors and local authorities as well as business groups such as FSB to disseminate and raise awareness of available resources. This should include promoting export resources in locations likely to be a port of call for prospective entrepreneurs including high street banks and banking hubs. FSB supports the creation of a Help to Start programme under the Help to Grow umbrella to provide free support for those considering starting a business, which should include export support.

Similarly the Department for Business and Trade should encourage external partners such as the British Business Bank and the King's Trust to treat exporting as a fundamental part of a firm's growth strategy by incorporating references to international trade within resources for prospective entrepreneurs such as business plan templates. While full and detailed exporting sections may not be appropriate, inviting prospective entrepreneurs to consider overseas markets when assessing target markets would bring the language of exporting closer to that of business growth at the earliest stages. Further, the British Business Bank should build exporting and trade into promotion of the Start-up Loan, which can be used by businesses to invest in growth.

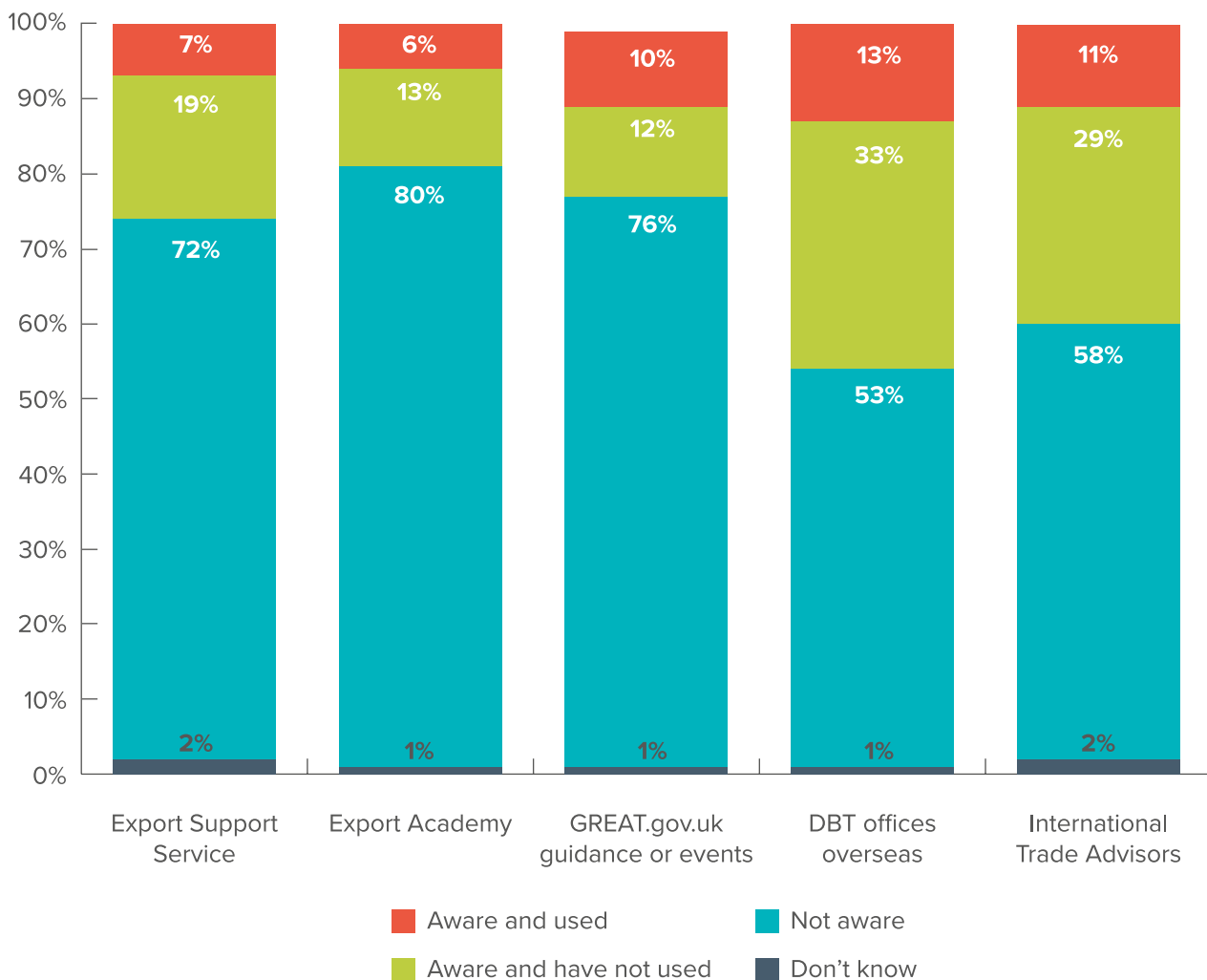
Proactively working to deliver export support to SMEs via the channels and sources they most commonly use seek guidance in general is essential to addressing low awareness of resources. Central government should work with DBT teams in the nations and regions to localise resources – for instance, showcasing local success stories. Digital promotion tools should also be considered to reach SMEs, particularly young entrepreneurs, who seek support and recommendations via social media. To deliver improved cross-promotion and coordinated messaging DBT should convene a working group with relevant departments and bodies such as UK Export Finance and the British Business Bank.

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<sup>18</sup> Department for Business and Trade, How to create an export plan, accessed October 2024: <https://www.great.gov.uk/learn/categories/market-research/evaluate-opportunities/how-to-create-an-export-plan/>

**Figure 2: In the period between January 2021 and today, have you been aware of or used any of the following Government non-financial resources? (Current exporters and businesses that have previously exported)**

Source: FSB Export Support survey 2023



## Nurturing export ambitions

The businesses that indicate the strongest appetite to consider international trade have the fewest resources to invest in doing so (Figure 1). There is a strong business case to assist SMEs at the start of their exporting journey but FSB member testimonies indicate that they often feel excluded from government help if they do not already export. SMEs also report finding gov.uk resources difficult to navigate and awareness of the support available is relatively low (Figure 2). When considered in conjunction with the overall time and cost limitations often experienced by SMEs these challenges can negatively impact their exporting aspirations and activity. With two thirds (65%) of SMEs yet to access any external support for exporting, many businesses with export potential could benefit from simple changes to the way existing support is presented to prospective exporters.

For instance, clear options such as *I want to learn more about exporting or I have a specific question/I want to...* could be added to export support landing pages to allow users to be redirected to the right level of information for their needs. Government could look to the Canadian government interactive Business Benefit Finder<sup>19</sup> or UK Export Finance homepage<sup>20</sup> for inspiration. Further, signposts to general information and introductory resources such as the Export Academy should be made more prominent. Making the customer journey more straightforward for those unused to trade specialised language is central to encouraging more SMEs to participate in exporting.

