



HM Government

Britain Open for Business: The Next Phase



*Johnny and Pete Alvis,
Owners of Lye Cross Farm*

“With UK Trade & Investment’s help, we are now selling our farmhouse cheeses to customers in 30 countries.”



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Forewords

Rt. Hon. David Cameron

Prime Minister and Leader of the Conservative Party



This Government has a long-term economic plan for Britain – and success in international markets is right at the heart of it.

The support we give to British firms as they trade around the globe and the welcome we extend to those who invest here are critical to securing our country's long term future.

We have seen some important advances over the past four years. Britain is firmly and clearly open for business once again. Exports to high-growth markets like China, India and Brazil are at all-time highs and we also take huge pride at being the number one destination for foreign investment in Europe. The plan we set out in 2010 is working.

But there can be no complacency and this refreshed strategy sets out the next stage of the job. With the hugely talented Lord Livingston now taking over as the minister responsible, it is time to step up the pace further still. More support for small and medium-sized companies looking to export. More determination to attract industry from around the world to our shores. More resolve to make sure that British firms benefit from trade deals that are being negotiated.

This country's trade and investment ambitions are challenging. But if the past four years have taught us anything it is that UK Trade & Investment (UKTI) is more than capable of rising to them. Let us press ahead with confidence.

Lord Livingston

Lord Livingston of Parkhead, Minister of State for Trade and Investment



Trade and investment promotion plays a critical part in winning new business in export markets and bringing investment to the UK.

As the new minister responsible for trade and investment, I want first of all to pay tribute to my predecessor, Stephen Green and UKTI's former Chief Executive Nick Baird. Their achievements include the partnerships they forged across Government and with the private sector in delivering support for international business success.

They have started a process of transformation at UKTI through an injection of private sector talent and entrepreneurial vigour into a key Government Department. I look forward to building on these achievements and I am committed to sustaining the many good initiatives introduced over the last three years.

There is more to do. We want to see a transformation in the contribution of medium-sized businesses to export growth and success: there should be no medium-sized business that does not export simply because it is unaware of the support that Government offers. We will tailor export finance support to meet better the needs of medium-sized businesses, and market UK Export Finance products alongside UKTI services.

At the same time, we will improve our marketing to smaller companies, making it easier to access advice and support.

We have seen strong growth in exports in the fast growing BRIC economies. In addition, substantial opportunities exist for UK companies to supply their products and expertise in Central America and Africa and we shall focus further in these markets.

The UK has always thrived on openness. We remain committed to promoting free trade around the world, and through our support for exports we will help to deliver on the promise of Free Trade Agreements. We will also aim to secure more investment from companies that will use the UK as a base for exporting.

Underpinning our success in delivering our trade and investment ambitions, we will continue to develop, grow and deepen our relations with our partners in the UK and around the world. Together, we will deliver the support that exporters and investors need to thrive and prosper, in a Britain that is open for business.

Introduction

Business success in international markets is central to rebuilding our economy at home. This is as true today as it was in May 2011 when UK Trade & Investment (UKTI) launched its five-year strategy, *Britain Open for Business*.

Delivering this success means relentlessly pursuing the best opportunities in the markets that matter most to our future prosperity. It also means telling the world that the British economy is open for business.

Britain Open for Business continues to challenge UKTI to extend its role and reach. It sets out a more energetic, aggressive approach to winning the best export deals for the UK and attracting high value inward investments.

The UK continues to perform well in attracting foreign direct investment (FDI). While global levels of FDI fell in 2013, the UK bucked that trend, and we are increasingly focusing our efforts on attracting those investment opportunities with significant potential for future export, to deliver wider benefits to the UK.

However, we have some way to go to achieve the Government's export target of £1 trillion by 2020. But, there are reasons for optimism. Recent success in key markets such as China and sectors such as aerospace and automotive, is encouraging. And, as incomes rise in high growth markets, this favours the sectors in which the UK is strongest.

UKTI support for companies has a crucial role to play in driving sustainable economic growth through exports and foreign investment. But the scale of ambition demands a whole team effort, with Government and business working alongside each other to deliver trade and investment success.

While UKTI spearheads this, our strategy reflects close partnership with our parent Departments, the Foreign and Commonwealth Office (FCO) and the Department for Business, Innovation and Skills (BIS), as well as UK Export Finance (UKEF), the wider Government, and the Devolved Administrations.

At this mid-point in UKTI's five-year strategy we take stock of the progress we have made so far, and set out our plans for the future.

UKTI at a glance

➔ **107**

Markets throughout the world in which UKTI operates

➔ **1,265**

Staff based overseas

➔ **515**

Staff based in our London and Glasgow headquarters

➔ **400**

International Trade Advisers and support staff based in the regions

➔ **40**

Offices located throughout England

Pathways to growth

What we set out to achieve

UKTI's strategy, *Britain Open for Business* was founded on four pathways to growth. These continue to provide the strategic basis and focus for our work and are underpinned by a focus on high-growth markets; rebalancing the economy; and leveraging the success of the 2012 Olympics to promote UK expertise internationally.

Our approach

To meet these challenges, UKTI has become more entrepreneurial, through greater use of private sector talent; more collaborative, by working across Government and with banks, law and accounting firms and business organisations such as the Confederation of British Industry, Federation of Small Businesses and Chambers of Commerce, to reach more small companies; and more open and accountable, on the impact of our work and the return on public investment in UKTI.

1 High growth and innovative small companies

To encourage significantly more small companies to export to high growth markets, and take steps to link high-potential firms to trade finance, credit insurance and venture capital.

2 High value opportunities

To help bring high value opportunities (HVO) home through intensive support for those larger companies seeking to win overseas contracts ranging from £250 million upwards, while also identifying major supply chain projects which provide opportunities for small companies across a wide range of sectors.

3 Targeted inward investment

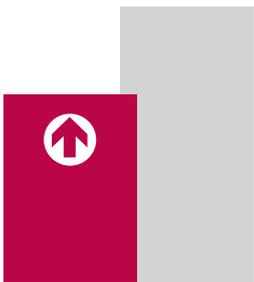
To maintain Britain's position among the top three destinations in the world and the best in Europe for inward investment; deliver bespoke services for foreign direct investors; and attract institutional investors, including sovereign wealth funds and overseas pensions funds, to invest in large-scale infrastructure and regeneration projects in the UK.

