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# **Executive summary**

Across the world, high-growth markets such as those in Asia and South America are becoming increasingly important to UK SMEs across all sectors.

Growth 1 these markets is driven by rapidly rising populations and GDP levels. Research by the Department for Business Innovation and Skills has shown that the hiddle classes in China and India for example are set to increase household expenditure fourfold over the next 20 years.

The number of UK firms exporting to high-growth markets has risen substantially in the last decade and a number of trends are emerging from those companies already doing business there.

### Research finds that:

- Companies of all ages and sizes are finding success in these markets, not just bigger businesses. Two in five small exporters (with less than 10 employees) already do business in at least one highgrowth market.
- 98 per cent of those companies doing business abroad sell either directly or through agents or distributors, or both. Only 8 per cent of small firms set up an office overseas.
- Those SMEs that enter one highgrowth market can find opportunities in neighbouring and other markets; a study found that almost one in three SMEs used entry into one high-growth market as a 'springboard' into another.
- 52 per cent of the companies that received support from UKTI are already trading in at least one high-growth market; compared to only 41 per cent of companies that did not use these services.
- The research also clearly identifies some
  of the perceived obstacles to success
  and illustrates that it is not just 'new to
  export' firms that face barriers. The most
  common issues were the formalities and
  bureaucracy of doing business in these
  markets, for instance dealing with customs
  procedures or different legal structures.
  Other significant perceived barriers
  included finding contacts and information,
  language and cultural differences and the
  costs of market entry.

Nevertheless, the experience of other SMEs shows that these barriers can be seen as "issues to be overcome", rather than insurmountable obstacles to entering highgrowth markets.

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# There are many opportunities for UK exporters around the world.

Some examples of current high-growth markets are illustrated in the map below.<sup>1</sup>

**Turkey:** With its population of over 72 million, 50 per cent of whom are under the age of 28, the Turkish economy is predicted to be the second fastest growing economy in the world by 2018.

**Egypt:** The Arab world's most populous nation. Its 80 million population is expected to double in the next 25 years and 900 UK companies already trade and invest there.

Mexico: Growth was 3.9 per cent in 2012, with particular opportunities for the UK in the green sector, as Mexico imports around 80 per cent of its environmental goods and services.

Colombia: The fourth largest country in South America, with GDP growing at 5 per cent in 2012 and a population of 44 million.

Brazil: By far the largest economy in South America, with a growing population of 185 million. Brazil will host both the football World Cup in 2014, and Olympics in 2016.

South Africa: The powerhouse economy of Africa and a gateway to other fast developing African economies. South Africa has major infrastructure investment programmes, robust financial structures, and similar business

and legal systems to the UK.

Russia: The UK's fastest growing export market with exports increasing by 15 per cent in 2012 and a market of more than 140million consumers.

China: The UK's fastest growing overseas market, with 250 million middle class consumers and rising.

Saudi Arabia: The UK', Ia. nest trading partner in the M. Idle East, with around 10,0 10 Litash citizens living in the Kir groom. The UK is the second Argest foreign investor and the Kingdom has extension places to diversify away from called Jas.

South Korea: The most penetrated broadband market in the world. Over 90 per cent of householders are broadband subscribers. The 50m population is wealthy. The EU-South Korea Free Trade Agreement is estimated to be worth £500m to UK firms.

**Taiwan:** The world's number one manufacturer of notebook computers, PDAs and scanners. UK goods exports to Taiwan rose 24 per cent in 2011.

**Vietnam:** Trade increased 26 per cent in 2011 and Vietnam has an estimated 20 million urban middle class consumers.

**Singapore:** The UK's largest trading partner in SE Asia. Ranked No 1 in the World Banks' Ease of Doing Business report.

**Malaysia:** More than 80 UK educational institutions have established links with Malaysian counterparts.

Indonesia: the 4th most populous country in the world with a population of over 240 million, over a quarter of whom are under 15. A growing affluent and aspirational middle-class estimated to grow to 70million over the next decade.