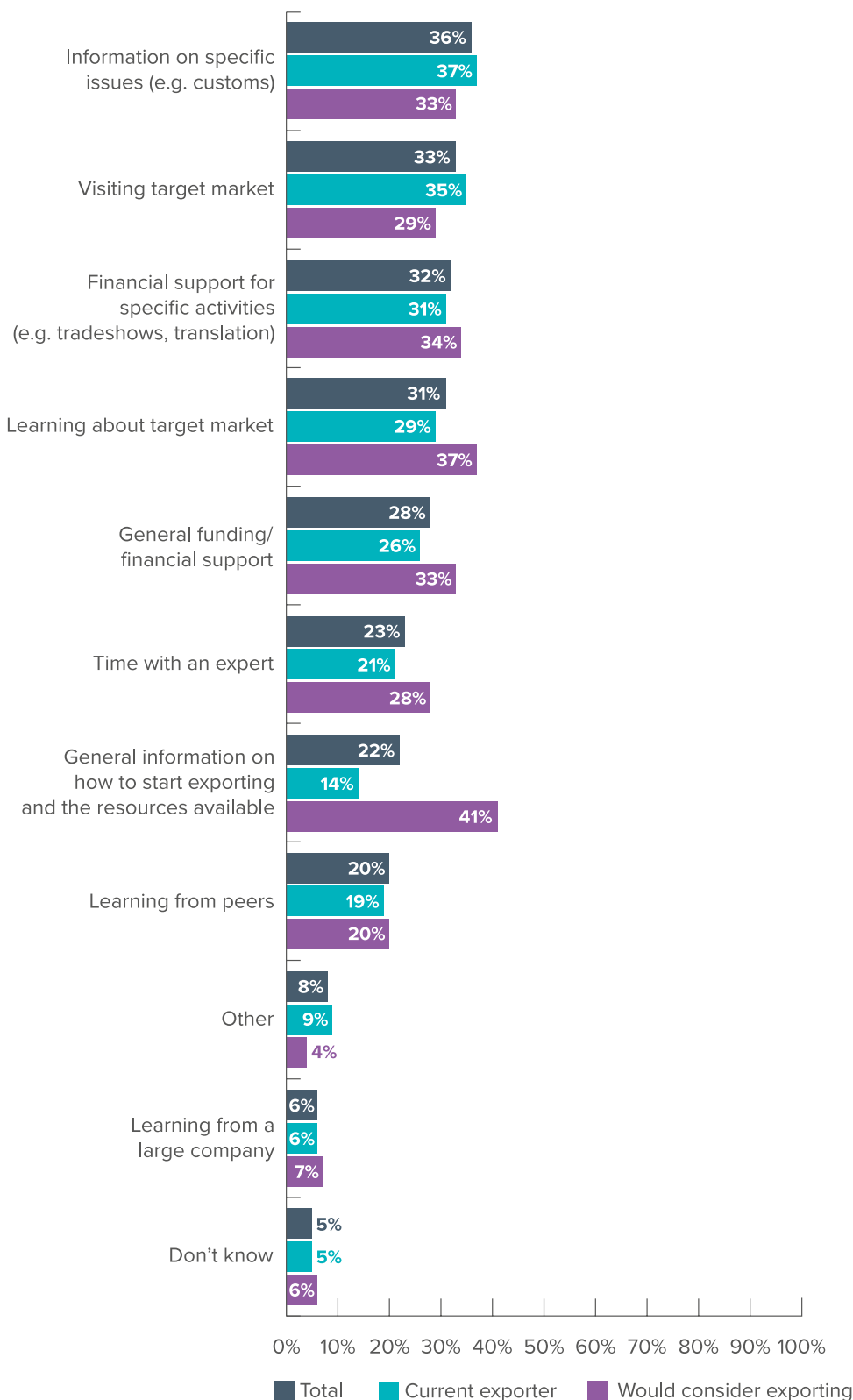
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19 Government of Canada, Business Benefit Finder, accessed October 2024: [https://innovation.ised-isde.canada.ca/s/?language=en\\_CA](https://innovation.ised-isde.canada.ca/s/?language=en_CA)

20 UK Export Finance homepage, accessed October 2024: <https://www.ukexportfinance.gov.uk/>

**Figure 3: When entering/exploring entry to a new market, which would be most beneficial to you (ranked 1-3)? Current exporters and those who would consider exporting in future**

Source: FSB Export Support survey



Anecdotal evidence provided by FSB members suggests that some SMEs, particularly prospective exporters, have felt excluded from accessing tailored export support. To access one-to-one support for instance a business should have a turnover of £500,000 or more and a product or service ready to export in addition to some exporting experience. FSB research suggests that the current turnover and experience criteria for bespoke support leave a significant absence of tailored help for the smallest businesses, the group most likely to consider exporting. Further, Figure 3 shows that prospective exporters indicate a stronger preference for time with a trade expert than current exporters.

The Government should therefore develop services for new and prospective SME exporters that complement and build on the introductory information provided by resources open to all such as the Export Academy by offering more tailored advice. This should comprise an export readiness assessment and support to develop an action plan, both of which were elements of the now-closed Passport to Export programme.

Government should also reduce the £500,000 turnover threshold to £400,000 to allow more SMEs with strong export potential to access one-to-one support. The current threshold is predicated on an assumption that higher turnover businesses have greater potential to generate high value exports at larger scale but greatly limits the number of SMEs that can benefit: The DBT Small Business Survey 2023 shows that six in ten (61%) SME employers and 9 in 10 (91%) SMEs with no employees had a turnover of below £500,000.<sup>21,22</sup> A reduction to £400,000 would be of most benefit to microbusinesses, eighteen (18%) of which report turnover of between £250,000 and £499,999 compared to 10 per cent and 1 per cent of small and medium businesses respectively.<sup>23</sup>

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21 Department for Business and Trade, Longitudinal Small Business Survey 2023 – businesses with employees, 2024: <https://www.gov.uk/government/statistics/small-business-survey-2023-businesses-with-employees/2f483988-6884-4108-a958-01cffca10a9f>

22 Department for Business and Trade, Longitudinal Small Business Survey 2023 – businesses with no employees, 2024: <https://www.gov.uk/government/statistics/small-business-survey-2023-businesses-with-no-employees/57283a58-149d-40ab-aa2f-65162df3f80b>

23 Department for Business and Trade, Longitudinal Small Business Survey 2023; SME employers data, table 135: [https://assets.publishing.service.gov.uk/media/66e8459f24c4f1826d81bbaa/LSBS\\_2023\\_SME\\_employers\\_data.xlsx](https://assets.publishing.service.gov.uk/media/66e8459f24c4f1826d81bbaa/LSBS_2023_SME_employers_data.xlsx)



## Recommendations

### Empower more SMEs to consider trade from day one

#### The Department for Business and Trade should:

- Work with partners such as the British Business Bank and King's Trust to include references to exporting/international trade in their 'starting a business' resources, including start-up loans and business plan templates, to encourage SMEs to see exports as an integral part of business growth.
- Reducing the current turnover threshold for one-to-one support to £400,000.
- Introduce new services that provide one-to-one support to early-stage SMEs with high growth potential, including an export readiness assessment and help to develop an export action plan. This should be modelled on the previous Passport to Export Programme.