4 Building strategic relationships

To introduce key account management of the most significant inward investors and the UK's top exporters through a cross-Government Strategic Relations Unit, giving key inward investors and exporters a seamless, one stop service and speedy resolution of bureaucratic obstacles to doing business.

A summary of progress made towards achieving each of the four pathways to growth is included on page 29.

Successes so far



35,000

Number of companies supported from January to December 2013; on track to achieve target of 40,000 in 2013-14



£8bn

Value of wins from UKTI's HVO programme since May 2011



Location of choice for Europe-bound foreign direct investment during 2010-13

170,000+

The number of jobs secured or created as a result of foreign direct investment in 2012-13



72%

Of our strategic relationship managed companies say they are benefiting from an improved relationship with Government



£11.5bn

Value of new UK export orders in the defence and security sectors in 2012



£11bn

We have already reached the 2016 target of **£11 billion** of additional economic benefit to the UK from the Olympic Games



4.6%

The UK's share of global foreign direct investment in 2012, rising from 3.6% in 2010



Each HVO is worth over **£250 million**, but smaller companies benefit too: 20% of the individual contracts that make up big HVO wins are worth **£300k** or less.

Looking to the future

We are committed to building on the successes we have already achieved, sustaining the many good initiatives of the last three years and focusing on new priorities to boost the UK's export performance. We will continue to provide tailored support to large companies.

We will substantially increase the help we provide to medium-sized businesses (MSBs), as they can be a key engine of export and economic growth. We will aim to contact all MSBs by summer 2014, and provide a relationship manager for all those who want our export assistance.

We will enhance our support for small companies wishing to export and make small companies who have the potential to export better aware of the services that Government can offer, through a series of targeted marketing campaigns and improved web access for these services.

We will continue to focus on China, India and other high growth markets, with an increased focus on parts of Africa and Central America.

In addition, we will realise the promise of the Free Trade Agreements to ensure that businesses reap real benefits from the opportunities created.

We will secure more export-focused foreign direct investment and strengthen our supply chains by attracting strategic inward investment focused on investors and investment opportunities which have significant export potential.

In line with the Government's Industrial Strategy we will focus our efforts on sectors where trade and investment opportunities are most effectively supported by Government. For example, we will shortly launch the Innovation Investment Organisation to support the 'eight great technologies'. These are detailed on page 25.

Lastly, we will increase our impact by working closer with more partners than ever before, both within and outside Government. We will develop and drive a whole-government approach across the UK under the leadership of the new Minister for Trade and Investment, Lord Livingston. The following pages set out how we will achieve these goals.

Sustaining the many good initiatives of the last three years

The Government has demonstrated its continued commitment to supporting trade and investment by increasing UKTI's funding to expand existing initiatives and enable new schemes which reflect the developing needs of our business customers.

Developing a private/public culture at UKTI, and partnering with organisations outside Government

We have developed a more entrepreneurial culture by bringing in private sector talent and delivering services through private sector partners. A significant proportion of our service delivery has been outsourced to private sector partners. In addition, we are working with business organisations such as the Confederation of British Industry, British Chambers of Commerce, Federation of Small Businesses, Institute of Directors; developing strategies with Local Enterprise Partnerships; and have established an independent digital peer-to-peer export service – Open to Export.

Transforming business-to-business trade support is integral to our ambitions. UKTI is working with British business groups and Chambers of Commerce overseas to help them develop their networks and capabilities, to help deliver a one-stop shop of services to UK companies.

Establish and build the HVO Programme

UKTI's High Value Opportunity (HVO) programme targets 100 projects globally, covering a broad range of markets and sectors. We bring together expertise from across our network, alongside private sector business specialists and project managers. Each HVO takes advantage of all the levers available to Government to ensure that UK businesses win contracts linked to these major projects. We understand the project cycles, know the key decision makers and bring the opportunities to the door of the UK supply chain. Since the HVO programme started, we have supported UK companies at all levels of the supply chain to access more than £8 billion of contracts.

Accelerating UK e-commerce

The global e-commerce market is expanding, not least because of increasing ownership of mobile devices. To respond, the UK's 230,000 e-retailers need to grow their position in this market. UKTI's Digital Acceleration Programme is designed to enable companies to exploit the opportunities in the 100+ digital shopping malls, and to harvest the benefits in scale and cost that digital marketing provides.

Building relationships

We work closely with a number of Government Departments to secure maximum benefits for exporters and investors; and with our delivery partners in the Devolved Administrations¹. This work goes hand in hand with our efforts to better coordinate Ministerial visits overseas; our expanded Business Ambassadors Network; the appointment of Trade Envoys for key markets; and support for small company exporters through the Catalyst Network. Our partnerships extend beyond Government and we are committed to building strategic relationships with both business organisations and industry.

Access to the UK

The UK has a world-class visa system which supports trade and investment. The Home Office continues to improve border processes and introduce premium visa services in key markets to ensure they are not a barrier to exporting or investment and that the UK is truly open for business.

Leveraging the GREAT brand

The GREAT Britain campaign is the Government's most ambitious international marketing campaign to date. It showcases the very best of what Britain has to offer in order to encourage the world to visit, study and do business with the UK. The campaign is at the centre of UKTI's promotional activities and is currently active in over 134 countries. It is set to continue to 2016 and beyond.

¹: Scottish Development International, Invest Northern Ireland, Welsh Government

The 2011 National Export Challenge

Launched by the Prime Minister in November 2011, the Challenge aims to increase by 100,000 the numbers of small and medium-sized businesses, that export by 2020. This underpins UKTI's focus on persuading more companies to become exporters, and existing exporters to export more. The Challenge has brought together all sections of the public and private sector which provide support to exporters. In addition, Export Weeks – three of which have now been held since November 2012 – are part of a concerted campaign across the UK to increase the number of British companies exporting. We also support a programme of MP-led seminars for small company exporters, with around 70 events involving some 120 MPs.



Export Week will raise further awareness of the great opportunities out there for would-be exporters, and the fantastic support available for those who need it. We believe that export growth must be a national priority, both for Government and businesses. UK exporters are more optimistic now about their prospects, with confidence higher than it has been since before the economic crisis. But we need more companies that haven't considered exporting to have a go, and start saying yes to the opportunities that exist in new markets across the globe."