Qatar: The court of ST,000, head is around US\$ 7,000, making it one of the richest countries in the world.

United Arab Emirates: The seven Emirates of the UAE constitute the UK's 13th largest export market and hold approximately 9 per cent of the world's proven oil reserves.

India: Around 400 UK companies

have already invested in India in a

wide range of sectors.

1 Statistics on these pages taken from a combination of UKTI research, OECD and the IMF

# How UKTI can help

Whether you are setting foot overseas for the first time or are an established exporter there are a large variety of ways UKTI can help you increase your export success.

UKTI offers the following programmes and services as part of UK Government support product helping your business grow internationally:

### **Developing your international** trade potential

### Passport to Export:

This programme provides support and mentoring for eligible SMEs. Aimed at new and inexperienced exporters it offers free capability assessments, support in visiting markets, mentoring from a local professional, action plans, customised and subsidised training and ongoing support once you've started to export.

### Gateway to Global Growth:

A service for experienced exporters that offers a 12-month programme of strategic support tailored to your company's needs, to help you diversify into new markets or build additional capacity.

### Speak to your Local Expert: Our International Trade Teams and Sector Specialists are located in local offices

in every region of the country and can provide support tailored to your company's particular needs and growth stage.

### Export Communications Review: This offers companies help with the linguistic

and cultural aspects of doing business overseas, including cultural awareness reviews and communications planning.

### • Export Marketing Research Scheme:

This helps you to carry out export marketing research on all the major aspects of any export venture; on topics such as market size and segmentation; regulations and legislation: customer needs, usage and attitudes: distribution channels; trends; and competitor activity, strategy and performance.

### Open To Export:

A free to use peer-to-peer website that enables companies to contact other firms, service providers and business experts to get detailed advice on their exporting journey.

### **Accessing International Markets**

### Overseas Market Introduction Service (OMIS):

This service enables you to grow your business globally through the provision of bespoke market research and in-market assistance. Delivered by UKTI staff in British Embassies, High Commissions and Consulates across the world, it can include market advice, support during overseas visits, arranging meetings with key contacts, analysis of market entry strategies, bespoke events such as product launches and identification of potential business partners.

### Take part in our Events:

UKTI helps to arrange groups of Uk companies to attend tradeshows and missions worldwide. UK missions bring together Uk and overseas buyers UK. There are also se rters the chance and meet buyers

• Business of partunities Alerts:
A free online service providing export sales leads, sent direct to you via UKTI's global contacts network.

### Overseas Security Information for Business (OSIB):

A free online service providing up-to-date and authoritative information on political, economic and business-security related issues, including intellectual property, in key overseas markets.

## **Additional Support**

For specialist support on intellectual property protection the Government's Intellectual Property Office (IPO) offers various forms poor shortly to include a network of tables: IP experts based in country to UK businesses operate more effectively arkets, including China and India.

### www.ipo.gov.uk **UK Export Finance:**

UK Export Finance is the government department that provides export finance and insurance solutions to help exporters with their cash-flow, protect them against not being paid and ultimately help them fulfil their export contracts. Established in 1919 as the world's first export credit agency. we complement the commercial market by facilitating exports that may not have been possible without our support.

### **Contacting UKTI:**

UK Trade & Investment is the Government department that helps UK-based companies succeed in an increasingly global economy. Our range of expert services can be tailored to meet the needs of your company to maximise your international success. They are delivered through an extensive network of market specialists, based in the UK and across the globe.

You can find contact details for your local UKTI International Trade Adviser on our website: www.ukti.gov.uk or telephone us: +44 (0)20 7215 8000. Our helpline is open from 9.00 am to 5.00 pm Monday to Friday.

To find out more go to www.ukti.gov.uk

### Regional Development agencies

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Solutions for Business

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.

UK Trade & Investment is responsible for the delivery of the Solutions for Business product "Helping Your augh ations

With Change and the second and the sec Business Grow Internationally." These

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