### Reduce fragmentation in the delivery of existing export support

#### The Department for Business and Trade should:

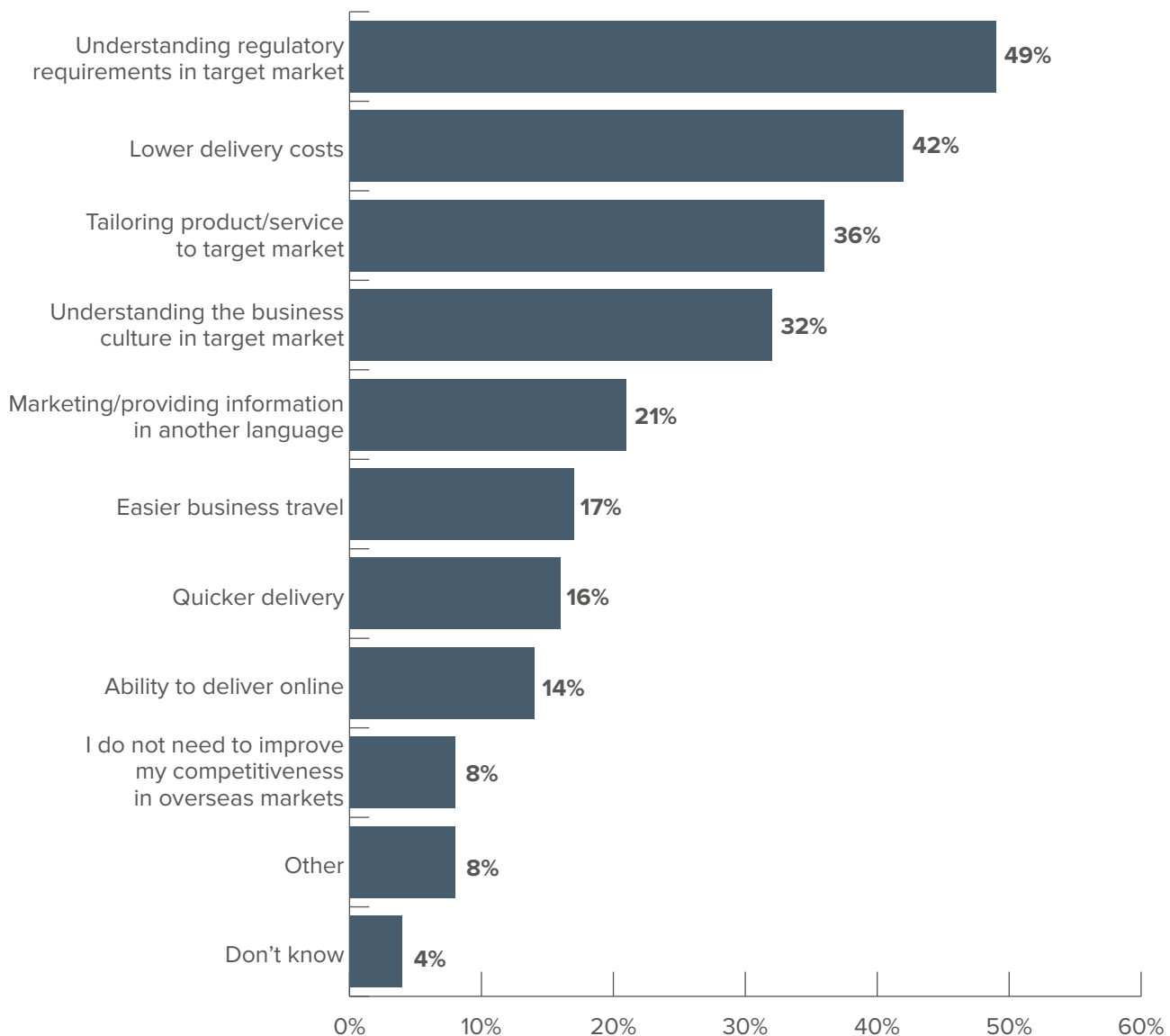
- Create a single business growth support hub, integrating GREAT.gov.uk content under the Help to Grow umbrella and developing a Help to Start programme to encourage start-ups that includes export support.
- Convene a cross-departmental working group with HMRC and UKEF, plus external partners, to deliver greater cross-referencing and signposting between government resources.

# ENTERING NEW MARKETS

SMEs have a strong view on the factors that would improve their competitiveness in overseas markets (Figure 4). Some relate to wider supply chain issues (e.g. delivery costs) while others can be at least partially addressed by substantial investments of time and capital. The costs of doing so can be prohibitive; without sufficient confidence that their investments will generate a return SMEs may be unwilling or unable to take on the financial risk. For many SMEs navigating the process around exporting occupies excessive time and diverts potential revenue-generating resource away from elsewhere in the business. Careful design and targeting of UK Government support can lessen some of these burdens.

**Figure 4:** Which 3 options below would most improve your competitiveness in overseas markets? (Current exporters and those that would consider exporting - ranked 1-3)

**Source:** FSB Export Support survey 2023



“I’m now questioning whether I need to hire a regulatory officer to deal with navigating in-market regulatory requirements. It’s not in our business plan and it wouldn’t be a revenue-generating role, but exporting is already taking up excessive time for our small team.”

**Healthcare sector - rehabilitation products, passive exporter, Scotland**

## Understanding target markets

There are obvious benefits to increasing SME understanding of regulations, business culture and language in their prospective export markets. Almost half (49%) of exporters view knowledge of local regulations and a third (32%) understanding local business culture as key to boosting their competitiveness on market entry. In the first instance, the remit of the Department for Business and Trade’s FTA Utilisation team should be expanded to include export promotion to more global markets, including those markets with agreements other than FTAs.

A third (36%) of SMEs say they want support to answer specific queries, such as how to issue an invoice to a client based in another country or apply VAT. These queries may appear insignificant but can be difficult to resolve and anecdotal evidence provided by FSB members shows that they can deter an SME from pursuing or accepting overseas business. Market-specific resources provided via government channels should therefore give greater prominence to or signpost to external information on how to operate in non-UK territories. This information is particularly important for passive exporters, who are more likely to seek answers to specific queries than look for broader exporting advice.

“We do not know whether we can issue invoices to other countries without penalties, jumping through red tape or formalised registration, any or all of which are costly (time and money), require additional support sometimes to understand what is needed from our side, and in some cases, prevent us doing business as potential clients are impacted. We have actively lost business in several markets in the last 18 months as a result, all of which has resulted in us shying away from international opportunities.”

**Market research and translation services, passive exporter, Wales**

Detailed market intelligence such as prospective customer credit ratings are valuable to SMEs but cannot be provided by government sources. There are however opportunities for government to play a role in supporting SMEs to seek and access the information they need to build a market report. Over half of active exporters (56%) carry out market research as part of their preparation to enter a new market (Figure 6). To empower more SMEs to do so, UK Government should include market research as an eligible activity in new, flexible financial support that allows SMEs to carry out a range of named activities to support market entry (see costs section below). UK Government could also look to examples of innovative schemes delivered elsewhere such as the Invest NI-funded Graduate to Export programme, which funded companies to employ a graduate to carry out a market research project over 18 months.

## In focus: nations and regions

While responsibility for international trade is reserved, the administrations of the devolved nations play a crucial role in helping SMEs to flourish overseas. International strategies to support businesses based in the nations to export to new markets have been published by the Northern Ireland, Scotland and Wales administrations in recent years while regional business support and enterprise associations deliver support tailored to regional needs. In support of the objective of boosting SME exports, UK Government must pay due regard to the diversity of the UK's nations and regions, supporting the international trade strategies published by the Northern Ireland Executive and Scottish and Welsh Governments.