Nora Senior, President of the British Chambers of Commerce, on Export Week, November 2013

Supporting medium-sized businesses

Medium-sized businesses (MSBs) play a vital role in the economy, accounting for 20 per cent of UK private sector turnover. This contribution is set to grow and, according to Confederation of British Industry estimates, could be worth up to £50 billion to the UK economy by 2020.

These are compelling figures and we have been working hard to ensure that MSBs receive the help and encouragement they need to succeed in export markets. The package of support we offer includes more intense help from UKTI International Trade Advisers, including Intellectual Property advice and guidance on export distribution channels.

We now propose to expand this scheme and contact all 8,900 MSBs by summer 2014, providing a tailored service to all those who want our assistance. We will also work more closely with UK Export Finance, which has significantly expanded its product range and reach to make it more relevant to the needs of MSBs concerned about the financial risks of exporting. No MSB should fail to grasp the export opportunity because it is not aware of how Government can assist.

We will improve the programme of support that we offer to MSBs, shaping it around a deeper understanding of their needs. For example, we know that these companies are keen to have access to the specific networks and people that help drive their businesses, so we will offer a tailored delivery service to link MSBs with key national and international influencers.

In addition to this, we will look at the fastest growing small companies and extend support to those capable of becoming MSBs through exports. These will often be venture capital backed, and in many cases tech-based, small companies or individuals.



We welcome the Government differentiating its support for medium-sized businesses. It's critical, because MSBs are our innovators and fundamental components of larger exporters' supply chains."

Katja Hall, Chief Policy Director, Confederation of British Industry

Case Study



Building the world

Award-winning firm of architects Benoy has enjoyed great success overseas in recent years. The practice took the decision to internationalise ten years ago and is now working in 30 countries, including Vietnam, Brazil, India, Poland and Singapore. To support this, they have established design studios in Hong Kong, Beijing, Shanghai, Singapore, Mumbai and Abu Dhabi. As a result around 90 per cent of Benoy's work now comes from overseas, contributing to a turnover of £40 million in 2010. The practice has worked closely with UKTI since it began exploring new markets and continues to do so today. A recent trip to India with Vince Cable, Business Secretary, led to several new contracts, together worth £1.5 million. Following this, Benoy has also signed contracts in China worth £10 million.

Enhancing support for small companies to export

UKTI provides a wide range of support to help small companies export, not least through its network of International Trade Advisers (ITAs).

ITAs work closely with companies on targeted trade development programmes, such as Passport to Export for new exporters, and Gateway to Global Growth for experienced exporters, to help them gain the skills, knowledge and confidence to start exporting and break into new markets.

However, we recognise that awareness of UKTI services is still too low across the UK. We will address this through targeted marketing – using both digital and traditional media – that will highlight the services that are available to customers from UKTI, UK Export Finance, and the Department for Business, Innovation and Skills. In addition, we will make our services easier to find through the internet.

Businesses need to have access to the right information at the right time, and Government needs to help customers navigate their way through the support available by linking up more clearly. For example, customers of Government support through the Technology Strategy Board, UKTI, Growth Accelerator and the Manufacturing Advisory Service are already being made aware of other services that could benefit them. By December 2014 there will be a single ‘shop window’ through which small businesses can apply for Government support, tailored to their needs.

Support for small businesses was set out in December 2013, in *Small Business: GREAT Ambition*, the Government's commitment to help small businesses grow by making it easier to:

- ➔ Finance business growth
- ➔ Hire people
- ➔ Develop new ideas and products
- ➔ Break into new markets
- ➔ Get the right support at the right time
- ➔ Get on with doing business

UK exporters

Whether a firm is starting out or is experienced in exporting, UKTI's services can help to make doing business internationally as easy as possible. These include:

Passport to Export

Provides new and inexperienced exporters with the training, planning advice and support they need to succeed in overseas markets.

Export Communications Review

Assesses the way companies communicate with overseas customers and makes practical recommendations for improvement.

Market Visits and Trade Missions

Help UK companies visit the market they're interested in and talk face-to-face with prospective business partners.

Tradeshaw Access Programme

Provides grant support for eligible small and medium-sized businesses to attend overseas exhibitions.

Events and Seminars

Held across the UK and overseas, these briefings provide business/networking opportunities and market information and allow UK firms to showcase their capabilities.

www.ukti.gov.uk

Provides up-to-date country, sector, event and contact information for companies, giving them the opportunity to receive alerts and daily content updates.

Overseas Business Risk

Provides, via UKTI and the Foreign & Commonwealth Office, key information to help companies manage the risks of doing business overseas.

Gateway to Global Growth

Offers a strategic review, planning advice and support to experienced exporters to help them build on their success and develop new overseas markets.

Overseas Market Introduction Service

Provides access to tailored market and industry information, identifying potential contacts or planned events.

Export Marketing Research Scheme

Offers support, advice and some grant funding to eligible companies wishing to research a potential export market.

Business Opportunities

Informs businesses of relevant opportunities and developments through personalised email alerts.



UKTI has clearly listened to the concerns raised by small firms and offers much wider support and advice to small businesses. Given the export growth potential among the smallest businesses they just need a helping hand to get on the way and be made more aware about the help that is out there for them and that it isn't just for big businesses"

Mike Cherry, National Policy Chairman, Federation of Small Businesses, launch of FSB research report into SME exports, June 2013

Case Study



Making music global

Liverpool-based music rights management company, Sentric Music, has benefitted from ongoing UKTI support since 2007. As well as registering its clients' music with performance rights organisations, Sentric manages all correspondence, royalty claims and accounts to maximise the royalties that are generated, and searches for synchronisation and licensing opportunities to get the music into TV and film. When starting out, Sentric was keen to capitalise on the global potential for its services, and used UKTI's Passport to Export scheme to find out more. UKTI Trade Missions and grants from its Tradeshow Access Programme were also crucial at this stage. Today, Sentric Music has representation in 40 territories around the world and customers in the US, Europe, South America, the Far East and Australia.

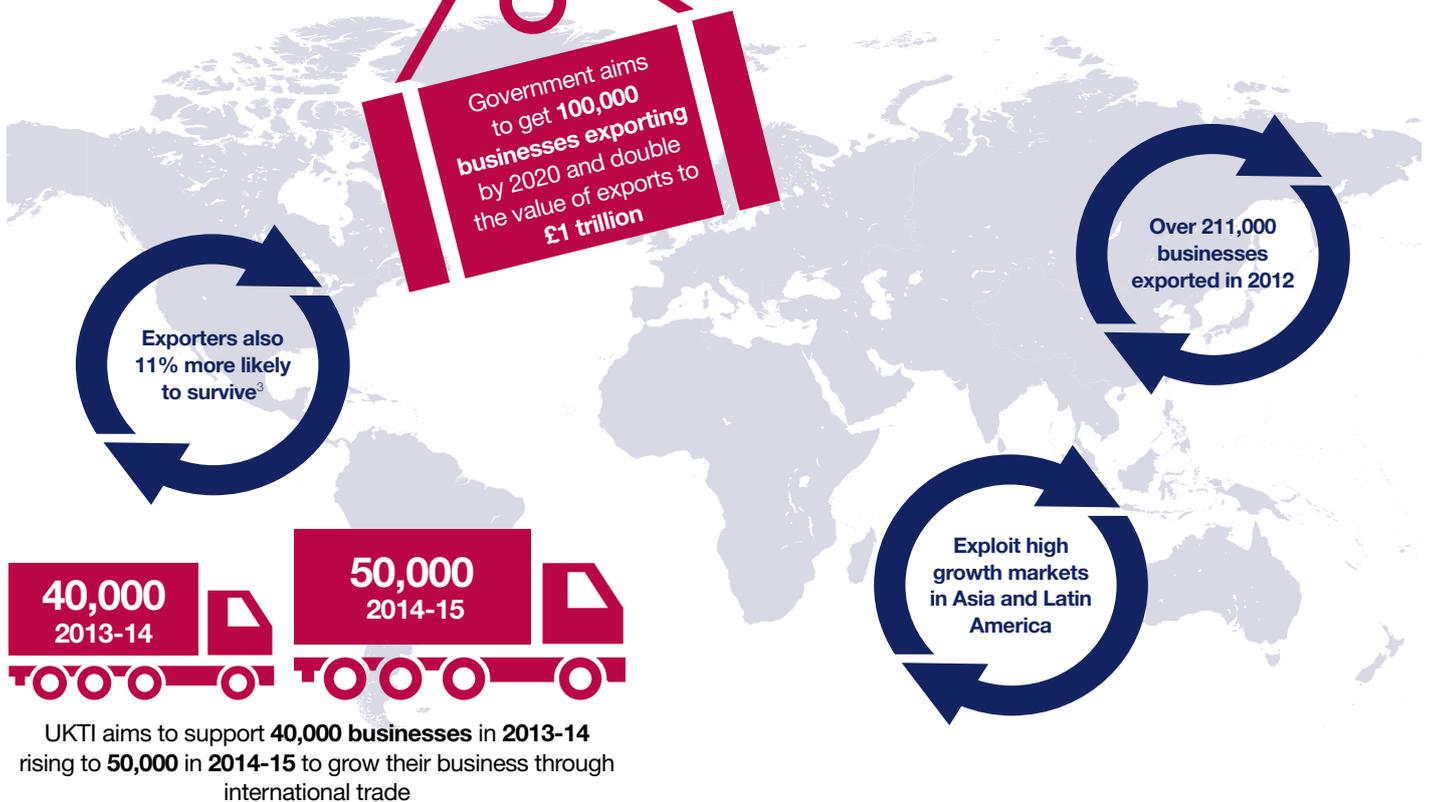
Exporting

Access to the right help can make a difference

Businesses using UKTI's help are about 50% more likely to report faster growth²

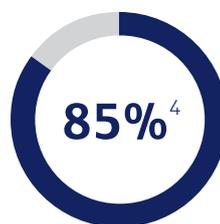
UK Export Finance helps exporters to:

- Be confident they will get paid
- Arrange finance for their contracts
- Get working capital for their orders

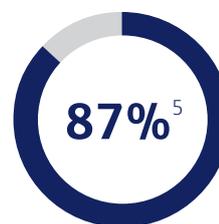


Government offers a range of support packages to help small businesses to understand how to:

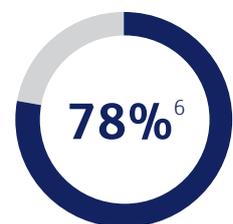
- Do business overseas
- Gain powerful insights into global markets
- Identify opportunities
- Open doors and overcome barriers to entry or expansion



Said exporting led to a 'level of growth not otherwise possible'



Said exporting had significantly improved their profile or credibility



Said exporting had given them exposure to new ideas

Sources

2: OMB Research, 2013 PIMS Non-User Report
 3: Harris and Li (2007): Firm level empirical study of the contribution of exporting to UK productivity growth
 4: OMB Research, 2013 PIMS Annual Report
 5: OMB Research, 2013 PIMS Annual Report
 6: OMB Research, 2013 PIMS Annual Report

High growth markets

To deliver our ambitious trade and investment targets we are continuing vigorously to pursue opportunities in developed markets while strengthening our efforts in high growth markets.

The high growth markets we are targeting all expect significant import growth between 2015 and 2018. This growth is in part due to the rise of the global middle class. The Organisation for Economic Co-operation and Development forecasts that this will double to almost five billion by 2030. This presents a great opportunity for UK firms to export the types of products and services at which we excel.

The Government is continuing to respond to these trends by focusing on China, India and other high growth markets. UKTI will enhance the level of on-the-ground support for UK companies in China and India, and strengthen the proposition for Chinese and Indian companies to invest in the UK.

We will also increase our focus on parts of Africa and Central America. With seven out of ten of the world's fastest growing economies, and already accounting for £20 billion of UK exports, Africa offers huge potential for a range of UK businesses. UKTI will continue to work with partners in Government including the Department for International Development and the Foreign and Commonwealth Office, through initiatives such as the High Level Partnerships for Prosperity pilot project which aims to deliver a step change in economic and trade relations. The pilot will focus on strengthening economic and trade links, and boost commercial engagement with the target countries of Angola, Côte d'Ivoire, Ghana, Mozambique and Tanzania.

China in numbers



The number of Chinese megacities (population of more than 10 million) is expected to quadruple to eight by 2025.