### Wales

Demand for Welsh products overseas is driven by thriving sectors such as food and drink which saw exports increase by 25 per cent in 2023 to £813 million.<sup>24</sup> The EU remains the most popular destination for Welsh businesses, accounting for over half (59 per cent) of export values. Growing Wales as an attractive place to do business will generate greater SME prosperity and exports and to that end UK Government should incorporate a Wales-specific component in its growth mission. Closer coordination between Welsh and UK Government institutions and business support mechanisms such as the Development Bank for Wales, the British Business Bank and Business Wales will allow all levels of government to focus on their respective strengths and contribute more effectively to economic and export growth in Wales.

#### Welsh Government should:

- **Deliver an updated International Strategy for Wales:** The current international strategy comes to an end in 2025. The next international strategy should follow directly on from the previous strategy and focus on growing SME export readiness, facilitating access to networks and opportunities in overseas markets as well as strengthening the international Wales brand. The new strategy should take into account the findings of the Senedd Culture, Communications, Welsh Language, Sport, and International Relations Committee inquiry (November 2024).
- **Establish a new arms-length body International Wales:** A new trade and investment body International Wales should be created to coordinate and deliver a strong international brand for Wales. This body would sit under the remit of the Welsh Government Economy Ministry and bring together stakeholders across Universities, R&D and tourism. International Wales would undertake in-depth policy research and analysis as well as scoping for economic development projects.
- **Deliver a single dashboard for export support:** A regional dashboard of national, regional and local initiatives relating to export support built on real-time intelligence will increase transparency and accessibility. This dashboard should signpost support and learning opportunities for businesses to kick-start or develop their export journey.

<sup>24</sup> Food and Drink Wales, Welsh Food and Drink Economic Appraisal 2023, p3: [https://businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/documents/Food%20and%20Drink%20Economic%20Appraisal%202023%20\\_%20EN.pdf](https://businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/documents/Food%20and%20Drink%20Economic%20Appraisal%202023%20_%20EN.pdf)

## Scotland

Global demand for Scotland's exports has long been high, with historically strong performances in the food and drink, services and petroleum sectors. Although the value of Scottish exports has fallen to £80 billion since 2019<sup>25</sup> SMEs remain resilient; FSB Scotland's 2023 Big Small Business Survey found that the majority (90%) of Scottish SMEs sell to other parts of the UK, while almost two fifths export to markets in Europe and further afield.<sup>26</sup> Scottish Government's goal is to increase exports as a proportion of GDP from twenty to twenty-five per cent by 2029.<sup>27</sup> A collaborative approach is needed to achieve this goal, with Scottish government working in partnership with enterprise organisations, businesses and universities.

### Scottish Government should:

- **Publish annual progress towards export targets:** Having reached the halfway point of the ten-year export strategy *A Trading Nation*<sup>28</sup> in 2024, Scottish Government should publish an annual update on progress towards the goal of growing exports to twenty-five per cent of GDP by 2029. Using data gathered for Exports Statistics Scotland<sup>29</sup> and the UK Government Digital Market Access Service<sup>30</sup> these annual reports should identify where further work is needed.
- **Deliver sector export plans:** Scottish Government has published export plans for sectors where Scotland has a comparative advantage and potential for high growth. Working in partnership with business, enterprise agencies and in-market resources such as Scottish Trade and Investment Envoys, Scottish Government should fulfil its 2023 International Strategy commitment to delivering the sector plans to showcase Scottish expertise in rapidly growing markets and sectors.

### The Department for Business and Trade should:

- **Deliver deployment of the International Trade Advisor network in Scotland:** Following successful deployment in England, DBT should honour the UK

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- 25 The Scottish Parliament Information Centre, Scotland's exports – policy and statistics, 2024 p3: <https://bprcdn.parliament.scot/published/2024/9/10/399fff88-cd27-4d7d-b4b6-8b3114e49913/SB%2024-44.pdf>
- 26 FSB Scotland, Big Small Business Survey 2023 Findings Report, 2023, p25: <https://www.fsb.org.uk/static/953cfa8d-0af3-4563-9dbfb61ce09b6931/c6957b88-efa7-4cd9-bb975edc31cc50c8/The-Big-Small-Business-Survey.pdf>
- 27 Scottish Government, Scotland's International Strategy – delivering for Scotland, 2023, p14: <https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2024/01/scotlands-international-strategy/documents/scotlands-international-strategy-delivering-scotland/scotlands-international-strategy-delivering-scotland/govscot%3Adocument/scotlands-international-strategy-delivering-scotland.pdf>
- 28 Scottish Government, A Trading Nation – a plan for growing Scotland's exports, 2019: [https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2019/05/scotland-a-trading-nation/documents/scotland-a-trading-nation/scotland-a-trading-nation/govscot%3Adocument/498601\\_SCT0720815048-001%25284%252920200703104759.pdf](https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2019/05/scotland-a-trading-nation/documents/scotland-a-trading-nation/scotland-a-trading-nation/govscot%3Adocument/498601_SCT0720815048-001%25284%252920200703104759.pdf)
- 29 <https://www.gov.scot/publications/exports-statistics-scotland-2021/>
- 30 Scottish Government piloted a methodology to identify market access barriers using Digital Market Access Service Data in 2024. The Scottish Parliament Information Centre, Scotland's exports – policy and statistics, 2024, p22 <https://bprcdn.parliament.scot/published/2024/9/10/399fff88-cd27-4d7d-b4b6-8b3114e49913/SB%2024-44.pdf>

Government's commitment to roll out ITAs in Scotland. FSB Scotland recommended that the ITA network should be mapped to the regions served by the enterprise agencies to avoid duplication of support. DBT should adopt a collaborative approach to deploying ITAs, working with Scottish Development International and the enterprise agencies.

## England

Although England experienced an overall trade surplus in 2021 this was driven by activity of London-based businesses that offset deficits in other English regions.<sup>31</sup> Unlocking the export potential of SMEs across England outside London and the South-East will require targeted action to redress regional disparities. It is also vital to reduce fragmentation in the current export support offering to deliver consistent levels of support to small firms and start-ups regardless of where they are based.

### **The Department for Business and Trade should:**

- **Establish Business England to coordinate business support delivery:** A single brand, Business England, should be established at the 2025 Spending Review to coordinate business support delivery in England, working with the directly elected Mayors. This would make it easier for SMEs to navigate the support available to them while enabling delivery to remain with local authorities. Business England should also collect data on the types of support accessed by businesses in different sectors and regions.

## Northern Ireland

Northern Ireland sales to markets outside the UK reached a record high of £13.3 billion in 2022, accounting for 15.6 per cent of total sales.<sup>32</sup> Most industries report net exports to destinations outside NI, with particular strengths in the digital technology, advanced manufacturing and professional services sectors. To nurture and further unlock the export potential of NI SMEs, the Secretary of State for Business and Trade's forthcoming Trade Strategy should be fully applicable to NI.

Under the terms of the Northern Ireland Protocol and Windsor Framework, businesses in Northern Ireland have a different relationship with the EU than their counterparts elsewhere in GB. They are in the unique position of retaining EU market access for goods due to the Windsor Framework agreement while having the ability to access Free Trade Agreements signed by the UK but there is currently little evidence to show this has led to increased foreign direct investment (FDI) in NI. As a complement to the Trade Strategy, further work should be undertaken by UK Government to showcase NI as the destination of choice for international investors.