65%

Rate by which urbanisation is expected to rise by 2030 (around **1 billion** urban dwellers).



20 Years

Time it will take China's cities to grow by **350 million** people – more than the entire population of the US today.

Free trade agreements

UKTI, working with the wider UK Government, will ensure that UK businesses are able to gain maximum benefit from both existing and future European Union Free Trade Agreements (FTAs).

The UK was influential in shaping the 2011 EU-Korea FTA, which not only eliminated tariffs but also addressed many regulatory barriers. In the following year, the value of UK goods exports (excluding oil) to Korea increased by 40 per cent.

More EU FTAs are in the pipeline, including the EU-Canada FTA, the EU-US Transatlantic Trade and Investment Partnership and the EU-Japan Economic Partnership Agreement. The estimated annual combined value of these to UK GDP is £16.3 billion.

Economic Partnership Agreements (EPAs) – development-focused trade agreements – are also being negotiated between the EU and countries across Africa, the Caribbean and Pacific. Five regional agreements have been signed in Africa with one each agreed in the Pacific and Caribbean.

However, trade liberalisation is not just achieved market-by-market. At the World Trade Organisation Conference in Bali in December 2013 a global package was agreed that focuses on trade facilitation – cutting red tape, unnecessary processes and streamlining customs procedures at borders. This deal is estimated to be worth £1 billion to the UK.

UKTI's real work begins when FTAs are agreed. Less red tape, lower tariff barriers and other market access successes offer specific opportunities to companies in the sectors impacted.

UKTI will enhance its efforts to increase UK companies' awareness of these opportunities by making the detail available to them in a targeted way and in straightforward terms. In addition, we will work to highlight our strengths to potential customers in liberalised markets.

Similarly the Foreign and Commonwealth Office (FCO) seeks to ensure that FTAs are implemented in a way that helps UK firms make the most of the opportunities. The FCO works together with partners to discuss implementation concerns and uses Prosperity Fund projects to directly support implementation or to build capacity among local institutions.

USA in numbers



£41bn
Value of UK exports to the US in 2012⁷



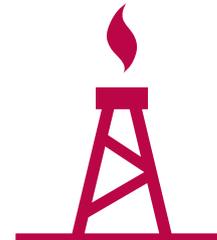
20%
UK share of FDI from the US



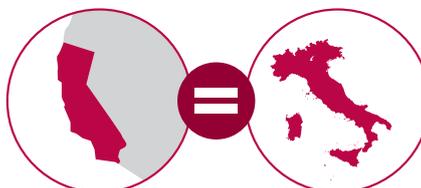
£10 bn
Potential value of the EU-US Transatlantic Trade and Investment Partnership (TTIP) to the UK economy



1st
We export more to the US than anywhere else in the world



10%
Shale gas now accounts for 10 per cent of the US's energy supply



9th California is the world's ninth-largest economy, roughly equal to that of Italy

7: ONS – UK Trade, November 2013

Securing export-oriented foreign direct investment

The UK remains the nation to beat for Europe-bound investment, and consistently ranks in the top three locations of choice for global investors.

Our activities promote the UK not only as a destination in its own right, but as a springboard from which to export to other key markets.

We are increasingly targeting those investors and investment opportunities with significant export potential, focusing on the sectors of greatest importance to the UK.

We continue to innovate, introducing new initiatives and incentives to make the UK the most attractive business environment for foreign investors and enabling higher value investments. Since 2011 the Government has brought in:

➔ The Patent Box

Businesses can retain more of the profits they earn from successful innovation, due to a 10 per cent corporation tax rate on profits associated with the commercial exploitation of patent intellectual property.

➔ R&D tax credits

A new 10 per cent Research and Development (R&D) Expenditure Credit for larger companies. Typically, the R&D tax credit schemes allow a large company to reduce qualifying R&D costs by approximately eight per cent and a small company by approximately 25 per cent.

➔ Annual Investment Allowance

A tenfold increase from £25,000 to £250,000 to encourage capital investment in 2013 and 2014 so businesses can purchase new equipment or invest in new facilities in a more tax efficient way.

➔ Tax Relief

A range of initiatives including the recently introduced Seed Enterprise Investment, and improvements to the Enterprise Investment Scheme and Venture Capital Trust schemes, all designed to incentivise investment.

➔ Investment Organisations

Joint public and private sector groups, brought together to help deliver the Government's Industrial Strategy and bring in the highest value inward investment.

➔ Dedicated visa routes

A dedicated visa route has been created for graduate entrepreneurs who apply successfully to UKTI's Sirius Programme. This year, a further route will target world-leading individuals in the digital technology sector, and 3-5 day priority visa services will be extended from 60 to 90 countries.

The Government has established 24 Enterprise Zones in England since April 2012, which have created almost 5,000 jobs and attracted £476 million of investment from the private sector. Linked to this, UKTI has developed inward investment plans for each zone to help them to attract global companies. We have also created a Local Investment Showcase 'one stop shop' for investors to search the assets of every Local Enterprise Partnerships, Enterprise Zone and City Deal, and to compare sector strengths of local areas.

Sources of foreign investment

The USA, Japan, France and Germany remain the major sources of foreign direct investment (FDI) for the UK, but 'emerging' markets are becoming increasingly significant. The UK attracted more FDI from China in the last 18 months than the previous 30 years combined.

By early 2014 we will be offering UKTI investment services in 50 global markets, including new offices in Russia, the Gulf States, Central and Eastern Europe and South America.

We also continue to attract billions of pounds worth of financial investment into the UK's infrastructure from sovereign wealth funds and other institutional investors. Recent examples include Chinese investment in Hinkley Point, Manchester's 'Airport City', London's East Docks and Nine Elms, and Emirati investment in the London Array offshore wind farm. These investments create many thousands of jobs and considerable economic growth across the UK.

Strengthening supply chains

We remain committed to strengthening supply chains to support our large companies. Addressing weaknesses in the UK supply chain is central to capturing more and higher value investment to the UK. Automotive Council research finds 80 per cent of all component types required for vehicle assembly could be produced in the UK, representing around £3 billion of unfulfilled opportunity.

We are exploring ways to boost 'reshoring' – returning business to the UK from abroad. Eleven per cent⁸ of respondents to the Manufacturing Advisory Service's (MAS) latest survey of small companies had shifted production back to the UK within the past year compared to five per cent that had moved production overseas within the same period.

UKTI and MAS will work together through a new joint Reshoring Service to identify opportunities and help small companies and medium-sized businesses bring work back to the UK. By joining-up the range of support available, the new service will be easy for companies to access and ensure they get the right support, when they need it most.

Supporting entrepreneurs

The Global Entrepreneur Programme has attracted more than 250 technology entrepreneurs here in the last four years and gives the UK a considerable competitive edge against other global locations. It will continue to highlight the UK's advantages as an entrepreneur and business friendly location, as well as strengths in innovation.

UKTI's Sirius Programme is helping to attract the most talented graduate entrepreneurs from around the world, encouraging them to set up and grow their business from the UK. The programme offers a 12 month support package which, in addition to a dedicated visa route, provides participants with a place in a top business accelerator together with mentoring and support.

Inward investors

UKTI's comprehensive range of services assists overseas companies, whatever their size and experience, to bring high-value investment to the UK. These include:

Global Entrepreneur Programme

Helps overseas entrepreneurs and early-stage technology companies globalise their businesses from a UK hub.

Investor Development Network

Offers continued support to overseas companies once they have established a presence in the UK.

Regional and Local Location Analysis

Helps overseas companies to choose the right place to set up.

Introductions service

Provides introductions to key contacts in Government, industry and academia, as well as professional service organisations (including solicitors, accountants and recruitment consultants).

Case Study



Nestlé chooses UK

In 2011 Nestlé decided to make its Tutbury, Derbyshire, facility one of two global locations for the manufacture of its Nescafé Dolce Gusto brand. Competing against other international locations, the UK site won investment of £110 million, employing a further 300 people as a result. In 2013, over 1.4 billion capsules were produced, 92 per cent of which were exported to over 50 overseas markets.

Leveraging the Industrial Strategy

The Industrial Strategy is a long-term, whole-of-Government approach to support economic growth. Exports and inward investment are critical to this.

By working in partnership with businesses in key sectors, the Government plans to create more opportunities, deliver more jobs and make the UK more competitive.

Eleven business and Government sector strategies were published in 2013: Life Sciences, Aerospace, Civil Nuclear, Oil & Gas, Information Economy, Construction, Professional & Business Services, Automotive, Agri-tech, Education and Offshore Wind. However, major opportunities exist for UK business beyond these sectors, including retail and luxury goods, the creative industries, defence and security.

The Industrial Strategy also supports 'eight great technologies' where the UK has a competitive advantage. Each of these is an area in which the UK has world-leading research; a range of applications across a spectrum of industries; and has the potential to be at the forefront of commercialisation. The 2012 Autumn Statement provided an additional £600 million to support the development of these technologies. To harness their commercial potential, we will shortly launch an Innovation Investment Organisation, to attract big investors into the UK and identify international opportunities for innovation-led UK companies.

The UK continues to attract foreign investment in sectors where we benefit from a leadership position including business services, software and financial intermediation. We have also been building market share in a range of other sectors including advanced manufacturing, life sciences, energy and infrastructure. In 2012 we performed particularly well in attracting investment for R&D, with UKTI-involved R&D projects up by 84 per cent to a record 298.

UKTI's sector support is a vital element of the Industrial Strategy. UKTI will focus where Government support can most effectively and efficiently make a difference. This includes boosted sector teams where senior figures from industry with deep and wide networks of contacts in the UK and internationally are brought in to sell UK capability in target markets.



UKTI Automotive Investment Organisation (AIO)

The creation of the AIO was a key action in the Automotive Industrial Strategy, intended to address the substantial and growing trade deficit in automotive components, where only 30 per cent of all of the components in UK cars are currently made within the UK. As the UK automotive sector continues to grow strongly, this leads to significant commercial opportunities for supply chain investments in the UK. Since the creation of the AIO, its focus has grown to encompass all automotive investment, including a number of key areas of potential R&D-focused investment, such as low-carbon power train development, intelligent mobility and advanced materials. Since September 2013, the AIO has engaged with projects that will create and safeguard nearly 2,000 jobs.

UKTI Education

Recognising the UK's expertise in education – it is home to four of the world's top ten universities and is the second most popular destination for overseas students – UKTI Education was established in 2013.

Designed to help the UK education and training sector win business overseas, especially in relation to high value opportunities, the initiative is helping to deliver the Industrial Strategy, and has already secured more than £400 million of new business.

Defence Growth Partnership

Building on the success of the Aerospace Growth Partnership, the Prime Minister announced at the 2012 Farnborough Air Show a proposal to generate a Defence Growth Partnership, setting out how Government and industry working together can maximise opportunities for the long term success of the UK defence sector.

Security and Cyber Security

A strategy to increase UK security exports will be published in 2014. This will set out for the UK security industry, the security trade associations and UK Government stakeholders, a more aggressive Government approach to supporting the security industry in pursuing export activities.

The 'eight great technologies'

- Big data and energy-efficient computing
- Satellites and commercial applications of space
- Robotics and autonomous systems
- Synthetic biology
- Regenerative medicine
- Agri-science
- Advanced materials and nanotechnology
- Energy and its storage

Increasing our impact

In 2014 UKTI will work more closely with more partners than ever before. We will grow and deepen our links with non-Government partners, whilst working towards a seamless whole-Government approach to trade and investment.

We are working in partnership with the British Chambers of Commerce (BCC) and other UK business groups to strengthen the UK's global business-to-business (B2B) support network. By 2020, the support available to small companies from Government and B2B networks will have increased in range and quality and at a minimum be on par with that offered by competitors. This will enable us to re-focus our resources to support business in areas where we can make the greatest difference.

We are working with Trade Associations to provide more effective and efficient practical support to UK companies at home. This initiative includes the 'UKTI Trade Challenge Partner' programme which offers close partnerships with UKTI to those organisations which support their membership with excellent communications about export opportunities and which offer effective joint planning and delivery arrangements for trade shows, events and missions.

We are working more closely with Local Enterprise Partnerships and business organisations, such as the BCC, the Institute of Directors and the Federation of Small Businesses, to ensure the best possible support is available to UK companies.