31 Office for National Statistics, International trade in UK nations, regions and cities 2021, published 2023: <https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/bulletins/internationaltradeinuknationsregionsandcities/2021>

32 Northern Ireland Statistics and Research Agency, Northern Ireland economic trade statistics 2022, published 2023: <https://datavis.nisra.gov.uk/economy-and-labour-market/northern-ireland-economic-trade-statistics-2022.html>



**The Department for Business and Trade should:**

- **Promote Dual Market Access:** DBT should step up efforts to promote the unique Dual Market Access that Northern Ireland possesses as a result of the Windsor Framework. DBT should further develop its pitch to international investors to highlight the opportunity that establishing in Northern Ireland can provide, so that these FDI businesses then fast-track growth in UK exports.
- **Guarantee equivalence of service:** Northern Ireland businesses must be able to benefit from the same support offering and export support initiatives as those available to businesses across the English regions. The good initiatives to support exports that are rolled out in England must also to be extended to Northern Ireland, with sufficient capacity within the local DBT team to implement them.
- **Increase capacity of the DBT team in Northern Ireland:** DBT must boost their team in Northern Ireland, especially by the addition of International Trade Advisors. There are currently around 600 people in Invest NI, yet only ten are employed in DBT. To harness Northern Ireland's potential, and couple it with DBT's global reach, investment needs to be made to boost the team on the ground.

**Finding opportunities****Getting export ready**

A third of SMEs believe tailoring their product or service to their target market would increase their competitiveness overseas, while a fifth want to be able to provide marketing information in other languages (Figure 4). Active exporters express significantly more interest in support that would allow delivery of marketing or promotional materials in the language of their target market than passive exporters.

“I really don't know how I would make people abroad aware of my existence. The few clients abroad...have all come to me because they saw my entry on my professional association's online directory or were recommended to come to me by other people.”

**Editing services, passive exporter, London**

The now-closed Passport to Export programme provided subsidised support to inexperienced SME exporters to improve their business communications, including a review of their current marketing materials and advice on cultural barriers. The programme also provided contributions towards translation costs for creating promotional materials or webpages in the language of target markets. The UK Government should include securing private sector marketing and translation support as an eligible activity as part of new funding for SMEs (see below).

**Maximising the impact of International Trade Advisors**

The network of International Trade Advisors (ITA) plays an important role in helping businesses to identify and optimise overseas opportunities. Many FSB members have

benefited from ITA expertise; changes to allow SMEs greater flexibility and choice would further improve the effectiveness of the service. The ITA network is currently organised geographically, with businesses assigned to an advisor based in their region. There is a high value to local expertise, particularly in regions that have specific needs or strengths, but SMEs express a clear preference for support that is tailored to their sector and target markets (Figure 5). The Government should commission a feasibility study on restructuring the ITA network to allow businesses to match with advisors that have sector or market expertise. The Government should also fulfil the commitment made by the previous Government to roll out the ITA network across the devolved nations.

SMEs place a high value on peer expertise (Figure 5). Government should require ITAs to have demonstrable expertise gained through qualification from an accredited customs training provider or equivalent professional experience in trade and customs to deliver consistent and high levels of service. To minimise the risk of ITA support being provided to SMEs that are unlikely to grow, businesses should be required to demonstrate active engagement with their ITA or risk losing access to the service.

“We would love to be able to spread our wings further but feel our hands are tied by not having the information we need at point of sale and not knowing where best to get the support to plug our knowledge gaps.”

**Market research and translation services, passive exporter, Wales**

### **Harnessing in-market insight**

DBT overseas offices provide highly valued support to businesses to understand target markets, providing in-depth advice and guidance on local regulations and business culture. Awareness of in-market DBT resources amongst exporters is high (46%), although the majority of SMEs have not yet made use of them (Figure 2).

The DBT International Market Service facilitates access for eligible businesses to market intelligence and expert advice on over 180 global markets as well as the Overseas Referral Network, a managed list of third-party private sector suppliers such as local accountants, logistics and sector specialists. Businesses that do not have the resources to build their own networks or make market visits stand to gain the most from easier communication with in-market officials but to access DBT in-market hubs businesses must currently meet the £500,000 turnover threshold and have some experience of exporting, substantially limiting the reach of these resources. Redefining the threshold (see above) would increase the impact and reach of this service.

In conjunction with lowering the threshold for access to tailored support, all SMEs should have greater direct access to in-market teams, such as the possibility to contact relevant attachés or register their interest with individual embassies to receive information about opportunities.

Sector attachés play a vital role in developing networks, supporting engagement, providing market intelligence and identifying opportunities for UK businesses. Businesses in the food and drink sector have welcomed the recent expansion of the network of agri-food

attachés based in UK embassies and consulates. Following the success of this expansion DBT should consider a similar roll-out for other sectors, working with FCDO in consultation with businesses and partners such as FSB to identify which sectors and markets present the greatest growth opportunities. The strength of the UK's professional services sector, and growing markets in developing economies such as the members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) may be useful areas to consider.