UKTI works closely with UK Export Finance (UKEF). Since 2011 UKEF has expanded its product range and reach, making itself more relevant to the needs of smaller and medium-sized businesses. In 2014, UKEF will continue to look at the services it provides to ensure businesses are receiving the support they need.

In the UK, our International Trade Advisers and Export Finance Advisers are co-located and refer customers between services as necessary. Overseas, UKEF has already established a presence in Rio de Janeiro and Istanbul. These experts will establish close relations with British embassies and consulates and overseas project sponsors looking to source goods and services from the UK, share knowledge and experience, and champion UK exporters overseas.

In parallel we will continuously challenge and improve ourselves. We will continue our journey to build an organisation that blends the best of public sector and business expertise. We will develop and empower our people to build an agile, diverse and high performance team.

UKEF

➔ UKEF is increasing its numbers of regionally based Export Finance Advisers and has embarked on a targeted marketing campaign to reach 20,000 companies. UKEF has also set up a dedicated team to work with exporters, buyers and project sponsors of high value opportunities (HVO) alongside the UKTI HVO programme.

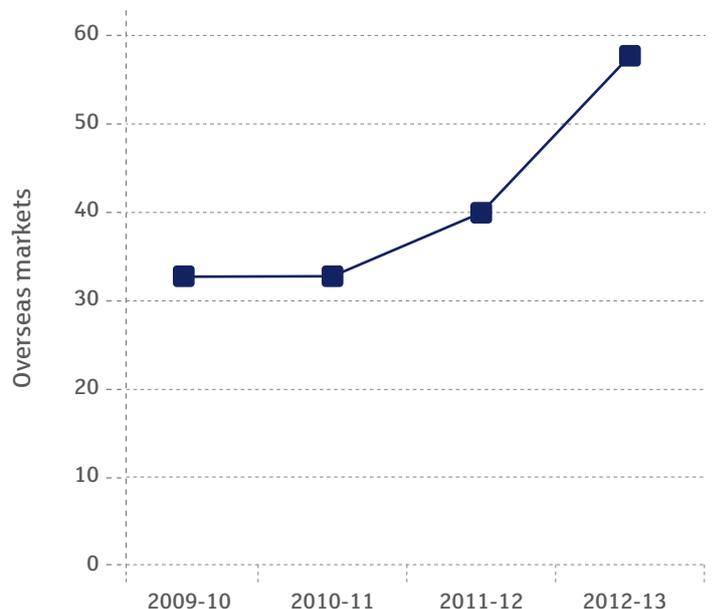
The Autumn Statement 2013 announced a doubling of UKEF’s maximum commitment limit to £50 billion and, recognising that UKEF is increasingly working with non-bank institutions such as the capital markets, insurers and pension funds in funding larger export contracts, increased the limit on the maximum amount of UKEF guaranteed capital markets transactions to \$15 billion.

Number of UKEF transactions to support UK exporters



SOURCE: UKEF

Number of overseas markets where UKEF is active



SOURCE: UKEF

Summary of progress

Summary of progress made towards achieving each of the four Pathways to Growth established in *Britain Open for Business* in May 2011.

Pathway 1: Targeting innovative and high growth small and medium-sized businesses

Develop new small and medium-sized business outreach partnerships

- A new 'White Label Export' guide has been developed to raise awareness of support available to exporters.
- The Exporting is GREAT campaign has been rolled out across the UK.
- Around 70 MP constituency seminars on exporting have been held, working with some 120 MPs.

Create an online peer-to-peer self-help community for UK exporters (Open to Export)

- Open to Export (opentoexport.com) grew to an average of 25,000 unique visits per month in 2013, with over 225 contributors.

Partnership with UK Export Finance (UKEF)

- UKEF has been represented at key Export Week events.
- UKEF has recruited 12 Export Finance Advisers, one co-located in each UKTI region and the Devolved Administrations; due to their success a further 12 are being recruited.
- A targeted direct marketing campaign will engage around 20,000 UK businesses, raising awareness of both UKEF and UKTI products.

Linking small and medium-sized businesses up with overseas venture capital

- The UKTI Venture Capital Unit was created in 2012 to help UK fast-growth and innovative technology companies access venture capital from overseas markets.

Improved Tradeshow Access Programme

- UKTI doubled the 2013/4 Tradeshow Access Programme.

Business service for defence and security companies

- The UKTI Defence & Security Organisation (DSO) Small Business Symposium, held in May 2013 attracted almost 250 SMEs, over 50 per cent of which were new DSO customers.
- The DSO Small Business Unit has continued to take a roadshow seminar of Government Defence/Security support for small and medium-sized businesses around the UK, attracting on average 75 per cent new contact with DSO.
- DSO played a notable role in the 2013 Export Week initiative, with representatives exhibiting throughout the ExploreExport roadshow.
- The DSO Small Business website was launched in 2011 and has supported up to 10,000 SMEs; since launch it has attracted 33,867 hits.

Programme of high impact UK regional events

- Three UK-wide 'Export Weeks' were held in November 2012, May 2013 and November 2013.
- The Asia Task Force, Latin America initiative & Partner Middle East initiative each undertook a series of regional events in 2012.
- The UK India Business Council and China-Britain Business Council have undertaken a programme of outreach events.

Free business mentoring

- Catalyst UK was officially launched in March 2011; it has 289 members, 210 of which are based in the UK and 79 overseas, representing most business sectors.

Prize for first time SME exporters

- Prizes for exporters were held in November 2011, March 2012 and April 2012.

Additional initiatives

- Autumn Statement 2012 funding increased the number of International Trade Advisers in the English regions.
- UKTI will be making available £7.5 million per annum of funding as part of the Passport to Export programme.
- The Headstart Scheme, delivered by local British Chambers of Commerce in association with UKTI, will help companies into South East Asian markets.
- The British Chambers Initiative has been developed to build up their capacity as overseas delivery partners.

- The UKTI Trade Challenge Partner programme recognises those organisations that provide their members with first class support.

Pathway 2: Bringing high value opportunities home

- UKTI's High Value Opportunity (HVO) programme has supported £8 billion of wins since 2011.
- Autumn Statement 2012 funding, accompanied by a substantial increase in targets, has seen the HVO programme expand to 100 projects, with a new model of more intensive support, focusing on those which offer the greatest opportunities for UK firms.
- UKTI now has a target of £10 billion of contract success per year for UK companies.
- Companies tell us that UKTI has also catalysed the winning of £12 billion of contracts in quarters 1-3 of 2013-14. Comprising of: HVO – £4.3 billion; Non-HVO – £7.6 billion and DSO £356 million.