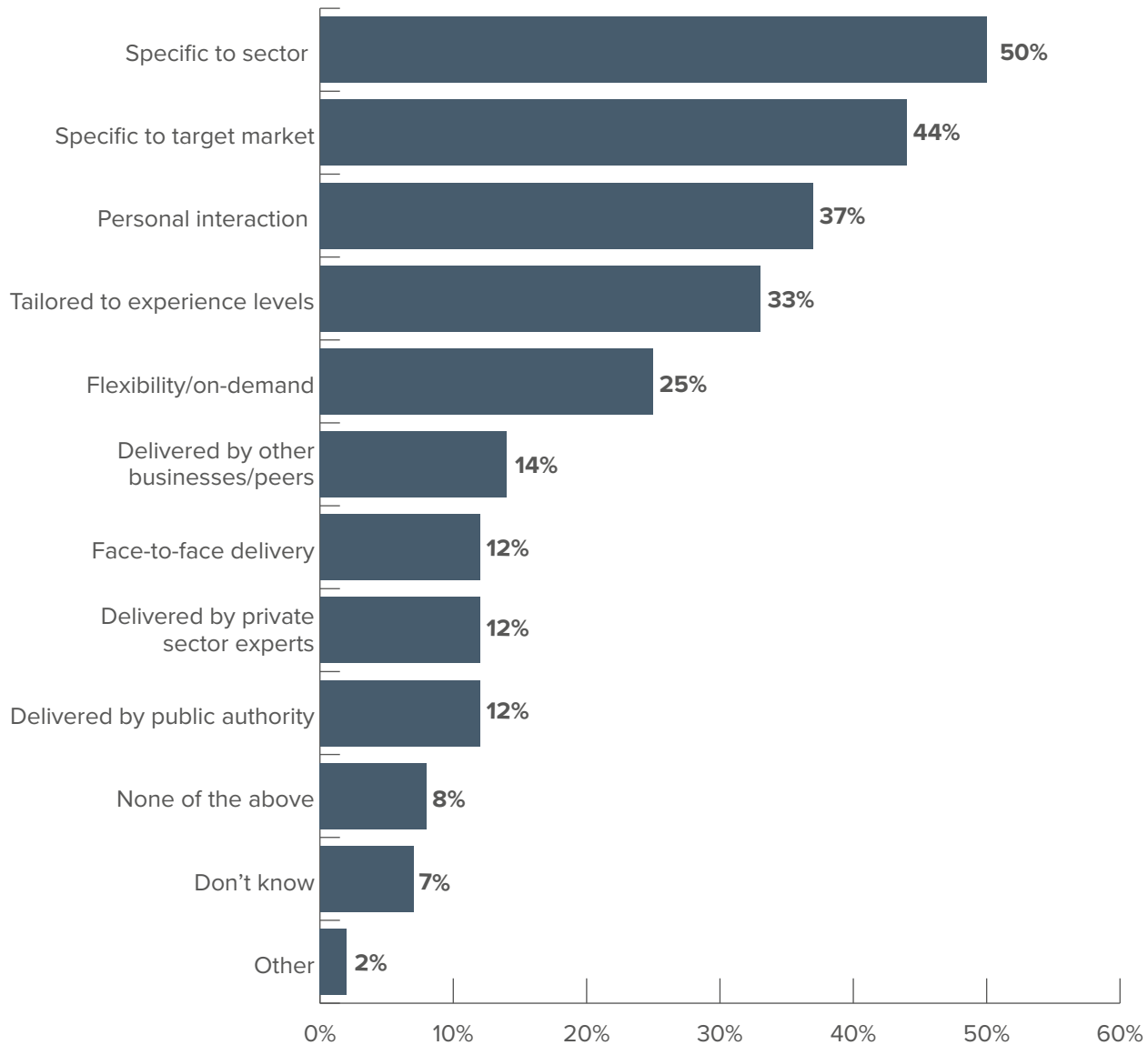
Attending tradeshows and visiting target markets allows SMEs to build partnerships with prospective partners and customers. For many firms market visits are an essential step towards securing new business but the costs of doing so can be prohibitive. Government-sponsored delegations to tradeshows can benefit SMEs through facilitating contacts and raising brand awareness although FSB members have reported increased charges for space on Government stands that may exclude smaller businesses from being able to participate. A more comprehensive, forward-looking and small-business friendly approach to tradeshow support, including better financial support (see below) as well as effectively communicating tradeshow delegations and opportunities to SMEs is essential for small businesses to prepare for market visits. End-to-end support through early dissemination of information and robust post-mission follow up in conjunction with assistance to cover the costs of attendance will help SMEs maximise the opportunities of tradeshow attendance. DBT should leverage the reach and relationships that business and sector associations such as FSB have with SMEs to share information with their members regarding DBT involvement with future events.

“We’ve received government support to cover stand costs at tradeshows in the past which has made attending viable – we still covered the accommodation and travel costs ourselves. Attending export shows can yield bigger and longer-term wins for the business, but the costs are getting higher and there is less support available. We’ve decided to cut a major tradeshow from our schedule next year as a result.”

**Food and drink sector, active exporter, SE England**

**Figure 5: Thinking about the kind of support you might look for when beginning or increasing exporting, what 3 attributes below would you find most valuable? (Current exporters and those that would consider exporting - Ranked 1-3)**

Source: FSB Export Support survey 2023



### Meeting the costs

Just one in ten (11%) current and former SME exporters report seeking some form of finance to help meet the costs of trade including engaging private sector experts. There is a significant difference between passive and active exporters, with 17 per cent of active exporters seeking some form of financial support compared to 7 per cent of passive exporters. Increasing the availability, awareness and uptake of external financial support among all exporters is vital to unlocking SME exports, encouraging more to take a strategic approach to exporting and reduce the risk of investing in overseas markets.

The smallest businesses are most likely to express a preference for general funding to

meet the costs of trade, while SMEs of all sizes would welcome support to cover specific activities. To limit fragmentation in the provision and delivery of financial support, the Government should develop a new funding programme for SMEs that can be used to meet or offset the costs of a variety of named activities to develop overseas business. Streamlined delivery is essential for SMEs that are time-limited and disinclined to navigate multiple complex programmes.

This funding should take the form of an export development grant, allowing microbusinesses to apply for subsidies of up to a total of £2,000 per year that may be used for a varied but delineated range of eligible activities. FSB suggests that funding should be made available for the following activities:

- Engaging expert advice (e.g. time with an export manager, market research consultant, legal advisor or marketing expert)
- Gathering market intelligence
- Tradeshow attendance
- Overseas certification of products or securing intellectual property rights
- Translation of promotional materials or webpages

Data shows that sustained support across multiple years has a more significant impact on businesses than one-off support.<sup>33</sup> Businesses often find, for instance, that attending a tradeshow once is not enough to conclude new business. They should therefore be able to apply for subsidies for multiple activities in consecutive years, up to a total of £2,000 per year for three years.

“I need an ATA Carnet to take my equipment overseas for work but the upfront financial cost of this is a huge burden. It could be a worthwhile investment if I get enough assignments to travel to Europe and cover the cost of the Carnet, but it’s not always possible to predict at the start of a 12-month period if there will be enough work to justify the costs. I have lost work because clients have not wanted to cover the cost of my Carnet application.”

**Photography, passive exporter, Wales**

The Government should look to mirror the success of existing models in international markets. The long-running Australian Export Market Development Grants provide subsidies for a range of activities such as producing promotional material, providing free samples, engaging a market research consultant and business travel. SMEs may apply for grants over 8 years in total (not necessarily consecutively).<sup>34</sup> The Canadian CanExport SMEs programme provides

33 Department for Business and Trade, The impact of export promotion activities on firm outcomes, 2023, p11: <https://assets.publishing.service.gov.uk/media/651d64df6a6955001278b2ee/impact-of-export-promotion-activities-on-firm-outcomes.pdf>