Additional initiatives

- **Trade Envoys Programme** Has been established to promote trade in certain growth markets through advocacy and relationship-building in market and in the UK.

Pathway 3: Focus on high quality inward investment:

- **Enhanced bespoke service for foreign direct investors and regional support services for inward investors** A contract with foreign direct investment services provider (PA Consulting) has been in place and functioning since April/May 2011.

- **Portfolio of large-scale UK infrastructure and regeneration projects** Autumn Statement 2012 provided funding for a number of inward investment initiatives. At the Global Investment Conference, the Prime Minister was able to announce news of progress on Battersea Power Station marking a value of £8 billion.
- **New fast-track services for less resource-intensive investment projects** A structure to support a lighter touch service for less complex and lower resource-intensive projects is in place, providing a suite of soft landing opportunities for inward investors.

Additional Initiatives

- **Global Entrepreneur Programme (GEP)** Provides help for early stage technology companies to globalise their businesses from a UK Strategic Headquarters. Since its inception in 2004, GEP has landed over 320 projects (60 in 2012/2013); creating up to 2,000 high value jobs. Its companies have raised £1 billion in equity investment.
- **The Graduate Global Entrepreneurs Programme (Sirius)** Aims to attract the world's brightest and best graduate entrepreneurs to the UK. The programme has so far attracted applications from over 1,000 graduate entrepreneurs; 19 winning teams comprising over 50 graduate entrepreneurs are already confirmed with another 25 winning teams expected in 2014.
- **Private sector-led Investment Organisations aligned with the Government's industrial strategies** The Tech City Investment Organisation (TCIO) was established by UKTI in 2011 to support the growth of the tech cluster in East London, now home to Google, Intel, Cisco and Amazon. We have since established Investment Organisations that cover life sciences, financial services, offshore wind, automotive, agri-technology and regeneration, headed by senior industry figures.
- **The Regeneration Investment Organisation** Has been established to build a pipeline of investment opportunities including 'shovel ready' regeneration projects requiring further investment and development partners.
- **Enhancing inward investment support in growth markets** UKTI is putting in place new investment operations, delivered through incentivised private sector contracts, for markets including Russia, the Gulf States, Central and Eastern Europe and South America.
- **Enhanced support in existing markets** This will support UKTI's approach to targeting owners of major businesses and high net worth individuals in markets such as India and China.
- **Local investment showcase** A 'one stop shop' for investors to search the assets of every Local Enterprise Partnership, Enterprise Zone and City Deal.

- **European Headquarters** Provides a business friendly policy environment, innovative ecosystems and sector strengths which, combined with the UK's competitive corporate tax framework, means that the UK consistently attracts more foreign investments with headquarters operations than any other location in Europe.

Pathway 4: Building strategic relationships

Key account management

- **Global corporates** For the last year the Strategic Relations team has supported ministers and officials across Government to develop a coherent whole-of-Government relationship with 50 of the largest investors in the UK.
- **UKTI Strategic Relationship Management (SRM)** This programme was created just over two years ago to improve the coherence and focus of major investors' relationship with Government. The number of companies included in the programme has now doubled to 76 and cuts across 16 sectors. In a recent survey 72 per cent of these stated they had an improved relationship with Government.
- **Ministers** from across Government Departments personally lead relationships with major investors.

- **Institutional investors** UKTI is targeting institutional investors to secure investment for large-scale priority infrastructure and regeneration projects in the UK. As a result of this effort, there has been significant interest from mainland China, Asia and the Gulf and appreciation from existing investors in developed markets.

Underpinning activities

Underpinning the four pathways in *Britain Open for Business* were four work strands: Seizing Global Opportunities; Promoting Balanced and Sustainable Growth; Boosting the UK's Reputation; and Rising to the Challenge. Some of the many activities and successes within these workstrands include:

- **2012 Olympics** We have already exceeded UKTI's four year target of £11 billion economic benefit.
- **GREAT campaign** £30 million has been allocated to continue to promote the UK as a destination for tourism, education and investment.
- **Market presence** UKTI has increased its presence from 96 to 107 markets.
- **Prioritising sectors** UKTI continues to focus activity on sector groupings where the UK has an identified comparative international advantage or the potential to establish one. UKTI's core sector groupings cover advanced manufacturing, knowledge intensive services, defence and security, and infrastructure.

- **Global security market** UK-based security sector specialists have been recruited to assist DSO in increasing the UK average share of the global security market. Further security specialists have been recruited in the priority markets of India, Qatar, Brazil and the USA. In addition, an international cyber director has also been appointed.
- **Business network of visas and immigration officers overseas** A pilot launched in December 2012, to support UKTI and Foreign and Commonwealth Office colleagues in their efforts to attract investment to the UK.
- **Retail support** A new programme of support for UK retailers to enable them to seize opportunities for global growth.
- **Cross-Whitehall working** A new Ministerial and Strategic Engagement Unit responsible for driving a strategic approach to cross-Whitehall Ministerial visits and business engagements, has been established. There is closer working with a range of other Government departments including: Department for Culture, Media & Sport, Department of Energy & Climate Change, Ministry of Defence, Department for Food and Rural Affairs, Department for International Development, Ministry of Justice, Home Office, and Department of Transport.
- **Greater working with the devolved administrations** Although Trade and Investment are devolved, UKTI works closely with our colleagues in Scottish Development International, Invest Northern Ireland, and the Welsh Government.

UK Trade & Investment

Our range of expert services can be tailored to meet the needs of your company to maximise your international success. They are delivered by an extensive network of market specialists in the UK and in British embassies and other diplomatic offices around the world.

To find out more about exporting please contact your local International Trade Adviser (ITA):

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UK Trade & Investment is the Government department that helps UK-based companies succeed in the global economy. We also help overseas companies bring their high-quality investment to the UK's dynamic economy, acknowledged as Europe's best place from which to succeed in global business.

UK Trade & Investment offers expertise and contacts through its extensive network of specialists in the UK, and in British embassies and other diplomatic offices around the world. We provide companies with the tools they require to be competitive on the world stage.

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