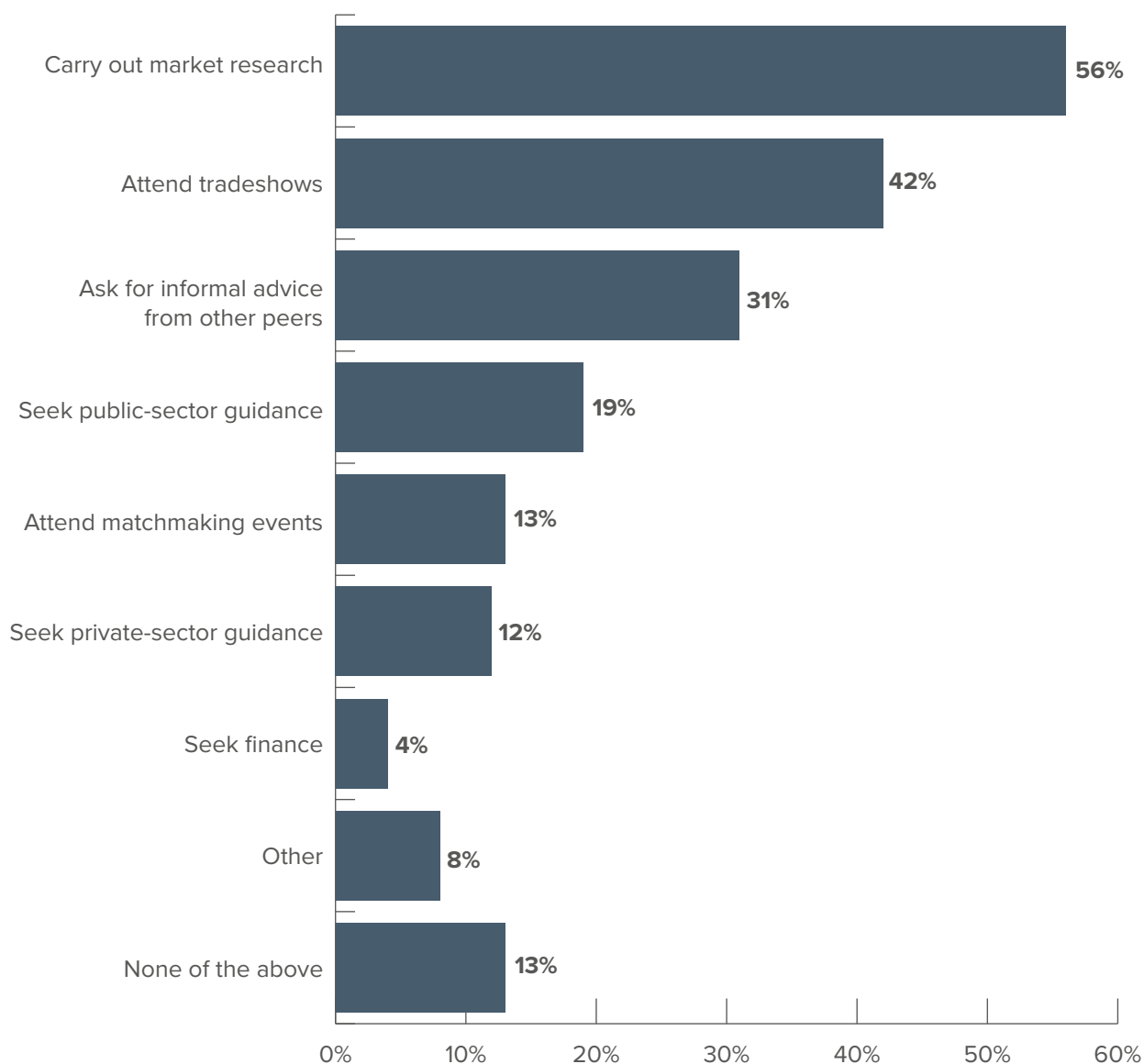
34 According to the Australian Trade and Investment Commission, EMDG recipients have better turnover growth and are more likely to continue exporting: Australian Trade and Investment Commission, Assessment on the value of EMDG, 2023: <https://www.austrade.gov.au/en/news-and-analysis/publications-and-reports/assessment-on-the-value-of-emdg>

up to \$50,000 to SMEs registered in Canada for international business development activities including market research, buying expert advice, translation costs, attending trade shows virtually or in person, and applying for certification in overseas markets.<sup>35</sup>

Funding should be designed in consultation with businesses to make sure it meets their needs and should complement existing financial support provided by local authorities and other partners such as business support agencies in the devolved nations.

**Figure 6: Which of the following do you do ahead of entering a new market?  
(Active exporters)**

Source: FSB Export Support survey



<sup>35</sup> According to Global Affairs Canada figures, 54% of CanExport SME grant recipients reported an increase in international revenue; 74% exported to at least one target market; and 52% reported an increase in employees. Global Affairs Canada: Departmental Results Report 2022-23 - Supplementary Information Tables: [https://www.international.gc.ca/transparency-transparence/departamental-results-reports-rapport-resultats-ministeriels/2022-2023-supplementary-supplementaires.aspx?lang=eng#2\\_1\\_3](https://www.international.gc.ca/transparency-transparence/departamental-results-reports-rapport-resultats-ministeriels/2022-2023-supplementary-supplementaires.aspx?lang=eng#2_1_3)



## Recommendations

### Facilitate SME access to existing resources

#### The Department for Business and Trade should:

- Expand the number of in-country attachés for high-growth sectors in priority markets in consultation with business.
- Require International Trade Advisors to either hold a qualification from an accredited customs training provider or equivalent professional experience
- Explore restructuring the ITA network to allow businesses greater choice in working with sector- or market-specialists.
- Facilitate business contact with in-market resources by enabling SMEs to contact attachés or sign up with individual embassies to receive information about relevant opportunities.

### Deliver new funding to help SMEs grow overseas business

#### The Department for Business and Trade should:

- Introduce an export development grant scheme modelled on Australian and Canadian funding programmes that allows microbusinesses to claim up to £2,000 per year for a delimited range of business development activities.

# MANAGING RISKS AND CHALLENGES

## Problem-solving

Businesses may need to seek advice to navigate the complexity and volume of trade paperwork or answer questions during the export journey regardless of their sector, size or experience. These questions may appear relatively simple; for instance services exporters highlight understanding visa and VAT requirements as among the most significant challenges they have experienced when doing business overseas (Figure 7). Being able to find the answer may however make the difference between an SME deciding to pursue an overseas opportunity or turning it down, or between a business remaining a passive exporter rather than taking a strategic approach to trade.

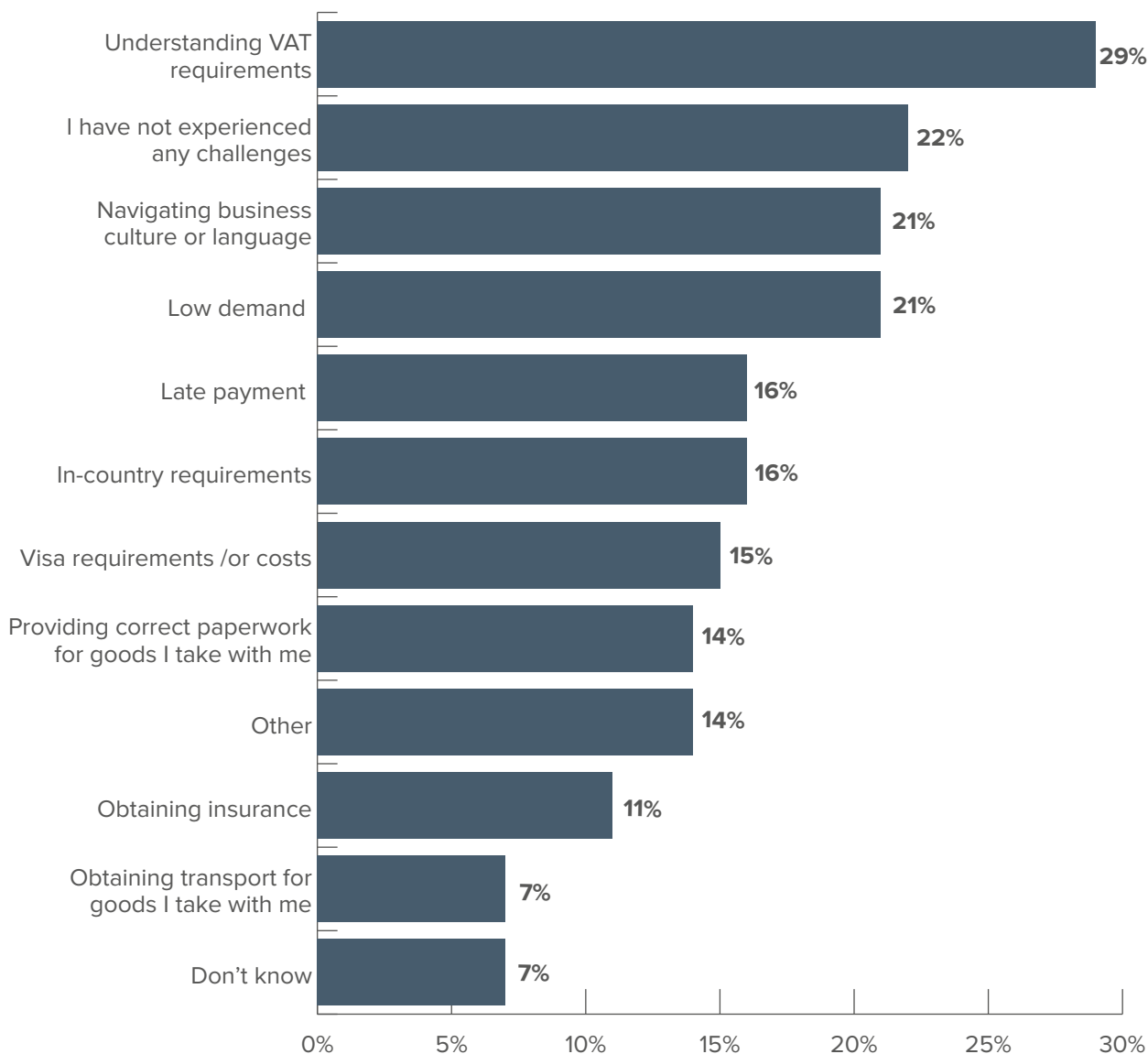
UK Government export support should perform two functions – to provide answers to businesses seeking advice to the greatest extent possible, and to signpost to more appropriate or detailed external sources of information and private sector resources. Reducing fragmentation and greater streamlining of existing resources is vital to increasing the ability of government support to adequately perform these functions. It is welcome that the Department for Business and Trade has consolidated export support services into a single self-service point of entry. Building on this, DBT should work with other departments that interact with exporters such as HMRC and Defra to improve signposting of different avenues for help across government resources.

A successful example of reducing fragmentation is the introduction of the Export Support Service which replaced several helplines with a single point of inquiry for traders. FSB supported the introduction of the ESS and encourages the Government to continue to develop and promote the service in partnership with business organisations. We propose the establishment of an ESS Advisory Group, comprising relevant business organisations such as FSB that can help promote ESS resources to their members and inform development of the service via business feedback.

There is broad understanding that government support cannot constitute legal guidance to individual businesses and that government resources may not be able to provide detailed information on regulations and visa requirements in overseas jurisdictions. Government can however support SMEs to find other ways to obtain the information they need; this should at a minimum include using government websites to signpost to external resources such as trade associations and governments or embassies in target markets. This will complement the business development funding proposed by FSB to enable SMEs to access private sector expertise.

**Figure 7: When thinking about your experiences providing services outside the UK, which of the following challenges have you faced? (Services businesses – current and former exporters)**

Source: FSB Export Support survey 2023



### Managing the financial supply chain

In addition to meeting the costs for activities such as market research or tradeshow attendance, SMEs face financial risks throughout the export process which impact their appetite for and ability to engage in overseas trade. SMEs report for instance high costs and low availability of insurance for trade, such as transport insurance for shipping goods. While some SMEs have taken on these additional costs, anecdotal evidence provided by FSB members shows that others have decided to take the risk of staying uninsured.

Late payment from overseas clients also has a disproportionate effect on SMEs. Low cash

reserves and small margins make SMEs more vulnerable to supply chain disruptions, and there are few options available to enforce contract terms when engaging with overseas clients. Anecdotal evidence provided by FSB members shows that although some businesses have engaged enforcement agents overseas, others have calculated that the lost revenue from an unpaid invoice is lower than the costs of pursuing late payers. Navigating overseas legal systems and engaging lawyers or enforcement agents internationally to pursue outstanding funds can be prohibitively expensive and time-consuming. SMEs may consequently decide to withdraw from certain markets or refuse future contracts if they are not paid on time.

“Insurance costs are becoming unsustainable for SMEs. In addition, geopolitical developments such as the ongoing conflicts in Israel disrupt shipping routes meaning that shipments now need to go around Cape of Good Hope, adding millions of dollars to shipping.”

**Business consulting, active exporter, England**

Export credit and other support delivered by UK Export Finance is a significant potential source of finance to de-risk exporting. While SMEs have historically reported that UKEF products have not met their needs, UKEF’s increasing focus on delivering products that are more suited to smaller businesses is welcome. There are however clear opportunities to further improve the development and promotion of UKEF services to SMEs to increase their uptake – just 3 per cent of current or lapsed exporters reported attempting to access UKEF products.

UKEF offers an export credit insurance service that covers low value exports and sales to a single buyer and provides for losses such as non-payment due to insolvency. Due to obligations under the UK’s international trade agreements UKEF is not able to support exports to the EU, the USA and other markets when the contract agreed is less than two years.<sup>36</sup> Although the majority of UK SMEs trade with developed countries in Europe and the global north, for eligible businesses this service can help SMEs trade with greater confidence. For those that are not eligible, SMEs may still be able to access support from their local UKEF export manager network. These experts provide information on available trade finance beyond UKEF products and may refer exporters to other credit insurance companies or brokers. UKEF should create a working group comprising representatives of DBT from Westminster and the nations and regions, the ITA network and local business support partners to cross-promote available export finance to SMEs at all stages of the export journey.

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<sup>36</sup> European Union countries, Australia, Canada, Iceland, Japan, New Zealand, Norway, Switzerland and the United States of America: <https://www.gov.uk/guidance/country-cover-policy-and-indicators>

## Recommendations

### Address fragmentation in the development and delivery of financial support for exports

#### The Exports Minister should:

- Request an annual report on progress made by UKEF toward the target of supporting 1000 small businesses a year by 2029. The report should identify and propose solutions to close any gaps in UKEF's provision for SMEs.

#### The Department for Business and Trade should:

- Set up an ESS Advisory Group comprising relevant business organisations such as FSB that can help promote ESS resources to their members, finesse the service and inform ESS development via feedback from businesses.

#### UK Export Finance should:

- Renew the 2023 Partnership Agreement with DBT to reflect the export targets of the new government and to prioritise cross-departmental working in the development and delivery of export finance to SMEs.
- Establish a working group comprised of SMEs, the banking sector and non-bank financial institutions to report on the development of more suitable products for SMEs dealing in lower-value shipments.

# METHODOLOGY

This report is based on FSB members' experiences of export support programmes and their views on the challenges of international trade.

FSB undertook a mixed method approach for the research consisting of quantitative online survey as well as a number of UK wide semi-structured interviews and focus group discussion.

The survey was nationwide in reach and members were invited to participate in the survey via email and social media channels. The survey was administered by the research agency Verve and was in the field from 15th November to 11th December 2023. The survey questionnaire was completed by a total of 715 small businesses.

The survey findings are weighted according to FSB membership, reflecting the demographic balance of FSB members throughout the UK. All percentages derived from the survey are rounded to the nearest whole number, which is why some percentages presented in the figures do not add to 100 per cent.

The interviews and focus group were conducted online and over the phone and purposefully drew from a variety of regions and sectors. These were carried out between May and July 2024.

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